



2005 Legislative Report
Fiscal Year End June 30, 2005

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The purpose of this report is to provide the information required by 2003 Minnesota Laws Chapter 128, Article 1, Section 35, Subdivision 1(b). *The expenditure of state funds by the Minnesota Conservation Corps is subject to audit by the legislative auditor and regular annual report to the legislature in general and specifically to the house of representatives and senate committees with jurisdiction over environment and natural resources policy and finance.*

Mission Statement:

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

MCC OVERVIEW

In 1981 the Minnesota Conservation Corps (MCC) was created by the Minnesota state legislature to engage youth and young adults in environmental work projects. During this time, MCC was administered by the Department of Natural Resources and operated solely on state resources. In response to the state budget cuts, on July 1, 2003, MCC moved out of state government to become an independent 501(c)(3) non-profit.

Since its separation from the Department of Natural Resources in 2003, MCC has continued its efforts to be a successful cost-effective Public/Private Partnership enterprise. MCC has sought new sources of program funding, and amidst these changes, MCC continued to produce high quality work at an affordable price. What's more, MCC participants continued to gain tools for career and life success.

MCC Corpsmembers are well-trained, service-driven individuals who are compensated with a living stipend and, for those who qualify, an AmeriCorps Education Award. As a result, youth corps labor provides substantially more output per dollar than other workforces. The greatest benefit of MCC, however, remains the personal growth gained by corpsmembers and enduring positive impact on the environment.



MCC corpsmember Samantha Daniels uses an altimeter to measure the height of a tree.

MCC Programs

Summer Youth Program

MCC's Summer Youth Program is based out of St. Croix State Park in Hinckley, MN. Corpsmembers are 15-18 year old youth and spend eight weeks in the summer working and camping at statewide projects. The youth are hired from a variety of ethnic, socioeconomic and geographic backgrounds.

MCC uses an experiential learning model to teach the youth life and work skills. Through engaging work projects and structured free time, corpsmembers develop important social skills such as interpersonal communication, conflict resolution, team building, self-discipline, citizenship, and personal confidence. Participants also gain constructive workplace behaviors that include job safety, technical project skills, personal responsibility and working in a structured system.

Young Adult Program

MCC's Young Adult Program is yearlong experience for 18-25 year olds. Corpsmembers serve on crews in one of three districts in Minnesota. In 2005, MCC had 16 active crews that covered the state. The Young Adult Program is non-residential, although at times throughout their service, crews will camp to complete projects a distance from their base location.

The Young Adult Program provides extensive technical training for jobs in the natural resource conservation field. Corpsmembers gain valuable experience working along side natural resource professionals. Corpsmembers are eligible to receive an AmeriCorps Education Award for \$4,725 upon completion of their term.

2005 MCC Profile

Participants

Summer Youth Corpsmembers (15-18) years	69
Summer Youth Program Leaders (over 18 years)	30
Young Adult Corpsmembers (18-25 years)	82

Deaf or Hard-of-Hearing Summer Participants	16%
Youth of Color in Summer Youth Program	42%

Training Opportunities

Personal Development Training	2,468 hours
Technical Skills Training	8,518 hours

Program Year

Summer Youth Program	June - August
Young Adult Program	Sept - August

Young Adult Crew Locations

North District	Bemidji Guthrie Eveleth Grand Rapids Duluth (2)
Central District	St. Paul (3) Three Rivers Park District
South District	Lake Shetek Windom Rochester (2) New Ulm

Appendix A displays a map of MCC's district offices and crew locations.

USE OF STATE FUNDS

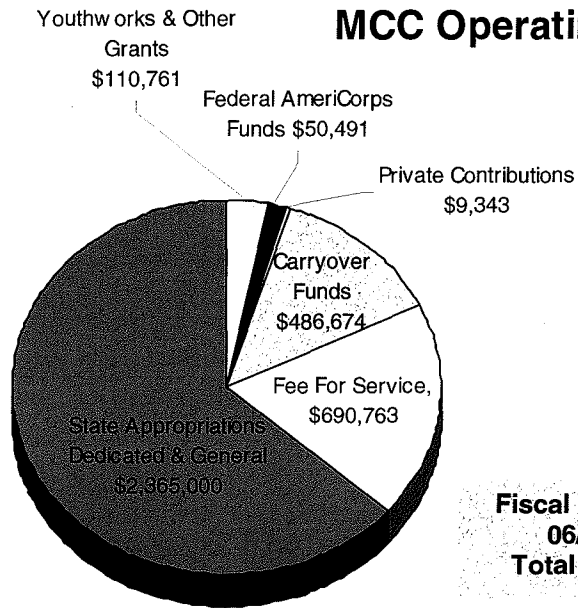
Past and Present MCC Funding

The three pie charts on the opposite page illustrate MCC's change in revenue from state operation to a non-profit. The top chart is MCC under state operation, followed by MCC's first program year as a non-profit, and the funding sources for the past fiscal year. The charts clearly show MCC's reduced reliance on state funding. MCC uses state appropriated funds as a base for leveraging other available dollars.

In the 2004-05 biennial budget, MCC was appropriated \$840,000 per year in state funds: \$350,000 in general funds and \$490,000 in dedicated natural resource funds. The 2005 Legislative budget appropriated the same amount for each year of the 2006-07 biennium of \$840,000 per year: \$350,000 in general funds and \$490,000 in dedicated natural resource funds.

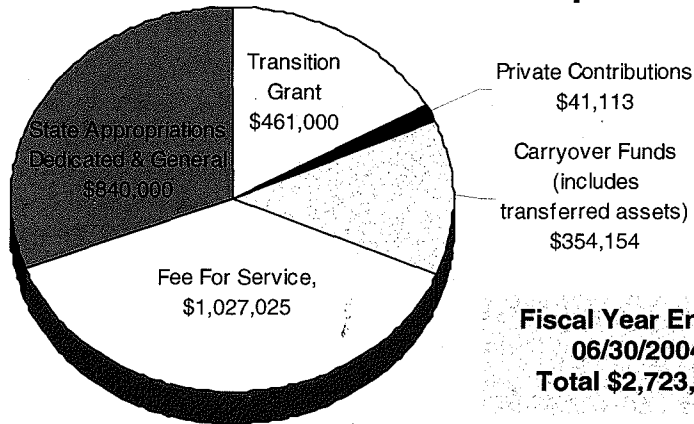
	2004-05	2005-06
General Funds:	\$350,000	\$350,000
Dedicated NR Funds:	\$490,000	\$490,000
Total:	\$840,000	\$840,000

MCC Operating as a State Program

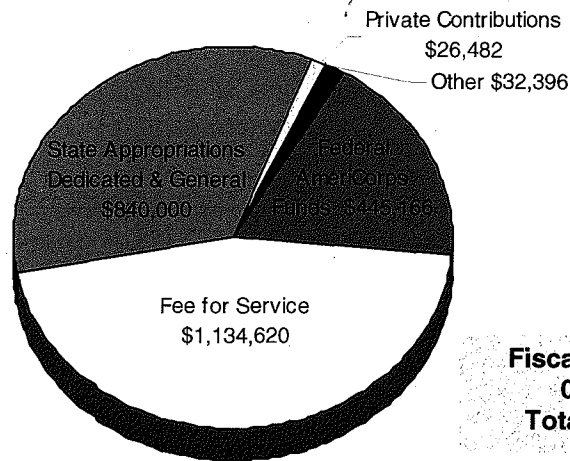


**Fiscal Year Ending
06/30/2003
Total \$3,713,032**

MCC Operating as a Non-Profit



**Fiscal Year Ending
06/30/2004
Total \$2,723,292**



**Fiscal Year Ending
06/30/2005
Total \$2,478,664**

Use of Natural Resource Funds

MCC has established a detailed accounting system to track the use of the annual \$490,000 from the Natural Resource fund. The Survey of Accomplished Work (SAW) system tracks individual project details such as work accomplished, corpsmembers' hours, crew, project location, and legislative district. Appendix B illustrates the form used to collect SAW data.

