

# Report to Minnesota State Legislature on State Appropriations

July 1, 2009 - June 30, 2010



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

[www.conservationcorps.org](http://www.conservationcorps.org)

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\*Conservation Corps Minnesota has changed its fiscal year from July 1 to June 30 to a calendar year, starting January 1, 2010. Therefore the last audited financials are for the short year, July 1 through Dec. 31, 2009. The audit of financial statements for the 2010 calendar year will be available in May 2011.

## Purpose of this report

The purpose of this report is to provide an accurate accounting of Conservation Corps Minnesota’s expenditures of state appropriations and subsequent accomplishments for the time period July 1, 2009 through June 30, 2010. The report is created for the committees of jurisdiction in the Minnesota House of Representatives and Senate and the State Legislature in general.

## Conservation Corps Minnesota overview

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

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

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

In 2010, more than 400 youth and young adults enrolled in Conservation Corps programs. Young adult AmeriCorps members worked throughout the state to restore native habitats, improve access to outdoor recreational opportunities, and install energy conservation systems in homes. Young adults also lead youth in Conservation Corps Minnesota’s two programs for high school students: our afterschool Youth Outdoors program and residential Summer Youth Corps. All participants receive a stipend and AmeriCorps members receive an education award for college and qualified student loan expenses after completing their service term. These service-learning experiences change young people’s lives and prepare them for natural-resource, green-industry and community-leadership careers.

## Governing Legislation

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

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

*2.3 Fund Integrity: MCC (Conservation Corps Minnesota) will utilize Natural Resources Funds only for the purposes for which they were intended. MCC (Conservation Corps Minnesota) 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.*

Note: 2010 legislation changed statute references for MCC to Conservation Corps Minnesota, denoting the name change.

## Mission and initiatives

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

Our goals are to help young people from diverse backgrounds become more connected to the environment, engaged in conservation, involved in the community and prepared for future employment. In 2010, we realized our mission and accomplished our goals through the following initiatives:

**AmeriCorps opportunities for young adults, ages 18-25**, including non-residential **Field Crews** in northern, central and southern Minnesota that engage young adults in natural resource, renewable energy and emergency response work from February to December. **Seasonal Trail Crews**, working in Superior and Chippewa National Forest, spike camp for four- to eight-day stretches while they improve wilderness trails. **Home Energy Squads** work in teams of two, led by Neighborhood Energy Connection staff, to install energy-efficiency measures such as programmable thermostats, door weather stripping, low-flow shower heads and faucet aerators in Twin Cities homes. **Conservation Corps Specialists** assist DNR staff with water recreation, public engagement, stewardship and land-protection services, and they serve as liaisons between Corps field crews and DNR staff. Starting in 2011, **Conservation Apprentices** will serve at Soil and Water Conservation Districts across Minnesota, from May through August, and assist with surveying, monitoring, runoff prevention and landowner outreach. Also, the Conservation Corps will also place two apprentices at the Rural Renewable Energy Alliance in Pine River where they will be trained in solar technologies and solar heat system installations.

AmeriCorps young adults are also **Youth Leaders** for two Conservation Corps programs that engage teens, ages 15 to 18, in outdoor service-learning. Our rural residential **Summer Youth Corps** unplugs teenagers from cell phones, iPods and other modern intrusions for eight weeks over the summer. Youth begin at our St. Croix State Park base camp then spike camp through the region, working in crews of six youth and two AmeriCorps leaders each, as they restore natural resources. **Youth Outdoors**, launched in 2009, engages Twin Cities teens in service-learning 12 hours per week, afterschool and Saturdays during the school year. Youth earn a stipend while revitalizing local neighborhoods, leading volunteers and engaging in educational activities. In 2010, Conservation Corps Minnesota added a four-week summer session for disadvantaged urban youth who participate in service and educational activities at St. Croix State Park, Monday through Friday, and are transported home on weekends. For many of the participants, it is their first camping experience away from home.

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

## Corps functions

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

## 2010 Participants

This past year, 416 youth and young adults served with more than 100 project hosts, completing natural resource and energy conservation projects across the state.

