



children's craniofacial association

2021



**“Leave it all on the field!”**

CCA Endures, Pivots and Persists

## Message from the Executive Director



If I learned anything from my time as a student at the University of Alabama, it is that the fourth quarter of the football game is usually the most important. At the games, after the third quarter ends, we all hold up 4 fingers in the air and brace ourselves to either make up some serious ground or finish strong to hold on to a win.

2021 felt a bit like the fourth quarter of a particularly brutal matchup. We kept telling ourselves the pandemic was almost over and soon we could return to normal life, but ... to continue this metaphor ... the goal post kept getting moved back.

The staff persisted however. They dug in and continued the virtual programming that we have become quite skilled at delivering. We evaluated our offerings and delivered those that resonated most with our worldwide audience. We also focused on diversity – amplifying voices that we have not heard from or haven't heard enough from in the craniofacial community.

We engaged with David Roche and Marlena Blavin to help us mature our Speakers' Bureau program. This program holds both in-person and virtual offerings for classrooms around the world. We realized it was not enough to send CCA Kids into classrooms; we also needed professionals in board rooms, human resource departments, and onboarding videos educating decision makers about discrimination, exploitation, and equity. Through an amazing grant from the Ananda Foundation, we were able to consult with Jaz Gray, PhD and Rasheera Dopson, MPH, to improve our storytelling and create a library of videos that will inspire and inform our speakers and the craniofacial community for years to come.

We continued our work of granting financial assistance to families on medical travel. After many surgeries were canceled or postponed during the peaks of COVID-19, families found themselves having to endure and afford longer stays due to COVID-19 protocols and faced higher out-of-pocket costs for these now-overdue surgeries. We were able to provide our families with this much-needed financial assistance. We are proud to say we assisted 43 families with 76 trips, at an average per trip cost of \$536.50.

We also hosted our second Virtual Annual Family Retreat and Educational Symposium. While it was not the return to an in-person gathering we had all hoped for, it was still an amazing way to connect and spend the weekend. We had educational and informational sessions from Nationwide Children's Hospital, Children's Hospital of San Antonio, MED-EL, ConnectMed International, Vanessa Acero, Psy.D., M.S., and a slew of fun activities including a Bubble Magic Show and a session with the Orangutans from the Indianapolis Zoo. Coming together for a virtual weekend helped us connect and maintain our friendships within our community. It also serves as ongoing education and support for parents and families grappling with managing all of the pandemic uncertainty with the daily challenges of parenting a child with a craniofacial condition.

As the world slowly opened up, we were able to see some gatherings start to happen in the fall of the year. The return of our Craniofacial Acceptance Month picnics was certainly a highlight, as well as the return of the Mecklenburg Invitational Golf Tournament in Coto de Caza, CA, and the annual Gingertown tradition at NorthPark Center in Dallas. These beacons of hope helped us end the year refreshed and renewed, ready for a "full" return of CCA programming in 2022.

By far, one of the biggest surprises of 2021 was the bequest left to CCA by Ms. Rosemary Mitchell. This large gift prompted CCA to create an investment committee and also a gift acceptance policy so that we can appropriately manage and use this funding to safeguard CCA's programs and honor Ms. Mitchell's legacy.

CCA also invested in consulting work with M. Gale and Associates to complete a development plan to help us grow our revenue to match the rising costs of hosting our programs. CCA operates a lean budget and we are keen to be meticulous in providing the best programs possible at the lowest costs, but we cannot "save our way into growth."

The craniofacial community needs our programming. Every year, we onboard new families and uncover new needs. We see the need to update the language in our printed materials, to refresh the videos and educational content on our website, and to keep up with the ever-changing way young people communicate so we can be there for them, the way they need us to be. This can't be done by simply being a low-cost provider. Even more so, to be inclusive we must offer better technology options and accessibility aids, like ASL interpretation and communication access realtime translation (CART) captioning on our online content. These programs have value and that value must be paid for by donors' dollars. Therefore, we have started a 3-year development plan to help us achieve a break-even budget each year, with the intent to grow in years 3 and beyond.

As we grow, we also recognize the need for staff and volunteer training. This year we focused on the fact that our staff and volunteers act as mental health paraprofessionals. All of the staff went through an introductory DBT (Dialectical Behavior Therapy) training and will continue more training in 2022. We continue to engage with mental health professionals who offer their services for free or at cost during our programs, particularly online in 2021. In this way, we are once again meeting families right where they are and bringing these resources into their homes so the barriers to access begin to crumble. Offering our programs in an inclusive and culturally-sensitive-way is also a goal and another area in which CCA seeks to improve and grow in 2022 and beyond.

