

**MINNESOTA CENTER FOR
ENVIRONMENTAL ADVOCACY**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
**MINNESOTA CENTER FOR
ENVIRONMENTAL ADVOCACY**
St. Paul, Minnesota

We have audited the accompanying statement of financial position of the Minnesota Center for Environmental Advocacy (MCEA), a nonprofit organization, as of June 30, 2010 and 2009 and the related statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of MCEA's management. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Minnesota Center for Environmental Advocacy as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sherry D. Heffernan, Ltd.
Sherry D. Heffernan, Ltd.

September 28, 2010

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Statement of Financial Position
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 437,197	\$ 837,976
Accounts receivable	64,949	60,350
Unconditional promises to give	315,000	490,344
Investments	988,975	893,018
Prepaid expenses	17,791	17,056
Property and leasehold improvements, net	<u>7,616</u>	<u>8,818</u>
TOTAL ASSETS	<u>\$ 1,831,528</u>	<u>\$ 2,307,562</u>
LIABILITIES		
Accounts payable	\$ 104,833	\$ 25,403
Accrued expenses	<u>46,584</u>	<u>39,594</u>
	<u>151,417</u>	<u>64,997</u>
NET ASSETS		
Unrestricted		
Undesignated	103,657	461,699
Designated by board for future programming needs	<u>440,354</u>	<u>342,151</u>
	<u>544,011</u>	<u>803,850</u>
Temporarily restricted	578,493	881,108
Permanently restricted - endowment fund	<u>557,607</u>	<u>557,607</u>
TOTAL NET ASSETS	<u>1,680,111</u>	<u>2,242,565</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,831,528</u>	<u>\$ 2,307,562</u>

The accompanying notes are an integral part of these financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Statement of Activities
Year Ended June 30, 2010 with Comparative Totals for the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010</u>	<u>2009</u>
REVENUES:					
Contributions	\$ 510,206	\$ 323,993	\$ -	\$ 834,199	\$ 1,552,677
Program services	230,106	-	-	230,106	151,257
Investment income	108,817	-	-	108,817	(52,771)
Miscellaneous income	2,698	-	-	2,698	-
Special event revenue	7,960	-	-	7,960	14,895
Less: Costs of direct benefits to donors	<u>(10,027)</u>	<u>-</u>	<u>-</u>	<u>(10,027)</u>	<u>-</u>
	<u>(2,067)</u>	<u>-</u>	<u>-</u>	<u>(2,067)</u>	<u>14,895</u>
TOTAL REVENUES	<u>849,760</u>	<u>323,993</u>	<u>-</u>	<u>1,173,753</u>	<u>1,666,058</u>
Net assets released from restrictions					
Restrictions satisfied by purpose and time	<u>626,608</u>	<u>(626,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>1,476,368</u>	<u>(302,615)</u>	<u>-</u>	<u>1,173,753</u>	<u>1,666,058</u>
EXPENSES:					
Program services:					
Transportation and land use	264,495	-	-	264,495	245,214
Public health	129,951	-	-	129,951	205,104
Wildlife and natural resources	119,128	-	-	119,128	226,091
Water quality	459,930	-	-	459,930	329,474
Clean energy	<u>422,110</u>	<u>-</u>	<u>-</u>	<u>422,110</u>	<u>285,240</u>
Total program services	1,395,614	-	-	1,395,614	1,291,123
Management and administrative	191,711	-	-	191,711	173,955
Fundraising	<u>148,882</u>	<u>-</u>	<u>-</u>	<u>148,882</u>	<u>166,601</u>
TOTAL EXPENSES	<u>1,736,207</u>	<u>-</u>	<u>-</u>	<u>1,736,207</u>	<u>1,631,679</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(259,839)</u>	<u>(302,615)</u>	<u>-</u>	<u>(562,454)</u>	<u>34,379</u>
NET ASSETS AT BEGINNING OF YEAR	<u>803,850</u>	<u>881,108</u>	<u>557,607</u>	<u>2,242,565</u>	<u>2,208,186</u>
NET ASSETS AT END OF YEAR	<u>\$ 544,011</u>	<u>\$ 578,493</u>	<u>\$ 557,607</u>	<u>\$ 1,680,111</u>	<u>\$ 2,242,565</u>

