

AMERICAN SKIN ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

With Prior Year Summarized Comparative Information

AMERICAN SKIN ASSOCIATION, INC.

TABLE OF CONTENTS

Independent Auditors' Report.

Exhibit "A" - Statement of Financial Position
As of December 31, 2018.

Exhibit "B" - Statement of Activities
For the Year Ended December 31, 2018.

Exhibit "C" - Statement of Functional Expenses
For the Year Ended December 31, 2018.

Exhibit "D" - Statement of Cash Flows
For the Year Ended December 31, 2018.

Exhibit "E" - Statement of Changes in Net Assets
For the Year Ended December 31, 2018.

Notes to Financial Statements.

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, 2018 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, 2018 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

March 21, 2019

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

(With Summarized Comparative Information for the Year Ended December 31, 2017)

	WITHOUT DONOR IMPOSED RESTRICTIONS	DONOR IMPOSED RESTRICTIONS	2018 TOTAL	2017 TOTAL
ASSETS				
Cash and cash equivalents	\$ 33,091	\$ 499,614	\$ 532,705	\$ 840,831
Investments, at market	26,971	-	26,971	25,602
Promises to give				
without donor restrictions	51,378	-	51,378	94,205
with donor restrictions	-	700,375	700,375	131,250
Prepaid expenses	70,944	-	70,944	88,166
Property & equipment, net of allowance for depreciation	-	-	-	-
TOTAL ASSETS	\$ 182,384	\$ 1,199,989	\$ 1,382,373	\$ 1,180,054
LIABILITIES AND NET ASSETS				
Grants payable	\$ 128,811	\$ 1,113,939	\$ 1,242,750	\$ 435,250
Accrued expenses	16,591	-	16,591	9,800
Total liabilities	145,402	1,113,939	1,259,341	445,050
Net assets:				
Without donor imposed restrictions	\$ 36,982	\$ -	\$ 36,982	\$ 638,954
With donor imposed restrictions	-	86,050	86,050	96,050
Total net assets	36,982	86,050	123,032	735,004
TOTAL LIABILITIES AND NET ASSETS	\$ 182,384	\$ 1,199,989	\$ 1,382,373	\$ 1,180,054

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT B
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	WITHOUT DONOR IMPOSED RESTRICTIONS	DONOR IMPOSED RESTRICTIONS	2018 TOTAL	2017 TOTAL
REVENUES				
Public support				
Gifts and grants	\$ 319,501	\$ 978,214	\$ 1,297,715	\$ 729,371
Special events	398,803	-	398,803	520,045
(Less: event costs)	(154,853)	-	(154,853)	(149,249)
Total public support	<u>563,451</u>	<u>978,214</u>	<u>1,541,665</u>	<u>1,100,167</u>
Other revenues, gains				
Dividends	11,477	-	11,477	5,763
Net realized gains	-	-	-	27,622
Net unrealized gains (losses)	1,432	-	1,432	(20,577)
Grants refunded	1,304	-	1,304	38,502
Total other revenues, gains	<u>14,213</u>	<u>-</u>	<u>14,213</u>	<u>51,310</u>
Total public support and other revenues	<u>577,664</u>	<u>978,214</u>	<u>1,555,878</u>	<u>1,151,477</u>
EXPENSES				
Program services:				
Research	729,051	982,689	1,711,740	514,241
Education	196,043	5,525	201,568	205,283
Total program services	<u>925,094</u>	<u>988,214</u>	<u>1,913,308</u>	<u>719,524</u>
Supporting services:				
Management and general	93,264	-	93,264	92,467
Fundraising	161,278	-	161,278	148,789
Total supporting services	<u>254,542</u>	<u>-</u>	<u>254,542</u>	<u>241,256</u>
Total program and supporting services	<u>1,179,636</u>	<u>988,214</u>	<u>2,167,850</u>	<u>960,780</u>
CHANGE IN NET ASSETS	<u>(601,972)</u>	<u>(10,000)</u>	<u>(611,972)</u>	<u>190,697</u>
NET ASSETS, JANUARY 1	<u>638,954</u>	<u>96,050</u>	<u>735,004</u>	<u>544,307</u>
NET ASSETS, DECEMBER 31	<u>\$ 36,982</u>	<u>\$ 86,050</u>	<u>\$ 123,032</u>	<u>\$ 735,004</u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT C
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	PROGRAM SERVICES			SUPPORTING SERVICES			2018 Total	2017 Total
	Research	Education	Subtotal	Management and general	Fundraising	Subtotal		
Grants and awards	\$ 1,495,500	\$ -	\$ 1,495,500	\$ -	\$ -	\$ -	\$ 1,495,500	\$ 310,500
Salaries, benefits and taxes	137,241	116,447	253,688	54,065	108,129	162,194	415,882	398,635
Marketing and promotion	11,041	9,368	20,409	4,350	8,699	13,049	33,458	13,260
Travel and meetings	27,104	41,088	68,192	6,131	12,261	18,392	86,584	98,348
Printing and postage	2,042	1,733	3,775	805	1,609	2,414	6,189	9,443
Rent and related items	12,763	10,829	23,592	5,028	10,056	15,084	38,676	42,141
Office expenses	8,843	7,504	16,347	3,483	6,968	10,451	26,798	20,776
Legal and accounting	-	-	-	12,625	-	12,625	12,625	14,428
Telephone	462	392	854	182	364	546	1,400	3,906
Outside services	10,233	8,682	18,915	4,031	8,062	12,093	31,008	26,587
Computer expenses	6,511	5,525	12,036	2,564	5,130	7,694	19,730	22,088
Depreciation	-	-	-	-	-	-	-	668
Total Expenses, 2018	\$ 1,711,740	\$ 201,568	\$ 1,913,308	\$ 93,264	\$ 161,278	\$ 254,542	\$ 2,167,850	\$ 960,780
Total Expenses, 2017	\$ 514,241	\$ 205,283	\$ 719,524	\$ 92,467	\$ 148,789	\$ 241,256		

