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To the Board of Directors Eagle Valley Land Trust Eagle, Colorado

We have audited the financial statements of Eagle Valley Land Trust (the "Land Trust") as of and for the year ended December 31, 2008. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Land Trust are described in note 2 to the audited 2008 financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Land Trust during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

- Estimating allowance for uncollectible pledges and other receivables (\$1,179 at December 31, 2008), based on management's experience with donors and clients, together with actual collections history since year-end.
- Estimated useful lives for depreciable fixed assets, based on management's experience with similar assets, together with industry standards for such items.
- Allocation of certain overhead expenses between functional categories, based on staff labor hours each month.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during an audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to finalization of the 2008 audited financial statements. Consequently, there were no misstatements detected as a result of audit procedures and uncorrected by management which were material, either individually or in the aggregate, to the 2008 financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Performing services for non-profit organizations throughout Colorado

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

Management Representations

As is required in all audit engagements, we have requested certain representations from management that are included in the management representation letter.

In planning and performing our audit of the Land Trust's financial statements as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Land Trust's internal control over financial reporting (internal control) 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 Land Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Trust's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 a 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

We consider the following deficiency to be a significant deficiency in the Land Trust's internal control:

Recording Transactions

During our testing of the Land Trust's 2008 bank reconciliations and interest income, we noted that interest earned in 2008 (totaling \$1,140) and 2009 (totaling \$418) had been posted to the 2007 fiscal year, and that interest previously recorded in 2007 (totaling \$2,167) was moved to 2008 following the 2007 audit. As a result of these misposted transactions, the Land Trust's financial reports were misstated during 2008. While the amounts were not individually material to the financial statements as a whole, the Land Trust's audited 2008 financial statements have been corrected due to the sensitivity of the accounts involved. When recording transactions, it is imperative that due care should be used to ensure the entire transaction is entered into the accounting system correctly and reviewed for accuracy after input. Land Trust staff should follow up with the accounting software vendor to identify methods of ensuring that financial records are "locked" once the year-end is closed, so that entries cannot be erroneously recorded in prior fiscal periods.

We also noted the following opportunities for improvement of internal controls and day-to-day operations:

Board Oversight

One of the basic premises of internal control systems is that no single employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. While the Land Trust has documented and implemented accounting procedures to address this issue to the extent possible, the limited size of the Land Trust's staff inherently restricts the extent to which segregation of duties with respect to accounting functions can be achieved. This requires the Land Trust to have mitigating controls adequate to offset this lack of segregation of duties. The mitigating controls will require the Board to continue to actively monitor the accounting system through review of the financial statements prepared by management and by performing periodic reviews of the underlying records

Joint-Fundraising Event

During our discussions with management, we became aware that the Land Trust, together with other local non-profits, is planning a joint-fundraising event to take place in 2009. Currently, there is no formal agreement between the Land Trust and the other entities involved. Without a binding document addressing matters such as how revenue and costs are to be allocated among the parties, confusion may arise when these issues are confronted. We recommend the Land Trust formalize an agreement which outlines the terms of how the event's revenues and costs are to be split among the entities, provides details of what responsibilities are expected of the parties, and other relevant aspects of each party's involvement in the event. Such a document should provide the parties with a clear understanding of the arrangement.

We trust that this letter helps highlight some of the opportunities to improve the Land Trust's operations, thereby assisting the Board in fulfilling its planning and oversight responsibilities. We would be pleased to provide further assistance should you have any questions.

Yours very truly,

McMahan and Associates, L.L.C.
May 11, 2009