



children's craniofacial association

you are a
wonder

#CHOOSEKIND
#WONDERTHEMOVIE

in theaters November 17

Crest
#CHOOSEMILES

2017 Annual Report

Message from the Executive Director



This past year was a mountaintop experience for CCA, reaching our greatest peaks yet! And while it was certainly exciting to celebrate these moments in the spotlight, we carefully considered how to ensure long-term success from this singular opportunity to hold the nation's attention for a brief moment in time.

Of course I'm talking about the national debut of the blockbuster movie, *Wonder*, starring Julia Roberts, Owen Wilson, and Jacob Tremblay. Working closely with the producers of the film, CCA was a part of the process all along the way. We were able to send six families to the set during filming, host a special feedback screening session at Lionsgate Media in Santa Monica, California, and officially lend our support to the project in March. Over the summer, we highlighted Lionsgate's ChooseKind Classrooms which offered free kindness education programs to classrooms across the country and we ourselves planned 15 private advanced screenings for over 2,500 people! We prepared our families for a surge in interest from the media with a special overview tailored to how to talk to the press. Then, during the fall, CCA was mentioned on the national press tour including on the *Ellen Degeneres Show* and *The Today Show*. We were a part of GapKids' Back to School promotions and had a CCA Kid featured in their national commercial campaign! We received a portion of the proceeds from Gap's special t-shirt collection which had CCA's logo on the shirts' tags. Our families were featured in over 30 local and national TV spots, dozens of print articles, and online media stories during November - December 2017. This included the highest-rated episode of ABC's *20/20* of the year, about the Newman family. During opening weekend, CCA's website saw an 8x surge in the number of unique site visits! This excitement was all capped off by our largest single donation to date, \$100,000, from Snapchat during their special *Wonder* lens release!

Beyond this opportunity to educate the public about craniofacial awareness and acceptance, we maintained true to our foundational work: helping families find the best care for their children. We continued to encourage families to apply to our financial assistance program for medical travel and invited them to our Annual Family Retreat & Educational Symposium. Reaching even more milestones, we held our largest Retreat to date in Reston, Virginia, with 153 families attending from across the country and internationally!

In closing, 2017 was an incredible opportunity to put CCA directly in the hearts and homes of a wide variety of people who would otherwise never know about our craniofacial community. Our staff and volunteers successfully gave their full hearts and attention to celebrate this moment in grand fashion, but we ensured that our focus was on showing the public who our CCA kids and families really are. *Wonder* started the conversation; but our families kept it going.

I am excited that we can continue to interface with so many of our new supporters in 2018, deepening the understanding that no matter what our differences – whether they are facial, physical, socioeconomic, religious or cultural – we are truly more alike than different **and** together, we all benefit from each embracing our own unique brilliance.

Sincerely,

A handwritten signature in black ink that reads "Erica Mossholder". The script is fluid and cursive, with the first letters of "Erica" and "Mossholder" being capitalized and prominent.

Erica C. Mossholder
Executive Director

Mission

The mission of Children's Craniofacial Association is to empower and give hope to individuals and families affected by facial differences.

We envision a world where people are accepted for who they are, not how they look.

Programs

Information and Support – CCA disseminates information to educate craniofacial patients and their families, health care providers, schools across the country, and the general public regarding craniofacial conditions. CCA promotes public awareness of craniofacial conditions and social acceptance of individuals with facial differences. Craniofacial patient families often call CCA to seek emotional support, discuss problems, and identify resources. Through our database we are able to network families with support groups and/or others who have similar conditions and experiences. We also keep a list of helpful resources and are always willing to listen and offer emotional support to family members who need a shoulder to lean on.

Physician Listing – Children's Craniofacial Association refers to the full members of the International Society of Craniomaxillofacial Surgeons. These surgeons head teams of specialists specifically trained in the surgical management of problems involving the face and head. Centers with craniofacial teams working together have the advantage of a greater experience to provide comprehensive, quality care, which leads to better results and fewer complications. In addition, ongoing research at these centers offers patients the latest breakthroughs in treatment. As there are relatively few experienced teams, it is quite common for families to travel long distance to get the best care.

Financial Assistance – Since there are relatively few quality craniofacial centers, many families must travel to receive this quality care. The treatment of craniofacial patients may require from one to as many as twenty or more surgeries. Even families with insurance are often unable to meet the financial requirements to travel to receive quality care for their children. CCA offers funds for food, travel, and lodging through its financial assistance program. CCA also helps families find discounted hotel rates and donated airfare.

