Miracle Flights and Affiliate
(A Nonprofit Organization)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2020

(With Report of Independent Auditors' Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miracle Flights and Affiliate

We have audited the accompanying consolidated financial statements of Miracle Flights, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of April 30, 2020, 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, Inc. and affiliate as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 9 to the financial statements, Miracle Flights and Affiliate is a defendant in a lawsuit arising from a dispute regarding compensation and benefits package to which the Organization's retired CEO and her husband are entitled. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules beginning on page 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RBSM LLP

RBSM LLP
Henderson, NV
March 19, 2021

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
APRIL 30, 2020

ASSETS

Assets		
Cash and cash equivalents	$	2,090,932
Cash - with donor restrictions		50,606
Accounts receivable		23,836
Investments in marketable securities		30,874,412
Prepaid expenses and other current assets		455,092
Land, building and equipment, net		9,965,183
Total assets	$	43,460,061

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	$	61,456
Accrued liabilities		71,498
Secured line of credit		350,000
Prepaid rent		53,545
Tenant security deposits		33,535
Total liabilities		570,034
Net assets		
Without donor restrictions		42,839,421
With donor restrictions		50,606
Total net assets		42,890,027
Total liabilities and net assets	$	43,460,061

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, and other support			
Contributions	$ 369,413	$ 64,605	$ 434,018
In-kind contributions	693,790	-	693,790
Special events	188,043	-	188,043
Rental income	1,437,332	-	1,437,332
Total support	2,688,578	64,605	2,753,183
Net assets released from restrictions	99,600	(99,600)	-
Functional expenses			
Program services			
Program services	2,336,747	-	2,336,747
Total program services	2,336,747	-	2,336,747
Supporting services			
Fundraising	201,992	-	201,992
Management and administrative	788,343	-	788,343
Total supporting services	990,335	-	990,335
Total functional expenses	3,327,082	-	3,327,082
Building expenses	1,146,586	-	1,146,586
Total expenses	4,473,668	-	4,473,668
Other income			
Investment income, net of fees	918,485	-	918,485
Other income	2,814	-	2,814
Realized loss on investments	(28,830)	-	(28,830)
Unrealized loss on investments	(2,950,965)	-	(2,950,965)
Total other income	(2,058,496)	-	(2,058,496)
Change in net assets	(3,743,986)	(34,995)	(3,778,981)
Net assets, May 1, 2019	46,583,407	85,601	46,669,008
Net assets, April 30, 2020	$ 42,839,421	$ 50,606	$ 42,890,027

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
(EXCLUSIVE OF BUILDING EXPENSES)
FOR THE YEAR ENDED APRIL 30, 2020

	Program Services	Supporting Services		
	Flights	Fundraising	Management and Administrative	Total Expenses
Bank and credit card fees	$ 1,427	$ 133	$ 343	$ 1,903
Dues and subscriptions	-	-	120,415	120,415
Fundraising, public relations/advertising	41,821	106,653	46,383	194,857
Grants awarded	146,000	-	-	146,000
Insurance	-	-	22,119	22,119
Direct mail	-	5,322	-	5,322
Repairs and maintenance	-	-	2,563	2,563
Meals and entertainment	4,625	-	1,890	6,515
Travel	-	-	17,333	17,333
Office supplies	22,263	2,078	5,343	29,684
Postage	4,322	403	1,037	5,762
Printing	835	78	200	1,113
Professional fees and services	135,872	-	336,899	472,771
Salaries, wages and benefits	903,077	84,287	216,738	1,204,102
Telephone	11,720	1,094	2,813	15,627
Travel resources	1,043,955	-	-	1,043,955
Vehicle	20,830	1,944	4,999	27,773
Depreciation	-	-	9,268	9,268
Total functional expenses	$ 2,336,747	$ 201,992	$ 788,343	$ 3,327,082

