

NIKKI MITCHELL FOUNDATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nikki Mitchell Foundation  
Nashville, Tennessee

We have audited 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, 2018, 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.

### 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 as described in Note 2; 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets, liabilities and net assets of Nikki Mitchell Foundation as of December 31, 2018, and the related statements of revenues, expenses and other changes in net assets, functional expenses, and cash flows for the year then ended in accordance with modified cash basis of accounting described in Note 2.

BASIS OF ACCOUNTING

We draw attention to Note 2 of the financial statements, which describes 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 opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Knapth CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee  
June 28, 2019

NIKKI MITCHELL FOUNDATION

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

DECEMBER 31, 2018

ASSETS

Cash	\$ 433,996
Property and equipment, net	<u>1,910</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 435,906</u></b>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>	
Credit card payable	\$ 3,198
Accrued payroll taxes	<u>244</u>
<b>TOTAL LIABILITIES</b>	<b><u>3,442</u></b>
<b>NET ASSETS</b>	
Without donor restrictions	427,464
With donor restrictions	<u>5,000</u>
<b>TOTAL NET ASSETS</b>	<b><u>432,464</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 435,906</u></b>

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, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 115,681	\$ 5,000	\$ 120,681
Fundraising events	416,053	-	416,053
Interest income	1,623	-	1,623
Other revenues	<u>1,330</u>	<u>-</u>	<u>1,330</u>
TOTAL REVENUES AND SUPPORT	<u>534,687</u>	<u>5,000</u>	<u>539,687</u>
EXPENSES			
Program services	137,106	-	137,106
Supporting services:			
General and administrative	44,556	-	44,556
Fundraising	<u>133,954</u>	<u>-</u>	<u>133,954</u>
Total support services	<u>178,510</u>	<u>-</u>	<u>178,510</u>
TOTAL EXPENSES	<u>315,616</u>	<u>-</u>	<u>315,616</u>
CHANGE IN NET ASSETS	219,071	5,000	224,071
NET ASSETS - BEGINNING OF YEAR	<u>208,393</u>	<u>-</u>	<u>208,393</u>
NET ASSETS - END OF YEAR	<u>\$ 427,464</u>	<u>\$ 5,000</u>	<u>\$ 432,464</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,509	\$ 6,035	\$ 22,631	\$ 30,175
Payroll taxes	115	462	1,731	2,308
Professional fees	150	8,490	-	8,640
Office lease	9,425	12,567	9,425	31,417
Utilities	2,113	2,818	2,114	7,045
Repairs and maintenance	-	1,030	-	1,030
Postage and shipping	1,105	663	441	2,209
Patient care expenses	56,294	-	-	56,294
Grants to support pancreatic cancer research	65,800	-	-	65,800
Meals	-	-	2,505	2,505
Dues and subscriptions	-	1,119	2,683	3,802
Advertising and public relations	-	-	462	462
Office expenses	-	4,340	234	4,574
Other expenses	300	2,764	-	3,064
Travel expenses	-	3,875	-	3,875
Depreciation	295	393	295	983
Special events:				
Event management and staffing	-	-	32,274	32,274
Supplies and auction items	-	-	40,974	40,974
Venue rental	-	-	18,185	18,185
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 137,106</u>	<u>\$ 44,556</u>	<u>\$ 133,954</u>	<u>\$ 315,616</u>

See accompanying notes to financial statements.

NIKKI MITCHELL FOUNDATION

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	<u>\$ 224,071</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	983
Decrease in:	
Credit card payable	2,284
Accrued payroll taxes	<u>(903)</u>
TOTAL ADJUSTMENTS	<u>2,364</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>226,435</u>
NET INCREASE IN CASH	226,435
CASH - BEGINNING OF YEAR	<u>207,561</u>
CASH - END OF YEAR	<u><u>\$ 433,996</u></u>

See accompanying notes to financial statements.



NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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 net assets without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions, as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are currently no donor restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of revenues, expenses and other changes in net assets - modified cash basis.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

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.

Cash

Cash consists principally of checking and money market accounts.

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, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - named after the 1998 flight around the world taken by Nikki Mitchell and the Foundation's president, Rhonda Miles, Bridge of Wings is a direct patient services program that provides pancreatic cancer patients in need with free transportation, house cleanings, meals and many more services tailored to their specific needs.

Management and General - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Foundation's program strategy, business management, general record keeping, budgeting, and related purposes.

Fundraising - includes costs of special events and activities directed toward appeals for financial support. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

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.

The expenses that are allocated include salaries and wages, payroll taxes, professional fees, lease expense, utilities, postage and shipping and depreciation, which are allocated on the basis of estimates of time and effort. Accordingly, expenses have been allocated among the program activities consisting of the Foundation's program and related supervisory and advisory services and supporting services consisting of the Foundation's administration and management functions. Functional expenses may be direct or indirect. Direct expenses are incurred only to benefit a specific program and are classified as a program activity accordingly. Indirect expenses include administrative support and shared operational expenses and are allocated to program and administration activities using management estimates.

Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions consist of funds held for the production of an awareness documentary.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Adoption of New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Additionally, ASU 2016-14 requires all not-for-profit entities to present expenses by their natural and functional classification. The Foundation has adjusted the presentation of these statements accordingly.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between December 31, 2018 and June 28, 2019, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation’s unrestricted cash as presented on the statement of assets, liabilities and net assets - modified cash basis has a balance of \$433,996 at December 31, 2018. The unrestricted cash represents the Foundation’s assets available to meet cash needs for general expenditures within one year of December 31, 2018.

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Cash in excess of daily requirements are invested in money market funds.

NIKKI MITCHELL FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 4 - 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 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2018, is as follows:

Equipment	\$ 5,069
Less: accumulated depreciation	<u>(3,159)</u>
Net property and equipment	<u>\$ 1,910</u>

NOTE 6 - LEASES

The Foundation leases certain real property under a short-term operating lease that expires in February 2019. Rent expense totaled \$31,417 for the year ended December 31, 2018. In February 2019, 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.

NOTE 7 - FISCAL SPONSORSHIPS

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, 2018, the Foundation’s designated bank account balance available for OROH was \$20 and is included in cash.