

Report to Legislature on State Appropriations

July 1, 2008 - June 30, 2009



Conservation Corps Minnesota
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Purpose of this report

The purpose of this report is to provide an accurate accounting of Conservation Corps Minnesota’s expenditures of state appropriations and subsequent accomplishments for the time period July 1, 2008 – June 30, 2009. The report is created for the committees of jurisdiction in the Minnesota House of Representatives and Senate and the State Legislature in general.

Conservation Corps Minnesota overview

Conservation Corps Minnesota traces its roots to the 1930s Civilian Conservation Corps, which provided natural-resource jobs to unemployed young men so they could support their families during the Great Depression. Later, in the 1970s, the federal government launched the summer Youth Conservation Corps and the year-round Young Adult Conservation Corps, continuing the employment of young people in productive conservation work. When federal support for conservation corps ended in 1981, the Minnesota Conservation Corps was created by the Minnesota Legislature to offer youth and young adult programs through the Minnesota Department of Natural Resources. In 1999, the Friends of the Minnesota Conservation Corps was incorporated as a 501(c)(3) nonprofit organization by community supporters and program alumni, and the nonprofit assumed operations of the Minnesota Conservation Corps in 2003.

In January 2010, the Minnesota Conservation Corps (MCC) changed its name and logo to Conservation Corps Minnesota, to be consistent with the brand we established in 2009 when we launched Conservation Corps Iowa with funding from AmeriCorps and Iowa project partners. Minnesota state appropriations are not used to support the Iowa program.

The Corps continues to be a successful, cost-effective organization built on public partnerships. The Corps has diversified its funding sources and continues to produce high-quality work at an affordable rate. Young people who serve through Conservation Corps Minnesota gain valuable job and personal skills that help them build successful careers.

In 2009, 117 young adults enrolled in Conservation Corps Minnesota programs and worked throughout the state to restore native habitats, improve access to outdoor recreational opportunities, conserve energy, and respond to emergencies. In addition, 41 AmeriCorps members led youth, ages 15 to 18, in summer and afterschool programs. AmeriCorps members are compensated with a living allowance and an education award for college and qualified student loan expenses after completing their service term. These service experiences change young people’s lives and prepare them for natural-resource, green-industry and community-service jobs.

Governing Legislation

On July 1, 2003, the Minnesota Conservation Corps transferred operations from the Minnesota Department of Natural Resources (DNR) to the nonprofit 501(c)(3) Friends of the Minnesota Conservation Corps, which assumed governance responsibility over policies, fiscal management, and advancement of MCC's mission.

The Minnesota State Legislature made the transfer to nonprofit status official through 2003 Session Law, Chapter 128, Article 1, Sec. 35. [84.991]. In addition, the DNR and the Conservation Corps entered into a joint powers agreement (CFMS Contract No. A50895) on July 17, 2003. This agreement is renewed every two years, most recently on July 1, 2009.

2.3 Fund Integrity: MCC will utilize Natural Resources Funds only for the purposes for which they were intended. MCC will provide an accurate accounting of expenditures of Natural Resources Funds and project accomplishments annually to the legislature, the Commissioner of Natural Resources, and the House and Senate Committees with jurisdiction over environment and natural resources policy and finance.

Mission and Initiatives

Conservation Corps Minnesota provides hands-on environmental stewardship and service-learning opportunities to youth and young adults while accomplishing conservation, natural resource management and emergency response work.

Our goals are to help young people from diverse backgrounds become more connected to the environment, engaged in conservation, involved in the community and prepared for future employment. We realize our mission and accomplish our goals through the following initiatives for youth and young adults:

AmeriCorps opportunities for young adults, ages 18-25, including non-residential **Field Crews** in northern, central and southern Minnesota that engage young adults in natural resource, renewable energy and emergency response work from February to December. **Seasonal Trail Crews**, working in Superior National Forest, spike camp for four- to eight-day stretches while they improve wilderness trails.