The accompanying notes are an integral part of these financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Statement of Cash Flows
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (562,454)	\$ 34,379
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	5,832	4,263
Realized and unrealized (gains) losses on investments	(80,924)	90,499
(Increase) decrease in operating assets:		
Accounts receivable	(4,599)	19,091
Unconditional promises to give	175,344	(290,644)
Prepaid expenses	(735)	(706)
Increase (decrease) in operating liabilities:		
Accounts payable	79,430	14,502
Accrued expenses	6,990	(17,662)
NET CASH USED BY OPERATING ACTIVITIES	<u>(381,116)</u>	<u>(146,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	89,883	140,566
Purchase of long-term investments	(104,916)	(169,672)
Purchase of equipment, net of disposition	(4,630)	(7,800)
NET CASH USED BY INVESTING ACTIVITIES	<u>(19,663)</u>	<u>(36,906)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(400,779)	(183,184)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>837,976</u>	<u>1,021,160</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 437,197</u>	<u>\$ 837,976</u>

The accompanying notes are an integral part of these financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Statement of Functional Expenses
Year Ended June 30, 2010

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 1,004,085	\$ 104,255	\$ 124,112	\$ 1,232,452
Consultants	58,156	43,802	-	101,958
Legal disbursements/library	12,325	-	-	12,325
Occupancy costs	52,826	1,705	3,800	58,331
Computer and website development	62,295	558	558	63,411
Office supplies	9,387	342	313	10,042
Telephone	14,505	418	418	15,341
Postage	4,289	137	3,069	7,495
Printing and copying	39,784	1,342	11,392	52,518
Professional fees	-	13,775	-	13,775
Investment fees	-	7,497	-	7,497
Legislative expenses	3,461	-	-	3,461
Dues	13,973	102	102	14,177
Insurance	1,002	14,333	3,523	18,858
Travel	11,120	510	385	12,015
Conferences and meetings	4,689	118	118	4,925
Grants	90,000	-	-	90,000
Marketing and branding	3,529	121	280	3,930
Miscellaneous	5,557	1,495	812	7,864
Depreciation	4,631	1,201	-	5,832
Total expenses	<u>\$ 1,395,614</u>	<u>\$ 191,711</u>	<u>\$ 148,882</u>	<u>\$ 1,736,207</u>
	<u>80.38%</u>	<u>11.04%</u>	<u>8.58%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Statement of Functional Expenses
Year Ended June 30, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 1,031,851	\$ 129,055	\$ 134,822	\$ 1,295,728
Consultants	29,486	-	-	29,486
Legal disbursements/library	17,277	-	-	17,277
Occupancy costs	51,077	1,761	1,761	54,599
Computer and website development	54,640	1,353	3,163	59,156
Office supplies	7,234	6,088	249	13,571
Telephone	12,283	375	375	13,033
Postage	3,108	107	2,538	5,753
Printing and copying	43,884	1,446	7,381	52,711
Professional fees	-	10,699	-	10,699
Investment fees	-	8,853	-	8,853
Legislative expenses	691	-	-	691
Dues and subscriptions	12,578	72	4,136	16,786
Insurance	1,001	9,212	-	10,213
Travel	10,984	80	10,912	21,976
Conferences and meetings	8,369	200	593	9,162
Grants	-	-	-	-
Marketing and branding	-	-	-	-
Miscellaneous	3,332	3,719	671	7,722
Depreciation	<u>3,328</u>	<u>935</u>	<u>-</u>	<u>4,263</u>
Total expenses	<u>\$ 1,291,123</u>	<u>\$ 173,955</u>	<u>\$ 166,601</u>	<u>\$ 1,631,679</u>
	<u>79.13%</u>	<u>10.66%</u>	<u>10.21%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements
June 30, 2010 and 2009

1) Organizational Purpose

The Minnesota Center for Environmental Advocacy (MCEA) is a nonprofit charitable organization using law, science and research to protect Minnesota's natural resources, wildlife and public health. Since 1974, MCEA has worked in the courts, the legislature and at state agencies using science and policy to develop, communicate and implement environmental change. Support is primarily through contributions from foundations and individuals.