Website and Social Networks – www.ccakids.org offers another entry point for both parents and the public to learn about craniofacial challenges. More than 1,000,000 families, healthcare professional, and others have visited this site this year from 176 countries. The website offers up-to-date information about craniofacial conditions, issues related to having a craniofacial condition, esteem-building articles and interactions and information aimed to educate the public and families with a new diagnosis. Our

Facebook, Twitter, and Instagram pages were all frequently and regularly updated with educational, inspirational, and programming content.

Choose Kind *Wonder* Initiative – Our Choose Kind Initiative started in 2012 when the book *Wonder* was published by R.J. Palacio. The novel, now a national bestseller, features the story of 10-year-old August “Auggie” Pullman, a boy with a craniofacial condition. This book follows Auggie as he attends his first year attending school, after previously being home schooled. He experiences the trials and triumphs of most kids going to a new school, and also unique challenges based on his appearance. This book is changing lives in classrooms across the country and teachers send reports of its impact on their students on a consistent basis. The book encourages kids to Choose Kind, meaning choose to be kind, rather than popular or right. While the story is about a student with a craniofacial condition, the message applies to everyone. When this book came out, CCA knew it was an incredible tool for our families, students, and community. We ordered a special edition book with our logo, recommended resources, a special foreword from CCA members, and a letter from the author, Palacio, to CCA Kids. To date, we have ordered 22,500 books, with a capital investment of 5,000 more books in 2017.

Education Booklets – CCA has the most comprehensive library of publications that focus on educating families about craniofacial conditions and associated issues. To date, a series of 14 syndrome booklets have been published that explain various craniofacial conditions and their treatment and are written in easy-to-understand text. In addition, 22 information papers have been published covering issues families dealing with craniofacial conditions experience.

Newsletter – A newsletter is published three times a year to inform more than 17,000 families and business supporters of CCA activities, as well as educate readers about the latest in craniofacial treatment and support options. The newsletter also addresses issues affecting not only the craniofacial patients but their siblings and parents as well. Subjects such as teasing, grieving, and other psychosocial issues are addressed.

Annual Family Retreat & Educational Symposium – The Annual Family Retreat & Educational Symposium is held each June and is what the CCA families describe as a life changing experience. It provides craniofacial patients, their siblings, and parents an opportunity to interact with others who have endured similar experiences. Children with craniofacial differences, their siblings and parents often feel isolated and alone. The unique weekend retreat allows them to share ideas, problems, and solutions, and make long-lasting friendships. The informal format of this weekend allows time to build new relationships and bonds of understanding and caring, which will lend support through both difficult and good times in the future. An educational symposium is held on Thursday before the weekend activities begin. Regional craniofacial specialists conduct the symposium. These professionals and health and wellness experts in the field donate their time and expertise to conduct educational sessions for

adults, teens, and children who are affected by craniofacial condition parents, and siblings. The weekend includes other informational sessions, visiting local attractions, and plenty of time for adults to interact and kids to play. In our research survey a couple of years ago, the families told us this retreat is the most important program we provide. Over 150 affected children attended in 2017, plus an additional 400 family members.

Public Awareness – One of the most important goals of CCA is to promote social acceptance of children and adults with facial differences. We believe that in order for the general public to accept these and any differences, they must see and understand them. Last year, we made the largest stride ever in our history on this front! With the support of the filmmakers of the movie *Wonder* based off of the book by the same title, and many of our families, CCA was featured in over 30 national and local newspaper articles, radio, and television spots. In addition, a CCA family was featured on ABC's *20/20* and during that weekend, our website saw an increase of eight times the traffic. The demand for information about craniofacial conditions has only grown since November 2017, when the film starring Julia Roberts, Owen Wilson, and Jacob Tremblay (*Room*, *The Book of Henry*) debuted. We are working diligently to facilitate the demand of literally hundreds of schools and dozens of new families with craniofacial conditions.

Family Networking – CCA has a list of more than 700 families who are willing to communicate with families new to CCA. They are eager to connect with these family members to share emotional support, discuss problems, and identify resources. Many families that have a member with a craniofacial condition feel alone and secluded. Being able to communicate with other parents, siblings, or patients can help family members feel part of a larger community with others who are ready to help them through rough times, work through decisions and just "be there" for one another.

