Sutton Frost Cary LLP
Certified Public Accountants

May 15, 2018

To the Board of Directors of
Mission Metroplex, Inc.

We have audited the financial statements of Mission Metroplex, Inc. (Organization), for the year ended December 31, 2017, and have issued our report thereon dated May 15, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation expense is based on estimated useful lives of property and equipment on a straight-line basis.

- Management's estimates of the fair values of donated goods, rent and services which are based on the market comparables.

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- Management's allocation of the cost of providing various programs and supporting services on a functional basis is based on direct and allocated costs.
- Management's estimates of the fair value of investments which are based on the closing prices reported on the active markets on which the individual securities are traded and sales of comparable securities.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

- To capitalize items that met the Organization's capitalization policy, resulting in an increase in property and equipment and a decrease in expense of $125,579.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2018.

Management Consultations with Other Independent Accountants

In some cases, management decides to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

New Accounting Pronouncements and Other Developments

Please refer to Exhibit A for new accounting pronouncements from the Financial Accounting Standards Board (FASB) that should be considered for any potential impact on the Organization's financial statements.

This information is intended solely for the use of the finance committee, board of directors and management of Mission Metroplex, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sutton Frost Cary

A Limited Liability Partnership

Exhibit A

New Accounting Pronouncements

1. Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities

Summary

The FASB recently issued Accounting Standards Update (ASU) 2016-14 to improve the presentation of financial statements of not-for-profit (NFP) entities such as charities, foundations, universities and nonprofit health care providers. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors and other users. The ASU is available on the FASB website, and becomes effective for fiscal years beginning after December 15, 2017.

Main Provisions

ASU 2016-14 impacts all NFP entities in the scope of Accounting Standards Code (ASC) Topic 958, as well as health care entities subject to the nonprofit guidance in ASC Topic 954. The ASU addresses the following key qualitative and quantitative matters:

- Net asset classes
- Investment return
- Expenses
- Presentation of operating cash flows
- Liquidity and availability of resources

In addition, the ASU includes illustrative financial statements of NFP entities, which reflect changes made by the new standard.

Net asset classes

On the statement of financial position, the ASU replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. As such, NFP entities will no longer distinguish between temporary and permanent restrictions on the face of the statements. In addition, the net asset classification of underwater amounts of donor-restricted endowment funds will be classified as part of net assets with donor restrictions. Additional disclosures related to these underwater endowment funds are required. The new standard retains the current requirements to provide information about the nature and amounts of different types of donor-imposed restrictions and the need to highlight how these restrictions affect the use of the resources and their impact on liquidity.

The ASU eliminates the over-time approach for the expiration of restrictions on capital gifts and requires the use of the placed-in-service approach in the absence of donor explicit stipulations.

Investment return

On the statement of activities, NFP entities will present the amount of the change in each of the two net asset classes referenced above. In addition, the ASU requires investment return to be presented net of all related external and direct internal expenses. It eliminates the current requirement to disclose the amount of such netted expenses.

Expenses

Under current standards, NFP entities must present expenses by function. The ASU introduces a requirement to present expenses by nature and function, as well as an analysis of these expenses in one location to help users assess how NFP entities utilize their resources. This analysis can be presented on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. It should be supplemented with enhanced disclosures about the methods used to allocate costs among the functions.

Presentation of Operating Cash Flows

The ASU maintains the option for NFP entities to present their statements of cash flows using either the direct or indirect method of reporting. If an entity chooses to use the direct method, the reconciliation of changes in net assets to cash provided (used) by operating activities is no longer required.

Liquidity and Availability of Resources

To improve the ability of financial statement users to assess an entity's available financial resources and the methods by which it manages liquidity and liquidity risk, the ASU requires specific disclosures including:

- Qualitative information that communicates how an entity manages its liquid available resources to meet cash needs for general expenditures within one year of the date of the statement of financial position.

Quantitative information that communicates the availability of an entity's financial assets to meet cash needs for general expenditures within one year of the date of the statement of financial position. Items that should be taken into consideration in this analysis are whether the availability of a financial asset is affected by its nature, external limits imposed by grantors, donors, laws and contracts with others, and internal limits imposed by governing board decisions.

Effective Date and Transition

The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. The amendments in this ASU can be adopted early. NFP entities presenting comparative financial statements must apply the amendments retrospectively, although certain optional practical expedients are available for periods prior to adoption.

