



# Urban Montessori Charter School

## Finance Committee Meeting

Published on April 12, 2021 at 10:55 AM PDT

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### Date and Time

Thursday April 15, 2021 at 3:00 PM PDT

### Location

Join Zoom Meeting

<https://us02web.zoom.us/j/5102904005?pwd=M1kxU2hXSzRSN1dCL3QwYVEzdkJ3Zz09>

Meeting ID: 510 290 4005; Passcode: 510 290 4005

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Meeting ID: 510 290 4005

Find your local number: <https://us02web.zoom.us/u/kb8IDmVDDD>

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PER GOVERNOR NEWSOM'S SHELTER IN PLACE EXECUTIVE ORDER DATED MARCH 19, 2020 ([WHICH IS HERE IN ITS ENTIRETY](#)) AND BY ORDER OF THE HEALTH OFFICER OF THE COUNTY OF ALAMEDA DATED JUNE 5, 2020 (Revised June 18, 2020, July 15, 2020, and August 20, 2020) ([WHICH IS HERE IN ITS ENTIRETY](#)):

THIS WILL BE A VIRTUAL-ONLY MEETING

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Members: Stacey Wang (Chair), Greg Klein, Davis Leung

Urban Montessori Charter School welcomes your participation at Board meetings. The purpose of a public meeting of the Board of Directors (“Board”) is to conduct the affairs of the organization in public. Your participation assures us of continuing community interest in our school and assists the Board in making the best decisions for our school. To assist you in the ease of speaking/participating in our meetings, guidelines are provided at the bottom of this agenda. All materials for all board and committee meetings, including audio recordings of Regular Board Meetings, are available via on our [BoardOnTrack public portal](#) and is also accessible via the [UMCS School Calendar](#).

## Agenda

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>3:00 PM</b>
<b>A.</b> Call the Meeting to Order		Stacey Wang	
<b>B.</b> Record Attendance		Stacey Wang	1 m
<b>C.</b> Approve Minutes from prior Finance Committee Meeting	Approve Minutes	Stacey Wang	1 m
Approve minutes for Finance Committee Meeting on March 18, 2021			
<b>D.</b> Review of Action/Discussion Items	Discuss	Stacey Wang	1 m
With input from the committee, the Chair may decide, based upon a number of factors, to reorder the action/discussion items to best suit the needs of the meeting. No additional action/discussion items will be added at this time.			
<b>E.</b> Presentations from the Floor		Stacey Wang	5 m
PRESENTATIONS ON NON-AGENDA ITEMS – Any person wishing to speak to any item not on the agenda will be granted three minutes to make a presentation. Speakers requiring translation will be granted double time.			
<b>II. Finance</b>			<b>3:08 PM</b>
<b>A.</b> Discussion Item: School Reopening and Funding	Discuss	Krishna Feeney	15 m
<b>B.</b> Discussion Item: Current Fiscal Year to Date Budget Forecast	Discuss	Alejandra Rodriguez	15 m
<ol style="list-style-type: none"> <li>1. Largest changes from prior forecast in individual expense and revenue areas</li> <li>2. Latest enrollment, attendance, and average daily attendance (ADA)</li> <li>3. Current cash flow and ending fund balance projections</li> </ol>			

	Purpose	Presenter	Time
4. Fundraising forecast year-to-date			
C. Discussion Item: Enrollment	Discuss	Krishna Feeney	5 m
D. Discussion Item: LCAP	Discuss	Krishna Feeney	5 m
E. Discuss Independent Auditor Selection and Services	Discuss	Greg Klein	5 m
Potential contract above \$15,000			
<b>III. Closing Items</b>			<b>3:53 PM</b>
A. New Business	Discuss	Stacey Wang	1 m
Collect topics for future meetings, as needed.			
B. Adjourn Meeting	Discuss	Stacey Wang	1 m

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REASONABLE LIMITATIONS MAY BE PLACED ON PUBLIC TESTIMONY The Governing Board’s presiding officer reserves the right to impose reasonable time limits on public testimony to ensure that the agenda is completed.

