

Report to Minnesota State Legislature on State Appropriations

July 1, 2010 - June 30, 2011



Conservation Corps Minnesota
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Purpose of this report

The purpose of this report is to provide an accurate accounting of Conservation Corps Minnesota's expenditures of state appropriations and subsequent accomplishments for the time period July 1, 2010 through June 30, 2011. 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 2011, more than 500 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, install energy conservation systems in homes and apprentice with natural resource professionals from Minnesota Soil and Water Conservation Districts. Young adults also led youth in Conservation Corps Minnesota's two programs for high school students: our afterschool Youth Outdoors program and residential Summer Youth Corps. All participants received a stipend and AmeriCorps members received 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, 2011.

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 2011, 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 the Superior and Chippewa National Forests, 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** serve at Soil and Water Conservation Districts across Minnesota, from May through August, assisting with surveying, monitoring, runoff prevention and landowner outreach. In 2011, the Conservation Corps also placed two apprentices at the Rural Renewable Energy Alliance in Pine River where they were 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** 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.

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.

2011 Participants

This past year, 515 youth and young adults served with 139 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	84	Youth, 15 to 18
	Youth Outdoors leaders	13	AmeriCorps members
	Young Adult Field Crew members	186	AmeriCorps members
	Seasonal Trail Crew members	52	AmeriCorps members
	Home Energy Squad members	25	AmeriCorps members
	Conservation Corps specialists	7	AmeriCorps members
	Apprenticeship Academy members	30	AmeriCorps members
	TOTAL PARTICIPANTS	515	Youth and young adults
STAFF	Full-time staff	27	staff
	Part-time and temporary staff	1	staff
	Board of directors	13	directors
OPERATIONS	Summer youth crews	13	6-member crews
	Youth Outdoors (2 school semesters & summer session)	14	6-member crews
	Young adult field crews	31	4 to 6 member crews
	Seasonal trail crews (Superior and Chippewa National Forest)	9	5 to 6 member crews

Reporting period

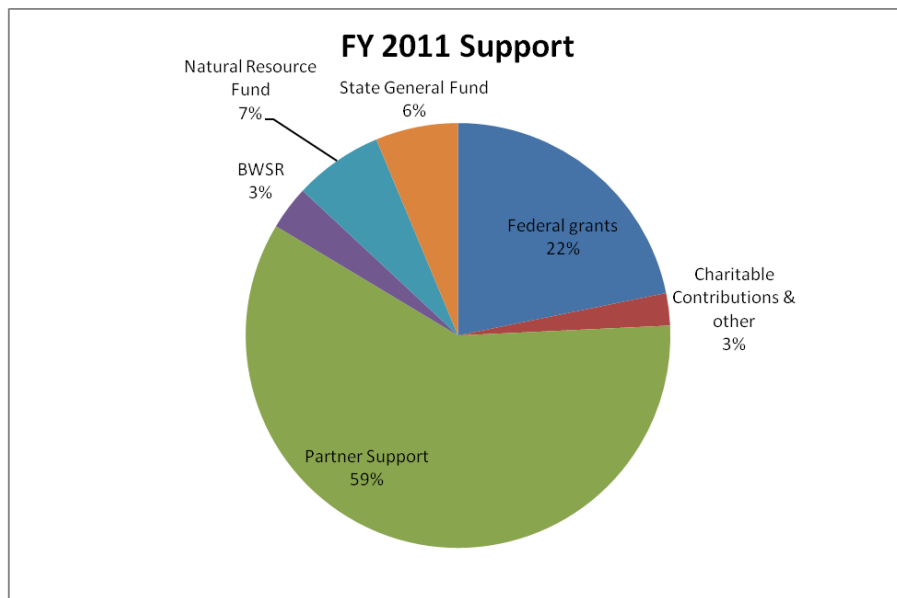
Conservation Corps Minnesota changed its fiscal year to a calendar fiscal year, starting January 2010, replacing the previous July 1 to June 30 fiscal year. However, this report correlates with revenue and expenses during the state fiscal year, July 1, 2010 through June 30, 2011.

