

**CHILDREN WITH HAIR LOSS
FINANCIAL STATEMENTS
Year Ended December 31, 2023**

CHILDREN WITH HAIR LOSS
TABLE OF CONTENTS
31-Dec-23

Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities & Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Children With Hair Loss
12776 Dixie Hwy
South Rockwood, MI 48179

Opinion

We have audited the accompanying financial statements of Children With Hair Loss (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children With Hair Loss as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children With Hair Loss (the Organization), and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Haven Group CPAs & Advisors

Haven Group CPAs & Advisors
Taylor, Michigan
May 7, 2024

**CHILDREN WITH HAIR LOSS
STATEMENTS OF FINANCIAL POSITION**

December 31,	<u>2023</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,642,924
Inventory	43,862
	<hr/>
Total Current Assets	1,686,786
	<hr/>
PROPERTY AND EQUIPMENT	
Buildings and building improvements	427,217
Leasehold improvements	1,575
Furniture and equipment	18,495
Accumulated depreciation	(230,237)
	<hr/>
Net Property and Equipment	217,050
	<hr/>
Total Assets	\$ 1,903,836
	<hr/> <hr/>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	13
Accrued payroll taxes	7,092
	<hr/>
Total Current Liabilities	7,105
	<hr/>
LONG TERM LIABILITIES	
	-
NET ASSETS	
Without donor restrictions:	
Undesignated	1,896,731
With donor restrictions	-
	<hr/>
Total Net Assets	1,896,731
	<hr/>
Total Liabilities and Net Assets	\$ 1,903,836
	<hr/> <hr/>

See Accompanying Notes To Financial Statements

CHILDREN WITH HAIR LOSS
STATEMENT OF ACTIVITIES & CHANGES IN NET ASSETS

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	\$ 172,697	\$ -	\$ 172,697
Programs and events	859,049	-	859,049
Merchandise store	11,407	-	11,407
Grants	36,903	-	36,903
Interest income	50,415	-	50,415
In-kind donations	244,085	-	244,085
Total Public Support and Revenues	1,374,555	-	1,374,555
Expenses			
Program services	1,318,025	-	1,318,025
Management and general	113,921	-	113,921
Fundraising	227,867	-	227,867
Total Expenses	1,659,813	-	1,659,813
Changes in Net Assets	(285,258)	-	(285,258)
Net Assets at Beginning of Year	2,181,989	-	2,181,989
Net Assets at End of Year	\$ 1,896,731	\$ -	\$ 1,896,731

See Accompanying Notes To Financial Statements

CHILDREN WITH HAIR LOSS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management & General	Fundraising	Total
Compensation and Related Expenses				
Salaries and wages	\$ 237,714	\$ 38,629	\$ 20,800	\$ 297,143
Payroll taxes	18,182	2,954	1,591	22,727
Pension	4,348	707	381	5,436
Life insurance	39,797	6,467	3,482	49,746
Total compensation and related expenses	<u>300,041</u>	<u>48,757</u>	<u>26,254</u>	<u>375,052</u>
Direct Expenses				
Hair replacement cost	436,981	-	-	436,981
Operations expense	33,576	-	-	33,576
General management	-	12,989	-	12,989
Events	-	-	175,980	175,980
Total direct expenses	<u>470,557</u>	<u>12,989</u>	<u>175,980</u>	<u>659,526</u>
Occupancy Expenses				
Utilities	7,910	1,285	692	9,887
Repairs and maintenance	4,867	791	426	6,084
Insurance	4,808	781	421	6,010
Real estate	591	96	52	739
Total occupancy expenses	<u>18,176</u>	<u>2,953</u>	<u>1,591</u>	<u>22,720</u>
Administrative Expenses				
Contract services	43,210	7,022	3,781	54,013
T-shirt expense	118,814	19,307	10,396	148,517
Fees for services				
Legal	-	-	-	-
Accounting	10,310	1,675	902	12,887
Advertising and promotion	26,048	4,233	2,279	32,560
Office expenses	4,101	666	359	5,126
Supplies	7,436	1,208	651	9,295
Equipment, rental and lease	8,925	1,450	781	11,156
Depreciation	10,399	4,575	-	14,974
Insurance	6,829	1,110	598	8,537
Dues and subscriptions	6,770	1,100	592	8,462
Licenses and registration	1,953	317	171	2,441
Postage and delivery	7,545	1,226	660	9,431
Telephone	5,154	837	451	6,442
Total administrative expenses	<u>257,494</u>	<u>44,726</u>	<u>21,621</u>	<u>323,841</u>
Other Expenses				
Conferences	5,755	935	504	7,194
Travel	17,796	2,892	1,557	22,245
Bank charges	333	54	29	416
Payment processing	3,788	615	331	4,734
In-kind donations	244,085	-	-	244,085
Total other expenses	<u>271,757</u>	<u>4,496</u>	<u>2,421</u>	<u>278,674</u>
Total Functional Expenses	<u><u>\$ 1,318,025</u></u>	<u><u>\$ 113,921</u></u>	<u><u>\$ 227,867</u></u>	<u><u>\$ 1,659,813</u></u>

