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Suite 900  
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August 26, 2015

California Association for Bilingual Education  
Attn: Jan Gustafson - Corea  
16033 E. San Bernardino Road  
Covina, CA 91722

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we will provide California Association for Bilingual Education ("CABE") for the year ended June 30, 2015. Please read this letter carefully because it is important that you understand and accept the terms under which we have agreed to perform our services as well as management's responsibilities under this agreement.

We will audit the statement of financial position of CABE as of June 30, 2015, and the related statements of activities and cash flows for the year then ended. Our audit will be conducted with the objective of our firm expressing an opinion on the financial statements.

#### **Audit Services**

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 generally accepted accounting principles and to report on the fairness of the additional information referred to above when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grants agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance are for information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities, and will each include a paragraph that the purpose of the report is solely to describe the following: (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Member of:  
American Institute of Certified Public Accountants  
Division of CPA Firms/Private Companies Practice Section  
California Society of Certified Public Accountants

Our audit will be conducted in accordance with U.S. generally accepted auditing standards (GAAS); the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133.

Our professional standards as defined by GAAS require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. As such, our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records of CABC a determination of major programs(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express an opinion whether the financial statements prepared as part of this engagement are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The procedures we determine necessary will depend on our "auditor's" judgment and will be based, in part, on our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

### **Audit Procedures**

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. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters. These representations will include acknowledging our assistance with the preparation of your financial statements, the schedule of expenditures of federal awards, and notes accompanying these documents, and that you have reviewed and approved these documents, approved their release, and that you have accepted responsibility for them.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS 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. Since we plan and perform our audit in accordance with GAAS to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriations of assets, or 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; and because the determination of abuse is so subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance regarding the detection of abuse. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Our procedures will be less in scope than what would be required to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Accounting Standards. However, we will inform you of any material errors that come to our attention, and we will inform you or the appropriate level of management of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will also include matters in the reports required for a Single Audit.

In making our risk assessments, we will consider internal controls relevant to the preparation and fair presentation of CABE's financial statements in order to design audit procedures that are appropriate in the circumstances. However, our audit procedures are not designed for the purpose of expressing an opinion on the effectiveness of your internal control. As required by OMB Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operations of controls that in our professional opinion are relevant to preventing or detecting material noncompliance with the requirements applicable to each major federal award program. Our tests, however, will be less in scope than what would be required to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133. We will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit as required by the American Institute of Certified Public Accountants, the Government Auditing Standards, and OMB Circular A-133.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CABE's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of those procedures will not be to express an opinion in our report on compliance with these provisions pursuant to Government Auditing Standards.

In addition, OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the client has complied with applicable laws and regulations and the provisions of contracts and agreements applicable to major programs. Our procedures, as such, will consist of the applicable procedures described in the "OMB Circular A-133 Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the CABE's major programs. The purpose of these procedures will be to express an opinion on the CABE's compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Bared Dilacar is the engagement partner for the audit services specified in this letter. His responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

### **Responsibilities of Management**

As part of our engagement, we may advise you about appropriate accounting principles and their application; however, the management of CABE acknowledges and understands that the final responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America remains with you. This responsibility includes the financial statements, all accompanying information, and the representations that accompany them. Management's responsibilities also include identifying government award programs, understanding and complying with program requirements, and the preparation of the schedule of expenditures of federal awards as required by OMB Circular A-133. As such, the management of CABE is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the 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. Other management responsibilities include maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

By your signature below, you also acknowledge that you are responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting CAFE that involves management, employees who have significant roles in internal control, and others where fraud could have a material impact on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting CAFE received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that CAFE complies with applicable laws and regulations. You agree that management will confirm its understanding of its responsibilities as defined in this letter to us in a management representation letter.

In fulfilling management's responsibility for establishing and maintaining internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants.

Management is also responsible for the preparation and fair presentation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree that you will confirm your understanding of your responsibilities with respect to the supplementary information in your representation letter. You further agree to include our report on the supplementary information in any document that contains and indicates that we have reported on such supplementary information.

Management's responsibilities also include designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the non-attest services we perform as part of this engagement, as well as evaluating the adequacy and results of those services and accepting responsibility for them.

