

December 2, 2015

Board of Directors
California Montessori Project

We have audited the financial statements of California Montessori Project (the School) for the year ended June 30, 2015, and have issued our reports thereon dated December 2, 2015, respectively. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies has not changed during the year ended June 30, 2015. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. We evaluated the key factors and assumptions used to develop estimates in determining that they are reasonable in relation to the financial statements taken as a whole. A schedule of the major accounting estimates is attached to this letter, see Exhibit A.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See Exhibit B.

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We are not aware of other documents that contain the audited financial statements; if such documents are to be published, we have a responsibility to determine that such financial information is materially consistent with the audited statements of the School.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the School.

This information is intended solely for the use of the Board of Directors, management and others within the School and is not intended to be and should not be used by anyone other than these specified parties.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA

Exhibit A

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of the financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the School's June 30, 2015 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Valuation of receivables	The School does not record an allowance for doubtful accounts.	Management believes receivables are collectible since most are from governmental units. However, management reviews individual receivable balances at year end to evaluate the appropriate allowance, if any.	We reviewed management's estimate noting the method and assumptions were reasonable and in accordance with generally accepted accounting principles (GAAP) requirements.
Fixed assets and depreciation	The School depreciates fixed assets on a straight-line basis over the estimated useful lives of the assets.	Management reviews fixed asset listing and estimates useful life based on industry norms. Any impairment of fixed assets is identified on an annual basis.	We reviewed management's estimate noting the method and assumptions were reasonable and in accordance with generally accepted accounting principles (GAAP) requirements.
Allocation of functional expenses	The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimates.	Throughout the year management codes certain expenses based on a functional classification. For other expenses, management prepares an analysis of the expense recognized to data and calculates the allocation.	We reviewed management's estimate noting the method and assumptions were reasonable, consistent with prior years, and in accordance with applicable GAAP requirements.

Exhibit B

Adjusting Journal Entries

Prepared by _____		California Montessori Project				11239	
Reviewed by _____		Adjusting Journal Entries				Page 1	
Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper Misstatement
AJE.01	Adjusting	10/20/15					
		006-62-7810-0-0000-0000-9430-006-0000	Buildings/Asset-Shingle Springs	9,893.00			
		006-62-7810-0-0000-0000-9500-006-0000	A/P-Shingle Springs		9,893.00		
			To accrue construction costs as of 6/30/15.			0.00	N-03
		TOTAL		<u>9,893.00</u>	<u>9,893.00</u>	<u>0.00</u>	