Financial Statements

Conservation Corps

St. Paul, Minnesota

For the Years Ended
December 31, 2020 and 2019

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

Conservation Corps
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December 31, 2020 and 2019

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ABDO EICK & MEYERS LLP
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Conservation Corps
St. Paul, Minnesota

Reports on the Financial Statements

We have audited the accompanying financial statements of Conservation Corps (the Organization), a Minnesota not-for-profit corporation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of the Organization's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 25, 2021

FINANCIAL STATEMENTS

Conservation Corps

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 3,923,966	$ 2,239,200
Investments	663,495	653,438
Accounts receivable	823,567	1,172,942
Grants receivable	22,500	197,120
Prepaid expenses	139,537	188,728
Total Current Assets	5,573,065	4,451,428
Property and Equipment		
Equipment	756,159	738,034
Leasehold improvements	1,306	1,306
Software	94,561	94,561
Work in process	33,897	-
Less accumulated depreciation	(672,419)	(584,751)
Net Property and Equipment	213,504	249,150
Deposits - lease security deposits	1,921	3,821
Total Assets	$ 5,788,490	$ 4,704,399
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 87,691	$ 77,915
Accrued expenses		
Accrued payroll	130,626	93,376
Compensated absences payable	70,116	66,420
Total Liabilities	288,433	237,711
Net Assets		
Net assets without donor restrictions		
General operating	4,003,672	3,136,092
Board designated	653,438	653,438
Total net assets without donor restrictions	4,657,110	3,789,530
Net assets with donor restrictions	842,947	677,158
Total Net Assets	5,500,057	4,466,688
Total Liabilities and Net Assets	$ 5,788,490	$ 4,704,399

See Independent Auditor's Report and Notes to the Financial Statements.

Conservation Corps

Statements of Activities

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Federal grants	$ 1,254,226	$ -	$ 1,254,226	$ 1,249,068	$ -	$ 1,249,068
State grants	211,083	945,000	1,156,083	88,415	945,000	1,033,415
Contributions	42,856	254,217	297,073	159,771	101,157	260,928
In-kind contributions	7,549	-	7,549	3,880	-	3,880
Total Support	1,515,714	1,199,217	2,714,931	1,501,134	1,046,157	2,547,291
Revenue						
Partner support	4,636,460	-	4,636,460	5,774,172	-	5,774,172
PPP loan forgiveness	1,144,600	-	1,144,600	-	-	-
FFCRA credits	27,182	-	27,182	-	-	-
Net investment income (loss)	13,607	-	13,607	101,133	-	101,133
Miscellaneous	-	-	-	4,445	-	4,445
Total Revenue	5,821,849	-	5,821,849	5,879,750	-	5,879,750
Net Assets Released From Restrictions	1,033,428	(1,033,428)	-	1,002,542	(1,002,542)	-
Total Support and Revenue	8,370,991	165,789	8,536,780	8,383,426	43,615	8,427,041
Expenses						
Program services						
Youth programs	1,045,395	-	1,045,395	1,618,213	-	1,618,213
Field crew programs	4,324,955	-	4,324,955	4,909,620	-	4,909,620
Single placements programs	735,364	-	735,364	530,128	-	530,128
Supporting services						
Management and general	1,315,449	-	1,315,449	1,483,593	-	1,483,593
Fundraising	82,248	-	82,248	109,101	-	109,101
Total Expenses	7,503,411	-	7,503,411	8,650,655	-	8,650,655
Change In Net Assets	867,580	165,789	1,033,369	(267,229)	43,615	(223,614)
Beginning Net Assets	3,789,530	677,158	4,466,688	4,056,759	633,543	4,690,302
Ending Net Assets	$ 4,657,110	$ 842,947	$ 5,500,057	$ 3,789,530	$ 677,158	$ 4,466,688

See Independent Auditor's Report and Notes to the Financial Statements.

