

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.

AUDITED FINANCIAL STATEMENTS

Year ended December 31, 2021

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maggie's Wigs4Kids of Michigan, Inc.
St. Clair Shores, Michigan

Opinion

We have audited the accompanying financial statements of Maggie's Wigs4Kids of Michigan, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, functional expenses 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 the Organization as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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.

To the Board of Directors
Maggie's Wigs4Kids of Michigan, Inc.
St. Clair Shores Michigan
Page Two

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 opinion. 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, including omissions, 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Farmington Hills, Michigan
November 21, 2022

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 373,592
Inventory	39,581
Prepaid expenses and other assets	<u>3,869</u>

Total current assets 417,042

PROPERTY AND EQUIPMENT, net 1,140,207

Total assets \$ 1,557,249

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	<u>\$ 4,670</u>
---------------------------------------	-----------------

NET ASSETS

Without donor restrictions	1,367,179
With donor restrictions	<u>185,400</u>

Total net assets 1,552,579

Total liabilities and net assets \$ 1,557,249

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Donations	\$ 82,203	\$ -	\$ 82,203
Sponsorships	144,276	103,700	247,976
Fundraising	87,929	-	87,929
Foundations	53,562	-	53,562
Grants	53,293	-	53,293
In-kind donations	297,808	-	297,808
Merchandise income	29,166	-	29,166
Lease income	12,000	-	12,000
Wellness center income	67,761	-	67,761
Other income	29,655	-	29,655
	<u>857,653</u>	<u>103,700</u>	<u>961,353</u>
Total public support and revenues			
	<u>857,653</u>	<u>103,700</u>	<u>961,353</u>
Net assets released from restrictions	<u>64,400</u>	<u>(64,400)</u>	<u>-</u>
EXPENSES			
Program services	656,881	-	656,881
Management and general	75,116	-	75,116
Fundraising	37,937	-	37,937
	<u>769,934</u>	<u>-</u>	<u>769,934</u>
Total expenses			
	<u>769,934</u>	<u>-</u>	<u>769,934</u>
CHANGE IN NET ASSETS	<u>152,119</u>	<u>39,300</u>	<u>191,419</u>
NET ASSETS - Beginning of year	<u>1,215,060</u>	<u>146,100</u>	<u>1,361,160</u>
NET ASSETS - End of year	<u>\$ 1,367,179</u>	<u>\$ 185,400</u>	<u>\$ 1,552,579</u>

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021

	Program	Management and General	Fundraising	Total
Compensation and Related Expense				
Wage expense	\$ 166,885	\$ 27,119	\$ 14,602	\$ 208,606
Workers' compensation insurance	1,160	188	101	1,449
Employee benefits	10,812	1,757	946	13,515
Payroll taxes	14,971	2,433	1,310	18,714
	<u>193,828</u>	<u>31,497</u>	<u>16,959</u>	<u>242,284</u>
Direct Expenses				
Wigs and supplies	58,587	-	-	58,587
Medical support	3,698	-	-	3,698
Education and social	7,458	-	-	7,458
Wellness center	-	2,497	-	2,497
Direct event expenses	-	-	13,052	13,052
	<u>69,743</u>	<u>2,497</u>	<u>13,052</u>	<u>85,292</u>
Occupancy Expenses				
General liability insurance	4,324	703	378	5,405
Utilities	7,696	1,251	673	9,620
Maintenance	14,748	2,397	1,290	18,435
Telephone	3,267	531	286	4,084
	<u>30,035</u>	<u>4,882</u>	<u>2,627</u>	<u>37,544</u>
Administrative Expenses				
Printing and postage	5,656	919	496	7,071
Office	6,696	1,088	586	8,370
Depreciation and amortization	27,146	4,411	2,375	33,932
Legal and accounting	5,740	933	502	7,175
Web and social media support	3,923	638	343	4,904
Computer support	4,350	707	381	5,438
Membership fees	2,124	345	186	2,655
Bank service charge	2,310	375	202	2,887
	<u>57,945</u>	<u>9,416</u>	<u>5,071</u>	<u>72,432</u>
Other Expenses				
Board expenses	443	-	-	443
Transportation expenses	733	119	64	916
Community outreach	961	156	84	1,201
Interest	21	3	2	26
Miscellaneous	5,364	129	78	5,571
Loss on disposal of assets	-	26,417	-	26,417
In-kind donations	297,808	-	-	297,808
	<u>305,330</u>	<u>26,824</u>	<u>228</u>	<u>332,382</u>
Total functional expenses	<u>\$ 656,881</u>	<u>\$ 75,116</u>	<u>\$ 37,937</u>	<u>\$ 769,934</u>

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2021

OPERATING ACTIVITIES	
Change in net assets	\$ 191,419
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	33,932
Changes in assets and liabilities:	
Accounts receivable	679
Loss on disposal of fixed assets	26,417
Inventories	(31,094)
Prepaid expenses and other assets	22,627
Accounts payable and accrued expenses	<u>644</u>
Net cash provided by operating activities	<u>244,624</u>
INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(17,169)</u>
FINANCING ACTIVITIES	
Principal payments on SBA Loan	<u>(49,946)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	177,509
CASH, beginning of year	<u>196,083</u>
CASH, end of year	<u><u>\$ 373,592</u></u>

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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 "Cuts 4 a Cause" Professional Training Program will ensure the stability and longevity of the Maggie's Wigs 4 Kids of Michigan program by training licensed cosmetologists to work with children.

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 Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification (ASC)*.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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, 2021, the Organization held no bank deposits in excess of federally insured limits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. In particular, the COVID-19 pandemic and the resulting adverse impact to global economic conditions, as well as the Organizations operations, may affect future estimates.

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.

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

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 operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to be met before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2021, there were no uncertain tax positions that required accrual.

NOTE 3 – INVENTORY

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

T-Shirts and Sweaters	\$	3,944
Scarves, Hats, and Ties		2,116
Pens, Patches, Books, and other		2,218
Necklaces		299
Holiday Cards		57
Donations received for In Kind Gala		<u>30,947</u>
Total	\$	<u><u>39,581</u></u>

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 – PROPERTY AND EQUIPMENT

The principal categories of property and equipment are summarized at December 31, 2021 as follows:

Equipment	\$ 29,076
Furniture	29,389
Building and improvements	995,033
Land	<u>140,000</u>
Total cost	1,193,498
Less: Accumulated depreciation and amortization	<u>53,291</u>
Total property and equipment, net	<u><u>\$ 1,140,207</u></u>

Depreciation and amortization for the year ended December 31, 2021 amounted to \$33,932.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Organization subleased its space to a related party for \$1,000 per month for 12 months during the year ended December 31, 2021 under a non-cancellable operating agreement.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions.

Financial assets:	
Cash	\$ 373,592
Amounts not available for general use	
Donor restricted funds - purpose restricted	<u>(185,400)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 188,192</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

The following table summarizes the portion of net assets that are restricted for the following purposes or periods at December 31, 2021:

Adopt -a-Kid	<u>\$ 185,400</u>
--------------	-------------------

The Organization reported net assets released from restriction for purpose restrictions in the amount of \$64,400.

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 end December 31, 2021 is as follows:

Donated services	\$ 213,058
Donated goods	<u>84,750</u>
Total	<u>\$ 297,808</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.

In addition, donated services with an estimated value of \$34,126 were not recognized in the financial statements because they did not meet the criteria for recognition under GAAP.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has performed a review of events subsequent to December 31, 2021 through November 21, 2022, the date the financial statements were available to be issued.