

American Skin Association, Inc.

Financial Statements

December 31, 2022

(With Prior Year Summarized Comparative Information)

American Skin Association, Inc.

Financial Statements
December 31, 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of American Skin Association, Inc. which comprise the statement of financial position as of December 31, 2022 and the related statement of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Skin Association, Inc. as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Skin Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 American Skin Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 statement.

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 American Skin Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Skin Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited American Skin Association, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 13, 2023

American Skin Association, Inc.

Statement of Financial Position
December 31, 2022

(With Summarized Comparative Information as of December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
ASSETS				
Cash and cash equivalents	\$ 1,202,741	\$ 526,329	\$ 1,729,070	\$ 942,750
Promises to give	13,000	157,000	170,000	265,833
Prepaid expenses and other assets	48,503	30,915	79,418	136,017
Property and equipment, net of allowance for depreciation	-	-	-	-
Total Assets	\$ 1,264,244	\$ 714,244	\$ 1,978,488	\$ 1,344,600
LIABILITIES AND NET ASSETS				
Liabilities				
Grants payable	\$ -	\$ 506,000	\$ 506,000	\$ 590,500
Deferred revenue	-	-	-	155,000
Accrued expenses	70,000	-	70,000	33,870
Total Liabilities	70,000	506,000	576,000	779,370
Net Assets				
Without donor imposed restrictions	1,194,244	-	1,194,244	425,614
With donor imposed restrictions	-	208,244	208,244	139,616
Total Net Assets	1,194,244	208,244	1,402,488	565,230
Total Liabilities and Net Assets	\$ 1,264,244	\$ 714,244	\$ 1,978,488	\$ 1,344,600

See notes to financial statements

American Skin Association, Inc.

Statement of Activities For the Year Ended December 31, 2022 (With Summarized Comparative Information for the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,555,512	\$ 444,628	\$ 2,000,140	\$ 1,112,124
Interest and dividends	140	-	140	212
Government grants	-	-	-	105,200
Satisfaction of time and program restriction	376,000	(376,000)	-	-
Total Support and Revenue	<u>1,931,652</u>	<u>68,628</u>	<u>2,000,280</u>	<u>1,217,536</u>
EXPENSES				
Program Services				
Research	601,178	-	601,178	733,646
Public Education	207,625	-	207,625	249,660
Total Program Services	<u>808,803</u>	<u>-</u>	<u>808,803</u>	<u>983,306</u>
Supporting Services				
Management and General	112,475	-	112,475	93,308
Fundraising	241,744	-	241,744	102,074
Total Supporting Services	<u>354,219</u>	<u>-</u>	<u>354,219</u>	<u>195,382</u>
Total Expenses	<u>1,163,022</u>	<u>-</u>	<u>1,163,022</u>	<u>1,178,688</u>
Changes in Net Assets	768,630	68,628	837,258	38,848
NET ASSETS				
Net Assets, Beginning of Year	<u>425,614</u>	<u>139,616</u>	<u>565,230</u>	<u>526,382</u>
Net Assets, End of Year	<u>\$ 1,194,244</u>	<u>\$ 208,244</u>	<u>\$ 1,402,488</u>	<u>\$ 565,230</u>

See notes to financial statements

American Skin Association, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2022

(With Summarized Comparative Information for the Year Ended December 31, 2021)

	Program Services			Supporting Services			2022 Total	2021 Total
	Research	Public Education	Subtotal	Management and General	Fundraising	Subtotal		
Grants and awards	\$ 376,000	\$ 50,000	\$ 426,000	\$ -	\$ -	\$ -	\$ 426,000	\$ 563,000
Salaries, benefits and taxes	144,268	100,988	245,256	54,101	61,314	115,415	360,671	326,876
Marketing and promotion	4,906	3,434	8,340	1,840	2,085	3,925	12,265	9,653
Travel and meetings	16,849	11,794	28,643	6,318	7,161	13,479	42,122	76,773
Printing and postage	1,205	844	2,049	452	512	964	3,013	7,764
Rent and related items	32,136	22,495	54,631	12,051	13,658	25,709	80,340	66,135
Office expenses	18,608	13,026	31,634	6,978	7,909	14,887	46,521	19,950
Professional fees	-	-	-	15,000	-	15,000	15,000	15,250
Telephone and internet	2,715	1,900	4,615	1,018	1,154	2,172	6,787	5,646
Event expense	-	-	-	-	146,044	146,044	146,044	-
Outside services	-	-	-	13,033	-	13,033	13,033	71,250
Computer expenses	4,491	3,144	7,635	1,684	1,907	3,591	11,226	16,391
Total Expenses Reported by Function on the Statement of Activities, 2022	<u>\$ 601,178</u>	<u>\$ 207,625</u>	<u>\$ 808,803</u>	<u>\$ 112,475</u>	<u>\$ 241,744</u>	<u>\$ 354,219</u>	<u>\$ 1,163,022</u>	<u>\$ 1,178,688</u>
Total Expenses Reported by Function on the Statement of Activities, 2021	<u>\$ 733,646</u>	<u>\$ 249,660</u>	<u>\$ 983,306</u>	<u>\$ 93,308</u>	<u>\$ 102,074</u>	<u>\$ 195,382</u>		

