

# Report to Legislature on State Appropriations

July 1, 2006 - June 30, 2007



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## **Purpose of this Report**

The purpose of this report is to provide an accurate accounting of the Minnesota Conservation Corps' expenditures of state appropriations and subsequent accomplishments for the time period July 1, 2006 – June 30, 2007. The report is created for the committees of jurisdiction in the House of Representatives and Senate and the Legislature in general.

## **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 organization.

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 has 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 allowance and, for those who qualify, an AmeriCorps Education Award. As a result, youth and young adult 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.

## **Governing Legislation**

On July 1<sup>st</sup>, 2003, MCC transferred operations out of the Minnesota Department of Natural Resources (DNR) and into the existing non-profit 501(c)(3), Friends of the Minnesota Conservation Corps (FMCC). FMCC assumed governance responsibility over policies, fiscal management, and advancement of the MCC's 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.

The Minnesota legislature made the MCC's transfer to non-profit status official through legislation 2003 Session Law, Chapter 128, Article 1, Sec. 35. [84.991]. Additionally, the DNR and the MCC entered into a joint powers agreement (CFMS Contract No. A50895) on July 17, 2003. This agreement was renewed on June 30, 2005 (CFMS Contract No. A77411) and states:

*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**

Minnesota Conservation Corps provides hands-on environmental stewardship training and service-learning opportunities to youth (ages 15-18) and young adults (ages 18-25), while completing priority and cost-effective natural resource management and emergency response work.

## **Core Functions**

- Public Service - MCC serves primarily governmental, educational and non-profit organizations for the common good.
- Youth and Young Adult Development - MCC provides training and work opportunities to youth and young adults to create positive outcomes for the communities of Minnesota and their natural resources. Corpsmembers receive intensive skill training, preparing them to serve as the state's future natural resource professionals. Developing a strong work and stewardship ethic is the foundation of the conservation corps philosophy.
- Environmental Stewardship - MCC completes natural resource based projects that improve our environment, our communities, and our corpsmembers through a commitment to environmental service.

## **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.

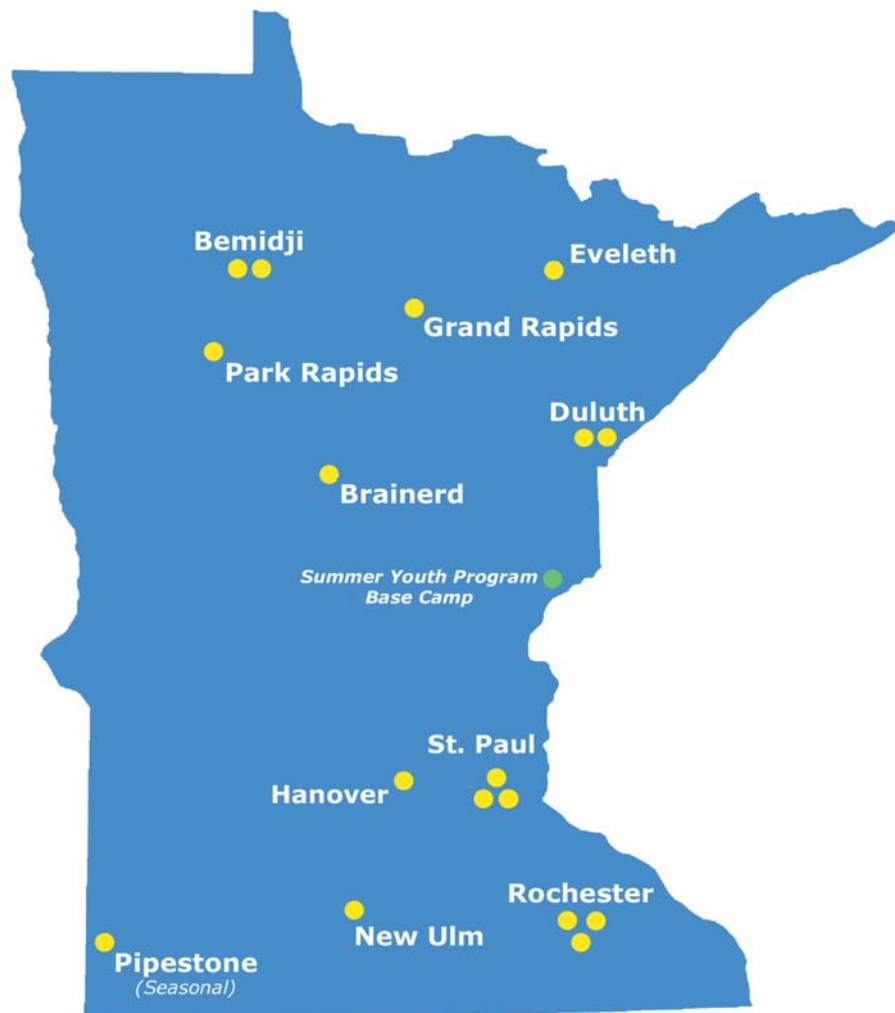
MCC uses an experiential learning model to teach the youth life and work skills. Through engaging work projects and structured free time, corpsmembers develop important social skills such as interpersonal communication, conflict resolution, team building, self-discipline, citizenship, and personal confidence. 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 ten and a half month commitment for 18-25 year olds. Corpsmembers serve on crews in one of four districts in Minnesota. In 2007, MCC had 17 active crews that covered the state and one seasonal crew in the summer months. The Young Adult Program is non-residential, although at times throughout their service, crews camp at worksites in order to complete projects that are 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.

## 2007 Crew Locations



### 2007 At-A-Glance

This past year, nearly 200 youth and young adults contracted with over 80 project hosts, completing natural resource projects across the state. In Fiscal Year 2007, 161,215 hours of work were devoted to Minnesota's natural resources.