MCC's dedicated funds were derived from the water recreation, off-highway vehicle, snowmobile, and non-game wildlife accounts. The joint powers agreement between DNR and MCC allows MCC to utilize dedicated natural resource funds at a rate of \$20.00/hour/corpsmember. The table below illustrates the distribution and use of monies from each fund within the natural resource funds.

MCC Dedicated Fund Hours
Fiscal Year 71/04 to 6/30/05

Fund	Dollars:			Hours:			Hours Used:				Balance Remaining
	Balance Remaining from 2004 Fiscal Year	2005 Fiscal Year Appropriation	Total Dedicated Funds Available	Balance Remaining from 2004 Fiscal Year	2005 Fiscal Year	Total Dedicated Fund Hours Available	Young Adult Program	Summer Youth Program	Total Hours Used		
Water Rec	\$ 92,370	\$ 200,000	\$ 292,370	4,619	10,000	14,619	12,326	2,443	14,769	(150)	
ATV/OHV	\$ 22,415	\$ 150,000	\$ 172,415	1,121	7,500	8,621	8,641	0	8,641	(20)	
Snowmobile	\$ 14,350	\$ 115,000	\$ 129,350	718	5,750	6,468	4,266	2,221	6,487	(20)	
Non-Game	\$ 7,665	\$ 25,000	\$ 32,665	383	1,250	1,633	1,626	0	1,626	7	
Totals	\$ 136,800	\$ 490,000	\$ 626,800	6,840	24,500	31,340	26,859	4,664	31,523	(183)	

Importance of the Natural Resource Funds for MCC

It is important to note that the Natural Resources Fund impacts the MCC in a variety of ways:

- Projects funded in this manner have a direct benefit to Minnesota's natural resources and their enjoyment and use by the public.
- The projects funded provide an excellent opportunity for quality corpsmember experience compatible with the mission of the MCC.
- Corpsmembers are given the opportunity to work in direct, professional contact with DNR programs and employees.
- The funds provide a stable source of funding for the MCC endeavors.

MCC's joint power agreement with the Department of Natural Resources requires an annual report highlighting accounting of MCC expenditures from the natural resource fund and accomplishments with those funds. The report was submitted to the DNR in January of 2006. It is found in Appendix C.

Work Accomplishments with Dedicated NR Funds

The following table summarizes the work accomplished with each of the dedicated funds, broken out by region of the state within the Young Adult Program (North, Central, and South) and the Summer Youth Residential Program.

Fund (District)	NW	NE	Central	South	Summer	Total	Units
Water Recreation							
Adopt-A-River			1,939			1,939	Hours
Boardwalk/Step Construction		44	30		395	469	Feet
Brush Removal			4			4	Acres
Construction/Carpentry	15	198	60	84		357	Hours
Debris Removal - Litter/Dump Site	28,240	240			2,570	31,050	Pounds
Environmental Education			2,678			2,678	Students
Erosion Control	18,480					18,480	Sq. Feet
Exotic Species Removal			2			2	Acres
Lake Improvement - Fish Stocking/ Sampling		400	60	250		710	Fish
Riparian Habitat Improvement			.5		3	3.5	Acres
Lakeshore Restoration	40		10,065	14,256	850	25,271	Sq. Feet
NR Area/Structure Improvement				12		12	Hours
Public Access Maintenance	170	219	67	27		483	Accesses
River Clean-up		3	2	15	4	24	Miles
Shoreline Restoration				1,200		1,200	Feet
Stream bank Stabilization				120		120	Sq. Feet
Water Access Trail Improvement		15.5	4		12.32	31.82	Miles
ATV/OHV							
Construction/Carpentry		60				60	Hours
GIS/GPS Mapping		1,286				1,286	Miles
NR Area/Structure Improvement	100					100	Hours
Trail Construction		.5				.5	Miles
Trail Improvement	114	61		15		190	Miles
Training - Personal Development	40					40	Hours
Training - Technical Skills	60					60	Hours
Recreation Area User Surveys	9					9	Surveys
Snowmobile							
Debris Removal		1,300				1,300	Pounds
GIS/GPS Mapping	609					609	Miles
Snowmobile Trail Construction	6	6				12	Miles
Snowmobile Trail Improvement	135.5	348.5	7.5	7.5	16.46	515.46	Miles
Non-Game							
Debris Removal		50				50	Pounds
Lakeshore Habitat Restoration	310	200				510	Sq. Feet
Prairie Restoration				40		40	Acres
Wildlife Surveys	8.5	230	353			591.5	Surveys

Use of General Funds Dollars

MCC was appropriated \$350,000 in general funds from the Minnesota legislature for each fiscal year 2004 and 2005. These dollars have been essential to MCC's continued operation. Using the general funds as a solid foundation, MCC was able to:

- Cover the front-end operational costs needed to run crews
- Operate a Summer Youth Program
- Engage in fee-for-service work
- Leverage federal operational dollars

Front-end Operational Costs: General funds have been used to cover overhead and administrative expenses. The general funds are the resource used to acquire the necessary components to adequately put MCC crews in the field. Without them MCC crews could not exist.

Operate a Summer Youth Program: The Summer Youth Program is an outstanding program. The transformation that occurs in its high school-aged participants is remarkable. Youth gain developmental assets and responsible decision making tools that last a lifetime.

Engage in Fee-for-Service Work: Fee for service work generates revenue from a variety of project hosts, who are partnering with MCC. General fund dollars make it possible to put MCC crews in a position to do fee for service work, especially with partners and project hosts like city and county parks, other local non-profits and federal agencies. Typically these projects are not covered by dedicated funds or in conjunction with other state project hosts.

Leverage Federal Operation Dollars: Federal money available for youth corps came as a reimbursement and required a non-federal match. Portions of the general funds were designated as a match to generate \$538,000 in non-state dollars for 2005. This Rural Response Grant helps fund the MCC's Young Adult Program's crews.

MCC's Contributions to Minnesota

With the appropriated General Funds as a catalyst for all of the above mentioned items, MCC was able to positively impact the lives of 171 youth and young adults. Above the direct impact of the program participants, MCC improves the quality of life of countless Minnesotans by conserving the natural resources around them.

In the past fiscal year, MCC completed over 1,100 projects that left positive improvements on the environment, communities and individual corpsmembers. Whether maintaining recreational trails or restoring native habitats, MCC projects are crucial to health of Minnesota. A complete list of work accomplishments can be found in Appendix D.

MCC also plays a crucial role in the emergency response to wildfire. All MCC Young Adult Corpsmembers become "Red Card Certified" which enables them respond to wildfire threats. MCC works closely with the Interagency Fire Center in Grand Rapids, MN to dispatch crews effectively and rapidly.

FINANCIAL MANAGEMENT SYSTEMS

The Minnesota Conservation Corps (MCC) has taken a proactive stance in developing sound financial management systems and financial integrity. MCC'S 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.

MCC continues to use the services of Eide Bailly, LLP for its expertise in working with non profit organizations. Audits were completed for each of the last two fiscal years. MCC received an "unqualified" opinion on both audits, the best opinion a firm can give.