PARTICIPANTS	Summer Youth Corps enrollments	85	Youth, 15 to 18
	Summer youth leaders	33	AmeriCorps members
	Youth Outdoors enrollments	60	Youth, 15 to 18
	Youth Outdoors leaders	8	AmeriCorps members
	Young adult field crew members	143	AmeriCorps members
	Seasonal Trail Crews	53	AmeriCorps members
	Home Energy Squads	26	AmeriCorps members
	Conservation Corps Specialists	5	AmeriCorps members
	AmeriCorps VISTA members	3	AmeriCorps members
	<b>TOTAL PARTICIPANTS</b>	<b>416</b>	Youth and young adults
STAFF	Full-time staff	22	staff
	Part-time and temporary staff	6	staff
	Board of directors	17	directors
OPERATIONS	Summer youth crews	13	6-member crews
	Youth Outdoors (2 school semesters & summer session)	10	6-member crews
	Young adult field crews	18	4 to 6 member crews
	Seasonal trail crews (Superior and Chippewa National Forest)	9	5-6 member crews

## Reporting period

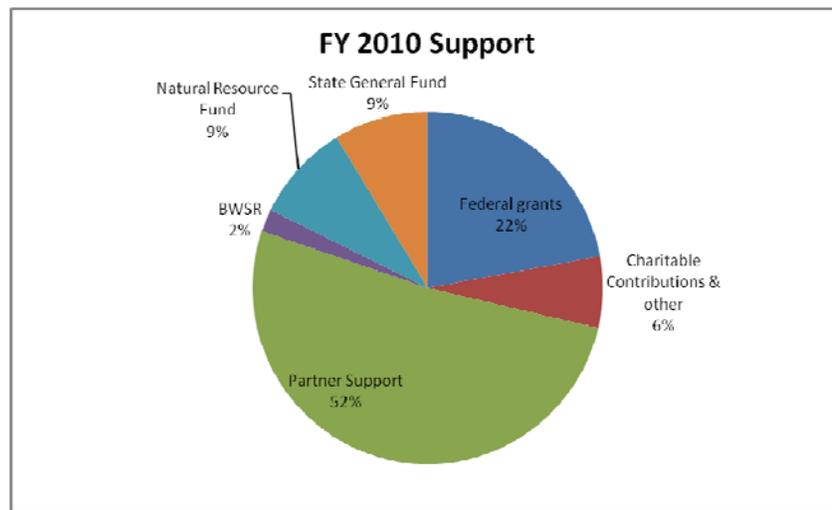
Conservation Corps Minnesota has changed its fiscal year to a calendar fiscal year, starting January 2010, replacing the previous July 1 to June 30 fiscal year. However, this report correlates with revenue and expenses during the state fiscal year, July 1, 2009 through June 30, 2010.

## Use of State funds

In the last biennial budget, Conservation Corps Minnesota was appropriated \$945,000 per year in state funds: \$455,000 in general funds and \$490,000 in dedicated Natural Resource Funds. General funds were reduced from the \$475,000 per year appropriation in the FY08-09 biennium.

	FY 2010	FY2011
General Funds	\$455,000	\$455,000
Dedicated NR Funds	\$490,000	\$490,000
<b>TOTAL</b>	<b>\$945,000</b>	<b>\$945,000</b>

In the State Fiscal Year 2010, Conservation Corps Minnesota generated almost \$2.7 million, which is more than half its revenue, from fee-for-service partner support. The chart below shows the State FY 2010 revenue breakdowns, including previously-received funds that were released from restriction to spend in FY 2010.



Revenue	Unrestricted	Restricted - released	Total
Fee-for-service partner support	2,699,273		2,699,273

Support	Unrestricted	Restricted - released	Total
Federal grant	1,158,219		1,158,219
Charitable Contributions & Other	60,946	280,483	341,429
General fund		455,000	455,000
Natural Resource Fund		471,417	471,417
Board of Water and Soil Resources		108,317	108,317
<b>TOTAL</b>			<b>5,233,655</b>

## REPORT TO DEPARTMENT OF NATURAL RESOURCES

*Note: The following information is from the Conservation Corps report to the Department of Natural Resources Commissioner's Office.*

### Use of Natural Resource Funds

Conservation Corps Minnesota is an excellent investment of state monies for 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.

