

CONSERVATION CORPS
FINANCIAL STATEMENTS AND
SINGLE AUDIT AND OTHER REQUIRED REPORTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**CONSERVATION CORPS
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	6
STATEMENTS OF FUNCTIONAL EXPENSES	8
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
SINGLE AUDIT AND OTHER REQUIRED REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	30



INDEPENDENT AUDITORS' REPORT

Board of Directors
Conservation Corps
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Conservation Corps (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Corps, as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Conservation Corps and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Corps's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Conservation Corps's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Corps's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of Conservation Corps’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 solely 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 effectiveness of Conservation Corps’s 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 Conservation Corps’s internal control over financial reporting and compliance.

Other Matter

The 2022 financial statements of Conservation Corps were audited by other auditors whose report dated June 27, 2023 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 28, 2024

**CONSERVATION CORPS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,024,799	\$ 3,998,060
Investments	601,246	556,437
Accounts Receivable	2,008,455	1,255,171
Grants Receivable	-	55,500
Prepaid Expenses	253,596	138,390
Total Current Assets	6,888,096	6,003,558
PROPERTY AND EQUIPMENT		
Equipment	852,545	830,144
Leasehold Improvements	1,306	1,306
Software	94,561	94,561
Work in Process	15,708	10,445
Total	964,120	936,456
Less: Accumulated Depreciation	(848,194)	(819,352)
Property and Equipment, Net	115,926	117,104
OTHER ASSETS		
Deposits - Lease Security Deposits	1,921	1,921
Right-of-Use Asset - Fleet	1,022,406	1,363,686
Right-of-Use Asset - Office Space	328,472	246,987
Total Other Assets	1,352,799	1,612,594
Total Assets	\$ 8,356,821	\$ 7,733,256

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES		
Lease Liability - Fleet	\$ 406,067	\$ 397,752
Lease Liability - Office Space	168,239	138,262
Accounts Payable	157,328	150,436
Accrued Expenses:		
Accrued Payroll	133,955	103,361
Compensated Absences Payable	98,390	89,522
Total Current Liabilities	963,979	879,333
LONG-TERM LIABILITIES		
Lease Liability - Fleet, Net of Current	616,339	965,934
Lease Liability - Office Space, Net of Current	169,415	109,090
Total Long-Term Liabilities	785,754	1,075,024
 Total Liabilities	 1,749,733	 1,954,357
NET ASSETS		
Without Donor Restrictions:		
General Operating	4,900,758	4,077,729
Board-Designated	653,438	653,438
Total Without Donor Restrictions	5,554,196	4,731,167
With Donor Restrictions	1,052,892	1,047,732
Total Net Assets	6,607,088	5,778,899
 Total Liabilities and Net Assets	 \$ 8,356,821	 \$ 7,733,256

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Federal Grants	\$ 3,137,613	\$ -	\$ 3,137,613
State Grants	800,377	580,000	1,380,377
Contributions	75,464	139,717	215,181
Total Support	4,013,454	719,717	4,733,171
Revenue:			
Partner Support	6,676,158	-	6,676,158
Net Investment Income	129,631	-	129,631
Miscellaneous	6,829	-	6,829
Total Revenue	6,812,618	-	6,812,618
Net Assets Released from Restrictions	714,557	(714,557)	-
Total Support and Revenue	11,540,629	5,160	11,545,789
EXPENSES			
Program Services:			
Youth Programs	1,637,770	-	1,637,770
Field Crew Programs	5,877,095	-	5,877,095
Single Placements Programs	1,114,352	-	1,114,352
Total Program Services	8,629,217	-	8,629,217
Supporting Services:			
Management and General	2,024,631	-	2,024,631
Fundraising	63,752	-	63,752
Total Supporting Services	2,088,383	-	2,088,383
Total Expenses	10,717,600	-	10,717,600
CHANGE IN NET ASSETS	823,029	5,160	828,189
Net Assets - Beginning of Year	4,731,167	1,047,732	5,778,899
NET ASSETS - END OF YEAR	\$ 5,554,196	\$ 1,052,892	\$ 6,607,088