Conservation Corps

Statements of Functional Expenses

For the Years Ended December 31, 2020 and 2019

	2020						
	Program Services				Supporting Services		
	Youth Programs	Field Crew Programs	Single Placements Programs	Total	Management and General	Fundraising	Total
Staff Salaries and Payroll Taxes	$ 279,824	$ 917,250	$ 257,042	$ 1,454,116	$ 687,884	$ 67,305	$ 2,209,305
Staff Benefits	48,164	126,340	21,134	195,638	138,397	11,118	345,153
Corps Member Living Allowance and Payroll Taxes	384,508	1,837,603	401,347	2,623,458	-	-	2,623,458
Corps Member Benefits	22,455	114,476	23,530	160,461	-	-	160,461
Workers Compensation	31,867	64,977	5,936	102,780	4,704	-	107,484
Direct Program	38,004	339,428	2,487	379,919	875	-	380,794
Fleet, Communications and Training	186,530	651,807	13,389	851,726	11,358	-	863,084
Insurance	16,309	29,195	3,596	49,100	18,693	-	67,793
Space Cost and Utilities	22,815	138,775	-	161,590	138,269	-	299,859
Office Supplies and Depreciation	4,817	68,401	407	73,625	33,204	238	107,067
Professional Fees	271	9,869	661	10,801	237,161	625	248,587
Marketing and Printing	178	636	-	814	3,987	1,297	6,098
Staff Travel and Meetings	641	4,447	83	5,171	7,960	15	13,146
Financial and Bank Fees	-	-	-	-	1,301	693	1,994
Miscellaneous	50	1,212	-	1,262	4,361	62	5,685
Bad Debt	-	-	-	-	1,392	-	1,392
Other	8,962	20,539	5,752	35,253	25,903	895	62,051
Total	$ 1,045,395	$ 4,324,955	$ 735,364	$ 6,105,714	$ 1,315,449	$ 82,248	$ 7,503,411
	14%	58%	10%	82%	18%	0%	100%

See Independent Auditor's Report and Notes to the Financial Statements.

Conservation Corps
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2020 and 2019

	2019						
	Program Services				Supporting Services		
	Youth Programs	Field Crew Programs	Single Placements Programs	Total	Management and General	Fundraising	Total
Staff Salaries and Payroll Taxes	$ 347,227	$ 988,944	$ 109,351	$ 1,445,522	$ 768,218	$ 74,070	$ 2,287,810
Staff Benefits	48,278	144,650	16,208	209,136	111,855	10,978	331,969
Corps Member Living Allowance and Payroll Taxes	734,019	2,147,964	334,668	3,216,651	8,645	-	3,225,296
Corps Member Benefits	16,201	99,183	6,863	122,247	-	-	122,247
Workers Compensation	9,624	87,679	15,883	113,186	2,603	-	115,789
Direct Program	148,578	420,878	12,123	581,579	171	-	581,750
Fleet, Communications and Training	245,520	759,136	21,928	1,026,584	28,710	-	1,055,294
Insurance	2,835	6,228	1,008	10,071	55,062	-	65,133
Space Cost and Utilities	35,156	137,051	242	172,449	135,058	-	307,507
Office Supplies and Depreciation	9,447	64,683	1,230	75,360	46,992	506	122,858
Professional Fees	7,554	16,517	5,281	29,352	234,753	9,646	273,751
Marketing and Printing	1,203	230	261	1,694	9,441	8,246	19,381
Staff Travel and Meetings	2,315	8,936	1,456	12,707	22,333	15	35,055
Financial and Bank Fees	-	-	-	-	2,030	-	2,030
Miscellaneous	1,301	18	-	1,319	11,635	5,550	18,504
Other	8,955	27,523	3,626	40,104	46,087	90	86,281
Total	$ 1,618,213	$ 4,909,620	$ 530,128	$ 7,057,961	$ 1,483,593	$ 109,101	$ 8,650,655
	19%	57%	6%	82%	17%	1%	100%

See Independent Auditor's Report and Notes to the Financial Statements.