In August 2009, we launched a new AmeriCorps energy conservation program. **Home Energy Squads** are trained on the job as they complete energy-efficiency upgrades in Twin Cities homes. Working with Neighborhood Energy Connection staff, teams of two corpsmembers install programmable thermostats, CFL light bulbs, power strips for entertainment centers, low-flow shower heads, door weather stripping, water-heater blankets and kitchen-sink aerators

AmeriCorps young adults are also **Youth Leaders** for two programs that engage teens, ages 15 to 18, in outdoor service-learning:

Conservation Corps Minnesota's eight-week, residential **Summer Youth Program** unplugs teenagers from TVs, iPods and other modern intrusions for eight weeks over the summer. Youth begin at our St. Croix State Park base camp then spike camp through the region, working in crews of six youth and two AmeriCorps leaders each, as they restore natural resources.

Youth Outdoors, our newest program, engages Saint Paul teens during the school year in educational activities and service-learning projects afterschool and on Saturdays, 12 hours per week. Youth earn a stipend while revitalizing local neighborhoods and leading volunteers.

All Conservation Corps programs devote 20 percent of program time to technical-skills training, career-building skills such as resume writing and interviewing, and educational activities focused on environmental science and technology. Using scientific inquiry and experiential learning, the Conservation Corps helps young people learn more about the world around them and think critically about the impact of their personal choices on the environment.

Corps Functions

- Public Service — Conservation Corps Minnesota serves primarily governmental, educational and nonprofit organizations for the common good.
- Youth and Young Adult Development — The Corps provides training and work opportunities to youth and young adults to create positive outcomes for Minnesota communities. Corpsmembers receive intensive training, preparing them for natural-resource, green-industry and other related jobs. Developing a strong work and community service ethic is the foundation of the conservation corps philosophy.
- Conservation and Stewardship — The Corps completes projects that improve our environment and communities, conserve energy and change corpsmembers' lives through a commitment to service.

2009 At-A-Glance

This past year, nearly 295 youth and young adults contracted with more than 120 project hosts, completing natural resource projects across the state. In Fiscal Year 2009, 185,450 hours of work were devoted to Minnesota's natural resources.

PARTICIPANTS	Summer youth participants	82	Youth, 15 to 18
	Summer youth leaders	33	AmeriCorps members
	Youth Outdoors participants	53	Youth, 15 to 18
	Youth Outdoors leaders	8	AmeriCorps members
	Young adult corpsmembers	117	AmeriCorps members
	AmeriCorps VISTA members	2	AmeriCorps members
STAFF	Full-time staff	21	staff
	Board of directors	17	directors
OPERATIONS	Project hosts	120	hosts
	Summer youth crews	13	crews
	Youth Outdoors afterschool	8	crews
	Young Adult crews (year round)	18	crews
	Young Adult seasonal crews (Superior National Forest)	7	crews
	Total corpsmember hours	185,450	hours

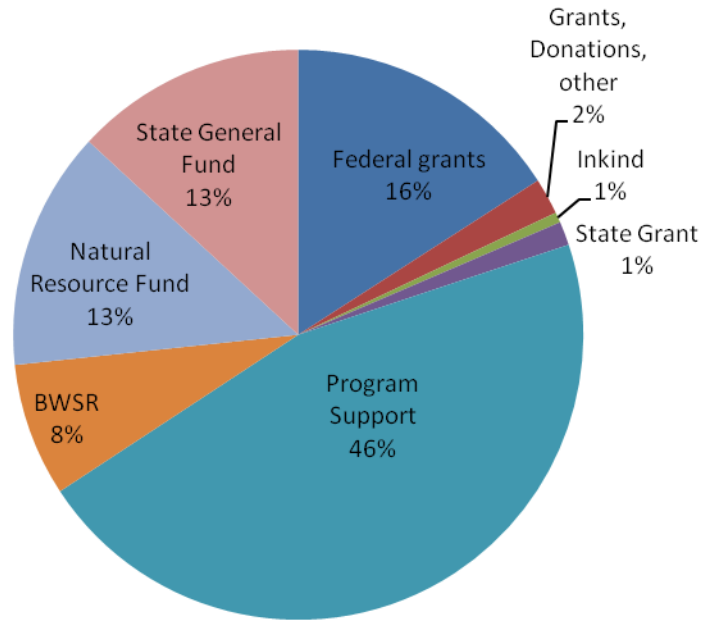
Use of State Funds

In the last biennial budget, Conservation Corps Minnesota was appropriated \$965,000 per year in state funds: \$475,000 in general funds and \$490,000 in dedicated natural resource funds. The general funds were reduced to \$455,000 for the 2010 fiscal year.