2. Leases

Background

In February 2016, the FASB issued ASU 2016-02 Leases (ASC Topic 842). Under its core principle, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. generally accepted accounting principles (GAAP). The ASU is available on the FASB website.

Main Provisions

Lessee Accounting Model

The new standard applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. The lease term is the noncancelable period of the lease, and includes both periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that termination option.

For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern.

At inception, lessees must classify all leases as either finance or operating. Statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities will differ depending on the lease classification. A finance lease is a lease arrangement in which the lessee effectively obtains control of the underlying asset. In an operating lease, the lessee does not effectively obtain control of the underlying asset. If any of the following criteria is met at commencement, a lessee effectively obtains control of an underlying asset and will account for the lease as a finance lease:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.
- The lease term is for the major part of the remaining economic life of the underlying asset.
- The sum of the present value of the lease payments and the present value of any residual value guaranteed by the lessee amounts to substantially all of the fair value of the underlying asset.
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

The following table compares lessee accounting for finance and operating leases:

Financial Statement	**Finance Lease**	**Operating Lease**
Statement of Financial Position	Recognize an ROU asset and a lease liability, initially measured at the present value of the lease payments. Include initial direct costs in the initial measurement of the ROU asset.	Recognize an ROU asset and a lease liability, initially measured at the present value of the lease payments. Include initial direct costs in the initial measurement of the ROU asset.
Statement of Activities	Recognize interest on the lease liability separately from amortization of the ROU asset.	Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis.
Statement of Cash Flows	Classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities.	Classify all cash payments for leases within operating activities.

After inception, the lessee's ROU asset will be assessed for impairment under ASC Topic 360.

Other Considerations

Identification of a Lease

The new standard defines a lease as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration.

Components

Lessees and lessors are required to separate the lease components from the nonlease components (for example, maintenance services or other activities that transfer a good or service to the customer) in a contract, and account for the nonlease components according to other applicable guidance. However, a practical expedient is available whereby lessees may elect, by class of underlying asset, not to separate lease components from nonlease components, and to account for all components as a single lease component.

Sale and Leaseback Transactions

For a sale to occur in the context of a sale and leaseback transaction, the transfer of the asset must meet the requirements for a sale in ASU 2014-09. If there is no sale for the seller-lessee, the buyer-lessor also does not account for a purchase.

Modifications

The new standard provides guidance for determining whether lease modifications should be accounted for as separate leases. It also specifies the modification accounting for both lessees and lessors.

Disclosures

Lessees are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Other

The new standard provides guidance on combining contracts, purchase options, reassessment of the lease term, and remeasurement of lease payments. It also contains comprehensive implementation guidance with practical examples.

Effective Date and Transition

The amendments are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments are effective for all NFP entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted.

In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset.

NFP entities that elect to apply the practical expedients would, in effect, continue to account for leases that commenced prior to the effective date in accordance with previous guidance unless the lease is modified, except that lessees would recognize an ROU asset and a lease liability for all operating leases at each reporting date based on the present value of the minimum rental payments that were determined under previous guidance.

3. Revenue from Contracts with Customers

Background

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606). It establishes a comprehensive revenue recognition standard for virtually all industries utilizing U.S. generally accepted accounting principles (GAAP), including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The new standard is the culmination of a joint project with the International Accounting Standards Board and therefore, entities reporting under International Financial Reporting Standards will apply a substantially converged model. The new ASU is available on the FASB website.

Main Provisions

The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps:

1. Identify the contract with the customer,
2. Identify the performance obligations in the contract,

3. Determine the transaction price,
4. Allocate the transaction price to the performance obligations in the contract, and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Entities will generally be required to make more estimates and use more judgment than under current guidance, which will be highlighted for users through increased disclosure requirements.

Effective Date and Transition

In 2015, the FASB issued ASU 2015-14 deferring the effective date of Topic 606 by one year for all entities.

NFP entities will apply the new standard for annual periods beginning after December 15, 2018. In addition, the new standard is effective for interim periods within annual periods that begin after December 15, 2019. The same two transition alternatives apply.

NFP entities are allowed to early adopt the new standard as follows, if they choose to do so:

- The new requirements may be applied to an annual reporting period beginning after December 15, 2016, including interim periods within that year, or

- They may be applied to an annual reporting period beginning after December 15, 2016 and interim periods within annual reporting periods beginning one year after the annual period in which an entity first applies the new standard.