

# Report to Legislature on State Appropriations

July 1, 2007 - June 30, 2008



Minnesota Conservation Corps  
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# Contents

Report to the Legislature on State Appropriations.....	3
Report to Department of Natural Resources on Natural Resource Funds.....	7
Survey of Accomplished Work Form.....	11
Audited Financial Statements.....	13

## **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, 2007 – June 30, 2008. The report is created for the committees of jurisdiction in the Minnesota House of Representatives and Senate and the State Legislature in general.

## **Minnesota Conservation Corps overview**

In 1981 the Minnesota Conservation Corps (MCC) was created by the Minnesota State Legislature to engage youth and young adults in environmental service. Until 2003, MCC was administered by the Department of Natural Resources and operated solely on state resources. After MCC state funding was cut, the organization transitioned to a 501(c)(3) nonprofit on July 1, 2003.

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

MCC corpsmembers are well-trained, service-driven young adults who are compensated with a living allowance and an AmeriCorps education award after completing their service term. Around 80 AmeriCorps members work on a crew of their peers to improve native habitat in their Minnesota Communities for a 10 month term. Over 30 AmeriCorps members dedicate their service term teaching valuable work and life skills to high-school aged youth in summer or after school programs. These service experiences change young people's lives and prepare them for natural-resource, green-industry and community-service jobs.

## **Governing Legislation**

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

The Minnesota State Legislature made MCC's transfer to nonprofit status official through 2003 Session Law, Chapter 128, Article 1, Sec. 35. [84.991]. In addition, the DNR and MCC entered into a joint powers agreement (CFMS Contract No. A50895) on July 17, 2003. This agreement is renewed every two years, most recently on June 30, 2007.

## **Mission**

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

## **Core Functions**

- **Public Service** — MCC serves primarily governmental, educational and nonprofit 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 Minnesota communities. Corpsmembers receive intensive training, preparing them for natural-resource, green-industry and other related jobs. Developing a strong work and community service ethic is the foundation of the conservation corps philosophy.
- **Conservation and Stewardship** — MCC completes projects that improve our environment and communities, conserve energy and change corpsmembers' lives through a commitment to service.

## **MCC Programs**

### **Summer Youth Program**

MCC's Summer Youth Program is based at St. Croix State Park in Hinckley, MN. Corpsmembers, age 15 to 18, spend eight weeks in the summer working and camping at project sites throughout Minnesota. In 2008, MCC engaged over 110 people in this program. Youth come from a variety of ethnic, socioeconomic and geographic backgrounds, and participants include equal numbers of males/females and urban/rural youth.