The fiscal year of the Friends of the Minnesota Conservation Corps (FMCC) was previously based on the calendar year. On July 1, 2004, MCC changed its fiscal year to July 1 - June 30 in order to more closely match state funding timelines. This report deals with fiscal year 2005, which runs from June 30, 2004 to July 1, 2005.

MCC has proven fiscally responsible and accountable. Appendix E contains MCC's audited financial statements for fiscal year ending June 30, 2005.

GUIDING VALUES and PRINCIPLES

MCC will carry on its strong history of impacting youth and young adults through natural resource work for years to come. MCC's broad public and private support allow it to remain alive, vibrant, and entrepreneurial.

A group of MCC stakeholders met in February 2004 to outline a strategic plan to direct MCC's future for fiscal years 2005-2007. The event was made possible by a grant from the Otto Bremer Foundation's Organizational Effectiveness Program. MCC's Strategic Plan outlines the values and principles that guide the program today and the decisions made for the future.

Values

Skills Development: We provide youth and young adults with the technical and personal skills necessary to successfully complete hands-on conservation projects and community service.

Positive Learning Experiences: We provide service-learning experiences that result in personal responsibility, growth, and a strong service ethic.

Social and Environmental Change: We transform our environment, our communities and our corpsmembers through our work.

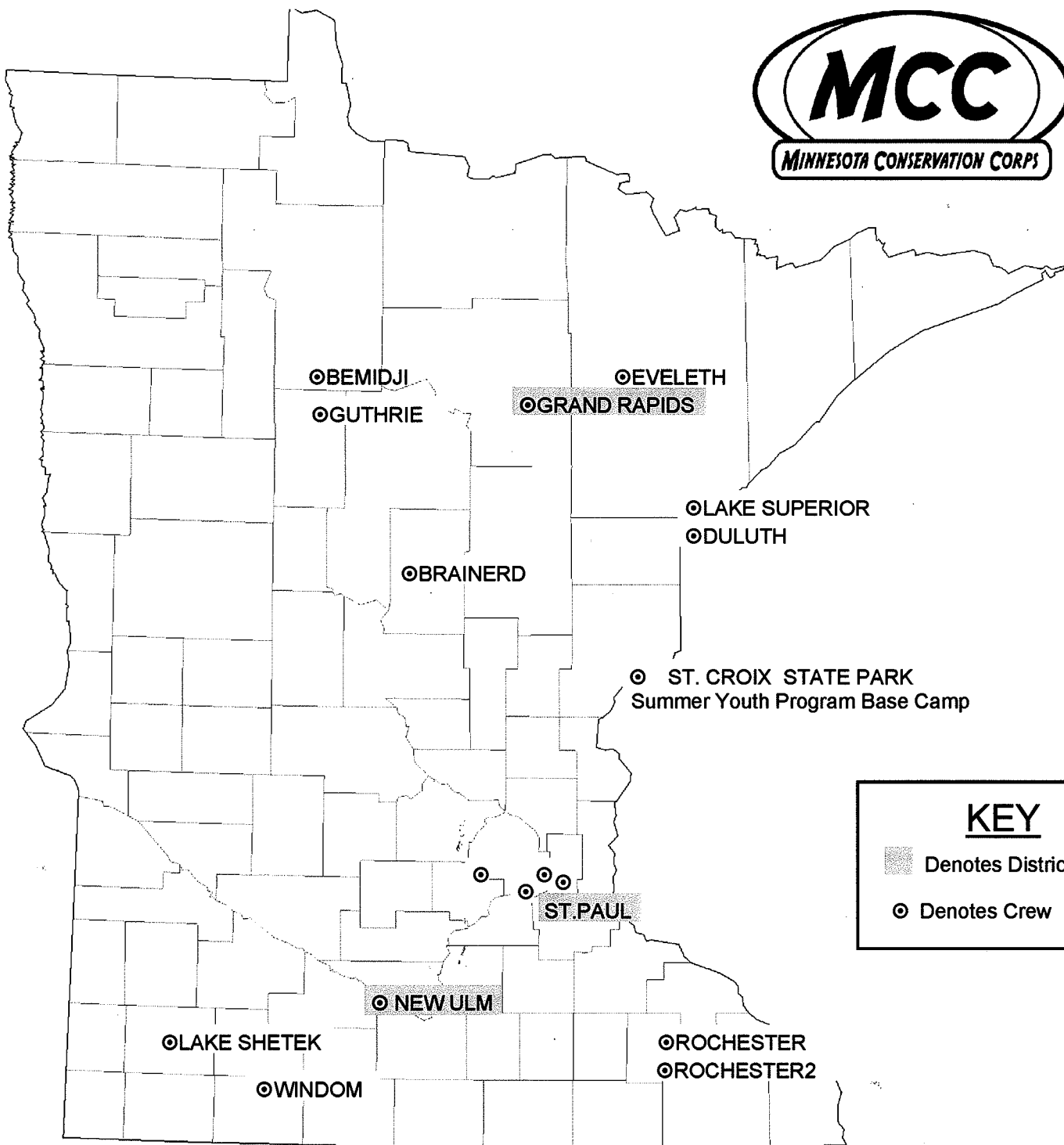
Youth and Young Adults: We maximize the enthusiasm, excitement and energy of youth and young adults to create positive outcomes.

Key Principles

- Safety shall be the #1 priority of MCC programs.
- MCC programs shall provide long-term benefits (a legacy).
- MCC programs shall encourage community volunteerism.
- Providing outstanding corpsmember experiences shall be an instrumental factor in making MCC programmatic decisions.
- MCC will serve a diverse group of corpsmembers with respect to geographic location, gender, ethnic heritage, economic level, and physical ability.

The complete list of MCC Principles can be found in Appendix F.

MCC Crew Locations



KEY

■ Denotes District Office

⊙ Denotes Crew

Summer Youth Program Project Locations:

- Isle Royale National Park
- River Bend Nature Center
- Tettegouche State Park
- Camp Courage North
- Split Rock Lighthouse State Park
- Carlos Avery Wildlife Science Center
- Kawishiwi Ranger District

- George H. Crosby-Manitou State Park
- Gooseberry Falls State Park
- St. Croix National Scenic Riverway
- St. Croix State Forest
- University of Minnesota—Duluth
- Blacklock Nature Sanctuary
- Boundary Water Canoe Area Wildemess

- St. Croix State Park
- Sugarloaf Interpretive Center
- Crane Lake—Superior Natl. Forest
- Savannah Portage State Park
- Voyageurs National Park



MCC SAW

SURVEY OF ACCOMPLISHED WORK

FISCAL YEAR 2005-2006

Project Name/Location:	District:	Crew Name:
Legislative District:	Activity Code:	
Date Project Started (dd/mm/yy):	Date Project Completed (dd/mm/yy):	
Project Category:	Natural Resources Community Service Administrative	Environmental Ed Training PR/Media Relations
Project Type (see list below):	Units Accomplished (see list below for type of unit):	
Total CM hours to complete project:	Number of corpsmembers:	
DNR Project Host category (circle one):	Eco	Enf
	Fish	For
	FOS	I&E
	L&M	Parks
	T&W	Wat
	Wild	
Non-DNR Project Host category (circle one):	NPS	NRCS
	USFS	USFWS
	Americorps	Other Federal
	City	County
	SWCD	School
	Other State	Private
	Non-Profit	MCC
Contact Person:	Project Host Agency/Organization Name:	
Phone Number:	E-mail:	
Number of volunteers supervised or organized:	Total number of volunteer hours:	
Number of students:	Total number of student hours:	

