

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**

AUDITED FINANCIAL STATEMENTS

Year ended December 31, 2023

# **MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**

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## 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, the "Organization"), which comprise the statement of financial position as of December 31, 2023, 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, 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 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  
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### **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.

*UHY LLP*

Farmington Hills, Michigan  
March 13, 2024

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 681,238
Accounts receivable	15
Inventory	<u>53,049</u>

Total current assets 734,302

**PROPERTY AND EQUIPMENT, net** 1,102,805

Total assets \$ 1,837,107

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 14,494</u>
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**NET ASSETS**

Without donor restrictions	1,566,470
With donor restrictions	<u>256,143</u>

Total net assets 1,822,613

Total liabilities and net assets \$ 1,837,107

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2023

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Donations	\$ 69,855	\$ -	\$ 69,855
Sponsorships	142,995	75,200	218,195
Fundraising	95,829	-	95,829
Foundations	57,453	-	57,453
Grants	32,245	260,000	292,245
In-kind donations	357,805	-	357,805
Merchandise income	17,996	-	17,996
Lease income	12,000	-	12,000
Wellness center income	38,170	-	38,170
Other income	14,455	-	14,455
	<u>838,803</u>	<u>335,200</u>	<u>1,174,003</u>
Total public support and revenues			
Net assets released from restrictions	<u>274,257</u>	<u>(274,257)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	810,647	-	810,647
Management and general	61,180	-	61,180
Fundraising	80,303	-	80,303
	<u>952,130</u>	<u>-</u>	<u>952,130</u>
Total expenses			
<b>CHANGE IN NET ASSETS</b>	<b>160,930</b>	<b>60,943</b>	<b>221,873</b>
<b>NET ASSETS - Beginning of year</b>	<u>1,405,540</u>	<u>195,200</u>	<u>1,600,740</u>
<b>NET ASSETS - End of year</b>	<u>\$ 1,566,470</u>	<u>\$ 256,143</u>	<u>\$ 1,822,613</u>

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2023

	Management			
	Program	and General	Fundraising	Total
<b>Compensation and Related Expense</b>				
Wage expense	\$ 212,338	\$ 34,505	\$ 18,580	\$ 265,423
Workers' compensation insurance	1,441	234	126	1,801
Employee benefits	8,417	1,368	736	10,521
Payroll taxes	19,906	3,235	1,742	24,883
	<u>242,102</u>	<u>39,342</u>	<u>21,184</u>	<u>302,628</u>
<b>Direct Expenses</b>				
Wigs and supplies	69,983	-	-	69,983
Medical support	1,125	-	-	1,125
Education and social	28,286	-	-	28,286
Wellness center	-	3,767	-	3,767
Direct event expenses	-	-	49,387	49,387
	<u>99,394</u>	<u>3,767</u>	<u>49,387</u>	<u>152,548</u>
<b>Occupancy Expenses</b>				
General liability insurance	4,260	692	373	5,325
Utilities	8,765	1,424	767	10,956
Maintenance	19,304	3,137	1,689	24,130
Telephone	2,699	439	236	3,374
	<u>35,028</u>	<u>5,692</u>	<u>3,065</u>	<u>43,785</u>
<b>Administrative Expenses</b>				
Printing and postage	6,407	1,041	561	8,009
Office	9,269	1,506	811	11,586
Depreciation and amortization	31,764	5,168	2,783	39,715
Legal and accounting	5,641	917	494	7,052
Web and social media support	4,512	733	395	5,640
Computer support	5,681	923	497	7,101
Membership fees	1,187	193	104	1,484
Bank service charge	2,182	355	191	2,728
	<u>66,643</u>	<u>10,836</u>	<u>5,836</u>	<u>83,315</u>
<b>Other Expenses</b>				
Board expenses	178	-	-	178
Transportation expenses	1,122	182	98	1,402
Community outreach	1,562	254	137	1,953
Miscellaneous	6,813	1,107	596	8,516
In-kind donations	357,805	-	-	357,805
	<u>367,480</u>	<u>1,543</u>	<u>831</u>	<u>369,854</u>
<b>Total functional expenses</b>	<u><u>\$ 810,647</u></u>	<u><u>\$ 61,180</u></u>	<u><u>\$ 80,303</u></u>	<u><u>\$ 952,130</u></u>

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**STATEMENT OF CASH FLOWS**  
Year ended December 31, 2023

**OPERATING ACTIVITIES**

Change in net assets	\$ 221,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	39,715
Changes in assets and liabilities:	
Accounts receivable	185
Inventories	204
Prepaid expenses and other assets	200
Accounts payable and accrued expenses	<u>5,288</u>
Net cash provided by operating activities	<u>267,465</u>

**INVESTING ACTIVITIES**

Purchase of property and equipment	<u>(11,618)</u>
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**NET CHANGE IN CASH**

255,847

**CASH, beginning of year**

425,391

**CASH, end of year**

\$ 681,238

**SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash contributions	<u><u>\$ 357,805</u></u>
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**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**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)*.