	FY 2009	FY2010
General Funds	\$475,000	\$455,000
Dedicated NR Funds	\$490,000	\$490,000
TOTAL	\$965,000	\$945,000

In the 2009 fiscal year, Conservation Corps Minnesota generated almost \$1.6 million, which is nearly half its budget, from fee-for-service partner support. The chart below shows the FY 2009 revenue breakdown, including previously-received funds that were released from restriction to spend in FY 2009.

Revenue FY 2009



Revenue	Unrestricted	Restricted - released	Total
Fee-for-service	1,658,732		1,658,732
Other income	21,623		21,623

Support	Unrestricted	Restricted - released	Total
Federal grant	574,764		574,764
Contributions	53,994	20,000	73,994
General fund		475,000	475,000
Natural resource fund		490,000	490,400
DEED Deaf and Hard of Hearing **	10,000	26,608	33,608
Board of Water and Soil Resources		226,451	226,451
TOTAL			3,081,129

**DEED represents both the \$10,000 grant received as well as the released funds appropriated for this biennium

Use of Natural Resource Funds

Conservation Corps Minnesota has established a detailed accounting system to track the use of \$490,000 from the Natural Resource Fund. This Survey of Accomplished Work (SAW) system tracks individual project details such as work accomplished, corpsmember hours, project location and legislative district. A SAW form example is included in this report.

The State's dedicated funds were derived from the water recreation, off-highway vehicle, forestry, state parks, snowmobile and non-game wildlife accounts. The joint-powers agreement between DNR and the Corps allows Conservation Corps Minnesota to use dedicated Natural Resource Funds at a rate of \$22/hour per corpsmember. The following table illustrates the distribution and use of monies from each fund within the natural resource funds.

Conservation Corps Minnesota expenditure of natural resource fund by hours

	Biennium total	FY09 expended
Water Recreation	13,636	6,818
ATV/OHV Trails	11,364	5,682
Snowmobile Trails	10,454	5,227
Non-Game Wildlife	2,272	1,136
State Parks	4,546	2,273
Forestry	2,272	1,136
TOTAL	44,544	22,272

Conservation Corps Minnesota expenditure of natural resource fund by dollars

	Biennium total	FY09 expended
Water Recreation	\$300,000	\$150,000
ATV/OHV Trails	\$250,000	\$125,000
Snowmobile Trails	\$230,000	\$115,000
Non-Game Wildlife	\$50,000	\$25,000
State Parks	\$100,000	\$50,000
Forestry	\$50,000	\$25,000
TOTAL	\$980,000	\$490,000

Importance of the Natural Resource Fund to Conservation Corps Minnesota

The Natural Resource Fund impacts the Corps in a variety of ways:

- Projects funded through NRF directly benefit Minnesota's natural resources and the public's use and enjoyment of those resources.
- NRF projects provide quality corpsmember experiences, compatible with Conservation Corps' mission.
- Corpsmembers are given the opportunity to work directly with DNR programs and professionals.
- The funds provide a stable source of funding for Conservation Corps Minnesota programs.

Conservation Corps Minnesota's joint power agreement with the DNR requires an annual report that accounts for Conservation Corps Minnesota's Natural Resource Fund expenditures and accomplishments. The 2009 report to the DNR is included in its entirety in this report.

Use of General Funds Dollars

The Minnesota State Legislature appropriated \$475,000 in state general funds to Conservation Corps Minnesota for fiscal year 2009 and \$455,000 for fiscal year 2010. These dollars have been essential to Conservation Corps Minnesota's continued operation. Without these general fund dollars, the Corps would not be able to:

Fund general operating expenses: General funds have been used to cover front-end costs, including a portion of general operating, field office and administrative expenses. General funds provide base revenue for resources needed to adequately equip and support Conservation Corps Minnesota crews in the field. Without these funds, Conservation Corps Minnesota crews could not operate at our current level.