SPECIAL PRESENTATIONS MAY BE MADE Notice is hereby given that, consistent with the requirements of the Bagley-Keene Open Meeting Act, special presentations not mentioned in the agenda may be made at this meeting. However, any such presentation will be for information only.

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# Coversheet

## Approve Minutes from prior Finance Committee Meeting

**Section:** I. Opening Items  
**Item:** C. Approve Minutes from prior Finance Committee Meeting  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for Finance Committee Meeting on March 18, 2021

APPROVED



## Urban Montessori Charter School

### Minutes

#### Finance Committee Meeting

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##### Date and Time

Thursday March 18, 2021 at 3:00 PM

##### Location

Join Zoom Meeting

<https://us02web.zoom.us/j/5102904005?pwd=M1kxU2hXSzRSN1dCL3QwYVEzdkJ3Zz09>

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#### **Committee Members Present**

D. Leung (remote), G. Klein (remote), S. Wang

#### **Committee Members Absent**

*None*

#### **Committee Members who arrived after the meeting opened**

D. Leung, S. Wang

#### **Committee Members who left before the meeting adjourned**

D. Leung

#### **Guests Present**

A. Rodriguez (remote), K. Feeney (remote)

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### **I. Opening Items**

#### **A.**

### **Call the Meeting to Order**

D. Leung called a meeting of the Finance Committee of Urban Montessori Charter School to order on Thursday Mar 18, 2021 at 3:02 PM.

### **B. Record Attendance**

### **C. Approve Minutes from February 18, 2021 Finance Committee Meeting**

D. Leung made a motion to approve the minutes from February 18, 2021 Finance Committee Meeting on 02-18-21.

G. Klein seconded the motion.

No questions or comments, or public comment.

The committee **VOTED** unanimously to approve the motion.

#### **Roll Call**

D. Leung Aye

G. Klein Aye

S. Wang Absent

### **D. Review of Action/Discussion Items**

No changes needed.

### **E. Presentations from the Floor**

There were no public comments on non-agendized items.

## **II. Finance**

### **A. Discussion Item: School Reopening and Funding**

S. Wang arrived at 3:04 PM.

Krishna shared that we are unlikely to get full SB/AB 86 funding based on calendar dates required to be reopen in-person for more students. Krishna is moving work forward as fast as is reasonable, but the goal is not simply to maximize our access to funding.

Davis asked what that money could be spent towards? Alejandra shared that the Edsource numbers may not be accurate. Still unclear when money would arrive and complete rules for eligible expenses. CDE will be putting out guidance tomorrow or Monday -- more info coming to the full board meeting.

No public comment on this item.

### **B. Discussion Item: Current Fiscal Year to Date Budget Forecast**

Alejandra shared that the forecast didn't change much since last month, from \$95,000 to \$96,000 operating income.

Cash is slightly higher than last month, but not at our three-month goal. Forecast remains positive through the end of the fiscal year, and goes up in July when state starts paying again.

Some state money may need to be repaid: old Prop 39 Energy grant money at prior campus \$50k, and also \$100k of CSFIG money related to prior campus.

Greg asked about new professional development contract and whether or not it was in the current forecast. Krishna shared that it would be paid in next year's budget for next year's work with Public Montessori in Action.

On COVID-related relief funding:

Expanded Learning Opportunities (~\$110,000 expected), and In-Person learning (~\$233,000 expected), both funding sources are AB/SB 86 -- Alejandra shared the spending rules as currently understood. As discussed, these amounts may not as high and the in-person learning dollars depend on our actual future reopening timeline.

ESSER II & ESSER III -- have longer spending timelines. Sept 30th 2023, and 2024.

Alejandra shared an overview from LLM and ESSER I -- funds received and spent. ESSER II, AB/SB 86 (in-person + expanded learning), and ESSER III funds are not in our cash or fund balance forecasts at this time.

On updated draft budget for next year: decreased private grants by \$25k. Added COLA to books and supplies. Complete draft in April, then May revise from the governor, and then approval in June.

