

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
(a not-for-profit corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maggie's Wigs 4 Kids of Michigan, Inc.
St. Clair Shores, Michigan

We have audited the accompanying financial statements of Maggie's Wigs 4 Kids of Michigan, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maggie's Wigs 4 Kids, Inc. as of December 31, 2019, 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.

Jason F. Clausen, P.C.

Fraser, MI
March 24, 2020

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

CURRENT ASSETS	
Cash and cash equivalents	\$ 313,420
Inventories	7,601
Prepaid expenses	3,375
Other current assets	<u>24,966</u>
TOTAL CURRENT ASSETS	<u>349,362</u>
PROPERTY AND EQUIPMENT	
Net of depreciation	<u>968,956</u>
OTHER ASSETS	
Deposits	<u>5,025</u>
TOTAL OTHER ASSETS	<u>5,025</u>
TOTAL ASSETS	<u><u>1,323,343</u></u>
CURRENT LIABILITIES	
Accounts payable	<u>124,757</u>
TOTAL CURRENT LIABILITIES	<u>124,757</u>
TOTAL LIABILITIES	<u>124,757</u>
NET ASSETS	
Net assets without donor restrictions	1,049,486
Net assets with donor restrictions	<u>149,100</u>
TOTAL NET ASSETS	<u>1,198,586</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,323,343</u></u>

See independent auditor's report and notes to the financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Merchandise Income	\$ 31,408	\$ -	\$ 31,408
Public Support and Revenue			
Donations	406,881		406,881
Sponsorships	134,660	64,000	198,660
Fundraising	172,777	-	172,777
Foundations	63,283	-	63,283
Grants	54,379	-	54,379
In-kind donations	199,270	-	199,270
Other income	143	-	143
Reclass of net assets with donor restrictions	64,800	(64,800)	-
Total public support and revenue	1,096,193	(800)	1,095,393
Other revenue			
Gain on sale of donated house	-	-	-
Lease revenue	12,000	-	12,000
Total other revenue	12,000	-	12,000
Total revenue	1,139,601	(800)	1,138,801
Expenses			
Cost of sales	12,270	-	12,270
Program services	591,653	-	591,653
Management and general	87,878	-	87,878
Fundraising	83,866	-	83,866
Total expense	775,667	-	775,667
Change in net assets	363,934	(800)	363,134
Net assets, beginning of period	685,552	149,900	835,452
Net assets, end of period	\$ 1,049,486	\$ 149,100	\$ 1,198,586

See independent auditor's report and notes to the financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program	Supporting Services		Total
	Services	Management	Fundraising	
	Wigs & Supplies	and General		
Compensation and Related Expense				
Wage expense	\$ 193,746	\$ 31,484	\$ 16,953	\$ 242,183
Workers' compensation insurance	1,157	188	101	1,446
Employee benefits	10,450	1,698	914	13,062
Payroll taxes	16,589	2,696	1,451	20,736
Total compensation and related expenses	221,942	36,066	19,419	277,427
Direct Expenses				
Wigs and supplies	52,215	-	-	52,215
Medical support	3,600	-	-	3,600
Education and Social	1,010	-	-	1,010
Wellness center	-	26,662	-	26,662
Direct event expenses	-	-	52,209	52,209
Total direct expenses	56,825	26,662	52,209	135,696
Occupancy Expenses				
General liability insurance	1,532	249	134	1,915
Rent	34,171	5,553	2,990	42,714
Utilities	8,362	1,359	731	10,452
Maintenance	10,957	1,780	959	13,696
Telephone	2,614	425	229	3,268
Total occupancy expenses	57,636	9,366	5,043	72,045
Administrative Expenses				
Printing and postage	2,656	2,517	1,355	6,528
Office	9,322	1,515	816	11,653
Depreciation and amortization	28,800	4,680	2,520	36,000
Professional development fees	2,113	343	185	2,641
Legal and accounting	5,084	826	445	6,355
Sponsorships and marketing	2,171	353	190	2,714
Web and social media support	3,907	635	342	4,884
Computer support	6,563	1,067	574	8,204
Membership fees	264	2,467	23	2,754
Bank service charge	2,228	362	195	2,785
Total administrative expenses	63,108	14,765	6,645	84,518
Other Expenses				
Board expenses	1,239	-	-	1,239
Transportation expenses	3,222	524	282	4,028
Community outreach	2,550	414	224	3,188
Misc. other	500	81	44	625
In-kind donations	184,631	-	-	184,631
Total other expenses	192,142	1,019	550	193,711
Total functional expenses	\$ 591,653	\$ 87,878	\$ 83,866	\$ 763,397

See independent auditor's report and notes to the financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:

Change in net assets	\$ 363,134
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	36,000
Change in in-kind inventory	(14,639)
(Increase) decrease in assets:	
Inventory	1,454
Prepaid expenses	933
Increase (decrease) in liabilities:	
Accounts payable	<u>119,115</u>
Net cash provided by operating activities	<u>505,997</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(648,827)</u>
Net cash used in investing activities	<u>(648,827)</u>
Net decrease in cash and cash equivalents	(142,830)
Cash and cash equivalents, beginning of period	<u>456,250</u>
Cash and cash equivalents, end of period	<u><u>\$ 313,420</u></u>

Total cash paid for interest in 2019 was \$-0-

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – NATURE OF ORGANIZATION

Maggie's Wigs 4 Kids, Inc. (the Organization) is a non-profit corporation located in St. Clair Shores, Michigan that helps children and young adults with hair loss. The Organization was formed in order to make cancer patients and those with related health challenges feel as good as possible about themselves by providing wigs and support services at no cost. The Organization's sources of revenue are principally donations and fundraising events.