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Federal Grants	\$ 2,254,955	\$ -	\$ 2,254,955
State Grants	268,066	945,000	1,213,066
Contributions	103,877	115,806	219,683
In-Kind Contributions	140	-	140
Total Support	<u>2,627,038</u>	<u>1,060,806</u>	<u>3,687,844</u>
Revenue:			
Partner Support	5,155,322	-	5,155,322
Net Investment Income (Loss)	(74,468)	-	(74,468)
Miscellaneous	2,160	-	2,160
Total Revenue	<u>5,083,014</u>	<u>-</u>	<u>5,083,014</u>
Net Assets Released from Restrictions	1,025,948	(1,025,948)	-
Total Support and Revenue	<u>8,736,000</u>	<u>34,858</u>	<u>8,770,858</u>
EXPENSES			
Program Services:			
Youth Programs	1,517,733	-	1,517,733
Field Crew Programs	5,299,893	-	5,299,893
Single Placements Programs	683,472	-	683,472
Total Program Services	<u>7,501,098</u>	<u>-</u>	<u>7,501,098</u>
Supporting Services:			
Management and General	1,640,558	-	1,640,558
Fundraising	65,544	-	65,544
Total Supporting Services	<u>1,706,102</u>	<u>-</u>	<u>1,706,102</u>
Total Expenses	<u>9,207,200</u>	<u>-</u>	<u>9,207,200</u>
CHANGE IN NET ASSETS	(471,200)	34,858	(436,342)
Net Assets - Beginning of Year	<u>5,202,367</u>	<u>1,012,874</u>	<u>6,215,241</u>
NET ASSETS - END OF YEAR	<u>\$ 4,731,167</u>	<u>\$ 1,047,732</u>	<u>\$ 5,778,899</u>

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Youth Programs	Field Crew Programs	Single Placements Programs				
Staff Salaries and Payroll Taxes	\$ 309,799	\$ 1,170,892	\$ 286,655	\$ 1,767,346	\$ 1,269,582	\$ 27,305	\$ 3,064,233
Staff Benefits	46,005	123,908	21,401	191,314	82,203	8,779	282,296
Corps Member Living Allowance and Payroll Taxes	583,659	2,563,770	629,793	3,777,222	-	-	3,777,222
Corps Youth Salaries and Payroll Taxes	175,274	-	-	175,274	-	-	175,274
Corps Member Benefits	41,216	221,545	45,357	308,118	3,707	-	311,825
Workers' Compensation	38,811	87,258	22,833	148,902	13,623	1,030	163,555
Direct Program	152,632	616,541	33,803	802,976	639	-	803,615
Fleet, Communications, and Training Insurance	210,629	749,781	44,158	1,004,568	18,363	841	1,023,772
Space Cost and Utilities	16,693	43,846	9,749	70,288	5,778	438	76,504
Office Supplies and Depreciation	33,074	129,428	-	162,502	149,508	-	312,010
Professional Fees	2,279	26,343	1,324	29,946	39,321	916	70,183
Marketing and Printing	16,010	80,753	11,440	108,203	299,951	19,373	427,527
Staff Travel and Meetings	912	10,289	-	11,201	24,974	723	36,898
Financial and Bank Fees	6,355	25,680	3,187	35,222	36,164	3,276	74,662
Miscellaneous	-	-	-	-	5,709	606	6,315
Other	-	2,031	-	2,031	4,329	465	6,825
	4,422	25,030	4,652	34,104	70,780	-	104,884
Total Expenses by Function	\$ 1,637,770	\$ 5,877,095	\$ 1,114,352	\$ 8,629,217	\$ 2,024,631	\$ 63,752	\$ 10,717,600

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Youth Programs	Field Crew Programs	Single Placements Programs				
Staff Salaries and Payroll Taxes	\$ 363,574	\$ 1,171,461	\$ 234,287	\$ 1,769,322	\$ 753,822	\$ 28,391	\$ 2,551,535
Staff Benefits	54,520	136,107	20,528	211,155	112,784	2,619	326,558
Corps Member Living Allowance and Payroll Taxes	472,453	2,258,832	319,696	3,050,981	-	-	3,050,981
Corps Youth Salaries and Payroll Taxes	157,126	-	-	157,126	-	-	157,126
Corps Member Benefits	32,605	168,545	11,911	213,061	2,207	-	215,268
Workers Compensation	35,414	78,575	13,853	127,842	3,600	467	131,909
Direct Program	96,216	465,103	23,241	584,560	820	-	585,380
Fleet, Communications, and Training Insurance	228,796	751,541	34,023	1,014,360	33,311	456	1,048,127
Space Cost and Utilities	18,069	48,000	7,077	73,146	2,314	227	75,687
Office Supplies and Depreciation	24,023	118,157	120	142,300	143,038	-	285,338
Professional Fees	1,766	43,712	974	46,452	54,058	2,361	102,871
Marketing and Printing	25,266	10,472	13,959	49,697	413,438	18,685	481,820
Staff Travel and Meetings	266	2,195	68	2,529	28,893	1,577	32,999
Financial and Bank Fees	735	18,304	966	20,005	19,757	3,538	43,300
Miscellaneous	-	-	-	-	9,890	1,016	10,906
Other	329	486	-	815	3,429	6,207	10,451
	6,575	28,403	2,769	37,747	59,197	-	96,944
Total Expenses by Function	\$ 1,517,733	\$ 5,299,893	\$ 683,472	\$ 7,501,098	\$ 1,640,558	\$ 65,544	\$ 9,207,200