Alejandra shared a model of how various annual operating income amounts over the next few years help build up cash-on-hand reserves over different numbers of years.

No public comment on this item.

### **C. Discussion Item: Enrollment**

Krishna shared that first round offers have gone out after our public lottery. Families have until next week to make a decision, and then more offers can go out. On track to meet or exceed our projection but it's hard to know until real kids show up particularly during an on-going pandemic and fluid family dynamics.

No public comment on this item.

D. Leung left at 4:08 PM.

### **D.**



**Discussion Item: LCAP**

Krishna and Daniel are already working on the annual updates from the prior years. LCAP will have more financial detail controls related to all of the one-time COVID relief funds. Adoption comes in June after a May review and public hearing. Adoptions comes before adopting the budget.

The board discussed contracting for additional capacity to support if needed.

No public comment on this item.

D. Leung arrived at 4:10 PM.

**E. Approval: Outdoor Furniture**

Krishna recommends the Board authorize her to spend up to \$50,000 in outdoor furniture to support a return to in-person instruction.

Stacey mentioned that it will be important to help everyone understand that such spending would come out of one-time funding related to a safe return to in-person instruction.

The committee agreed with the recommendation. The full Board can discuss and vote on a motion supporting such spending with the understanding that one-time funding is en route, and specific purchase contracts can come back to Board for retro-active approval -- that our Board schedule does not need to slow down our preparations for a return. The committee recognizes that Ms. Krishna needs flexibility to navigate the return, and we can still ultimately maintain transparency on all spending -- we can do both.

No public comment on this item.

**III. Closing Items**

**A. New Business**

No new items.

**B. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 4:22 PM.

Respectfully Submitted,  
S. Wang

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**Documents used during the meeting**

*None*

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# Coversheet

## Discuss Independent Auditor Selection and Services

**Section:** II. Finance  
**Item:** E. Discuss Independent Auditor Selection and Services  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** Urban Montessori - 2021 G1 EL - signed.pdf  
Urban Montessori - 2021 EL - signed.pdf



CliftonLarsonAllen LLP  
2210 East Route 66  
Glendora, CA 91740  
626.857.7300 | fax 626.857.7302  
CLAconnect.com

February 1, 2021

Board of Directors and Management  
Urban Montessori  
5328 Brann Street  
Oakland, CA 94619

Dear Board of Directors and Management:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Urban Montessori (“you,” “your,” or “the entity”) for the year ended June 30, 2021.

Derrick DeBruyne is responsible for the services provided to you. He will be assisted by Marlen Gomez, who is responsible for the performance of the audit engagement.

#### **Audit services**

We will conduct a performance audit of the entity’s Teacher Retention and Middle School Improvement Act Fund (Measure G1) as required by Oakland Unified School District (OUSD) for the year ended June 30, 2021.

#### **Audit objectives**

The objective of our performance audit is the expression of an opinion as to whether you have complied, in all significant respects with the provisions of laws, regulations, contracts, and agreements, as required by *Government Auditing Standards* and with the specific requirements listed below. Our audit will be conducted in accordance with auditing standards for performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OUSD’s procedures for Measure G1 parcel tax audit.

Our audit will include tests of the records of the Entity and other procedures we consider necessary to enable us to express such an opinion. We will develop our work program based on OUSD’s procedures for Measure G1 parcel tax audit to meet the following objectives:

- Ensure expenditures are in support of allowable uses as per the ballot language, separately with respect to middle school grants and salary for school site educators.
- Ensure that the charter school receiving middle school grant funding has an approved education improvement plan with the minimal requirements specified in the ballot.
- For the charter schools receiving middle school grant funding, make a positive statement about the issue of supplanting versus supplementing.

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Urban Montessori  
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We will issue a written report upon completion of our audit. The report will include a statement that the report is intended solely for the information and use of management, those charged with governance, others within the entity, and OUSD and is not intended to be and should not be used by anyone other than the specified parties. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material noncompliance or deviation from the criteria, which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

If during the audit we become aware that the Entity 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 the standards for performance audits contained in Government Auditing Standards and with the OUSD procedures for Measure G1 parcel tax audit may not satisfy the relevant legal, regulatory or contractual requirements.

