CITY HOPE

April 19, 2024

SD Mayer & Associates LLP
235 Montgomery Street, 26th Floor
San Francisco, CA 94104

This representation letter is provided in connection with your audit of the financial statements of City Hope San Francisco (the “Organization”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 19, 2024, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 11, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3) 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.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8) We are in agreement with the adjusting journal entries, attached to this letter, you have recommended, and they have been posted to the Organization’s accounts.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

12) 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 (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14) 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.

15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, Contingencies , and we have not consulted a lawyer concerning litigation, claims, or assessments.

19) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.

20) The Organization 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.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22) City Hope San Francisco is an exempt organization under Section 503(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

23) We confirm that we had oral agreement with Asian and Pacific Islander Wellness Center, Inc. dba San Francisco Community Health Center to extended the contract signed 9/15/2021 for service regarding the Organization hosting Community Living Room originally through 6/30/2022, to 6/30/2023 and total fee of $97,311for the twelve months ending 6/30/2023, covering fees including cleaning fees, utilities and rent, and continental breakfast.

24) The Organization has no net assets with donor restrictions as of June 30, 2023.

25) The Organization has adopted ASU 2016-02 as of July 1, 2022. Note 6 in the financial statements discusses the effects from adopting this ASU.

26) The Organization is in the process of evaluating the impact of adopting ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326) on the financial statements.

27) We have provided you with all agreements governing the subsidized rent received from the landlord of the Organization's City Hope House in 649 Jones Street, San Francisco, California. According to the agreement with the landlord the Organization paid lower rent than the fair market value. Accordingly, the Organization has recognized $759,553 as in-kind donated rent and in-kind expense. Effective July 1, 2023, the Organization mutually agreed with the landlord on not paying monthly rent per the original lease agreement, therefore, all fair market rent amount will be considered as in-kind contributions.

28) In connection with the previous paragraph, the Organization provides below-market rent to tenants in its subsidized housing complex. Tenants are charged a monthly rent of $900 per unit, which is significantly below the fair market rent. As a result, tenants receive a subsidy of $1,600 per month per unit, representing the difference between the actual rent charged and the fair market rent.

29) We have reviewed the revenue recognition policy adopted for program fees and we confirm its compliance with the requirements of ASC 606 *Revenue from Contracts with Customers*.

30) In regard to the services performed by you, we have—

- Assumed all management responsibilities.
- Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

Signature:____
Title:____

Attachment: List of Adjusting Journal Entries

Client: ***City Hope SF***
Engagement: ***City Hope - City Hope SF***
Period Ending: ***6/30/2023***
Trial Balance: ***30-00 - TB***
Workpaper: ***31-01 - Adjusting and reclass Journal Entries***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Prepayment of July's rent for landloard Virginia DeNevi by Client			
1410	Current Assets:Prepaid Expense	21,836.00	
7210	Facilities (Occupancy):Rent		21,836.00
Total		**21,836.00**	**21,836.00**
Adjusting Journal Entries JE # 3			
To release beginning balance of restricted fund			
3150	Purpose Restrictions	50,000.00	
4990	Release from Restriction:Rev. Released from Restrictions		50,000.00
Total		**50,000.00**	**50,000.00**
Adjusting Journal Entries JE # 5			
CJE - to adjust per ASC 842			
1510	Fixed Assets:Other Fixed Assets:Right of Use Asset - 746 Ellis Street	831,315.00	
1511	Fixed Assets:Other Fixed Assets:Right of Use Asset - 750 Ellis Street	782,231.00	
2620	Other Liabilities:Lease Liability - 746 Ellis Street		823,086.00
2630	Other Liabilities:Lease Liability - 750 Ellis Street		763,970.00
7210	Facilities (Occupancy):Rent		26,490.00
Total		**1,613,546.00**	**1,613,546.00**
Adjusting Journal Entries JE # 6			
To add accrued PTO			
5522	Personnel (Salaries & Benefits):Accrued PTO Expense	9,736.00	
2402	Other Current Liabilities:Payroll Liabilities:Accrued PTO		9,736.00
Total		**9,736.00**	**9,736.00**
Adjusting Journal Entries JE # 7			
To correct one tenant rent deposit to individual donation			
4400	Earned Income:Tenant Rent	900.00	
4010	Grants and Contributions:Individuals		900.00
Total		**900.00**	**900.00**
Adjusting Journal Entries JE # 8			
AJE for in-kind donation revenue and expense for 649 Jones st			
7210	Facilities (Occupancy):Rent	759,552.66	
4350	Donations in Kind		759,552.66
Total		**759,552.66**	**759,552.66**