Operate both a Summer Youth Program and a Youth Outdoors Program: The Summer Youth Program and Youth Outdoors Program are outstanding programs that transform the lives of teenage participants. Youth gain work and life skills and responsible decision-making tools that last a lifetime. With general fund dollars covering basic operating expenses, the Summer Youth Program and the Youth Outdoors Program are able to generate additional dollars through partner support.

Help generate fee-for-service work: Fee-for-service work generates revenue from a variety of project hosts who partner with Conservation Corps Minnesota. General fund dollars cover front-end operational costs so Conservation Corps crews are in a position to generate fee-for-service contracts, especially with partners such as city and county parks, other local nonprofits and federal agencies. Typically these projects are not covered by dedicated funds or performed in conjunction with other state project hosts.

Conservation Corps Minnesota contributions to Minnesota

With General Fund dollars as the catalyst, Conservation Corps Minnesota was able to positively impact the lives of more than 295 youth and young adults last year. Beyond the impact on program participants, Conservation Corps Minnesota improves the quality of life of countless Minnesotans by conserving natural resources.

In the past fiscal year, Conservation Corps Minnesota completed 185,450 hours of work that improved the environment, communities and individual corpsmembers. Whether maintaining recreational trails or restoring native habitats, Conservation Corps projects are important to the health of Minnesota. A complete list of work accomplishments follows on the next page.

Conservation Corps Minnesota also plays a crucial role in emergency response to wildfires. All Corps' young adult corpsmembers are "Red Card Certified," which enables them to respond to calls to suppress wildfires. Conservation Corps Minnesota works closely with the Interagency Fire Center in Grand Rapids, Minn. to dispatch crews effectively and efficiently.

Fiscal Year End 2009 Statewide Work

General			Trail		
Volunteers engaged	2,687	people	Boardwalk & Bridge Construction	2,265	feet
Community Clean Up			Snowmobile Trail Construction	24	miles
Water Recreation Specialist	2,483	hours	Snowmobile Trail Maintenance	703	miles
Debris Removal	82,052	pounds	ATV Trail Construction	9	miles
River Cleanup	407	miles	ATV Trail Maintenance	433	miles
Wildlife			Non Motorized Trail Construction	19	miles
Electroshocking	86	hours	Non Motorized Trail Improvement	1,137	miles
Wildlife Structure Construction	980	structure			
Wildlife Surveys	264	surveys			
Habitat Improvement			Data Collection		
Vegetation Removal	27,013	acres	Forest Inventorv - FIA	37	plots
Exotic Species Removal	4591	acres	GIS/GPS Mapping	463	miles
Prescribed Burning	5,195	acres	Tree & Plant Surveys	1,336	hours
Shoreline Restoration	368	acres			
Wetland Restoration	135		Construction		
Water Quality Sampling	400	samples	Construction / Carpentry	3,708	hours
Planting Activities			Dock/Pier Construction	571	feet
Planting (trees/plants)	115,765	plants	Historic Bldg & Landmark	161	structures
Rain Garden Installation	52,315	sq feet	Retaining Wall Construction	1,110	feet
Seed Collection - Forest	100	hours	Emergency Response		
Seed Collection - Prairie Plants	557	trees	Emergency Response	2,508	hours
Tree Removal	88,021	sq feet	Fire Suppression - Direct	457	acres
Seeding	28,603	trees	Fire Suppression - Indirect	1,000	hours
			Sandbagging	1,132	hours
Environmental Education			Training		
Environmental Education	2,064	people	Personal Development	9,737	hours
			Training -Technical Skills	13,934	hours
			Erosion Control		
			Erosion Control	247,107	sq feet
			NRA Maintenance		
			Boundary Work	2,086	hours
			Campsite Establishment	554	sites

Financial Management Systems

Conservation Corps Minnesota has taken a proactive stance in developing sound financial management systems and financial integrity. The Corps' financial system continues to employ clear lines of authority, separation of duties, multiple layers of approval for cash disbursements, and annual independent audits as part of its fiscal control policies. The Conservation Corps' Board of Directors has an active and engaged Finance Committee that oversees staff activities.

Also, the finance staff has participated in workshops and training, sponsored by the Corporation for National and Community Service, Minnesota Council of Nonprofits, and University of St. Thomas, to stay current with changing financial standards.