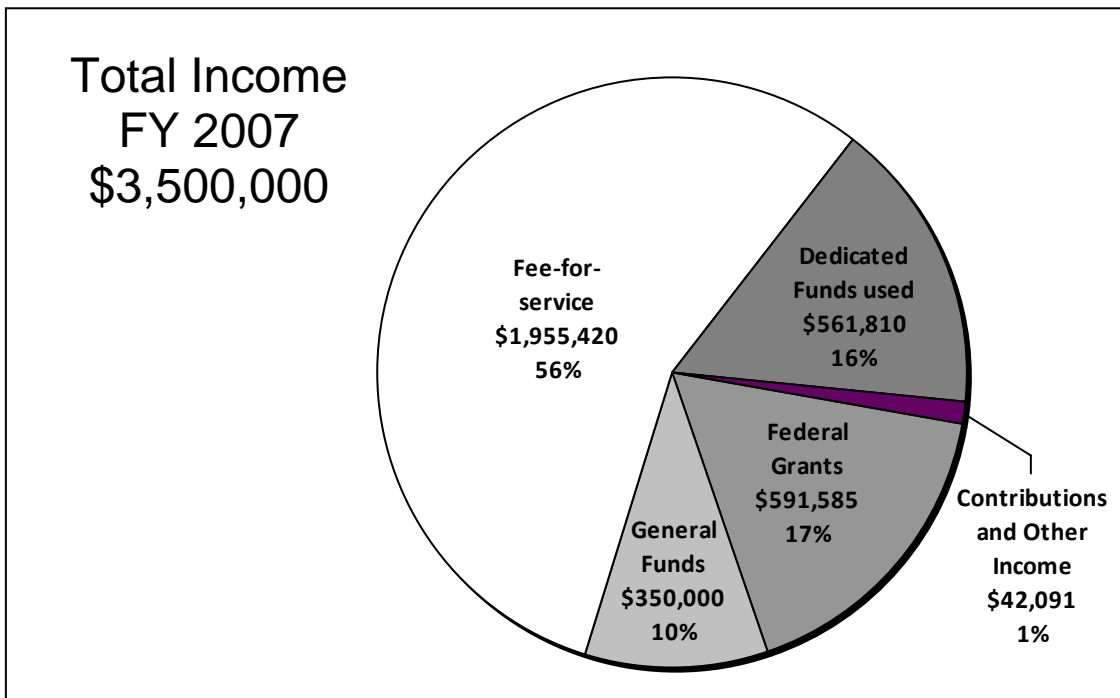
PARTICIPANTS	Summer Youth Corpsmembers	88	Youth
	Summer Program Staff	26	Staff
	Young Adult Corpsmembers	84	Members
	AmeriCorps VISTA members	1	Member
STAFF	Full-time Staff	15	Staff
	Board of Directors	18	Directors
OPERATIONS	Project Hosts	82	Hosts
	Young Adult Crews	17	Crews
	Seasonal Young Adult Crews	1	Crew
	Summer Youth Crews	13	Crews
	Total Corpsmember Hours	161,215	Hours

## Use of State Funds

In the last 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.

	FY 2006	FY 2007
General Funds:	\$350,000	\$350,000
Dedicated NR Funds:	\$490,000	\$490,000
Total:	\$840,000	\$840,000

When it was a state program, MCC relied primarily on state funding for its operations. In 2007, state funding comprised only 26% of the \$3,500,906 budget. The pie chart below shows Fiscal Year End 2007 revenue breakout. MCC's entrepreneurial nature generated almost 2 million dollars in fee-for-service and managed a substantial federal grant.



## 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. This Survey of Accomplished Work (SAW) system tracks individual project details such as work accomplished, corpsmembers' hours, crew, project location, and legislative district. An example of a SAW form 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 MCC allows MCC to utilize dedicated natural resource funds at a rate of \$20.00/hour/corpsmember. The following table illustrates the distribution and use of monies from each fund within the natural resource funds.

MCC Expenditure of Natural Resource Fund by Hours

	<b>Biennium Total</b>	<b>FY07 Expended</b>
<b>Water Recreation</b>	20,000.0	11,940.0
<b>ATV/OHV Trails</b>	10,000.0	5454.0
<b>Snowmobile Trails</b>	11,500.0	6110.5
<b>Non-Game Wildlife</b>	2,500.0	1250.0
<b>State Parks</b>	2,500.0	2010.0
<b>Forestry</b>	2,500.0	1326.0
<b>TOTAL</b>	<b>49,000.0</b>	<b>28,090.5</b>

MCC Expenditure of Natural Resource Funds by Dollars

	<b>Biennium Total</b>	<b>FY07 Expended</b>
<b>Water Recreation</b>	\$400,000	\$238,800
<b>ATV/OHV Trails</b>	\$200,000	\$109,080
<b>Snowmobile Trails</b>	\$230,000	\$122,210
<b>Non-Game Wildlife</b>	\$50,000	\$25,000
<b>State Parks</b>	\$50,000	\$40,200
<b>Forestry</b>	\$50,000	\$26,520
<b>TOTAL</b>	<b>\$980,000</b>	<b>\$561,810</b>

During the 2006 fiscal year, not all dollars were expended. These funds carried over to the 2007 fiscal year and were expended, leaving no remaining balance at the end of 2007.

### **Importance of the Natural Resource Funds for MCC**

It is important to note that the Natural Resources Fund impacts 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 2007, and it is included in its entirety in this report.

## **Use of General Funds Dollars**

MCC was appropriated \$350,000 in general funds from the Minnesota legislature for each fiscal year 2006 and 2007. 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 the 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 \$591,585 in non-state dollars for 2007. This Rural Response Grant helps fund the MCC's Young Adult Program's crews.

## **MCC 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 nearly 200 youth and young adults last year. Beyond the impact on 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 161,215 hours of work that left positive improvements on the environment, communities and individual corpsmembers. Whether maintaining recreational trails or restoring native habitats, MCC projects are important to health of Minnesota. A complete list of work accomplishments follows on the next page.

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.



## Fiscal Year End 2007 Statewide Work

### General

Community Service	1346.5	hours
General Program Work	5953.5	hours
PR/Media Relations	245	hours

### Community Clean Up

Adopt A River	1211	hours
Debris Removal	48198	tons
River Cleanup	45	miles

### Wildlife

Bird Banding	1537	birds
Electroshocking	2234	fish
Nesting Structure Construction	222	structure
Wildlife Surveys	4099	surveys

### Habitat Improvement

Brush Removal	127.72	acres
Chemical Application	262.4	acres
Exotic Species Removal	2498.11	acres
Habitat Improvement - Fish	111	acres
Habitat Improvement - Wildlife	52.5	acres
Lakeshore Restoration	149,960	sq. feet
Landscaping	75.13	acres
Landscaping/Pruning	105	acres
Prairie Restoration	909.35	acres
Prescribed Burning	5876.25	acres
Pruning	105.0	acres
Shoreline Restoration	492,174	sq. feet
Timber Stand Improvement-Bud Capping	872.62	acres

### Wetland Restoration

Wetland Restoration	0.1	acres
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### Planting Activities

Plant & Animal Relocation	5001	pl. & an.
Planting	5465	plants
Seed Collection - Forest	24.5	bushels
Seed Collection - Prairie Plants	602.63	pounds
Seedling Harvest	6775	trees
Tree Planting - Large	19138	trees
Tree Planting - Seedlings	6700	trees
Tree Removal	1010	trees
Tree Spading	840	trees
Tree Wrapping	1385	trees

### Environmental Education

Environmental Education	2834	students
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### Trail

Boardwalk/ Step	1814	feet
Bridge Construction	349	feet
Misc. Trail Maintenance	6690	hours
Snowmobile Trail	147.7	miles
Trail Construction	64.7	miles
Trail Improvement	685.4	miles

### Data Collection

Forest Inventory - FIA	34	plots
GIS/GPS Mapping	306.5	miles
Tree & Plant Surveys	1430.5	hours
Water Quality Monitoring	29	hours

### Construction

Construction / Carpentry	4276.5	hours
Dock/Pier Construction	394	feet
Historic Bldg & Landmark	17	structure
NR Area/ Structure	3563.5	hours
Retaining Wall Construction	15	feet
Shelter Construction	4.0	shelters

### Emergency Response

Emergency Response	3561.5	hours
Fire Suppression - Direct	22177.8	acres
Fire Suppression - Indirect	17891.2	hours

### Training

Training - Personal	3010	hours
Training - Technical Skills	10954	hours

### Erosion Control

Erosion Control	12762	sq feet
Streambank Stabilization	7050	sq feet

### General NRA

Boundary Work	112762	feet
Campsite	23	sites
Dike Improvement	9054	feet
Public Access Maintenance	203	visits
Road Improvement	4	miles
Snag Removal	197	miles

### Disease Control

Oak Savanna Restoration	270	acres
Oak Wilt Sanitation	35	trees

## **Financial Management Systems**

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. The MCC Board of Directors has an active and engaged Finance Committee which oversees the activities of the staff.

