

AMERICAN SKIN ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

AMERICAN SKIN ASSOCIATION, INC.

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Bonamassa, Maietta & Cartelli, LLP

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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, 2014 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, 2014 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

Bonamassa, Maietta & Cartelli, LLP

March 24, 2015

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2014 TOTAL</u>	<u>2013 TOTAL</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 596,221	\$ 364,913	\$ -	\$ 961,134	\$ 1,026,877
Investments, at market	30,170	-	45,237	75,407	68,563
Pledges receivable					
unrestricted	45,500	-	-	45,500	-
restricted to future periods	-	367,000	-	367,000	592,000
Prepaid expenses	51,600	-	-	51,600	13,472
Furniture & equipment, net of allowance for depreciation	7,885	-	-	7,885	-
TOTAL ASSETS	<u>\$ 731,376</u>	<u>\$ 731,913</u>	<u>\$ 45,237</u>	<u>\$ 1,508,526</u>	<u>\$ 1,700,912</u>
<u>LIABILITIES AND NET ASSETS</u>					
Grants payable	\$ 233,137	\$ 535,863	-	\$ 769,000	\$ 974,000
Accrued expenses	21,100	-	-	21,100	9,328
Deferred revenue	45,500	150,000	-	195,500	225,000
Total liabilities	<u>299,737</u>	<u>685,863</u>	<u>-</u>	<u>985,600</u>	<u>1,208,328</u>
Net assets:					
Unrestricted net assets	\$ 431,639	\$ -	\$ -	\$ 431,639	\$ 376,322
Temporarily restricted net assets	-	46,050	-	46,050	71,025
Permanently restricted net assets	-	-	45,237	45,237	45,237
Total net assets	<u>431,639</u>	<u>46,050</u>	<u>45,237</u>	<u>522,926</u>	<u>492,584</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 731,376</u>	<u>\$ 731,913</u>	<u>\$ 45,237</u>	<u>\$ 1,508,526</u>	<u>\$ 1,700,912</u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT B
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2014 TOTAL	2013 TOTAL
<u>REVENUES</u>					
Public support					
Gifts and grants	\$ 290,611	\$ 2,307,738	\$ -	\$ 2,598,349	\$ 1,764,644
Special events	730,648	-	-	730,648	591,060
(Less: event costs)	(142,935)	-	-	(142,935)	(147,645)
Total public support	<u>878,324</u>	<u>2,307,738</u>	<u>-</u>	<u>3,186,062</u>	<u>2,208,059</u>
Other revenues, gains					
Dividends	1,750	-	-	1,750	1,667
Net realized (losses) gains	50	-	-	50	(11)
Net unrealized gains (losses)	5,139	-	-	5,139	6,592
Grants refunded	82,368	-	-	82,368	58,023
Total other revenues, gains	<u>89,307</u>	<u>-</u>	<u>-</u>	<u>89,307</u>	<u>66,271</u>
Total public support and other revenues	<u>967,631</u>	<u>2,307,738</u>	<u>-</u>	<u>3,275,369</u>	<u>2,274,330</u>
<u>EXPENSES</u>					
Program services:					
Research	398,625	2,295,863	-	2,694,488	1,837,148
Education	247,242	36,850	-	284,092	252,113
Total program services	<u>645,867</u>	<u>2,332,713</u>	<u>-</u>	<u>2,978,580</u>	<u>2,089,261</u>
Supporting services:					
Management and general	92,768	-	-	92,768	115,497
Fundraising	173,679	-	-	173,679	141,549
Total supporting services	<u>266,447</u>	<u>-</u>	<u>-</u>	<u>266,447</u>	<u>257,046</u>
Total program and supporting services	<u>912,314</u>	<u>2,332,713</u>	<u>-</u>	<u>3,245,027</u>	<u>2,346,307</u>
<u>CHANGE IN NET ASSETS</u>	55,317	(24,975)	-	30,342	(71,977)
<u>INTERFUND TRANSFERS</u>	-	-	-	-	-
<u>NET ASSETS, JANUARY 1</u>	<u>376,322</u>	<u>71,025</u>	<u>45,237</u>	<u>492,584</u>	<u>564,561</u>
<u>NET ASSETS, DECEMBER 31</u>	<u>\$ 431,639</u>	<u>\$ 46,050</u>	<u>\$ 45,237</u>	<u>\$ 522,926</u>	<u>\$ 492,584</u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT C
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES			2014 Total	2013 Total
	Research	Education	Subtotal	Management and general	Fundraising	Subtotal		
Grants and awards	\$ 2,531,000	\$ -	\$ 2,531,000	\$ -	\$ -	-	\$ 2,531,000	\$ 1,717,500
Education and other consultants	-	64,622	64,622	-	-	-	64,622	121,965
Salaries, benefits and taxes	96,369	96,368	192,737	46,523	93,046	139,569	332,306	349,199
Marketing and promotion	-	-	-	-	15,830	15,830	15,830	7,766
Travel and transportation	18,725	50,404	69,129	9,040	18,080	27,120	96,249	12,006
Printing and postage	8,181	32,485	40,666	3,949	7,899	11,848	52,514	13,902
Rent and related items	12,759	12,759	25,518	6,160	12,319	18,479	43,997	40,691
Office expenses	13,685	13,685	27,370	6,605	13,212	19,817	47,187	35,049
Legal and accounting	-	-	-	9,900	-	9,900	9,900	9,750
Telephone	1,335	1,336	2,671	645	1,289	1,934	4,605	4,627
Outside service	8,741	8,740	17,481	4,220	8,439	12,659	30,140	32,938
Computer expenses	3,693	3,693	7,386	1,783	3,565	5,348	12,734	914
Depreciation	-	-	-	3,943	-	3,943	3,943	-
Total Expenses, 2014	\$ 2,694,488	\$ 284,092	\$ 2,978,580	\$ 92,768	\$ 173,679	\$ 266,447	\$ 3,245,027	\$ 2,346,307
Total Expenses, 2013	\$ 1,837,148	\$ 252,113	\$ 2,089,261	\$ 115,497	\$ 141,549	\$ 257,046		

