Mountain Communities Fire Safe Council
Idyllwild, California

Single Audit Report on Federal Awards

Year Ended December 31, 2008
<table>
<thead>
<tr>
<th>Table Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report on Internal Control Over Financial Reporting and on Compliance</td>
<td>1</td>
</tr>
<tr>
<td>and Other Matters Based on an Audit of Financial Statements</td>
<td></td>
</tr>
<tr>
<td>Performed in Accordance with Government Auditing Standards</td>
<td></td>
</tr>
<tr>
<td>Report on Compliance with Requirements Applicable to Each Major Program, Internal Control</td>
<td>3</td>
</tr>
<tr>
<td>Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB</td>
<td></td>
</tr>
<tr>
<td>Circular A-133</td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>5</td>
</tr>
<tr>
<td>Notes to the Schedule of Expenditures of Federal Awards</td>
<td>6</td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>7</td>
</tr>
<tr>
<td>Summary Schedule of Prior Audit Findings</td>
<td>9</td>
</tr>
</tbody>
</table>
To the Board of Directors
Mountain Communities Fire Safe Council

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

We have audited the financial statements of the Mountain Communities Fire Safe Council as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mountain Communities Fire Safe Council’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Communities Fire Safe Council’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mountain Communities Fire Safe Council’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roger, Anderson, Malloy & Scott, LLP

June 30, 2009
To the Board of Directors
Mountain Communities Fire Safe Council

Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Mountain Communities Fire Safe Council with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2008. The Mountain Communities Fire Safe Council’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Mountain Communities Fire Safe Council’s management. Our responsibility is to express an opinion on Mountain Communities Fire Safe Council’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mountain Communities Fire Safe Council’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Mountain Communities Fire Safe Council’s compliance with those requirements.

In our opinion, the Mountain Communities Fire Safe Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.
Internal Control Over Compliance

The management of the Mountain Communities Fire Safe Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Mountain Communities Fire Safe Council’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mountain Communities Fire Safe Council’s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Mountain Communities Fire Safe Council as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malloy & Scott, LLP

June 30, 2009
Mountain Communities Fire Safe Council  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2008  

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>Federal CFDA Number</th>
<th>Pass-through Entity Identifying Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Programs:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-through from the Office of Forest Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Forestry Assistance Grant</td>
<td>10.664</td>
<td>07USFS9549</td>
<td>$ 128,296</td>
</tr>
<tr>
<td>Pine Cove, Pinyon and Mountain Center</td>
<td></td>
<td>08USFS0147</td>
<td>377,217</td>
</tr>
<tr>
<td>San Jacinto Mountain Communities Fuel Reduction</td>
<td></td>
<td></td>
<td>35,470</td>
</tr>
<tr>
<td>WUI</td>
<td></td>
<td>07USFSW0226</td>
<td></td>
</tr>
</tbody>
</table>

Total U.S. Department of Agriculture  

Total Expenditures of Federal Awards  

$ 540,983

The accompanying notes are an integral part of this schedule.
(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Mountain Communities Fire Safe Council that are reimbursable under federal programs of federal awards. For the purposes of this schedule, federal awards include both federal awards received directly from a federal agency, as well as federal funds received indirectly by the Mountain Communities Fire Safe Council from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule are reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

Material weakness identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditor’s report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no
I. SUMMARY OF AUDITOR’S RESULTS (continued)

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.664</td>
<td>Cooperative Forestry Assistance</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? yes no

X

II. FINDINGS – FINANCIAL STATEMENT AUDIT

No matters to be reported.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters to be reported.
CURRENT STATUS OF PRIOR YEAR FINDINGS:

There were no prior year findings.