

**MARIN CONSERVATION CORPS**

**Financial Statements**

**Year ended June 30, 2008**

**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, 2008, 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 Marin Conservation Corps' June 30, 2007 financial statements and, in our report dated November 1, 2007, 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, 2008, 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  
September 8, 2008

**Marin Conservation Corps**  
**Statement of Financial Position**  
June 30, 2008

Assets	2008	2007
Current assets		
Cash	\$ 305,690	\$ 131,095
Government grants and contracts receivable		
Department of Conservation	104,304	81,554
California Conservation Corps	10,532	20,848
Americorps	47,945	48,090
Golden Gate National Recreation Area	6,514	-
Other government grants and contracts	170,919	67,773
Fee for service contracts receivable	161,453	225,309
Other miscellaneous grants receivable	245,000	175,005
Prepaid expenses	50,891	51,424
Total current assets	1,103,248	801,098
Other assets		
Deposits	14,982	14,982
Property and equipment, at cost		
Land	1,289,550	1,289,550
Building and improvements	2,311,554	2,311,554
Furniture and equipment	282,134	278,836
Vehicles	807,615	515,045
	4,690,853	4,394,985
Accumulated depreciation	(1,166,994)	(1,010,299)
Property and equipment, net	3,523,859	3,384,686
Total assets	\$ 4,642,089	\$ 4,200,766
Liabilities and Net Assets		
Current liabilities		
Bank line of credit	\$ 42,000	\$ 30,000
Accounts payable	170,809	63,561
Accrued expenses	153,658	123,545
Deferred revenue	15,949	4,067
Notes payable due within one year	25,319	23,152
Total current liabilities	407,735	244,325
Notes payable	1,609,378	1,634,851
Total liabilities	2,017,113	1,879,176
Net assets		
Unrestricted	2,178,303	2,078,386
Temporarily restricted	446,673	243,204
Total net assets	2,624,976	2,321,590
Total liabilities and net assets	\$ 4,642,089	\$ 4,200,766

See accompanying notes.

**Marin Conservation Corps**  
Statement of Activities and Changes in Net Assets  
Year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2008 Totals</u>	<u>2007 Totals</u>
<b>Support and revenues</b>				
Government grants and contracts				
Department of Conservation	\$ 1,581,555	\$ -	\$ 1,581,555	\$ 1,345,531
California Conservation Corps	56,056	-	56,056	61,152
Americorps	286,504	-	286,504	274,289
Golden Gate National Recreation Area	-	-	-	12,727
Other government grants and contracts	456,036	-	456,036	255,191
Fee for service contracts				
Golden Gate National Recreation Area	134,524	-	134,524	113,093
Other fee for service contracts	1,265,020	-	1,265,020	1,001,201
General and other public assistance				
Marin Community Foundation	-	260,000	260,000	202,000
Other grants and donations	147,922	254,900	402,822	177,386
Charter school revenue	322,133	-	322,133	235,162
Interest and other income	62,469	-	62,469	51,375
Net assets released from donor restrictions	311,431	(311,431)	-	-
<b>Total support and revenues</b>	<b>4,623,650</b>	<b>203,469</b>	<b>4,827,119</b>	<b>3,729,107</b>
<b>Expenses</b>				
Program services	3,317,752	-	3,317,752	2,744,084
General and administrative	997,541	-	997,541	927,193
Fundraising and development	208,440	-	208,440	129,208
<b>Total expenses</b>	<b>4,523,733</b>	<b>-</b>	<b>4,523,733</b>	<b>3,800,485</b>
<b>Change in net assets</b>	<b>99,917</b>	<b>203,469</b>	<b>303,386</b>	<b>(71,378)</b>
<b>Net assets, beginning of year</b>	<b>2,078,386</b>	<b>243,204</b>	<b>2,321,590</b>	<b>2,392,968</b>
<b>Net assets, end of year</b>	<b>\$ 2,178,303</b>	<b>\$ 446,673</b>	<b>\$ 2,624,976</b>	<b>\$ 2,321,590</b>

See accompanying notes.