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

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

### Dedicated fund account distribution

Conservation Corps Minnesota was appropriated \$490,000 of Natural Resource Fund dollars each year for biennium 2010-2011. In the agreement for FY 2010, DNR and Conservation Corps Minnesota agreed to the following dollar distribution:

2.2 Natural Resources Fund Appropriation (per fiscal year) Conservation Corps Minnesota direct appropriation of Natural Resources Funds shall be distributed at the beginning of each fiscal year in the following manner:

- a) Water Recreation Account: \$125,000  
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 & Off-Highway Vehicle Account: \$125,000  
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 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: \$50,000  
Expenditures from this account shall be for assisting in completing the objectives of the DNR Non-Game Wildlife Program.
- e) State Parks Account: \$50,000  
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.

## Conservation Corps expenditure of Natural Resource Funds by hours

	Biennium total	FY10 expended
Water Recreation	11,364	5,506
ATV/OHV Trails	11,364	5,018
Snowmobile Trails	10,454	5,158
Non-Game Wildlife	4,546	2,121
State Parks	4,546	2,273
Forestry	2,272	1,136
<b>TOTAL</b>	<b>44,546</b>	<b>21,212</b>

## Conservation Corps expenditure of Natural Resource Funds by dollars

	Biennium total	FY10 expended
Water Recreation	\$250,000	\$121,000
ATV/OHV Trails	\$250,000	\$110,000
Snowmobile Trails	\$230,000	\$113,000
Non-Game Wildlife	\$100,000	\$47,000
State Parks	\$100,000	\$50,000
Forestry	\$50,000	\$25,000
<b>TOTAL</b>	<b>\$980,000</b>	<b>\$466,000</b>

## Importance of the Natural Resource Fund to Conservation Corps Minnesota

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

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

Conservation Corps Minnesota's joint power agreement with the DNR requires an annual report that accounts for Conservation Corps Minnesota's Natural Resource Fund expenditures and accomplishments. The 2010 report to the DNR is included in its entirety in this report.

## Work Accomplishments: July 1, 2009 - June 30, 2010

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

<b>WATER RECREATION FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
Adopt-A-River Program Management	733.5	hours	733.5
Access Trail Structure Installation	85	feet	77
Animal Exlosures & Fencing	20,608	feet	315
Boundary Work & Signing	182.5	hours	182.5
Campsite Establishment & Maintenance	32	sites	801.5
Corpsmember Training	50	hours	50
Debris Removal	7015	pounds	432
Erosion Control & Slope Stabilization	725	sq. feet	60
Exotic/Invasive Species Management	5	acres	250
GIS/GPS Mapping & Data Collection	159	hours	159
Historic Bldg & Landmark Restoration	1	structures	80
Non-motorized Access Trail Construction	141	feet	100
Non-motorized Access Trail Improvement	2.4	miles	269
Planting (Trees/Shrubs/Forbes/Grasses)	27	plants	20
Public Access Maintenance	604	hours	604
River Obstruction Removal	25	miles	182
Vegetation Removal	183.25	acres	1005
Water Recreation Education	14,429	people	185
	<b>TOTAL HOURS</b>		<b>5,506</b>

<b>ATV/OHV FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
ATV Safety Training	232	hours	232
ATV/OHV Trail Construction	9	miles	865
ATV/OHV Trail Improvement & Maintenance	152	miles	2358
Boundary Work & Signing	50	hours	50
Campsite Establishment & Maintenance	12	sites	223
Construction & Carpentry	160	hours	160
Debris Removal	250	pounds	25
General Building & Grounds Maintenance	80	hours	80
Historic Bldg & Landmark Restoration	1	structures	18
Trail Structure Installation	1191	feet	962
Tree Removal	40	trees	45
	<b>TOTAL HOURS</b>		<b>5,018</b>

<b>SNOWMOBILE FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
Construction & Carpentry	156	hours	156
Exotic/Invasive Species Management	21	acres	90
Snowmobile Trail Improvement & Maintenance	126	miles	3641.5
Snowmobile Safety Training	300	hours	300
Tree Removal	302	trees	910
Vegetation Removal	2	acres	60
	<b>TOTAL HOURS</b>		<b>5,158</b>

