

EL DORADO COUNTY
FIRE SAFE COUNCIL
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2010

EL DORADO COUNTY FIRE SAFE COUNCIL

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Jeanine J. Mays

— Certified Public Accountant —

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
El Dorado County Fire Safe Council

I have audited the accompanying statement of financial position-cash basis of El Dorado County Fire Safe Council (a non-profit organization) as of June 30, 2010 and the related statement of activities and changes in net assets-cash basis, and statement of functional expenses-cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I 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 evaluation of the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Dorado County Fire Safe Council, as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, I have also issued my report dated January 11, 2011 on my consideration of El Dorado County Fire Safe Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Jeanine J. Mays
January 11, 2011

EL DORADO COUNTY FIRE SAFE COUNCIL

Statement of Financial Position-Cash Basis

June 30, 2010

ASSETS

CASH AND CASH EQUIVALENT		\$ 284,956
PROPERTY PLANT AND EQUIPMENT		
Office equipment	\$ 2,794	
Accumulated depreciation	<u>(1,701)</u>	
		<u>1,093</u>
TOTAL ASSETS		<u><u>\$ 286,049</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		\$ -
NET ASSETS		
Unrestricted	\$ (85,916)	
Contractually Restricted (Note 8)	<u>371,965</u>	
		<u>286,049</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 286,049</u></u>

See accompanying notes.

EL DORADO COUNTY FIRE SAFE COUNCIL
Statement of Activity and Changes in Net Assets-Cash Basis
For the Year Ended June 30, 2010

PUBLIC SUPPORT AND REVENUE	
Donations	\$ 2,062
Government Grants	1,195,854
El Dorado County Contracts	255,725
Interest income	<u>181</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,453,822</u>
EXPENDITURES	
Program	1,160,861
Administration	10,093
Fund raising	<u>-</u>
TOTAL EXPENDITURES	<u>1,170,954</u>
CHANGE IN NET ASSETS	282,868
NET ASSETS, beginning of year	<u>3,181</u>
NET ASSETS, end of year	<u><u>\$ 286,049</u></u>

See accompanying notes.

EL DORADO COUNTY FIRE SAFE COUNCIL

Statement of Functional Expenses-Cash Basis

For the Year Ended June 30, 2010

	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Advertising and marketing	\$ -	\$ 1,245	\$ -	\$ 1,245
Accounting fees		2,478		2,478
Conference fees	750			750
Coordinators fees	130,315	1,000		131,315
Insurance	1,635	3,000		4,635
Dues and subscriptions	50			50
Office expense	1,503			1,503
Postage and shipping	805			805
Printing and publications	2,367			2,367
Program expense	1,011,123	1,670		1,012,793
Rent	100			100
Telephone	1,253			1,253
Travel	5,883	700		6,583
Web site	4,678			4,678
TOTAL BEFORE DEPRECIATION	1,160,462	10,093	-	1,170,555
Depreciation expense	399	-	-	399
TOTAL	\$ 1,160,861	\$ 10,093	\$ -	\$ 1,170,954

See accompanying notes.

EL DORADO COUNTY FIRE SAFE COUNCIL

Notes to the Financial Statements

June 30, 2010

1.) ORGANIZATION

The El Dorado County Fire Safe Council is a California Nonprofit Corporation which is dedicated to protect the people of El Dorado County and their property from the effects of catastrophic wildfire through education, cooperation, innovation, and action.

The Council is publicly supported and exempt from income taxes under the Internal Revenue Code Section 501(C)(3). Donations to the council are tax deductible.

2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: In order to achieve its mission the Council is coordinating a county-wide fire plan, with the cooperation of local agencies, as well a educating the public about fire threat and fire prevention measures. The council is helping to promote fire safe communities by providing defensible space programs, chipper programs as assistance to senior and disabled.

Basis of Accounting: The books and records have been maintained on the cash basis method of accounting where the revenues are recognized in the accounting period in which they are received and expenses are recognized in the period in which they are paid. This method is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Unrestricted Net Assets: Net Assets that are not subject to donor-imposed stipulations. Voluntary resolutions of the Board of Directors making self imposed limits are also considered unrestricted.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted.

Permanently Restricted Net Assets : Net assets subject to donor-imposed stipulations that may be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investment for general or specific purposes.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the

Contributions: Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. If contributions are restricted by the donor and the restrictions are met in the same reporting period the Council chooses to show the contributions as unrestricted.

EL DORADO COUNTY FIRE SAFE COUNCIL

Notes to the Financial Statements

June 30, 2010

2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Functional Allocation of Expenses: The costs of providing the Council's programs have been summarized on a functional basis in the financial statements. Costs have been allocated to various programs and activities as they relate to those programs and activities. Many of management and general costs are directly related to program activities and are allocated to programs accordingly.

Depreciation Methods: The Council follows the practice of capitalizing all expenditures over \$500 for land buildings and equipment at historical cost. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Advertising: Advertising costs are expensed as incurred.

Taxes: The Organization's tax returns are subject to examination by taxing authorities for three years after they are filed and management believes that all of the positions would be sustained if examined.

Fair Value Measurement: The Organization is required to measure certain statement elements at fair value in accordance with generally accepted accounting principles. As the records are maintained cash basis management believes that the carrying values of those elements are not materially different from estimates of the corresponding fair values.

3.) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest Rate</u>
Cash in checking	<u>\$ 284,956</u>	0.00%

The balances of the checking account are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. \$34,956 of the checking account is uninsured.

4.) DONATED SERVICES

No amounts have been reflected in the statements for donated services; however, a substantial number of volunteers have donated a significant amount of their time in the Council's program services.

EL DORADO COUNTY FIRE SAFE COUNCIL

Notes to the Financial Statements

June 30, 2010

5.) PROPERTY PLANT AND EQUIPMENT

The changes in fixed assets and accumulated depreciation consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office equipment	<u>\$ 2,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,794</u>
Accumulated depreciation	<u>\$ 1,302</u>	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ 1,701</u>

6.) CONTINGENCY

The Council receives funding that is subject to audit by granting agencies. Although such audits could generate expense disallowances under terms of the grants, management believes that any required reimbursements could not be material to the Council as a whole.

7.) ECONOMIC DEPENDENCY

The Council received thirty seven percent (37%) of its revenues from the Bureau of Land Management, forty five percent (45%) from the US Department of Forestry grants, and eighteen percent (18%) from El Dorado County Title III funds. Although there are no long-term contracts due to yearly budget decisions, the Council has been receiving funding since 2002.

8.) CONTRACTUAL REQUIREMENTS ON CASH

The Organization has received monies in advance for the performance of projects evidenced by contracts or grants. There was a shortage at year end and some of the funds were used for other projects. The shortage was corrected when monies were received from a project billed after expenditures but the monies were received in the next fiscal year.

Contract or Grant required funds	\$ 371,965
Cash available	<u>284,956</u>
Shortage	(87,009)
Received after year end	<u>87,080</u>
Total available	<u>\$ 71</u>

9.) SUBSEQUENT EVENTS

The management of the organization has reviewed the results of operations for the period of time from its year end June 30, 2010 through January 11, 2011, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amount reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.