

**AMERICAN SKIN ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**Bonamassa, Maletta & Cartelli, LLP**  
Certified Public Accountants

**AMERICAN SKIN ASSOCIATION, INC.**

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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, 2017 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, 2017 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.

*Bonamassa, Maietta & Cartelli, LLP*

Bonamassa, Maietta & Cartelli, LLP  
Certified Public Accountants

March 19, 2018

**AMERICAN SKIN ASSOCIATION, INC.**  
**EXHIBIT A**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

	UNRESTRICTED	TEMPORARILY RESTRICTED	2017 TOTAL	2016 TOTAL
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 468,444	\$ 372,387	\$ 840,831	\$ 822,213
Investments, at market	25,602	-	25,602	81,968
Pledges receivable				
unrestricted	94,205	-	94,205	20,933
restricted to future periods	-	131,250	131,250	294,500
Prepaid expenses	88,166	-	88,166	74,442
Furniture & equipment, net of allowance for depreciation	-	-	-	668
<b>TOTAL ASSETS</b>	<b>\$ 676,417</b>	<b>\$ 503,637</b>	<b>\$ 1,180,054</b>	<b>\$ 1,294,724</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Grants payable	\$ 27,663	\$ 407,587	\$ 435,250	\$ 738,500
Accrued expenses	9,800	-	9,800	11,917
<b>Total liabilities</b>	<b>37,463</b>	<b>407,587</b>	<b>445,050</b>	<b>750,417</b>
Net assets:				
Unrestricted net assets	\$ 638,954	\$ -	\$ 638,954	\$ 393,020
Temporarily restricted net assets	-	96,050	96,050	106,050
Permanently restricted net assets	-	-	-	45,237
<b>Total net assets</b>	<b>638,954</b>	<b>96,050</b>	<b>735,004</b>	<b>544,307</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 676,417</b>	<b>\$ 503,637</b>	<b>\$ 1,180,054</b>	<b>\$ 1,294,724</b>

See notes to financial statements

**AMERICAN SKIN ASSOCIATION, INC.**  
**EXHIBIT B**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2017 TOTAL	2016 TOTAL
<b>REVENUES</b>					
Public support					
Gifts and grants	\$ 504,771	\$ 224,600	\$ -	\$ 729,371	\$ 1,001,585
Special events	520,045	-	-	520,045	563,048
(Less: event costs)	(149,249)	-	-	(149,249)	(147,472)
Total public support	<u>875,567</u>	<u>224,600</u>	<u>-</u>	<u>1,100,167</u>	<u>1,417,161</u>
Other revenues, gains					
Dividends	5,763	-	-	5,763	4,335
Net realized gains (losses)	27,622	-	-	27,622	(482)
Net unrealized (losses) gains	(20,577)	-	-	(20,577)	4,052
Grants refunded	38,502	-	-	38,502	8,461
Total other revenues, gains	<u>51,310</u>	<u>-</u>	<u>-</u>	<u>51,310</u>	<u>16,366</u>
Total public support and other revenues	<u>926,877</u>	<u>224,600</u>	<u>-</u>	<u>1,151,477</u>	<u>1,433,527</u>
<b>EXPENSES</b>					
Program services:					
Research	237,904	276,337	-	514,241	970,818
Education	201,783	3,500	-	205,283	188,584
Total program services	<u>439,687</u>	<u>279,837</u>	<u>-</u>	<u>719,524</u>	<u>1,159,402</u>
Supporting services:					
Management and general	92,467	-	-	92,467	88,535
Fundraising	148,789	-	-	148,789	157,977
Total supporting services	<u>241,256</u>	<u>-</u>	<u>-</u>	<u>241,256</u>	<u>246,512</u>
Total program and supporting services	<u>680,943</u>	<u>279,837</u>	<u>-</u>	<u>960,780</u>	<u>1,405,914</u>
<b>CHANGE IN NET ASSETS</b>	<u>245,934</u>	<u>(55,237)</u>	<u>-</u>	<u>190,697</u>	<u>27,613</u>
<b>NET ASSETS, JANUARY 1</b>	<u>393,020</u>	<u>106,050</u>	<u>45,237</u>	<u>544,307</u>	<u>516,694</u>
Interfund transfer	-	45,237	(45,237)	-	-
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 638,954</u>	<u>\$ 96,050</u>	<u>\$ -</u>	<u>\$ 735,004</u>	<u>\$ 544,307</u>

