SFC
Sutton Frost Cary LLP
Certified Public Accountants

May 17, 2021

To the Board of Trustees of
Mission Metroplex, Inc.

We have audited the financial statements of Mission Metroplex, Inc. (Organization), for the year ended December 31, 2020, and have issued our report thereon dated May 17, 2021. 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, 2020. 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 the year. 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 property, goods, rent and services which are based on the market comparables.

- 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.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to outside users. The most sensitive disclosure affecting the financial statements was the restatement of net assets disclosed in Note 3.

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 misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statement. Management has determine that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures was corrected by management:

- To accrue a grant payment, resulting in an increase in grants receivable of $50,000.
- To record an in-kind contribution of a donated vehicle with a value of $21,243.
- To record insurance proceeds receivable of $34,718 and decrease building asset, resulting in a gain on involuntary conversion of $25,907 for roof damage caused by a storm.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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 17, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide 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 Pronouncement and Other Developments

Please refer to Exhibit A for a new accounting pronouncement 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

Mission Metroplex
Passed Journal Entries
December 31, 2020

	Account/Description	Debit	Credit
1	Deferred Revenue	30,000	
	Contributions		30,000
	To record time restricted contribution for dental clinic.		

	Account/Description	Debit	Credit
2	Contributions	30,000	
	Deferred Revenue		30,000
	To record the current year impact of prior year passed entries.		

Exhibit A

New Accounting Pronouncement

ASU 2016-02, 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 operatingleases:

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.

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

The majority of not-for-profit entities will apply the new standard for annual periods beginning after December 15, 2021.