

Miracle Flights and Affiliate
(Formerly Miracle Flights for Kids, Inc. and Affiliate)
(A Nonprofit Organization)

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2016

(With Report of Independent Auditors' Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Miracle Flights and Affiliate

We have audited the accompanying consolidated financial statements of Miracle Flights for Kids, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of April 30, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Miracle Flights for Kids, Inc. and affiliates as of April 30, 2016, and the results of its operations its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RBSM LLP

RBSM LLP
Henderson, NV
September 27, 2016

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
APRIL 30, 2016

ASSETS

| | |
|---|-----------------------------|
| Current assets | |
| Cash and equivalents | \$ 6,206,564 |
| Cash - restricted for flights | 32,141 |
| Certificates of deposit | 267,603 |
| Investments in marketable securities | 26,928,676 |
| Prepaid expenses and other current assets | 210,999 |
| Land, building and equipments, net | <u>10,360,522</u> |
| Total assets | <u><u>\$ 44,006,505</u></u> |

LIABILITIES AND NET ASSETS

| | |
|--|-----------------------------|
| Current liabilities | |
| Accounts payable and accrued liabilities | \$ 414,715 |
| Prepaid rent | 13,298 |
| Tenant security deposits | <u>45,889</u> |
| Total liabilities | 473,902 |
| Net assets | |
| Unrestricted | 43,500,462 |
| Temporarily restricted | <u>32,141</u> |
| Total net assets | <u>43,532,603</u> |
| Total liabilities and net assets | <u><u>\$ 44,006,505</u></u> |

See notes to accompanying consolidated financial statements

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016

| | Unrestricted | Temporarily Restricted | Total |
|--------------------------------------|---------------|---------------------------|---------------|
| Revenues, and other support | | | |
| Contributions | \$ 1,388,668 | \$ 32,141 | \$ 1,420,809 |
| In-kind contributions | 804,724 | - | 804,724 |
| Fee Income | 43,100 | - | 43,100 |
| Rental income | 1,416,922 | - | 1,416,922 |
| Total support | 3,653,414 | 32,141 | 3,685,555 |
| Net assets released from retrictions | 35,760 | (35,760) | - |
| Functional expenses | | | |
| Program services | | | |
| Program services | 1,763,832 | - | 1,763,832 |
| Program services-in-kind | 804,373 | - | 804,373 |
| Total program services | 2,568,205 | - | 2,568,205 |
| Supporting services | | | |
| Fundraising | 1,001,968 | - | 1,001,968 |
| Fundraising-in-kind | 351 | - | 351 |
| Management and general | 1,326,764 | - | 1,326,764 |
| Total supporting services | 2,329,083 | - | 2,329,083 |
| Total functional expenses | 4,897,288 | - | 4,897,288 |
| Building expenses | 949,133 | - | 949,133 |
| Total expenses | 5,846,421 | - | 5,846,421 |
| Other income | | | |
| Investment income | 807,822 | - | 807,822 |
| Other income | 49,588 | - | 49,588 |
| Realized loss on investments | (981,906) | - | (981,906) |
| Unrealized loss on investments | (1,007,925) | - | (1,007,925) |
| Total other income | (1,132,421) | - | (1,132,421) |
| Change in net assets | (3,289,668) | (3,619) | (3,293,287) |
| Net assets, May 1, 2015 | 46,790,130 | 35,760 | 46,825,890 |
| Net assets, April 30, 2016 | \$ 43,500,462 | \$ 32,141 | \$ 43,532,603 |

See notes to accompanying consolidated financial statements

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
(EXCLUSIVE OF BUILDING EXPENSES)
FOR THE YEAR ENDED APRIL 30, 2016

| | Program Services | | Supporting Services | | |
|---|---------------------|---------------------|-------------------------------|-----------|------------------|
| | Flights | Fundraising | Management and Administrative | | Total Expenses |
| Bank and credit card fees | \$ 3,685 | \$ 344 | \$ 884 | \$ | 4,913 |
| Dues and subscriptions | - | - | 8,549 | | 8,549 |
| Fundraising, Public Relations/Advertising | - | 908,690 | - | | 908,690 |
| Grants awarded | 75,000 | - | - | | 75,000 |
| Insurance | - | - | 4,588 | | 4,588 |
| Investment fees | 263,255 | - | - | | 263,255 |
| Repairs and maintenance | - | - | 8,560 | | 8,560 |
| Meals and entertainment | - | - | 7,240 | | 7,240 |
| Miscellaneous | - | - | 8,958 | | 8,958 |
| Office supplies | 21,408 | 1,998 | 5,138 | | 28,544 |
| Pension | - | - | 1,914 | | 1,914 |
| Postage | 4,939 | 461 | 1,185 | | 6,585 |
| Printing | 2,264 | 211 | 543 | | 3,018 |
| Professional fees and services | - | - | 1,037,807 | | 1,037,807 |
| Salaries, wages and benefits | 948,287 | 88,507 | 227,589 | | 1,264,383 |
| Telephone | 10,959 | 1,023 | 2,630 | | 14,612 |
| Travel resources | 426,171 | - | - | | 426,171 |
| Vehicle | 7,864 | 734 | 1,887 | | 10,485 |
| Depreciation | - | - | 9,292 | | 9,292 |
| Subtotal | 1,763,832 | 1,001,968 | 1,326,764 | | 4,092,564 |
| In kind goods expense | 804,372.69 | - | - | | 804,373 |
| In kind services expense | - | 351 | - | | 351 |
| Total Functional Expense | <u>\$ 2,568,205</u> | <u>\$ 1,002,319</u> | <u>\$ 1,326,764</u> | <u>\$</u> | <u>4,897,288</u> |