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.

MCC continues to use the services of the accounting firm EideBailly, LLP for its expertise in working with nonprofit organizations. This has been extremely helpful in preparing the MCC for the future. Audits have been completed annually each year since 2003 which includes the 2007 fiscal year. Every year MCC received an "unqualified" opinion on all audits, which is the best opinion a firm can give.

## **Current Board of Directors**

Karen Bowen

*Chair*

*Former Assistant MN DNR Commissioner*

*Former Three Rivers Park District Manager*

Mike Nevala

*Vice Chair*

*Metropolitan Council Principal Environmental Scientist*

*MCC Summer Youth Program Corpsmember Parent*

Jessica Sandle

*2<sup>nd</sup> Vice Chair*

*Assistant Principal, Model Secondary School for the Deaf, Washington D.C.*

*Alumna, MCC Summer Youth Program*

Mark Skeie

*Secretary*

*Founder of Mapping Your Retirement, Inc*

*Former 3M Department and Project Manager*

Mary Cleary

*Treasurer*

*Nonprofit Accounting and Fiscal Management Consultant*

Craig Acomb

*Chief Financial Officer, MN Department of Health*

*Former MCC Regional and Statewide Director*

Windy Block

*Maintenance Superintendent, City of St. Peter*

*Fire Chief, City of St. Peter Volunteer Fire Department*

John Degan

*Attorney – Blue Cross Blue Shield*

Monty Dehn  
*Civilian Conservation Corps Alumnus*

Jim Fitzpatrick  
*Executive Director, Carpenter St. Croix Valley Nature Center*

David Hile  
*Retired Hennepin County Law Enforcement Professional*

Jim Kielsmeier  
*President/CEO National Youth Leadership Council*

Jane Krentz  
*Former State Senator*  
*Research Fellow at the University of Minnesota*  
*Midwest Coordinator - National Caucuses of Environmental Legislators*  
*Associate Director of Church Relations – Hamline University*

Joan Peters  
*Three Rivers Park District Board Commissioner*

# Report to Department of Natural Resources on Natural Resource Fund Use

July 1, 2006 - June 30, 2007



Minnesota Conservation Corps  
2715 Upper Afton Road, Suite 100  
Maplewood, MN 55119

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## **Purpose of this Report**

The purpose of this report is to provide an accurate accounting of the Minnesota Conservation Corps' expenditures of Natural Resources Funds and subsequent accomplishments for the time period July 1, 2006 – June 30, 2007. The report is created for the Commissioner of the Department of Natural Resources, the Legislature in general, and the committees of jurisdiction in the House of Representatives and Senate.

## **Governing Legislation**

On July 1<sup>st</sup>, 2003, the Minnesota Conservation Corps (MCC) transferred operations out of the Minnesota Department of Natural Resources (DNR) and into the existing non-profit 501(c)(3), Friends of the Minnesota Conservation Corps (FMCC). FMCC assumed governance responsibility over policies, fiscal management, and advancement of the MCC's 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.

The Minnesota legislature made the MCC's transfer to non-profit status official through legislation: 2003 Session Law, Chapter 128, Article 1, Sec. 35. [84.991]. Additionally, the DNR and the MCC entered into a joint powers agreement (CFMS Contract No. A50895) on July 17, 2003 that stated:

*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.*

The agreement was renewed on June 30, 2005 (CFMS Contract No. A77411).

## **Mission**

Minnesota Conservation Corps provides hands-on environmental stewardship training and service-learning opportunities to youth (ages 15-18) and young adults (ages 18-25), while completing priority and cost-effective natural resource management and emergency response work.

## **Core Functions**

- **Public Service** - MCC serves primarily governmental, educational and non-profit organizations for the common good.
- **Youth and Young Adult Development** - MCC provides training and work opportunities to youth and young adults to create positive outcomes for the communities of Minnesota and their natural resources. Corpsmembers receive intensive skill training, preparing them to serve as the state's future natural resource professionals. Developing a strong work and stewardship ethic is the foundation of the conservation corps philosophy.

- Environmental Stewardship - MCC completes natural resource based projects that improve our environment, our communities, and our corpsmembers through a commitment to environmental service.

## Operations

- The MCC Summer Youth Program operates each summer out of a residential base camp at St. Croix State Park. Crews of youth (ages 15-18) are sent throughout the state to perform outdoor work on public land.
- The MCC Young Adult Program operates February through December by stationing crews of young adults (ages 18-25) in communities throughout the state to perform technical natural resource work on public land, including emergency response and recovery.

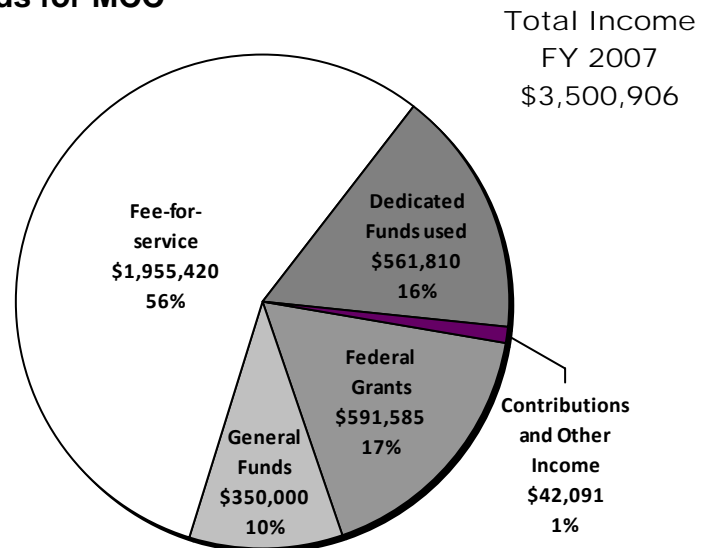
## 2007 At-A-Glance

This past year, nearly 200 youth and young adults served over 80 project hosts, completing natural resource projects across the state. In Fiscal Year 2007, 161,215 hours of work were devoted to Minnesota's natural resources, of which only 16% were completed with the use of Natural Resource Funds.

PARTICIPANTS	Summer Youth Corpsmembers	88	Youth
	Summer Program Staff	26	Staff
	Young Adult Corpsmembers	84	Members
	AmeriCorps VISTA members	1	Member
STAFF	Full-time Staff	15	Staff
	Board of Directors	18	Directors
OPERATIONS	Project Hosts	82	Hosts
	Young Adult Crews	17	Crews
	Seasonal Young Adult Crews	1	Crew
	Summer Youth Crews	13	Crews
	Total Corpsmember Hours	161,215	Hours

## Importance of the Natural Resource Funds for MCC

In Fiscal Year 2006 (July 1, 2006 - June 30, 2007) MCC operated on a \$3.5 million budget, of which \$561,810 used were Natural Resource Funds. MCC provided exceptional cost effective operations to complete 28,090 hours of dedicated work. MCC also received \$350,000 in General Fund monies, of which \$303,697 was used to match Federal AmeriCorps Rural Response Grant, and the balance was used to cover overhead and administrative expenses. With these two funding sources available, MCC was able to generate nearly \$2,000,000 in independent fee-for-service work in partnership with a variety of project hosts. These funding sources together support the full cost of operations.