See notes to financial statements

American Skin Association, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2022

(With Summarized Comparative Information for the Year Ended December 31, 2021)

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 837,258	\$ 38,848
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Paycheck Protection Program loan forgiveness	-	(105,200)
Decrease (increase) in:		
Promises to give	95,833	(42,058)
Prepaid expenses and other assets	56,599	12,879
Increase (decrease) in:		
Grants payable	(84,500)	(1,500)
Accrued expenses	36,130	(9,336)
Deferred revenue	(155,000)	155,000
Net Cash Provided by Operating Activities	786,320	48,633
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	52,600
Net Increase in Cash and Cash Equivalents	786,320	101,233
Cash and Cash Equivalents, January 1	942,750	841,517
Cash and Cash Equivalents, December 31	\$ 1,729,070	\$ 942,750
Non-Cash Operating and Financing Activities:		
Cancellation of grant payable	\$ (97,500)	\$ (131,250)
Cancellation of pledge receivable	-	131,250
Forgiveness of the Paycheck Protection Program loan	-	105,200

See notes to financial statements

American Skin Association, Inc.

Statement of Changes in Net Assets
For the Year Ended December 31, 2022

(With Summarized Comparative Information for the Year Ended December 31, 2021)

	Without Donor Imposed Restrictions	With Donor Imposed Restrictions				Totals	
		Atopic Dermatitis	Melanoma/ Other Research	Vitiligo	Psoriasis	2022	2021
Net assets, January 1,	\$ 425,614	\$ -	\$ 11,066	\$ 128,550	\$ -	\$ 565,230	\$ 526,382
Revenue	1,555,652	168,622	68,775	147,231	60,000	2,000,280	1,217,536
Expenses and grants	<u>(787,022)</u>	<u>(150,000)</u>	<u>(77,000)</u>	<u>(89,000)</u>	<u>(60,000)</u>	<u>(1,163,022)</u>	<u>(1,178,688)</u>
Net assets, December 31,	<u>\$ 1,194,244</u>	<u>\$ 18,622</u>	<u>\$ 2,841</u>	<u>\$ 186,781</u>	<u>\$ -</u>	<u>\$ 1,402,488</u>	<u>\$ 565,230</u>

See notes to financial statements

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

1. Significant Accounting Policies

Nature of Operations

Founded in 1987, American Skin Association, Inc. (the "Organization") 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 using the accrual basis of accounting and conform with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets

The Organization reports 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 – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity.

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.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

1. Significant Accounting Policies (continued)

Deferred Revenue

Contributions received for the Gala prior to the event occurring are reflected as deferred revenue on the accompanying statement of financial position.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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. As of December 31, 2022 and 2021 there is no allowance for uncollectible promises receivable.

Property and Equipment

Purchased property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method over an estimated useful life of five years for equipment. There were no donor imposed restrictions on property and equipment as of December 31, 2022 and 2021.

Contributed Services

No amounts have been reflected in the financial statements for donated services. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. 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.

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair value in the period received.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

1. Significant Accounting Policies (continued)

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. Management has determined that the Organization has no uncertain tax positions. Tax years since 2019 remain open to examination.

Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net assets class. As such it does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2021 from which the summarized information was derived.

Allocation of Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. The expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and salaries, benefits and taxes, marketing and promotion, travel and meetings, printing and postage, rent and related items, telephone and internet and office expenses which are allocated on the basis of estimates of time and effort.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents on deposit with financial institutions and promises to give. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2022 and 2021, the Organization's uninsured cash balances on deposit totaled approximately \$1,527,000 and \$152,740, respectively. The Organization has not experienced any losses on its cash accounts.

