August 4, 2021

To the Board of Directors and Management
Maya's Hope Foundation, Inc.
New York, New York

In planning and performing our audit of the financial statements of Maya's Hope Foundation, Inc. as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Maya's Hope Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Maya's Hope Foundation, Inc.'s internal control to be a significant deficiency:

Cash Receipts

We noted that one person is responsible for opening incoming mail in the office. We recommend that the mail always be opened in the presence of two individuals to avoid the possibility of misappropriation of assets. As currently done, all checks received should be stamped "for deposit only" at the time the mail is opened. We also recommend that the Foundation continue to prepare a list of check receipts and have it initialed by the people opening the mail and make copies of the checks. The person who reviews the bank statements should compare deposits on the bank statements to the daily log of incoming checks to ensure that all of the receipts are being deposited.

FASB to Require Increased Transparency of Gifts In-kind Received by Not-for-Profit Organizations

Many not-for-profit organizations rely on contributions of nonfinancial assets, commonly referred to as gifts-in-kind, to help achieve their missions. A new Accounting Standards Update issued by the Financial Accounting Standards Board (FASB) will require not-for-profit organizations to provide additional information about gifts-in-kind they receive.

Examples of gifts-in-kind include contributions of long-lived assets such as land, buildings, and equipment; the use of long-lived assets (for example, free use of office space); materials and supplies such as food, clothing, household goods, medical supplies, and pharmaceuticals; items such as tickets, gift certificates, and merchandise to be sold at fundraising events; intangible assets such as patents, copyrights, advertising space, and television or radio air time; and certain personal services such as services provided by accountants, architects, attorneys, carpenters, doctors, electricians, nurses, plumbers, teachers, and other professionals and craftsmen.

The Update does not change how not-for-profit organizations recognize and measure gifts-in-kind in their financial statements. The intent of the Update is to improve transparency in the reporting of gifts-in-kind, including transparency on how gifts-in-kind are used and how they are valued, by enhancing presentation and disclosure requirements.

The Update requires a not-for-profit organization to present gifts-in-kind as a separate line item in its statement of activities, apart from contributions of cash and other financial assets such as common and preferred stocks, bonds, and mutual fund shares.

In addition, the Update requires a not-for-profit organization to disclose a breakdown of the amount of gifts-in-kind recognized within the statement of activities by type. Then, for each type of gifts-in-kind recognized, the Update requires a not-for-profit organization to disclose:

- Information about whether the gifts-in-kind were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which the gifts-in-kind were used.
- Its policy, if any, about monetizing rather than using gifts-in-kind.
- A description of any donor-imposed restrictions on the gifts-in-kind.
- How it valued the gifts-in-kind (in accordance with the requirements of other accounting standards).

The requirements in the Update should be applied on a retrospective basis and are effective for annual financial statements for fiscal years beginning after June 15, 2021, with early adoption permitted.

Lease Accounting Standard Update

ASU 2016-02, *Leases (Topic 842)*. Most not-for-profit organizations must apply this standard for fiscal years beginning after December 15, 2021 (i.e., calendar year ending December 31, 2022, or fiscal years ending in 2023). Earlier adoption is permitted.

ASU 2016-02 applies to any entity that enters into a lease (with a few exceptions that are unlikely to affect most not-for-profit organizations). Although the new standard applies to both lessees and lessors, the changes in this standard will have their greatest effects for entities that are lessees because the standard requires those entities to recognize right-to-use assets and lease obligations associated with all leases in the statement of financial position. By requiring that essentially all leases be reported as assets and liabilities, the financial statements of many not-for-profit organizations will change dramatically.

Although lessees are allowed to make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of twelve months or less, the relief afforded by that election is limited because it is not available if there is an option to extend the lease beyond twelve months and the organization is reasonably certain to exercise that option. The election also is not available if the lease includes an option to purchase the underlying asset and the organization is reasonably certain to exercise that option.

For most not-for-profit organizations determining the effort necessary to implement the standard requires locating all of its leases. Capital leases and their terms are probably tracked currently, but operating leases may require more effort because the current accounting standard does not require organizations to track the lease terms that are necessary to implement the new standard. Furthermore, capital leases of smaller dollar value items such as copiers, computers, and similar other equipment may have been dismissed in the past as immaterial, but the impact of those leases on financial statements will need to be reassessed under the new standard.

After the leases are located, the relevant terms from the leases have to be extracted in order to complete the present value calculations that determine the amounts to be recognized for the lease assets and liabilities.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Maya's Hope Foundation, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP

Yigit Uctum, CPA
Partner