<b>NON-GAME FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
Erosion Control & Slope Stabilization	750	sq. feet	16.5
Exotic/Invasive Species Management	31.5	acres	346
Natural Resource and Recreation Area Maintenance	165	hours	165
Planting (Trees/Shrubs/Forbes/Grasses)	4530	plants	195.5
Prescribed Burning	202	acres	232.5
Restoration Area Maintenance	2435	sq. feet	90
Tree Removal	150	trees	100
Vegetation Removal	12	acres	100
Wildlife Surveys	118	surveys	875.5
	<b>TOTAL HOURS</b>		<b>2,121</b>

<b>STATE PARKS FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
Animal Enclosures & Fencing	2175	feet	470
Boundary Work & Signing	87	hours	87
Debris Removal	4000	pounds	216
General Building & Grounds Maintenance	74	hours	74
Non-motorized Trail Construction	111	feet	58
Non-motorized Trail Improvement/Maintenance	7.25	miles	989
Trail Structure Installation	185	feet	199
Tree Removal	23	trees	160
Vegetation Removal	1	acres	20
	<b>TOTAL HOURS</b>		<b>2,273</b>

<b>FORESTRY FUND</b>	<b>AMOUNT</b>	<b>UNITS</b>	<b>HOURS</b>
Boundary Work & Signing	40	hours	40
Exotic/Invasive Species Management	70	acres	400
Motorized Trail Improvement & Maintenance	8600	feet	75
Non-motorized Trail Improvement & Maintenance	400	feet	40
Prescribed Burning	541	acres	292
Timber Stand Improvement/Pine Release/Pruning	25.5	acres	199
Trail Structure Installation	12	feet	50
Tree Removal	65	trees	40
	<b>TOTAL HOURS</b>		<b>1,136</b>

## Fund management

Conservation Corps Minnesota uses the following procedure to ensure the Natural Resource Funds are properly accounted for:

1. Conservation Corps field staff and a potential project host discuss a project that qualifies under the Natural Resources Fund definition.
2. Conservation Corps and the project host agree on the scope, terms, timing and goals of the project.
3. Conservation Corps and the project host sign a contract that outlines these items and indicates the Natural Resources Fund as the project funding source.
4. Conservation Corps assigns an internal project number to track the project and funding source.
5. Conservation Corps crews complete the project.
6. Conservation Corps Minnesota tracks the hours used on the project with timesheets and the payroll system. Conservation Corps also tracks the work accomplished for each project through a Survey of Accomplished Work (SAW) reporting system.

## Use of General Fund dollars

The Minnesota State Legislature appropriated \$455,000 in state general funds to Conservation Corps Minnesota for fiscal year 2010 and \$455,000 for fiscal year 2011. These dollars have been essential to Conservation Corps Minnesota's continued operation. Without these general fund dollars, the Corps would not be able to:

**Fund general operating expenses:** General funds have been used to cover front-end costs, including a portion of general operating and administrative expenses. General funds provide base revenue for resources needed to adequately train, equip and support youth and young adults enrolled in Conservation Corps Minnesota programs. We could not operate at our current level without these funds.

**Operate both Summer Youth Corps and Youth Outdoors programs:** Our summer and afterschool youth programs have had proven success, and they exceeded almost every outcome goal both programs have established. The service youth provide in restoring resources and leading community volunteers, and the environmental science, technology and job-skills training they receive, is a life-changing experience for more than 165 youth annually. With general fund dollars providing a base level of support, the Summer Youth Corps and the Youth Outdoors programs are able to generate additional dollars through project partner and foundation support.

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

## Conservation Corps Minnesota contributions to the state

With General Fund dollars as the catalyst, Conservation Corps Minnesota was able to positively impact the lives of more than 400 youth and young adults last year. Beyond the impact on program participants, Conservation Corps Minnesota improves the quality of life of countless Minnesotans by conserving natural resources and energy.

In 2010, Conservation Corps Minnesota completed 317,488 hours of work that improved the environment, communities and individual corpsmembers' lives. Whether maintaining recreational trails, restoring native habitats or installing energy-saving measures in homes, Conservation Corps projects are important to the health of Minnesota.

Conservation Corps Minnesota also plays a crucial role in responding to natural disasters such as floods, tornadoes and wildfires. All young adult corpsmembers are “Red Card Certified,” which enables them to respond to calls to suppress wildfires. Conservation Corps Minnesota works closely with the Interagency Fire Center in Grand Rapids, Minn. to dispatch crews effectively and efficiently.