See notes to accompanying consolidated financial statements

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2016

| | |
|---|----------------|
| Cash flows from operating activities: | |
| Decrease in net assets | \$ (3,293,287) |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 257,676 |
| Net unrealized gain on annuities | (97,922) |
| Net unrealized loss on securities | 1,279,876 |
| Net realized loss on securities | 981,906 |
| Changes in operating assets and liabilities: | |
| Prepaid expenses and other current assets | 17,785 |
| Accounts payable and accrued liabilities | 207,458 |
| Prepaid rent | (89,834) |
| Tenancy security deposits | (8,681) |
| Net cash used by operating activities | (745,023) |
| Cash flows from investing activities: | |
| Decrease in cash - restricted | 3,619 |
| Purchase of annuities | (1,165,435) |
| Purchase of fixed assets | (144,735) |
| Sale of securities | 420,910 |
| Redemption of certificate of deposits | 1,008,364 |
| Proceeds from loan repayment by Med-Lien Management, Inc. | 25,590 |
| Net cash provided in investing activities | 148,312 |
| Net decrease in cash | (596,710) |
| Cash as of May 1, 2015 | 6,803,274 |
| Cash as of April 30, 2016 | \$ 6,206,564 |
| Supplement disclosure of noncash activities | |
| Relief of pension obligation via distribution of annuity | \$ 7,257,421 |

See notes to accompanying consolidated financial statements

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
(A NONPROFIT ORGANIZATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2016

1. Summary of significant accounting policies

Organization – The accompanying consolidated financial statements include the consolidated accounts of Miracle Flights (hereinafter referred to as “MF”) and MFFK Holdings, Inc. (hereinafter referred to as “Holdings”). Such consolidated group is collectively referred to as Miracle Flights and Affiliate (hereinafter referred to as the “Organization”). The consolidated financial statements have been presented on a consolidated basis due to common management and board. All significant intercompany balances and transactions have been eliminated in consolidation.

Miracle Flights was founded in 1985 and is a nonprofit organization operating under the laws of the state of Nevada. During February 2016, MF amended the articles of incorporation to change its name from Miracle Flights for Kids, Inc. to Miracle Flights. Its mission is dedicated to helping low income very sick children overcome financial obstacles that prevent them from accessing proper medical care and second opinions. MF flies children who are struggling with serious cancers and other debilitating diseases to specialized medical treatment centers across the United States. Any child needing medical treatment or seeking a second opinion not available in their own home town is eligible to apply for a miracle mission. To date, the Organization has provided more than 100,000 nationwide airline flights to facilitate urgent medical care for children in need.

On May 14, 2013, the Organization formed MFFK Holdings, Inc., under the laws of the state of Nevada. The sole purpose is to hold commercial real estate property located in Las Vegas, Nevada. On June 28, 2013 Holdings purchased, for cash, two commercial properties for the total of \$10.9 million with the intent of leasing out office space. MF relocated to these facilities in January 2014.

Basis of accounting – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Basis of presentation – The accompanying consolidated financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Non-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and changes in financials position according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

All restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no permanently restricted net assets at April 30, 2016.

Principles of consolidation – The consolidated financial statements include the accounts of MF and Holdings. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue – Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recorded when they are received. Promises to give (pledges) are recorded at their net present value when collection of the gift is reasonably assured. Contributions are considered to be unrestricted unless

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(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2016

1. Summary of significant accounting policies (continued)

specifically restricted by the donor. Donated property and services requiring specialized skills are recorded at the estimated fair value on the date of the gift.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Materials – Donated services are recognized as in-kind donations if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Cash and cash equivalents – Cash and cash equivalents include all cash balances in the banks and brokerage accounts. The accounts are maintained by institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times the organization maintains cash in financial institutions in excess of amounts insured by the federal government. The Organization has not experienced any losses in these accounts.

Investments & Annuities – Marketable equity securities and other investments are stated at their fair value, which is determined by quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on these investments, is included in investment income (loss) in the statement of activities.