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
TOTAL	\$945,000	\$945,000

In the State Fiscal Year 2011, Conservation Corps Minnesota generated almost \$4.3 million, which is more than half its revenue, from fee-for-service partner support. The chart below shows the State FY 2011 revenue breakdowns, including previously-received funds that were released from restriction to spend in FY 2011. The three-week state shutdown temporarily disrupted our ability to expend funds and work in state facilities.



Revenue	Unrestricted	Restricted - released	Total
Fee-for-service partner support	4,300,285		4,300,285

Support	Unrestricted	Restricted - released	Total
Federal grant	1,578,576		1,578,576
Charitable Contributions & Other	115,559	62,500	178,059
General fund		455,000	455,000
Natural Resource Fund		490,000	490,000
Board of Water and Soil Resources	241,302		241,302
TOTAL			7,243,222

REPORT TO DEPARTMENT OF NATURAL RESOURCES

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 2011 report to the DNR is included in its entirety in this report.

Use and importance of Natural Resource Funds for Conservation Corps

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 corpmembers receive from natural-resource professionals, all of which contribute to developing corpmember life-work skills and personal career goals.

The Natural Resource Fund (NRF) 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 corpmember experiences, compatible with the Corps mission.
- Corpmembers 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 2011, 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 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	FY 11 expended
Water Recreation	11,364	5,506	5,858
ATV/OHV Trails	11,364	5,018	6,346
Snowmobile Trails	10,454	5,158	5,296
Non-Game Wildlife	4,546	2,121	2,425
State Parks	4,546	2,273	2,273
Forestry	2,272	1,136	1,136
TOTAL	44,546	21,212	23,334

Conservation Corps expenditure of Natural Resource Funds by dollars

	Biennium total	FY10 expended	FY11 expended
Water Recreation	\$250,000	\$121,000	\$129,000
ATV/OHV Trails	\$250,000	\$110,000	\$140,000
Snowmobile Trails	\$230,000	\$113,000	\$117,000
Non-Game Wildlife	\$100,000	\$47,000	\$53,000
State Parks	\$100,000	\$50,000	\$50,000
Forestry	\$50,000	\$25,000	\$25,000
TOTAL	\$980,000	\$466,000	\$514,000

Work Accomplishments: July 1, 2010 - June 30, 2011

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.

Water Recreation Fund	Amount	Units	Hours
Boundary Work & Signing	557	hours	557
Community Outreach	150	hours	150
Construction / Carpentry	215	hours	215
Debris Removal - Litter pick up	9,745	pounds	760
Water Recreation Specialist Management	1,555	hours	1,555
Dock/Pier Construction	115	feet	140
Environmental Education	1,170	people	163
Exotic Species Management	3	acres	390
General Program Work	131	hours	131
Planting	50	trees	142
Seeding	3,033	sq. feet	66
Surveying / Data Collection	120	hours	120
Training	96	hours	96
Vegetation Removal	23	acres	1,293
Water Quality Sampling	75	samples	80
TOTAL HOURS			5,858

ATV/OHV Fund	Amount	Units	Hours
ATV Safety Training	521	hours	521
ATV/OHV Trail Construction	2,632	feet	170
ATV/OHV Trail Maintenance	205	miles	4,022
Boundary Work & Signing	185	hours	185
Campsite Maintenance	16	sites	138
Construction / Carpentry	311	hours	311
Erosion Control / Slope Stabilization	4,712	sq. feet	60
General Building & Grounds Maintenance	131	hours	131
Trail Structure Installation	507	feet	595
Tree Removal	42	trees	160
Vegetation Removal	0.5	acres	53
TOTAL HOURS			6,346

Snowmobile Fund	Amount	Units	Hours
Boundary Work & Signing	20	hours	20
Construction / Carpentry	190	hours	190
Snowmobile Safety Training	420	hours	420
Snowmobile Trail Construction	614	feet	80
Snowmobile Trail Improvement / Maintenance	163	miles	4,476
Trail Structure Installation	702	feet	110
TOTAL HOURS			5,296

Non-Game Fund	Amount	Units	Hours
Animal Exlosures / Fencing	24	feet	25
Boundary Work & Signing	100	hours	100
Campsite Maintenance	2	sites	50
Construction / Carpentry	50	hours	50
Erosion Control / Slope Stabilization	8,950	sq. feet	260
Exotic Species Management	10	acres	224
Recreation Area Facility Maintenance	75	hours	75
Planting	500	trees	80
Surveying / Data Collection	86	hours	86
Tree & Plant Surveys	73	surveys	170
Tree Removal	137	trees	205
Wildlife Surveys	87	surveys	1,100
TOTAL HOURS			2,425

