

October 16, 2024

To the Board of Directors of  
Central Montana Head Start, Inc.  
25 Meadow Lark Ln.  
Lewistown, Montana 59457

We have audited the financial statements of Central Montana Head Start, Inc. as of and for the year ended May 31, 2024, and have issued our report thereon dated October 16, 2024. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 1, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Central Montana Head Start, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Central Montana Head Start, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended May 31, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is:

Management's estimate of the residual value of property and equipment is based on the estimated useful life of assets. We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule of misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Central Montana Head Start, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 16, 2024.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Central Montana Head Start, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Central Montana Head Start, Inc.'s auditors.

This report is intended solely for the information and use of the board of directors and management of Central Montana Head Start, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

*Carver Florek & James, CPAs*

Carver Florek & James, CPAs  
Missoula, Montana

Client: **CE589 - Central Montana Head Start, Inc.**  
Engagement: **AUD - Central Montana Head Start, Inc.**  
Period Ending: **5/31/2024**  
Trial Balance: **Trial Balance**  
Workpaper: **2900.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 3</b>		<b>3500.10</b>		
To adjust depreciation expense to actual at year end.				
5585	FIXED ASSET DEPRECIATION		2,954.00	
1620	ACCUMULATED DEP-FURN/FXTRS			2,541.00
1630	ACCUMULATED DEP - BLDG			413.00
<b>Total</b>			<b>2,954.00</b>	<b>2,954.00</b>
<b>Total Adjusting Journal Entries</b>			<b>2,954.00</b>	<b>2,954.00</b>
<b>Total All Journal Entries</b>			<b>2,954.00</b>	<b>2,954.00</b>



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**ROUNDUP**  
204 7<sup>th</sup> Ave West  
Roundup, MT 59072  
P: 406-323-3655  
F: 406-323-4255

**HARLOWTON**  
419 B Ave NE  
Harlowton, MT 59036  
P: 406-632-4382  
F: 406-632-8075

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October 16, 2024

Carver Florek & James, CPAs  
PO Box 4325  
Missoula, MT 59806

This representation letter is provided in connection with your audits of the financial statements of Central Montana Head Start, Inc., which comprise the statements of financial position as of May 31, 2024 **and 2023** and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 16, 2024:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 1, 2024 for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
5. There are no related party relationships and transactions required to be accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. There are no events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure.
7. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
8. We have complied with all contractual agreements, grants, and donor restrictions.
9. We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
10. We have accurately presented the entity's position regarding taxation and tax-exempt status.
11. The bases used for allocation of functional expenses are reasonable and appropriate.
12. We have included in the financial statements all assets and liabilities under the entity's control.
13. We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
14. With respect to preparation of the financial statements and preparation of IRS Form 990, we have performed the following:
  - a. Made all management decisions and performed all management functions;
  - b. Assigned a competent individual to oversee the services;
  - c. Evaluated the adequacy of the services performed;
  - d. Evaluated and accepted responsibility for the result of the service performed; and
  - e. Established and maintained controls, including a process to monitor the system of internal control.

### **Information Provided**

15. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been reduced to their estimated net realizable value. We believe the receivables are fully collectible and an allowance account is not necessary.
18. Central Montana Head Start, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
19. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

20. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
21. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
22. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
23. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
24. We have a process to track the status of audit findings and recommendations.
25. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
26. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
27. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors (contractors), regulators, or others.
28. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
29. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
30. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
31. Central Montana Head Start, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
32. We have disclosed to you all guarantees, whether written or oral, under which Central Montana Head Start, Inc. is contingently liable.
33. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.
34. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification<sup>TM</sup> (ASC) 450, *Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
35. Central Montana Head Start, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.



36. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

### **Single Audit**

37. With respect to federal awards, we represent the following to you:

- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- d. As part of your audits, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- e. The methods of measurement or presentation have not changed from those used in the prior period.
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- g. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- h. We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any), and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- i. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- j. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- k. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- l. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and our known noncompliance with the direct and material compliance requirements of federal awards. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
- o. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- p. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards.
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- t. We have charged costs to federal awards in accordance with applicable cost principles.
- u. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- v. The reporting package does not contain personally identifiable information.
- w. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.

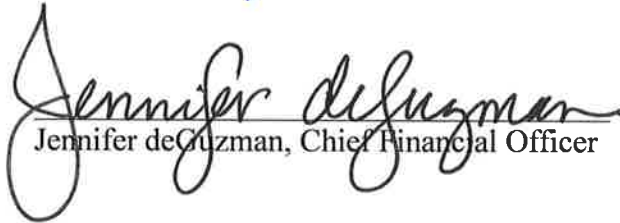
In addition:

- a. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- b. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and

material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditor's report.

- c. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form.

  
Cherie Errecart, Executive Director

  
Jennifer deGuzman, Chief Financial Officer