Conservation Corps

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 1,033,369	$ (223,614)
Adjustment to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Net realized and unrealized investment losses (gains)	(10,057)	(88,121)
(Gain) loss on disposal of property and equipment	-	(3,435)
Depreciation	87,668	98,120
(Increase) decrease in assets:		
Accounts receivable	349,375	543,586
Grants receivable	174,620	(187,114)
Prepaid expenses	49,191	(115,718)
Deposits - lease security deposits	1,900	-
Increase (decrease) in liabilities:		
Accounts payable	9,776	(19,295)
Accrued payroll	37,250	(12,146)
Compensated absences payable	3,696	840
Net Cash Provided (Used) by Operating Activities	1,736,788	(6,897)
Cash Flows from Investing Activities		
Purchase of property and equipment	(18,125)	(44,785)
Work in process	(33,897)	-
Proceeds from sale of assets	-	2,225
Net Cash Used by Investing Activities	(52,022)	(42,560)
Change in Cash and Cash Equivalents	1,684,766	(49,457)
Beginning Cash and Cash Equivalents	2,239,200	2,288,657
Ending Cash and Cash Equivalents	$ 3,923,966	$ 2,239,200
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See Independent Auditor's Report and Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Conservation Corps Minnesota & Iowa (the Organization), a 501(c)(3) nonprofit organization, serves nearly 450 youth (ages 15-18) and young adults (ages 18-25) each year, providing service and training opportunities in natural resource management and conservation, helping young people build technical- and work-readiness skills, develop personal responsibility and a strong work ethic, and become better equipped for career and life. The Organization and its programs, work primarily with federal, state, and local agencies and non-profit partners fulfilling natural resource projects to improve access to outdoor recreation, restore habitat on public lands, protects waterways and wetlands, and respond to natural disasters.

The Organization 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 and assumed operations as the Minnesota Conservation Corps in 2003. In 2010, the Organization changed its name to Conservation Corps Minnesota & Iowa as it extended its programs to serve young people in Iowa.

Today, the Organization's mission is to engage youth and young adults in meaningful service, leadership development, and environmental stewardship through the following five programs:

- **AmeriCorps Field Crew** program for young adults, ages 18-25, including non-residential crews in northern, central, and southern Minnesota and central Iowa that engage members in natural resource management and disaster response work from February to December. Season trail crews spike camp for week-long stretches while they improve the trails in Northern forests and state and national parks. AmeriCorps members receive a monthly stipend, health insurance, and an education award for college expenses. Beside career and work-skills training, members receive certifications in wildfire suppression, defensive driving, chainsaw safety and first aid.

- **AmeriCorps Single Placement** program for young adults, ages 18-25, serving as natural resource and community outreach specialists at natural resource agencies and nonprofit organizations, from February to December. In addition, the organization’s Conservation Apprentice Academy provides AmeriCorps member apprentices with service opportunities at Minnesota Soil and Water Conservation Districts over the summer. Single Placement AmeriCorps members receive a monthly stipend, health insurance, and an education award for college expenses.

- **Youth Outdoors**, an afterschool service-learning program for Twin Cities youth, serves predominantly youth, (ages 15-18), from low-in households. Youth receive an hourly training-wage, participate for one academic semester at a time, meet two days a week after school and on Saturdays to explore science and the environment and complete projects to improve local public parks, and restore natural resources and native habitat. Summer opportunities are also available. Youth in this program, 90 percent of whom are people of color, are predominantly from low- income communities and high schools in the Twin Cities. This program engages young adult AmeriCorps members as youth leaders.

