

MARIN CONSERVATION CORPS

Financial Statements

Year ended June 30, 2007

with

Report of Independent Auditors

WILSON
MARKLE
STUCKEY
HARDESTY
& BOTT

Report of Independent Auditors

Board of Directors
Marin Conservation Corps

We have audited the accompanying statement of financial position of the Marin Conservation Corps as of June 30, 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the Marin Conservation Corps. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2006 financial statements, and in our report dated October 11, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marin Conservation Corps as of June 30, 2007, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Wilson Markle Stuckey Hardesty & Bott
Wilson Markle Stuckey Hardesty & Bott
November 1, 2007

Marin Conservation Corps
Statement of Financial Position
June 30, 2007

Assets	2007	2006
Current assets		
Cash	\$ 131,095	\$ 236,617
Government grants and contracts receivable		
Department of Conservation	81,554	77,114
California Conservation Corps	20,848	64,432
Ameritcorps	48,090	47,476
Golden Gate National Recreation Area	-	22,273
Other government grants and contracts	67,773	39,753
Fee for service contracts receivable	225,309	174,003
Other miscellaneous grants receivable	175,005	189,950
Prepaid expenses	51,424	44,371
Total current assets	801,098	895,989
Other assets		
Deposits	14,982	23,237
Property and equipment, at cost		
Land	1,289,550	1,289,550
Building and improvements	2,311,554	2,176,146
Furniture and equipment	278,836	278,836
Vehicles	515,045	464,625
	4,394,985	4,209,157
Accumulated depreciation	(1,010,299)	(852,696)
Property and equipment, net	3,384,686	3,356,461
Total assets	\$ 4,200,766	\$ 4,275,687
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 63,561	\$ 79,230
Accrued expenses	123,545	118,491
Deferred revenue	4,067	3,022
Notes payable due within one year	53,152	21,935
Total current liabilities	244,325	222,678
Notes payable	1,634,851	1,660,041
Total liabilities	1,879,176	1,882,719
Net assets		
Unrestricted	2,078,386	2,210,264
Temporarily restricted	243,204	182,704
Total net assets	2,321,590	2,392,968
Total liabilities and net assets	\$ 4,200,766	\$ 4,275,687

See accompanying notes.

Marin Conservation Corps
Statement of Activities and Changes in Net Assets
Year ended June 30, 2007

	<u>Unretricted</u>	<u>Temporarily restricted</u>	<u>2007 Totals</u>	<u>2006 Totals</u>
Support and revenues				
Government grants and contracts				
Department of Conservation	\$ 1,345,531	\$ -	\$ 1,345,531	\$ 1,272,233
California Conservation Corps	61,152	-	61,152	1,345,392
Americorps	274,289	-	274,289	265,877
Golden Gate National Recreation Area	12,727	-	12,727	72,439
Other government grants and contracts	255,191	-	255,191	115,044
Fee for service contracts				
Golden Gate National Recreation Area	113,093	-	113,093	140,858
Other fee for service contracts	1,001,201	-	1,001,201	927,164
General and other public assistance				
Marin Community Foundation	-	202,000	202,000	375,000
Other grants and donations	101,886	75,500	177,386	128,786
Charter school revenue	235,162	-	235,162	167,745
Interest and other income	51,375	-	51,375	39,152
Net assets released from donor restrictions	217,000	(217,000)	-	-
Total support and revenues	3,668,607	60,500	3,729,107	4,849,690
Expenses				
Program services	2,744,084	-	2,744,084	2,404,692
General and administrative	927,193	-	927,193	841,592
Fundraising and development	129,208	-	129,208	172,132
Total expenses	3,800,485	-	3,800,485	3,418,416
Change in net assets	(131,878)	60,500	(71,378)	1,431,274
Net assets, beginning of year	2,210,264	182,704	2,392,968	961,694
Net assets, end of year	\$ 2,078,386	\$ 243,204	\$ 2,321,590	\$ 2,392,968

See accompanying notes.