Looking to the Future

CCA is growing! By 2019, we plan to host up to 200 families at the Annual Family Retreat and Educational Symposium plus meeting the needs of all our programs and services; thus, we are striving to reach \$1M in revenue by 2020.

We will celebrate our milestone 30th anniversary all year long in 2019. To help us reach our aggressive revenue goals and expand on our culture of gratitude for our supporters, CCA hired Christine Andler as the new Director of Development in early 2018. She will work on building sustainability and visibility - with a focus to generate financial support for our critical programs and services.

We have added a new initiative, the CCA Speakers Bureau, led by Khadija Moten, CCA's new Outreach Director. This new position was created to work specifically with educators, the media, and the public to help train our kids and adults to tell their stories to a larger, interested audience. Moten will host formal public speaking trainings, certify individuals who have taken the training, and assist in booking speaking requests for schools and groups around the country.

CCA is committed to auditing and improving our psychosocial support programming in an era of increased difficulty experienced by members relating to: anxiety, depression, isolation, and loneliness. We have added mental healthcare as a priority to all programming and will be collecting data on more ways to strengthen our support offered to CCA kids and adults.

CCA will continue to grow our presence in the lives of the families we serve. We will use our donor dollars, staff, and volunteer resources to empower and give hope to children and families whose lives are affected by facial differences.

Please read on to see testimonials of program participants and CCA's financial statements.

testimonial



Very rarely in our lifetime do we have the opportunity to experience something truly miraculous, and what we experienced with CCA Kids is nothing short of a miracle!

CCA is an assembly of the most devoted, caring and compassionate miracle-makers the world has known. This team is fueled by the love for every child ever born with a craniofacial anomaly. Every person on this team will move mountains and bend over backwards to do everything within their power to help a child.

My husband and I are so very blessed to have had the opportunity to see the miracles they perform firsthand. Back in 2007 we were blessed with a beautiful little girl. She was born with a heart of gold

and a special smile. Her name is **Autumn**.

Autumn was born with a severe complete bilateral cleft lip and palate. The severity of her condition made it very challenging to find a surgeon with the experience necessary to treat her condition.

After months of research we found **Dr. Mulliken** at Children's Hospital Boston. Autumn has had six operations, the first being 12-and-a-half hours long. Each surgery has required a one-to-two-week stay in Boston, and the lodging, airfare, transportation and food cost combined are extremely expensive. CCA

has been very generous in financially supporting these trips. Without them, they never would have happened!

Not only have they assisted us in paying for the trips but every time that we speak with **Annie**, CCA's Program Director, it is just a reminder of all the good in the world. She is nothing short of an angel.

While we still have several more surgeries to go, Autumn is doing well. Every day when we look at her smile we thank CCA!

The Grady Family

testimonial



In October 2016, we received the unfortunate news that our son **Matthew** needed to undergo a second cranial vault remodeling operation. We made the decision to travel to Dallas, TX to have the surgery, in hope that Matthew would never have to go through this again.

Our insurance refused to pay for any of the medical expenses, placing the entire financial burden on us. Having to raise the entire cost of the surgery, plus all of our travel expenses was absolutely overwhelming. I heard about CCA through an online support group

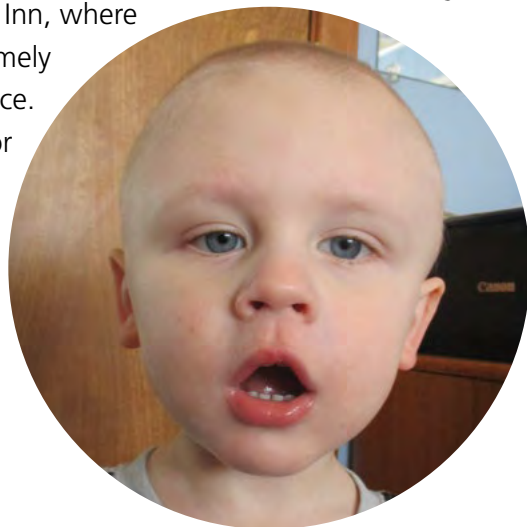
and decided to fill out an application.