## **Financial management systems**

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

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

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

## **Current board of directors**

John Velin, Chair

Former Executive Director — Legislative-Citizen Commission on Minnesota Resources

Robby Callahan Schreiber, First Vice Chair

Youth Programs Director — Science Museum of Minnesota  
Summer Youth Corps Alumnus

John Lilly, Second Vice Chair

Former manager — Minnesota DNR Parks and Recreation Division

Barbara Sommer, Secretary

Oral historian, presenter and author for museums and historical research projects nationwide  
Civilian Conservation Corps historian and award-winning book author  
Former Carlton County Historical Society Director

JerJian Koh, Treasurer

Auditor and Supervisor — Boyum & Barescheer PLLP  
Holds CPA, CIA and MBA

Paul Bergstrom

Civil Engineering Student — University of Minnesota  
Conservation Corps Young Adult Field Crew Alumnus

Neil Cunningham

Outreach Coordinator — Minnesota Department of Agriculture  
Former faculty — University of Minnesota, Metropolitan State University, Capella University

John Degan

Attorney — Blue Cross Blue Shield

Monty Dehn

Civilian Conservation Corps Alumnus

Rolf Hagberg

Owner — Rolf Hagberg Photography

Former Camp Director — Youth Conservation Corps and Young Adult Conservation Corps  
Conservation Corps Minnesota founding board member and former Development Director

David Hile

Retired Hennepin County Law Enforcement Professional

Tom Jahnke

Former Three Rivers Park District Senior Manager of Forestry and Horticulture

Anna Kucera

Senior Marketing Manager — National Multiple Sclerosis Society, Minnesota Chapter

Board of directors marketing subcommittee — Dodge Nature Center

Communications committee — Minnesota Council of Nonprofits

Mike Nevala

Principal Environmental Scientist — Metropolitan Council

Summer Youth Corps alumna parent

Mark Skeie

Founder of Mapping Your Retirement, Inc

Former 3M department and project manager

Janet Timmerman

Historic Site Guide — Minnesota State Historical Society

Former educator — Center for Rural & Regional Studies, Southwest Minnesota State University

Former State Advisory Board member — DNR Youth Programs

Financial Statements  
December 31, 2009

# Conservation Corps



# CONSERVATION CORPS

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CPAs & BUSINESS ADVISORS

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of **Conservation Corps** (Organization) as of December 31, 2009, and the related statements of activities and changes in net assets, cash flows and functional expenses for the six months ended December 31, 2009. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2009 financial statements, and in our report dated October 7, 2009, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*. 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 **Conservation Corps** as of December 31, 2009, and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2010, on our consideration of **Conservation Corps**' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Eide Bailly LLP*

Minneapolis, Minnesota  
May 25, 2010

**CONSERVATION CORPS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	<u>December 31, 2009</u>	<u>June 30, 2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 953,015	\$ 182,931
Grants receivable	904,701	945,000
Accounts receivable	383,350	726,347
Prepaid expenses	23,558	44,340
	<u>2,264,624</u>	<u>1,898,618</u>
LONG-TERM GRANTS RECEIVABLE, net of present value adjustment	-	904,701
EQUIPMENT, net of accumulated depreciation of \$175,394	42,519	46,651
<b>OTHER ASSETS</b>		
Deposits	9,133	9,133
	<u>\$ 2,316,276</u>	<u>\$ 2,859,103</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 80,428	\$ 128,689
Accrued expenses		
Payroll	58,295	178,401
Compensated absences	30,998	30,507
	<u>169,721</u>	<u>337,597</u>
<b>NET ASSETS</b>		
Unrestricted, general operating	684,876	553,695
Unrestricted, board designated	18,054	18,054
	<u>702,930</u>	<u>571,749</u>
Temporarily restricted	1,443,625	1,949,757
	<u>2,146,555</u>	<u>2,521,506</u>
	<u>\$ 2,316,276</u>	<u>\$ 2,859,103</u>