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2020

Cash flows from operating activities:		
Decrease in net assets	$	(3,778,981)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation		485,927
Unrealized loss on securities		2,950,965
Realized loss on securities		28,830
Changes in operating assets and liabilities:		
Accounts receivable		(18,739)
Prepaid expenses and other current assets		115,047
Accounts payable		(86,291)
Accrued liabilities		16,579
Net cash used in operating activities		(286,663)
Cash flows from investing activities:		
Purchase of fixed assets		(23,029)
Sale of securities		12,323,219
Purchase of securities		(11,536,337)
Net cash provided by investing activities		763,853
Cash flows provided by financing activities:		
Proceeds from secured line of credit		350,000
Net cash provided by financing activities		350,000
Net change in cash, restricted cash, and cash equivalents		827,190
Cash, restricted cash, and cash equivalents as of May 1, 2019		1,314,348
Cash, restricted cash and cash equivalents as of April 30, 2020	$	2,141,538

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.

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 and very sick children and their families overcome financial obstacles that prevent them from accessing proper medical care and second opinions. MF flies children and their families who are struggling with serious cancers and other debilitating diseases to specialized medical treatment centers across the United States. Children and their families needing medical treatment or seeking a second opinion not available in their own hometown are 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 those 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.

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.

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 as amended on ASU 2016-14, the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

All restricted support is reported as an increase in net assets with donor restrictions, based on the nature of the restriction. All unrestricted support is reported as an increase in net assets without donor restrictions.

Operations and financial liquidity of assets – The organization has $2,090,932 of cash and cash equivalents all of which is available to meet the organization's anticipated cash demands for operations for the forthcoming year. The majority of the cash receipts originate from the donations from individuals and other organizations. The related allocation of fees are paid subsequent to the collection of the donation. At times the company may invest funds in short term certificates of deposits and marketable securities which are in excess of its anticipated cash flow budget for the next ninety days. Funds received with donor specific restriction purposes are normally expended in the year for that designated purpose.

Currently the board of directors has deemed that the cash and cash equivalents on hand as of April 30, 2020 of $2,090,932 is sufficient in the event of a financial distress of immediate liquidity need resulting from events outside the typical life cycle of collecting donations and settling financial liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 without donor restrictions or with donor restrictions 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 without donor restrictions unless specifically restricted by the donor.

Miracle Flights owns an office building and collects rents from tenants. Revenues are recognized in the period in which the property was rented and is done on a straight-line basis over the term of the lease.

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.

Functional allocation of expenses – The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimate of the benefit to the related program and supporting service and certain expenses are allocated to program, general and administrative, and fundraising based on a percentage of utilization. The allocation of expenses at April 30, 2020 were allocated approximately 70% to programs, 24% to support services, and 6% to fundraising expenses.

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, net of fees.

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 thirty-nine 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 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.

Investments totaling $30,874,412 are based on information available as of April 30, 2020. Current estimates of fair value could differ significantly from the amounts presented.

Fair Value Measurements at April 30, 2020 Using:

Assets:	Total Carrying Value as of 04/30/2020	Quoted Marked Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in marketable securities	$ 30,874,412	$ 27,781,144	-0-	$ 3,093,268
Total	$ 30,874,412	$ 27,781,144	-0-	$ 3,093,268

The following are what make up the balance in level 3:

Private Equity Core Funds

Private Equity Core Fund (QP) VII (Offshore), L.P. and Private Equity Core Fund (QP) VIII (Offshore), L.P. (the "Partnership") were formed on September 20, 2016 and August 16, 2018, respectively, pursuant to and in accordance with the Cayman Islands Exempted Limited Partnership Law and commenced operations on October 1, 2016 and December 16, 2018, respectively. The General Partner of each Partnership is 50 South Capital Advisors, LLC, a wholly owned subsidiary of Northern Trust Corporation and an investment advisor registered with the U.S. Securities and Exchange Commission.

Private Equity Core Funds VII and VIII are illiquid alternative investments. For these investments, there is no redemption process. Rather, the investor participates in the lifecycle of the fund. There can occasionally be an opportunity for a private transaction on the secondary market.