#### **Auditor responsibilities, procedures, and limitations**

We will conduct our performance audit in accordance with the standards for performance audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives outlined above.

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 noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial violations of laws or Program regulations. However, we will inform the appropriate level of management of any violations of laws or Program regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

In addition, an audit is not designed to detect immaterial violations of laws or governmental regulations that do not have a direct and material effect on the compliance with OUSD procedures for Measure G1 parcel tax audit. However, we will inform the appropriate level of management and those charged with governance 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 audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of significant non-compliance with the provisions of laws, regulations, contracts and agreements 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 significant non-compliance with the provisions of laws, regulations, contracts and agreements and to preventing and detecting material non-compliance resulting from illegal acts and other non-compliance matters. Our tests, if performed, will be less in scope than

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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 *Government Auditing Standards*.

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.

### **Management responsibilities**

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the design, implementation, and maintenance of effective internal control, including evaluating and monitoring ongoing activities, to help ensure compliance with the provisions of laws, regulations, contracts and agreements.

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk of material noncompliance as a result of fraud; and for informing us about all known or suspected fraud affecting the entity 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 provisions of laws, regulations, contracts and agreements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered. You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to performance audit objectives, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit, including your representation that you have complied with the objectives as listed above. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future

February 1, 2021  
Urban Montessori  
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plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any noncompliance that we may fail to detect as a result of misrepresentations made to us by you.

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. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

#### **Engagement administration and other matters**

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to OUSD, 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 CLA 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 audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by OUSD. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

February 1, 2021  
Urban Montessori  
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*Government Auditing Standards* require that we make our most recent external peer review report publicly available. The report is posted on our website at [www.CLAconnect.com/Aboutus/](http://www.CLAconnect.com/Aboutus/).

### **Mediation**

Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

### **Time limitation**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

### **Price**

Our fees for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. The total is expected not to be \$5,000 plus a 5% technology fee. The price estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees, plus applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.



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***Technology Support Fee***

Given the rising technology costs all organizations are expending to serve and protect client information, we are adding a 5% technology and client support fee to all of our invoices. The fee combines technology expenses with client support costs and includes technology support, printing, communications, data security and storage, indirect engagement support costs and technical resource subscriptions. This is estimated and included in the fee table above.

***Changes related to COVID-19***

COVID-19 continues to have significant direct and indirect impacts on financial reporting, disclosure requirements, and the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in this letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

***Other fees***

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

***Finance charges and collection expenses***

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

**Consent**

***Subcontractors***

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

February 1, 2021  
Urban Montessori  
Page 7

**Agreement**

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign and date this letter to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

**CliftonLarsonAllen LLP**

DocuSigned by:  
*Marlen Gomez*  
DBE69E3D16CE49A...  
Marlen Gomez, CPA  
Director  
626-857-7300  
Marlen.Gomez@claconnect.com

Enclosure

**Response:**

This letter correctly sets forth the understanding of Urban Montessori.

Authorized management signature: *Krishna Feeney*  
4568C39BC0E1478...

Title: Head of School

Date: 2/26/2021



CliftonLarsonAllen LLP  
2210 East Route 66  
Glendora, CA 91740  
626.857.7300 | fax 626.857.7302  
CLAconnect.com

February 1, 2021

Board of Directors and Management  
Urban Montessori  
5328 Brann Street  
Oakland, CA 94619

Dear Members of the Board and Management:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Urban Montessori (“you,” “your,” or “the Organization”) for the year ended June 30, 2021.

Derrick DeBruyne is responsible for the performance of the audit engagement. He will be assisted by Marlen Gomez, who is responsible for the performance of the audit engagement. Per Education Code Section 41020(f)(2), there is a limit of six consecutive year for any firm where the principal/director-in-charge of the audit and the reviewing principal/director have been the same in each of those years. This is the third consecutive year Marlen will be the engagement director.

