

NIKKI MITCHELL FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Nikki Mitchell Foundation
Nashville, Tennessee

We have reviewed the accompanying financial statements of Nikki Mitchell Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2017, and the related statements of revenues, expenses and other changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

ACCOUNTANT'S CONCLUSION

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

BASIS OF ACCOUNTING

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Knight CPAs PLLC

Nashville, Tennessee
May 7, 2018

NIKKI MITCHELL FOUNDATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

ASSETS

Cash	\$ 207,561
Property and equipment, net	<u>2,893</u>
TOTAL ASSETS	<u>\$ 210,454</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Credit card payable	\$ 914
Accrued payroll taxes	<u>1,147</u>
TOTAL LIABILITIES	<u>2,061</u>
NET ASSETS	
Unrestricted	<u>208,393</u>
TOTAL NET ASSETS	<u>208,393</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 210,454</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

STATEMENT OF REVENUES, EXPENSES
AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

REVENUES AND SUPPORT - UNRESTRICTED	
Contributions	\$ 75,001
Fundraising events	198,340
Investment income	<u>773</u>
 TOTAL REVENUES AND SUPPORT	 <u>274,114</u>
 EXPENSES	
Program services	226,338
Supporting services:	
General and administrative	31,904
Fundraising	<u>68,495</u>
 Total support services	 <u>100,399</u>
 TOTAL EXPENSES	 <u>326,737</u>
 CHANGE IN NET ASSETS	 (52,623)
 NET ASSETS - BEGINNING OF YEAR	 <u>261,016</u>
 NET ASSETS - END OF YEAR	 <u>\$ 208,393</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,828	\$ 7,313	\$ 27,423	\$ 36,564
Payroll taxes	138	553	2,073	2,764
Professional fees	1,898	2,275	17,084	21,257
Lease	8,355	11,140	8,355	27,850
Utilities	1,502	2,001	1,502	5,005
Insurance	-	3,303	3,304	6,607
Printing	-	-	422	422
Postage and shipping	679	407	271	1,357
Patient care expenses	33,314	-	-	33,314
Donations	178,200	-	-	178,200
Meals	-	-	2,276	2,276
Dues and subscriptions	-	454	2,808	3,262
Advertising and public relations	-	-	694	694
Office expenses	-	3,150	-	3,150
Other expenses	114	896	-	1,010
Travel expenses	-	-	1,973	1,973
Depreciation	310	412	310	1,032
Special events:				
Supplies and auction items	-	-	55,019	55,019
Venue rental	-	-	9,000	9,000
TOTAL FUNCTIONAL EXPENSES	226,338	31,904	132,514	390,756
Less expenses netted against revenues on the statement of revenues, expenses, and other changes in net assets - modified cash basis	<u>-</u>	<u>-</u>	<u>(64,019)</u>	<u>(64,019)</u>
TOTAL EXPENSES REPORTED UNDER PROGRAM SERVICES AND SUPPORTING SERVICES	<u>\$ 226,338</u>	<u>\$ 31,904</u>	<u>\$ 68,495</u>	<u>\$ 326,737</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (52,623)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,032
Decrease in:	
Credit card payable	(1,944)
Accrued payroll taxes	<u>99</u>
TOTAL ADJUSTMENTS	<u>(813)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(53,436)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	<u>(1,374)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,374)</u>
NET DECREASE IN CASH	(54,810)
CASH - BEGINNING OF YEAR	<u>262,371</u>
CASH - END OF YEAR	<u>\$ 207,561</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 1 - GENERAL

Nikki Mitchell Foundation (the "Foundation") is a Tennessee not-for-profit organization incorporated on August 7, 2013. The Foundation is an independent, nonprofit Foundation dedicated to providing comfort and relief for those affected by pancreatic cancer, while raising awareness and searching for the cure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that contributions and other revenues are recognized when received instead of when promised and expenses are recognized when paid rather than when incurred. Consequently, the Foundation has not recognized promises to give from donors, accounts payable to vendors, or their related effects on the change in net assets in the accompanying financial statements.

Resources are classified as unrestricted, temporarily restricted, or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations.

The Foundation had no temporarily restricted or permanently restricted net assets as of December 31, 2017.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of revenues, expenses, and other changes in net assets - modified cash basis as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Donated equipment is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation generally pays for services requiring specific expertise. Volunteers also provided their time to perform a variety of tasks that assist the Foundation that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Foundation. The Foundation's policy is to capitalize purchases and or improvements with an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years.

Income Taxes

The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Foundation's income tax return to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there were no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program, supporting service, or activity based on objectively evaluated financial and nonfinancial data or reasonable, subjective methods determined by management.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Recent Authoritative Accounting Guidance

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between December 31, 2017 and May 7, 2018, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Foundation's cash balances may at times exceed statutory limits. The Foundation has not experienced any losses in such accounts and management considers this to be a normal business risk.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2017, is as follows:

Equipment	\$ 5,069
Less: accumulated depreciation	<u>(2,176)</u>
Net property and equipment	<u>\$ 2,893</u>

NOTE 5 - LEASES

The Foundation leases certain real property under a short term operating lease that expires in February 2018. Rent expense totaled \$27,850 for the year ended December 31, 2017. In February 2018, the Foundation signed a new twelve-month operating lease requiring monthly payments of \$2,350. The lease automatically renews on a month-to-month basis upon expiration.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 6 - FISCAL SPONSORSHIPS

The Autumn Leaves Project

The Foundation entered into an arrangement to serve as a fiscal sponsor for The Autumn Leaves Project ("TALP"), a project established by an individual for the purpose of improving quality of life for individuals affected by pancreatic cancer.

Under the terms of the arrangement, the Foundation provided fundraising and administrative support for TALP and established a designated bank account segregated on the Foundation's books to receive contributions and grants and disburse funds as recommended by TALP. For the year ending December 31, 2017, TALP contributions of \$37,987, fundraising event revenues of \$7,834 and special event expenses of \$3,070 are included on the statement of revenues, expenses and other changes in net assets - modified cash basis.

Prior to December 31, 2017, the Foundation and TALP agreed to end the fiscal sponsor relationship, and, as recommended by TALP, all TALP funds held by the Foundation were transferred to another nonprofit organization and recorded as a donation on the statement of functional expenses - modified cash basis.

Our Raye of Hope

The Foundation entered into an agreement to serve as fiscal sponsor for Our Raye of Hope ("OROH"), a project established by an individual for the purpose of seeking and supporting research associated with early detection and cure of pancreatic cancer.

Under the terms of the agreement, the Foundation will provide fundraising and administrative support for OROH and will establish and operate a designated bank account segregated on the Foundation's books to receive contributions and grants and disburse funds as directed by OROH.

As of December 31, 2017, the Foundation's designated bank account balance available for OROH was \$20 and is included in cash.