**Marin Conservation Corps**  
**Statement of Functional Expenses**  
**Year ended June 30, 2008**

	Program services	General and administrative	Fundraising and development	2008 Totals	2007 Totals
Salaries and wages	\$ 1,930,309	\$ 536,314	\$ 87,066	\$ 2,553,689	\$ 2,193,836
Payroll taxes	138,068	37,483	6,890	182,441	160,292
Pension plan contributions	19,273	7,495	275	27,043	17,963
Other employee benefits	340,112	79,972	3,935	424,019	385,362
Professional services	50,250	35,018	66,925	152,193	99,169
Telephone	36,618	9,392	-	46,010	41,639
Postage and shipping	1,780	2,198	195	4,173	2,673
Rent, utilities and maintenance	81,803	16,056	1,051	98,910	87,065
Equipment rental and maintenance	12,240	2,439	105	14,784	13,305
Printing and publications	1,035	1,106	827	2,968	1,999
Conferences, conventions, and meetings	-	5,634	-	5,634	2,184
Fund development/community outreach	58,927	-	35,943	94,870	34,268
Insurance	-	56,328	-	56,328	68,458
Office equipment and supplies	3,505	10,305	1,330	15,140	14,588
Computer expenses	11,403	13,456	2,632	27,491	12,252
Dues and subscriptions	668	25,598	840	27,106	18,962
Taxes, licenses and fees	849	888	-	1,737	2,997
Recruitment and staff development	14,115	15,237	294	29,646	49,026
Crew equipment and supplies	203,472	55	-	203,527	72,564
Travel and transportation	186,889	8,483	132	195,504	161,613
Instruction expenses	88,524	-	-	88,524	71,463
Reimbursable materials costs	-	-	-	-	6,165
Interest	80,616	33,012	-	113,628	115,888
Depreciation	56,193	100,502	-	156,695	157,603
Bad debt	1,103	-	-	1,103	4,151
Miscellaneous	-	570	-	570	5,000
<b>Total expenses</b>	<b>\$ 3,317,752</b>	<b>\$ 997,541</b>	<b>\$ 208,440</b>	<b>\$ 4,523,733</b>	<b>\$ 3,800,486</b>

See accompanying notes.

**Marin Conservation Corps**  
**Statement of Cash Flows**  
**Year ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 303,386	\$ (71,378)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	156,695	157,603
Changes in:		
Grants and contracts receivable	(121,949)	32,783
Accounts and other receivables	(6,139)	(36,361)
Prepaid expenses and deposits	533	1,202
Accounts payable	107,248	(15,669)
Accrued liabilities	30,113	5,054
Deferred revenue	11,882	1,045
	<u>481,769</u>	<u>74,279</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	<u>(295,868)</u>	<u>(185,828)</u>
Net cash used by investing activities	(295,868)	(185,828)
Cash flows from financing activities		
Advance from bank credit line	12,000	30,000
Principal payments on notes payable	<u>(23,306)</u>	<u>(23,973)</u>
Net cash provided by financing activities	<u>(11,306)</u>	<u>6,027</u>
(Decrease) increase in cash	174,595	(105,522)
Cash, beginning of year	<u>131,095</u>	<u>236,617</u>
Cash, end of year	\$ 305,690	\$ 131,095
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 113,628</u>	<u>\$ 115,888</u>

See accompanying notes.

**MARIN CONSERVATION CORPS**  
Notes to Financial Statements  
June 30, 2008

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 may be 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, 2008

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, 2008

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 2007 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, 2007, 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, 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 off against the allowance. At June 30, 2008, MCC concluded that an allowance for doubtful accounts was not necessary.

**MARIN CONSERVATION CORPS**  
Notes to Financial Statements  
June 30, 2008

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, \$42,000 was due at June 30, 2008. 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 (6.75 percent index rate at June 30, 2008). 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 \$461,416 and \$1,173,281. 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, 2008). 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, 2008).

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

2009	\$ 25,319
2010	26,988
2011	28,866
2012	28,022
2013	30,453
Thereafter	<u>1,495,049</u>
Total	<u>\$ 1,634,697</u>

Note 4 - Risks, uncertainties and concentrations

MCC is primarily supported by government grants and contracts, which in the year ended June 30, 2008, were approximately 49% 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.

## MARIN CONSERVATION CORPS

### Notes to Financial Statements

June 30, 2008

#### Note 4 - Risks, uncertainties and concentrations (continued)

At various times during the year ended June 30, 2008, 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 and net assets released from restrictions during the year ended June 30, 2008 consist of the following:

Grantor/Donor Name	June 30, 2007 Balance	Additions	Releases	June 30, 2008 Balance
Kimball Foundation	\$25,000	\$50,000	\$25,000	\$50,000
Gold Foundation	5,000		5,000	-
Bechtel Foundation	10,000	15,000	10,926	14,074
Bothin Foundation		22,400	-	22,400
Crescent Porter Hale Foundation		10,000	10,000	-
Fireman's Fund		10,000	2,734	7,266
Fullerton Foundation		25,000	25,000	-
GGG Foundation		25,000	25,000	-
Kaiser Foundation		10,000	-	10,000
Marin Community Foundation	192,500	260,000	192,500	260,000
Mary Crocker Trust		15,000	4,271	10,729
Morris Stulsaft Foundation		10,000	-	10,000
REI		5,000	5,000	-
Scully Foundation		20,000	-	20,000
Stuart Foundation		7,500	-	7,500
Wells Fargo Foundation		10,000	-	10,000
Other small donations	10,704	20,000	6,000	24,704
	\$243,204	\$514,900	\$311,431	\$446,673