#### **Audit services**

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

We will also evaluate and report on the presentation of the supplementary information accompanying the financial statements in relation to the financial statements as a whole.

#### **Nonaudit services**

We will also provide the following nonaudit services:

- Preparation of your financial statements and related notes.
- Preparation of adjusting journal entries.
- Preparation of the informational tax return.

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Urban Montessori  
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### **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 accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our audit will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control 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 entity 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 conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We also will issue a written report and opinion on State Compliance upon completion of our audit.

### **Auditor responsibilities, procedures, and limitations**

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain

February 1, 2021  
Urban Montessori  
Page 3

reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. Because we will not perform a detailed examination of all transactions, material misstatements, 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 entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste and abuse is subjective, Government Auditing Standards do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

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. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance 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. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a 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 deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

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As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit 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*.

We will include in our report on internal control over financial reporting and compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under *Government Auditing Standards*.

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.

### **Management responsibilities**

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; 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, implementation, and maintenance of effective internal control, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity 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 entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

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You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report.

You are responsible for ensuring that management is reliable and 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, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP. 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 or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

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. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

#### **Responsibilities and limitations related to nonaudit services**

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management,

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who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements and related notes. Since the preparation and fair presentation of the financial statements is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for those financial statements. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements.
- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.
- We will prepare the organization's federal Form 990 and applicable state filings in accordance with the applicable tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible. We will not audit or independently verify the accuracy or completeness of the information we receive from you for the preparation of the returns and filings, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

### **Use of financial statements**

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.



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

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

### **Engagement administration and other matters**

We expect to begin our audit in May 2021.

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the regulator 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 CLA 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 audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the regulator. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such

February 1, 2021  
Urban Montessori  
Page 8

affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

*Government Auditing Standards* require that we make our most recent external peer review report publicly available. The report is posted on our website at [www.CLAconnect.com/Aboutus/](http://www.CLAconnect.com/Aboutus/).

### **Mediation**

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

### **Time limitation**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any

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 Urban Montessori  
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action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

### Price Estimate

The price for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. Based on our preliminary estimates, the price for the engagement is as follows:

Professional Services		Amount
Audit services*	\$	11,200
Informational tax return services	\$	2,000
Technology and client support fee	\$	910
<b>Total</b>	<b>\$</b>	<b>19,110</b>
* Should Federal Expenditures exceed \$750,000, a change in scope and fee will be required.		

Additional attendance and instructional minutes procedures related to distance learning will be billed as out-of-scope.

The price estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated price for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for our services will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. There is a ten percent withholding clause per Education Code 14505.

### Technology Support Fee

Given the rising technology costs all organizations are expending to serve and protect client information, we are adding a 5% technology and client support fee to all of our invoices. The fee combines technology

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expenses with client support costs and includes technology support, printing, communications, data security and storage, indirect engagement support costs and technical resource subscriptions. This is estimated and included in the fee table above.

### **Changes in engagement timing and assistance by your personnel**

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

### ***Changes in accounting and audit standards***

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

### ***Changes related to COVID-19***

COVID-19 continues to have significant direct and indirect impacts on financial reporting, disclosure requirements, and the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in this letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

### ***Other fees***

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

### ***Finance charges and collection expenses***

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage

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Page 11

rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

**Subcontractors**

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

**Agreement**

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign and date this letter to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

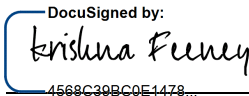
Sincerely,

**CliftonLarsonAllen LLP**

DocuSigned by:  
*Marlen Gomez*  
DBE69E3D16CE49A...  
Marlen Gomez, CPA  
Director  
626-857-7300  
**Marlen.Gomez@claconnect.com**

**Response:**

This letter correctly sets forth the understanding of Urban Montessori.

Authorized management signature:  \_\_\_\_\_  
DocuSigned by: Krishna Feeney  
4568C39BC0E1478...

Title: Head of School

Date: 2/26/2021