January 18, 2019

Los Angeles Trust for Children’s Health
333 South Beaudry Avenue, 29th Floor
Los Angeles, California 90017

Dear Board Members:

Thank you for the opportunity to submit our proposal to perform the certified audit for Los Angeles Trust for Children’s Health for the year ended June 30, 2019.

Our firm is a full-service accounting firm serving the Southern California area since 1977. Our firm is located in the Santa Clarita Valley and we have a staff of approximately 20 professionals. We have maintained a long reputation of providing quality personalized accounting and tax services to businesses, individuals and non-profit organizations.

At Stern, Kory, Sreden & Morgan, we have experienced staff members with diverse backgrounds who are able to provide a high level of audit and non-profit accounting expertise that can be applied to your specific needs. Many of the members of our audit staff have worked with the firm from five to over ten years and we pride ourselves in being able to keep continuity of personnel involved on each engagement. We perform audits of several child care facilities and non-profit entities that are subject to Audit Requirements of Federal Awards (Uniformed Guidance). We have staff members who are well versed in Government Auditing Standards.

We will prepare the audited financial statements for Los Angeles Trust for Children’s Health for the year ended June 30, 2019 with an option for 4 additional years. Our audit will be conducted in accordance audit standards generally accepted in the United States of America; and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles and to report on the fairness of the additional information presented.
when considered in relation to the financial statements taken as a whole. Being that this would be a first year engagement, we would need to perform additional procedures related to beginning of the year balances in order to provide an opinion for the results of operations for the year. As an audit was performed last year, with your permission we may be able to reduce the scope of these procedures by reviewing the prior auditors' workpapers.

While the preparation of audited financial statements are important to measure past performance of a non-profit entity and to comply with governmental reporting requirements, as your accountants, we believe an even more valuable service we can provide is educating and working pro-actively with management in ways of helping your organization operate efficiently, in accordance with government regulations and to succeed in your mission.

_Proposed Engagement Team_

Our proposed engagement team would be comprised of the following individuals:

Douglas Ridnor – Audit Partner

Mr. Ridnor joined Stern, Kory Sreden and Morgan in October 2001 as an audit manager. Mr. Ridnor has over thirty years of business expertise serving first as an audit manager with a regional accounting firm, then as a Controller for a property management company specializing in the development and management of low income senior housing projects, prior to joining Stern, Kory, Sreden and Morgan. His experience includes providing accounting, tax, controllership and advisory services to a variety of industries including financial institutions, legal and other service professionals, homeowners associations, small manufacturing, non-profits and pension plans as well as tax preparation and tax planning services for individual, partnerships and corporations. Mr. Ridnor is very involved in community service being an active member in Kiwanis International for over twenty-five years, serving in many capacities including past Distinguished Lt. Governor and President. He currently serves as President of the Santa Clarita Kiwanis Club, Regional Advisor for Key Club, a Kiwanis sponsored program for High School students and Advisor to the Santa Clarita Aktion Club, a Kiwanis sponsored program for adults with disabilities.
Thuy Trifunovic – Auditor

Ms. Trifunovic joined Stern, Kory, Sreden & Morgan in January 2017 as an audit senior. Ms. Trifunovic has over fifteen years of public and private accounting experience. Prior to joining Stern, Kory, Sreden & Morgan, she started her accounting career at a privately held real estate development company specializing in new housing construction throughout the United States and then joining a regional public accounting firm in the Los Angeles area. Her experience includes providing accounting, taxation and advisory services to a variety of industries including consumer goods and services, manufacturing, health care, real estate, automotive dealerships, non-profits and pension plans as well as tax preparation and tax planning services for individual, partnerships and corporations. Ms. Trifunovic is very involved in her community. She currently serves on the Board of Managers for the North Valley YMCA in Porter Ranch and is a member of the Granada Hills Rotary Club. She also serves on the Governance Board of her children’s elementary school.

The assignment of additional staff members to be determined based upon scheduling of the engagement and staff availability.

