

AMERICAN SKIN ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

With Prior Year Summarized Comparative Information

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

AMERICAN SKIN ASSOCIATION, INC.

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Bonamassa, Maietta & Cartelli, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Skin Association, Inc.
New York, New York

We have audited the accompanying financial statements of American Skin Association, Inc. which comprise the statements of financial position as of December 31, 2019 and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Managements' 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.

Auditors' 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 Organization'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 Organization'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 American Skin Association, Inc. as of December 31, 2019 and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

April 7, 2020

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

(With Summarized Comparative Information for the Year Ended December 31, 2018)

	WITHOUT DONOR IMPOSED RESTRICTIONS	WITH DONOR IMPOSED RESTRICTIONS	2019 TOTAL	2018 TOTAL
ASSETS				
Cash and cash equivalents	\$ -	\$ 435,266	\$ 435,266	\$ 532,705
Investments, at market	25,373	-	25,373	26,971
Promises to give				
without donor restrictions	153,131	60,000	213,131	51,378
with donor restrictions	-	703,750	703,750	700,375
Prepaid expenses and other assets	87,581	-	87,581	70,944
Property & equipment, net of allowance for depreciation	-	-	-	
Due from without donor imposed	-	21,284	21,284	-
TOTAL ASSETS	\$ 266,085	\$ 1,220,300	\$ 1,486,385	\$ 1,382,373
LIABILITIES AND NET ASSETS				
Grants payable	\$ 55,000	\$ 1,144,250	\$ 1,199,250	\$ 1,242,750
Deferred revenue	105,000	-	105,000	-
Accrued expenses	53,196	-	\$ 53,196	16,591
Due to with donor imposed	21,284	-	21,284	-
Total liabilities	234,480	1,144,250	1,378,730	1,259,341
Net assets:				
Without donor imposed restrictions	\$ 31,605	\$ -	\$ 31,605	\$ 36,982
With donor imposed restrictions	-	76,050	76,050	86,050
Total net assets	31,605	76,050	107,655	123,032
TOTAL LIABILITIES AND NET ASSETS	\$ 266,085	\$ 1,220,300	\$ 1,486,385	\$ 1,382,373

See notes to financial statements

Bonamassa, Maietta & Cartelli, LLP
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AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT B
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for the Year Ended December 31, 2018)

	WITHOUT DONOR IMPOSED RESTRICTIONS	WITH DONOR IMPOSED RESTRICTIONS	2019 TOTAL	2018 TOTAL
REVENUES				
Public support				
Gifts and grants	\$ 381,717	\$ 548,000	\$ 929,717	\$ 1,297,715
Special events	347,805	-	347,805	398,803
(Less: event costs)	(143,025)	-	(143,025)	(154,853)
Total public support	<u>586,497</u>	<u>548,000</u>	<u>1,134,497</u>	<u>1,541,665</u>
Other revenues,gains				
Dividends	5,852	-	5,852	11,477
Net unrealized gains	182	-	182	1,432
Grants refunded	33,245	-	33,245	1,304
Total other revenues, gains	<u>39,279</u>	<u>-</u>	<u>39,279</u>	<u>14,213</u>
Total public support and other revenues	<u>625,776</u>	<u>548,000</u>	<u>1,173,776</u>	<u>1,555,878</u>
EXPENSES				
Program services:				
Research	232,804	557,000	789,804	1,711,740
Education	153,110	1,000	154,110	201,568
Total program services	<u>385,914</u>	<u>558,000</u>	<u>943,914</u>	<u>1,913,308</u>
Supporting services:				
Management and general	95,033	-	95,033	93,264
Fundraising	150,206	-	150,206	161,278
Total supporting services	<u>245,239</u>	<u>-</u>	<u>245,239</u>	<u>254,542</u>
Total program and supporting services	<u>631,153</u>	<u>558,000</u>	<u>1,189,153</u>	<u>2,167,850</u>
CHANGE IN NET ASSETS	<u>(5,377)</u>	<u>(10,000)</u>	<u>(15,377)</u>	<u>(611,972)</u>
NET ASSETS, JANUARY 1	<u>36,982</u>	<u>86,050</u>	<u>123,032</u>	<u>735,004</u>
NET ASSETS, DECEMBER 31	<u>\$ 31,605</u>	<u>\$ 76,050</u>	<u>\$ 107,655</u>	<u>\$ 123,032</u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT C