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

### **Young Adult Program**

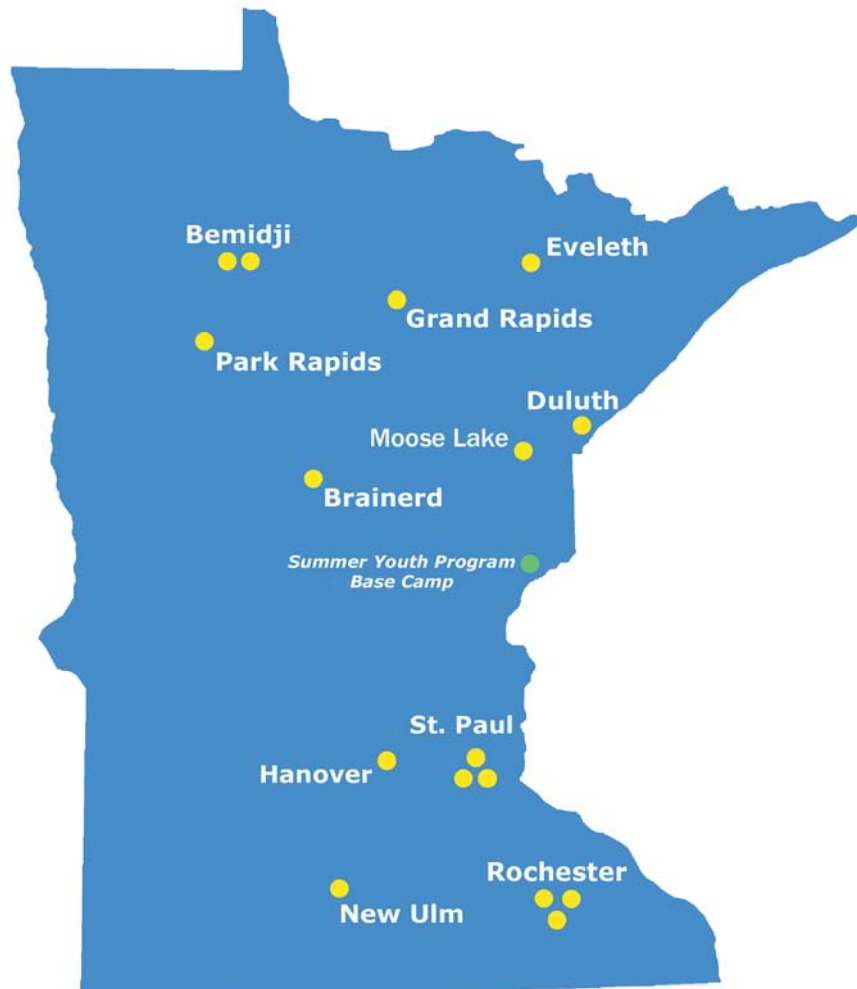
MCC's Young Adult Program, for ages 18-25, is a nonresidential 10.5-month service commitment. Corpsmembers serve on regional crews based out of 11 different Minnesota towns. In 2008, MCC engaged over 80 young adults: 16 crews (composed of 4 or 5 members each) worked year-round and one seasonal crew worked in the spring through fall months. In addition, one single-placement member completed trail user surveys over the summer months and the other member managed the DNR's Adopt-A-River program.

The Young Adult Program provides extensive technical training for natural resource and green-industry jobs. Corpsmembers gain valuable experience, often working alongside conservation professionals while completing high priority habitat restoration projects. Members receive training in CPR and first aid, defensive driving, power and hand tool use and safety, tree and plant identification, and red card certification, among others. All corpsmembers are enrolled in AmeriCorps and receive an education award of \$4,725 upon completing the 1700-hour term.

### **Youth Outdoors Program**

MCC designed this after-school program, for 15 to 18 year-olds, during this past fiscal year and implemented it during the 2009 fiscal year. For 12 hours each week, Youth Outdoors corpsmembers accomplish conservation and community work in Saint Paul neighborhoods and participate in environmental education activities, with a special focus on science, math and technology. Next year, with partner support, MCC would like to expand the program to other locations.

## 2008 Crew Locations



### 2008 At-A-Glance

This past year, nearly 200 youth and young adults contracted with more than 80 project hosts, completing natural resource projects across the state. In Fiscal Year 2008, 153,775 hours of work were devoted to Minnesota's natural resources.