See Accompanying Notes To Financial Statements

**CHILDREN WITH HAIR LOSS
STATEMENT OF CASH FLOWS**

Year Ended December 31,	<u>2023</u>
Operating Activities:	
Change in Net Assets	\$ (285,258)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,973
Increase (decrease) in cash due to changes in:	
Prepaid expenses	-
Inventory	141,377
Liabilities	<u>(54,048)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(182,956)</u>
Investing Activities:	
Purchase of property and equipment	<u>(7,563)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(7,563)</u>
Net Increase (Decrease) In Cash	(190,519)
Cash, Beginning of Year	<u>1,833,443</u>
Cash, End of Year	<u><u>\$ 1,642,924</u></u>
Supplemental Cash Flow Information	
Non-cash contributions	<u><u>\$ 244,085</u></u>

See Accompanying Notes To Financial Statements

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children with Hair Loss, Inc. (the “Organization”) was incorporated under the laws of the State of Michigan during the year 2000 as a nonprofit Organization. During the year 2006, the Organization was granted Public Charity status and exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Organization’s purpose is to provide human hair replacements at no cost to children and young adults facing medically-related hair loss.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, as codified at FASB ASC 958-210-45-9. Under these standards, the Organization is required to report information regarding financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets – Net assets that are not subject to grantor or donor-imposed stipulations.
- b. Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- c. Permanently restricted net assets – Net assets subject to grantor or donor-imposed stipulations that are maintained permanently by the Organization to use all or part of the assets for general or specific purposes.

The structure of the Organization for the 2023 calendar year does not have temporarily restricted net assets or permanently restricted net assets. All net assets are unrestricted.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization.

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

Net assets of the Organization at December 31, 2023 were considered to be \$1,896,731 without donor restrictions.

Functional Expenses

The costs of the Organization's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable to a program are allocated based on actual cost of service and support costs are allocated in the same manner.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. In addition, the Organization qualifies as a charity under Section 170(b)(1)(A) and is not a private foundation, so contributions to the Organization are deductible as charitable contributions. The Organization files its Form 990 with federal and state authorities in the State of Michigan.

Property and Equipment

Property and equipment are valued at cost. Donated property and equipment are valued at the approximate fair value on the date of donation. The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, and office equipment in excess of \$1,500. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or required assets are placed in service as instructed by the donor. In most cases, the donor or grantor has restricted the use of property and equipment to a particular program for a particular period. The donor restrictions expire on the straight-line basis over the particular period for which the donor or grantor stipulated the property's use. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. The only estimate utilized by Children with Hair Loss, Inc. is depreciation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash subject to donor-imposed restrictions is separately identified in the statement of financial position as temporarily restricted. Temporarily restricted cash equals refundable advances of restricted programs.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

NOTE B. CASH AND CASH EQUIVALENTS

The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments. At various times during the fiscal year, the Organization's cash in bank balances may exceed the federally insured limits. At December 31, 2023 the Organization's cash balances totaled \$1,642,924. At December 31, 2023, the Organization's bank balance totaled \$1,638,256. The FDIC insures cash up to \$250,000. The Organization's uninsured cash balance at December 31, 2023 is \$1,388,256.

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE C. EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions for its revenue. The ability of the Organization contributors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While the Organization’s Board believes that economic conditions such as tax deductibility are stable enough for the Organization to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE D. PROPERTY AND EQUIPMENT

There were no donations of property and equipment during the year ended December 31, 2023. Depreciation is computed using the straight-line method over the estimated economic life of the assets, as indicated below:

Description	Useful Life
Buildings & Building Improvements	30 years
Leasehold Improvements	10 years
Furniture & Equipment	5-7 years

Depreciation expense related to equipment for the year ended December 31, 2023 amounted to \$14,973.

NOTE E. DONATED SERVICES AND IN-KIND SUPPORT

The Organization may receive services, equipment and material without payment or compensation. 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 Organization. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation. For the 2023 calendar year, the Organization recorded in-kind donations as follows:

Golf Event	\$ 4,585
Charity Ball	8,585
Hair Show	2,586
Professional volunteers	45,854
Supplies	182,475
	\$ 244,085

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE F. INVENTORY

Inventory for the Organization consists entirely of merchandise items. Inventory is stated at the lower of cost or net realizable value, with cost determined on the weighted average basis. As of December 31, 2023, the Organization's inventory balance totaled \$43,862.

NOTE G. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodologies include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Input to the valuation methodology are unobservable and significant to the fair value measurements.

NOTE H. COST ALLOCATION

The Organization administers specific programs to which common costs or indirect costs (costs incurred on behalf of all programs) are charged. The Organization currently does not utilize a cost pool to capture charges which benefit all programs and then allocates such general and administrative costs each month by using a provisional or predetermined rate based on its indirect cost rate.

CHILDREN WITH HAIR LOSS, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE I. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 7, 2024, which is the date the financial statements were available to be issued.

NOTE J. LIQUIDITY

At December 31, 2023, the Organization has liquid assets or current assets of \$1,686,786 less current liabilities totaling \$7,105 for a total of \$1,679,681 available to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from contributions received. In general, the Organization maintains sufficient financial assets on hand to meet 30 days' worth of normal operating expenses.