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Summarized Comparative Information for the Year Ended December 31, 2018)

	PROGRAM SERVICES			SUPPORTING SERVICES			2019 Total	2018 Total
	Research	Education	Subtotal	Management and general	Fundraising	Subtotal		
Grants and awards	\$ 568,000	-	\$ 568,000	\$ -	\$ -	\$ -	\$ 568,000	\$ 1,495,500
Salaries, benefits and taxes	145,862	101,293	247,155	52,672	105,346	158,018	405,173	415,882
Marketing and promotion	4,794	3,329	8,123	1,731	3,462	5,193	13,316	33,458
Travel and meetings	25,890	18,058	43,948	4,361	8,722	13,083	57,031	86,584
Printing and postage	2,249	1,562	3,811	812	1,623	2,435	6,246	6,189
Rent and related items	13,923	9,669	23,592	5,028	10,056	15,084	38,676	38,676
Office expenses	6,468	4,492	10,960	2,336	4,662	6,998	17,958	26,798
Professional fees	-	-	-	19,925	-	19,925	19,925	12,625
Telephone and internet	1,512	1,050	2,562	546	1,092	1,638	4,200	1,400
Outside services	14,829	10,298	25,127	5,355	10,710	16,065	41,192	31,008
Computer expenses	6,277	4,359	10,636	2,267	4,533	6,800	17,436	19,730
Total Expenses, 2019	\$ 789,804	\$ 154,110	\$ 943,914	\$ 95,033	\$ 150,206	\$ 245,239	\$ 1,189,153	\$ 2,167,850
Total Expenses, 2018	\$ 1,711,740	\$ 201,568	\$ 1,913,308	\$ 93,264	\$ 161,278	\$ 254,542		

See notes to financial statements.

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AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT D
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (15,377)
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Net unrealized gain on investments	182
Contribution of marketable securities	(25,554)
Decrease (increase) in:	
Pledges receivable	(165,128)
Prepaid expenses	(16,638)
Increase (decrease) in:	
Grants payable	(43,500)
Accrued expenses	36,605
Deferred revenue	<u>105,000</u>
Net cash used in operating activities	<u>(124,410)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	<u>26,971</u>
Net cash provided by investing activities	<u>26,971</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (97,439)

CASH AND CASH EQUIVALENTS, January 1 532,705

CASH AND CASH EQUIVALENTS, December 31 \$ 435,266

See notes to financial statements

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AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT E
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR IMPOSED RESTRICTIONS	DONOR IMPOSED RESTRICTIONS					TOTALS	
		Dermatitis	Skin cancer/ Melanoma	Vitiligo	Other Research	Education	2019	2018
Net assets, January 1, 2019	\$ 36,982	\$ -	\$ -	\$ 86,050	\$ -	\$ -	\$ 123,032	\$ 735,004
Revenue	625,776	60,000	160,000	95,000	232,000	1,000	1,173,776	1,555,878
Expenses and grants	(631,153)	(60,000)	(160,000)	(105,000)	(232,000)	(1,000)	(1,189,153)	(2,167,850)
Net assets, December 31, 2019	\$ 31,605	\$ -	\$ -	\$ 76,050	\$ -	\$ -	\$ 107,655	\$ 123,032

See notes to financial statements.