Project Types

- | | | |
|---|---|---|
| <p><u>Disaster Response</u></p> <ul style="list-style-type: none"> Disaster Damage Assessment (Structures) Disaster/Storm Damage Cleanup (Pounds) Flood Sand Bagging (Bags) <p><u>Homeland Security Education</u></p> <ul style="list-style-type: none"> Environmental Education (Students) Homeland Security Education (Students) Training - Personal Development (Hours) Training - Technical Skills (Hours) <p><u>Fire Suppression</u></p> <ul style="list-style-type: none"> Fire Suppression - Direct (Acres) Fire Suppression - Indirect (Hours) Prescribed Burning (Acres) <p><u>Infrastructure Maintenance & Improvement</u></p> <ul style="list-style-type: none"> Boardwalk/Step Construction (Feet) Bridge Construction (Feet) Construction / Carpentry (Hours) Dock/Pier Construction (Feet) Nesting Structure Construction (Structures) Retaining Wall Construction (Feet) <p><u>Natural Resource Maintenance & Improvement</u></p> <ul style="list-style-type: none"> Brush Removal (Acres) Chemical Application (Acres) Exotic Species Removal (Acres) Forest Inventory - CSA (Acres) Forest Inventory - FIA (Plots) Historic Bldg & Landmark Restoration (Structures) NR Area/Structure Improvement (Hours) Oak Savanna Restoration (Acres) | <ul style="list-style-type: none"> Oak Wilt Sanitation (Trees) Plant & Animal Relocation (Animals/plants) Planting (Plants) Pruning (Acres) Seed Collecting - Forest (Bushels) Seed Collecting - Prairie (Pounds) Seedling Harvesting (Trees) Soil Management (Sq. Feet) Timber Stand Improvement & Bud Cap (Acres) Tree & Plant Surveys (Hours) Tree Planting - Large (Trees) Tree Planting - Seedlings (Trees) Tree Removal (Trees) Tree Spading (Trees) Tree Wrapping (Trees) <p><u>Emergency Transportation & Access</u></p> <ul style="list-style-type: none"> Boundary Work (Feet) Erosion Control (Sq. Feet) GIS/GPS Mapping (Miles) Public Access Maintenance (Accesses) Road Improvement (Miles) Shelter Construction (Shelters) Snowmobile Trail Construction (Miles) Snowmobile Trail Improvement (Miles) Trail Construction (Miles) Trail Improvement (Miles) <p><u>Water Quality & Safety</u></p> <ul style="list-style-type: none"> Adopt-A-River Program (Hours) Culvert Surveys (Surveys) Dike Improvement (Feet) Lakeshore Restoration (Sq. Feet) | <ul style="list-style-type: none"> River Clean-Up (Miles) Shoreline Restoration (Sq. Feet) Snag Removal (Miles) Streambank Stabilization (Sq. Feet) Water Quality Monitoring (Hours) Wetland Restoration (Acres) <p><u>Environmental Health & Safety</u></p> <ul style="list-style-type: none"> Bird Banding (Birds) CWD Testing (Number of Samples) Debris Removal (Pounds) Electroshocking (Fish) Fish Spawning and Stocking (Fish) Habitat Improvement - Fish (Acres) Habitat Improvement - Wildlife (Acres) Wildlife Surveys (Surveys) <p><u>Other (Non-Homeland Security)</u></p> <ul style="list-style-type: none"> Administrative (Hours) Community Service (Hours) General Program Work (Hours) PR/Media Relations (Hours) Landscaping (Acres) |
|---|---|---|

List other agencies/organizations/individuals that assisted with project completion:

Please describe any safety concerns related to the project:

Completed by: _____



FINANCIAL REPORT

To the MN Department of Natural Resources

July 1, 2004 – June 30, 2005

MINNESOTA CONSERVATION CORPS
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Maplewood, MN 55119
(651) 209-9900

www.conservationcorps.org

MINNESOTA CONSERVATION CORPS FINANCIAL REPORT

To the MN Department of Natural Resources

July 1, 2004 – June 30, 2005

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Appendix

Survey of Accomplished Work (SAW) Form	Attachment A
MCC Budget Pie Charts.....	Attachment B
Audit Report 2004-2005.....	Attachment C

Introduction

Purpose of this Report

On July 1st, 2003, the Minnesota Conservation Corps (MCC) moved out of the Minnesota Department of Natural Resources (DNR) and into the non-profit 501(c)(3) Friends of the Minnesota Conservation Corps (FMCC). FMCC assumed governance responsibility for policies and fiscal management, and for continuing to advance the MCC mission of youth and young adult development through environmental stewardship. This transition in organizational structure was, in part, a response to significant state funding cuts.

As a non-profit, the MCC is mission-driven and entrepreneurial, and will continue strong relationships with numerous project host agencies, especially the DNR.

The Minnesota legislature made the MCC's transfer to non-profit status official through legislation, under 2003 Session Laws, Chapter 128, Article 1, Sec. 35. [84.991]. In addition, the DNR and the MCC entered into a joint powers agreement (CFMS Contract # A50895) on July 17, 2003 that states:

2.4 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 in general and to the Commissioner of Natural Resources and to the House of Representatives and Senate Committees with jurisdiction over environment and natural resources policy and finance.

We are pleased that this agreement was renewed on June 30, 2005 (CFMS Contract No. A77411).

The purpose of this report is to provide an accurate accounting of the MCC expenditures of Natural Resources Funds and accomplishments for the time period July 1, 2004 – June 30, 2005 to the Commissioner of the Department of Natural Resources, the Legislature in general and the committees of jurisdiction in the House of Representatives and Senate. This report will become part of the MCC's report to the Minnesota legislature. A copy of that report will also be provided to the Commissioner of Natural Resources.

Introduction

Minnesota Conservation Corps Mission

The Minnesota Conservation Corps (MCC) provides hands-on environmental stewardship and service-learning opportunities to youth and young adults while accomplishing priority and cost effective conservation, natural resource management projects and emergency response work.

Corps Functions

- ⇒ **Public Service** – MCC serves primarily governmental, educational and non-profit organizations for the common good.
- ⇒ **Youth and Young Adults** – MCC maximizes the enthusiasm, excitement and energy of youth and young adults to create positive outcomes for the natural resources and the communities of Minnesota.
- ⇒ **Professional Development** – MCC provides Corpsmembers with intensive training in personal development, environmental education, and safety and technical skills. Providing service-learning experiences to develop personal responsibility, a strong work ethic and an increased awareness of environmental stewardship is the foundation of the conservation corps philosophy.
- ⇒ **Social and Environmental Impact** – The legacy of the MCC is that it enables positive improvements to our environment, our communities and our Corpsmembers through a commitment to environmental service.

MCC crews complete natural resources conservation projects for a variety of project hosts including the Minnesota Department of Natural Resources, U.S. Forest Service, U.S. Fish and Wildlife Service, National Park Service, Soil and Water Conservation Districts, County & City Parks, and non-profit organizations. Typical projects include trail construction, erosion control, habitat improvement, campground maintenance, forest inventory, wildlife surveys, prescribed burning, wildland firefighting, structure construction, stream and lakeshore rehabilitation, tree planting, prairie and wetland restoration, water access improvement, timber stand improvement, and natural disaster response.

MCC programs provide Minnesota's young people with unique opportunities to serve, earn and learn in the great outdoors.

Introduction

Year Two of Non-Profit Status

The last year has been an important period in the evolution of the Minnesota Conservation Corps. The MCC has been fortunate to have strong bipartisan support in the Legislature and outstanding support from its project partners, alumni, staff, and volunteers.