Over the next couple months, the staff were extremely kind and compassionate. They would quickly answer any of my questions. They accepted our application for assistance. They paid for and even booked our hotel at the Residence Inn, where we had an extremely positive experience. They also paid for a large portion of our airfare.

I don't know how we could have done this without CCA. They made an

extremely stressful situation just a little bit easier to deal with. I loved working with the staff, and I only wish we had the opportunity to meet them in person while we were in Dallas. I can't say enough about our wonderful experience with them.

Chesney Price



6 testimonial



On May 17, 2013, my daughter **Kanynn** was born. As every new mom does, you count fingers toes and look at everything on your child to ensure they are perfect. I noticed a few things weren't normal. She had a bump on her forehead, her nose and right eye were not symmetrical, and she had a space between her upper gum line.

I was told she would need braces when she got



older, the bump was a birth mark, and the asymmetry was because she came through the birth canal, and that it would go away in week or so.

When we took her to her 8-month checkup, she wasn't rolling over, sitting up, or reaching any other age-appropriate milestone. We were sent from Montana to

Seattle Children's that December. By then the bump stuck out 1 inch from her head and was 2.25 inches in diameter. The bump was actually a hemangioma tumor attach to her brain. The asymmetric facial issues were a form of Craniosynostosis.

We started seeing the Craniofacial team at Seattle Children's, where Kanynn had the outer portion of the hemangioma removed. Unfortunately, it didn't solve her issues.

Almost every organ in her body is affected in one way or another: heart, kidney, bladder, large intestine, esophagus and bowels. This February we found she has a mass on her liver, and last December, we found a space in her upper gum which they thought was a missing tooth, is actually a bone gap that goes from the roof of her mouth through her skull.

Last August, she had lacrimal stents placed in both nostrils to open airways and tear ducts that were completely restricted. Four days after returning home to Montana, her body rejected them because of the bone gap, and they began to come out through the corner of her eye. We now are facing an additional surgery to keep the airways and tear ducts open.

Currently, she sees more than 20 specialists at Seattle Children's. We have made 65 trips from Montana in four years, because no one in Montana has the expertise to care for her. I am a single mom of three (16- and 18-year-old boys as well) who works seasonal road construction.

Our insurance needs pre-approval for everything. Most of the time they want me to find a physician who is closer. But because of her complex medical issues (her Seattle team calls it "Kanynn syndrome") she must be cared for at a specialized children's hospital because of being high risk. Most of the time she is treated in an outpatient setting, so we pay out of pocket for hotel, flights, etc. for multiple days.

There are limited resources available when your child doesn't have a "textbook medical diagnosis" as to why things are happening the way

they are. I've never been one to ask for help or wanted to feel pitied. We had a GoFundMe to help with expenses, but it didn't generate enough to help us.

As a parent, you want your child to have the best medical care, so I reached out to a fellow cranio mom, who gave me CCA's info to see if they would be able to assist in any way.

Being 600 miles away from the only facility that can take care of your child is tough. I contacted them and they helped us the very next trip, which happened to fall the week of Christmas. (We arrived home Christmas Eve.)

They booked and paid our hotel cost and helped reimburse most of the trip. They also gave me additional information on other organizations who could help.

I was laid off for the winter. Without the help of CCA, I wouldn't have been able to take my daughter from Montana to Seattle and give my kids Christmas.

We are so grateful for everything they have done to help our family, and they have the most caring and understanding staff. We are blessed that we have become a part of the CCA family and they have become a part of Kanynn's journey. I hope to meet them all in person one day to say thank you.

– **Jamie Vanisko**

**CHILDREN'S CRANIOFACIAL
ASSOCIATION**

Financial Statements

December 31, 2017 and 2016

CHILDREN'S CRANIOFACIAL ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Craniofacial Association

We have audited the accompanying financial statements of Children's Craniofacial Association (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years then ended, and 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 Children's Craniofacial Association as of December 31, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Evans & Krawth, PLLC". The signature is written in black ink on a light-colored background.