Fixed Assets – Fixed assets are stated at cost, if purchased, or fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives ranging from five to forty years. The Organization capitalizes all fixed assets over \$500 with an estimated useful life greater than five years. When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period. The cost of maintenance and repairs are expensed as incurred, while significant renewals and betterments are capitalized.

The Organization periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. The Organization uses an estimate of related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Fair value of financial instruments – The financial instruments of the Organization include cash equivalents, mutual funds, and equities, accounts payable and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use. The Organization has determined the estimated fair values of its financial instruments using available market information and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2016

1. Summary of significant accounting policies (continued)

commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Organization's estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of April 30, 2016. \$26,928,676 have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

Fair Value Measurements at April 30, 2016 Using:

| Assets: | Total Carrying Value as of 04/30/2015 | Quoted Marked Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|--|---|---|
| Investments in marketable securities | \$ 26,928,676 | \$ 26,928,676 | -0- | -0- |
| Total | <u>\$ 26,928,676</u> | <u>\$ 26,928,676</u> | <u>-0-</u> | <u>-0-</u> |

Income taxes – The Internal Revenue service has determined that MF and Holdings are charitable organizations exempt from federal income taxes under sections 501(c)(3) and 501 (c)(2), respectively, of the IRC.

Federal information returns for years prior to fiscal 2013 are no longer subject to examination by tax authorities.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. There was \$72,153 in advertising costs for the fiscal year ending April 30, 2016.

2. Land, building, and equipments, net

As of April 30, 2016, land, building, and equipments consisted of the following:

| | |
|--------------------------------|----------------------|
| Buildings and Improvement | \$ 9,211,257 |
| Furniture and Fixtures | 107,181 |
| Vehicles | 25,418 |
| Computers and Equipment | <u>10,977</u> |
| | 19,354,833 |
| Less: accumulated depreciation | <u>(791,829)</u> |
| | 8,563,004 |
| Land | <u>1,797,518</u> |
| | <u>\$ 10,360,522</u> |

MIRACLE FLIGHTS AND AFFILIATE
(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
(A NONPROFIT ORGANIZATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2016

3. Certificates of deposit

As of April 30, 2016, the Organization has one certificate of deposit. The certificate of deposit is held with Synchrony Bank, formerly GE Capital Retail Bank. The certificate of deposit matures in April 2017, bears interest at a rate of 1.39%, and has a value of \$267,603 as of April 30, 2016.

4. Investment in marketable securities

Investment in marketable securities consists of the following at April 30, 2016:

| | |
|---------------------------------|----------------------|
| Securities, beginning of year | \$ 29,611,369 |
| Sale of securities | (420,910) |
| Net realized loss of securities | (981,906) |
| Change in fair value | <u>(1,279,877)</u> |
| | <u>\$ 26,928,676</u> |

5. Annuities

Annuities consist of the following at April 30, 2016:

| | |
|------------------------------|-----------------|
| Annuities, beginning of year | \$ 5,994,064 |
| Purchases of annuities | 1,165,435 |
| Withdrawals of annuities | (7,257,421) |
| Change in fair value | <u>(97,922)</u> |
| | <u>\$ -0-</u> |

The withdrawals of annuities went against the pension obligation generated from previous years expenses.

6. In-kind contributions

As of April 30, 2016, the Organization received \$804,724 of in-kind donations, which consist primarily of donated flights and flight resources. These services have been reported as unrestricted revenue and the related in-kind expenses have been included in the MF services under travel resources.

7. Temporarily restricted net assets

Temporarily restricted net assets at April 30, 2016 are restricted for flight costs associated with a specific city or state in the United State of America.

8. Concentrations

Leases – Rental Income

Holdings leases space to ten tenants (including MF), with three tenants representing 33%, 25%, and 18%, respectively, of the total rental income.

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9. Commitments and contingencies

Holdings, as lessor, maintain long-term operating lease agreements with unaffiliated lessees related to its investment in real estate properties expiring at various dates through 2020. The following is a schedule of approximate future minimum rents receivable under non-cancelable leases that have initial or remaining terms in excess of one year as of April 30, 2016:

| | |
|----------------|---------------------|
| April 30, 2017 | \$ 1,083,989 |
| April 30, 2018 | 539,955 |
| April 30, 2019 | 339,428 |
| April 30, 2020 | 325,279 |
| April 30, 2020 | 71,456 |
| | <u>\$ 2,360,107</u> |

10. Legal matters

On June 26, 2015, MF filed suit against Med Lien Management, Inc. (“Med Lien”) and its two principals, Brad Esposito and Lincoln Lee, as a result of their default on a \$2.2 million dollar loan obligation. Pursuant to a lending agreement dated April 30, 2013, MF agreed to loan Med Lien \$2,200,000 in exchange for Med Lien’s repayment of the money plus interest for a total repayment obligation of \$3,520,000. The Lending Agreement was secured by a promissory note and assignment of liens. Both principals, Lee and Esposito expressly agreed to personally guaranty Med Lien’s obligations under the Lending Agreement and promissory note.