**CONSERVATION CORPS**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	December 31, 2009			June 30, 2009
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
Federal grant	\$ 636,021	\$ -	\$ 636,021	\$ 574,764
Contributions	21,501	45,000	66,501	132,791
In-kind contributions	4,145	-	4,145	21,259
State grant	-	-	-	1,874,701
Revenue				
Partner support	1,276,285	-	1,276,285	1,658,732
Interest	4,701	-	4,701	16,645
Miscellaneous	-	-	-	4,978
Total support and revenue	<u>1,942,653</u>	<u>45,000</u>	<u>1,987,653</u>	<u>4,283,870</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	 <u>551,132</u>	 <u>(551,132)</u>	 <u>-</u>	 <u>-</u>
 <b>EXPENSES</b>				
Program services				
Youth programs	464,482	-	464,482	653,220
Young adult programs	1,733,802	-	1,733,802	2,554,955
Management and general	141,574	-	141,574	351,103
Fundraising	22,746	-	22,746	57,554
Total expenses	<u>2,362,604</u>	<u>-</u>	<u>2,362,604</u>	<u>3,616,832</u>
 CHANGE IN NET ASSETS	 131,181	 (506,132)	 (374,951)	 667,038
 NET ASSETS, BEGINNING OF YEAR	 <u>571,749</u>	 <u>1,949,757</u>	 <u>2,521,506</u>	 <u>1,854,468</u>
 NET ASSETS, END OF YEAR	 <u>\$ 702,930</u>	 <u>\$ 1,443,625</u>	 <u>\$ 2,146,555</u>	 <u>\$ 2,521,506</u>

**CONSERVATION CORPS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	<u>December 31, 2009</u>	<u>June 30, 2009</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (374,951)	\$ 667,038
Adjustments to reconcile net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation	12,877	25,994
Changes in assets and liabilities		
Grants receivable	945,000	(884,701)
Accounts receivable	342,997	(364,246)
Prepaid expenses	20,782	(23,145)
Education award liability	-	(6,991)
Accounts payable	(48,261)	44,282
Accrued expenses	(119,615)	38,820
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	<u>778,829</u>	<u>(502,949)</u>
INVESTING ACTIVITIES		
Purchase of equipment	<u>(8,745)</u>	<u>(7,539)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>770,084</u>	<u>(510,488)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>182,931</u>	<u>693,419</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 953,015</u></u>	<u><u>\$ 182,931</u></u>

**CONSERVATION CORPS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	Program Services		
	Youth Programs	Young Adult Programs	Total
EXPENSES			
Staff salaries and FICA	\$ 85,537	\$ 302,353	\$ 387,890
Staff benefits	9,533	40,477	50,010
Corpsmember living allowance and FICA	243,399	827,016	1,070,415
Corpsmember benefits	12,345	77,847	90,192
Workers compensation	3,635	12,765	16,400
Direct program	29,519	163,007	192,526
Fleet, communications and training	51,776	217,800	269,576
Insurance	3,817	12,574	16,391
Space cost and utilities	13,696	44,856	58,552
Office supplies & depreciation	4,645	11,299	15,944
Professional fees	4,477	10,666	15,143
Marketing	20	2,430	2,450
Staff travel	1,930	6,020	7,950
Recruitment	153	2,226	2,379
Other	-	2,466	2,466
Financial and bank fees	-	-	-
TOTAL EXPENSES	<u>\$ 464,482</u>	<u>\$ 1,733,802</u>	<u>\$ 2,198,284</u>
PERCENT TO TOTAL	<u>20%</u>	<u>73%</u>	<u>93%</u>

<u>Supporting Services</u>		
<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 72,902	\$ 6,532	\$ 467,324
12,600	1,123	63,733
-	-	1,070,415
-	-	90,192
540	-	16,940
24	-	192,550
746	53	270,375
2,332	-	18,723
1,119	-	59,671
5,948	738	22,630
35,000	13,940	64,083
3,809	295	6,554
2,048	65	10,063
-	-	2,379
4,327	-	6,793
179	-	179
<u>\$ 141,574</u>	<u>\$ 22,746</u>	<u>\$ 2,362,604</u>
<u>6%</u>	<u>1%</u>	<u>100%</u>

**CONSERVATION CORPS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

The Conservation Corps (Organization) provides meaningful work for young people in managing natural resources, responding to disasters, conserving energy and leading volunteers. In addition to training in resource management, safety, job-readiness and technical skills, the Organization helps young people develop personal responsibility, a strong work ethic and greater awareness of environmental stewardship.