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (611,972)
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Net unrealized gain on investments	(1,432)
Contribution of marketable securities	(25,539)
Decrease (increase) in:	
Pledges receivable	(526,298)
Prepaid expenses	17,222
Increase (decrease) in:	
Grants payable	807,500
Accrued expenses	<u>6,791</u>
Net cash used in operating activities	<u>(333,728)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	<u>25,602</u>
Net cash provided by investing activities	<u>25,602</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (308,126)

CASH AND CASH EQUIVALENTS, January 1 840,831

CASH AND CASH EQUIVALENTS, December 31 \$ 532,705

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.
EXHIBIT E
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	WITHOUT DONOR IMPOSED RESTRICTIONS	DONOR IMPOSED RESTRICTIONS					TOTALS	
		Autoimmune/ Psoriasis	Skin cancer/ Melanoma	Vitiligo	Other Research	Education	2018	2017
Net assets, January 1, 2018	\$ 638,954	-	\$ -	\$ 96,050	\$ -	\$ -	\$ 735,004	\$ 544,307
Revenue	577,664	25,539	60,000	65,000	822,150	5,525	1,555,878	1,151,477
Expenses and grants	(1,179,636)	(25,539)	(60,000)	(75,000)	(822,150)	(5,525)	(2,167,850)	(960,780)
Net assets, December 31, 2018	<u>\$ 36,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,032</u>	<u>\$ 735,004</u>

See notes to financial statements.

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 effective December 31, 2018, 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, 2018

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, 2018.

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, 2017 from which the summarized information was derived.

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018 is \$86,050 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, 2018 consist of stock traded on a national stock exchange of which its cost approximates its fair market value of \$26,971.

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	\$ 532,705	\$ 532,705
Investments	26,971	26,971
Unconditional promises to give	751,753	751,753

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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. Amounts receivable in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 501,753
2020	<u>250,000</u>
Total	<u>\$ 751,753</u>

Note 6. 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.

	<u>2018</u>
Financial assets at year-end	\$ 1,311,429
Less those unavailable for general expenditures within one year, due to:	
Donor restricted grants payable	(1,113,939)
Donor restricted contributions	<u>(86,050)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 111,440</u>

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

AMERICAN SKIN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 7. Property and Equipment

Property and equipment consist of the following at December 31, 2018:

	<u>2018</u>
Equipment	\$ 13,833
Less: Accumulated Depreciation	<u>(13,833)</u>
	\$ <u>-0-</u>

Depreciation expense amounted to \$-0- in 2018.

Note 8. 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>
2019	\$ 992,750
2020	<u>250,000</u>
Total	<u>\$ 1,242,750</u>

Note 9. 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, 2018 was \$38,676.

Note 10. Evaluation of Subsequent Events

The organization has evaluated subsequent events through March 21, 2019 the date which the financial statements were available to be issued.