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)**

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:

**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, 2023, the Organization had \$446,606 of cash that was uninsured.

**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.

**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, 2023**

**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, 2023, there were no uncertain tax positions that required accrual.

**Recently Adopted Accounting Guidance**

**Allowance for Credit Losses**

In June 2016, the FASB 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 aren't measured at fair value through net income. The most significant change in this standard is a shift from the 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 effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

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**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 3 – INVENTORY**

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

T-Shirts and sweatshirts	\$ 6,332
Scarves, hats, and ties	1,141
Pens, patches, books, and other items	1,048
Necklaces	176
Donations received for Gala	<u>44,352</u>
 Total	 <u><u>\$ 53,049</u></u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

The principal categories of property and equipment are summarized at December 31, 2023 as follows:

Nondepreciable:	
Land	\$ 140,000
Depreciable:	
Equipment	30,628
Furniture	30,569
Building and improvements	999,508
Computer development	<u>32,793</u>
 Total cost	 1,233,498
 Less: Accumulated depreciation and amortization	 <u>130,693</u>
 Total property and equipment, net	 <u><u>\$ 1,102,805</u></u>

Depreciation and amortization for the year ended December 31, 2023 amounted to \$39,715.

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Organization subleases space to a related party for \$1,000 per month for 12 months during the year ended December 31, 2023.

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of December 31, 2023, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions.

Financial assets:		
Cash	\$	681,238
Accounts receivable		15
Amounts not available for general use		
Donor restricted funds - purpose restricted		<u>(256,143)</u>
Financial assets available to meet		
general expenditures within one year	\$	<u>425,110</u>

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

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

The Organization receives support from varying sources that are restricted by purpose. Donor restricted net assets consist as of the following as of December 31, 2023:

Subject to expenditure for specified purpose:		
Adopt a Kid	\$	208,000
Michigan Enhancement Grant		38,143
Motorsports Charities, Inc. (The NASCAR Foundation)		<u>10,000</u>
	\$	<u>256,143</u>

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from grant restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2023:

Release from restrictions:	
Michigan Enhancement Grant	\$ 211,857
Adopt a Kid	<u>62,400</u>
 Total Releases	 <u><u>\$ 274,257</u></u>

**NOTE 8 – DONATED SERVICES AND GOODS**

The Organization received gifts in-kind as follows:

Wellness Center	\$ 5,127
Communication support	12,636
Gala & event support	26,470
Auditing services	12,000
Computer support	62,000
Professional volunteers & employees	109,739
Supplies	<u>129,833</u>
 Total	 <u><u>\$ 357,805</u></u>

The Organization’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

A number of the Organization’s employees donate time to the Organization on a non-compensated basis. In addition, various business professionals, such as bankers accountants and electricians donate their time to support the Organization. The donated hours are valued using rates for the State of Michigan as noted in independent sector reports totaling \$109,739.

The Organization received donated supplies with an estimated fair market value of \$129,833. The supplies were used for providing services to the Organization’s clients.

All gifts-in-kind received by the Organization were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

In addition, donated services with an estimated value of \$68,031 were not recognized in the financial statements because they did not meet the criteria for recognition under GAAP.

**MAGGIE'S WIGS4KIDS OF MICHIGAN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 9 – CONDITIONAL PROMISES TO GIVE**

During the year ended December 31, 2023, the Organization was awarded a restricted grant totaling \$500,000 that contained donor conditions. Since this grant represents conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. The Organization received \$250,000 of the restricted grant during the year ended December 31, 2023. Per the terms of the grant, the Organization is scheduled to receive the remaining \$250,000 in 2024.

**NOTE 10 – SUBSEQUENT EVENTS**

The Organization has performed a review of events subsequent to December 31, 2023 through March 13, 2024, the date the financial statements were available to be issued.