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Tom Hunter
Chief Executive Officer
CityHousing Hamilton Corporation
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May 26, 2020

Dear Tom:

In planning and performing our audit of the financial statements of CityHousing Hamilton Corporation ("the Entity") for the period ended December 31, 2019, we obtained an understanding of internal control over financial reporting (ICFR) relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR. Accordingly, we do not express an opinion on the effectiveness of the Entity's ICFR. Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies or other control deficiencies have been identified. As a result, any matters reported below are limited to those deficiencies in ICFR that we identified during the audit. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Refer to the Appendices for the definitions of various control deficiencies.

Significant Deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Other control deficiencies

We did not identify any other control deficiencies during the course of our engagement.



CityHousing Hamilton Corporation
May 26, 2020

Other matter

We noted that write-offs of tenant receivables continue to be well in excess of the current provision against tenant receivables. That is, the current amount provided for on the statement of financial position does not appear to adequately reflect the amount of write-offs the Entity experiences in a given year.

	2019	2018	2017
Tenant Rent Receivable	\$1,320,000	\$1,387,000	\$1,321,679
Allowance for doubtful accounts	(\$228,000)	(\$114,000)	(\$104,000)
Bad debt expense	\$421,000	\$438,000	\$406,000

While this does not constitute a control deficiency by definition, there is some analysis required to assess the appropriate required provision for financial statement preparation to ensure the valuation of tenant rent receivable is appropriate.

Management's response

Management will review tenant receivables and bad debt expenses in 2020, if the trend continues as has been seen in 2017, 2018 and 2019, the allowance for doubtful accounts will be increased and adjusted slowly to increase over the years to match bad debt write offs.

Use of letter

This letter is for the use of management and those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purpose or by anyone other than management and those charged with governance.

KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

Licensed Public Accountants



Appendices

Terminology	Definition
Deficiency in Internal Control (“control deficiency”)	<p>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.</p> <p>A deficiency in design exists when (a) a control necessary to prevent, or detect and correct, misstatements in the financial statements is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control is unable to prevent, or detect and correct, misstatements in the financial statements.</p> <p>A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p>
Significant Deficiency in Internal Control (“significant deficiency”)	<p>A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.</p>

DRAFT