Conservation Corps Minnesota continues to use the accounting services of EideBailly, LLP for the firm's expertise in working with nonprofit organizations. Audits have been completed annually each year since 2003, which includes the 2009 fiscal year. Since becoming an independent nonprofit, the Corps has received an "unqualified" opinion on all audits, which is the best opinion a firm can give.

Current board of directors

John Velin, Chair
Former executive director - Legislative-Citizen Commission on Minnesota Resource

Robby Callahan Schreiber, 2nd Vice Chair
Youth programs director - Science Museum of Minnesota; Summer Youth Program alumnus

Joan Peters, Vice Chair
Former district commissioner - Three Rivers Park District

Monty Dehn
Civilian Conservation Corps alumnus

Mary Cleary, Treasurer
Nonprofit accounting and fiscal management consultant

Rolf Hagberg
Professional photographer; Former camp director - Youth Conservation Corps and Young Adult Conservation Corps.

Mark Skeie, Secretary
*Founder of Mapping Your Retirement, Inc
Former 3M department and project manager*

David Hile
Former Hennepin County law enforcement professional

Craig Acomb
Chief Financial Officer - Minnesota Department of Health; Former Minnesota Conservation Corps regional and statewide director

Tom Jahnke
Former Three Rivers Park District senior manager of forestry and horticulture

Neil Cunningham
Outreach coordinator - Minnesota Department of Agriculture's Invasive Species Exclusionary Unit

Mike Nevala,
Principal environmental scientist – Metropolitan Council; Conservation Corps summer youth parent

John Degan
Attorney – Blue Cross and Blue Shield of MN
John Lilly
Legislative and human resource manager – Minnesota State Parks

Jer Jian Koh
Audit Supervisor - Boyum & Barencheer PLLP
Barbara Sommer
Oral historian and author of Hard Work and a Good Deal: The Civilian Conservation Corps in MN

Janet Timmerman
Program coordinator – Pipestone Active Living Partnership, Minnesota Conservation Corps Alumni



Minnesota Conservation Corps

MINNESOTA CONSERVATION CORPS

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota Conservation Corps
St. Paul, Minnesota

We have audited the accompanying statement of financial position of **Minnesota Conservation Corps** (Organization) as of June 30, 2009, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and in our report dated October 29, 2008, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Minnesota Conservation Corps** as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
October 7, 2009

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MINNESOTA CONSERVATION CORPS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 182,931	\$ 693,419
Grants receivable	945,000	965,000
Accounts receivable	726,347	362,101
Prepaid expenses	44,340	21,195
	<u>1,898,618</u>	<u>2,041,715</u>
LONG-TERM GRANTS RECEIVABLE, net of present value adjustment	904,701	-
EQUIPMENT, net of accumulated depreciation of \$162,517	46,651	65,106
OTHER ASSETS		
Deposits	9,133	9,133
	<u>\$ 2,859,103</u>	<u>\$ 2,115,954</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Education award liability	\$ -	\$ 6,991
Accounts payable	128,689	84,407
Accrued expenses		
Payroll	178,401	143,160
Compensated absences	30,507	26,928
	<u>337,597</u>	<u>261,486</u>
NET ASSETS		
Unrestricted, general operating	553,695	553,943
Unrestricted, board designated	18,054	18,368
	<u>571,749</u>	<u>572,311</u>
Temporarily restricted	1,949,757	1,282,157
	<u>2,521,506</u>	<u>1,854,468</u>
	<u>\$ 2,859,103</u>	<u>\$ 2,115,954</u>

