



Management Letter

December 22, 2017

To the Board of Directors of
Cedars Academy:

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the Charter Holder. Accordingly, the Charter Holder's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of Cedars Academy (the "Charter Holder") as of and for the year ended August 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Holder's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be an other matter.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our finding and additional comments are as follows:

CURRENT YEAR MATTER

Other Matter

2017.001 EXPENSES IN EXCESS OF APPROPRIATIONS

Finding

As disclosed in notes to the financial statements, expenses exceeded appropriations at the legal level of control for function 51 in excess of ten percent of the appropriated amount.

Recommendation

The Academy should ensure expenses do not exceed appropriations approved by the Board.

This communication is intended solely for the information and use of the governing body and management of the Charter Holder, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Board of Directors and the Charter Holder's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

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