



March 17, 2023

Oakland Military Institute College Preparatory Academy  
3877 Lusk Street  
Oakland, CA 94608

We are pleased to confirm our understanding of the services we are providing for the Oakland Military Institute College Preparatory Academy, for the fiscal year ending June 30, 2023, through 2025. We will audit the statement of financial position of the Oakland Military Institute College Preparatory Academy as of and for the fiscal year ended June 30, 2023, through 2025, and the related statements of activities, cash flows, and functional expenses for the years then ended. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

1. Local Educational Agency Organizational Structure
2. Schedule of Average Daily Attendance
3. Schedule of Instructional Time
4. Reconciliation of Annual Financial and Budget Reports with Audited Financial Statements

In addition, we will prepare the federal and state tax returns for fiscal years ending June 30, 2023 through June 30, 2025.

#### **Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Standards and Procedures for Audits of California K-12 Local Educational Agencies, published by the Education Audit Appeals Panel, and will include tests of accounting records and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grand agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and that the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

If during our audit we become aware that the Oakland Military Institute College Preparatory Academy is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

**Management Responsibilities**

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them. We will advise you with regard to tax positions taken in the preparation of the information returns, but the responsibility for the information returns remains with you, therefore, the appropriate officials should review the information returns carefully before an authorized officer signs and files it.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles.

You are also responsible for making all financial records and related information available to us and for ensuring the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Oakland Military Institute College Preparatory Academy involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your

responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Oakland Military Institute College Preparatory Academy I received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Oakland Military Institute College Preparatory Academy complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Oakland Military Institute College Preparatory Academy is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective action for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the organization's website, you understand that electronic sites are a means to distribute information, and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Audit Procedures-General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Oakland Military Institute College Preparatory Academy or to acts by management or employees acting on behalf of the Oakland Military Institute College Preparatory Academy. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from the Oakland Military Institute College Preparatory Academy attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures-Internal Controls**

Our audit will include obtaining an understanding of the Oakland Military Institute College Preparatory Academy and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Oakland Military Institute College Preparatory Academy compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Tax Preparation Services**

We will prepare your annual federal informational returns (Form 990 or 990-EZ, as appropriate) and information returns for the State of California (Forms 199 and RRF-1) with supporting schedules, and perform related research as considered necessary. This engagement pertains to the year ending June 30, 2023 and subsequent years per below. Our responsibilities do not include preparation of any other tax returns that may be due to any taxing authority. Each annual engagement will be complete upon the delivery of completed returns to you.

It is your responsibility to provide us with all the information required for preparing complete and accurate returns. You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the return(s) to us.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

You also have final responsibility for the tax return and, therefore, the appropriate officials should review the return carefully before an authorized officer signs and files it.

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the bookkeeping and tax services we provide; and for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

If, during our work, we discover information that affects your prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us for the best resolution of the issue.

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

In accordance with federal law and under no circumstances will we disclose your tax return information to any location outside the United States, to another tax return preparer outside of our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare your return without first receiving your consent.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the due date of the return. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

It is our policy to keep records related to this engagement for seven years. However, we do not keep any of your original records and will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

By signing this engagement letter, you acknowledge and agree that upon the expiration of the seven-year period, we are free to destroy our records related to this engagement.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone or by turning over information about those communications to the government, you, your employees, or agents, may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication; you agree to provide us with written advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege. The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

#### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

The documentation for this engagement is the property of CWDL, Certified Public Accountants and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State Controller’s Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CWDL, Certified Public Accountants personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the State Controller’s Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

John Dominguez, CPA, CFE, CGMA is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit as soon as possible and will issue our report no later than December 15. We estimate that our fees for these services to the Oakland Military Institute College Preparatory Academy will be as shown in the table below:

| <b>Maximum Fees</b>  | <b>2023-24</b>   | <b>2024-25</b>   | <b>2025-26</b>   |
|--|------------------|------------------|------------------|
| Oakland Military Institute College Preparatory Academy Audit | \$ 22,250        | \$ 22,918        | \$ 23,605        |
| Tax Return Preparation & Filing                              | 2,500            | 2,575            | 2,652            |
| <b>Total</b>   | <b>\$ 24,750</b> | <b>\$ 25,493</b> | <b>\$ 26,257</b> |

The maximum annual fee for auditing services shall not exceed the above amounts, with the exception that any auditing services provided for (1) significant changes in the Oakland Military Institute College Preparatory Academy audit requirements as stated in *Government Auditing Standards* or the Audit Guide issued by the Education Audit Appeals Panel, or (2) any changes in the number of funds or accounts maintained by the Oakland Military Institute College Preparatory Academy during the period under this agreement, shall be in addition to the above maximum fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. In accordance with Education Code Section 14505 as amended, ten percent (10%) of the audit fee shall be withheld pending certification of the audit report by the Office of the State Controller and fifty percent (50%) of the audit fee shall be withheld for any subsequent year of a multi-year contract if the prior year’s audit report was not certified as conforming to the reporting provisions of the Audit Guide.

This audit contract is null and void if the firm is declared ineligible to audit K-12 school districts pursuant to subdivision (c) of Education Code Section 41020.5. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

The first period to be audited shall be for the fiscal year ended June 30, 2023 through 2025, if agreeable to the auditors and the Oakland Military Institute College Preparatory Academy. Additional extensions beyond 2025 may be secured on a year-by-year basis, subject to the agreement of the Oakland Military Institute College Preparatory Academy, and the auditor.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our peer review report is attached to this engagement letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



John Dominguez, CPA, CFE, CGMA  
Partner  
CWDL, Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Oakland Military Institute College Preparatory Academy

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Title  
\_\_\_\_\_  
Date