MINNESOTA CONSERVATION CORPS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Support				
Federal grant	\$ 574,764	\$ -	\$ 574,764	\$ 238,233
Contributions	32,735	100,056	132,791	8,791
In-kind contributions	21,259	-	21,259	5,125
State grant	25,000	1,849,701	1,874,701	10,000
Revenue				
Sponsor support	1,658,732	-	1,658,732	1,492,347
Interest	16,645	-	16,645	90,643
Miscellaneous	4,978	-	4,978	21,622
Total support and revenue	<u>2,334,113</u>	<u>1,949,757</u>	<u>4,283,870</u>	<u>1,866,761</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,282,157</u>	<u>(1,282,157)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services				
Youth programs	653,220	-	653,220	520,855
Young adult programs	2,554,955	-	2,554,955	2,130,320
Management and general	351,103	-	351,103	275,998
Fundraising	57,554	-	57,554	197,222
Total expenses	<u>3,616,832</u>	<u>-</u>	<u>3,616,832</u>	<u>3,124,395</u>
CHANGE IN NET ASSETS	(562)	667,600	667,038	(1,257,634)
NET ASSETS AT BEGINNING OF YEAR	<u>572,311</u>	<u>1,282,157</u>	<u>1,854,468</u>	<u>3,112,102</u>
NET ASSETS AT END OF YEAR	<u>\$ 571,749</u>	<u>\$ 1,949,757</u>	<u>\$ 2,521,506</u>	<u>\$ 1,854,468</u>

MINNESOTA CONSERVATION CORPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 667,038	\$ (1,257,634)
Adjustments to reconcile net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation	25,994	28,175
Loss on disposal of equipment	-	482
Changes in assets and liabilities		
Grants receivable	(884,701)	1,601,258
Accounts receivable	(364,246)	(55,557)
Prepaid expenses	(23,145)	(7,430)
Education award liability	(6,991)	(1,993)
Accounts payable	44,282	11,920
Accrued expenses	38,820	15,012
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	<u>(502,949)</u>	<u>334,233</u>
INVESTING ACTIVITIES		
Purchase of equipment	<u>(7,539)</u>	<u>(13,988)</u>
FINANCING ACTIVITIES		
Payments of long-term debt	<u>-</u>	<u>(16,014)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(510,488)	304,231
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>693,419</u>	<u>389,188</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 182,931</u>	<u>\$ 693,419</u>

MINNESOTA CONSERVATION CORPS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	2009		
	Program Services		
	Youth Programs	Young Adult Programs	Total
EXPENSES			
Staff salaries and FICA	\$ 136,274	\$ 464,843	\$ 601,117
Staff benefits	15,333	67,118	82,451
Corpsmember living allowance and FICA	288,564	1,207,799	1,496,363
Corpsmember benefits	10,368	96,545	106,913
Workers compensation	8,744	30,033	38,777
Direct program	47,561	202,961	250,522
Fleet, communications, and training	88,735	349,444	438,179
Insurance	7,573	26,352	33,925
Space cost and utilities	31,767	67,189	98,956
Office supplies & depreciation	8,107	27,865	35,972
Professional fees	5,102	754	5,856
Marketing	366	1,480	1,846
Staff travel	1,686	5,015	6,701
Recruitment	1,827	4,394	6,221
Other	1,213	3,163	4,376
Financial and bank fees	-	-	-
TOTAL EXPENSES	<u>\$ 653,220</u>	<u>\$ 2,554,955</u>	<u>\$ 3,208,175</u>
PERCENT TO TOTAL	<u>18%</u>	<u>71%</u>	<u>89%</u>

See Notes to Financial Statements

2009			2008
Supporting Services			
Management and General	Fundraising	Total	Total
\$ 180,867	\$ 33,359	\$ 815,343	744,239
22,946	5,209	110,607	97,158
-	-	1,496,363	1,331,028
-	-	106,913	89,637
1,962	-	40,739	46,800
-	-	250,522	181,942
4,915	523	443,617	339,538
5,274	164	39,362	33,457
39,271	1,080	139,307	96,480
18,936	853	55,761	41,048
63,175	16,343	85,374	55,194
3,397	-	5,243	11,073
5,034	23	11,758	18,000
40	-	6,261	5,558
4,808	-	9,184	32,955
478	-	478	288
\$ 351,103	\$ 57,554	\$ 3,616,833	\$ 3,124,395
10%	2%	100%	

MINNESOTA CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Minnesota Conservation Corps (MCC or Organization) provides hands-on environmental stewardship and service-learning opportunities for young people while accomplishing valuable conservation and natural resource management projects, as well as emergency response work. MCC's goals are to help young people from diverse backgrounds become more connected to the environment, engaged in natural-resource conservation, involved in the community and prepared for future employment.

