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Accountants and Consultants

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December 2, 2017

To the Board of Trustees of
Marbridge Foundation, Inc.:

We have audited the consolidated financial statements of Marbridge Foundation, Inc. and its wholly-owned subsidiary, Marbridge Minerals, LLC (collectively, the “Foundation”), as of and for the year ended June 30, 2017, and have issued our report thereon dated December 2, 2017. 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 to you dated April 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

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

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were management’s estimates of the valuation of its alternative investments, the allowances for uncollectible accounts and contributions receivable, the contractual adjustments for tuition revenue, the useful lives of property and equipment used to calculate depreciation expense, and the allocation of indirect costs among the functional expense categories. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

“A Registered Investment Advisor”

This firm is not a CPA firm

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MISSTATEMENTS IDENTIFIED DURING THE AUDIT

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

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 consolidated 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 attached management representation letter dated December 2, 2017.

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 Foundation's consolidated 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.

ISSUES RELEVANT TO THE OVERSIGHT OF THE FINANCIAL REPORTING PROCESS

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

OTHER MATTERS

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of Board of Trustees and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Maxwell Locke + Ritter LLP

Enclosure 1: Management Representation Letter



December 02, 2017

Maxwell Locke & Ritter LLP
401 Congress Ave., Suite 1100
Austin, Texas 78701

This representation letter is provided in connection with your audit of the consolidated financial statements of Marbridge Foundation, Inc. and its wholly-owned subsidiary, Marbridge Minerals, LLC, (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the auditors' report, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 20, 2017, including our responsibility for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP.
- 2) The consolidated financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the consolidated financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Foundation's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 13) There are no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the consolidated financial statements.
- 14) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the consolidated financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

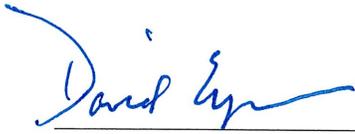
Information Provided

- 15) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the consolidated financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 16) All material transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
- 17) We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.
- 18) We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the consolidated financial statements.
- 19) We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's consolidated financial statements communicated by employees, former employees, grantors, regulators, or others.
- 20) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing consolidated financial statements.
- 21) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the consolidated financial statements.

- 22) We have disclosed to you the identity of the Foundation's related parties and all the related-party relationships and transactions of which we are aware.
- 23) Except as made known to you, the Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 25) As part of your audit, you prepared the draft consolidated financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those consolidated financial statements and related notes.
- 26) We acknowledge our responsibility for presenting the Consolidated Schedule of Changes in Net Assets by Location and the Consolidated Schedule of Expenses by Location in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Consolidated Schedule of Changes in Net Assets by Location and the Consolidated Schedule of Expenses by Location have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 27) Marbridge Foundation, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 28) Marbridge Minerals, LLC is a disregarded entity for federal income tax purposes and is subject to income taxes in the state of Texas. Income taxes are accounted for under the liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when considered necessary to reduce the net deferred tax assets to amounts which are more likely than not to be realized.
- 29) The Foundation has adopted ASC 740-10 as it relates to uncertain tax positions for the year ended June 30, 2017 and has evaluated its tax positions taken for all open tax years. The Foundation is not currently under audit, nor has the Foundation been contacted for examination by any relevant tax jurisdictions. Based on our evaluation of the Foundation's tax positions, management believes all positions taken are highly certain and would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2017.
- 30) We represent that the Marbridge Foundation, Inc.:
 - a) Is organized for Internal Revenue Code Section 501(c)(3) purposes;
 - b) Is operated in a manner consistent with its mission as set forth in its current Articles of Incorporation and Bylaws;
 - c) Has not engaged in activities which would result in private inurement or excess benefit transactions;
 - d) Has not engaged in any political activities and has properly reported any lobbying activities;
 - e) Has determined that all sources of revenue are related to its exempt purpose or are excluded from unrelated business income treatment, unless otherwise indicated; and
 - f) Has determined that any unrelated business income has been properly reported and that expenses have been allocated on a reasonable basis.

31) In regards to the FORM 990 tax return preparation services performed by you, we have:

- a) Made all management decisions and performed all management functions.
- b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- c) Evaluated the adequacy and results of the services performed.
- d) Accepted responsibility for the results of the services.



11/30/17

David Erps, VP of Finance



12/2/2017

Jeanie Andrews, Director of Accounting