The Organization has three primary programs:

Maggie's Wigs 4 Kids Adopt-a-Kid Program provides hair replacement units and support services to help the self-esteem of Michigan children as they journey through their health challenge empowering them to look and feel better.

Maggie's Wigs 4 Kids Educational & Medical Teams offer a social setting to children and teens with hair loss by providing holistic care, allied health services, goods, information, educational and professional guidance in an affirming setting to help kids deal with the appearance related side effects of treatment.

Maggie's Wigs 4 Kids Cosmetology Program is committed to community service and promotes healthy living, growth, and balance by maintaining integrity in the goods and services provided, aiding in sustainability, while respecting the dignity and privacy of the children and teens served.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

The Organization prepares its financial statements in accordance with FASB ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. As permitted under the provisions of FASB 958-605, the Organization records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value. The Organization places its cash and temporary cash investments with high credit quality financial institutions, and at times may maintain balances that exceed federally insured limits. As of December 31, 2019, the Organization held bank deposits of \$131,669 in excess of federally insured limits.

Pledges Receivable, Net

The Organization receives pledges from donors throughout the year. The pledges are recorded as revenue when pledged and held as receivable until paid. As of December 31, 2019, there is no allowance for uncollectible pledges, as the Organization believes that all

See independent auditor's report and financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

pledges existing as of the date of this report are collectible.

Current Financial Assets

The Organization has \$313,420 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$313,420. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$100,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Property and Equipment

Property and equipment are carried at cost or, if donated, at estimated fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful life of the assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Donated Materials and Services

The Organization receives donations of material 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.

Functional Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statement of activities and changes in net assets. Direct and indirect costs have been allocated between program, general, and administrative based on estimates from management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a private, not-for-profit organization operating in accordance with Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

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 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 reported period. Actual results could differ from those estimates.

See independent auditor's report and financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - INVENTORY

Inventory is stated at the lower of cost or market and is comprised of the following:

T-Shirts and Sweaters	\$ 2,161
Scarves and Ties	2,360
Pens, Patches, Books, and Other	2,180
Necklaces	662
Holiday Cards	<u>238</u>
Total	\$ <u>7,601</u>

NOTE 4 - PROPERTY AND EQUIPMENT

The principal categories of equipment are summarized as follows:

Equipment	\$ 65,009
Furniture	89,375
Website	3,500
Leasehold Improvements	238,433
Buildings	783,668
Land	<u>140,000</u>
Total Cost	1,319,985
Less accumulated depreciation	<u>351,029</u>
Total assets, net of depreciation	\$ <u>968,956</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Sublease

The Organization subleased its space to a related party for \$1,000 per month for 12 months during the year ended December 31, 2019 under a non-cancellable operating agreement.

NOTE 6 - OPERATING LEASE

On January 20, 2010, the Organization entered into an operating lease agreement for its primary office. The agreement had an original term of 62 months. On April 28, 2016, the lease was extended through July 31, 2017 calling for monthly payments of \$2,700. Effective July 31, 2017 the lease is month-to-month at a rate of \$3,375 per month.

On July 1, 2017, the Organization entered into an operating lease agreement for storage space. The agreement has a term of 18 month and calls for monthly payments of \$185. The operating lease was renewed in 2019 on a month-to-month basis.

Rent expense for the year ended December 31, 2019 totaled \$42,714.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives support from varying sources that are restricted, either by purpose or passage of time.

See independent auditor's report and financial statements

MAGGIE'S WIGS 4 KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The following table summarizes the portion of net assets that are restricted for the following purposes or periods at December 31, 2019:

Adopt-a-Kid	<u>\$ 149,100</u>
Total	<u>\$ 149,100</u>

NOTE 8 – IN-KIND DONATIONS

Donated contributions are reflected in the accompanying statements at their estimated values at date of receipt. The value of donated materials and services included in the financial statements and the corresponding expenses for the year are as follows:

Donated Services	\$ 82,095
Donated Goods	<u>117,175</u>
Total In-Kind Donations	<u>\$ 199,270</u>

The donated goods received by Organization that have not been used as of the end of the year and inventoried and recorded at their estimated value on the Statement of Financial Position. These goods are expensed when used. The amount of in-kind goods included in inventory as of December 31, 2019 was \$24,966.

The donated building received by the Organization has not been placed in use as of December 31, 2019. The building will be depreciated upon being placed in service, or will be recorded as part of a gain or loss upon sale.

NOTE 9 – DATE OF MANAGEMENT'S REVIEW

These financial statements have been reviewed and include all pertinent information through the date of this report, upon which these financial statements were made available.

See independent auditor's report and financial statements