

**CHILDREN WITH HAIR LOSS, INC.**  
**(A MICHIGAN NON-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**December 31, 2024**

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# STEINERT & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANT \* MANAGEMENT CONSULTANT

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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Board of Directors  
Children With Hair Loss, Inc.  
12766 Dixie Highway  
South Rockwood, Michigan 48179

Management is responsible for the accompanying financial statements of Children with Hair Loss, Inc. (a Michigan Nonprofit Corporation), which comprise the financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of American. I have performed a compilation engagement in accordance with Statements of Standards for Accounting and Review Standards promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance of these financial statements.

*Steinert & Associates, Inc.*

Flat Rock, Michigan  
January 31, 2025

CHILDREN WITH HAIR LOSS, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2024

ASSETS

Cash		\$	1,040,367
Certificates of Deposit			449,276
Inventory			43,798
<u>Property and Equipment</u>			
Building and Improvements	\$	428,792	
Equipment and Furniture		18,495	
Less Accumulated Depreciation		<u>(245,228)</u>	<u>202,059</u>
TOTAL ASSETS			<u>\$ 1,735,500</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$	1,990
Accrued Insurances		1,600
Accrued Payroll and Taxes		11,642
Net Assets, Without Donor Restrictions		<u>1,720,268</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,735,500</u>

CHILDREN WITH HAIR LOSS, INC.  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
For The Year Ended December 31, 2024

Support and Other Gains

Contributions

Events and Fundraising	\$ 488,033
General	164,531
In-Kind	219,646
Merchandise Sales	8,737
Grants	10,659
Employee Retention Tax Refund	75,303
Investment Return, net	<u>66,129</u>
TOTAL SUPPORT AND OTHER GAINS	1,033,038

Expenses

Program Services	1,000,396
Management and General	86,034
Fund Raising	<u>123,071</u>
TOTAL EXPENSES	<u>1,209,501</u>
Increase in Net Assets, Without Donor Restrictions	(176,463)
Net Assets at Beginning of the Year	<u>1,896,731</u>
Net Assets at End of the Year	<u>\$ 1,720,268</u>

CHILDREN WITH HAIR LOSS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
<u>Compensation and Related Expenses</u>				
Salaries and Wages	\$ 168,330	\$ 25,250	\$ 16,833	\$ 210,413
Payroll Taxes	28,726	4,309	2,873	35,908
Pension	3,269	490	327	4,086
Life Insurance	39,466	5,920	3,946	49,332
Total Compensation and Related Expenses	239,791	35,969	23,979	299,739
<u>Direct Expenses</u>				
Hair Replacement Costs	451,806	0	0	451,806
Supplies and Other Costs	26,618	14,598	78,443	119,659
Total Direct Expenses	478,424	14,598	78,443	571,465
<u>Occupancy Expenses</u>				
Insurance	5,997	900	599	7,496
Real Estate Taxes	796	119	80	995
Repairs and Maintenance	12,822	1,923	1,283	16,028
Telephone	8,412	1,262	841	10,515
Security Fee	1,634	245	163	2,042
Utilities	9,546	1,432	955	11,933
Total Occupancy Expenses	39,207	5,881	3,921	49,009
<u>Administrative and General Expenses</u>				
Advertising	19,728	2,959	1,973	24,660
Bank Service Fees	8,136	1,220	814	10,170
Conferences	2,814	422	282	3,518
Contract Services	65,210	0	0	65,210
Depreciation	10,494	4,497	0	14,991
Dues and Subscriptions	34,782	5,217	3,478	43,477
Insurance	7,878	1,182	787	9,847
Licenses and Permits	7,783	1,167	779	9,729
Office Expenses	1,837	276	183	2,296
Postage	7,103	1,065	711	8,879
Professional Services	27,328	4,099	2,733	34,160
T-Shirt Expenses	35,107	5,266	3,511	43,884
Traveling	14,774	2,216	1,477	18,467
Total Administrative and General Expenses	242,974	29,586	16,728	289,288
TOTAL FUNCTIONAL EXPENSES	\$ 1,000,396	\$ 86,034	\$ 123,071	\$ 1,209,501

CHILDREN WITH HAIR LOSS, INC.  
STATEMENT OF CASH FLOW  
For The Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (176,463)
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Adjustments to reconcile change in net assets to net  
cash provided (used) by operating activities:

