

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

FINANCIAL STATEMENTS

June 30, 2019

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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 statement of financial position as of June 30, 2019 and the related statements activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 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 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 financial position of National Conservation Leadership Institute, Ltd. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020 on our consideration of National Conservation Leadership Institute, Ltd.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Conservation Leadership Institute, Ltd.'s internal control over financial reporting and compliance.

Decker & Company PLLC

January 20, 2020

National Conservation Leadership Institute, Ltd.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

Cash	\$	623,685
Accounts receivable		<u>72,500</u>
Total assets	\$	<u>696,185</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	25,160
Due to Association of Fish & Wildlife Agencies		<u>9,962</u>
Total liabilities		<u>35,122</u>

NET ASSETS

Without restrictions		<u>661,063</u>
Total net assets		<u>661,063</u>
Total liabilities and net assets	\$	<u>696,185</u>

See accompanying notes and independent auditors' report.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

SUPPORT AND REVENUE

Tuition income	\$ 325,500
Contributions	92,323
In-kind	38,280
Interest	<u>43</u>
Total support and revenue	<u>456,146</u>

EXPENSES

Program - education and training	
Contract labor	78,529
Fall residency	75,869
Cambridge Leadership Associates	70,000
Speakers honoraria	25,479
Spring graduation	22,466
Travel & lodging - other	13,702
Course materials and supplies	6,343
Other meals & entertainment	3,448
Technology	<u>1,055</u>
Total program expenses	<u>296,891</u>

Management and general

Professional fees	16,072
Advertising and promotion	7,584
Insurance	753
Bank charges and miscellaneous	616
Postage and delivery	<u>480</u>

Total management and general 25,505

Total expenses 322,396

Increase in net assets 133,750

NET ASSETS

Beginning of year	<u>527,313</u>
End of year	<u>\$ 661,063</u>

See accompanying notes and independent auditors' report.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 133,750
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) in accounts receivable	(44,501)
Increase in accounts payable	24,879
Increase in due to Association of Fish & Wildlife Agencies	<u>9,962</u>
Net cash provided by operating activities	<u>124,090</u>
Net increase in cash	124,090
Cash - beginning of year	<u>499,595</u>
Cash - end of year	\$ <u>623,685</u>

See accompanying notes and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

New Accounting Standard Update

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 - Not for Profit Entities (Topic 958): Presentation of Financial Statements for Not for Profit Entities. The ASU amends the current reporting model for not for profit organizations and enhances their disclosures. The Institute has adopted this ASU as of and for the year ended June 30, 2019 with retrospective application for the financial statements for the year ended June 30, 2018. As a result, the Institute changed its presentation of its net assets classes and expanded the disclosures as required by the ASU.

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the requirements 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 two classes of net assets. Net assets, revenues, and expenses are classified based on the existence or absence of donor imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor imposed time and/or purpose restrictions, or those contributed with donor stipulations that they be held in perpetuity with use of income with or without donor restrictions. Net assets without donor restrictions are those currently available for use in the Institute's general operations under the direction of the board. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue within net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and Cash Equivalents

The Institute considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represents tuition and promises to give funds due to the Institute. Based on its collections history and collections received after the statement of position date, management has determined these balances to be fully collectible and no allowance for doubtful accounts is considered necessary.

Revenue Recognition

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Institute. Contributions are recorded as net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Property and Equipment

Property and equipment acquired with a cost or value of \$500 or more is capitalized. However, as of June 30, 2019, 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 is generally exempt from federal income taxes. Information returns are filed in the United States federal jurisdiction and are generally subject to examination for three years after they are filed.

Expenses by Nature and Function

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses are based on time and effort studies or specific identification of purpose and use when possible.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2019

CONTRACT LABOR

This account represents the expense paid for contract labor provided by NCLI's MAT (Management Assistance Team). Contract labor was \$78,529 for the year ended June 30, 2019.

IN-KIND

For the year ended June 30, 2019, the source, type and amount of in-kind contributions are as follows:

Peer Coaches	\$ 25,529
Association of Fish & Wildlife Agencies - accounting operations	11,321
Travel and other expenses	<u>1,430</u>
 Total	 \$ <u><u>38,280</u></u>

AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2019, the Institute has \$696,185 of financial assets available within one year of the statement of financial position to meet cash needs which consist of \$623,685 of cash and \$72,500 of accounts receivables. None of those financial assets are subject to donor restrictions which leaves Institute \$696,185 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures. The Institute has set a goal of having financial assets on hand to meet 12 months of normal operating expenses, which are, on average, around \$325,000. As part of its liquidity management, the Institute has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the organization would seek funds from individual and corporate donors.

DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through January 20, 2020 the date the financial statements were available to be issued.



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, 2019, and have issued our report thereon dated January 20, 2020.

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. We did identify a deficiency in internal control, described in the Schedule of Findings and Responses below, that we considered to be material weaknesses.

Schedule of Findings and Responses

Finding 2019-01: Internal Control Activities and Monitoring Activities

Criteria: General principles of internal control activities require organizations to select and develop control activities over accounting systems to support the achievement of financial reporting objectives in a timely manner. General principles of monitoring activities require organizations to examine and assess in a timely manner whether its internal controls are functioning properly.

Condition: During the audit it was noted that the organization did not utilize and/or could not locate purchase authorization forms to document the review and authorization for certain disbursements

Cause: The absence of key management personnel for a time period resulted in review and approval activities as well as routine accounting functions not to be performed in a timely manner.

Effect or potential effect: Without the timely performance of routine accounting functions such as the timely review and approval of disbursement activities, the absence of these internal control activities and monitoring activities can result in inaccurate financial data and/or fraudulent activity not being discovered in a timely manner.

Response 2019-01: We concur with the finding and will implement procedures to ensure routine accounting procedures and related review and approval procedures are performed at all times in a timely manner.

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 Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decker & Company PLLC

January 20, 2020