The Minnesota Conservation Corps traces its roots to the 1930s Civilian Conservation Corps, which provided natural-resource jobs to unemployed young men so they could support their families during the Great Depression. Later, in the 1970s, the federal government launched the summer Youth Conservation Corps and the year-round Young Adult Conservation Corps, continuing the employment of young people in productive conservation work.

When federal support for conservation corps ended in 1981, the Minnesota Conservation Corps was created by the Minnesota Legislature to offer youth and young adult programs through the Minnesota Department of Natural Resources (DNR). In 1999, the Friends of the Minnesota Conservation Corps was incorporated as a 501(c)(3) nonprofit organization by community supporters and program alumni, and the nonprofit assumed operations of the Minnesota Conservation Corps in 2003.

MCC offers the following programs:

- **Summer Youth Program** – Based at St. Croix State Park, youth ages 15-18 work in crews to complete environmental-restoration projects over eight weeks of the summer. Half of the youth are from the Twin Cities and half are from Greater Minnesota. Participants receive a living stipend as well as room and board. Youth begin at a base camp, then “spike camp” throughout the region as they work. In addition to natural-resource work experience, they learn skills such as civic leadership and resume writing.
- **Young Adult Program** – Young people ages 18-25 complete ten months of full-time work in natural resource management and emergency response work in Minnesota and Iowa. Participants receive monthly living stipends and an AmeriCorps educational award at the end of their service. In addition to technical and job skills training such as interviewing techniques and financial management, corpsmembers receive professional certifications such as wildfire suppression, chain-saw safety and first aid.
- **Youth Outdoors** – This new initiative gives Saint Paul youth, ages 15-18, the opportunity to participate in an after-school and Saturday program for twelve hours per week. The students engage in service-learning projects to revitalize local neighborhoods while earning a stipend. About 20 percent of their time is spent in educational activities with a strong focus on STEM (science, technology, engineering and math) curriculum.

Projects are completed annually in partnership with more than 80 organizations, including local governments, DNR, U.S. Fish and Wildlife Service, National Forest Service, Indian tribes, watershed districts, hiking clubs and other nonprofits.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

NOTES TO FINANCIAL STATEMENTS

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Government grants and contracts that are considered exchange transactions are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred.

The Organization uses the allowance method to determine uncollectible contributions and grants. The allowance is based on prior years' experience and management's analysis of the outstanding receivables. The Organization does not charge interest on past due accounts. Accounts are considered past due when payment has not been received within 30 days of due date.

Accounts receivable, which consist primarily of amounts due on fee for service contracts, are recorded when earned. The Organization extends unsecured credit in the normal course of activities. These receivables do not bear any interest on unpaid balances.

The carrying amount of accounts receivable may be reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance was deemed necessary for the year ended June 30, 2009.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provision of FASB Statement No. 157, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

Statement No. 157 defines fair value at the exchange that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 2 that observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Donated Services, Materials and Equipment

Contributions of materials and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the use of the donated asset to a specific purpose.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Property, services and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

Functional Expenses Allocation

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

In July 2006, Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN No. 48) was issued. Subsequent to its original issuance, the effective date of its implementation for nonpublic enterprises has been deferred, and is currently deferred for nonpublic entities until years beginning after December 15, 2008. The Organization has elected to defer implementation of FIN No. 48, as allowable.

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by FIN No. 48.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Equipment

Expenditures for the acquisition of property and equipment greater than \$1,000 are capitalized at cost and donated property and equipment are capitalized at fair value. Depreciation is computed on the straight-line method over the following useful lives:

Boats and trailers	10 years
Water pumps	10 years
Computer equipment	5 years
ATVs and snowmobiles	5 years

Depreciation expense was \$25,994 for the year ended June 30, 2009.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through October 7, 2009, the date which the financial statements were available to be issued.

NOTE 2 - CONCENTRATION

Substantially all support is received in the form of grants and contracts; therefore, the Organization is dependent upon future funding. The Organization receives grants and revenue from a few significant grantors. The Organization encounters a certain amount of credit risk as the result of a concentration of revenues from, and receivables among, a few significant sources.

At June 30, 2009, grants receivable was comprised of one major multi-year grant totaling \$1,849,701.