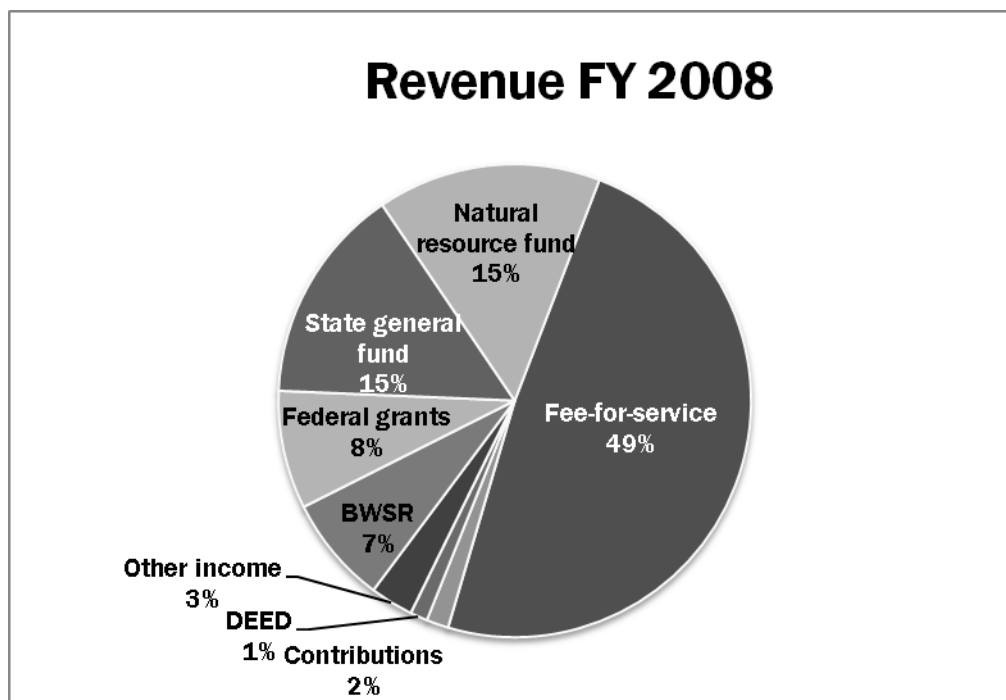
PARTICIPANTS	Summer Youth corpsmembers	82	youth
	Summer Program leaders	33	leaders
	Young Adult corpsmembers	81	members
	AmeriCorps VISTA members	1	member
STAFF	Full-time staff	17	staff
	Board of directors	14	directors
OPERATIONS	Project hosts	97	hosts
	Summer Youth crews	13	crews
	Young Adult crews	17	crews
	Total corpsmember hours	153,775	hours

## Use of State Funds

In the last biennial budget, MCC was appropriated \$965,000 per year in state funds: \$475,000 in general funds and \$490,000 in dedicated natural resource funds.

	FY 2008	FY2009
General Funds	\$475,000	\$475,000
Dedicated NR Funds	\$490,000	\$490,000
<b>TOTAL</b>	<b>\$965,000</b>	<b>\$965,000</b>

In the 2008 fiscal year, MCC generated almost \$1.5 million, which is nearly half its budget, from fee-for-service partner support. The chart below shows the FY 2008 revenue breakdown, including previously-received funds that were released from restriction to spend in FY 2008.



Revenue	Unrestricted	Restricted - released	Total
Fee-for-service	1,496,445		1,496,445
Other income	90,643		90,643

Support	Unrestricted	Restricted - released	Total
Federal grant	248,233		248,233
Contributions	46,565	10,000	56,565
General fund*		456,000*	456,000
Natural resource fund*		470,400*	470,400
DEED Deaf and Hard of Hearing **	10,000	26,392	36,392
Board of Water and Soil Resources		226,451	226,451
<b>TOTAL</b>			<b>3,081,129</b>

\* State appropriations have been discounted to present value using a discount rate of 4%

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

## Use of Natural Resource Funds

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

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

### MCC expenditure of natural resource fund by hours

	Biennium total	FY08 expended
Water Recreation	13,636	6,818
ATV/OHV Trails	11,364	5,682
Snowmobile Trails	10,454	5,227
Non-Game Wildlife	2,272	1,136
State Parks	4,546	2,273
Forestry	2,272	1,136
<b>TOTAL</b>	<b>44,544</b>	<b>22,272</b>

### MCC expenditure of natural resource fund by dollars

	Biennium total	FY08 expended
Water Recreation	\$300,000	\$150,000
ATV/OHV Trails	\$250,000	\$125,000
Snowmobile Trails	\$230,000	\$115,000
Non-Game Wildlife	\$50,000	\$25,000
State Parks	\$100,000	\$50,000
Forestry	\$50,000	\$25,000
<b>TOTAL</b>	<b>\$980,000</b>	<b>\$490,000</b>

## Importance of the Natural Resource Fund to MCC

The Natural Resource Fund impacts MCC in a variety of ways:

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

MCC's joint power agreement with the DNR requires an annual report that accounts for MCC Natural Resource Fund expenditures and accomplishments. The 2008 report to the DNR is included in its entirety in this report.