- **Summer Youth Corps** residential program serves youth, ages 15-18, and engages young adult AmeriCorps members (18-24) as youth leaders, in environmental restoration field crew-oriented work in national and state forests during one of two summer sessions (of 4 weeks each). Participants receive a living stipend as well as room and board. Youth begin at a base camp, then “spike camp” throughout the region as they work. AmeriCorps members, Youth Leaders serving in the residential program, receive a monthly stipend, health insurance, and an education award for college expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

A. Nature of Activities (Continued)

- **Increasing Diversity in Environmental Careers** (IDEC) engages college students pursuing STEM degrees who are interested in a career in natural resources. Established in 2018 and initiated in 2019, through partnership between the Conservation Corps, the Minnesota Pollution Control Agency, the Minnesota Board of Water and Soil Resources and the Minnesota Department of Natural Resources, students participate in fellowships, mentorships, and paid internships. The program targets students from backgrounds typically underrepresented in natural resource careers, including women, people of color, and individuals with disabilities. Participants receive a fellowship payment to support academic expenses for the school year.

All the Organization’s programs devote at least 15% 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 Organization helps young people learn more about the world around them and to think critically about the impact of their personal choices on the environment

In 2020, CCMI was forced to adapt to the disruptions caused by the pandemic. Despite having to temporarily suspend some field activity at the beginning of the pandemic, staff developed and rolled-out a COVID-19 Preparedness Plan with new safety, hygiene, and social distancing protocols to permit programming activities to be conducted outdoors. We adjusted transportation and fleet procedures to accommodate fewer members and designed new corps member orientation and training curriculum to be delivered virtually online. Programming for young adults operated throughout the year with strict COVID protocols. Unfortunately, youth programming (ages 15-18) was mostly suspended for all of 2020 (Youth Outdoors and Summer Youth Corps), with exception to one small crew deployed through Youth Outdoors in Saint Paul during the summer.

B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions support depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

<u>Net Assets Without Donor Restrictions</u>

Net assets without donor restrictions are those resources over which the Organization has discretionary control. Designated amounts represent revenues that the Board of Directors has set aside for a particular purpose.

<u>Net Assets With Donor Restrictions</u>

Net assets with donor restrictions are those resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time or are to be maintained in perpetuity by the Organization.

C. 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.

D. Cash and Cash Equivalents

For purposes of the statements 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.

Note 1: Summary of Significant Accounting Policies (Continued)

E. Investments

Investments are generally recorded at fair value based on quoted market prices, when available, or estimates of for value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless income or loss is restricted by donor or law.

F. 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 net assets with donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 the due date.

Accounts receivable, consisting 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 years ended December 31, 2020 and 2019.

Under an agreement with the MN DNR, a portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are typically conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received under such requirements are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Under this agreement, a portion of the award amount is recognized as revenue in the period received and reflected as such in net assets with donor restrictions (see Note 3 and Note 8).

G. Property and 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:

Type of Equipment	Useful Life
Boats and Trailers	10 years
Water Pumps	10 years
Computer Equipment	3 - 5 years
ATVs and Snowmobiles	5 years
Leasehold Improvements	5 years

Note 1: Summary of Significant Accounting Policies (Continued)

G. Property and Equipment (Continued)

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and the resulting gain or loss is recognized in income. Repairs and maintenance are charged to expense as incurred. Renewals and improvements that extend the useful lives of assets are capitalized and depreciated over future periods.

For the years ended December 31, 2020 and 2019, depreciation expense was $87,668 and $98,120, respectively.

H. 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. For the years ended December 31, 2020 and 2019, contributions of material and equipment were recognized in the amount of $7,549 and $3,880, respectively. Property, services, and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

I. Functional Expenses Allocation

The costs of providing the Organization’s various programs and supporting services have been summarized on a functional basis in the statement of activities. Costs that can be identified with specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated to program services and supporting services. Program services are broken out for youth programs, field crew programs and single placement programs and supporting services are broken out for management and general and fundraising.

J. 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).

K. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, Leases, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended December 31, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

L. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 25, 2021, the date the financial statements were available to be issued.