The average life cycle for a private equity fund is around 12 years from inception to close (when any remaining commitments have been canceled and the full value of the fund has been distributed).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Miracle Flights, Inc. has committed $1,800,000 to PE VII and $814,050 of the commitment remains outstanding. The organization has committed $1,000,000 to PE VIII and $808,500 remains outstanding.

Alpha Core Strategies Fund

Alpha Core Strategies Fund (the "Fund") is a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a closed-end, diversified management investment company. 50 South Capital Advisors, LLC ("50 South") serves as the Fund's investment manager. 50 South is a wholly owned direct subsidiary of Northern Trust Corporation ("NTC"), and is registered with the U.S. Securities and Exchange Commission as an investment adviser. Northern Trust Securities, Inc. ("NTSI"), a subsidiary of NTC, serves as the placement agent for the Fund.

The Alpha Core Strategies Fund (Hedge) can be redeemed under the following parameters:

- 60 day notice required with quarterly (i.e. calendar quarter-end) liquidity
- No redemption fee
- 95% of value is paid out within a few weeks of quarter-end
- Remainder (holdback) is paid once audit is complete for the fiscal year

The fair value is $1,903,856.

Level 3 Fair Value Measurements at April 30, 2020:

	Private Equity Core Fund (QP) VII (Offshore) L.P.	Private Equity Core Fund (QP) VIII (Offshore) L.P.	Alpha Core Strategies Fund	Total
Beginning balance	$ 687,150	$ 25,000	$ 1,898,117	$ 2,610,267
Gain or (loss)	81,878	(7,816)	5,739	79,801
Purchases	(267,660)	(166,500)	-	(434,160)
Sales	(30,960)	-	(1,507)	(32,467)
Transferred into level 3	236,700	166,500	-	403,200
	$1,005,728	$ 183,684	$ 1,903,856	$ 3,093,268

* Gain or (loss) mixed into unrealized investment loss line on Statement of Activities.

* Funds were changed from level 1 to level 3 because funds were used to purchase level 3 investments.

* Fair market value for level 3 investments is based on prices from an external manager or other-directed pricing source. Management reviews fair value monthly to make sure the investments are performing up to expectations.

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 2016 are no longer subject to examination by tax authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. There was $46,383 in advertising costs for the fiscal year ending April 30, 2020.

New Accounting Pronouncement – In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance requires lessees to recognize lease assets and liabilities for most leases classified as operating leases under previous U.S. GAAP. The standard is effective for fiscal years beginning after December 15, 2020, including interim periods for fiscal year 2021. Early adoption is permitted for financial statements that have not been previously issued. The Organization is assessing the potential effect this guidance may have on their financial statements and will implement for Fiscal year ending April 30, 2022.

In November 2016, the FASB issued ASU 2016-18, Statement of cash flows restricted cash (Topic 230) provides guidance for classification and presentation of changes in restricted cash on the statement of cash flows and addresses the diversity of cash flows from entities that have transfers of cash and restricted cash to entities that have direct cash receipts and direct cash payments made from bank accounts that holds restricted cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This amendment is effect for public business entities for fiscal years beginning after December 15, 2017, and interim period within those fiscal years. All other entities, the amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal year beginning after December 15, 2019. The Organization has implemented the changes into their financial statements.

In June 2018, the FASB issued ASU 2018-08, Non-for-profit entities (Topic 958) clarifying the scope and the accounting guidance for contributions received and contributions made which clarifies and improves the scope and guidance for contributions made and received. The amendments in the update should assist entities in the evaluation whether transactions should be accounted for as contributions without reciprocal transactions or contributions with reciprocal transaction and subject to other guidance as well as determining whether a contribution is conditional. These updates are intended to increase stakeholders' awareness of the amendments and to expedite the improvements. The standard is effective for fiscal years beginning after December 15, 2019 on a modified prospective basis with a retrospective application being permitted. The Organization accessed the potential effect this guidance has on their financial statements and is implemented for fiscal year ending April 30, 2021.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), the amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year.

