

AMERICAN SKIN ASSOCIATION, INC.

Financial Statements

December 31, 2021

With Prior Year Summarized Comparative Information

AMERICAN SKIN ASSOCIATION, INC.

Financial Statements December 31, 2021

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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 statements of financial position as of December 31, 2021 and the related statements 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, 2021 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 statements.

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

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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 April 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

New York, New York

November 15, 2022

AMERICAN SKIN ASSOCIATION, INC.

Statement of Financial Position
December 31, 2021
(With Summarized Comparative Information as of December 31, 2020)

	WITHOUT DONOR IMPOSED RESTRICTIONS	WITH DONOR IMPOSED RESTRICTIONS	2021 TOTAL	2020 TOTAL
ASSETS				
Cash and cash equivalents	\$ 336,450	\$ 606,300	\$ 942,750	\$ 841,517
Promises to give	157,333	108,500	265,833	355,025
Prepaid expenses and other assets	120,701	15,316	136,017	148,896
Property and equipment, net of allowance for depreciation	-	-	-	-
Total Assets	\$ 614,484	\$ 730,116	\$ 1,344,600	\$ 1,345,438
LIABILITIES AND NET ASSETS				
Liabilities				
Grants payable	\$ -	\$ 590,500	\$ 590,500	\$ 723,250
Deferred revenue	155,000	-	155,000	-
Accrued expenses	33,870	-	33,870	43,206
Paycheck Protection Program Loan	-	-	-	52,600
Total Liabilities	188,870	590,500	779,370	819,056
Net assets:				
Without donor imposed restrictions	425,614	-	425,614	394,832
With donor imposed restrictions	-	139,616	139,616	131,550
Total Net Assets	425,614	139,616	565,230	526,382
Total Liabilities and Net Assets	\$ 614,484	\$ 730,116	\$ 1,344,600	\$ 1,345,438

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.

Statement of Activities
For the Year ended December 31, 2021
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	2021	2020
Changes in Net Assets Without Donor Restrictions		
SUPPORT AND REVENUE		
Gifts and grants	\$ 541,058	\$ 411,880
Special events	-	522,055
Less: events costs	-	(43,777)
Interest and dividends	212	2,197
Government grants	105,200	-
Grants refunded	-	16,312
Other revenue	-	2,000
	646,470	910,667
Net assets released from restrictions		
Satisfaction of time and program restrictions	563,000	339,000
	1,209,470	1,249,667
EXPENSES		
Program Services		
Research	733,646	515,664
Public Education	249,660	164,073
Total Program Services	983,306	679,737
Supporting Services		
Management and General	93,308	77,668
Fundraising	102,074	129,035
Total Supporting Services	195,382	206,703
Total Expenses	1,178,688	886,440
Increase in Net Assets without donor restrictions	30,782	363,227
Changes in Net Assets With Donor Restrictions		
Contributions and grants refunded	571,066	394,500
Net Assets released from restrictions	(563,000)	(339,000)
Increase in Net Assets with donor restrictions	8,066	55,500
Increase in net assets	38,848	418,727
Net assets, Beginning of Year	526,382	107,655
Net Assets, End of Year	\$ 565,230	\$ 526,382

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.

Statement of Functional Expenses
For the Year ended December 31, 2021
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	PROGRAM SERVICES			SUPPORTING SERVICES			2021 Total	2020 Total
	Research	Education	Subtotal	Management and general	Fundraising	Subtotal		
Grants and awards	\$ 493,473	\$ 69,527	\$ 563,000	\$ -	\$ -	\$ -	\$ 563,000	\$ 377,000
Salaries, benefits and taxes	130,750	98,063	228,813	42,494	55,569	98,063	326,876	329,230
Marketing and promotion	3,861	2,896	6,757	1,255	1,641	2,896	9,653	4,820
Travel and meetings	30,709	23,032	53,741	9,980	13,052	23,032	76,773	16,799
Printing and postage	3,106	2,329	5,435	1,009	1,320	2,329	7,764	3,805
Rent and related items	26,453	19,841	46,294	8,598	11,243	19,841	66,135	38,676
Office expenses	7,980	5,985	13,965	2,594	3,391	5,985	19,950	21,699
Professional fees	-	-	-	15,250	-	15,250	15,250	13,150
Telephone and internet	2,258	1,694	3,952	734	960	1,694	5,646	6,323
Outside services	28,500	21,375	49,875	9,263	12,112	21,375	71,250	62,259
Computer expenses	6,556	4,918	11,474	2,131	2,786	4,917	16,391	12,679
Total Expenses, 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>	<u>\$ 1,178,688</u>	<u>\$ 886,440</u>
Total Expenses, 2020	<u>\$ 515,664</u>	<u>\$ 164,073</u>	<u>\$ 679,737</u>	<u>\$ 77,668</u>	<u>\$ 129,035</u>	<u>\$ 206,703</u>		

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.