Accomplishments include:

- * Reception of the first year of an AmeriCorps Homeland Security Grant allowing a greater number of corpsmembers the opportunity to participate;
- * Development of strong relationships with DNR and other project hosts, which enabled the MCC to use state funds in a cost effective manner for the benefit of the state of Minnesota;
- * The ability to maintain quality programs and experiences for corpsmembers;
- * The potential to increase the number of corpsmembers and expand into new work areas.

For more information, please check the MCC's website at www.conservationcorps.org.

Program Descriptions

Minnesota Conservation Corps (MCC) conducts two programs - a Summer Youth Program and a Young Adult Program.

Summer Youth Residential Program

The MCC Summer Youth Residential Program is based at St. Croix State Park at St. John's Landing, which is an old Civilian Conservation Corps work camp. The MCC uses an experiential learning model to teach youth (ages 15-18) work and life skills. Corpsmembers develop important social skills such as interpersonal communication, conflict resolution, team building, self-discipline, citizenship, and personal confidence; as well as constructive workplace behaviors that include job safety, technical project skills, job search and interviewing techniques, and working in a structured system. Corpsmembers receive extensive environmental education training and earn a living allowance for a thirty-five hour workweek. Room, board, transportation, and safety equipment are all provided.

During the summer of 2005, 69 youth and 30 summer staff participated in the program. Crew Members served for eight weeks and were sent on "spike" trips (camping/working trips) throughout the state to perform labor-intensive natural resources work on public land. Our goal for summer 2006 enrollment is 89 youth and 27 summer staff for a total of 116 participants.

Young Adult Program

The MCC Young Adult Program operates year-round by placing crews of full-time young adults (ages 18-25) throughout the state to perform both labor-intensive and highly technical natural resources work on public land, including emergency response to natural disasters. Young Adult crews also work closely with local schools and community groups, providing environmental education and developing outdoor learning classrooms. The Young Adult program is not residential, but crews do periodically travel statewide on spike trips. Participants earn a living allowance, health insurance, paid training, uniforms, and a safety equipment reimbursement. Those who complete a full year of service are eligible for a \$4,725 AmeriCorps education award, which can be used to pay for tuition or to repay qualified student loans. Participants leave the program with work experience, personal confidence, and life direction that will carry them into the future.

During the July 1, 2004 – June 30, 2005 period, a total of 82 Corpsmembers were involved in the Young Adult Program. However, the program year ran from October, 2004 to mid-August 2005 so this number includes unduplicated Corpsmembers from two distinct fiscal years. Our enrollment goal for the 2006 program year is 74 Corpsmember positions. The MCC has decided to change its program year for the Young Adult Program. It will run from the end of January to the middle of December. Among the reasons for the change is the weather and the need to have trained corpsmembers already in the program during the fall work season; an asset that is currently not as readily available when the program ends in August. Although not funded by the Natural Resource Funds, the Young Adult Program emergency response activities involved fighting wildland fires during this fiscal year and in November of 2005 a 28 day deployment for hurricane relief work in New Iberia, LA.

Financial Management

The Minnesota Conservation Corps (MCC) has taken a proactive stance in developing sound financial management systems and financial integrity. The MCC's 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.

In addition, the finance staff has participated in workshops and training sponsored by the Corporation for National and Community Service (CNCS), the Minnesota Council of Non-Profits, and the University of St. Thomas in order to stay current with changing financial standards.

The MCC continues to use the services of EideBailly, LLP for its expertise in working with non-profit organizations. This has been extremely helpful in preparing the MCC for the future. Audits were completed for calendar year 2003; for the short period of January 1 – June 30, 2004; and most recently for the July 1, 2004 to June 30, 2005. The MCC received an "unqualified" opinion on all audits, which is the best opinion a firm can give.

Use of State Natural Resources Funds

Dedicated Funds Usage:

The Minnesota Conservation Corps used the Natural Resource Dedicated Funds in accordance with the Joint Powers Agreement between the MCC and the Department of Natural Resources (DNR). In the June 30, 2003 agreement, DNR and the MCC agreed to the distribution of dollars in each fund as listed below:

2.2 Natural Resources Fund Appropriation (Per Fiscal Year) MCC's direct appropriation of Natural Resources Funds shall be distributed at the beginning of each fiscal year in the following manner:

- A) Water Recreation Account = \$200,000. Expenditures from this account shall be for acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; development of water access sites within state parks; watercraft safety; exotic species inspections and control.
- B) All-Terrain Vehicle Account = \$150,000. Expenditures from this account shall be for development, construction and maintenance of state trails; education and training; and program and program support and administration.
- C) Snowmobile Trails and Enforcement Account = \$115,000. Expenditures from this account shall be for the administration, design, construction, maintenance, and grooming of snowmobile trails.
- D) Non-Game Wildlife Management Account = \$25,000. Expenditures from this account shall be for assisting in completing the objectives of the DNR Non-Game Wildlife Program.
- E) Expenditure Rate: The MCC shall expend Natural Resources Funds at a rate of \$20.00/hour per corpsmember. This rate shall include corpsmember salaries, vehicles, worker's compensation insurance, health insurance, training, uniforms and basic equipment such as chainsaws and hand tools. The MCC shall apply additional expenditures for equipment, supervision, training and administration to be determined on a case-by-case basis. Materials (chemicals, lumber, hardware, plant materials, etc.) shall be provided by the DNR at the expense of the DNR.

The MCC follows a procedure to be certain these funds are properly accounted for:

1. MCC field staff and potential project host discuss a project that qualifies under the definition of Natural Resources Dedicated Funds.
2. MCC and the project host agree on the scope, terms, timing, and goals of the project.
3. MCC and the project host sign a contract outlining these items and indicating the Natural Resources Dedicated Funds are the source of funding for the project.
4. MCC assigns an internal project number to track the project and the funding source.
5. MCC crews complete the project.
6. MCC tracks the hours used on the project with timesheets and the payroll system.
7. Natural Resources Dedicated Fund hours are closely tracked based on the hours used for each project (see chart on page 8). The MCC also tracks the work accomplished for each project through a Survey of Accomplished Work (SAW) reporting system. A work accomplishment report for Fiscal Year 2004-2005 is illustrated on page 9.

Explanation of the Dedicated Funds Hours Chart:

1. During the fiscal year ending June 30, 2005, the MCC used \$136,800 in Natural Resources Dedicated Funds not expended in 2004 as well as \$490,000 in dedicated funds for the 2005 fiscal year.
2. The chart below shows a detailed accounting for these hours.
3. Because of the relationship with our project hosts, particularly DNR project hosts, the MCC worked an additional 183.0 hours, equivalent to \$3,660.00, on Natural Resources Projects at no charge. These are projects that could have been reimbursed to the MCC from the Natural Resources Dedicated Funds, but since funds had already been expended or accounted for, the MCC chose to complete them without charge.
4. As we move into 2006, our relationship with the DNR continues to grow, and we find more and more opportunities to do Natural Resource work with these funds and hours of work.

