



Board of Directors
California Montessori Project
Carmichael, California

We have audited the financial statements of California Montessori Project, California Montessori Project - San Juan Campus, California Montessori Project - Capitol Campus, California Montessori Project - Elk Grove Campus, and California Montessori Project - Shingle Springs Campus (the Organization) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 9, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards, 2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California Montessori Project are described in Note 1 to the financial statements.

As described in Note 1, the Organization changed accounting policies by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020.

We noted no transactions entered into by the Organization 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

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. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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.

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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2020.

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 Schools' financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

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

Other information in documents containing audited financial statements

With respect to the Local Education Agency Organization Structure, Schedule of Instructional Time, Schedule of Average Daily Attendance, and Reconciliation of Annual Financial Report with Audited Financial Statements, and the combining statements of financial position, activities, and cash flows (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine

that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, 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 have issued our report thereon dated December 9, 2020.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

Recent accounting standards

Our promise is to get to know you and help you. For your consideration, we provided recent accounting standards applicable to the Organization.

Leases –

- Effective for fiscal years beginning after December 15, 2018 for public entities and December 15, 2021 for nonpublic entities. For the Schools – June 30, 2023's financial statements.
- Requires lessees to recognize the assets and liabilities arising from all leases on the statement of financial position.
- A lessee should recognize the liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.
- Continued differentiation between finance and operating leases.

This communication is intended solely for the information and use of the Board of Directors and management of California Montessori Project and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2020

Uncorrected Misstatements

Account		Description	Debit	Credit
Passed Journal Entries				
Passed Journal Entry JE # 1				
PAJE to correct beginning net assets to tie to the amortization schedule for Shingle Springs.				
006-62-9668	Lease Revenue Bonds Payable-Shingle Springs		10,000.00	
006-62-9791	Beginning Balance-Shingle Springs			10,000.00
Total			10,000.00	10,000.00
Passed Journal Entry JE # 2				
Record lease on a straight line basis				
001-62-9791	Beginning Balance-CMP Admin		11,934.00	
001-62-CLA1	Deferred Rent Expense		4,525.00	
004-62-9791	Beginning Balance-Carmichael		47,738.00	
004-62-CLA1	Deferred Rent Expense		18,102.00	
001-62-CLA2	Deferred Rent Liability			16,459.00
004-62-CLA2	Deferred Rent Liability			65,840.00
Total			82,299.00	82,299.00
Passed Journal Entry JE # 3				
Passed adjustment to transfer a cash disbursement posted to the general fund that should have been posted to central admin.				
001-62-9791	Beginning Balance-CMP Admin		16,128.00	
001-62-9122	Cash in bank (US Bank)-CMP Admin			16,128.00
Total			16,128.00	16,128.00
Proposed Journal Entry JE # 4				
Accrue settlement payable				
001-62-9521	Salary & Wages-CMP Admin		17,321.00	
001-62-1152	General-CMP Admin			17,321.00
Total			17,321.00	17,321.00
Passed Journal Entries JE # 5				
Reduce SJ lottery accrual to match state schedule.				
004-62-8560	State Lottery Revenue-Carmichael		14,121.00	
004-62-9200	A/R-Carmichael			14,121.00
Total			14,121.00	14,121.00

Uncorrected Misstatements (Continued)

Passed Journal Entry JE # 6			
Adjust accrued vacation			
003-62-9665	Compensated Absences Payable-Capitol	7,825.00	
005-62-9665	Compensated Absences Payable-Elk Grove	7,680.00	
006-62-9665	Compensated Absences Payable-Shingle Springs	37,724.00	
003-62-1101	Teachers Salaries - Reg-Capitol		7,825.00
005-62-1101	Teachers Salaries - Reg-Elk Grove		7,680.00
006-62-1100	Certificated Salaries-Shingle Springs		37,724.00
Total		53,229.00	53,229.00

Corrected Misstatements

Account		Description	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entry JE # 1				
To adjust Net Assets to match Beginning Balances				
001-62-9791	Beginning Balance-CMP Admin		16,131.00	
003-62-4350	Other Supplies		1.00	
005-62-9791	Beginning Balance-Elk Grove		53.00	
006-62-4320	Office Supplies-Shingle Springs		6.00	
007-62-4350	Other Supplies		36,107.00	
001-62-4350	Other Supplies			16,131.00
003-62-9791	Beginning Balance-Capitol			1.00
005-62-4350	Other Supplies			53.00
006-62-9791	Beginning Balance-Shingle Springs			6.00
007-62-9791	Beginning Balance-Orangevale			36,107.00
Total			52,298.00	52,298.00
Adjusting Journal Entry JE # 2				
To reverse expense originally posted against beginning balance net assets.				
003-62-5100	SpEd Consultants and Vendors-Capitol		29,392.00	
004-62-4350	Other Supplies		25.00	
004-62-9792	Budget Adjustments-Carmichael		35,600.00	
005-62-9792	Budget Adjustments-Elk Grove		29,030.00	
006-62-9792	Budget Adjustments-Shingle Springs		1,258.00	
007-62-5100	SpEd Consultants and Vendors-Orangevale		49.00	
003-62-9792	Budget Adjustments-Capitol			29,392.00
004-62-5100	SpEd Consultants and Vendors-Carmichael			35,600.00
004-62-9810	Appropriations Budget-Carmichael			25.00
005-62-5100	SpEd Consultants and Vendors-Elk Grove			29,030.00
006-62-5100	SpEd Consultants and Vendors-Shingle Springs			1,258.00
007-62-9792	Budget Adjustments-Orangevale			49.00
Total			95,354.00	95,354.00