## **Use of General Funds Dollars**

The Minnesota State Legislature appropriated \$475,000 in state general funds to MCC for each fiscal year 2008 and 2009. These dollars have been essential to MCC's continued operation. Without these general fund dollars, MCC would not be able to:

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

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

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

## **MCC contributions to Minnesota**

With General Fund dollars as the catalyst, MCC was able to positively impact the lives of nearly 200 youth and young adults last year. Beyond the impact on program participants, MCC improves the quality of life of countless Minnesotans by conserving natural resources.

In the past fiscal year, MCC completed almost 154,000 hours of work that improved the environment, communities and individual corpsmembers. Whether maintaining recreational trails or restoring native habitats, MCC projects are important to the health of Minnesota. A complete list of work accomplishments follows on the next page.

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



## Fiscal Year End 2008 Statewide Work

### General

Community Service	1,365	hours
General Program Work	6,616.5	hours
PR/Media Relations	199	hours

### Community Clean Up

Adopt— River	1,819	hours
Debris Removal	59,721	tons
River Cleanup	41	miles

### Wildlife

Electroshocking	535	fish
Nesting Structure Construction	14	structure
Wildlife Surveys	338	surveys

### Habitat Improvement

Brush Removal	124.4	acres
Exotic Species Removal	1,907.5	acres
Habitat Improvement - Fish	27.5	acres
Habitat Improvement - Wildlife	26	acres
Lakeshore Restoration	67,760	acres
Landscaping	6.2	acres
Prairie Restoration	276.25	acres
Prescribed Burning	5,002.7	acres
Pruning	11	acres
Shoreline Restoration	178,342	acres
Timber Stand Improvement	1,542.75	sq. feet
Wetland Restoration	135	acres

### Planting Activities

Planting (trees/plants)	40,789	plants
Rain Garden Installation	19,651	sq feet
Seed Collection - Forest	55	bushels
Seed Collection - Prairie Plants	392.5	pounds
Seedling Harvest	4,100	trees
Tree Planting - Large	5,737	trees
Tree Planting - Seedlings	3,200	trees
Tree Removal	3,410	trees
Tree Harvest	3,800	trees
Tree Wrapping	1,010	trees

### Environmental Education

Environmental Education	353	students
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### Trail

Boardwalk construction	2,265	feet
Bridge Construction	169	feet
Misc. Trail Maintenance	5,852	hours
Snowmobile Trail	171	miles
Trail Construction	155.46	miles
Trail Improvement	399.35	miles

### Data Collection

Forest Inventory - FIA	39	plots
GIS/GPS Mapping	1,860	miles
Tree & Plant Surveys	1,721	hours

### Construction

Construction / Carpentry	3,797.5	hours
Dock/Pier Construction	374	feet
Historic Bldg & Landmark	36	structure
NR Area/ Structure	4,424	hours
Retaining Wall Construction	64	feet
Shelter Construction	13	shelters

### Emergency Response

Emergency Response	2,050	hours
Fire Suppression - Direct	754.8	acres
Fire Suppression - Indirect	4,664.5	hours

### Training

Personal Development	7,464	hours
Training -Technical Skills	12,256	hours

### Erosion Control

Erosion Control	75,943	sq feet
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### NRA Maintenance

Boundary Work	1,264	hours
Campsite Establishment	118	sites
Public Access Maintenance	51	visits
Road Improvement	8.6	miles

### Disease Control

Oak Savanna Restoration	92.35	acres
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## Financial Management Systems

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

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

MCC continues to use the accounting services of EideBailly, LLP for the firm's expertise in working with nonprofit organizations. Audits have been completed annually each year since 2003, which includes the 2008 fiscal year. Since becoming an independent nonprofit, MCC has received an "unqualified" opinion on all audits, which is the best opinion a firm can give.