Marin Conservation Corps
Statement of Functional Expenses
Year ended June 30, 2007

	Program services	General and administrative	Fundraising and development	2007 Totals	2006 Totals
Salaries and wages	\$ 1,650,564	\$ 495,205	\$ 48,067	\$ 2,193,836	\$ 1,893,491
Payroll taxes	122,066	34,327	3,899	160,292	144,465
Pension plan contributions	12,568	5,395	-	17,963	12,225
Other employee benefits	309,455	70,202	5,705	385,362	341,760
Professional services	24,751	21,778	52,640	99,169	192,987
Telephone	32,713	8,926	-	41,639	37,770
Postage and shipping	1,601	1,064	8	2,673	4,479
Rent, utilities and maintenance	73,566	13,499	-	87,065	133,390
Equipment rental and maintenance	11,605	1,700	-	13,305	11,048
Printing and publications	528	1,403	68	1,999	1,884
Conferences, conventions, and meetings	16	2,168	-	2,184	1,605
Fund development/community outreach	21,052	-	13,216	34,268	53,354
Insurance	-	68,458	-	68,458	75,222
Office equipment and supplies	7,898	5,887	803	14,588	24,618
Computer expenses	3,086	7,715	1,451	12,252	15,041
Dues and subscriptions	212	18,697	53	18,962	21,100
Taxes, licenses and fees	1,953	884	160	2,997	2,364
Recruitment and staff development	26,400	19,636	2,990	49,026	34,560
Crew equipment and supplies	72,159	405	-	72,564	65,195
Travel and transportation	150,817	10,648	148	161,613	139,406
Instruction expenses	71,463	-	-	71,463	50,945
Reimbursable materials costs	6,165	-	-	6,165	22,862
Interest	81,581	34,307	-	115,888	37,571
Depreciation	57,714	99,889	-	157,603	100,574
Bad debt	4,151	-	-	4,151	-
Miscellaneous	-	5,000	-	5,000	500
Total expenses	\$ 2,744,084	\$ 927,193	\$ 129,208	\$ 3,800,485	\$ 3,418,416

See accompanying notes.

Marin Conservation Corps
Statement of Cash Flows
Year ended June 30, 2007

	2007	2006
Cash flows from operating activities		
Change in net assets	\$ (71,378)	\$ 1,431,274
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	157,603	100,574
Changes in:		
Grants and contracts receivable	32,783	(7,657)
Accounts and other receivables	(36,361)	(130,054)
Prepaid expenses and deposits	1,202	(2,422)
Accounts payable	(15,669)	25,420
Accrued liabilities	5,054	5,373
Deferred revenue	1,045	1,683
	74,279	1,424,191
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(185,828)	(2,590,732)
Net cash used by investing activities	(185,828)	(2,590,732)
Cash flows from financing activities		
Proceeds from bank credit line	30,000	-
Proceeds from notes payable	-	1,200,000
Principal payments on notes payable	(23,973)	(19,393)
Net cash provided by financing activities	6,027	1,180,607
(Decrease) increase in cash	(105,522)	14,066
Cash, beginning of year	236,617	222,551
Cash, end of year	131,095	236,617
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 115,888	\$ 37,571

See accompanying notes.

MARIN CONSERVATION CORPS
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of significant accounting policies

Basis of presentation

The Marin Conservation Corps (MCC) is a non-profit California corporation formed in 1982 to provide employment, vocational training, job placement, and career counseling to youth in Marin County through work projects designed to maintain and protect natural resources.

MCC's mission is to develop youth and conserve natural resources for a strong, sustainable community.

We achieve our mission by:

- Providing a diverse group of youth and young adults with opportunities to transform their lives through education, employability, civic engagement, and leadership.
- Caring for our environment by conserving and restoring natural resources, and by improving recreational areas.
- Creating the environmental leaders of the future by teaching environmental ethics and behaviors to children, teens and adults.
- Making communities safer by reducing fire and flood hazards and by responding to public emergencies and disasters.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. MCC records revenues when earned and expenses when incurring the related obligation. MCC recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Certain support for the programs of MCC maybe directed by the donors to specific periods or programs. MCC classifies such amounts as temporarily restricted revenues and net assets in the accompanying financial statements. When donor restrictions expire or are otherwise met, MCC reclassifies temporarily restricted net assets as unrestricted net assets under the heading "net assets released from restrictions" in the statement of activities and changes in net assets.

Allocation of certain costs between program services, management and general and fundraising and development is determined annually based on estimated amounts.

MARIN CONSERVATION CORPS

Notes to Financial Statements

June 30, 2007

Note 1 - Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist principally of amounts on deposit with a commercial bank, available on demand.