The following table summarizes the number of hours worked, funds used and fund balances for fiscal year 2005:

**MCC Dedicated Fund Hours
Fiscal Year 71/04 to 6/30/05**

Fund	Dollars:			Hours:			Hours Used:			
	Balance Remaining from 2004 Fiscal Year	2005 Fiscal Year Appropriation	Total Dedicated Funds Available	Balance Remaining from 2004 Fiscal Year	2005 Fiscal Year	Total Dedicated Fund Hours Available	Young Adult Program	Summer Youth Program	Total Hours Used	Balance Remaining
Water Rec	\$ 92,370	\$ 200,000	\$ 292,370	4,619	10,000	14,619	12,326	2,443	14,769	(150)
ATV/OHV	\$ 22,415	\$ 150,000	\$ 172,415	1,121	7,500	8,621	8,641	0	8,641	(20)
Snowmobile	\$ 14,350	\$ 115,000	\$ 129,350	718	5,750	6,468	4,266	2,221	6,487	(20)
Non-Game	\$ 7,665	\$ 25,000	\$ 32,665	383	1,250	1,633	1,626	0	1,626	7
Totals	\$ 136,800	\$ 490,000	\$ 626,800	6,840	24,500	31,340	26,859	4,664	31,523	(183)

Work Accomplishments 7-1-04 to 6-30-05

The following table summarizes the work accomplished with each of the dedicated funds, broken out by region of the state within the Young Adult Program (North, Central, South) and the Summer Youth Residential Program.

Fund/District	NW	NE	Central	South	Summer	Total	Units
Water Recreation							
Adopt-A-River			1,939			1,939	Hours
Boardwalk/Step Construction		44	30		395	469	Feet
Brush Removal			4			4	Acres
Construction/Carpentry	15	198	60	84		357	Hours
Debris Removal - Litter/Dump Site	28,240	240			2,570	31,050	Pounds
Environmental Education			2,678			2,678	Students
Erosion Control	18,480					18,480	Sq. Feet
Exotic Species Removal			2			2	Acres
Lake Improvement - Fish Stocking/ Sampling		400	60	250		710	Fish
Riparian Habitat Improvement			.5		3	3.5	Acres
Lakeshore Restoration	40		10,065	14,256	850	25,271	Sq. Feet
NR Area/Structure Improvement				12		12	Hours
Public Access Maintenance	170	219	67	27		483	Accesses
River Clean-up		3	2	15	4	24	Miles
Shoreline Restoration				1,200		1,200	Feet
Streambank Stabilization				120		120	Sq. Feet
Water Access Trail Improvement		15.5	4		12.32	31.82	Miles
ATV/OHV							
Construction/Carpentry		60				60	Hours
GIS/GPS Mapping		1,286				1,286	Miles
NR Area/Structure Improvement	100					100	Hours
Trail Construction		.5				.5	Miles
Trail Improvement	114	61		15		190	Miles
Training - Personal Development	40					40	Hours
Training - Technical Skills	60					60	Hours
Recreation Area User Surveys	9					9	Surveys
Snowmobile							
Debris Removal		1,300				1,300	Pounds
GIS/GPS Mapping	609					609	Miles
Snowmobile Trail Construction	6	6				12	Miles
Snowmobile Trail Improvement	135.5	348.5	7.5	7.5	16.46	515.46	Miles
Non-Game							
Debris Removal		50				50	Pounds
Lakeshore Habitat Restoration	310	200				510	Sq. Feet
Prairie Restoration				40		40	Acres
Wildlife Surveys	8.5	230	353			591.5	Surveys

Importance of the Natural Resource Funds for the MCC

It is important to note that the Natural Resources Fund impacts the MCC in a variety of ways:

- Projects funded in this manner have a direct benefit to Minnesota's natural resources and their enjoyment and use by the public;
- The projects funded provide an excellent opportunity for quality corpsmember experience compatible with the mission of the MCC;
- The chance to work in direct contact with DNR programs, employees, and career shadowing experiences are a great opportunity for corpsmembers.
- It provides a stable source of funding for the MCC endeavors.

The Impact of State Funds:

The MCC provides exceptional cost effective operations. With the \$490,000 in State Dedicated Funds the MCC received in the second year of the biennium, the MCC provided 24,500 hours of dedicated work. The \$350,000 in General Fund monies was used to cover overhead and administrative expenses. Because these two funding sources were available, the MCC was able to generate more than \$1,000,000 in independent fee-for-service work in partnership with a variety of project hosts. This in turn enabled the MCC to be in a position to offer Corpsmembers the opportunities and advantages of participating in the AmeriCorps program.

This Minnesota Conservation Corps is an excellent investment of state monies towards natural resource conservation. The additional return on this investment is the outstanding training, experience and mentoring that Corpsmembers receive from natural resources professionals in the MCC and many public agencies, all of which contribute to developing Corpsmember life-work skills and personal career goals.

Youthworks & Other
Grants
\$110,761

Federal AmeriCorps
Funds \$50,491

Fiscal Year Ending 06/30/03

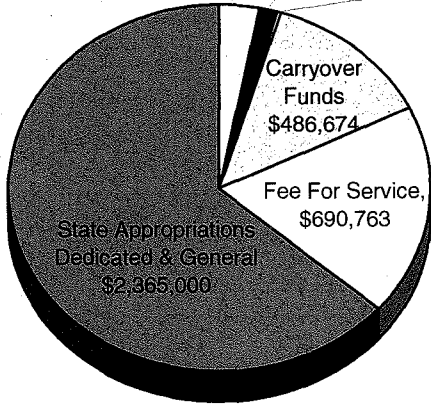
Total \$3,713,032

Private Contributions
\$9,343

Carryover
Funds
\$486,674

Fee For Service,
\$690,763

State Appropriations
Dedicated & General
\$2,365,000



MCC as a state program

Fiscal Year Ending 06/30/04

Total \$2,723,292

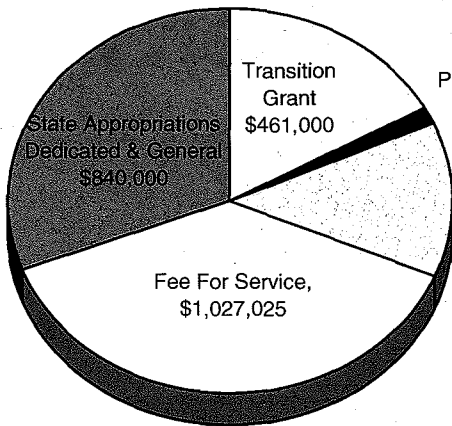
Private Contributions
\$41,113

Carryover Funds
(includes transferred
assets)
\$354,154

Transition
Grant
\$461,000

State Appropriations
Dedicated & General
\$840,000

Fee For Service,
\$1,027,025



MCC as a non-profit organization

Fiscal Year Ending 06/30/05

Total \$2,478,664

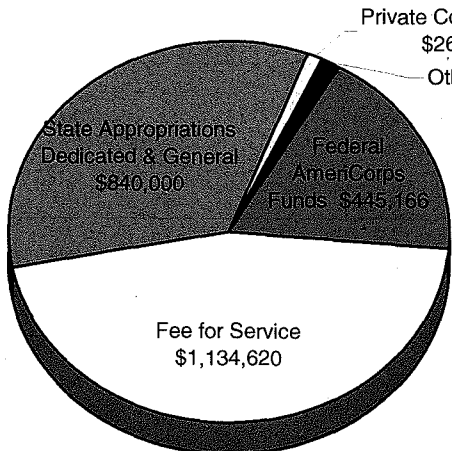
Private Contributions
\$26,482

Other \$32,396

Federal
AmeriCorps
Funds \$445,166

State Appropriations
Dedicated & General
\$840,000

Fee for Service
\$1,134,620





Friends of the Minnesota Conservation Corps

FRIENDS OF THE MINNESOTA CONSERVATION CORPS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Friends of the Minnesota Conservation Corps
St. Paul, Minnesota

We have audited the accompanying statement of financial position of **Friends of the Minnesota Conservation Corps** (a nonprofit organization) as of June 30, 2005, and the related statement of activities, functional expenses and cash flows 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 audits.