## Current board of directors

Karen Bowen, Chair  
*Former MN DNR Assistant Commissioner  
Former Three Rivers Park Director of Operations*

Mike Nevala, Vice Chair  
*Principal Environmental Scientist – Metropolitan Council  
MCC Summer Youth Program corpsmember parent*

Jessica Sandle, 2<sup>nd</sup> Vice Chair  
*Assistant Principal, Model Secondary School for the Deaf - Gallaudet University, Washington DC  
Summer Youth Program Alumna*

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 for the Minnesota Department of Health  
Former Minnesota Conservation Corps Regional and Statewide Director*

Robby Callahan Schreiber  
*Youth Programs Director - Science Museum of Minnesota  
Summer Youth Program Alumna*

John Degan, Attorney  
*Blue Cross Blue Shield*

Monty Dehn  
*Civilian Conservation Corps Alumna*

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

David Hile  
*Former Hennepin County Law Enforcement Professional*

Tom Jahnke  
*Former Three Rivers Park District Senior Manager of Forestry and Horticulture*

Jim Kielsmeier  
*President/CEO - National Youth Leadership Council*

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

Joan Peters  
*District Commissioner - Three Rivers Park District*

John Velin  
*Former Executive Director - Legislative-Citizen Commission on Minnesota Resource*

# Minnesota Conservation Corps Survey of Accomplished Work Log



Crew Name:							2008 to 2008				
Fund Code	Project Activity Code	Legislative District	Category Number	Category	Activity Number	Activity	Pay Period			Volunteers	
							Work Accomplished	Units	Hours Worked	# of	Hrs

**Total Hours: 0.00**

*Total should match total crew hours off time sheets*

Please describe any activities labeled "Other" above:

Reviewed by Supervisor (Place check mark in box on left)



# Minnesota Conservation Corps

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Minnesota Conservation Corps**  
St. Paul, Minnesota

We have audited the accompanying statement of financial position of **Minnesota Conservation Corps** (a nonprofit organization or the Organization) as of June 30, 2008, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Organization's 2007 financial statements and in our report dated October 29, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Minnesota Conservation Corps** as of June 30, 2008, 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.

*Cidre Bailey LLP*

Minneapolis, Minnesota  
October 29, 2008

**MINNESOTA CONSERVATION CORPS**

Table of Contents

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	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Financial Position	2
Activities and Changes in Net Assets	3
Cash Flows	4
Functional Expenses	5
Notes to Financial Statements	6

**MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 693,419	\$ 389,188
Grants receivable	965,000	1,637,395
Accounts receivable	362,101	306,544
Prepaid expenses	21,195	13,765
Total current assets	<u>2,041,715</u>	<u>2,346,892</u>
LONG-TERM GRANTS RECEIVABLE, net of present value adjustment	-	928,863
EQUIPMENT, net of accumulated depreciation of \$136,523	65,106	79,775
<b>OTHER ASSETS</b>		
Deposits	9,133	9,133
	<u>\$ 2,115,954</u>	<u>\$ 3,364,663</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Note payable	\$ -	\$ 14,738
Education award liability	6,991	8,984
Accounts payable	84,407	72,487
Accrued expenses		
Payroll	143,160	134,013
Compensated absences	26,928	21,063
Total current liabilities	<u>261,486</u>	<u>251,285</u>
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	-	1,276
	<u>261,486</u>	<u>252,561</u>
<b>NET ASSETS</b>		
Unrestricted, general operating	553,943	621,406
Unrestricted, board designated	18,368	19,386
	<u>572,311</u>	<u>640,792</u>
Temporarily restricted	1,282,157	2,471,310
	<u>1,854,468</u>	<u>3,112,102</u>
	<u>\$ 2,115,954</u>	<u>\$ 3,364,663</u>

**MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)**

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
Federal grant	\$ 238,233	\$ -	\$ 238,233	\$ 591,585
Contributions	8,791	-	8,791	39,547
In-kind contributions	5,125	-	5,125	-
State grant	10,000		10,000	2,441,310
Revenue				
Sponsor support	1,492,347	-	1,492,347	1,955,420
Interest	90,643	-	90,643	28,263
Miscellaneous	21,622	-	21,622	4,281
Total support and revenue	<u>1,866,761</u>	<u>-</u>	<u>1,866,761</u>	<u>5,060,406</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>1,189,153</u>	<u>(1,189,153)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services				
Summer youth	520,855	-	520,855	487,091
Young adult	2,130,320	-	2,130,320	2,204,685
Management and general	275,998	-	275,998	210,397
Fundraising	197,222	-	197,222	192,906
Total expenses	<u>3,124,395</u>	<u>-</u>	<u>3,124,395</u>	<u>3,095,079</u>
<b>CHANGE IN NET ASSETS</b>	<u>(68,481)</u>	<u>(1,189,153)</u>	<u>(1,257,634)</u>	<u>1,965,327</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>640,792</u>	<u>2,471,310</u>	<u>3,112,102</u>	<u>1,146,775</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 572,311</u>	<u>\$ 1,282,157</u>	<u>\$ 1,854,468</u>	<u>\$ 3,112,102</u>



**MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (1,257,634)	\$ 1,965,327
Adjustments to reconcile net assets to net cash and cash equivalents from operating activities		
Depreciation	28,175	25,849
Loss on disposal of equipment	482	1,703
Changes in assets and liabilities		
Grants receivable	1,601,258	(1,604,937)
Accounts receivable	(55,557)	25,624
Prepaid expenses	(7,430)	6,807
Education award liability	(1,993)	(6,730)
Accounts payable	11,920	(38,769)
Accrued expenses	15,012	10,686
NET CASH FROM OPERATING ACTIVITIES	<u>334,233</u>	<u>385,560</u>
INVESTING ACTIVITIES		
Purchase of equipment	(13,988)	(11,210)
Proceeds from disposal of equipment	-	1,350
NET CASH USED FOR INVESTING ACTIVITIES	<u>(13,988)</u>	<u>(9,860)</u>
FINANCING ACTIVITIES		
Payments of long-term debt	(16,014)	(14,318)
NET CHANGE IN CASH AND CASH EQUIVALENTS	304,231	361,382
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>389,188</u>	<u>27,806</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 693,419</u>	<u>\$ 389,188</u>

**MINNESOTA CONSERVATION CORPS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)**

	2008		
	Program Services		
	Summer Youth	Young Adult	Total
EXPENSES			
Staff salaries and FICA	\$ 81,845	\$ 377,709	\$ 459,554
Staff benefits	9,432	50,099	59,531
Corpsmembers living allowances and FICA	246,198	1,084,830	1,331,028
Corpsmembers benefits	2,418	87,219	89,637
Workers compensation	6,552	37,440	43,992
Direct program	58,172	123,770	181,942
Fleet, communications and training	69,174	263,051	332,225
Insurance	5,031	23,804	28,835
Space cost and utilities	13,671	56,417	70,088
Office supplies and depreciation	10,869	11,527	22,396
Professional fees	13,252	1,095	14,347
Marketing	1,127	472	1,599
Staff travel	1,667	6,614	8,281
Recruitment	1,388	4,130	5,518
Other	59	2,143	2,202
Financial and bank fees	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 520,855</b>	<b>\$ 2,130,320</b>	<b>\$ 2,651,175</b>
<b>PERCENT TO TOTAL</b>	<b>17%</b>	<b>68%</b>	<b>85%</b>

See Notes to Financial Statements

2008			2007
Supporting Services			
Management and General	Fundraising	Total	Total
\$ 164,700	\$ 119,985	\$ 744,239	\$ 648,680
19,811	17,816	97,158	91,420
-	-	1,331,028	1,441,824
-	-	89,637	70,401
2,340	468	46,800	23,290
-	-	181,942	179,572
5,044	2,269	339,538	356,221
3,798	824	33,457	34,352
16,477	9,915	96,480	98,326
11,446	7,206	41,048	26,184
38,047	2,800	55,194	54,151
1,007	8,467	11,073	12,683
5,634	4,085	18,000	20,564
5	35	5,558	5,153
7,401	23,352	32,955	30,412
288	-	288	1,846
<u>\$ 275,998</u>	<u>\$ 197,222</u>	<u>\$ 3,124,395</u>	<u>\$ 3,095,079</u>
<u>9%</u>	<u>6%</u>	<u>100%</u>	

**MINNESOTA CONSERVATION CORPS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

The Minnesota Conservation Corps (MCC 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 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 of the 1970s. Over the next 20-plus years, the program was extremely successful training youth and young adults in natural resource and conservation work while providing valuable service to the State of Minnesota.

