

December 3, 2014

Board of Directors
California Montessori Project

We have audited the financial statements of California Montessori Project (the School) for the year ended June 30, 2014, and have issued our reports thereon dated December 3, 2014, 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 February 16, 2014. 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, 2014. 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.

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. A schedule of adjustments is attached to this letter.

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, 2014.

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

California Montessori Project

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, 2014 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.

Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
AJE.01	Adjusting	06/30/14				
		005-62-7810-0-0000-0000-9430-005-0000	Buildings/Asset-Elk Grove	437,598.00		
		005-62-7810-0-0000-0000-9793-005-0000	Audit Adjustments-Elk Grove		437,598.00	
		005-62-0000-0-0000-0000-9445-005-0000	Accum Depreciation Equip-Elk Gr	142,951.00		
		005-62-0000-0-0000-7210-7310-005-0000	Indirect Costs Charges-Elk Grove	176,917.00		
		005-62-0000-0-0000-0000-9440-005-0000	Equipment-Elk Grove		319,868.00	
		006-62-7810-0-0000-0000-9410-006-0000	Land - Shingle Springs	200,307.00		
		006-62-0000-0-0000-0000-9410-006-0000	Land - Shingle Springs	320,000.00		
		006-62-7810-0-0000-0000-9430-006-0000	Buildings/Asset-Shingle Springs		200,307.00	
		006-62-0000-0-0000-0000-9430-006-0000	Buildings/Asset-Shingle Springs		320,000.00	
			Record PP AJE for Elk Grove project costs, record disposal of portables, and reclass land for Shingle Springs.			
AJE.02	Adjusting	06/30/14				
		006-62-0000-0-0000-0000-9435-006-0000	Accum Depreciation-Bldg-Shingle	14,401.00		
		006-62-0000-0-0000-7200-6900-006-0000	Depreciation Expense-Shingle Spri		14,401.00	
		005-62-0000-0-0000-0000-9435-005-0000	Accum Depreciation-Bldg-Elk Grc	37,845.00		
		005-62-0000-0-0000-0000-9445-005-0000	Accum Depreciation Equip-Elk Gr		36,837.00	
		005-62-0000-0-0000-7200-6900-005-0000	Depreciation Expense-Elk Grove		1,008.00	
			Adjust depreciation expense for 2013-2014.			
AJE.03	Adjusting Recur Temp	06/30/14				
		002-62-0000-0-0000-0000-9120-002-0000	Cash in banks-American River	6,323.00		
		002-62-0000-0-0000-0000-9640-002-0000	Current Loans-American River		6,323.00	
		003-62-0000-0-0000-0000-9120-003-0000	Cash in banks-Capitol	14,612.00		
		003-62-0000-0-0000-0000-9640-003-0000	Current Loans-Capitol		14,612.00	
		004-62-0000-0-0000-0000-9120-004-0000	Cash in banks-Carmichael	15,393.00		
		004-62-0000-0-0000-0000-9640-004-0000	Current Loans-Carmichael		15,393.00	
		006-62-0000-0-0000-0000-9120-006-0000	Cash in banks-Shingle Springs	6,342.00		
		006-62-0000-0-0000-0000-9640-006-0000	Current Loans-Shingle Springs		6,342.00	
		005-62-0000-0-0000-0000-9120-005-0000	Cash in banks-Elk Grove	11,528.00		
		005-62-0000-0-0000-0000-9640-005-0000	Current Loans-Elk Grove		11,528.00	
		007-62-0000-0-0000-0000-9120-007-0000	Cash in banks-Orangevale	3,422.00		
		007-62-0000-0-0000-0000-9640-007-0000	Current Loans-Orangevale		3,422.00	

Prepared by_____

California Montessori Project
Exhibit B

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Reviewed by_____

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Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
			To reconcile CAC and Club M accounts per reconciliations.			
AJE.04	Adjusting	06/30/14				
		004-62-0000-0-0000-0000-9330-004-0000	Prepaid Expenditures-Carmichael	52,155.00		
		004-62-0000-0-0000-8700-5600-004-0000	Rentals, Leases, Repairs-Carmicha		52,155.00	
		005-62-0000-0-0000-8700-5600-005-0000	Rentals, Leases, Repairs-Elk Grove	22,321.00		
		005-62-0000-0-0000-0000-9330-005-0000	Prepaid Expenditures-Elk Grove		22,321.00	
			Adjust lease deposits and prepaid leases.			
AJE.05	Adjusting	06/30/14				
		006-62-7810-0-0000-0000-9430-006-0000	Buildings/Asset-Shingle Springs	52,725.00		
		006-62-7810-0-0000-0000-9500-006-0000	A/P-Shingle Springs		52,725.00	
			To accrue construction costs incurred through 6/30/14.			
AJE.06	Adjusting	06/30/14				
		006-62-7810-0-0000-0000-9668-006-0000	Lease Revenue Bonds Payable-Shi	567,456.00		
		006-62-7810-0-0000-0000-8590-006-0000	Other State-Shingle Springs		567,456.00	
			Adjust OPSC loan balance to state schedule.			

**California Montessori Project
Exhibit B**

Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
RJE.02	Adjusting	06/30/14				
		001-62-0000-0-0000-0000-9110-001-0000	Cash In County Treasury-CMP Ad	1,441,979.00		
		001-62-0000-0-0000-0000-9200-001-0000	A/R-CMP Admin		1,441,979.00	
		002-62-0000-0-0000-0000-9110-002-0000	Cash In County Treasury-American		270,368.00	
		002-62-0000-0-0000-0000-9500-002-0000	A/P-American River	270,368.00		
		003-62-0000-0-0000-0000-9110-003-0000	Cash In County Treasury-Capitol		212,939.00	
		003-62-0000-0-0000-0000-9500-003-0000	A/P-Capitol	212,939.00		
		004-62-0000-0-0000-0000-9110-004-0000	Cash In County Treasury-Carmich		314,780.00	
		004-62-0000-0-0000-0000-9500-004-0000	A/P-Carmichael	314,780.00		
		005-62-0000-0-0000-0000-9110-005-0000	Cash In County Treasury-Elk Grov		244,443.00	
		005-62-0000-0-0000-0000-9500-005-0000	A/P-Elk Grove	244,443.00		
		006-62-0000-0-0000-0000-9110-006-0000	Cash In County Treasury-Shingle S		252,029.00	
		006-62-0000-0-0000-0000-9500-006-0000	A/P-Shingle Springs	252,029.00		
			Reverse negative cash in Central Admin for FS presentation			
		TOTAL		<u>4,818,834.00</u>	<u>4,818,834.00</u>	
RJE.01	Reclassifying	06/30/14				
		004-62-0000-0-0000-0000-9430-004-0000	Buildings/Asset-Carmichael	96,150.00		
		004-62-0000-0-0000-0000-9340-004-0000	Current Assets-Carmichael		96,150.00	
		005-62-7810-0-0000-0000-9430-005-0000	Buildings/Asset-Elk Grove	25,769.00		
		005-62-0000-0-0000-0000-9340-005-0000	Current Assets-Elk Grove		25,769.00	
		004-62-0000-0-0000-0000-9420-004-0000	Land Improvements-Carmichael	49,648.00		
		004-62-0000-0-0000-0000-9410-004-0000	Land-Carmichael		49,648.00	
			Reclass land and building improvements.			
		TOTAL		<u>171,567.00</u>	<u>171,567.00</u>	
		GRAND TOTAL		<u>4,990,401.00</u>	<u>4,990,401.00</u>	