State Parks Fund	Amount	Units	Hours
Animal Exlosures / Fencing	9,248	feet	714
Non-motorized Trail Construction	7,078	feet	785
Non-motorized Trail Improvement / Maintenance	8	miles	711
Trail Structure Installation	420	feet	63
TOTAL HOURS			2,273

Forestry Fund	Amount	Units	Hours
Boundary Work & Signing	60	hours	60
Construction / Carpentry	60	hours	60
Exotic Species Management	11	acres	250
Forest Seed Collection	127	hours	127
Nursery Activities	90	hours	90
Timber Stand Improvement	38	acres	300
Tree Removal	30	trees	99
Vegetation Removal	1	acre	90
Wildlife Structure Construction & Installation	3	structures	60
TOTAL HOURS			1,136

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 NRF 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 NRF 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 \$355,000 in state general funds to Conservation Corps Minnesota for fiscal year 2011 and \$256,000 for fiscal year 2012. 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 proven successful, exceeding 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 500 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 2011, Conservation Corps Minnesota completed 421,014 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

Technical Editor — Minnesota Department of Natural Resources
Adjunct faculty — Capella University’s Writing Program
Writing Consultant — Writing Center, Navy War College

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
(Concluded board service June, 2011)

David Hile

Retired Hennepin County law enforcement professional

Tom Jahnke

Former Three Rivers Park District Senior Manager of Forestry and Horticulture
(Concluded board service June, 2011)

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, 2010

Conservation Corps

Conservation Corps

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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, 2010, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year ended December 31, 2010. 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 period summarized comparative information has been derived from the Organization's December 31, 2009 financial statements, and in our report dated May 25, 2010, 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 the Organization as of December 31, 2010, 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.

In accordance with Government Auditing Standards, we have also issued a report dated May 24, 2011, on our consideration of the Organization's 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota
May 24, 2011

Conservation Corps
Statements of Financial Position
December 31, 2010 (With Comparative Totals for December 31, 2009)

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,145,336	\$ 953,015
Grants receivable	-	904,701
Accounts receivable	503,021	383,350
Prepaid expenses	49,493	23,558
Total current assets	2,697,850	2,264,624
Equipment, Net of Accumulated Depreciation of \$199,728	41,846	42,519
Other Assets		
Deposits	9,133	9,133
	\$ 2,748,829	\$ 2,316,276
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 105,235	\$ 80,428
Accrued expenses		
Payroll	74,497	58,295
Compensated absences	38,328	30,998
Total current liabilities	218,060	169,721
Net Assets		
Unrestricted, general operating	1,273,774	684,876
Unrestricted, board designated	18,054	18,054
	1,291,828	702,930
Temporarily restricted	1,238,941	1,443,625
	2,530,769	2,146,555
	\$ 2,748,829	\$ 2,316,276

Conservation Corps
Statements of Activities and Changes in Net Assets
Year Ended December 31, 2010
(With Comparative Totals for the Six Months Ended December 31, 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Support				
Federal grant				
AmeriCorps	\$ 636,353	\$ -	\$ 636,353	\$ 285,212
American Recovery and Reinvestment Act	667,803	-	667,803	350,809
Contributions	25,543	209,372	234,915	66,501
In-kind contributions	5,766	-	5,766	4,145
State grant	25,769	1,040,299	1,066,068	-
Revenue				
Partner support	3,910,708	-	3,910,708	1,276,285
Interest	9,724	-	9,724	4,701
Miscellaneous	1,190	-	1,190	-
Total support and revenue	<u>5,282,856</u>	<u>1,249,671</u>	<u>6,532,527</u>	<u>1,987,653</u>
Net Assets Released from Restrictions	<u>1,454,355</u>	<u>(1,454,355)</u>	<u>-</u>	<u>-</u>
Expenses				
Program services				
Youth programs	901,726	-	901,726	464,482
Young adult programs	4,783,062	-	4,783,062	1,733,802
Management and general	410,496	-	410,496	141,574
Fundraising	53,029	-	53,029	22,746
Total expenses	<u>6,148,313</u>	<u>-</u>	<u>6,148,313</u>	<u>2,362,604</u>
Change in Net Assets	588,898	(204,684)	384,214	(374,951)
Net Assets, Beginning of Year	<u>702,930</u>	<u>1,443,625</u>	<u>2,146,555</u>	<u>2,521,506</u>
Net Assets, End of Year	<u>\$ 1,291,828</u>	<u>\$ 1,238,941</u>	<u>\$ 2,530,769</u>	<u>\$ 2,146,555</u>