See notes to financial statements.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT D
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 30,342
Adjustments to reconcile increase in net assets to net cash used in operating activities	
Net realized gain on investments	(50)
Net unrealized gains on investments	(5,139)
Depreciation	3,943
Decrease (increase) in:	
Pledges receivable	179,500
Prepaid expenses	(38,128)
Increase (decrease) in:	
Grants payable	(205,000)
Accrued expenses	11,772
Deferred revenue	(29,500)
	<hr/>
Net cash used in operating activities	(52,260)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(1,655)
Purchase of furniture and equipment	(11,828)
	<hr/>
Net cash used in investing activities	(13,483)

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (65,743)

CASH AND CASH EQUIVALENTS, January 1 1,026,877

CASH AND CASH EQUIVALENTS, December 31 \$ 961,134

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT E
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>UNRESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>				<u>TEMPORARILY RESTRICTED</u>			<u>TOTALS</u>	
			Psoriasis Endowment	Autoimmune/ Psoriasis	Skin cancer/ Melanoma	Vitiligo	Other Research	Education	2014	2013
Net assets, January 1, 2014	\$ 376,322	\$ 45,237	\$ -	\$ -	\$ 71,025	\$ -	-	\$ 492,584	\$ 564,561	
Revenue	967,631	-	100,193	80,950	50,025	2,039,720	36,850	3,275,369	2,274,330	
Expenses and grants	(912,314)	-	(100,193)	(80,950)	(75,000)	(2,039,720)	(36,850)	(3,245,027)	(2,346,307)	
Net assets, December 31, 2014	<u>\$ 431,639</u>	<u>\$ 45,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,926</u>	<u>\$ 492,584</u>	

See notes to financial statements.

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AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014 have been restricted by the organization's board or donors to be spent as follows:

Research	
Vitiligo	<u>\$ 46,050</u>
	<u>\$ 46,050</u>

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

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.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1. Significant Accounting Policies - continued

Permanently restricted endowment funds at December 31, 2014 have been restricted by the organization's board or donors to be spent as follows:

Psoriasis endowment	<u>\$ 45,237</u>
	<u>\$ 45,237</u>

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.

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.

**AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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:

	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Fixed Income Mutual Funds	\$ 31,735	\$ 34,299	\$ 2,564
Equity and other mutual funds	26,102	41,108	15,006
Total	<u>\$ 57,837</u>	<u>\$ 75,407</u>	<u>\$ 17,570</u>

In 2014, the Association had an unrealized gain of \$5,139 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:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash	\$ 961,134	\$ 961,134
Investments	75,407	75,407
Unconditional promises to give	412,500	412,500

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

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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:

<u>Year</u>	<u>Amount</u>
2015	\$ 337,500
2016	<u>75,000</u>
Total	<u>\$ 412,500</u>

Note 5. Grants Payable

Grants payable consist of grants awarded but not yet paid. Grants payable in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 769,000
	<u>\$ 769,000</u>

Note 6. Deferred Revenue

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

<u>Year</u>	<u>Amount</u>
2015	\$ 120,500
2016	<u>75,000</u>
	<u>\$ 195,500</u>

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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:

<u>Year</u>	<u>Amount</u>
2015	38,676
2016	9,669
Total	<u>\$ 48,345</u>

Rent expense for the year ended December 31, 2014 was \$ 43,997.