See notes to financial statements

**AMERICAN SKIN ASSOCIATION, INC.**  
**EXHIBIT C**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			2017	2016
	Research	Education	Subtotal	Management and general	Fundraising	Subtotal	Total	Total
Grants and awards	\$ 310,500	\$ -	\$ 310,500	\$ -	\$ -	\$ -	\$ 310,500	\$ 796,000
Salaries, benefits and taxes	131,549	115,604	247,153	51,823	99,659	151,482	398,635	338,512
Marketing and promotion	4,376	3,845	8,221	1,724	3,315	5,039	13,260	27,928
Travel and meetings	26,585	49,601	76,186	7,582	14,580	22,162	98,348	63,762
Printing and postage	3,116	2,738	5,854	1,228	2,361	3,589	9,443	26,726
Rent and related items	13,907	12,221	26,128	5,478	10,535	16,013	42,141	50,993
Office expenses	6,856	6,025	12,881	2,701	5,194	7,895	20,776	29,838
Legal and accounting	-	-	-	14,428	-	14,428	14,428	10,525
Telephone	1,289	1,133	2,422	508	976	1,484	3,906	5,732
Outside services	8,774	7,710	16,484	3,456	6,647	10,103	26,587	27,674
Computer expenses	7,289	6,406	13,695	2,871	5,522	8,393	22,088	23,614
Depreciation	-	-	-	668	-	668	668	4,610
<b>Total Expenses, 2017</b>	<b>\$ 514,241</b>	<b>\$ 205,283</b>	<b>\$ 719,524</b>	<b>\$ 92,467</b>	<b>\$ 148,789</b>	<b>\$ 241,256</b>	<b>\$ 960,780</b>	<b>\$ 1,405,914</b>
<b>Total Expenses, 2016</b>	<b>\$ 970,818</b>	<b>\$ 188,584</b>	<b>\$1,159,402</b>	<b>\$ 88,535</b>	<b>\$ 157,977</b>	<b>\$ 246,512</b>		

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, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase in net assets	\$ 190,697
Adjustments to reconcile increase in net assets to net cash used in operating activities	
Net realized gain on investments	(27,622)
Net unrealized loss on investments	20,577
Depreciation	668
Contribution of marketable securities	(25,600)
Decrease (increase) in:	
Pledges receivable	89,978
Prepaid expenses	(13,724)
Increase (decrease) in:	
Grants payable	(303,250)
Accrued expenses	<u>(2,117)</u>
Net cash used in operating activities	<u>(70,393)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sale of investments	90,471
Purchase of investments	<u>(1,460)</u>
Net cash provided by investing activities	<u>89,011</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 18,618

CASH AND CASH EQUIVALENTS, January 1 822,213

CASH AND CASH EQUIVALENTS, December 31 \$ 840,831

See notes to financial statements



**AMERICAN SKIN ASSOCIATION, INC.**  
**EXHIBIT E**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	2017	2016
Net assets, January 1, 2017	\$ 393,020	\$ 45,237	-	\$ -	\$ 106,050	\$ -	\$ -	\$ 544,307	\$ 516,694	
Revenue	926,877	-	25,600	-	65,000	130,500	3,500	1,151,477	1,433,527	
Interfund transfer	-	(45,237)	45,237	-	-	-	-	-	-	
Expenses and grants	(680,943)	-	(70,837)	-	(75,000)	(130,500)	(3,500)	(960,780)	(1,405,914)	
Net assets, December 31, 2017	<u>\$ 638,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735,004</u>	<u>\$ 544,307</u>	

See notes to financial statements.

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**AMERICAN SKIN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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, 2017 have been restricted by the organization's board or donors to be spent as follows:

Vitiligo	\$ 96,050
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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.

In 2017 the board of directors of the organization adopted a resolution which called for the removal of any past permanent restriction on the Psoriasis Endowment in that the original intent of the contribution was that it not be held as an endowment but simply maintained as temporarily restricted for the specified purpose.

**AMERICAN SKIN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

Note 1. Significant Accounting Policies - continued

Permanently restricted endowment funds at December 31, 2016 had 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, 2017**

Note 2. Investments

Investments at December 31, 2017 consist of stock traded on a national stock exchange of which its cost approximates its fair market value of \$25,602.

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	\$ 840,831	\$ 840,831
Investments	25,602	25,602
Unconditional promises to give	225,455	225,455

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 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>
2018	<u>\$ 225,455</u>
Total	<u>\$ 225,455</u>

**AMERICAN SKIN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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>
2018	\$ 435,250
Total	<u>\$ 435,250</u>

Note 6. Commitments

In 2011, the Organization entered into a lease for office space which called for monthly rental payments of \$3,223 plus additional costs passed through for real estate taxes and operational expenses. The lease expired on March 31, 2017.

The organization is now leasing its office space on a month to month basis and the current monthly rent expense is \$3,223.

Rent expense for the year ended December 31, 2017 was \$42,141.