Minnesota Conservation Corps is an excellent investment of state monies towards natural resource conservation. The additional return on this investment is the training, experience and mentoring that corpsmembers receive from natural resource professionals, all of which contribute to developing corpsmember life-work skills and personal career goals.

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;
- Projects funded provide an excellent opportunity for quality corpsmember experience compatible with the mission of the MCC;
- MCC participants work in direct contact with DNR programs and employees, offering great career shadowing experiences;
- The appropriations provide a stable source of funding for the MCC endeavors.

### **Dedicated fund account distribution**

The MCC was appropriated \$490,000 each year of Natural Resource Funds for biennium 2005-2007. In the June 30, 2005 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 = \$100,000  
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) State Parks Account = \$25,000.  
Expenditures from this account shall be for construction, maintenance and natural resource management projects in state parks.
- f) Forest Management Investment Account = \$25,000  
Expenditures from this account shall be to assist the division in accomplishing its annual forest management objectives.



## Natural Resource Fund Expenditure

The MCC expends Natural Resources Funds at a rate of \$20.00/hour per corpsmember. This rate includes corpsmember stipends, vehicles, worker's compensation insurance, health insurance, training, uniforms and basic equipment such as chainsaws and hand tools. The MCC applies additional expenditures for equipment, supervision, training and administration to be determined on a case-by-case basis. Materials (chemicals, lumber, hardware, plant materials, etc.) are provided by the DNR at the expense of the DNR.

### MCC Expenditure of Natural Resource Fund by Hours

	<b>Biennium Total</b>	<b>FY07 Expended</b>
<b>Water Recreation</b>	20,000.0	11,940.0
<b>ATV/OHV Trails</b>	10,000.0	5,454.0
<b>Snowmobile Trails</b>	11,500.0	6,110.5
<b>Non-Game Wildlife</b>	2,500.0	1,250.0
<b>State Parks</b>	2,500.0	2,010.0
<b>Forestry</b>	2,500.0	1,326.0
<b>TOTAL</b>	<b>49,000.0</b>	<b>28,090.5</b>

### MCC Expenditure of Natural Resource Funds by Dollars

	<b>Biennium Total</b>	<b>FY07 Expended</b>
<b>Water Recreation</b>	\$400,000	\$238,800
<b>ATV/OHV Trails</b>	\$200,000	\$109,080
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<b>Non-Game Wildlife</b>	\$50,000	\$25,000
<b>State Parks</b>	\$50,000	\$40,200
<b>Forestry</b>	\$50,000	\$26,520
<b>TOTAL</b>	<b>\$980,000</b>	<b>\$561,810</b>

During the 2006 fiscal year, not all dollars were expended. These funds carried over to the 2007 fiscal year and were expended, leaving no remaining balance.

## Work Accomplishments: July 1, 2006 - June 30, 2007

Minnesota Conservation Corps used the Natural Resource Funds in accordance with the Joint Powers Agreement between the MCC and the DNR. The following table summarizes the work accomplished and total corpsmember hours expended from each dedicated fund.

Water Recreation	Amount	Unit	Hours
<b>Adopt A River</b>	1,211.0	hours	1,211.0
<b>Boardwalk/ Step Construction</b>	212.0	feet	674.0
<b>Boundary Work</b>	2,200.0	feet	493.0
<b>Bridge Construction</b>	12.0	feet	14.0
<b>Brush Removal</b>	11.3	acre(s)	210.0
<b>Chemical Application</b>	83.4	acre(s)	44.0
<b>Construction / Carpentry</b>	437.5	hours	437.5
<b>Debris Removal - Litter/Dump Site</b>	3,800.0	pound(s)	92.0
<b>Dock/Pier Construction</b>	100.0	feet	170.0
<b>Electroshocking</b>	2,211.0	fish	188.0
<b>Environmental Education</b>	2,036.0	students	79.0
<b>Exotic Species Removal</b>	727.0	acre(s)	441.0
<b>Fish Spawning and Stocking</b>	313.0	fish	12.0
<b>Habitat Improvement - Fish</b>	102.5	acre(s)	200.0
<b>Historic Bldg &amp; Landmark Restoration</b>	2.0	structures	120.0
<b>Lakeshore Restoration</b>	62,910.0	square feet	947.0
<b>Nesting Structure Construction</b>	75.0	structures	240.0
<b>NR Area/ Structure Improvement</b>	1,168.5	hours	1,168.5
<b>Planting</b>	1,440.0	plants	80.0
<b>Prescribed Burning</b>	14.3	acre(s)	213.0
<b>Pruning</b>	4.0	acre(s)	40.0
<b>Public Access Maintenance</b>	191.0	access(es)	1,124.5
<b>River Cleanup</b>	19.0	mile(s)	361.5
<b>Seed Collection - Prairie Plants</b>	10.0	pound(s)	20.0
<b>Shoreline Restoration</b>	35,050.0	square feet	272.0
<b>River Snag Removal</b>	98.0	mile(s)	500.0
<b>Streambank Stabilization</b>	6,650.0	square feet	140.0
<b>Water Access Trail Construction</b>	0.4	mile(s)	248.0
<b>Water Access Trail Improvement</b>	22.8	mile(s)	1,379.0
<b>Training -Technical Skills</b>	50.0	hours	50.0
<b>Tree Planting - Large</b>	2,890.0	tree(s)	335.0
<b>Tree Planting - Seedlings</b>	1,050.0	seedlings	80.0
<b>Tree Removal</b>	122.0	tree(s)	145.0
<b>Tree Wrapping</b>	328.0	tree(s)	115.0
<b>Wildlife Surveys</b>	33.0	surveys	410.0

ATV/OHV	Amount	Unit	Hours
<b>Bridge Construction</b>	24.00	feet	70.00
<b>Construction / Carpentry</b>	160.00	hours	160.00
<b>Debris Removal - Litter/Dump Site</b>	10.00	pound(s)	20.00
<b>Erosion Control</b>	700.00	square feet	50.00
<b>GIS/GPS Mapping</b>	45.00	mile(s)	375.00
<b>Misc. Trail Maintenance</b>	1,807.50	hours	1,807.00
<b>NR Area/ Structure Improvement</b>	109.00	hours	109.00
<b>Pruning</b>	50.00	acre(s)	50.00
<b>Public Access Maintenance</b>	11.00	access(es)	80.00
<b>Trail Construction</b>	2.00	mile(s)	218.00
<b>Trail Improvement</b>	222.40	mile(s)	2,415.00
<b>Training -Technical Skills</b>	166.50	hours	166.50
<b>Tree Removal</b>	6.00	tree(s)	80.00