Once again, we are proud to be able to maintain a fully committed staff who lead the charge with 100% participation in fundraising and donating back to the organization. In addition, 100% of our board members participated in giving back to our cause and ensuring CCA's future is secure with continued development planning.

One of my favorite sayings from the sports world is "leave it all on the field." We fought through the fourth quarter of the COVID-19 pandemic and I can honestly say on behalf of the staff of CCA that we closed out 2021 with nothing left to give. We are set on accomplishing our mission of empowering and giving hope to individuals and families affected by facial differences in whatever ways we can using creativity, passion, and the generosity of dedicated volunteer families and loyal donors. I am proud of all of our efforts this past year and look forward to a fresh and fearless 2022.

Sincerely,



Erica Klauber  
Executive Director

## Mission & Vision

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 & Services

**Information and Support** – CCA disseminates information to educate craniofacial patients and their families, health care providers, and the general public regarding craniofacial conditions. CCA also 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 American Cleft Palate-Craniofacial Association Approved Teams listing. 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 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. *Even well into 2021, surgeries often required a two-week quarantine before surgery, so families' stays were longer and more difficult, being away from home for such extended periods. We helped families by providing not only additional funding for longer stays, but also by delivering needed staple items to their hotel, such as snacks and toys, when they were local to our DFW office.* This year we also helped a handful of families with surgical copays and orthodontia due to a special grant we received to fund these additional needs.

**Website and Social Networks** – [www.ccakids.org](http://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 information aimed to educate the public and families with a new diagnosis. Our social media presence is often the first way families find one another. Our Facebook page has reached over 12,000 followers and our Instagram has over 6,000 followers. We distribute content on these channels that range from personal stories to educational information about specific syndromes, from event announcements to uplifting

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quotes and graphics. This daily feed from CCA bonds our community and gives them encouragement and connection to one another. We are also growing our YouTube channel and video library with new educational and informative content, including webinars with medical professionals, mental health workshops, and interviews with members of the craniofacial community.

**ChooseKind Educational Initiative** – We continue to invest in our educational outreach programming, including having speakers video chat with virtual classrooms and home-schooled students. Our curriculum requests increased this year and we reached over 15,000 students with our programming – double the number of students we reach in 2020. We also added speakers to our Speakers' Bureau and video content to our online library of ChooseKind programs.

In addition, this year we consulted with Jaz Gray, Ph.D., and Rasheera Dopson, MPH, and created a series of videos for our community. These videos showcase their academic work on the power of storytelling and disability advocacy and their videos address serious topics such as challenging the media on the representation of people with facial differences and the role of equity in the workplace.

**Education Booklets** – CCA has an extensive 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 (and reviewed annually) that explain various craniofacial conditions and their treatment. Many have been translated into Spanish. The booklets are in question/answer format, and are written in easy-to-understand text. In addition, 28 information papers have been published covering issues families dealing with craniofacial conditions commonly experience.

**Newsletter** – A newsletter is published three times a year to inform more than 8,000 readers of CCA activities, as well as educate families, donors, and interested parties of the latest in craniofacial treatment. The newsletter 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 regularly covered.

**Annual Family Retreat & Educational Symposium & Virtual Programs** – Typically, the Annual Family Retreat & Educational Symposium is held each June and is what the CCA families describe as a life changing experience. *Due to continued COVID-19 issues, we went virtual for a second year. Speakers and presenters held educational and inspirational sessions online, and our networking and support groups met via breakout rooms. We hosted over 100 families over a two-day model. We focused on connection and fun, as families told us they really needed the release and support this year. We also tailored our group meetups to specific topics this year, such as genetics and orthodontia, so that people could drop into sessions important to them.*

**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 differences, they must see and understand them. With the support of the filmmakers of the movie "Wonder," based off of this bestselling book, and many of our families, CCA established a curriculum pack that we distribute free to teachers, along with a classroom set of books, for free, by request. We also train our children and young adults to present their own stories in classrooms across the country. We maintain these speakers

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in our Speakers Bureau and match them with classrooms in their region, or facilitate virtual sessions to allow classrooms to hear directly from children who have become powerful self-advocates.