Med Lien borrowed funds from MF with the express written understanding that it would make six interest only payments of \$220,000 each, at six month intervals beginning October 30, 2013 with the final repayment of the principal amount of \$2,200,000 due on April 30, 2016. As collateral for the lending agreement, Med Lien executed a written agreement providing for the assignment of the numerous medical liens in the event of default. Med Lien made the first three interest payments but failed to remit the \$220,000 due on April 30, 2015.

Med Lien has relinquished to MF various medical liens of the note receivable assets which resulted in approximately \$50,000 in revenue, as well as the rights to a number of the collateral liens and company assets, but nevertheless claims to have been the victim of fraud by its principal, Lee, and thus, unable to remit the balance due under the loan. Med Lien and Esposito further contend that Lee, who has since filed for bankruptcy, destroyed the documentation needed to allow MF to meaningfully collect on the collateral liens. As a result, in addition to Christiansen Law Office’s (“CLO”) action against Med Lien and Esposito, MF has enlisted the services of law firm McDonald Carano Wilson (“MCW”) to pursue an adversary bankruptcy action against Lee as well as collection efforts on the collateral liens to the extent possible.

During the course of CLO’s prosecution of the state court breach of contract action against Med Lien, Esposito and Lee, discovery revealed that the original \$2.2 million dollar loan was induced by fraud and further involved self-dealing and breaches of fiduciary duties by MF former board member Michael McDonald. Accordingly, MF filed an Amended Complaint to add causes of action against McDonald and various other sham entities used to divert funds away from Med Lien and its obligation to MF.

On May 19, 2016, the district court issued an order striking the answers of Esposito and Med Lien and subsequently held an evidentiary hearing to determine the amount of damages. While a final order and judgement have not issued, it is anticipated the final judgement will total upwards of \$2.5 million dollars. The financials solvency of both debtors however, is questionable at best and thus, MF cannot determine the likely amount of total recovery based upon the forthcoming judgement.

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(FORMERLY MIRACLE FLIGHTS FOR KIDS, INC. AND AFFILIATE)
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April 30, 2016

10. Legal matters (continued)

MF has brought claims under its Directors and Officer's Liability insurance policy to recoup the losses it sustained as a result of McDonalds's misconduct and self-dealing but the insurance carrier has thus far denied coverage. MF has demanded the carrier reconsider its position on coverage. However, should it refuse, MF will likely be forced to bring an action against its insurer for declaratory relief and bad faith.

MF further learned of an approximately \$350,000 breach of contract action that Med Lien filed against third party lien and medical services entities, Solution Providers and Centennial Medical Imaging. MF has intervened as a Plaintiff in that action and Med Lien concedes MF would be entitled to any proceeds recovered as a result of that litigation.

While MF is zealously pursuing all avenues of financial recovery with respect to the losses sustained as a result of the Med Lien loan, the likelihood of success in collecting on the full amount owed is subject to a number of unresolved variables. Both pending litigation actions are at their relative infancy and thus, the timing and extent of collection is unknown at this point.

11. Subsequent events

On June 22, 2016, Miracle Flights achieved a judgement against Med Lien Management, Inc. ("MLM") and Brad A. Esposito ("Esposito") for \$2,782,095.92, jointly and severally. Miracle Flights also achieved punitive damages awards of \$100,000.00 against MLM and Esposito, individually, adding up to a total judgement of \$2,982,095.92. This judgement accrues interest at the statutory rate, which is currently 5.5%. Miracle Flights has recently received an order attaching the assets of Lincoln Lee, who has fraudulently concealed certain items of value from his bankruptcy estate.

Miracle Flights has also resolved the Critical Care Medical Consultants, Inc. ("CCMC") fraud scheme, by successfully having a Chapter 11 trustee appointed, who quickly settled Miracle Flights claims against CCMC by assuming all of its liens to Miracle Flights for a fee going forward in collection. CCMC was an entity owned by Esposito, which was used to collect some of the medical liens originally purchased with the original \$2.2 million loans. To date, Miracle Flights has recovered \$100,093.58 in lien settlements, with \$20,063.04 pending. In addition to the lien recoveries, Miracle Flights has also recovered \$31,130.14 relating to settlements with Lincoln Lee and DCP Investment Holdings, and certain costs relating to discovery. Miracle Flights has an award of \$18,240 from counsel for the defendants in the state court case, which is subject to collection at present. In all, Miracle Flights has recovered \$131,223.72 with several amounts pending or subject to collection as set forth herein, and going forward with matters that are not yet fully developed.