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 828,189	\$ (436,342)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized and Unrealized Investment (Gains) Losses	(34,443)	99,309
(Gain) on Property and Equipment Disposal	(3,714)	-
Amortization of Right-of-Use Asset	-	365
Depreciation	50,244	79,954
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(753,284)	(143,633)
Grants Receivable	55,500	(23,000)
Prepaid Expenses	(115,206)	(30,855)
Accounts Payable	6,892	46,787
Accrued Payroll	30,594	45
Compensated Absences Payable	8,868	(11,429)
Operating Lease Liability	8,817	-
Net Cash Provided (Used) by Operating Activities	82,457	(418,799)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(351,860)	(99,557)
Proceeds from Sale of Investments	341,494	85,000
Purchase of Property and Equipment	(51,352)	(30,872)
Proceeds from Sale of Property and Equipment	6,000	-
Net Cash Used by Investing Activities	(55,718)	(45,429)
CHANGE IN CASH AND CASH EQUIVALENTS	26,739	(464,228)
Cash and Cash Equivalents - Beginning of Year	3,998,060	4,462,288
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,024,799	\$ 3,998,060
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Right-of-Use Lease Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 2,256,379

See accompanying Notes to Financial Statements.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Conservation Corps Minnesota & Iowa (the Organization), a 501(c)(3) nonprofit organization, serves nearly 350 youth (ages 15 to 18) and young adults (ages 18 to 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 nonprofit 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 to 35, including nonresidential 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.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Activities (Continued)

AmeriCorps Single Placement

Program for young adults, ages 18 to 35, serving as natural resource and community outreach specialists at natural resource agencies and nonprofit organizations, from February to December. In addition, the Organization 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 to 18), from low-income 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, 80% 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 to 18, and engages young adult AmeriCorps members (19 to 25) as youth leaders, in environmental restoration field crew-oriented work in national and state forests during one summer session. 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.

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.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Net Assets Without Donor Restrictions – 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.

Net Assets With Donor Restrictions – 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.

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.

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.

Investments

Investments are generally recorded at fair value based on quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in without donor restricted net assets unless income or loss is restricted by donor or law.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, recovery information, current economic conditions, forward-looking information and management's evaluation of individual outstanding receivables in determining the estimated credit loss provision. No allowance was deemed necessary for the years ended December 31, 2023 and 2022.

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 Notes 3 and 8).

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Boats and Trailers	10 Years
Water Pumps	10 Years
Computer Equipment	3 to 5 Years
ATVs and Snowmobiles	5 Years
Leasehold Improvements	Life of Lease

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, 2023 and 2022, depreciation expense was \$50,244 and \$79,954, respectively.

Donated Services, Materials and Equipment

Contributions of materials and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restricted support unless the donor has restricted the use of the donated asset to a specific purpose. For the years ended December 31, 2023 and 2022, contributions of material and equipment were recognized in the amount of \$-0- and \$140, respectively. Property, services, and other noncash 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 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.

Income Taxes

The Organization is a nonprofit 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).

CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted FASB ASU 2013-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)*, as amended, which modified the measurement of expected credit losses. The adoption of this Standard did not have a material impact on the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 28, 2024, the date the financial statements were available to be issued.

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.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

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	Total
<u>December 31, 2023</u>				
Mutual Funds	\$ 163,605	\$ -	\$ -	\$ 163,605
Fixed Income	424,753	-	-	424,753
Cash and Cash Equivalents	-	-	-	12,888
Total	<u>\$ 588,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,246</u>
<u>December 31, 2022</u>				
Mutual Funds	<u>\$ 556,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,437</u>

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 \$216,044 and \$165,633 for the years ended December 31, 2023 and 2022, respectively.