**Family Networking & Support** – CCA has a list of qualified families who are willing to communicate with families new to CCA. *We have continued training for families and staff, who are serving as “peer mentors.” 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, which was exasperated by the pandemic. Being able to communicate with other parents, siblings, or impacted individuals 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. Since we were all feeling the fatigue and collective trauma even more this year, we selected families to host virtual happy hours and game nights.*

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

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# financial assistance testimonial

by Victoria Shay

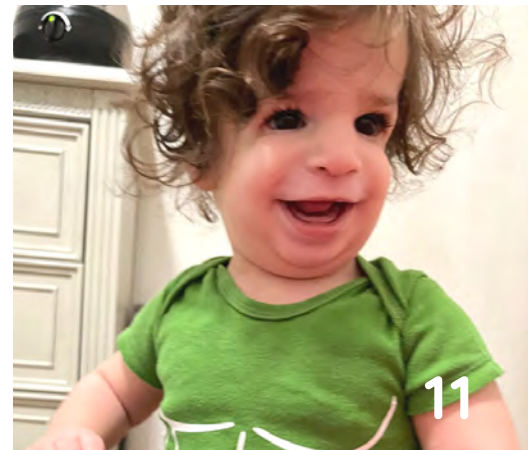
Our son, James, was born with a rare genetic condition called Treacher Collins syndrome (TCS). TCS exists on a spectrum and James is considered to have a mild case of TCS. He was born with a smaller jaw, malformed ears, hearing loss, and underdeveloped bone in his cheeks and jaw. James was diagnosed after he was born. Like so many parents before us, we experienced the overwhelming joy, love, and triumph of birth only to have it taken from us in a moment as our eyes landed on our son's face, knowing something was wrong. It's a moment you don't forget. It was that moment that catapulted onto this medical journey we are on now.

As I reflect on the first few months of James' life, I remember it as a



rollercoaster. James was able to go home a few days after he was born, and for a brief period, we thought maybe James would not need any major medical intervention. However, within a couple of months his medical team became concerned about an upper airway obstruction. As is common with so many children with TCS, James's airway is smaller than is typical. Our lives seemed to shift again as we navigated the medical world to figure out what this smaller airway would mean for James. One of the frustrating things about a rare disease is navigating a medical system that isn't familiar, or well experienced, with your syndrome. Medicine is referred to as a "practice," but having a rare disease makes it clear how much of medicine comes down to experience and opinion. There are no evidence-based treatment pathways for TCS, so having the opportunity to see an experienced and respected craniofacial team is invaluable. CCA's financial assistance helped us travel to receive a second opinion from Seattle Children's Hospital. Now we know we have the right resources and a team that

is on our side. James is now one year old, and his medical journey is far from over. We're still navigating the waters with his new team. Soon we will learn if it will be necessary to perform a tracheostomy on James. While the thought of that fills us with anxiety and fear, we trust our medical team. We know that if the procedure is needed, it will be the best decision because we have a team that is ready to support us through that transition. In the meantime, we can spend more of our time and mental energy focused on our little guy, who is very active, rambunctious, and curious. We hold on tight to the moments that fill our hearts with joy and refill our cup. **Thank you CCA for giving us these gifts!**





# financial assistance testimonial

by *Cindy Avila*

**W**e were taken by surprise when we found out we were expecting our fourth child, to know that we were going to be starting all over again with a little one. We were blessed by our family and friends that provided all the essentials we needed to start our new journey.



Zion was born one week past due and a healthy baby boy was the surprise we were hoping for. But unknown to us, this new transition in our family would come with another surprise at his one month checkup. My husband and I were excited to see how much he had grown in just one month; it was supposed to be a regular check-up with his pediatrician but our lives were forever changed at that appointment. At the end of the visit the doctor asked if we had any concerns. I mentioned I was concerned about the shape of his head and he seemed to not be able to lie on the back of his head. She proceeds to do head measurements and physically examined his head then stated she had to step out of the room to consult with her colleague. My heart sank at that moment. I knew this had to be serious. She came back in the room and it felt like she dropped a bomb on us, she diagnosed him with **cranial stenosis** (craniosynostosis). She proceeds to explain she is sending us to a specialist and the only way to fix this would be surgery on his head. We left that appointment in tears and I couldn't share the news with the rest of my family without

crying. I was devastated, scared, sad, anxious but most importantly I felt helpless. I decided to do some research on his diagnosis because up until this point in my life I had never heard of it. That's when I came across CCA's website. I was beyond excited to find such resources with first hand testimony of families that have been through the same problem with their babies. So we began to start the process of doctors' appointments and meeting with his surgical team. We were sent to his specialist which was 90 miles from our home, but were determined to do whatever it took to get the best care possible. His surgery would only be a few days after he turned three months. This was consuming all my emotions and attention. We then realized we would have to make a trip and stay nearby to take turns during his hospitalization. His specialist was in Los Angeles and the cost of this trip was beyond what we could afford. So a few weeks before his surgery I found myself back on the CCA



website reading and came across a financial assistance application to help offset the cost of travel for his surgery. CCA was quick to respond and approved our application, I don't know how to put into words what this meant for our family. The financial stress was relieved and we were able to put all our attention on caring for our baby. His surgery was a success and he is now 5 months old and has adjusted to wearing his helmet full time. CCA has been a true blessing to our family. 🌸



## legacy giving

Simply put, planned giving enables you to make a meaningful gift to CCA that reflects your beliefs and values. Your gift will create an enduring legacy by supporting CCA Kids during your lifetime and beyond. We are happy to help you choose the program or services that mean the most to you, as you make your estate plans.

To learn more about how to leave your mark on the world through supporting CCA Kids and Families, visit:



[ccakids.org/legacy-planned-giving/](https://ccakids.org/legacy-planned-giving/)  
or email **Christine** at [candler@ccakids.com](mailto:candler@ccakids.com)



# first time retreat attendee family testimonial

by Carol Smith

**H**ello to our CCA family! We are the Smith family, **Gary, Carol, and Savannah**. We live in Statesville, North Carolina and our daughter, **Savannah** is 12 years old. Savannah has Pfeiffer syndrome and Turner syndrome.

This summer, we attended our first-ever CCA Family Retreat & Educational Symposium! We were so amazed at all the love that was immediately shown to our family. For the very first time, we were able to connect with other Pfeiffer families and had the opportunity to meet others who shared similar medical journeys like ours. It was so heartwarming to be able to be in a place among people who are truly understanding, accepting, and inclusive to each other.

We had so much fun making new friends and sharing our life experiences. Our family immediately felt at home and in a place where we belong! It's an amazing and comforting feeling to know that we now have all the love and support from our CCA family. We can't wait to be part of future retreats!

We are so thankful to have experienced such an amazing event. We had the time of our lives! 🥰



**CHILDREN'S CRANIOFACIAL  
ASSOCIATION**

**Financial Statements**

December 31, 2021

## Table of Contents

	<u>Page</u>
Independent Auditor's Report .....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses .....	6
Notes to Financial Statements .....	7-13



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Children's Craniofacial Association

### **Opinion**

We have audited the accompanying financial statements of Children's Craniofacial Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Children's Craniofacial Association as of December 31, 2021, and the changes in its net assets 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 Children's Craniofacial Association 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 Children's Craniofacial Association ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 Children's Craniofacial Association 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 Children's Craniofacial Association 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.

*K. Evans & Associates*

K. Evans & Associates, PLLC  
Frisco, Texas  
July 5, 2022

# CHILDREN'S CRANIOFACIAL ASSOCIATION

## Statement of Financial Position

December 31, 2021

### ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 971,351
Contributions receivable	32,110
Inventory	54,666
Prepaid expenses	<u>42,739</u>
TOTAL CURRENT ASSETS	1,100,866
PROPERTY AND EQUIPMENT, NET	
	-
OTHER ASSET	
Investments	588,952
Right-Of-Use Lease Asset, net of amortization	27,565
Cash value of life insurance - officer	10,042
Deposit	<u>1,727</u>
	<u>628,286</u>
TOTAL ASSETS	\$ <u><u>1,729,152</u></u>

### LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 6,175
Accrued liabilities	3,119
Deferred event revenue	10,000
Deferred rent - short term	1,336
Right-Of-Use Lease Liability, Current Portion	<u>9,053</u>
TOTAL CURRENT LIABILITIES	29,683
LONG TERM LIABILITIES	
Right-Of-Use Lease Liability	<u>21,034</u>
TOTAL LIABILITIES	50,717
NET ASSETS	
With Donor Restrictions	80,321
Without Donor Restrictions	<u>1,598,114</u>
TOTAL NET ASSETS	<u>1,678,435</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>1,729,152</u></u>

