

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC. San Antonio, Texas

REPORT ON CONDUCT OF AUDIT

Year Ended August 31, 2017

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Board of School Trustees
Jubilee Academic Center, Inc.
San Antonio, Texas

We have audited the financial statements of Jubilee Academic Center, Inc. (the Center) for the year ended August 31, 2017, and have issued our report thereon dated January 12, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 12, 2018. Professional standards also require that we communicate to you the following information related to our audit.

This letter does not affect our report dated January 12, 2018 on the basic financial statements of the Center. Our comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure and ensure compliance with federal and state requirements.

This report is intended solely for the use of the Board of Trustees and management of the Jubilee Academic Center, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended by the personnel of the Center during the course of our audit.

A handwritten signature in black ink, appearing to read "Garza / Gonzalez & Associates". The signature is stylized and cursive.

January 12, 2018

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

REPORT ON CONDUCT OF AUDIT

Year Ended August 31, 2017

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I. Our Responsibility Under U.S. Generally Accepted Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated July 11, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, an audit involved judgment about the number of transactions examined and the areas tested.

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Center's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Center's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Center's compliance with those requirements.

II. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were state foundation revenue, and depreciation. Following are the bases used by management for such estimates:

- Depreciation is based on estimated useful lives of the respective capital asset class;
- State foundation revenue/receivable is based on the Texas Education Agency State Summary of Finances report, which contains data provided by the Center.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

III. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

IV. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

V. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial, accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

VI. Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2018.

VII. Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

VIII. Other Issues

Matters Discussed with Management Prior to Reappointment

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to appointment as the Center’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. Our responsibility for other information in documents containing the Center’s basic financial statements and our report thereon does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents.