

AMERICAN SKIN ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

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, 2015 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, 2015 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

April 1, 2016

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2015 TOTAL	2014 TOTAL
<u>ASSETS</u>					
Cash and cash equivalents	\$ 531,544	\$ 284,050	\$ -	\$ 815,594	\$ 961,134
Investments, at market	78,979	-	45,237	124,216	75,407
Pledges receivable					
unrestricted	106,645	-	-	106,645	45,500
restricted to future periods	-	232,000	-	232,000	367,000
Prepaid expenses	51,885	-	-	51,885	51,600
Furniture & equipment, net of allowance for depreciation	5,279	-	-	5,279	7,885
TOTAL ASSETS	\$ 774,332	\$ 516,050	\$ 45,237	\$ 1,335,619	\$ 1,508,526
<u>LIABILITIES AND NET ASSETS</u>					
Grants payable	\$ 334,000	\$ 390,000	-	\$ 724,000	\$ 769,000
Accrued expenses	19,925	-	-	19,925	21,100
Deferred revenue	-	75,000	-	75,000	195,500
Total liabilities	353,925	465,000	-	818,925	985,600
Net assets:					
Unrestricted net assets	\$ 420,407	\$ -	\$ -	\$ 420,407	\$ 431,639
Temporarily restricted net assets	-	51,050	-	51,050	46,050
Permanently restricted net assets	-	-	45,237	45,237	45,237
Total net assets	420,407	51,050	45,237	516,694	522,926
TOTAL LIABILITIES AND NET ASSETS	\$ 774,332	\$ 516,050	\$ 45,237	\$ 1,335,619	\$ 1,508,526

See notes to financial statements

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AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT B
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2015 TOTAL</u>	<u>2014 TOTAL</u>
<u>REVENUES</u>					
Public support					
Gifts and grants	\$ 286,072	\$ 277,928	\$ -	\$ 564,000	\$ 2,598,349
Special events	749,272	-	-	749,272	730,648
(Less: event costs)	(164,468)	-	-	(164,468)	(142,935)
Total public support	<u>870,876</u>	<u>277,928</u>	<u>-</u>	<u>1,148,804</u>	<u>3,186,062</u>
Other revenues, gains					
Dividends	2,065	-	-	2,065	1,750
Net realized gains	33	-	-	33	50
Net unrealized (losses) gains	(1,044)	-	-	(1,044)	5,139
Grants refunded	18,246	-	-	18,246	82,368
Total other revenues, gains	<u>19,300</u>	<u>-</u>	<u>-</u>	<u>19,300</u>	<u>89,307</u>
Total public support and other revenues	<u>890,176</u>	<u>277,928</u>	<u>-</u>	<u>1,168,104</u>	<u>3,275,369</u>
<u>EXPENSES</u>					
Program services:					
Research	432,399	262,928	-	695,327	2,694,488
Education	191,360	10,000	-	201,360	284,092
Total program services	<u>623,759</u>	<u>272,928</u>	<u>-</u>	<u>896,687</u>	<u>2,978,580</u>
Supporting services:					
Management and general	99,792	-	-	99,792	92,768
Fundraising	177,857	-	-	177,857	173,679
Total supporting services	<u>277,649</u>	<u>-</u>	<u>-</u>	<u>277,649</u>	<u>266,447</u>
Total program and supporting services	<u>901,408</u>	<u>272,928</u>	<u>-</u>	<u>1,174,336</u>	<u>3,245,027</u>
<u>CHANGE IN NET ASSETS</u>	(11,232)	5,000	-	(6,232)	30,342
<u>INTERFUND TRANSFERS</u>	-	-	-	-	-
<u>NET ASSETS, JANUARY 1</u>	<u>431,639</u>	<u>46,050</u>	<u>45,237</u>	<u>522,926</u>	<u>492,584</u>
<u>NET ASSETS, DECEMBER 31</u>	<u>\$ 420,407</u>	<u>\$ 51,050</u>	<u>\$ 45,237</u>	<u>\$ 516,694</u>	<u>\$ 522,926</u>