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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Friends of the Minnesota Conservation Corps** as of June 30, 2005, 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 Bailey LLP

Minneapolis, Minnesota
September 16, 2005

FRIENDS OF THE MINNESOTA CONSERVATION CORPS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 412,971
Grant receivable	70,840
Accounts receivable	191,530
Prepaid expenses	22,011
Total current assets	<u>697,352</u>

EQUIPMENT, net of accumulated depreciation of \$29,937	73,198
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OTHER ASSETS

Deposits	9,133
	<u>9,133</u>
	<u>\$ 779,683</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 109,325
Accrued expenses	
Payroll	137,838
Compensated absences	12,639
Total current liabilities	<u>259,802</u>

LONG-TERM LIABILITIES

Education award liability	25,223
	<u>25,223</u>

NET ASSETS

Unrestricted, general operating	467,410
Unrestricted, board designated for operating reserve	27,248
Total unrestricted net assets	<u>494,658</u>
	<u>\$ 779,683</u>

FRIENDS OF THE MINNESOTA CONSERVATION CORPS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Federal grant	\$ 445,166	\$ -	\$ 445,166
Contributions	18,666	-	18,666
In-kind contributions	7,816	-	7,816
Revenue			
Fee for service	1,134,620	-	1,134,620
Interest	13,913	-	13,913
Miscellaneous	18,483	-	18,483
Loss on disposal of equipment	(2,150)	-	(2,150)
Total support and revenue	<u>1,636,514</u>	<u>-</u>	<u>1,636,514</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of grant restrictions	<u>626,800</u>	<u>(626,800)</u>	<u>-</u>
EXPENSES			
Program services			
Summer Youth	318,442	-	318,442
Young Adult	1,879,342	-	1,879,342
Management and general	191,169	-	191,169
Fundraising	118,437	-	118,437
Total expenses	<u>2,507,390</u>	<u>-</u>	<u>2,507,390</u>
CHANGE IN NET ASSETS	(244,076)	(626,800)	(870,876)
NET ASSETS AT BEGINNING OF YEAR	<u>738,734</u>	<u>626,800</u>	<u>1,365,534</u>
NET ASSETS AT END OF YEAR	<u>\$ 494,658</u>	<u>\$ -</u>	<u>\$ 494,658</u>

FRIENDS OF THE MINNESOTA CONSERVATION CORPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

OPERATING ACTIVITIES	
Change in net assets	\$ (870,876)
Charges and credits to the change in net assets not affecting cash and cash equivalents	
Depreciation	21,349
Loss on disposal of equipment	2,150
Changes in assets and liabilities	
Grant receivable	769,160
Accounts receivable	(46,827)
Prepaid expenses	(14,588)
Deposits	(9,133)
Accounts payable	11,111
Accrued expenses	22,041
Education award liability	<u>(22,070)</u>
NET CASH USED BY OPERATING ACTIVITIES	(137,683)
INVESTING ACTIVITIES	
Purchase of equipment	<u>(3,379)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(141,062)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>554,033</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 412,971</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES	
In-kind contributions of equipment	<u>\$ 4,200</u>

**FRIENDS OF THE MINNESOTA CONSERVATION CORPS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005**

	Program Services			Supporting Services		
	Summer Youth	Young Adult	Total	Management and General	Fundraising	Total
Living allowance - Corps members	\$ 151,610	\$ 864,532	\$ 1,016,142	\$ -	\$ -	\$ 1,016,142
Salaries	59,570	301,000	360,570	100,412	68,583	529,565
Lease - fleet	30,963	243,497	274,460	1,142	-	275,602
Tools and supplies	1,652	50,416	52,068	-	-	52,068
Payroll taxes	16,220	92,212	108,432	10,485	5,416	124,333
Health insurance	2,965	76,504	79,469	9,330	5,240	94,039
Dental insurance	396	2,380	2,776	723	445	3,944
Office rent	1,480	37,532	39,012	11,118	-	50,130
Accounting and audit	-	-	-	9,058	-	9,058
Food - crews	25,465	52,197	77,662	537	18	78,217
Depreciation	928	19,346	20,274	1,075	-	21,349
Building services	-	210	210	-	-	210
Bank charge	-	-	-	267	-	267
Property insurance	1,212	4,848	6,060	606	67	6,733
Communication	2,072	23,028	25,100	5,642	1,136	31,878
Worker's compensation	1,658	17,166	18,824	566	117	19,507
IT services	345	4,826	5,171	4,037	69	9,277
Travel expenses	2,225	3,773	5,998	5,712	5,158	16,868
Staff and corps member training	2,276	15,392	17,668	2,266	2,161	22,095
General liability insurance	2,640	14,080	16,720	528	352	17,600
Professional fees	3,736	-	3,736	512	22,784	27,032
Equipment purchases	100	2,291	2,391	2,981	35	5,407
Retirement plan	2,026	7,533	9,559	2,879	1,542	13,980
Board expenses	-	-	-	3,485	-	3,485
Clothing	2,522	13,410	15,932	1,405	1,552	18,889
Miscellaneous expenses	45	-	45	-	-	45
Equipment rental	-	93	93	-	-	93
Equipment storage	-	1,194	1,194	-	-	1,194
Equipment maintenance repair	472	11,021	11,493	301	-	11,794
Payroll service	689	5,516	6,205	689	-	6,894
Maintenance - fleet	-	3,953	3,953	-	-	3,953
Fuel - fleet	24	685	709	-	-	709
Dues and subscriptions	83	400	483	3,821	115	4,419
Printing	-	683	683	1,029	629	2,341
Office supplies	746	827	1,573	2,397	160	4,130
Disability and life insurance	386	1,777	2,163	715	358	3,236
D&O Insurance	-	-	-	1,413	-	1,413
Meetings	11	166	177	2,463	116	2,756
Newsletter/publications	353	22	375	619	1,946	2,940
Marketing	395	1,579	1,974	-	258	2,232
Postage	1,016	295	1,311	1,127	180	2,618
Utilities	1,594	1,567	3,161	-	-	3,161
Employee recruitment	567	3,391	3,958	1,829	-	5,787
TOTAL EXPENSES	\$ 318,442	\$ 1,879,342	\$ 2,197,784	\$ 191,169	\$ 118,437	\$ 2,507,390
% to total	13%	75%	88%	8%	5%	100%

FRIENDS OF THE MINNESOTA CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

The Friends of the Minnesota Conservation Corps (FMCC or the Organization) provides hands-on environmental stewardship and service-learning opportunities to youth and young adults while accomplishing priority and cost effective conservation and natural resource management projects and emergency response work.

FMCC operates two programs for youth and young adults, training crews to work on natural resources conservation projects and to respond to emergencies or natural disasters across the state. The *Young Adult* program runs year round and employs 18 to 25 year olds. The *Summer Youth* program is an 8-week residential program for 15 to 18 year olds.

FMCC crews complete projects for a wide variety of natural resources agencies, including the Department of Natural Resources, the U.S. Forest Service, U.S. Fish and Wildlife Service, National Park Service, Soil and Water Conservation Districts, County Parks and more. Typical projects include forest inventory, wildlife surveys, trail development, erosion control, prescribed burning, wild land firefighting, log shelter construction, stream rehabilitation, tree planting, water access improvement, prairie restoration and timber stand improvement. *Young Adult* crews also work closely with local schools and community groups, providing environmental education and developing outdoor learning classrooms.

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.

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 maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories exceed federally insured limits.

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.

NOTES TO FINANCIAL STATEMENTS

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.

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, 2005.

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).