Snowmobile	Amount	Unit	Hours
<b>Boardwalk/ Step Construction</b>	35.00	feet	140.00
<b>Boundary Work</b>	1,236.00	feet	20.00
<b>Brush Removal</b>	3.00	acre(s)	80.00
<b>Debris Removal - Litter/Dump Site</b>	3.00	pound(s)	25.00
<b>GIS/GPS Mapping</b>	260.00	mile(s)	120.00
<b>Misc. Trail Maintenance</b>	243.00	hours	243.00
<b>NR Area/ Structure Improvement</b>	270.00	hours	270.00
<b>Road Improvement</b>	1.00	mile(s)	20.00
<b>Shelter Construction</b>	2.00	shelters	60.00
<b>Snowmobile Trail Construction</b>	1.50	mile(s)	286.00
<b>Snowmobile Trail Improvement</b>	393.70	mile(s)	5,098.50
<b>Training -Technical Skills</b>	45.00	hours	45.00
<b>Tree Removal</b>	20.00	tree(s)	40.00

Non-game	Amount	Unit	Hours
<b>Brush Removal</b>	20.00	acre(s)	80.00
<b>Prairie Restoration</b>	1.50	acre(s)	45.00
<b>Prescribed Burning</b>	10.00	acre(s)	12.00
<b>Wildlife Surveys</b>	81.00	surveys	380.00
<b>Construction / Carpentry (Hours)</b>	441.00	hours	441.00
<b>Debris Removal - Litter/Dump Site (lbs)</b>	500.00	pound(s)	40.00
<b>General Program Work (Hours)</b>	44.00	hours	44.00
<b>Misc. Trail Maintenance (Hours)</b>	581.50	hours	581.50
<b>NR Area/ Structure Improvement</b>	50.00	hours	50.00

Non-game continued	Amount	Unit	Hours
<b>Prairie Restoration (Acres)</b>	12.00	acre(s)	184.00
<b>Timber Stand Improvement-Bud Cap (Acres)</b>	9.00	acre(s)	232.00
<b>Trail Construction (Miles)</b>	0.25	mile(s)	108.00
<b>Trail Improvement (Miles)</b>	5.16	mile(s)	422.50
<b>Tree Planting - Large (Trees)</b>	68.00	tree(s)	50.00

Forestry	Amount	Unit	Hours
<b>Brush Removal</b>	7.00	acre(s)	140.00
<b>Community Service</b>	50.00	hours	50.00
<b>Construction / Carpentry</b>	20.00	hours	20.00
<b>General Forestry Work</b>	159.00	hours	159.00
<b>Prescribed Burning</b>	300.00	acre(s)	60.00
<b>Timber Stand Improvement-Bud Cap</b>	48.50	acre(s)	666.00
<b>Trail Construction</b>	1.10	mile(s)	75.00
<b>Trail Improvement</b>	1.25	mile(s)	78.00
<b>Tree Planting - Seedlings</b>	500.00	tree(s)	17.50

## Fund management

MCC uses the following procedure outlined below to be certain the Natural Resource Funds are properly accounted for:

1. MCC field staff and a potential project host discuss a project that qualifies under the definition of Natural Resources 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 that outlines these items and indicates the Natural Resources Funds as 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. The MCC also tracks the work accomplished for each project through a Survey of Accomplished Work (SAW) reporting system.

## Financial Management

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. The MCC Board of Directors has an active and engaged Finance Committee which oversees the activities of the staff.

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 the accounting firm EideBailly, LLP for its expertise in working with nonprofit 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; for the fiscal year ending June 30, 2005; for the fiscal year ending June 30, 2006 and most recently for the fiscal year ending June 30, 2007. The MCC received an “unqualified” opinion on all audits, which is the best opinion a firm can give.