After December 31, 2020, the Organization entered into 16 vehicle lease agreements. These lease agreements are consistent with previous lease agreements of the same nature. In addition, two vehicles were sold in early 2021. The changes to future lease obligations due to these subsequent events is reflected in the future lease obligation table in Note 4 below.

Note 2: Fair Value Investments

The Organization has adopted ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

- ***Level 1*** - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

- ***Level 2*** - Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

- ***Level 3*** - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

The Organization also has adopted ASC Topic 825, *Financial Instruments*. ASC Topic 825 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities that are not otherwise required to be stated at fair value, on a contract-by-contract basis. The Organization has not elected to change the measurement of any existing financial instruments at fair value. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Financial assets recorded at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3
2020:			
Mutual Funds	$ 663,495	$ -	$ -
2019:			
Mutual Funds	$ 653,438	$ -	$ -

Note 3: Conservation Corps Transfer

Effective July 1, 2003, the Legislature of the State of Minnesota transferred the Conservation Corps out of the Minnesota Department of Natural Resources (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 DNR a joint powers agreement. The agreement allows the Organization to utilize office space, computer networks and programs, telephone systems, fleet, and radio equipment of the DNR. The Organization is also granted rights to purchase or lease equipment and services through State contracts and to participate in certain State programs. The rates charged to the Organization 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 $173,567 and $217,084 for the years ended December 31, 2020 and 2019, respectively.

The agreement has been renewed multiple times and the current agreement expires on June 30, 2021.

The joint powers agreement also identifies appropriations to the Organization out of the State's general and natural resources fund in equal amounts for the State's fiscal years 2020 and 2019. The funds remaining are appropriated to the Organization in 2020 and 2019 for the following purposes:

	2020	2019
General Operations	$ 227,500	$ 227,500
Natural Resources Project Funds		
All-terrain vehicle trails	84,752	58,875
Aquatic invasives	85,839	45,839
Forestry	68,511	57,274
Snowmobile trails and enforcement	105,357	53,885
State parks	1,742	399
State trails	-	15,968
Water recreation	2,556	24,175
Off-highway motorcycle	9,997	10,831
Off-road vehicle	125,289	95,496
Cross country ski	1,368	5,663
Parks and horse trails	11,714	5,096
Total	$ 724,625	$ 601,001

Note 4: Paycheck Protection Program

In result, the Organization entered into a promissory note agreement with Bremer bank in the amount of $1,144,600 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within eight weeks of receiving the funding. In November 2020, the loan was forgiven 100 percent and is recorded as such on the Statement of Activities.

Note 5: Operating Leases

The Organization leases vehicles, facilities and office space under lease and sublease agreements expiring through March 2022. The leases are subject to cancellation by either party with proper notice as specified in the agreements. Rent expense under these and other lease agreements amounted to $912,367 and $956,178 for the years ended December 31, 2020 and 2019, respectively.

Note 5: Operating Leases (Continued)

Future minimum lease payments are as follows:

Years Ending December 31,	Amount
2021	$ 496,023
2022	364,346
2023	251,029
2024	193,893
2025	91,088
Total	$ 1,396,379

This table reflects changes in leases noted in the subsequent events note.

Note 6: 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 from 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 7: Retirement Plans

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 must match under the following formula for eligible employees:

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

For the years ended December 31, 2020 and 2019, the Organization’s contributions were $74,833 and $80,301, respectively.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	2020	2019
General operations	$ 227,500	$ 227,500
Natural resources dedicated funds	497,125	373,501
Summer youth program	75,000	55,000
Youth outdoors	22,500	15,000
Young adult program	20,000	6,157
Member Assistance Fund	822	-
Total	$ 842,947	$ 677,158

Net assets released from restrictions during the years ended December 31, 2020 and 2019 were comprised of the following:

	2020	2019
General operations	$ 478,379	$ 455,000
Natural resources dedicated funds	366,376	435,601
Summer youth program	138,906	57,500
Youth outdoors	27,500	33,500
Young adult program	22,267	20,941
Total	$ 1,033,428	$ 1,002,542

Note 9: Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable on the Statement of Financial Position. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., quarterly or monthly) or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. The Organization had contract receivable balances of $823,567 and $1,124,942 for the years ended December 31, 2020 and 2019, respectively.