Depreciation	14,991
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Increase in Inventory	64
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Increase in Accounts Payables	1,977
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Increase in Accrued Insurances	1,600
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Increase in Accrued Payroll Taxes	4,550
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NET CASH USED BY OPERATING ACTIVITIES	(153,281)
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Certificates of Deposit	(449,276)
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NET DECREASE IN CASH	(602,557)
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BEGINNING CASH	1,642,924
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ENDING CASH	<u>\$ 1,040,367</u>
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SUPPLEMENTAL CASH FLOW INFORMATION

Non Cash Donations	<u>\$ 219,646</u>
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CHILDREN WITH HAIR LOSS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2024

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Children with Hair Loss, Inc. ("the Organization") was incorporated on February 15, 2000 and provides human hair replacements at no cost to children and young adults facing medically related hair loss. Organization is a Michigan non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation. The Organization is located in Monroe County, Michigan. The Organization's sources of support are principally donations and fundraising events.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principals in the United States of America. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions**

Net Assets available for use and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under generally accepted accounting principles, through for internal reporting, the Organization tracks such grants and contributions to verify that the disbursement matched the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

**Net Assets with Donor Restrictions**

Net Assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restrictions expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that the resources be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results and the results of future periods could differ from those estimates, and those differences could be material.



CHILDREN WITH HAIR LOSS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2024

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES - continued

Income Taxes

The Organization is all exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents

The Organization consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash subject to donor-restrictions is separately identified in the financial position as temporarily restricted.

Accounts Receivable

Accounts receivable are stated at their fair value. In the year which the management determines that an accounts receivable is not collectible is charged off to support.

Property and Equipment

Property and equipment ("fixed assets") are stated at cost, donated fixed assets are valued at the approximate fair value on the date of donation. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. The Organization's policy is to capitalized acquisitions of \$1,500 or more. Lesser amounts are expensed. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The cost of maintenance and repairs are recorded as expenses as incurred.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on estimated percentages of time spent in each functional area.

Recently Adopted Accounting Guidance

In June 2016, the FABS issued guidance ASU 2016-13 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net change in net assets. The most significant change in this standard is a shift from incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Organization adopted the standard effectively January 01, 2024. The impact of the adoption was not considered material to the financial statements.

CHILDREN WITH HAIR LOSS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2024

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES - continued

Support Revenue Recognition

Contributions received are reported as with or without donor restrictions, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. In-Kind Contributions are recorded at their fair value at the date of contribution.

Investments and Fair Value

The Organization applies FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ending December 31, 2024.

Donated Materials and Services

The Organization receives donations of materials and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value in accordance with FASB ASC 958-605.

CHILDREN WITH HAIR LOSS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2024

NOTE 3 - EFFECT ON CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions for its support. 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 of Directors 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 4 - INVENTORY

Inventory consists of merchandise and hair replacement items stated at fair value.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and Equipment are stated at cost when purchased or estimated fair value when donated and depreciated on the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Years</u>
Building and Improvements	30
Equipment and Furniture	5 - 7

NOTE 6 - DONATED SERVICES AND IN-KIND SUPPORT

Numerous volunteers have donated significant amounts of time to the Organization's program and fundraising activities. The fair value of the volunteers' time is calculated based on the State of Michigan's minimum wage rate. The donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills 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. During the year, the Organization recorded the following in-kind donations:

Volunteers	43,148
Hair Supplies	176,498
	<u>\$ 219,646</u>

CHILDREN WITH HAIR LOSS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2024

**NOTE 7 - CERTIFICATES OF DEPOSIT**

Certificates of deposit bear interest ranging from 4.20% to 5.30% and have maturities ranging from nine to 18 months, with penalties for early withdrawal.

**NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following summarizes the Organization's financial assets as of the financial position date, reduced by amounts not available for general use because of contractual or donor-imposed purpose restrictions within one year of the balance sheet date. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial position date:

Financial Assets:	
Cash and Cash Equivalents	\$ 1,040,367
Less Donor-Imposed Restrictions	<u>0</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 1,040,367</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization reviews its funding levels on an on-going basis to ensure they are adequate to meet its obligations.

**NOTE 9 - EMPLOYEE BENEFIT PLAN**

The Organization maintains a Savings Incentive Match Plan for Employee (SIMPLE Plan) for qualifies employees. Under the Plan provisions, contributions are elective by employees. The Organization matches 03% of the participating employees compensation. Contributions for the year ended December 31, 2024 was \$4,086.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2025, and determined the following item requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.