AMERICAN SKIN ASSOCIATION, INC.

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                  For the Year Ended December 31, 2012.

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                  For the Year Ended December 31, 2012.

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                  For the Year Ended December 31, 2012.

Notes to Financial Statements.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
American Skin Association, Inc.

We have audited the accompanying statement of financial position of the American Skin Association, Inc. as of December 31, 2012 and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization’s management. 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Skin Association, Inc. as of December 31, 2012 and the results of its operations, changes in net assets, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bonamassa, Maietta & Cartelli, LLP

March 28, 2013
AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 548,131</td>
<td>$ 254,095</td>
<td>$ -</td>
<td>$ 802,226</td>
<td>$ 711,956</td>
</tr>
<tr>
<td>Investments, at market</td>
<td>17,880</td>
<td>-</td>
<td>45,237</td>
<td>63,117</td>
<td>199,255</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>unrestricted</td>
<td>233,000</td>
<td>-</td>
<td>-</td>
<td>233,000</td>
<td>43,766</td>
</tr>
<tr>
<td>restricted to future periods</td>
<td>-</td>
<td>807,000</td>
<td>-</td>
<td>807,000</td>
<td>695,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>91,138</td>
<td>-</td>
<td>-</td>
<td>91,138</td>
<td>18,285</td>
</tr>
<tr>
<td>Furniture and equipment, net of accumulated depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,058</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 890,149</td>
<td>$ 1,061,095</td>
<td>$ 45,237</td>
<td>$ 1,996,481</td>
<td>$ 1,678,320</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>$ 128,850</td>
<td>$ 782,570</td>
<td>-</td>
<td>$ 911,420</td>
<td>$ 1,121,500</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>24,500</td>
<td>-</td>
<td>-</td>
<td>24,500</td>
<td>41,138</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>321,000</td>
<td>175,000</td>
<td>-</td>
<td>496,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>474,350</td>
<td>957,570</td>
<td>-</td>
<td>1,431,920</td>
<td>1,240,638</td>
</tr>
</tbody>
</table>

Net assets:
| Unrestricted net assets      | $ 415,799    | -                      | $ -                    | $ 415,799  | $ 146,629  |
| Temporarily restricted net assets | -          | 103,525                | -                      | 103,525    | 103,525    |
| Permanently restricted net assets | -          | -                      | 45,237                 | 45,237     | 187,528    |
| Total net assets             | 415,799      | 103,525                | 45,237                 | 564,561    | 437,682    |

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th>UnRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 890,149</td>
<td>$ 1,061,095</td>
<td>$ 45,237</td>
<td>$ 1,996,481</td>
<td>$ 1,678,320</td>
</tr>
</tbody>
</table>

See notes to financial statements

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
**AMERICAN SKIN ASSOCIATION, INC.**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts and grants</td>
<td>$873,457</td>
<td>$258,150</td>
<td>$</td>
<td>$1,131,607</td>
<td>$529,208</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>529,505</td>
</tr>
<tr>
<td>(Less: event costs)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(138,076)</td>
</tr>
<tr>
<td>Total public support</td>
<td>$873,457</td>
<td>$258,150</td>
<td>-</td>
<td>$1,131,607</td>
<td>$920,637</td>
</tr>
<tr>
<td>Other revenues, gains</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>59</td>
<td>-</td>
<td>-</td>
<td>59</td>
<td>116</td>
</tr>
<tr>
<td>Dividends</td>
<td>3,091</td>
<td>-</td>
<td>-</td>
<td>3,091</td>
<td>6,506</td>
</tr>
<tr>
<td>Net realized gains</td>
<td>10,142</td>
<td>-</td>
<td>-</td>
<td>10,142</td>
<td>8,555</td>
</tr>
<tr>
<td>Net unrealized gains (losses)</td>
<td>(1,905)</td>
<td>-</td>
<td>(1,905)</td>
<td>4,971</td>
<td></td>
</tr>
<tr>
<td>Grants refunded</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>137,298</td>
</tr>
<tr>
<td>Total other revenues, gains</td>
<td>11,387</td>
<td>-</td>
<td>-</td>
<td>11,387</td>
<td>157,446</td>
</tr>
<tr>
<td>Total public support and other revenues</td>
<td>$884,844</td>
<td>$258,150</td>
<td>-</td>
<td>$1,142,994</td>
<td>$1,078,083</td>
</tr>
</tbody>
</table>

**EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>275,543</td>
<td>247,150</td>
<td>-</td>
<td>522,693</td>
<td>548,637</td>
</tr>
<tr>
<td>Education</td>
<td>206,956</td>
<td>11,000</td>
<td>-</td>
<td>217,956</td>
<td>349,715</td>
</tr>
<tr>
<td>Total program services</td>
<td>482,499</td>
<td>258,150</td>
<td>-</td>
<td>740,649</td>
<td>898,352</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>153,517</td>
<td>-</td>
<td>-</td>
<td>153,517</td>
<td>177,338</td>
</tr>
<tr>
<td>Fundraising</td>
<td>121,949</td>
<td>-</td>
<td>-</td>
<td>121,949</td>
<td>141,960</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>275,466</td>
<td>-</td>
<td>-</td>
<td>275,466</td>
<td>319,298</td>
</tr>
<tr>
<td>Total program and supporting services</td>
<td>757,965</td>
<td>258,150</td>
<td>-</td>
<td>1,016,115</td>
<td>1,217,650</td>
</tr>
</tbody>
</table>

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>2012 TOTAL</th>
<th>2011 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERFUND TRANSFERS</td>
<td>126,879</td>
<td>-</td>
<td>-</td>
<td>126,879</td>
<td>(139,567)</td>
</tr>
<tr>
<td>NET ASSETS, JANUARY 1</td>
<td>142,291</td>
<td>-</td>
<td>(142,291)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NET ASSETS, DECEMBER 31</td>
<td>$415,799</td>
<td>$103,525</td>
<td>$45,237</td>
<td>$564,561</td>
<td>$437,682</td>
</tr>
</tbody>
</table>

See notes to financial statements

Bonamassa, Maletta & Cartelli, LLP
Certified Public Accountants
AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT C
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>PROGRAM SERVICES</th>
<th>SUPPORTING SERVICES</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Research</td>
<td>Education</td>
<td>Subtotal</td>
<td>Management and general</td>
</tr>
<tr>
<td>Grants and awards</td>
<td>$385,550</td>
<td>$0</td>
<td>$385,550</td>
<td>$14,811</td>
</tr>
<tr>
<td>Education and other consultants</td>
<td>$21,154</td>
<td>$87,231</td>
<td>$108,385</td>
<td>107,794</td>
</tr>
<tr>
<td>Salaries, benefits and taxes</td>
<td>$71,862</td>
<td>$86,235</td>
<td>$158,097</td>
<td>14,282</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>$461</td>
<td>$237</td>
<td>$698</td>
<td>-</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>$10,954</td>
<td>$4,538</td>
<td>$15,492</td>
<td>-</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>$750</td>
<td>$2,010</td>
<td>$2,760</td>
<td>-</td>
</tr>
<tr>
<td>Rent and related items</td>
<td>$12,973</td>
<td>$14,827</td>
<td>$27,800</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>$11,171</td>
<td>$12,157</td>
<td>$23,328</td>
<td>3,614</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>-</td>
<td>$12,157</td>
<td>$12,157</td>
<td>9,510</td>
</tr>
<tr>
<td>Telephone</td>
<td>$2,228</td>
<td>$2,228</td>
<td>$4,456</td>
<td>271</td>
</tr>
<tr>
<td>Outside service</td>
<td>$5,506</td>
<td>$8,430</td>
<td>$13,936</td>
<td>1,893</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$84</td>
<td>$63</td>
<td>$147</td>
<td>16</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,058</td>
</tr>
<tr>
<td>Moving</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses, 2012</strong></td>
<td><strong>$522,693</strong></td>
<td><strong>$217,956</strong></td>
<td><strong>$740,649</strong></td>
<td><strong>$153,517</strong></td>
</tr>
<tr>
<td><strong>Total Expenses, 2011</strong></td>
<td><strong>$548,637</strong></td>
<td><strong>$349,715</strong></td>
<td><strong>$898,352</strong></td>
<td><strong>$177,338</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
CASH FLOWS FROM OPERATING ACTIVITIES:
   Increase in net assets $ 126,879
   Adjustments to reconcile decrease in
   net assets to net cash used by operating activities
      Depreciation 10,058
      Net realized gains on investments (10,142)
      Net unrealized losses on investments 1,905
   (Increase) decrease in:
      Pledges receivable (301,234)
      Prepaid expenses (72,853)
   Increase (decrease) in:
      Grants payable (210,080)
      Accrued expenses (16,638)
      Deferred revenue 418,000
   Net cash used by operating activities (54,105)