Property and Equipment

Property and equipment with an initial cost of \$2,500 or more acquired by purchase are stated at cost. Property and equipment acquired by donation are stated at estimated value. Property and equipment additions of less than \$2,500 are expensed. Building depreciation is computed on the straight-line method over an estimated useful life of twenty-five years. Equipment and furniture depreciation is computed on the straight-line method over an estimated useful life of five years. Vehicle depreciation is computed on the straight-line method over estimated useful lives of five years.

Income taxes

MCC has been advised by governmental authorities that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. MCC has been classified as other than a private foundation under Internal Revenue Codes Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

MARIN CONSERVATION CORPS
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of significant accounting policies (continued)

Estimated fair value of financial instruments

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments" requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized on the statement of financial position. Management estimates that the aggregate net fair value of financial instruments recognized on the statement of financial position (including receivables, payables and accrued expenses) approximates their carrying value, as such financial instruments are short-term in nature or bear interest at current market rates.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year's presentation.

Prior year totals

The columns on the accompanying financial statements captioned 2006 totals represent certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MCC's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Allowance for uncollectible accounts receivable

MCC uses the allowance method to account for uncollectible accounts receivable. Under this method, the MCC reviews all receivables for any problems with collectability. If MCC feels that there may be a problem with collections, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written of against the allowance. At June 30, 2007, MCC concluded that an allowance for doubtful accounts was not necessary.

MARIN CONSERVATION CORPS
Notes to Financial Statements
June 30, 2007

Note 2 - Bank line of credit

MCC has available a revolving line of credit in the amount of \$200,000 from a commercial bank. Of the amount available, \$30,000 was due at June 30, 2007 and nothing was due on June 30, 2006. The line of credit is secured principally by accounts receivable. Interest on amounts borrowed is due monthly at the bank's index rate plus 1.75 percent (8.25 percent index rate at June 30, 2007). The credit line is subject to annual renewal by the bank.

Note 3 - Notes payable

MCC has two mortgage notes payable to Bank of Marin in the amounts of \$471,024 and \$1,186,979. The notes are secured by deeds of trust on real property owned by MCC. The first note requires monthly payments of \$3,469, including interest, with a lump sum payment due on November 15, 2013. Interest on the first mortgage note is computed at a variable rate (6.75% at June 30, 2007). The second note requires initial monthly payments of \$7,727 until June 5, 2011, and then \$8,436 until May 5, 2016, all including interest, with a lump sum payment due on June 5, 2016. Interest on the mortgage note is due at a variable rate (6.583% at June 30, 2007).

Scheduled principal payment under the mortgages payable for the years ending June 30 is as follows:

2008	\$ 23,152
2009	25,071
2010	26,815
2011	28,680
2012	27,822
Thereafter	<u>1,526,463</u>
Total	<u>\$ 1,658,003</u>

MARIN CONSERVATION CORPS
Notes to Financial Statements
June 30, 2007

Note 4 - Risks, uncertainties and concentrations

MCC is primarily supported by government grants and contracts, which in 2007 and 2006 were approximately 52% and 63%, respectively, of total revenue. The contracts are subject to annual renewal. A significant reduction in the level of contract support, if this were to occur without replacement from other revenues and support, could adversely affect the extent of MCC's programs and activities.

At various times during the year ended June 30, 2007, MCC had deposits with a single commercial bank in excess of FDIC insured limits.

MCC has received support that may be subject to audit or review by the grantor agencies. Management believes that MCC has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

Note 5 - Temporarily restricted net assets

Temporarily restricted net assets consist of amounts due to or received by MCC for which donor-imposed use or time restrictions have not yet been met. Temporarily restricted net assets consist of the following and net assets released from restrictions during 2007 consist of the following:

Grantor/Donor Name	June 30, 2006 Balance	Additions	Releases	June 30, 2007 Balance
Kimball Foundation	\$ -	\$ 25,000	\$ -	\$ 25,000
Gold Foundation	-	5,000	-	5,000
Bechtel Foundation	-	10,000	-	10,000
Wells Fargo Foundation	-	7,500	(7,500)	-
Fullerton Foundation	-	25,000	(25,000)	-
Marin Community Foundation	175,000	202,000	(184,500)	192,500
Other small donations	7,704	3,000	-	10,704
	<u>\$182,704</u>	<u>\$277,500</u>	<u>\$(217,000)</u>	<u>\$243,204</u>