The agreement has been renewed multiple times and the current agreement expires on June 30, 2025.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CONSERVATION CORPS TRANSFER (CONTINUED)

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 2023 and 2022. The funds remaining are appropriated to the Organization in 2023 and 2022 for the following purposes:

	<u>2023</u>	<u>2022</u>
General Operations	\$ 290,000	\$ 227,500
Natural Resources Project Funds:		
All-Terrain Vehicle Trails	60,794	83,267
Aquatic Invasives	36,870	52,220
Forestry	15,416	25,684
Snowmobile Trails and Enforcement	90,073	90,073
State Parks	73,243	81,828
State Trails	104,709	118,788
State Forest Campgrounds	50,000	50,000
Water Recreation	52,175	52,175
Off-Highway Motorcycle	6,502	10,407
Off-Road Vehicle	121,263	121,263
Cross Country Ski	20,013	20,013
Parks and Horse Trails	13,989	13,989
Total	<u>\$ 935,047</u>	<u>\$ 947,207</u>

NOTE 4 LEASES

The Organization leases vehicles, facilities and office space under lease and sublease agreements expiring through December 2026. The leases are subject to cancellation by either party with proper notice as specified in the agreements.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 LEASES (CONTINUED)

Additional information about the Organization's lease for the years ended December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Lease Costs:		
Operating	\$ 922,282	\$ 913,225
Other Information:		
Operating Cash Flows from Operating Leases	\$ 411,641	\$ 189,129
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 177,857	\$ 2,256,379
Weighted-Average Remaining Lease Term - Operating Leases	2.64 Years	1.24 Years

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 631,852
2025	494,365
2026	230,022
2027	100,011
2028	1,342
Total Undiscounted Cash Flows	<u>1,457,592</u>
Less: Imputed Interest	<u>(97,532)</u>
Total Lease Liabilities	<u>\$ 1,360,060</u>

NOTE 5 IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
Room Rental	<u>\$ -</u>	<u>\$ 140</u>	Program, management and general, and fundraising	None	Estimated wholesale prices of identical or similar products if purchased in the region

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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:

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

For the years ended December 31, 2023 and 2022, the Organization's contributions were \$102,401 and \$84,861, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2023	2022
Subject to Expenditure for Specified Purpose:		
General Operations - Timing	\$ 290,000	\$ 257,500
Natural Resources Dedicated Funds	645,047	719,707
Monarch	39,250	9,195
Summer Youth Program	44,602	20,000
Youth Outdoors	10,000	20,000
Young Adult Program	18,746	12,754
Member Assistance Fund	5,247	8,576
Total Net Assets With Donor Restrictions	\$ 1,052,892	\$ 1,047,732

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
General Operations - Timing	\$ 547,500	\$ 455,000
Natural Resources Dedicated Funds	74,659	422,517
Monarch	-	47,512
Summer Youth Program	77,190	45,000
Youth Outdoors	11,500	31,500
Young Adult Program	-	20,000
Member Assistance Fund	3,708	2,207
ASL Crew	-	2,212
Total Net Assets Released from Donor Restrictions	<u>\$ 714,557</u>	<u>\$ 1,025,948</u>

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 as of December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts Receivable	<u>\$ 2,008,455</u>	<u>\$ 1,255,171</u>	<u>\$ 1,111,538</u>

NOTE 10 UNEMPLOYMENT FUND

The Organization has elected to opt out of participation in the Minnesota Unemployment Insurance Program. The Organization is self-insured for unemployment claims through Unemployment Services Trust (UST). Payments to UST are accumulated and used to pay future claims. As of December 31, 2023 and 2022, the Organization has a balance of \$80,448 and \$66,270, respectively, at UST, recorded as part of prepaid expenses on the Statements of Financial Position.

**CONSERVATION CORPS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 11 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 statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 4,024,799	\$ 3,998,060
Investments	601,246	556,437
Accounts Receivable	2,008,455	1,255,171
Grants Receivable	-	55,500
Total Financial Assets	<u>6,634,500</u>	<u>5,865,168</u>
Less Financial Assets Unavailable for General Expenditure Within One Year Due to:		
Board Designations	(653,438)	(653,438)
Donor-Imposed Restrictions - Purposes	<u>(762,892)</u>	<u>(790,232)</u>
Total	<u>(1,416,330)</u>	<u>(1,443,670)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,218,170</u>	<u>\$ 4,421,498</u>

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 without donor restricted 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.