CASH FLOWS FROM INVESTING ACTIVITIES:
   Proceeds from sale of investments 152,599
   Purchase of investments (8,224)
   Net cash provided by investing activities 144,375

NET INCREASE IN CASH AND CASH EQUIVALENTS 90,270

CASH AND CASH EQUIVALENTS, January 1 711,956

CASH AND CASH EQUIVALENTS, December 31 $ 802,226

See notes to financial statements
## AMERICAN SKIN ASSOCIATION, INC.
### EXHIBIT E
### STATEMENT OF CHANGES IN NET ASSETS
### FOR THE YEAR ENDED DECEMBER 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Permanently Restricted</th>
<th>Temporarily Restricted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Carter Endowment</td>
<td>Psoriasis Endowment</td>
<td></td>
</tr>
<tr>
<td>Net assets,</td>
<td>$146,629</td>
<td>$142,291</td>
<td>$45,237</td>
<td></td>
</tr>
<tr>
<td>January 1, 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$884,844</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>75,000</td>
<td>80,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,000</td>
<td>77,150</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Expenses and grants</td>
<td>($757,965)</td>
<td>-</td>
<td>(75,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(80,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(15,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(77,150)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(11,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interfund transfers</td>
<td>$142,291</td>
<td>(142,291)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Net assets,</td>
<td>$415,799</td>
<td></td>
<td>$45,237</td>
<td></td>
</tr>
<tr>
<td>December 31, 2012</td>
<td></td>
<td></td>
<td>$103,525</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$564,561</td>
<td></td>
</tr>
</tbody>
</table>

See notes to financial statements.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
Note 1. Significant Accounting Policies

Nature of Operations: Founded in 1987, American Skin Association works to defeat melanoma and other serious forms of skin disease by advancing research, raising public awareness and championing good skin health- particularly among children.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In 1996, the Association adopted Accounting Standards Codification (ASC) Topic 958, “Not-for-Profit Entities”, Subtopic 205, “Presentation of Financial Statements.” (Formerly Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations”) Under ASC 958-205, the organization is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to board or donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time.

Temporarily restricted net assets at December 31, 2012 have been restricted by the organization’s board or donors to be spent as follows:

<table>
<thead>
<tr>
<th>Research</th>
<th>$103,525</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitiligo</td>
<td>$103,525</td>
</tr>
</tbody>
</table>

In 2011, the Organization released the restrictions on The Hambrick Fund, which was previously temporarily restricted, and such funds were transferred to unrestricted funds.

Permanently restricted net assets - Net assets subject to board or donor-imposed stipulations that they be maintained permanently by the organization. Generally, the organization’s board or donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
Note 1. Significant Accounting Policies - continued

Permanently restricted endowment funds at December 31, 2012 have been restricted by the organization’s board or donors to be spent as follows:

- Psoriasis endowment
  - $45,237
  - $45,237

In 2012, the organization released the restrictions on the Carter endowment fund, which was previously permanently restricted, and such funds were transferred to unrestricted funds.