Conservation Corps
Statements of Cash Flows
Year Ended December 31, 2010

(With Comparative Totals for the Six Months Ended December 31, 2009)

	2010	2009
Operating Activities		
Change in net assets	\$ 384,214	\$ (374,951)
Adjustments to reconcile net assets to net cash and cash equivalents from operating activities		
Depreciation	24,334	12,877
Changes in assets and liabilities		
Grants receivable	904,701	945,000
Accounts receivable	(119,671)	342,997
Prepaid expenses	(25,935)	20,782
Accounts payable	24,807	(48,261)
Accrued expenses	23,532	(119,615)
	1,215,982	778,829
Net Cash from Operating Activities		
Investing Activities		
Purchase of equipment	(23,661)	(8,745)
	1,192,321	770,084
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year	953,015	182,931
Cash and Cash Equivalents, End of Year	\$ 2,145,336	\$ 953,015

Conservation Corps
Statements of Functional Expenses
Year Ended December 31, 2010

(With Comparative Totals for the Six Months Ended December 31, 2009)

	Program Services			Supporting Services		Total	2009 Total
	Youth Programs	Young Adult Programs	Total	Management and General	Fundraising		
Expenses							
Staff salaries and FICA	\$ 177,365	\$ 645,485	\$ 822,850	\$ 225,846	\$ 33,406	\$ 1,082,102	\$ 467,324
Staff benefits	20,076	86,072	106,148	39,171	4,892	150,211	63,733
Corpsmember living allowance and FICA	418,450	2,473,859	2,892,309	-	-	2,892,309	1,070,415
Corpsmember benefits	16,141	204,385	220,526	-	-	220,526	90,192
Workers compensation	7,687	42,061	49,748	1,138	-	50,886	16,940
Direct program	101,834	433,824	535,658	585	-	536,243	192,550
Fleet, communications and training	107,942	689,320	797,262	3,271	-	800,533	270,375
Insurance	4,369	22,172	26,541	2,604	-	29,145	18,723
Space cost and utilities	24,599	127,771	152,370	2,963	-	155,333	59,671
Office supplies and depreciation	7,444	24,667	32,111	23,236	389	55,736	22,630
Professional fees	3,476	3,196	6,672	77,259	13,320	97,251	64,083
Marketing	2,873	7,046	9,919	11,682	499	22,100	6,554
Staff travel	4,408	12,681	17,089	6,238	228	23,555	10,063
Recruitment	1,915	5,076	6,991	-	-	6,991	2,379
Other	3,147	5,447	8,594	12,915	295	21,804	6,793
Miscellaneous expenses	-	-	-	3,035	-	3,035	-
Financial and bank fees	-	-	-	553	-	553	179
Total Expenses	\$ 901,726	\$ 4,783,062	\$ 5,684,788	\$ 410,496	\$ 53,029	\$ 6,148,313	\$ 2,362,604
Percent to Total	15%	78%	92%	7%	1%	100%	

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 Friends of the Minnesota Conservation Corps changed its legal name to Conservation Corps and is doing business as Conservation Corps Minnesota & Iowa to better reflect the Organization's work as it launched a smaller model of its AmeriCorps field crew program 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 National Forests, spike camp for eight-day stretches while they improve backcountry trails. Conservation Corps Specialists are placed in several Minnesota Department of Natural Resources outreach, water recreation and GIS service positions. Others serve as interpreters and resource specialists at the Forest History Center in Grand Rapids, Minnesota.

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 Corps 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 diverse urban teens from disadvantaged neighborhoods in out-of-school educational activities and service-learning projects during 12-week fall and spring school semesters and a four-week summer session. Youth earn a stipend while revitalizing local neighborhoods, managing natural resources and leading volunteers.