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. Depreciation expense was \$21,350 for the year ended June 30, 2005.

	<u>Years</u>
Boats and trailers	10
Water pumps	10
Computer equipment	5
ATVs and snowmobiles	5

NOTE 2 - CONCENTRATION

Substantially all support is received in the form of grants and contracts; therefore, the Organization is dependent upon future funding.

NOTE 3 - 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 the FMCC. 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 the FMCC 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 was \$363,029 for the year ended June 30, 2005.

The agreement expired on June 30, 2005, and was renewed on July 1, 2005, for two more years.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted net assets at June 30, 2005.

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

Natural resource project funds	
Water recreation development	\$ 292,370
All-terrain vehicle trails	172,415
Snowmobile trails	129,350
Non-game wildlife	32,665
	<hr/>
	\$ 626,800
	<hr/>

NOTE 5 - RETIREMENT PLAN

The Organization sponsors a retirement plan under section 403(b) of the Internal Revenue Code. The plan allows for discretionary employer contributions to employees meeting eligibility requirements. The Organization's contribution was \$13,980 for the year ended June 30, 2005.

NOTE 6 - OPERATING LEASES

The Organization leases facilities and office space under lease and sublease agreements expiring through February 2009. 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 \$2,700. Rent expense under these lease agreements amounted to \$50,130 for the year ended June 30, 2005.

NOTE 7 - LINE OF CREDIT

Friends of the Minnesota Conservation Corps has a line of credit arrangement under which it may borrow up to \$250,000 through November 30, 2005. Borrowings bear interest at 6.25% at June 30, 2005. The credit line is secured by all assets of Friends of the Minnesota Conservation Corps. There was no outstanding balance as of June 30, 2005.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - IN-KIND

The value of in-kind contributions at estimated fair value at the date of donation for the year ended June 30, 2005, is as follows:

Equipment	\$	4,200
Supplies		2,341
Consulting		<u>1,275</u>
	\$	<u>7,816</u>

NOTE 9 - SUBSEQUENT EVENTS

As of July 8, 2005, the Organization issued a note payable in the original amount of \$41,500, with interest at 7%, and monthly payments of \$1,283 until July 8, 2008. The balance is secured by the Organization's assets.

On August 1, 2005, the Organization entered into a lease agreement for a term of 24 months, commencing on August 1, 2005, and ending July 31, 2007.



Minnesota Conservation Corps

Work Accomplished

July 2004-June 2005

Trails

GIS/GPS Mapping - 2,311 miles
Sign Posting - 32 Signs
Snowmobile Trail Construction - 6 Miles
Snowmobile Trail Improvement - 470.4 Miles
Trail Construction - 29.6 Miles
Trail Improvement - 468.33 Miles

Lakes and Rivers

Lakeshore Restoration - 43,481 Sq. Feet
River Cleanup - 94.7 Miles
Shoreline Restoration - 1,290 Feet
Streambank Stabilization - 15,800 Sq. Feet

Wildland Fire Control

Fire Suppression (Direct) - 3,518.25 Acres
Fire Suppression (Indirect) - 3,720 Hours
Fire Suppression (On Call) - 35 Days
Prescribed Burning - 5,590 Acres

Natural Lands

Boundary Work - 10,445 Feet
Erosion Control - 18,480 Sq. Feet
Forest Inventory (CSA) - 2 Acres
Forest Inventory (FIA) - 89 Plots
Oak Savanna Restoration - 143 Acres
Prairie Restoration - 3,167.7 Acres
Public Access Maintenance - 685 Accesses
NR Area/ Structure Improvement - 1,926.75 Hours
Retaining Wall Construction - 85 Feet
Timber Stand Improvement (Bud Capping) - 328 Acres
Wetland Restoration - 44 Acres

Vegetation

Brush Removal - 6 Acres
Exotic Species Removal - 1,636.83 Acres
Landscaping/Pruning - 3 Acres
Planting - 12,200 Plants
Seed Collection - Forest - 124.25 Bushels
Seed Collection - Prairie Plants - 218 Pounds
Tree & Plant Surveys - 30 Hours
Tree Planting - Seedlings - 19,514 Trees

Wildlife

Bird Banding - 1,417 Birds
Chronic Wasting Disease Testing - 3,853 Samples
Fish Spawning and Stocking - 600 Fish
Habitat Improvement (Fish) - 8.52 Acres
Habitat Improvement (Wildlife) - 1,275.3 Acres
Hunter Bag Checks - 1,053 Hunters
Nesting Structure Construction - 116 Structures
Plant & Animal Relocation - 15,495 Plants/Animals
Wildlife Surveys - 1,241 Surveys

Community Involvement

Administrative - 1,652 Hours
Adopt A River - 1,939 Hours
Culvert Surveys - 1,136 Surveys
Debris Removal (Litter/Dump Site) - 38,140 Pounds
Environmental Education - 4,330 Students
Flood Sand Bagging - 150 Bags
PR/Media Relations - 276 Hours

Construction

Boardwalk/ Step Construction - 1,102 Feet
Bridge Construction - 219 Feet
Construction / Carpentry - 16,624.65 Hours
Dock/Pier Construction - 392 Feet
Historic Bldg & Landmark Restoration - 5 Structures
Road Improvement - 15.14 Miles
Shelter Construction - 40 Shelters

Training

Training - Personal Development - 2,467.5 Hours
Training - Technical Skills - 8,518.5 Hours

Total Corpsmember Hours = 130,162.75



MCC Corpsmembers Map ATV Trails

Organizational Principles

- I. MCC shall operate as a non-profit 501(c)(3) organization, which shall be governed by a volunteer Board of Directors named the Friends of the Minnesota Conservation Corps (FMCC).
- II. An Executive Director, who shall be supervised by the Board, and who shall direct the staff and program operations, shall manage MCC.
- III. The staff of MCC, under the direction of the Executive Director, shall be responsible for implementing the work of this strategic plan.

Program Principles

- I. MCC programs shall be consistent with the MCC mission and values.
- II. MCC programs shall focus on conservation/environmental work, emergency response and community service.
- III. MCC will function as a training organization for youth and young adults (ages 15-25) interested in environmental stewardship, emergency response and community service.
- IV. Safety shall be the number one priority of MCC programs.
- V. MCC programs shall provide long-term benefits (a legacy).
- VI. MCC Board members, staff and corpsmembers shall promote a positive public image of the organization.
- VII. MCC programs shall encourage community volunteerism.
- VIII. MCC shall focus organizational growth on the summer youth residential program.

Corpsmember Principles

- I. MCC shall engage youth and young adults in quality, high-priority service to the environment and community that is educational in nature.
- II. Providing outstanding corpsmember experiences shall be an instrumental factor in making MCC programmatic decisions.
- III. MCC shall provide meaningful work and service opportunities to corpsmembers.
- IV. MCC will serve a diverse group of corpsmembers with respect to geographic location, gender, heritage, economic level, and physical ability.

Project Host Principles

- I. MCC shall serve primarily governmental, educational and non-profit organizations for the common good, including Federal Agencies, State Agencies, Counties, Special Districts, Municipalities, Schools, Colleges, Universities, Public Utilities, Agricultural Programs and Non-Profit Organizations
- II. MCC shall seek to establish quality relationships with its project hosts

Financial Management Principles

- I. MCC shall be a faithful steward of public funds entrusted to it
- II. MCC shall operate financially sound programs that can sustain organizational viability and growth
- III. MCC shall maintain relationships with current funders and shall explore new fund sources and entrepreneurial ventures

If you have questions about MCC, check out www.conservationcorps.org