

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

FINANCIAL STATEMENTS

June 30, 2008

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
National Conservation Leadership Institute, Ltd.

We have audited the accompanying statement of assets, liabilities, and net assets - cash basis of the National Conservation Leadership Institute, Ltd. ("Institute", a nonprofit organization) as of June 30, 2008 and the related statement of support, revenue, and expenses - cash basis for the year 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 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, 2008, and its support, revenue, and expenses for the year then ended, on the cash basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2008, 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

October 28, 2008

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

June 30, 2008

ASSETS

Cash - Tuition Account	\$	120,172
Cash - Donation Account		<u>5,171</u>
Total assets	\$	<u>125,343</u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$	-
NET ASSETS		
Undesignated		<u>125,343</u>
Total liabilities and net assets	\$	<u>125,343</u>

See accompanying notes and independent auditors' report.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS

For the Year Ended June 30, 2008

SUPPORT AND REVENUE

Tuition Income	\$ 161,000
Contributions	84,766
Reimbursed Expenses	389
Interest income	<u>250</u>
Total support and revenue	<u>246,405</u>

EXPENSES

Contract Labor	60,000
National Conservation Training Center	54,752
Speakers	24,800
Travel & Lodging	12,598
Training	9,986
Big Cedar	9,873
Advertising and Promotion	7,079
Bank Service Charges	46
Legal Fees	750
Licenses and Permits	25
Miscellaneous	85
Postage and Delivery	54
Printing and Reproduction	550
Technology	<u>864</u>
Total expenses	<u>181,462</u>
Excess of support and revenue over expenses	64,943

NET ASSETS

Beginning of year	<u>60,400</u>
End of year	<u>\$ 125,343</u>

See accompanying notes and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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 is headquartered 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 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 statement presentation follows the recommendations of the Financial Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. As of and for the year ended June 30, 2008, the Institute had no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with the 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

The Institute receives a substantial amount of services donated in carrying out the Institute's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS 116, *Accounting for Contributions Received and Contributions Made*.

Property and Equipment

Property and equipment acquired with a cost or value of \$500 or more is capitalized. However, as of June 30, 2008, 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.

CASH - DONATION ACCOUNT

This account represents the Institute's remaining donation and grant receipts that are held by The Conservation Fund in escrow for the Institute. After June 30, 2008, all Institute donations and grant receipts will be deposited into bank accounts owned by the Institute.

IN-KIND (unaudited)

For the year ended June 30, 2008, the source, type and amount of in-kind contributions are as follows:

Association of Fish and Wildlife Agencies - Management Assistance Team Staff	\$ 83,155
National Conservation Training Center - instruction rooms	15,725
US Fish and Wildlife Service - Leadership Training Staff	11,005
The Conservation Fund - waived donation funding overhead	<u>8,477</u>
	\$ <u>118,362</u>

**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 Training 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, 2008, and have issued our report thereon dated October 28, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

- **Finding 2008-1:** The Institute does not have a formal, written accounting policies and procedures manual.
- **Auditee's response:** We will begin to develop a written policies and procedures manual and start to implement it in the current fiscal year.

- **Finding 2008-2:** The Institute has a lack of segregation of duties as the same person performs all of the cash receipts procedures, prepares and posts cash disbursements, and prepares the bank reconciliation.
- **Auditee's response:** We will review our accounting function procedures and begin using additional board and staff personnel to divide duties and to review and approve tasks performed by others.
- **Finding 2008-3:** Three material adjustments to the general ledger were discovered and made during the audit process. This indicates a breakdown of review procedures performed by those charged with reviewing the Institutes financial data.
- **Auditee's response:** We will revisit our review of financial data procedures and put the necessary procedures in place to ensure that financial data is reviewed for accuracy and questioned periodically.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-3 to be a material weakness.

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*.

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

This report is intended solely for the information and use of management, the Board of Directors, 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

October 28, 2008