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

In January 2010, the Minnesota Conservation Corps (MCC) changed its name and logo to Conservation Corps to better reflect the Organization's work as it launched a smaller model of its AmeriCorps program, Conservation Corps Iowa, in Ames. The Organization's goals are to help young people from diverse backgrounds become more connected to the environment, engaged in conservation, involved in the community and prepared for future employment through the following initiatives:

**AmeriCorps opportunities for young adults, ages 18-25**, including non-residential **Field Crews** in northern, central and southern Minnesota and central Iowa that engage young adults in natural resource, renewable energy and emergency response work from February to December. **Home Energy Squads** work year-round installing energy-saving measures such as weather-stripping and programmable thermostats in Twin Cities homes. **Seasonal Trail Crews**, working in the Superior and Chippewa National Forests, spike camp for four- to eight-day stretches while they improve backcountry trails.

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### *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 (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (includes previous Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has no permanently restricted net assets.

### *Cash and Cash Equivalents*

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

### *Support and Revenue Recognition*

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

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

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

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

The carrying amount of accounts receivable may be reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance was deemed necessary for the six months ended December 31, 2009.

## NOTES TO FINANCIAL STATEMENTS

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### *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 FASB ASC 958, *Not-for-Profit Entities* (includes previous SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Property, services and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

### *Functional Expenses Allocation*

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

### *Income Taxes*

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

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*) on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of December 31, 2009, the unrecognized tax benefit accrual was zero.

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10.

### *Use of Estimates*

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

## NOTES TO FINANCIAL STATEMENTS

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### *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 \$12,877 for the six months ended December 31, 2009.

### *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

### *Subsequent Events*

The Organization has evaluated subsequent events through May 25, 2010, the date which the financial statements were available to be issued.

## **NOTE 2 - CONCENTRATION**

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

At December 31, 2009, grants receivable was comprised of one major multi-year grant totaling \$904,701.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - GRANTS RECEIVABLE

Grants at December 31, 2009 to be received in future periods are as follows:

Grants receivable	
Grants receivable in less than one fiscal year	\$ 945,000
Less discount to net present value	<u>(40,299)</u>
Total grants receivable, net	<u>\$ 904,701</u>

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

### NOTE 4 - MINNESOTA CONSERVATION CORPS TRANSFER

Effective July 1, 2003, the Legislature of the State of Minnesota transferred the Conservation Corps (CC) out of the DNR to CC. The state transferred the entity to ensure the continued operation of the CC 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 CC are based on usage and are consistent with those charged within the DNR and the State of Minnesota. Expenses incurred for the use and access to the equipment and services were \$185,085 for the six months ended December 31, 2009.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2009:

General operations	\$ 682,500
General operations - youth programs	55,000
Anderson Foundation	30,000
Carl & Verna Schmidt Foundation	5,000
Natural resource project funds	
Water recreation development	170,342
All-terrain vehicle trails	198,782
Snowmobile trails	172,530
Non-game wildlife	87,070
State parks	25,000
Forestry	57,700
	<u>1,483,924</u>
Less discount to net present value	<u>(40,299)</u>
	<u>\$ 1,443,625</u>

Net assets released from restrictions during the six months ended December 31, 2009 were comprised of the following:

General operations	\$ 227,500
General operations - youth programs	55,056
Natural resource project funds	
Water recreation development	79,668
All-terrain vehicle trails	51,216
Snowmobile trails	57,464
Non-game wildlife	12,936
State parks	50,000
Forestry	17,292
	<u>\$ 551,132</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 - RETIREMENT PLAN

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

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

The Organization’s contribution was \$16,520 for the six months ended December 31, 2009.

### NOTE 7 - OPERATING LEASES

The Organization leases facilities and office space under lease and sublease agreements expiring through July 2011. The leases are subject to cancellation by either party with proper notice as specified in the agreements. The leases call for monthly payments of approximately \$5,400. Rent expense under these and other lease agreements amounted to \$57,483 for the six months ended December 31, 2009.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2010	\$ 84,722
2011	43,020
2012	2,000
	<u>\$ 129,742</u>

### NOTE 8 - LINE OF CREDIT

The Organization has a line of credit arrangement under which it may borrow up to \$250,000 through November 30, 2010. Borrowings bear interest at 4.5 percent at December 31, 2009. The credit line is secured by all assets of the Organization. There was no outstanding balance as of December 31, 2009.