In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) codification improvements, which clarifies the codification more generally, and corrects unintended application of guidance for issued ASU 2016-2, Leases (Topic 842). The amendments in this update address fair values of underlying assets by lessor that are not manufacturers of dealers, presentation on the statement of cash flows for sale type and direct financing leases, and transition disclosures related to Topic 250, accounting changes and error corrections. These updates are intended to increase stakeholders' awareness of the amendments and to expedite the improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The standard is effective for fiscal years beginning after December 15, 2019, including interim periods for fiscal year 2021. The Organization is assessing the potential effect this guidance may have on their financial statements and will implement for fiscal year ending April 30, 2021.

2. LAND, BUILDING, AND EQUIPMENT, NET

As of April 30, 2020, land, building, and equipment consisted of the following:

Buildings and Improvement	$ 10,393,854
Furniture and Fixtures	107,181
Computers and Equipment	35,568
Box Truck	16,429
	10,553,032
Less: accumulated depreciation	(2,385,368)
	8,167,664
Land	1,797,519
	$ 9,965,183

The depreciation expenses for the year ended April 30, 2020 is $485,927.

3. INVESTMENT IN MARKETABLE SECURITIES

Investment in marketable securities consists of the following at April 30, 2020:

Securities, beginning of year	$ 34,648,350
Sale of securities	(12,323,219)
Purchase of securities	11,536,337
Change in accrued income	(7,261)
Net realized gain of securities	(28,830)
Net unrealized gain of securities	(2,950,965)
	$ 30,874,412

4. IN-KIND CONTRIBUTIONS

As of April 30, 2020, the Organization received $693,790 of in-kind donations, which consist primarily of donated flights and flight resources. These services have been reported as revenue without donor restrictions and the related in-kind expenses have been included in program services-in-kind and fundraising services-in-kind.

5. CONTRIBUTIONS

As of April 30, 2020, the Organization received $622,061 of contributions, which consist primarily of direct public support of $97,659, federal and other grants of $271,754, restricted grants of $64,605, fundraising of $90,856 and special events and carnivals of $97,187. Contributions of $64,605 have been reported as revenues with donor restrictions. Contributions of $557,456 have been reported as revenues without donor restrictions.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of $50,606 at April 30, 2020 are restricted for flight costs associated with a specific city or state in the United States of America.

7. CONCENTRATIONS

Cash

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At April 30, 2020, the Company had $1,227,733 in excess of the FDIC insured limit.

Leases – Rental Income

Holdings leases space to thirteen tenants (including MF), with three tenants representing 22%, 13%, and 11%, respectively, of the total rental income.

8. RENTAL ASSETS

Holdings, as lessor, maintains long-term operating lease agreements with unaffiliated lessees related to its investment in real estate properties expiring at various dates through 2026. 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, 2020:

April 30, 2021	$ 1,371,594
April 30, 2022	1,102,653
April 30, 2023	723,374
April 30, 2024	235,679
April 30, 2025	11,116
	$ 3,444,416

9. LEGAL MATTERS

On June 26, 2015, MFFK 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, MFFK 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 MFFK 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 numerous medical liens in the event of a default. Med Lien made the first three interest payments but failed to remit the $220,000 due on April 30, 2015.

During the course of Christiansen Law Office's ("CLO") 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 MFFK former Board Member, Michael McDonald. Additionally, the named Defendants had co-mingled funds with various sham alter ego

9. LEGAL MATTERS (cont.)

entities. Accordingly, MFFK filed an Amended Complaint to add causes of action against McDonald, Southern Nevada Medical Associates ("SNMA"), Critical Care Medical Consultants ("CCMC") and Quality Care Medical ("QCM").