Audit Approach

At Stern, Kory, Sreden & Morgan, we understand the need for receiving financial information on a timely basis in order to permit management to make informed decisions. We pride ourselves at providing clients with quick response time. We plan our audit engagements to allow for a smooth audit process without major disruptions to the normal activities of an Organization. We would plan to have initial discussions with the Audit Committee and senior management prior to the start of the engagement to identify any key areas or concerns of the Organization and structure our engagement accordingly. We would request permission to contact the prior auditors to review prior year’s workpapers and to determine if there are any other concerns that arose during their engagement which we may need to be aware of. During the audit process, we would plan to work with a designated member of management to help in the gathering of supporting information and responding to our questions. At the conclusion of the engagement, we will communicate to the Audit Committee any concerns we may have encountered during the engagement and to follow up on questions they may have raised during our initial meeting.
To the Board of Directors  
Los Angeles Trust for Children’s Health  
January 18, 2019  
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We will be available to the Organization throughout the year to assist with answering any questions regarding operations or specific activities you may have as they arise. As a policy, we do not charge extra for routine phone calls and e-mails. We believe that is part of our service in helping to educate a client and being a valuable resource to the Organization. We never want to discourage management from contacting us with questions over fears of being incurring additional costs. However, we do realize there are occasions which may require additional time to research and respond to and additional fees may be incurred. We would discuss these situations with management in advance of performing any additional work.

*Proposed Fee*

We estimate that our fee to perform the certified audit and preparation of the federal and state tax returns to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Audited Financial Statements</th>
<th>Tax Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>For year ended:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>$14,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>June 30, 2020</td>
<td>$14,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>June 30, 2021</td>
<td>$14,500</td>
<td>$1,600</td>
</tr>
<tr>
<td>June 30, 2022</td>
<td>$15,000</td>
<td>$1,600</td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>$15,500</td>
<td>$1,700</td>
</tr>
</tbody>
</table>

Our proposed fees for this work will be at our regular hourly rates for the individual involved. Our hourly billing rates vary per individual based upon experience level and type of service. Our hourly rates for partner and manager are $290 - 375 per hour and our hourly rates for accounting staff ranges from $150 - $250 depending on level of experience. The fee estimate is based on the anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We do not charge clients extra for miscellaneous expenses, such as mileage, per diem and routine telephone calls as they are built into our engagement fees. We are aware that additional time will be incurred on first year engagements due to initial set up, formatting of financial statements, and review of beginning balances and prior auditors’ workpapers and have built into our proposal. If after reviewing the prior accountants’ workpapers, we determine that significant additional time is necessary to complete the engagement, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs.
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If any unanticipated procedures, questions or issues arise during the performance of the engagement that would require a significant amount of additional time to be expended or if requested by the Board or management to perform special projects, we will discuss these matters with you prior to performing any additional work. At that time we will provide you with an estimated fee or hourly rate to perform the additional work and will require your approval before beginning.

If there are any significant changes to the operations of the Organization resulting in an increase or decrease in the scope of the audit work to be performed, we would discuss the situation with the Board and agree to adjust our fees accordingly.

If for reason due to cause or convenience, the Board or our Firm decides to terminate this engagement, our engagement will be deemed to have been completed upon written notification of termination, and any work being performed at that time will cease and no report will be issued for that time period. We would anticipate being compensated for all time expended through the date of termination. Any dispute over fees charged may be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final.

While the preparation of audited financial statements and tax returns are important to measure past performance of a non-profit entity and to comply with governmental reporting requirements, as your accountants, we believe an even more valuable service we can provide is educating and working pro-actively with management in ways of helping your organization operate efficiently, in accordance with government regulations and to succeed in your mission.

Los Angeles Trust for Children’s Health would be a very important client and we would be responsive to your needs. Again, thank you for this opportunity. If you have any questions or would like to discuss our proposal further we would be pleased to meet with you.

Sincerely,

[Signature]

STERN, KORY, SREDEN & MORGAN  
An Accountancy Corporation
Partial List of Non-Profit Audit Clients

Mr. Matthew Nelson
Santa Clarita Valley Boys and Girls Club, Inc.
24909 Newhall Avenue
Santa Clarita, CA 91321
(661) 254-2582

Mr. Matt Lynch
Build Rehabilitation Industries, Inc.
12432 Foothill Blvd.
Sylmar, CA 91342
(818) 898-0020

Ms. Kelly Magallanes
Around the Korner, Center for School-Age Enrichment
13939 Nordhoff Street
Arleta, CA 91331
(818) 894-8037

Other Referral

Ms. Laura Yamanaka
TeamCFO
550 So. Hope Street, Suite 675
Los Angeles, CA 90071
(213) 628-7340