Contributions: The organization also adopted ASC Topic 958, “Not-for-Profit Entities”, Subtopic 605, “Revenue Recognition” (Formerly SFAS No. 116, “Accounting for Contributions Received and Contributions Made”), in 1996. In accordance with ASC 958-605, contributions received are recorded as restricted, temporarily restricted or permanently restricted support, depending upon the existence and/or nature of any donor imposed restrictions.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Depreciation: Equipment and furniture are being depreciated over estimated useful lives using the double declining balance method. Depreciation expense was $10,058 for 2012.

Income Taxes: Income taxes are not provided for in the financial statements since the organization is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expenses: Functional expenses have been allocated between program services and supporting services based upon an analysis of personnel time and office space utilized for the related activities.

Cash Equivalents: For purposes of the statement of cash flows, the organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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.
Note 1. Significant Accounting Policies - continued

Concentration of Credit Risk – The Company does not have a material concentration of credit risk, with respect to pledges receivable, due to generally short payment terms.

The Association maintains cash balances with one banking institution in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Association also maintains money market funds. Such balances are not FDIC insured.

Note 2. Investments

Investments consist primarily of securities traded on the national stock exchanges and are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cost or Donated Value</th>
<th>Fair Value</th>
<th>Unrealized Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income Mutual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds</td>
<td>$ 29,891</td>
<td>$ 33,100</td>
<td>$ 3,209</td>
</tr>
<tr>
<td>Equity and other</td>
<td>27,387</td>
<td>30,017</td>
<td>2,630</td>
</tr>
<tr>
<td>mutual funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 57,278</td>
<td>$ 63,117</td>
<td>$ 5,839</td>
</tr>
</tbody>
</table>

In 2012, the Association had an unrealized loss of $1,905 which is included in net unrealized gains and losses on investments.

Note 3. Fair Values of Financial Instruments

The estimated fair value of the organization’s financial instruments, none of which are held for trading purposes, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Carrying Amount</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 802,226</td>
<td>$ 802,226</td>
</tr>
<tr>
<td>Investments</td>
<td>63,117</td>
<td>63,117</td>
</tr>
<tr>
<td>Unconditional promises to give</td>
<td>1,040,000</td>
<td>1,040,000</td>
</tr>
</tbody>
</table>

The following methods and assumptions were used by the organization estimating its fair value disclosures for financial instruments:

Bonamassa, Maletta & Cartelli, LLP
Certified Public Accountants
Note 3.  **Fair Values of Financial Instruments - continued**

Cash and unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

Investments securities: The fair values of investment securities are based on quoted market prices for those investments.

Note 4.  **Pledges Receivable**

Pledges receivable consist of contributions pledged but not yet received. Pledges receivable in future periods are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 965,000</td>
</tr>
<tr>
<td>2014</td>
<td>75,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,040,000</td>
</tr>
</tbody>
</table>

Note 5.  **Grants Payable**

Grants payable consist of grants awarded but not yet paid. Grants payable in future periods are discounted to present value and are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 786,420</td>
</tr>
<tr>
<td>2014</td>
<td>125,000</td>
</tr>
<tr>
<td></td>
<td>$ 911,420</td>
</tr>
</tbody>
</table>

In February 2011 the Organization decided to terminate its agreement to provide supplemental support to fellows funded by the NIAMS due to a lack of applicants. Such termination caused the Organization to recognize $129,000 of income in 2011 due to the reversal of the previously established liability.
Note 6.  Deferred Revenue

Deferred revenue consists of contributions designated for future periods. Deferred revenue for future periods are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$421,000</td>
</tr>
<tr>
<td>2014</td>
<td>75,000</td>
</tr>
<tr>
<td></td>
<td><strong>$496,000</strong></td>
</tr>
</tbody>
</table>

Note 7.  Commitments

In 2011, the Organization entered into a lease for office space which calls for monthly rental payments of $3,223. The lease expires on March 31, 2016. Minimum rental payments for the next five years and in the aggregate are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$38,676</td>
</tr>
<tr>
<td>2014</td>
<td>38,676</td>
</tr>
<tr>
<td>2015</td>
<td>38,676</td>
</tr>
<tr>
<td>2016</td>
<td>9,669</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$125,697</strong></td>
</tr>
</tbody>
</table>

Rent expense for the year ended December 31, 2012 was $37,066.