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

**CHILDREN'S CRANIOFACIAL ASSOCIATION**

## Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE &amp; OTHER SUPPORT</b>			
Contributions and Grants	\$ 1,266,876	\$ 147,500	\$ 1,414,376
Program Service Fees	4,174	-	4,174
Other Income	9,910	-	9,910
Investment income	14,049	-	14,049
Total Support	<u>1,295,009</u>	<u>147,500</u>	<u>1,442,509</u>
Net assets released from restrictions	<u>67,179</u>	<u>(67,179)</u>	<u>-</u>
Total Revenue & Other Support	<u>1,362,188</u>	<u>80,321</u>	<u>1,442,509</u>
<b>EXPENSES</b>			
Program Services	386,077	-	386,077
Management & General	91,676	-	91,676
Fundraising	69,486	-	69,486
	<u>547,239</u>	<u>-</u>	<u>547,239</u>
Changes in Net Assets	814,949	80,321	895,270
Net Assets at Beginning of Year	<u>783,165</u>	<u>-</u>	<u>783,165</u>
Net Assets at End of Year	<u>\$ 1,598,114</u>	<u>\$ 80,321</u>	<u>\$ 1,678,435</u>

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

# CHILDREN'S CRANIOFACIAL ASSOCIATION

## Statement of Cash Flows For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 895,270
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	268
Forgiveness of the payroll protection program loan	(44,177)
In-kind donation of investments	(588,952)
(Increase) decrease in operating assets:	
Accounts receivable	(23,395)
Inventory	(6,168)
Prepaid expenses	(8,997)
Right-Of-Use Lease Asset	(27,565)
Increase (decrease) in operating liabilities:	
Accounts payable	(2,499)
Accrued liabilities	310
Deferred event revenue	2,600
Deferred rent	(366)
Right-Of-Use Lease Liability	<u>30,087</u>
Net cash provided by (used in) operating activities	<u>226,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash value of life insurance - officer	<u>(10,042)</u>
Net cash provided by (used in) operating activities	<u>(10,042)</u>
Net increase (decrease) in cash and cash equivalents	216,374
Cash and cash equivalents, beginning	<u>754,977</u>
Cash and cash equivalents, ending	\$ <u><u>971,351</u></u>

There were no income taxes or interest paid during the year ended December 31, 2021.

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



## CHILDREN'S CRANIOFACIAL ASSOCIATION

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<u>Programs</u>	<u>Support Services</u>		
	<u>Education</u>	<u>Mgmt</u>		
	<u>and</u>	<u>and</u>		
	<u>Assistance</u>	<u>General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 207,575	\$ 51,634	\$ 28,634	\$ 287,843
Bank charges	-	-	5,347	5,347
Depreciation	-	268	-	268
Dues and subscriptions	2,127	-	2,116	4,243
Equipment rental	5,466	405	-	5,871
Event expenses	30,689	337	123	31,149
Individual assistance	55,926	-	-	55,926
Insurance expense	1,329	854	-	2,183
Office expenses	5,647	2,627	1,754	10,028
Postage	6,320	200	1,501	8,021
Printing	4,284	-	1,155	5,439
Professional fees	34,663	27,010	25,000	86,673
Public awareness	394	-	-	394
Rent expense	22,758	5,925	3,090	31,773
Telephone	2,501	-	-	2,501
Travel and entertainment	6,398	2,416	766	9,580
	<u>\$ 386,077</u>	<u>\$ 91,676</u>	<u>\$ 69,486</u>	<u>\$ 547,239</u>

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

# CHILDREN'S CRANIOFACIAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### ORGANIZATION AND NATURE OF ACTIVITIES

#### 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.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions 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

### 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. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 year ended December 31, 2021.

#### 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.

#### Fair Value of Financial Instruments

The Association's financial instruments consist primarily of cash, cash equivalents and investments. Management believes the fair values of these financial instruments approximate their carrying amounts due to the short-term nature of those instruments.

# CHILDREN'S CRANIOFACIAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### Investments

Investments consist of equities and is stated at fair market value.

#### Property and Equipment

Property and equipment are carried at cost or estimated fair market value at the date of donation. It is the Association'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

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and rent which are allocated based on estimates of time and effort.

#### Change in Accounting Principle

During 2021, the Association adopted ASU 2016-02, Leases, which requires organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease.