MCEA's program services are as follows:

Transportation and Land Use – The transportation and land use program advocates for public policy platforms and funding mechanisms that support an efficient mix of land uses and more compact forms of development, provide a broad set of choices for how we live and get around, protect the environment, and improve public health. MCEA has been working to build business and public support for a balanced system of multimodal transportation and a dedicated source of funding for public transit. It also advocates for policies that will encourage more transit-oriented forms of development.

Public Health - The public health program addresses the risks posed by toxic chemicals in our air, water and soil. Our focus includes advocating for policies to protect children's health; identifying links between environmental pollutants and disease and removing the risk factors; and improving management and reducing the use of hazardous pesticides contaminating Minnesota's drinking and surface waters.

Wildlife and Natural Resources - The wildlife and natural resources program seeks to protect and enhance the many natural treasures that Minnesotans enjoy and cherish. We are currently working to protect the sustainability of Minnesota's forests and environmentally sensitive lakes and rivers, and advocating for policies that protect wetlands and the species that depend upon them from damage and destruction.

Water Quality – The water quality program is focused on protecting Minnesota's greatest natural resource and economic asset - its water. This program addresses threats to lakes and rivers, particularly in the Mississippi, Minnesota and Red River watersheds.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

1) Organizational Purpose, continued

Clean Energy - The clean energy program focuses on long-term development of modern and sustainable energy sources for Minnesota and the replacement of outdated, environmentally harmful energy sources. The program provides legal representation to clean energy advocacy organizations in Minnesota, and lobbies for a variety of clean energy and energy efficiency measures at the Capitol. Combating climate change is central to the clean energy program and plays an increasingly influential role in MCEA's legal and legislative work.

2) Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, MCEA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted assets are resources over which the Board of Directors has discretionary control. Temporarily restricted assets are resources which are subject to a donor imposed restriction which generally will be satisfied by organizational actions or the passage of time. Permanently restricted resources are subject to a donor imposed restriction that such assets are restricted permanently.

Cash and Cash Equivalents

For purposes of the statement of cash flows, MCEA considers all unrestricted cash and other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject MCEA to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. The organization places its temporary cash investments with financial institutions as noted below. Concentrations of credit risk with respect to unconditional promises to give are limited due to the financial stability of the contributors. Unconditional promises to give include amounts from three donors comprising 100% of the balance at June 30, 2010 and from two donors comprising 86% of the balance at June 30, 2009.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The organization maintains its cash and certificates of deposit in one financial institution located in the Twin Cities, which has numerous charters. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each chartered bank. At June 30, 2010 MCEA's uninsured cash balances total approximately \$39,000.

Concentration of Contributions

MCEA received approximately 39% of its total revenues from two donors and one service contract in 2010 and approximately 51% of its total revenues from two donors in 2009.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There have been no charges to bad debt expense or the valuation allowance.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Investments

MCEA carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Fair Value Measurements

MCEA determined the fair value of certain assets and liabilities in accordance with the provisions of accounting Standards Codification (ASC) 820, "Fair Value Measurements" (formerly Statement of Financial Accounting Standards (SFAS) Statement No. 157, *Fair Value Measurements*), which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs and reflect management's best estimate of what market participants would use as fair value.

Property and Leasehold Improvements

MCEA capitalizes all expenditures for property and leasehold improvements in excess of \$1,500. Purchased property and leasehold improvements are recorded at cost. Donated property is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by MCEA.

A significant number of legal services are contributed to MCEA in connection with the accomplishment of its program services. These donated services, which had an estimated value of \$67,000 in 2010 and \$64,900 in 2009, were not recognized in the financial statements because they did not meet the criteria for recognition under SFAS No. 116.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

MCEA has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and contributions by donors are tax deductible.