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

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

2. Restrictions on Net Assets

The Organization's net assets with donor imposed restrictions consists of donations to be used specifically for Atopic Dermatitis, Vitiligo and Melanoma Research. These funds will be disbursed in future periods for the specific programs in which they were intended by the donors. Donor imposed restricted fund balances are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Atopic Dermatitis Research	\$ 18,622	\$ -
Melanoma and Other Research	2,841	11,066
Vitiligo Research	<u>186,781</u>	<u>128,550</u>
	<u>\$ 208,244</u>	<u>\$ 139,616</u>

Net assets released from restriction are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Atopic Dermatitis Research	\$ 150,000	\$ 90,000
Melanoma and Other Research	77,000	328,473
Vitiligo Research	89,000	75,000
Education	-	69,527
Psoriasis	<u>60,000</u>	<u>-</u>
	<u>\$ 376,000</u>	<u>\$ 563,000</u>

3. Promises to Give

Promises to give consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 13,833	\$ 13,833
Less: Accumulated Depreciation	<u>(13,833)</u>	<u>(13,833)</u>
	<u>\$ -</u>	<u>\$ -</u>

Promises to give that are restricted for use have corresponding grant payables. In 2021, the Organization cancelled a grant payable of \$131,250 due to the grantee's continued delay in meeting such grant acceptance requirements. The corresponding promise to give to the Organization for \$131,250 was also cancelled by the Organization and the donor at that time. Such cancellation of the promise to give, and the related grant payable, have been shown on a "net" basis in the accompanying financial statements. See note 7, Grants Payable.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

4. In-kind Contributions

In 2022 and 2021, the Organization received in-kind contributions in the form of free rent for its offices. Such rent was valued at its fair value of \$78,660 and \$66,135 in 2022 and 2021, respectively. Such amount has been included in the accompanying financial statements as contribution revenue and rent expense for the years ended December 31, 2022 and 2021, respectively.

5. Liquidity and Availability of Financial Assets

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

	December 31,	
	2022	2021
Financial Assets:		
Cash and cash equivalents	\$ 1,729,070	\$ 942,750
Promises to give	170,000	265,833
Total Financial Assets	1,899,070	1,208,583
Less: those unavailable for general expenditures within one year, due to:		
Donor restricted grants payable	(560,000)	(590,500)
Donor restricted contributions	(208,244)	(139,616)
Add: restrictions expected to release in the next year	740,244	663,116
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,871,070</u>	<u>\$ 1,141,583</u>

The Organization will rely on future contributions and grants to support its ongoing operations.

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Equipment	\$ 13,833	\$ 13,833
Less: Accumulated Depreciation	(13,833)	(13,833)
	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense amounted to \$-0- in 2022 and 2021.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

7. Grants Payable

Grants payable consist of grants awarded but not yet paid. A total of \$506,000 and \$590,500 was payable by the Organization at December 31, 2022 and 2021, respectively.

In 2022, the Organization cancelled grants payable of \$97,500 due to the grantees continued delay in meeting such grant acceptance requirements. Such funds were restricted for Melanoma and Vitiligo and repurposed for such programs.

See note 3, Promises to Give.

8. Retirement Plan

The Organization maintains a defined contribution pension plan under IRS Code Section 403(B). For the years ended December 31, 2022 and 2021, the Organization contributed 10% of salary for eligible employees.

Contributions totaling \$19,630 and \$25,500 for the years ended December 31, 2022 and 2021, respectively, were made by the Organization, in addition to the elective deferrals made by employees.

9. Commitments and Contingencies

The Organization had leased its office space on a month-to-month basis and the monthly rent expense was \$3,223. In 2022 and 2021, the Organization received in-kind contributions in the form of free rent for such office space.

The Organization entered into a two-year lease agreement for additional office space in May of 2021. In 2022 and 2021, the Organization received in kind contributions of \$3,332 per month in the form of free rent for such office space. This lease was extended in June 2023 for an additional year.

Rent expense for the years ended December 31, 2022 and 2021 was \$80,340 and \$66,135, respectively. See note 4, In-Kind Contributions.

10. Paycheck Protection Program Loan

On April 21, 2020, the Organization received loan proceeds in the amount of \$52,600 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. On February 9, 2021, the Organization received loan proceeds in the amount of \$52,600 under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The PPP loans bear an interest rate of 1% per annum.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2022
(With Summarized Comparative Information for the
Year Ended December 31, 2021)

10. Paycheck Protection Program Loan (*continued*)

The Organization has elected to report the PPP loan proceeds as a conditional grant under requirements contained in Accounting Standards Update 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, the Organization recognizes income as the conditions in the PPP are met. For the year ended December 31, 2021, the Organization recognized \$105,200 of the PPP loan proceeds as government grant income in the statements of activities. The Organization received full forgiveness on July 8, 2021 and October 25, 2021 for its first and second PPP loans, respectively.

11. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 13, 2023, the date which the financial statements were available to be issued.

See 9, Commitments and Contingencies.

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