NOTE 3 - GRANTS RECEIVABLE

Grants at June 30, 2009, to be received in future periods are as follows:

Grants receivable in less than one fiscal year	\$ 945,000
Grants receivable in one to five years	945,000
Total grants receivable	<u>1,890,000</u>
Less discount to net present value	<u>(40,299)</u>
Total grants receivable, net	<u>\$ 1,849,701</u>

NOTES TO FINANCIAL STATEMENTS

Grants receivable have been reduced to present value using a discount rate of four percent.

NOTE 4 - MINNESOTA CONSERVATION CORPS TRANSFER

Effective July 1, 2003, the Legislature of the State of Minnesota transferred the Minnesota Conservation Corps (MCC) out of the DNR to MCC. The state transferred the entity to ensure the continued operation of the MCC and the ability to contract its services.

Pursuant to the transfer, the Organization contracted with the State of Minnesota through the Commissioner of Natural Resources under a joint powers agreement. The agreement allows the Organization to utilize office space, computer networks and programs, telephone systems and fleet, and radio equipment of the DNR. The Organization is also granted rights to purchase or lease equipment and services through state contracts and to participate in certain state programs. The rates charged to MCC are based on usage and are consistent with those charged within the DNR and the State of Minnesota. Expenses incurred for the use and access to the equipment and services were \$368,711 for the year ended June 30, 2009.

The agreement renewed on July 1, 2009, and expires on June 30, 2011.

The joint powers agreement also identifies appropriations to MCC out of the state's general and natural resources fund in equal amounts for the state's fiscal years 2008 and 2009. The funds remaining are appropriated in 2009 for the following purposes:

General operations	\$ 455,000
Natural resource projects	
Water recreation	125,000
All-terrain vehicle trails	125,000
Snowmobile trails and enforcement	115,000
Non-game wildlife management	50,000
State parks account	50,000
Forestry	25,000
	<u>490,000</u>
	<u>\$ 945,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2009:

General operations	\$ 910,000
General operations - youth programs	100,056
Natural resource project funds	
Water recreation development	250,000
All-terrain vehicle trails	250,000
Snowmobile trails	230,000
Non-game wildlife	100,000
State parks	100,000
Forestry	50,000
Total	<u>1,990,056</u>
Less discount to net present value	<u>(40,299)</u>
	<u><u>\$ 1,949,757</u></u>

Net assets released from restrictions during the year were comprised of the following:

General operations	\$ 475,000
Deaf and hard-of hearing youth programs	23,608
Anderson Foundation-youth program	20,000
Natural resource project funds	
Water recreation development	150,000
All-terrain vehicle trails	125,000
Snowmobile trails	115,000
Non-game wildlife	25,000
State parks	50,000
Forestry	25,000
Board of soil and water resources	273,549
	<u>273,549</u>
	<u><u>\$ 1,282,157</u></u>

The state grant had been discounted to present value using a discount rate of four percent.

NOTE 6 - RETIREMENT PLAN

Effective January 15, 2009, the Organization adopted a Safe Harbor Retirement Savings Plan under section 401(k) of the Internal Revenue Code. The Plan provides an "enhanced safe harbor" employer match under the following formula for eligible employees:

Employee	Employer
<u>Deferral</u>	<u>Match</u>
1%	2%
2%	4%

NOTES TO FINANCIAL STATEMENTS

The Organization's contribution was \$27,571 for the year ended June 30, 2009.

NOTE 7 - OPERATING LEASES

The Organization leases facilities and office space under lease and sublease agreements expiring through July 2011. The leases are subject to cancellation by either party with proper notice as specified in the agreements. The leases call for monthly payments of approximately \$5,000. Rent expense under these and other lease agreements amounted to \$135,168 for the year ended June 30, 2009.

<u>Years Ending June 30,</u>	<u>Amount</u>
2010	\$ 64,383
2011	<u>66,983</u>
Total	<u>\$ 131,366</u>

NOTE 8 - LINE OF CREDIT

Minnesota Conservation Corps has a line of credit arrangement under which it may borrow up to \$250,000 through December 1, 2009. Borrowings bear interest at 4.5 percent at June 30, 2009. The credit line is secured by all assets of the Organization. There was no outstanding balance as of June 30, 2009.