Comparative Financial Information

The financial statements include 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 MECA's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

3) Unconditional Promises to Give

Unconditional promises to give of \$315,000 and \$490,344 at June 30, 2010 and 2009, respectively, are receivable within one year and are primarily for future program services.

4) Certificates of Deposit

Certificates of deposit totaling \$188,250 at June 30, 2010 are included in cash in the accompanying financial statements. The certificates bear interest ranging from .75% to .90% and have maturities ranging from six to nine months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

5) Investments

Investments consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 21,086	\$ 36,107
Level 1: Quoted prices in active markets for identical assets:		
Equity securities	592,150	553,627
Level 2: Significant other observable inputs:		
Treasury notes and government bonds	<u>375,739</u>	<u>303,284</u>
Total	<u>\$ 988,975</u>	<u>\$ 893,018</u>

Investment return is summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 24,777	\$ 25,713
Net realized and unrealized losses	<u>80,924</u>	<u>-90,499</u>
Investment income	105,701	-64,786
Interest income on certificates of deposit	<u>3,116</u>	<u>12,015</u>
Total investment income	<u>\$ 108,817</u>	<u>\$ -52,771</u>

Expenses relating to investment revenues, including investment advisory fees, were \$7,497 in 2010 and \$8,853 in 2009.

6) Property and Leasehold Improvements

Property and leasehold improvements consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 123,555	\$ 120,375
Leasehold improvements	<u>14,471</u>	<u>14,471</u>
	138,026	134,846
Less accumulated depreciation	<u>130,410</u>	<u>126,028</u>
	<u>\$ 7,616</u>	<u>\$ 8,818</u>

Depreciation of \$5,832 and \$4,263 was recorded for the years ended June 30, 2010 and 2009.

7) Operating Leases

MCEA leases office space under an operating lease, which expires June 30, 2011. Monthly rent is \$4,756 which includes utilities, real estate taxes and insurance. Rent expense was \$56,236 and \$54,559 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments under this operating lease are \$57,067.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

8) Retirement Plans

In January 2008 MCEA adopted a defined contribution plan and matches an employee's pre-tax contribution up to three percent of the employee's salary. Total retirement expense for MCEA was zero for the year ended June 30, 2010 and approximately \$19,300 for the year ended June 30, 2009.

9) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Time restrictions	\$ 248,193	\$ 66,345
Environmental programs	<u>330,300</u>	<u>814,763</u>
	<u>\$ 578,493</u>	<u>\$ 881,108</u>

10) Endowment Fund

MCEA has a donor-restricted endowment fund. It also has a fund designated by the Board of Directors which is not deemed to be an endowment fund (see footnote 11). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of MCEA has interpreted the Minnesota adopted Universal Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MCEA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with Minnesota UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

The change in the permanently restricted endowment fund included a contribution of \$10,000 in the year ended June 30, 2009 for an ending balance of \$557,607 as of June 30, 2010 and 2009.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

10) Endowment Funds, continued

Return Objectives and Risk Parameters: MCEA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the desire for growth and the need to protect principal.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). It targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: MCEA has a policy that allows the Board of Directors discretion in determining annually the spending policy and considers the balance between re-investment of annual earnings with the operating needs of the organization. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

11) Designations

The Board of Directors has designated the use of cumulative earnings from the endowment fund for future programming needs. The designated net asset balances are \$440,354 and \$342,151 as of June 30, 2010 and 2009, respectively. These amounts are not available for general operations until released by the Board of Directors. The balances include \$98,204 of net realized and unrealized gains in 2010 and \$73,640 of net losses in 2009.

12) Grantor or Donor Restrictions

Certain contributions or grants from donors are subject to special audit by the donor. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY
Notes to Financial Statements

13) Subsequent Events

MCEA has evaluated subsequent events through September 28, 2010, the date the financial statements were available to be issued. MCEA is not aware of any subsequent events that require recognition or disclosure in the financial statements.