## **Board of Directors**

Karen Bowen

*Chair*

*Former Assistant MN DNR Commissioner*

*Former Three Rivers Park District Manager*

Mike Nevala

*Vice Chair*

*Metropolitan Council Principal Environmental Scientist*

*MCC Summer Youth Program Corpsmember*

*Parent*

Jessica Sandle

*2<sup>nd</sup> Vice Chair*

*Assistant Principal, Model Secondary School for the Deaf, Washington D.C.*

*Alumna, MCC Summer Youth Program*

Mark Skeie

*Secretary*

*Founder of Mapping Your Retirement, Inc*

*Former 3M Department and Project Manager*

Mary Cleary

*Treasurer*

*Nonprofit Accounting and Fiscal*

*Management Consultant*

Craig Acomb

*Chief Financial Officer, MN Department of Health*

*Former MCC Regional and Statewide*

*Director*

Windy Block

*Maintenance Superintendent, City of St.*

*Peter*

*Fire Chief, City of St. Peter Volunteer Fire*

*Department*

John Degan

*Attorney – Blue Cross Blue Shield*

Monty Dehn

*Civilian Conservation Corps Alumnus*

Jim Fitzpatrick

*Executive Director, Carpenter St. Croix*

*Valley Nature Center*

David Hile

*Retired Hennepin County Law Enforcement*

*Professional*

Jim Kielsmeier

*President/CEO National Youth Leadership*

*Council*

Jane Krentz

*Former State Senator*

*Research Fellow at the University of*

*Minnesota*

*Midwest Coordinator - National Caucuses of Environmental Legislators*

*Associate Director of Church Relations –*

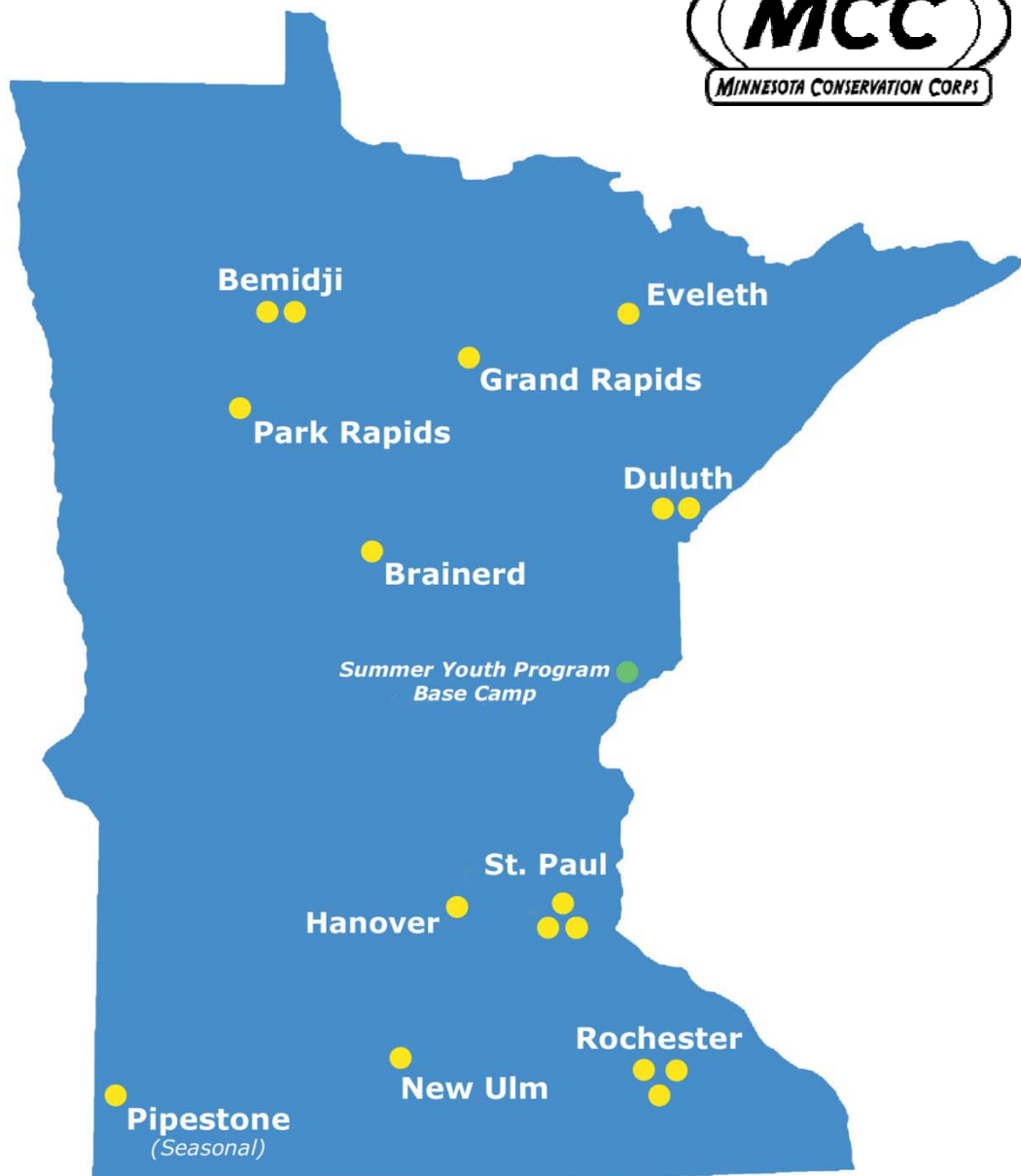
*Hamline University*

Joan Peters

*Three Rivers Park District Board*

*Commissioner*

# MCC Crew Locations



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## Example Project Locations

Isle Royale National Park  
Paul Bunyan Nature Center  
Beltrami County  
Century Junior High School  
Superior National Forest

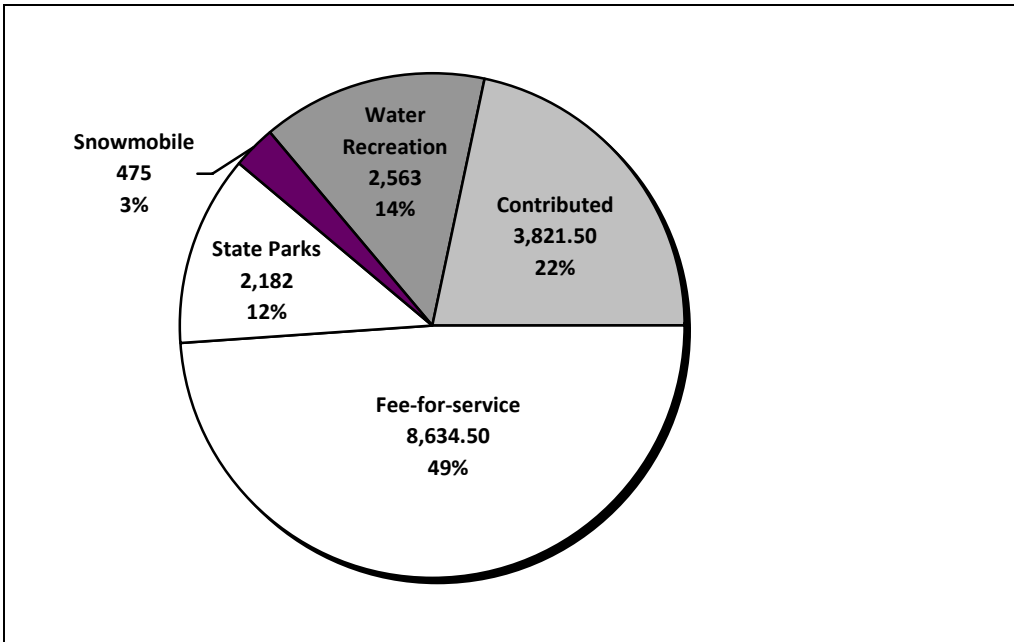
Forest History Center  
Three Rivers Park District  
University of MN Duluth  
Grand Portage Reservation  
City of Rochester

Science Museum of MN  
Sugarloaf Interpretive Center  
Voyageurs National Park  
Audubon Center  
Lower Phalen Creek Project

# Division Report of DNR Funding for MCC Projects

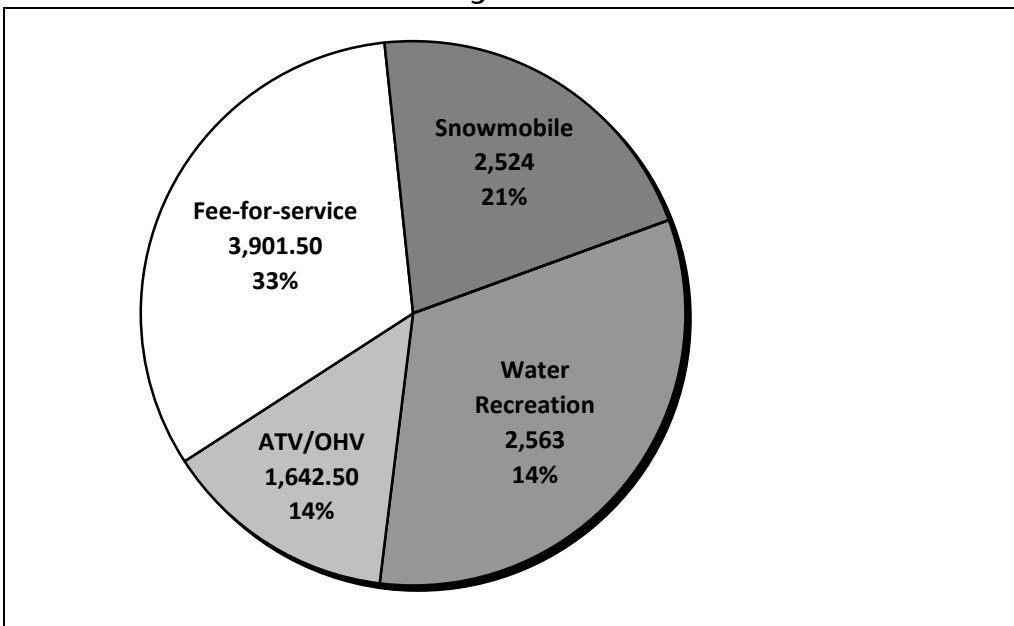
Of the 161,215 hours of total work completed by MCC crews in the Fiscal Year End 2007, 41% (65,671) of hours were worked for the Minnesota DNR. While many divisions of the DNR were served, the following two examples illustrate how the funds were used by Parks and Recreation as well as Trails and Waterways. Again, these are only two divisions of the DNR, work was done for many other divisions.

## Parks and Recreation



MCC completed a total of 17,676 hours of work for DNR Parks and Recreation within 34 of the state parks. MCC contributed 3,821.5 hours of MCC funded work to Parks and Recreation, which was 22% of the total work and was a significant benefit to the park system.