See notes to financial statements

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AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT C
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>2015</u>	<u>2014</u>
	<u>Research</u>	<u>Education</u>	<u>Subtotal</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Subtotal</u>	<u>Total</u>	<u>Total</u>
Grants and awards	\$ 516,000	\$ -	\$ 516,000	\$ -	\$ -	-	\$ 516,000	\$ 2,531,000
Education and other consultants	-	-	-	-	-	-	-	64,622
Salaries, benefits and taxes	101,429	101,429	202,858	48,966	97,933	146,899	349,757	332,306
Marketing and promotion	3,675	-	3,675	-	13,995	13,995	17,670	15,830
Travel and meetings	18,512	36,594	55,106	6,069	12,138	18,207	73,313	96,249
Printing and postage	7,616	12,224	19,840	3,677	7,355	11,032	30,872	52,514
Rent and related items	13,089	13,089	26,178	6,319	12,636	18,955	45,133	43,997
Office expenses	11,012	14,030	25,042	5,316	10,634	15,950	40,992	47,187
Legal and accounting	-	-	-	13,250	-	13,250	13,250	9,900
Telephone	1,520	1,520	3,040	734	1,467	2,201	5,241	4,605
Outside services	13,946	13,946	27,892	6,733	13,465	20,198	48,090	30,140
Computer expenses	8,528	8,528	17,056	4,117	8,234	12,351	29,407	12,734
Depreciation	-	-	-	4,611	-	4,611	4,611	3,943
Total Expenses, 2015	<u>\$ 695,327</u>	<u>\$ 201,360</u>	<u>\$ 896,687</u>	<u>\$ 99,792</u>	<u>\$ 177,857</u>	<u>\$ 277,649</u>	<u>\$ 1,174,336</u>	<u>\$ 3,245,027</u>
Total Expenses, 2014	<u>\$ 2,644,488</u>	<u>\$ 284,002</u>	<u>\$2,978,580</u>	<u>\$ 92,768</u>	<u>\$ 173,679</u>	<u>\$ 266,447</u>		

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (6,232)
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Net realized gain on investments	(33)
Net unrealized gains on investments	1,044
Depreciation	4,611
Contributions of marketable securities	(48,112)
Decrease (increase) in:	
Pledges receivable	73,855
Prepaid expenses	(285)
Increase (decrease) in:	
Grants payable	(45,000)
Accrued expenses	(1,175)
Deferred revenue	<u>(120,500)</u>
Net cash used in operating activities	<u>(141,827)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(1,708)
Purchase of furniture and equipment	<u>(2,005)</u>
Net cash used in investing activities	<u>(3,713)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(145,540)
CASH AND CASH EQUIVALENTS, January 1	<u>961,134</u>
CASH AND CASH EQUIVALENTS, December 31	<u><u>\$ 815,594</u></u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT E
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	UNRESTRICTED	PERMANENTLY RESTRICTED			TEMPORARILY RESTRICTED			TOTALS	
		Psoriasis Endowment	Autoimmune/ Psoriasis	Skin cancer/ Melanoma	Vitiligo	Other Research	Education	2015	2014
Net assets, January 1, 2015	\$ 431,639	\$ 45,237	\$ -	\$ -	\$ 46,050	\$ -	-	\$ 522,926	\$ 492,584
Revenue	890,176	-	100,928	61,000	65,000	41,000	10,000	1,168,104	3,275,369
Expenses and grants	(901,408)	-	(100,928)	(61,000)	(60,000)	(41,000)	(10,000)	(1,174,336)	(3,245,027)
Net assets, December 31, 2015	<u>\$ 420,407</u>	<u>\$ 45,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,694</u>	<u>\$ 522,926</u>

See notes to financial statements.

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AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015 have been restricted by the organization's board or donors to be spent as follows:

Research	
Vitiligo	<u>\$ 51,050</u>
	<u>\$ 51,050</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, 2015

Note 1. Significant Accounting Policies - continued

Permanently restricted endowment funds at December 31, 2015 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>

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.

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.

**AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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	\$ 32,611	\$ 34,435	\$ 1,824
Equity and other mutual funds	26,967	41,669	14,702
Common Stocks	48,112	48,112	-
Total	<u>\$ 107,690</u>	<u>\$ 124,216</u>	<u>\$ 16,526</u>

In 2015, the Association had an unrealized loss of \$1,044 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	\$ 815,594	\$ 815,594
Investments	124,216	124,216
Unconditional promises to give	338,645	338,645

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.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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>
2016	<u>\$ 338,645</u>
Total	<u>\$ 338,645</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>
2016	<u>\$ 724,000</u>
	<u>\$ 724,000</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>
2016	<u>\$ 75,000</u>
	<u>\$ 75,000</u>

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>
2016	<u>9,669</u>
Total	<u>\$ 9,669</u>

Rent expense for the year ended December 31, 2015 was \$ 45,133.

Note 8. Subsequent Event

On March 31, 2016 the Organization extended its lease for a one year period through March 31, 2017. The monthly rental payments will continue at \$3,223 per month during the renewal period.