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. On May 19, 2016, the court entered its Findings of Fact, Conclusions of Law and Order, holding the Defendants jointly and severally liable for Breach of Contract, Breach of the Implied Covenant of Good Faith and Fair Dealing, Fraud in the Inducement, Unjust Enrichment, Declaratory Relief, Accounting, Fraudulent Misrepresentation and/or Concealment, and Fraudulent Conveyance/Transfer. On June 22, 2016, a Judgment was entered in favor of MFFK and against Defendants for each and every cause of action (independently and severally), resulting in an award of $2,782,096 in compensatory damages. Each of the Defendants was also assessed $100,000 in punitive damages for a total award to MFFK in the amount of $2,982,096. The financial solvency of both debtors however, is questionable at best and thus, CLO cannot determine the likely amount of total recovery based upon the judgment.

MFFK also brought claims under its Directors and Officer's Liability insurance policy to recoup the losses it sustained as a result of McDonald's misconduct and self-dealing, but the insurance carrier initially denied coverage. On September 7, 2016, the parties stipulated to allow McDonald to amend his Answer to assert third-party claims against the Federal Insurance Company – Chubb Group of Insurance Companies ("Federal" and/or "Chubb") regarding its denial of insurance coverage to MFFK and McDonald. Thereafter, MFFK went to mediation with McDonald and Chubb on September 20, 2016, and again on December 8, 2016. The parties were able to reach a confidential global settlement agreement to resolve this matter, wherein Chubb paid MFFK a total of $387,500 and McDonald's benefactors made a charitable donation of $262,500 to MFFK on his behalf. Based upon Defendants satisfaction of their settlement obligations, MFFK's claims against McDonald were dismissed with prejudice.

MFFK 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 Associates, its principal, Dr. John Nelson, and Centennial Medical Imaging. MFFK intervened as a Plaintiff in that action and Med Lien concedes MFFK would be entitled to any proceeds recovered as a result of that litigation. On or about June 20, 2017, the parties agreed to resolve the matter for the sum of $460,000, with $68,000 to be paid on or before September 1, 2017, monthly payments of no less than $5,500 for October, November and December 2017, and an additional balloon payment to bring the total paid to $100,000 on or before January 1, 2018. That agreement was formalized in writing and included confessions of judgment, which may be taken in the event of default. Defendants are presently in default but have expressed a desire to restructure their payment plan and cure the default. However, Defendants have been unable to reach their counsel for several months in order to finalize the transaction. The parties are currently awaiting the court's guidance but in either case, have the option of filing and recording the default judgment and then pursuing collection.

Additionally, MFFK, as a lienholder, was served with two separate interpleader actions, wherein the total amount of the liens for medical treatment and services exceeds the amount of the settlement funds available. Accordingly, it is up to the court to determine how the proceeds should be divided based on the number of parties that answer the complaint. Accordingly, on March 21, 2017, MFFK filed its Answer in *Glen Lerner Injury Attorneys v. Cleveland Powe, et al.*, Case No. A-16-745663-C, and on April 6, 2017, MFFK filed its answer in *Glen Lerner Injury Attorneys v. William Woods, Sr. et al*, Case No. A-17-751653-C, in order to protect its right, interest, entitlement and/or benefit to the settlement funds based upon its existing lien. While MFFK is zealously pursuing all avenues of financial recovery with respect to 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. Thus, the timing and full extent of collection remains unknown at this point and all balances have been written off.

9. LEGAL MATTERS (cont.)

In the months leading up to March 2019, disputes arose regarding the compensation and benefits package to which retired Miracle Flights CEO, Ann McGee and her husband, William McGee, are entitled. On August 1, 2019, McGee filed suit against MF seeking injunctive and declaratory relief with respect to the enforceability and validity of certain employment and/or consulting agreements related to her compensation and seat on the MF Board of Directors ("BOD").