## Trails and Waterways



10,631 hours of work projects were completed for DNR Trails and Waterways. 49% of this work was completed with Natural Resource Funds, and the remaining was fee-for-service contracts.

Minnesota Conservation Corps - Survey of Accomplished Work Log

Crew Name:				/ /2007 to / /2007						
Fund Code	Activity Code	Legislative District	Project Type*	Pay Period			Students		Volunteers	
				Work Accomplished	Units	Hours Worked	# of	Hrs	# of	Hrs
Crew Leader Signature: _____ Date: _____				Total Hours: <b>0.00</b>			*Total Hours should match total crew hours			
				List other agencies/organizations/individuals that assisted with project completion:						
I certify that hours worked and work accomplished are correct.										
Supervisor Signature: _____ Date: _____				Please describe any safety concerns related to these projects:						
I have reviewed and approved all hours worked and work accomplished.										

**\*Use one of the following project types**

Disaster Response

- Disaster Damage Assessment (Structures)
- Disaster/Storm Damage Cleanup (Pounds)
- Flood Sand Bagging (Bags)

Homeland Security Education

- Environmental Education (Students)
- Homeland Security Education (Students)
- Training - Personal Development (Hours)
- Training - Technical Skills (Hours)

Fire Suppression

- Fire Suppression - Direct (Acres)
- Fire Suppression - Indirect (Hours)
- Prescribed Burning (Acres)

Infrastructure Maintenance & Improvement

- Boardwalk/Step Construction (Feet)
- Bridge Construction (Feet)
- Construction / Carpentry (Hours)
- Dock/Pier Construction (Feet)
- Nesting Structure Construction (Structures)
- Retaining Wall Construction (Feet)

Natural Resource Maintenance & Improvement

- 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)
- Oak Wilt Sanitation (Trees)
- Plant & Animal Relocation (Animals/plants)
- Planting (Plants)
- Prairie Restoration (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)

Emergency Transportation & Access

- 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)
- Misc. Trail Maintenance (Hours)

Water Quality & Safety

- Adopt-A-River Program (Hours)
- Culvert Surveys (Surveys)
- Dike Improvement (Feet)
- Lakeshore Restoration (Sq. Feet)
- River Clean-Up (Miles)
- Shoreline Restoration (Sq. Feet)
- Snag Removal (Miles)
- Streambank Stabilization (Sq. Feet)
- Water Quality Monitoring (Hours)
- Wetland Restoration (Acres)

Environmental Health & Safety

- 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)

Other

- Administrative (Hours)
- Community Service (Hours)
- General Program Work (Hours)
- PR/Media Relations (Hours)
- Landscaping (Acres)
- Pruning (Acres)







# **Friends of the Minnesota Conservation Corps**

# **FRIENDS OF THE MINNESOTA CONSERVATION CORPS**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2007, and the related statements of activities, 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 Organization's 2006 financial statements and in our report dated September 7, 2006, 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 **Friends of the Minnesota Conservation Corps** as of June 30, 2007, 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.



Minneapolis, Minnesota  
October 29, 2007

**FRIENDS OF THE MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2007 (WITH COMPARATIVE TOTALS FOR 2006)**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 389,188	\$ 27,806
Grants receivable	1,637,395	961,321
Accounts receivable	306,544	332,168
Prepaid expenses	13,765	20,572
	<u>2,346,892</u>	<u>1,341,867</u>
LONG-TERM GRANTS RECEIVABLE, net of present value adjustment	928,863	-
EQUIPMENT, net of accumulated depreciation of \$52,917	79,775	96,879
<b>OTHER ASSETS</b>		
Deposits	9,133	9,133
	<u>\$ 3,364,663</u>	<u>\$ 1,447,879</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Note payable	\$ 14,738	\$ 13,732
Education award liability	8,984	15,714
Accounts payable	72,487	111,256
Accrued expenses		
Payroll	134,013	130,079
Compensated absences	21,063	14,311
	<u>251,285</u>	<u>285,092</u>
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	1,276	16,012
	<u>252,561</u>	<u>301,104</u>
<b>NET ASSETS</b>		
Unrestricted, general operating	621,406	205,842
Unrestricted, board designated	19,386	29,123
	<u>640,792</u>	<u>234,965</u>
Temporarily restricted	2,471,310	911,810
	<u>3,112,102</u>	<u>1,146,775</u>
	<u>\$ 3,364,663</u>	<u>\$ 1,447,879</u>

**FRIENDS OF THE MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FOR 2006)**

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
Federal grant	\$ 591,585	\$ -	\$ 591,585	\$ 305,132
Contributions	9,547	30,000	39,547	19,947
In-kind contributions	-	-	-	3,288
State grant	-	2,441,310	2,441,310	1,680,000
Revenue				
Fee for service	1,955,420	-	1,955,420	1,138,760
Interest	28,263	-	28,263	20,464
Miscellaneous	4,281	-	4,281	21,564
Total support and revenue	<u>2,589,096</u>	<u>2,471,310</u>	<u>5,060,406</u>	<u>3,189,155</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>911,810</u>	<u>(911,810)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services				
Summer youth	487,091	-	487,091	450,497
Young adult	2,204,685	-	2,204,685	1,736,621
Management and general	210,397	-	210,397	217,825
Fundraising	192,906	-	192,906	132,095
Total expenses	<u>3,095,079</u>	<u>-</u>	<u>3,095,079</u>	<u>2,537,038</u>
CHANGE IN NET ASSETS	405,827	1,559,500	1,965,327	652,117
NET ASSETS AT BEGINNING OF YEAR	<u>234,965</u>	<u>911,810</u>	<u>1,146,775</u>	<u>494,658</u>
NET ASSETS AT END OF YEAR	<u>\$ 640,792</u>	<u>\$ 2,471,310</u>	<u>\$ 3,112,102</u>	<u>\$ 1,146,775</u>

**FRIENDS OF THE MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FOR 2006)**

	<u>2007</u>	<u>2006</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,965,327	\$ 652,117
Adjustments to reconcile net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation	25,849	23,981
Loss on disposal of equipment	1,703	-
In-kind contributions of equipment	-	(1,130)
Changes in assets and liabilities		
Grant receivable	(1,604,937)	(890,481)
Accounts receivable	25,624	(140,638)
Prepaid expenses	6,807	1,439
Education award liability	(6,730)	(9,509)
Accounts payable	(38,769)	1,932
Accrued expenses	10,686	(6,088)
<b>NET CASH FROM (USED FOR) OPERATING ACTIVITIES</b>	<u><b>385,560</b></u>	<u>(368,377)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(11,210)	(46,532)
Proceeds from disposal of equipment	1,350	-
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u><b>(9,860)</b></u>	<u>(46,532)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	41,500
Payments of long-term debt	(14,318)	(11,756)
<b>NET CASH (USED FOR) FROM FINANCING ACTIVITIES</b>	<u><b>(14,318)</b></u>	<u>29,744</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u><b>361,382</b></u>	<u>(385,165)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>27,806</b></u>	<u>412,971</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u><b>\$ 389,188</b></u></u>	<u><u><b>\$ 27,806</b></u></u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
In-kind contributions of equipment	\$ -	\$ 1,130