Dallas, Texas
May 1, 2018

CHILDREN'S CRANIOFACIAL ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 639,708	\$ 407,095
Contributions receivable	60,925	74,355
Inventory	33,351	27,164
Prepaid expenses	1,965	5,552
Total current assets	<u>735,949</u>	<u>514,166</u>
PROPERTY AND EQUIPMENT, NET	988	1,413
OTHER ASSET		
Deposit	<u>1,727</u>	<u>1,727</u>
TOTAL ASSETS	<u><u>\$ 738,664</u></u>	<u><u>\$ 517,306</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,292	\$ 12,965
Accrued liabilities	4,636	4,276
Total current liabilities	<u>12,928</u>	<u>17,241</u>
OTHER LIABILITIES		
Deferred lease costs	<u>239</u>	<u>3,045</u>
TOTAL LIABILITIES	<u>13,167</u>	<u>20,286</u>
NET ASSETS		
Unrestricted	709,497	497,020
Temporarily restricted	16,000	-
	<u>725,497</u>	<u>497,020</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 738,664</u></u>	<u><u>\$ 517,306</u></u>

The accompanying notes are an integral part of these financial statements.

CHILDREN'S CRANIOFACIAL ASSOCIATION
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Support and Revenues:		
Contributions and grants	\$ 661,140	\$ 555,750
Program service fees	115,913	-
Special events income, net of direct donor benefits of \$43,992 and \$2,842, respectively	53,204	7,430
Other income	103,545	42,689
Interest income	100	101
In-kind donations	8,995	44,975
Net assets released from restrictions:		
Satisfaction of program restrictions	-	11,473
Total unrestricted support and revenues	942,897	662,418
Expenses:		
Programs:		
Education and assistance	580,555	487,285
Support Services:		
Management and general	80,571	42,538
Fundraising	69,294	66,766
	730,420	596,589
Change in unrestricted net assets	212,477	65,829
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and grants	16,000	-
Net assets released from restrictions	-	(11,473)
Change in temporarily restricted net assets	16,000	(11,473)
Change in net assets	228,477	54,356
Net assets, beginning	497,020	442,664
Net assets, ending	\$ 725,497	\$ 497,020

The accompanying notes are an integral part of these financial statements.

CHILDREN'S CRANIOFACIAL ASSOCIATION
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 228,477	\$ 54,356
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	425	425
(Increase) decrease in operating assets:		
Accounts receivable	13,430	(68,283)
Inventory	(6,187)	(18,538)
Prepaid expenses	3,587	(1,295)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,673)	(534)
Accrued liabilities	360	(601)
Deferred liabilities	(2,806)	(2,117)
Net cash provided by (used in) operating activities	232,613	(36,587)
Net increase (decrease) in cash and cash equivalents	232,613	(36,587)
Cash and cash equivalents, beginning	407,095	443,682
Cash and cash equivalents, ending	\$ 639,708	\$ 407,095

There were no income taxes or interest paid during the years ended December 31, 2017 or 2016.

The accompanying notes are an integral part of these financial statements.

CHILDREN'S CRANIOFACIAL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2017 and 2016

	2017				2016			
	Programs		Supporting Services		Programs		Supporting Services	
	Education and Assistance	Management and General	Fundraising	Total	Education and Assistance	Management and General	Fundraising	Total
Salaries and related expenses	\$ 143,096	\$ 27,836	\$ 22,137	\$ 193,069	\$ 149,804	\$ 10,409	\$ 34,464	\$ 194,677
Bank charges	-	177	1,503	1,680	597	252	1,823	2,672
Depreciation	315	61	49	425	327	23	75	425
Dues and subscriptions	75	29	4	108	75	-	180	255
Equipment rental	-	3,498	-	3,498	557	5,293	-	5,850
Event expenses	228,621	7,113	99	235,833	110,036	-	-	110,036
Fundraising expenses	-	40	1,768	1,808	-	-	2,002	2,002
Individual assistance	45,394	524	-	45,918	49,821	287	-	50,108
Insurance expense	-	1,900	-	1,900	-	2,745	-	2,745
Office expenses	10,052	11,429	8,931	30,412	9,135	721	3,049	12,905
Postage	33,263	163	2,965	36,391	20,259	364	4,780	25,403
Printing	21,985	15	7,341	29,341	20,486	70	3,677	24,233
Professional fees	14,134	21,993	8,194	44,321	10,399	12,700	8,762	31,861
Public awareness	58,080	275	13,705	72,060	78,761	-	2,177	80,938
Rent expense	14,200	3,762	2,197	20,159	15,229	4,994	3,503	23,726
Telephone	2,282	954	-	3,236	3,033	2,109	-	5,142
Training	-	-	-	-	-	-	-	-
Travel and entertainment	9,058	802	401	10,261	18,703	1,749	2,274	22,726
Volunteer appreciation	-	-	-	-	63	822	-	885
	<u>\$ 580,555</u>	<u>\$ 80,571</u>	<u>\$ 69,294</u>	<u>\$ 730,420</u>	<u>\$ 487,285</u>	<u>\$ 42,538</u>	<u>\$ 66,766</u>	<u>\$ 596,589</u>

The accompanying notes are an integral part of these financial statements.