#### Operating Lease Right-Of-Use Assets and Liabilities

Operating leases are included in operating lease right-of use (ROU) assets and current and long-term liabilities. ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. Operating lease ROU assets are recognized at the commencement date based on the present value of lease payments over the lease term. Lease expense for lease payments are recognized on a straight-line basis over the lease term.



**CHILDREN'S CRANIOFACIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**INVENTORY**

Inventory consist of the following at December 31, 2021:

Souvenirs	\$ 15,011
Books	<u>39,655</u>
	<u>\$ 54,666</u>

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2021:

		<u>Estimated Useful Life</u>
Office furniture and equipment	\$ 22,059	5-7 years
Accumulated depreciation	<u>(22,059)</u>	
	<u>\$ -</u>	

Depreciation expense was \$268 for the year ended December 31, 2021.

**INVESTMENTS**

Investments consist of the following at December 31, 2021:

	<u>Fair market value</u>	<u>Fair market value on date of donation</u>
Equities	\$ <u>588,952</u>	\$ <u>577,150</u>
	<u>\$ 588,952</u>	<u>\$ 577,150</u>

Investments are not insured and are subject to loss in value.

**RIGHT OF USE OPERATING LEASE COMMITMENTS**

In 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of ROU assets and liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Association adopted the standard during the year ended December 31, 2021.

**CHILDREN'S CRANIOFACIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**RIGHT OF USE OPERATING LEASE COMMITMENTS (CONTINUED)**

The Association leases office space and equipment under non-cancelable operating agreements through 2023. 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.

Operating Lease Right-Of-Use Assets at December 31, 2021 include the following:

Office Space Lease	\$ 103,775
Less: accumulated amortization	<u>(76,210)</u>
	<u>\$ 27,565</u>

Operating Lease Right-Of-Use Liabilities at December 31, 2021 include the following:

Office Space Lease - non current portion	\$ 21,034
Office Space Lease - current portion	<u>9,053</u>
	<u>\$ 30,087</u>

Future minimum lease payments under these agreements are as follows:

2022	\$ 22,075
2023	<u>10,733</u>
	<u>\$ 32,808</u>

Rent expense was \$31,773 for the year ended December 31, 2021

**NET ASSETS WITH DONOR RESTRICTIONS**

Restricted net assets consist of the following purpose restricted contributions as of December 31, 2021:

Family retreat	\$ 10,321
Promotion of Education Materials	<u>70,000</u>
	<u>\$ 80,321</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors during the year ended December 31, 2021 are as follows:

Medical assistance	\$ 15,000
Family retreat	27,179
Speaker Bureau	<u>25,000</u>
	<u>\$ 67,179</u>

# **CHILDREN'S CRANIOFACIAL ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **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, 2021, there were approximately \$274,184 of funds deposited in excess of insured amounts.

### **LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Association has \$993,871 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$961,761 in cash and cash equivalents and contributions receivable of \$32,110. The Association owed \$9,294 of accounts payable and accrued expenses and has \$80,321 of net assets with donor restrictions at December 31, 2021.

### **FAIR VALUE MEASUREMENTS**

The "Fair Value Measurements and Disclosures" Topic of the FASB ASC (Topic 820) defines fair value as exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

These three levels of inputs used to measure fair value are as follows:

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

Level 2 – Observable inputs other than quoted prices included in Level I, such as quote prices for similar assets and liabilities in active markets; Quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**CHILDREN'S CRANIOFACIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**FAIR VALUE MEASUREMENTS (CONTINUED)**

Assets Measured at Fair Value on a Recurring Basis as of December 31, 2021:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Cash and cash equivalents	\$3,106,560	\$ -	\$ -	\$3,106,560
Investments	588,952			588,952
Total	<u>\$3,695,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,695,512</u>

Assets Measured at Fair Value on a Non-Recurring Basis - We assess potential impairments to our long-lived assets, including land, equipment, buildings, and leasehold improvements, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if one or more is determined to be impaired. During the year ended December 31, 2021, we had no impairments related to these assets.

**ECONOMIC DEPENDENCY**

The Association's revenues included an estate bequest from one entity representing 41% of total support and revenues for the year ended December 31, 2021. Receivables from three entities represented approximately 88% of total accounts receivable for the year ended December 31, 2021. There are no assurances that such funding will continue to be available.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 5, 2022, which is the date that the financial statements were available to be issued.