**FRIENDS OF THE MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FOR 2006)**

	2007		
	Program Services		Total
	Summer Youth	Young Adult	
EXPENSES			
Staff salaries and FICA	\$ 87,256	\$ 344,442	\$ 431,698
Staff benefits	10,053	46,169	56,222
Corpsmember living allowance and FICA	239,129	1,202,695	1,441,824
Corpsmember benefits	-	70,401	70,401
Workers compensation	3,262	18,636	21,898
Direct program	43,663	135,909	179,572
Fleet, communications and training	68,955	280,048	349,003
Insurance	5,610	23,811	29,421
Space cost and utilities	12,969	54,692	67,661
Office supplies and depreciation	4,284	7,229	11,513
Professional fees	8,156	7,005	15,161
Marketing	480	2,106	2,586
Staff travel	1,421	6,976	8,397
Recruitment	1,085	3,682	4,767
Other (meetings, board, dues, awards)	768	884	1,652
Financial and bank fees	-	-	-
TOTAL EXPENSES	<u>\$ 487,091</u>	<u>\$ 2,204,685</u>	<u>\$ 2,691,776</u>
PERCENT TO TOTAL	<u>16%</u>	<u>71%</u>	<u>87%</u>

<b>2007</b>			<b>2006</b>
<b>Supporting Services</b>			
<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
\$ 105,879	\$ 111,103	\$ 648,680	\$ 569,854
18,380	16,818	91,420	76,010
-	-	1,441,824	1,102,787
-	-	70,401	48,935
1,164	228	23,290	19,560
-	-	179,572	163,575
4,566	2,652	356,221	301,159
3,701	1,230	34,352	34,068
17,209	13,456	98,326	86,571
10,620	4,051	26,184	26,990
35,336	3,654	54,151	48,211
580	9,517	12,683	12,253
4,347	7,820	20,564	25,886
36	350	5,153	7,661
6,733	22,027	30,412	9,939
1,846	-	1,846	3,579
<b>\$ 210,397</b>	<b>\$ 192,906</b>	<b>\$ 3,095,079</b>	<b>\$ 2,537,038</b>
<b>7%</b>	<b>6%</b>	<b>100%</b>	



**FRIENDS OF THE MINNESOTA CONSERVATION CORPS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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**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.

The Friends of the Minnesota Conservation Corps has a long, rich history in the State of Minnesota. The Minnesota Conservation Corps was founded in 1981 as a state program, replacing the Federal Youth Conservation Corps (YCC) of the 1970's. Over the next 20-plus years, the program was extremely successful training both youth and young adults in natural resource and conservation work and at the same time providing tremendous service to the State of Minnesota.

In 1997, the 501(c)(3) Friends of the Minnesota Conservation Corps was established to grow and support the programs. Thus, in July of 2003, when all funding was eliminated for the existing state programs, the operation of the Minnesota Conservation Corps was immediately transferred to the existing non-profit. This transition has benefited both the Minnesota Conservation Corps and the State of Minnesota. The Organization continues with its legal name "Friends of the Minnesota Conservation Corps," but is more commonly known as "The Minnesota Conservation Corps" to all of our constituents.

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 18-25 year olds. The *Summer Youth* program is an 8-week residential program for 15-18 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.

## NOTES TO FINANCIAL STATEMENTS

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### *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.

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, 2007.

### *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.

## NOTES TO FINANCIAL STATEMENTS

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### *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.

### *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 \$25,849 for the year ended June 30, 2007.

### *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, 2006, from which the summarized information was derived.

### *Reclassifications*

Certain amounts previously reported have been reclassified to conform to the 2007 presentation.

## **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.

## NOTES TO FINANCIAL STATEMENTS

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Revenue from one major grantor accounted for approximately 48% and 53%, respectively, of revenue for the years ended June 30, 2007 and 2006. At June 30, 2007, receivables from this grantor totaled \$2,480,000 without taking into consideration the net present value adjustment.

### NOTE 3 - GRANTS RECEIVABLE

Grants at June 30, 2007, to be received in future periods are as follows:

Grants receivable in less than one fiscal year	\$ 1,639,948
Grants receivable in one to five years	965,000
Total grants receivable	<u>2,604,948</u>
Less discount to net present value	<u>(38,690)</u>
Total grants receivable, net	<u><u>\$ 2,566,258</u></u>

Grants receivable have been reduced to present value using a discount rate of 4 percent.

### NOTE 4 - NOTE PAYABLE

On July 8, 2005, the Organization issued a note payable in the original amount of \$41,500, payable in monthly payments of \$1,283, including interest at 7% and due on July 8, 2008. The note is secured by the Organization's inventory and equipment.

Future principal payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2008	\$ 14,738
2009	<u>1,276</u>
	<u><u>\$ 16,014</u></u>

### NOTE 5 - 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 \$358,679 for the year ended June 30, 2007.

## NOTES TO FINANCIAL STATEMENTS

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The agreement renewed on July 1, 2005, and expired on June 30, 2007. The agreement was renewed on July 1, 2007, and now expires on June 30, 2009.

The joint powers agreement also identifies appropriations to the FMCC 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 2007 for the following purposes:

General operations	<u>\$ 950,000</u>
Natural resource projects	
Water recreation	300,000
ATV	250,000
Snowmobile trails and enforcement	230,000
Non-game wildlife management	50,000
State parks account	100,000
Forest management investment account	50,000
Deaf & hard-of-hearing youth program	50,000
Board of soil and water resources	500,000
	<u>1,530,000</u>
	<u>\$ 2,480,000</u>

### NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2007:

General operations	\$ 950,000
Natural resource project funds	
Water recreation development	300,000
All-terrain vehicle trails	250,000
Snowmobile trails	230,000
Non-game wildlife	50,000
State parks	100,000
Forestry	50,000
Deaf & hard-of-hearing youth program	50,000
Board of soil and water resources	500,000
Andersen Foundation - youth program	30,000
	<u>2,510,000</u>
Less discount to net present value	<u>(38,690)</u>
	<u>\$ 2,471,310</u>

The state grant has been reduced to present value using a discount rate of 4 percent.

## NOTES TO FINANCIAL STATEMENTS

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

General operations	\$ 350,000
Natural resource project funds	
Water recreation development	238,800
All-terrain vehicle trails	109,080
Snowmobile trails	122,210
Non-game wildlife	25,000
State parks	40,200
Forestry	26,520
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	\$ 911,810
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### NOTE 7 - 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 \$21,716 for the year ended June 30, 2007.

### NOTE 8 - 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. On August 1, 2007, the Organization renewed a lease agreement that expired on July 31, 2007, for a term of 36 months, commencing on August 1, 2008, and ending July 31, 2011. Rent expense under these and other lease agreements amounted to \$96,171 for the year ended June 30, 2007.

<u>Years Ending June 30,</u>	<u>Amount</u>
2008	\$ 57,169
2009	61,749
2010	64,383
2011	66,984
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Total	\$ 250,285
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### NOTE 9 - 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 1, 2007. Borrowings bear interest at 9.25% at June 30, 2007. The credit line is secured by all assets of the Organization. There was no outstanding balance as of June 30, 2007.