Also, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and recommendations. This responsibility includes maintaining a summary of prior audit findings and recommendations and the corrective actions taken to address these issues; and for providing us with this information as part of our engagement. Management is also responsible to provide input on the current audit findings and recommendations, as well as management's planned corrective actions for these issues.

You further acknowledge and understand that management is responsible for providing us with access to all information management is aware of that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters; for the accuracy and completeness of the information that is provided to us; and for informing us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. This responsibility also includes providing us with any additional information that we may request from management for the purpose of the audit; as well as allowing us unrestricted access to individuals within CAFE from whom we may determine it necessary to obtain audit evidence, including access to your designated employees who will type all confirmations we request.

### **Written Report**

We expect to issue a written report upon completion of our audit of CABE's financial statements. Our report will be addressed to the board of directors of CABE. 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 emphasis-of-matter or other-matter paragraphs, decline to express an opinion, or withdraw from the engagement.

### **Tax Returns**

As part of our engagement, we will perform the following with respect to CABE's income tax and information returns:

1. Prepare the Federal Form 990, Return of Organization Exempt from Income Tax
2. Prepare the California Form 199, Exempt Organization Annual Information Statement
3. Prepare the California Form RRF-1, Annual Registration Renewal Fee Report to Attorney General of California

It is your responsibility to provide us with all the information required for preparing complete and accurate returns. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Your returns may be selected for examination by taxing authorities. In the event of an examination or other Internal Revenue Service or state taxing authority contact, we are available to represent you. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees and services will be communicated in a separate engagement letter.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. When possible, we will resolve questions involving application of tax rules in your favor, if there is reasonable justification for doing so. If the Internal Revenue Service or other taxing agency should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for such additional penalties, interest, or assessments.

### **Other Matters**

We expect to begin our audit in October 2015 and issue our report by mid-December 2015.

At the conclusion of our engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

Our fee for these services will be \$23,500. Our invoices for these fees 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 overdue and may not be resumed until your account is paid in full. 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 additional costs.

In addition, you further agree that in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Stanislawski & Harrison in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses including fees and costs for our time at the rates specified in our engagement letter, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

It is our policy to keep records related to this engagement in accordance with applicable laws, regulations and professional standards. However, Stanislawski & Harrison does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration period Stanislawski & Harrison shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

In accordance with Government Auditing Standards, we have attached to this letter a copy of our most recent external peer review report dated February 14, 2013. We will also provide you a copy of any subsequent peer review reports and letters of comment received during the period of this agreement.

We appreciate the opportunity to be of service to CABE 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.

Sincerely,



STANISLAWSKI & HARRISON

This letter correctly sets forth the understanding of CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION.

Officer signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Independent Review Report on our System of Quality Control**

**KENNEDY & KENNEDY**  
*Certified Public Accountants*

Members of the American Institute of Certified Public Accountants  
and of the California Society of Certified Public Accountants

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**SYSTEM REVIEW REPORT**

February 14, 2013

Stanislawski & Harrison  
Certified Public Accountants  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Stanislawski & Harrison (the firm) in effect for the year ended November 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Stanislawski & Harrison in effect for the year ended November 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Stanislawski & Harrison has received a peer review rating of *pass*.



## Client Bill of Rights

As a client of Stanislawski and Harrison, CPAs

1. We'll do your work promptly and deliver it when promised.
2. If you call or e-mail us, we will contact you within one business day.
3. If you have an emergency, you can expect to reach us during off business hours.
4. You have liberal access to all professional resources of our firm. This means that you can contact firm personnel, from entry level staff all the way to the managing partner, as frequently as you want at no additional charge.
5. We'll charge you a fair fee, agreed in advance. If you ever receive an invoice that was not agreed upfront, you do not have to pay, guaranteed!
6. You are entitled to a 100 percent unconditional money-back guarantee. If you are not satisfied with our services, we are not satisfied and believe you should pay what you consider fair.
7. If you recommend or introduce a customer to our firm, we'll give them the same world-class service.

In return, as a client:

1. You will be open and honest and inform us of all the facts and figures regarding the engagement we are undertaking.
2. You will present your information in a timely and orderly fashion when requested.
3. You will return our calls and emails in a prompt manner.
4. You will pay our invoices on time.

If you are delighted with our service, we hope you will think to recommend or introduce us to a friend or someone within your business network.

*Stanislawski & Harrison*