In 2010, Conservation Corps Minnesota received Legislative-Citizen Commission on Minnesota Resources funding to launch the Conservation Apprenticeship Academy in the summer 2011. Conservation Corps apprentices will serve in Minnesota Soil and Water Conservation Districts throughout Minnesota.

All Conservation Corps programs devote 20% 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.

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 temporarily restricted net assets and releases from restrictions 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 December 31, 2010.

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 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). As of December 31, 2010, no amounts were recorded as a result of this analysis. If the Organization is subject to interest or penalties on underpaid income taxes, they will be recorded as income tax expense. Under normal circumstances, the Organization is no longer subject to Federal and state tax examinations by tax authorities for years before 2008.

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 \$24,334 for the year ended December 31, 2010.

Comparative Financial Information

The financial statements include certain prior period 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 six months ended December 31, 2009, 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. A significant reduction in the level of support from these entities may have an impact on the Organization's ability to continue its programs and services.

Note 3 - Minnesota Conservation Corps Transfer

Effective July 1, 2003, the Legislature of the State of Minnesota transferred the Conservation Corps out of the DNR to Conservation Corps. The state transferred the entity to ensure the continued operation of the Conservation Corps 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 Conservation Corps 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 \$430,095 for the year ended December 31, 2010.

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

The joint powers agreement also identifies appropriations to Conservation Corps out of the state's general and natural resources fund in equal amounts for the state's fiscal years 2010 and 2011. The funds remaining are appropriated in 2010 for the following purposes:

General operations	\$	202,273
Natural resource projects		
Water recreation		94,011
All-terrain vehicle trails		74,410
Snowmobile trails and enforcement		87,120
Non-game wildlife management		40,491
Forestry		22,792
		318,824
	\$	521,097

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2010:

General operations	\$	202,273
Board of Water & Soil Resources		662,422
Betty A Lewis University Environmental Charitable Trust		5,422
Best Buy Children's Foundation		5,000
Fred C & Katherine B Andersen Foundation		30,000
Pentair Foundation Grant		5,000
Carl & Verna Schmidt Foundation		10,000
Natural resource project funds		
Water recreation development		94,011
All-terrain vehicle trails		74,410
Snowmobile trails		87,120
Non-game wildlife		40,491
Forestry		22,792
		1,238,941
	\$	1,238,941

Net assets released from restrictions during the year ended December 31, 2010 were comprised of the following:

General operations	\$ 480,227
Natural resource project funds	
Water recreation development	76,315
All-terrain vehicle trails	124,369
Snowmobile trails	85,427
Non-game wildlife	46,573
State parks	50,000
Forestry	9,916
Board of Water & Soil Resources	337,578
Youth Programs	
McKnight Foundation	20,000
St Paul Foundation	8,500
Bigelow Foundation	8,500
McNeely Foundation	8,000
Anderson Foundation	30,000
Best Buy	10,000
Frederick & Margaret L Weyerhaeuser Foundation	29,000
Saint Paul Garden Club Inc	1,450
McKnight Foundation	20,000
Fennegens	1,000
Walmart	27,000
St Paul Foundation	25,000
Smartwool Foundation	2,500
F R Bigelow Foundation	25,000
Loyd K Johnson Foundation	10,000
McNeely Foundation	8,000
Xcel Energy Foundation	5,000
Southern District Bluffland Restoration	
Carl & Verna Schmidt Foundation	5,000
	\$ 1,454,355

Note 5 - Retirement Plan

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

Employee Deferral	Employer Match
1%	2%
2%	4%

The Organization’s contribution was \$36,619 for the year ended December 31, 2010.

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 \$6,500. Rent expense under these and other lease agreements amounted to \$150,803 for the year ended December 31, 2010.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2011	\$ 77,478
2012	11,400
	\$ 88,878

Note 7 - Line of Credit

The Organization has a line of credit arrangement under which it may borrow up to \$250,000 through November 30, 2011. Borrowings bear interest at 4.5% at December 31, 2010. The credit line is secured by all assets of the Organization. There was no outstanding balance as of December 31, 2010.

Note 8 - Subsequent Events

The Organization has evaluated subsequent events through May 24, 2011, the date which the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events.