

June 19, 2008

To the Board of Trustees
The Episcopal Church in the Diocese of El Camino Real
Monterey, California

We are pleased to present this report related to our audit of the financial statements of The Episcopal Church in the Diocese of El Camino Real for the year ended December 31, 2007. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for The Episcopal Church in the Diocese of El Camino Real's financial reporting process as follows:

The Auditors' Responsibility Under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated December 20, 2007.

Accounting Practices

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Diocese. The Diocese did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.



Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates as follows:

The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include useful lives of depreciable assets and a reduction in receivables to their estimated collectable amounts.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no significant disclosures that warrant communication to those charged with governance.

Audit Adjustments

There were several adjustments made to the original trial balance presented to us to begin our audit. Audit adjustments recorded by the Diocese are shown on the attached "Adjusting Journal Entries."

Uncorrected Misstatements

There are no uncorrected misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management Prior to Retention

No significant issues arising from the audit were discussed or were subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

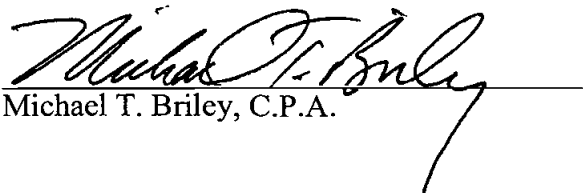
Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 17, 2008.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,

HAYASHI & WAYLAND
ACCOUNTING & CONSULTING, LLP

By 
Michael T. Briley, C.P.A.

Attachment