MF has filed counterclaims alleging Breach of Fiduciary Duty, Constructive Fraud and Declaratory Relief against McGee, as well as claims for Constructive Trust and Unjust Enrichment against both Ms. McGee and her husband, William McGee. In a nutshell, MF alleges McGee fraudulently inflated her salary and that of her husband, which ultimately resulted in MF paying excessive retirement benefits. William McGee did not have a written agreement formalizing the compensation and retirement benefits to which he is entitled. MF contends Ms. McGee unilaterally determined the benefits and compensation to which her husband was entitled. While Ms. McGee had a number of written employment agreements during her tenure with MF, determining which may be valid and should govern her retirement compensation and benefits is an issue presently before the court in the aforementioned litigation. Trial is currently set for October 25, 2021.

The organization is cooperating with the IRS to complete an audit of its financial records that has been ongoing for three years. All issues to date have been resolved favorably for Miracle Flights. The sole remaining issue is how the alleged transfer of ownership of fully funded annuity contracts bought for, the founder of the organization should have been reported. No determination has been made. Counsel for Miracle Flights believes the organization has a strong position, but liability for taxes is uncertain. Should an adverse decision be made, it is the intention of management to appeal. The questions involved may be without precedent. At this current point in time, an estimated range of loss is unavailable, Miracle Flights will continue to monitor any changes.

10. RETIREMENT PLANS

In November 2015, the founders of the Organization retired. The Board of Directors agreed on a retirement plan for Ann McGee to be funded by the purchase of annuities totaling $6,047,935, which would provide annual annuity payments to Mrs. McGee totaling an amount not to exceed 75% of her final salary during her lifetime. The Organization is the beneficiary of the annuities and upon her passing, the annuities will be transferred back to the Organization in the form of a contribution from Mrs. McGee's estate.

The Board of Directors also agreed on a retirement plan for Bill McGee to be funded by the purchase of annuities totaling $1,145,090, which would provide annual annuity payments to Mr. McGee totaling an amount not to exceed 75% of his final salary during his lifetime. The Organization is the beneficiary of the annuities and upon his passing, the annuities will be transferred back to the Organization in the form of a contribution from Mr. McGee's estate. Mr. McGee's retirement plan is under no contractual obligations.

The annuities were purchased to cover Ann and Bill McGee's retirement liability. Although the annuities are held in the name of Miracle Flights, the Organization is contractually obligated to leave Ann McGee's annuities intact until the events described above occur.

The Organization's Board of Directors have also agreed to fund the health insurance of Ann and Bill McGee, for their lifetime, as part of their retirement arrangement.

11. SECURED LINE OF CREDIT

On April 8, 2020, the Company entered into a Credit and Security Agreement with a financial institution. The Company has a $4,000,000 secured line-of-credit. The obligation is secured by the Company's assets and matures April 3, 2021. The balance as of April 30, 2020 totaled $350,000. The interest on the unpaid principal is payable monthly at a rate of interest equal to the Overnight LIBOR-Based Rate which shall be equal to the greater of 1.50% or sum of Overnight LIBOR plus the Rate Margin. The unpaid principal is due at maturity. Interest expense as of April 30, 2020 is de minimus.

12. OFFICER SALARY

Mark Brown, CEO of Miracle Flights receives compensation via an annual salary, 20% of Mr. Brown's salary is allocated to MFFK Holdings Inc. for the role of on-site manager.

13. RESTRICTED CASH

The restricted cash is to be used for program flights in certain geographic regions including Texas, Southern Nevada, and Pennsylvania.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 19, 2021, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

On May 2, 2020, Miracle Flights received a $261,782 SBA loan, with an interest rate of 1.00% per annum. The lender is Western Alliance Bank. The note will mature in two years from the date of initial disbursement. The Company must make principal and interest payments every month, beginning seven months from the date of initial disbursement in amount sufficient to fully-amortize the outstanding balance; payments must be made on the 4th calendar day in the months they are due.

As of the date of this report, the organization saw their flight activity decrease 95% in both March and April 2020, the Organization also had to cancel 85% of all flights scheduled for March and April 2020. The Organization also had to cancel 3 live events and overall, their donations decreased by approximately 80% during this time period.

Subsequent to April 30, 2020, due to the circumstances surrounding the COVID-19 pandemic, the organization continues to experience disruptions to the normal course of business. The Organization continues to monitor the situation and will evaluate ongoing effects to operations.

SUPPLEMENTAL SCHEDULES

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FINANCIAL POSITION CONSOLIDATION
APRIL 30,2020

ASSETS

	Miracle Flights	MFFK Holdings, Inc	Elimination	Consolidated
Assets				
Cash and equivalents	$ 1,234,994	$ 855,938	$ -	$ 2,090,932
Cash - with donor restrictions	50,606	-	-	50,606
Accounts receivable	362	23,474	-	23,836
Investments in marketable securities	30,874,412	-	-	30,874,412
Prepaid expenses and other current assets	14,133	440,959	-	455,092
Land, building and equipment, net	28,058	9,937,125	-	9,965,183
Intercompany affiliate	7,227,465	-	(7,227,465)	-
Total assets	$ 39,430,030	$ 11,257,496	$ (7,227,465)	$ 43,460,061

LIABILITIES AND NET ASSETS

	Miracle Flights	MFFK Holdings, Inc	Elimination	Consolidated
Liabilities				
Account payable	$ 8,153	$ 53,303	$ -	$ 61,456
Accrued liabilities	71,498	-	-	71,498
Secured line of credit	350,000	-	-	350,000
Prepaid rent	-	53,545	-	53,545
Tenant security deposits	-	33,535	-	33,535
Intercompany affiliate	-	7,227,465	(7,227,465)	-
Total liabilities	429,651	7,367,848	(7,227,465)	570,034
Net assets				
Without donor restrictions	38,949,773	3,889,648	-	42,839,421
With donor restrictions	50,606	-	-	50,606
Total net assets	39,000,379	3,889,648	-	42,890,027
Total liabilities and net assets	$ 39,430,030	$ 11,257,496	$ (7,227,465)	$ 43,460,061

MIRACLE FLIGHTS AND AFFILIATE
(A NONPROFIT ORGANIZATION)
SCHEDULE OF ACTIVITIES CONSOLIDATION
APRIL 30,2020

	Miracle Flights	MFFK Holdings, Inc	Elimination*	Consolidated
Revenues, and other support				
Contributions	$ 434,018	$ -	$ -	$ 434,018
In-kind contributions	693,790	-	-	693,790
Total contributions	1,127,808	-	-	1,127,808
Special events	188,043	-	-	188,043
Rental income	-	1,714,832	(277,500)	1,437,332
Other support	188,043	1,714,832	(277,500)	1,625,375
Total support	1,315,851	1,714,832	(277,500)	2,753,183
Functional expenses				
Program services				
Program services	2,370,047	-	(33,300)	2,336,747
Total program services	2,370,047	-	(33,300)	2,336,747
Support services				
Fundraising services	201,992	-	-	201,992
Management and administrative	1,032,543	-	(244,200)	788,343
Total support services	1,234,535	-	(244,200)	990,335
Total functional expenses	3,604,582	-	(277,500)	3,327,082
Building expenses	-	1,146,586	-	1,146,586
Total expenses	3,604,582	1,146,586	(277,500)	4,473,668
Investment income				
Investment income, net of fees	918,450	35	-	918,485
Other income	1,046	1,768	-	2,814
Realized loss on investments	(28,830)	-	-	(28,830)
Unrealized loss on investments	(2,950,965)	-	-	(2,950,965)
Total investment income	(2,060,299)	1,803	-	(2,058,496)
Change in net assets	(4,349,030)	570,049	-	(3,778,981)
Net assets, May 1, 2019	43,349,409	3,319,599	-	46,669,008
Net assets, April 30, 2020	$ 39,000,379	$ 3,889,648	$ -	$ 42,890,027

* The elmination entry of $277,500 is to remove the related party rents paid from Miracle Flights to MFFK Holdings, Inc for fiscal year April 30, 2020.