CHILDREN'S CRANIOFACIAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

Note 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Children's Craniofacial Association ("Association") is organized exclusively to assist facially disfigured individuals and their families live positive, enriched lives. The Association addresses medical, financial, psychosocial, emotional, and educational concerns on a national and international basis. The Association promotes education, treatment, and emotional support on behalf of persons with craniofacial deformities. The Association is supported primarily through donor contributions, grants and fundraising activities.

Basis of Accounting

The Association's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor or grantor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all currency on hand, demand deposits with banks or financial institutions, and highly liquid short-term investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

CHILDREN'S CRANIOFACIAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2017 and 2016, respectively.

Income Taxes

The Association is exempt from Federal income tax as an organization described in Section 501(c) (3) of the Internal Revenue Code.

Donated Assets

Donated assets are recorded as contributions at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expiration of donor restrictions when the donated assets are placed in service as instructed by the donor.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that help the Association provide its services.

CHILDREN'S CRANIOFACIAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization did not hold assets subject to fair value reporting on December 31, 2017 or 2016. The statement did not have an impact on the Organization's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Inventory

Inventory consists of souvenir items and books and is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost or estimated fair market value at the date of donation. It is the Organization's policy to capitalize property and equipment expenditures over \$1,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance charges are expensed as incurred. Repairs that materially extend the life of an asset are capitalized.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activity and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred Lease Costs

Rent expense is recognized on a straight-line basis over the life of the lease. Deferred lease costs represent rent expense recognized in excess of rental payments made.

CHILDREN'S CRANIOFACIAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>	Estimated <u>Useful Life</u>
Office furniture and equipment	\$ 28,274	\$ 28,274	5-7 years
Accumulated depreciation	<u>(27,286)</u>	<u>(26,861)</u>	
	\$ <u>988</u>	\$ <u>1,413</u>	

Depreciation expense was \$425 and \$425 for the years ended December 31, 2017 and 2016, respectively.

NOTE 3 — RESTRICTIONS ON ASSETS

Temporarily restricted net assets are as follows:

	<u>2017</u>	<u>2016</u>
Choose Kind project	\$ <u>16,000</u>	\$ _____
	\$ <u>16,000</u>	\$ _____

NOTE 4 — LEASE COMMITMENTS

The Association leases office space and equipment under non-cancellable operating agreements through 2020. Future minimum lease payments under these agreements are as follows:

2018	\$ 3,159
2019	1,436
2020	<u>479</u>
	<u>\$ 5,074</u>

Rent expense was \$20,159 and \$23,726 for the years ended December 31, 2017 and 2016, respectively.

CHILDREN'S CRANIOFACIAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 — SUPPORT

Contributions and grants for the years ended December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Grants	\$ 94,719	\$ 130,889
Contributions	582,416	303,850
Legacies and bequests	5	108,691
Others	<u>-</u>	<u>12,320</u>
	<u>\$ 677,140</u>	<u>\$ 555,750</u>

The Association is supported primarily through donor contributions and is dependent on future support and revenue in order to provide cash for operating activities. While no formal long-term arrangements exist, this support is expected to be received from external sources.

NOTE 5— IN KIND DONATION

The Association received an in kind donation of a full page of advertisement in a magazine in the amount of \$8,995 and \$44,975 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6— ECONOMIC DEPENDENCY

One donor made up 10% of revenues for the year ended December 31, 2017. One donor made up 26% of accounts receivable on December 31, 2017. Two donors made up 94% of accounts receivable as of December 31, 2016.

NOTE 7— CONCENTRATION OF CASH

Funds deposited in banks are federally insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Insured deposits are backed by the full faith and credit of the United States. At December 31, 2017, there were approximately \$183,520 of funds deposited in excess of insured amounts.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 1, 2018, which is the date that the financial statements were available to be issued.