Statement of Changes in Net Assets
For the Year ended December 31, 2021
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	WITHOUT DONOR IMPOSED RESTRICTIONS			WITH DONOR IMPOSED RESTRICTIONS		TOTALS	
		Atopic Dermatitis	Melanoma/ Other Research	Vitiligo	Education	2021	2020
Net assets, January 1,	\$ 394,832	\$ -	\$ 10,500	\$ 121,050	\$ -	\$ 526,382	\$ 107,655
Revenue	646,470	90,000	329,039	82,500	69,527	1,217,536	1,305,167
Expenses and grants	<u>(615,688)</u>	<u>(90,000)</u>	<u>(328,473)</u>	<u>(75,000)</u>	<u>(69,527)</u>	<u>(1,178,688)</u>	<u>(886,440)</u>
Net assets, December 31,	<u>\$ 425,614</u>	<u>\$ -</u>	<u>\$ 11,066</u>	<u>\$ 128,550</u>	<u>\$ -</u>	<u>\$ 565,230</u>	<u>\$ 526,382</u>

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.

Statement of Cash Flows
For the Year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 38,848
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Paycheck Protection Program loan forgiveness	(105,200)
Decrease (increase) in:	
Promises to give	(42,058)
Prepaid expenses	12,879
Increase (decrease) in:	
Grants payable	(1,500)
Accrued expenses	(9,336)
Deferred revenue	155,000
	<hr/>
Net cash provided by operating activities	48,633

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Paycheck Protection Program loan	<hr/> 52,600
Net cash provided by financing activities	<hr/> 52,600

NET INCREASE IN CASH AND CASH EQUIVALENTS 101,233

CASH AND CASH EQUIVALENTS, January 1

841,517

CASH AND CASH EQUIVALENTS, December 31

\$ 942,750

Non Cash Items:

Cancellation of pledge receivable	\$ 131,250
Cancellation of grant payable	(131,250)
Forgiveness of the Paycheck Protection Program loan	\$ 105,200

See notes to financial statements

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements
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. The Organization invests in US Treasury Bills with initial maturities of three months or less. Such investments are classified as cash equivalents.

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements
December 31, 2021

1. **Significant Accounting Policies (continued)**

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. As of December 31, 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, 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.

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 2018 remain open to examination.

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements
December 31, 2021

1. Significant Accounting Policies (continued)

Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net assets class and 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 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, 2020 from which the summarized information was derived.

Allocation of Functional Expenses

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.

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.

2. Restrictions on Net Assets

The Organization's net assets with donor imposed restrictions as of December 31, 2021 consists of donations to be used specifically for Vitiligo and Melanoma Research. These funds will be disbursed in future periods for the specific programs in which they were intended by the donors. As of December 31, 2021, such donor imposed restricted fund balances are as follows:

Vitiligo Research	\$ 128,550
Melanoma and Other Research	<u>11,066</u>
	<u>\$ 139,616</u>

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements December 31, 2021

3. Promises to Give

Promises to give consist of the following as of December 31, 2021:

Amounts due in:	
Less than one year	\$ 198,833
One to five years	<u>67,000</u>
	<u>\$ 265,833</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.

4. Deferred Revenue

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

5. In kind Contributions

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

6. 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.

Financial assets at year-end:	
Cash and cash equivalents	\$ 942,750
Promises to give	265,833
Less those unavailable for general expenditures within one year, due to:	
Donor restricted grants payable	(590,500)
Donor restricted contributions	<u>(139,166)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 478,917</u>

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements
December 31, 2021

7. Property and Equipment

Property and equipment consist of the following at December 31, 2021:

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

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

8. Grants Payable

Grants payable consist of grants awarded but not yet paid. A total of \$590,550 is payable by the Organization at December 31, 2021. See note 3, Promises to Give

9. Retirement Plan

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

Contributions totaling \$25,500 for the year ended December 31, 2021 were made by the Organization, in addition to the elective deferrals made by employees.

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.

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 years 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.

AMERICAN SKIN ASSOCIATION, INC.

Notes To Financial Statements
December 31, 2021

11. 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 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 2021, the Organization received in kind contributions of \$3,332 in the form of free rent for such office space.

Rent expense for the year ended December 31, 2021 was \$66,135. See note 4, In-Kind Contributions.

The Organization's operations and financial performance may be affected by the COVID-19 outbreak, which has spread globally and has adversely affected economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as a decline in revenue activities. The outbreak may adversely affect the Organization's operations, financial conditions, and results of operation on the interim basis. Management is currently unable to estimate the financial impact, if any, related to this matter.

12. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 15, 2022 the date which the financial statements were available to be issued.