In 1997, the 501(c)(3) Minnesota Conservation Corps was established to grow and support the programs. When state funding for MCC was eliminated its operation was immediately transferred to a non-profit. This transition has benefited both the Minnesota Conservation Corps and the State of Minnesota.

MCC operates two programs for youth and young adults, training crews to work on natural resource projects and respond to emergencies or natural disasters. 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.

MCC crews complete projects for a wide variety of natural resources agencies, including the Department of Natural Resources, U.S. Forest Service, U.S. Fish and Wildlife Service, National Park Service, Soil and Water Conservation Districts, county parks and others. 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. The Organization does not charge interest on past due accounts. Accounts are considered past due when payment has not been received within 30 days of due date.

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

The carrying amount of accounts receivable may be reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management considers historical write off and recovery information in determining the estimated bad debt provision. No allowance was deemed necessary for the year ended June 30, 2008.

### *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 \$28,175 for the year ended June 30, 2008.

### *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, 2007, from which the summarized information was derived.

## **NOTE 2 - CONCENTRATION**

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

At June 30, 2008, grant receivable comprised of one major grantor totaled \$965,000, which is the final payment of a multi-year grant.

## NOTES TO FINANCIAL STATEMENTS

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### 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 MCC. The state transferred the entity to ensure the continued operation of the MCC and the ability to contract its services.

Pursuant to the transfer, the Organization contracted with the State of Minnesota through the Commissioner of Natural Resources under a joint powers agreement. The agreement allows the Organization to utilize office space, computer networks and programs, telephone systems and fleet, and radio equipment of the DNR. The Organization is also granted rights to purchase or lease equipment and services through state contracts and to participate in certain state programs. The rates charged to MCC are based on usage and are consistent with those charged within the DNR and the State of Minnesota. Expenses incurred for the use and access to the equipment and services was \$350,763 for the year ended June 30, 2008.

The agreement renewed on July 1, 2007, and expires on June 30, 2009.

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

General operations	<u>\$ 475,000</u>
Natural resource projects	
Water recreation	150,000
ATV	125,000
Snowmobile trails and enforcement	115,000
Non-game wildlife management	25,000
State parks account	50,000
Forest management investment account	25,000
	<u>490,000</u>
	<u>\$ 965,000</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2008:

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

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

General operations	\$ 475,000
Deaf and hard-of hearing youth programs	26,392
Board of Water and Soil Resources	226,451
Anderson Foundation	10,000
Natural resource project funds	
Water recreation development	150,000
All-terrain vehicle trails	125,000
Snowmobile trails	115,000
Non-game wildlife	25,000
State parks	50,000
Forestry	25,000
	<u>1,227,843</u>
Less discount to net present value	<u>(38,690)</u>
	<u>\$ 1,189,153</u>

The state grant had been discounted to present value using a discount rate of 4 percent.

### 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 sponsors a Simplified Employment Pension (SEP) plan. The Plan allows for discretionary employer contributions to employees meeting eligibility requirements. The Organization's contribution was \$25,398 for the year ended June 30, 2008.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 - OPERATING LEASES

The Organization leases facilities and office space under lease and sublease agreements expiring through July 2011. The leases are subject to cancellation by either party with proper notice as specified in the agreements. The leases call for monthly payments of approximately \$5,000. Rent expense under these and other lease agreements amounted to \$94,385 for the year ended June 30, 2008.

<u>Years Ending June 30,</u>	<u>Amount</u>
2009	\$ 61,749
2010	64,383
2011	<u>66,984</u>
Total	<u>\$ 193,116</u>

### NOTE 7 - LINE OF CREDIT

Minnesota Conservation Corps has a line of credit arrangement under which it may borrow up to \$250,000 through December 1, 2008. Borrowings bear interest at 6 percent at June 30, 2008. The credit line is secured by all assets of the Organization. There was no outstanding balance as of June 30, 2008.