Note 10: Liquidity and Availability

The following table reflects the financial assets available for general expenditure, that is, assets without donor or other restrictions limiting their use, and available within one year of the balance sheet date:

	2020	2019
Cash and cash equivalents	$ 3,923,966	$ 2,239,200
Accounts receivable	823,567	1,172,942
Investments	663,495	653,438
Grants receivable	22,500	197,120
Total financial assets	5,433,528	4,262,700
Less financial assets unavailable for general expenditure within one year, due to:		
Board designations	(653,438)	(653,438)
Donor-imposed restrictions	(615,447)	(449,658)
Total financial assets unavailable for general expenditure within one year	(1,268,885)	(1,103,096)
Financial assets available to meet general expenditures within one year	$ 4,164,643	$ 3,159,604

The Organization also receives significant federal and state grants and philanthropic gifts restricted by the grantors, and considers grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Due to significant seasonality in the nature of the Organization's programs and business operations, the Organization manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability,
- maintaining adequate liquid assets to fund near-term operating needs, and
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a liquidity policy to maintain current financial assets at a minimum of 30 days operating expenses, to allow for seasonal adjustments due to wide seasonal variances in revenue and cash flow between winter and summer. Financial assets in excess daily cash requirements are invested in money market funds and other short-term investments.

The board has designated a portion of its unrestricted resources for a general usage reserve fund. These funds can be made available to meet operating needs if necessary. The purpose of the fund is to cover expenses related to new program startups, short term cash flow needs related to timing of receivables, sudden increase in expenses, loss of large project partner, and other cash needs as deemed necessary by the board.

To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity on an ongoing basis, and the board designated reserve is reevaluated annually. During the year ended December 31, 2020, the level of liquidity and reserves was managed within the policy requirements. At December 31, 2020, the Organization had approximately 130 days of financial assets available to meet cash needs for general expenditures.

Note 11: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material long-term impact to its operations.

OTHER REPORTS

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Conservation Corps
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Conservation Corps (the Organization), a Minnesota not-for-profit corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 25, 2021

People + Process. Going Beyond the Numbers

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *THE UNIFORM GUIDANCE*

Board of Directors
Conservation Corps
St. Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Conservation Corps' (the Organization), a Minnesota not-for-profit corporation, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 25, 2021

Conservation Corps
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Program Title Pass-through Grantor/Pass-through Entity Identifying Number	Federal Domestic Assistance Number	Direct Federal Expenditures	Pass-Through Federal Expenditures	Federal Expenditures
U.S. Department of Treasury:				
Coronavirus Relief Fund				
Iowa Economic Development Authority / None noted	21.019	$ -	$ 10,000	$ 10,000
Corporation for National and Community Service:				
AmeriCorps				
Corporation for National and Community Service	94.006	659,245	-	659,245
ServeMinnesota / 14ESHMN0010004-18SF	94.006	-	496,881	496,881
Iowa Commission for Volunteer Services / 18-CX-02-1.1	94.006	-	88,100	88,100
Total AmeriCorps		659,245	584,981	1,244,226
Total Federal Expenditures		$ 659,245	$ 594,981	$ 1,254,226

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirement of the Uniform Guidance. Because the schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented for pass-through grants where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2020, the Organization did not elect to use the 10% de minimis indirect cost rate.

Conservation Corps
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	No

Identification of Major Programs/Projects	**CFDA No.**
AmeriCorps	94.006
Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

The Summary Schedule of Prior Audit Findings is not included in this report because there were no prior audit findings related to federal award programs.

Other Issues

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.