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AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1. Significant Accounting Policies

a. 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.

b. Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization adopted ASC 2016 – 14 effective December 31, 2018. Under ASC 2016 – 14, the Organization is required to report information regarding its financial position and activities according to two 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:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - 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.

c. Cash and Cash Equivalents:

The Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

d. Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increase 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 Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1. Significant Accounting Policies - continued

e. Property and Equipment:

Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over an estimated useful life of five years. There were no donor imposed restrictions on property and equipment as of December 31, 2019.

f. Contributed Services:

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

g. Contributions:

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

h. 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.

i. Tax Status:

The Organization is a not-for-profit organization, exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

j. Comparative Data

The Statement of Activities includes certain prior year summarized comparative information in total but not by net assets class. Such information does not present a complete set of financial statements as it does not include a comparative Statement of Cash Flows and comparative notes, as such it does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations financial statements for the year ended December 31, 2018 from which the summarized information was derived.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1. Significant Accounting Policies - continued

k. Cost Allocation:

The financial statements report certain categories of expenses that 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 compensation and benefits and occupancy which are allocated on the basis of estimates of time and effort.

l. Concentration of Credit Risk:

The Organization does not have a material concentration of credit risk, with respect to unrestricted promises to give, due to generally short payment terms.

The Organization maintains cash balances with one institution in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses on its cash accounts.

Note 2. Restrictions on Net Assets

Vitiligo Research

The Organization's net assets with donor imposed restrictions as of December 31, 2019 is \$76,050 and it consists of donations to be used specifically for Vitiligo Research. These funds will be disbursed in future periods for the specific program in which they were intended by the donors.

Note 3. Investments

Investments at December 31, 2019 consist of stock traded on a national stock exchange of which its cost approximates its fair market value of \$25,373.

Note 4. 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:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash	\$ 435,266	\$ 435,266
Investments	25,373	25,373
Unconditional promises to give	916,881	916,881

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 4. Fair Values of Financial Instruments - continued

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

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 5. Promises to Give

Promises to give consist of contributions pledged but not yet received. A total of \$916,881 is due the Organization at December 31, 2019. Of such amount, \$631,250 relates to grant funding programs provided for in past years, where the grant recipients has delayed the program, and therefore his or her ability to currently accept such funding has been delayed as well. The donor has deferred providing funding to the Organization until such time as the grant recipient has met the requirements to receive the additional funding. See note 9, Grants Payable. Amounts receivable in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 666,881
2021	250,000
Total	<u>\$ 916,881</u>

Note 6. In kind Contributions

In 2019 the Organization received in kind contributions in the form of free rent at its offices. Such rent was valued at its fair market value, \$22,561. Such amount has been included in the accompanying financial statements as contribution revenue and rent expense for the year ended December 31, 2019. See note 10.

Note 7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 7. Liquidity and Availability of Financial Assets - continued

Financial assets at year-end	\$	1,377,520
Less those unavailable for general expenditures within one year, due to:		
Non current promises to give		(250,000)
Donor restricted grants payable		(892,500)
Donor restricted contributions		<u>(76,050)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>158,970</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 8. Property and Equipment

Property and equipment consist of the following at December 31, 2019:

Equipment	\$	13,833
Less: Accumulated Depreciation		<u>(13,833)</u>
	\$	<u>-0-</u>

Depreciation expense amounted to \$-0- in 2019.

Note 9. Grants Payable

Grants payable consist of grants awarded but not yet paid. A total of \$1,199,250 is payable by the Organization at December 31, 2019. Of such amount, \$631,250 payable to recipients provided for in past years has been delayed due to delays caused by the grant recipients in meeting his or her requirements under the programs. See note 5, Promises to Give. Grants payable in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 949,250
2021	<u>250,000</u>
Total	<u>\$ 1,199,250</u>

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 10. Commitments

The Organization was leasing its office space on a month to month basis and the monthly rent expense was \$3,223. In 2019 the Organization received in kind contributions in the form of free rent for such office space. See note 6.

Rent expense for the year ended December 31, 2019 was \$38,676.

Note 11. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through April 7, 2020 the date which the financial statements were available to be issued.

As of a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact future contribution revenue. However, any related financial impact and duration cannot be reasonably estimated at this time.