INDEPENDENT AUDITORS' 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 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Conservation Corps internal control over financial reporting (internal control) as a basis for designing 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 Conservation Corps' internal control. Accordingly, we do not express an opinion on the effectiveness of Conservation Corps' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Conservation Corps' financial statements are free from 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 financial statements. 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*.

Conservation Corps' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Conservation Corps' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Conservation Corps' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 28, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT 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

Opinion on Each Major Federal Program

We have audited Conservation Corps' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Conservation Corps' major federal programs for the year ended December 31, 2023. Conservation Corps' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Conservation Corps complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Conservation Corps and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Conservation Corps compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Conservation Corps federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Conservation Corps compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Conservation Corps' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Conservation Corps' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Conservation Corps' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Conservation Corps' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 28, 2024

**CONSERVATION CORPS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Partnership Agreements:			
USFS Superior National Forest	10.699	23-PA-11090300-008	\$ 92,052
USFS Superior National Forest	10.699	22-PA-11090900-020	14,054
USFS Superior National Forest	10.699	23-SA-11090900-21	77,612
Total Partnership Agreements			<u>183,718</u>
Stewardship Agreements:			
USFS Chippewa National Forest	10.701	22-SA-11090900-21	5,774
Total U.S. Department of Agriculture			<u>189,492</u>
U.S. Department of the Interior			
Youth Engagement, Education, and Employment:			
USFWS La Creek National Wildlife Refuge	15.676	F23AC00704	19,600
USFWS Sherburne National Wildlife Refuge	15.676	F22AC00592	9,438
Total Youth Engagement, Education, and Employment			<u>29,038</u>
Youth and Veteran Organizations Conservation Activities:			
National Park Service	15.931	P18AC00142	226,054
National Park Service	15.931	P22AC01745	24,060
National Park Service	15.931	P22AC01703	66,524
NPS Missouri National River	15.931	P20AC00215	13,160
NPS St Croix National Scenic Waterway	15.931	P22AC00274	36,652
Total Youth and Veteran Organizations Conservation Activities			<u>366,450</u>
Total U.S. Department of the Interior			<u>395,488</u>
Corporation for National and Community Service:			
AmeriCorps:			
Corporation for National and Community Service	94.006	21EDHMN001	1,924,797
ServeMinnesota	94.006	20ESHMN001	815,302
ServeMinnesota	94.006	23AFEMN0010002-23	72,396
ServeMinnesota	94.006	20AFHMN0010012	59,138
Iowa Commission for Volunteer Services	94.006	20ESHIA001	265,979
Total AmeriCorps			<u>3,137,612</u>
CNCS Disaster Response Cooperative Agreement:			
Corporation for National and Community Service	94.020	N/A	536,362
Total Corporation for National and Community Service			<u>3,673,974</u>
Total Federal Expenditures			<u>\$ 4,258,954</u>

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

**CONSERVATION CORPS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Conservation Corps (the Organization) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirement of the *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200.516(a), *Cost Principles for Non-Profit Organizations*, 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, 2023, the Organization did not elect to use the 10% de minimis indirect cost rate.

**CONSERVATION CORPS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

 yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)

Name of Federal Program or Cluster

94.006

Americorps

Auditee qualified as low-risk auditee?

 X yes no

**CONSERVATION CORPS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

2023 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The organization does not have a review process over the posting of journal entries to the general ledger.

Criteria or Specific Requirement: An essential part of internal control is that procedures be properly segregated and the results of their performance be adequately reviewed and documented. This is normally accomplished by assigning duties so that 1) no one person handles a transaction from beginning to end, and 2) incompatible duties between functions are not handled by the same person. In addition, a review of these completed duties should be performed by an individual independent of those functions. Whenever possible, efforts should be made to segregate duties.

Effect: A lack of segregation of duties over the journal entry process increases the possibility that errors or irregularities may occur and not be detected on a timely basis.

Cause: Internal controls are not properly designed.

Recommendation: We recommend a journal entry process be implemented that incorporates a separate preparer and reviewer, along with documentation of that process.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. See the Corrective Action Plan for further details.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFRO 200.516(a).



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.