

American Skin Association, Inc.

Financial Statements

December 31, 2023

(With Prior Year Summarized Comparative Information)

American Skin Association, Inc.

Financial Statements
December 31, 2023

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Independent Auditors' Report

Board of Directors of American Skin Association, Inc.

Opinion

We have audited the accompanying financial statements of American Skin Association, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, cash flows and changes in net assets 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, 2023 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 the Organization 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 the Organization'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 statement.

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 the Organization'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 the Organization'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 the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 21, 2024

American Skin Association, Inc.

Statement of Financial Position
December 31, 2023

(With Summarized Comparative Information as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,425,356	\$ 1,729,070
Promises to give	96,000	170,000
Prepaid expenses and other assets	<u>65,204</u>	<u>79,418</u>
	<u>\$ 2,586,560</u>	<u>\$ 1,978,488</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 776,500	\$ 506,000
Accrued expenses	80,000	70,000
Deferred revenue	<u>42,000</u>	<u>-</u>
Total Liabilities	<u>898,500</u>	<u>576,000</u>
 Net Assets		
Without donor restrictions	1,499,747	1,194,244
With donor restrictions	<u>188,313</u>	<u>208,244</u>
Total Net Assets	<u>1,688,060</u>	<u>1,402,488</u>
 Total Liabilities and Net Assets	<u>\$ 2,586,560</u>	<u>\$ 1,978,488</u>

See notes to financial statements

American Skin Association, Inc.

Statement of Activities For the Year Ended December 31, 2023 (With Summarized Comparative Information for the Year Ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and grants	\$ 748,656	\$ 583,069	\$ 1,331,725	\$ 1,921,480
Contributions of nonfinancial assets	79,486	-	79,486	78,660
Fundraising events	423,897	57,000	480,897	-
Less: costs with direct benefit to donors	(238,786)	-	(238,786)	-
Interest and dividends	30,015	-	30,015	140
Net assets released from restrictions	660,000	(660,000)	-	-
Total Support and Revenue	<u>1,703,268</u>	<u>(19,931)</u>	<u>1,683,337</u>	<u>2,000,280</u>
EXPENSES				
Program Services				
Research	859,933	-	859,933	601,178
Public Education	260,653	-	260,653	207,625
Total Program Services	<u>1,120,586</u>	<u>-</u>	<u>1,120,586</u>	<u>808,803</u>
Supporting Services				
Management and General	162,031	-	162,031	112,475
Fundraising	115,148	-	115,148	241,744
Total Supporting Services	<u>277,179</u>	<u>-</u>	<u>277,179</u>	<u>354,219</u>
Total Expenses	<u>1,397,765</u>	<u>-</u>	<u>1,397,765</u>	<u>1,163,022</u>
Changes in Net Assets	305,503	(19,931)	285,572	837,258
NET ASSETS				
Beginning of Year	<u>1,194,244</u>	<u>208,244</u>	<u>1,402,488</u>	<u>565,230</u>
End of Year	<u>\$ 1,499,747</u>	<u>\$ 188,313</u>	<u>\$ 1,688,060</u>	<u>\$ 1,402,488</u>

See notes to financial statements

American Skin Association, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Information for the Year Ended December 31, 2022)

	Program Services			Supporting Services			2023	2022
	Public			Management	Fundraising	Subtotal	Total	Total
	Research	Education	Subtotal	and General				
Grants and awards	\$ 589,000	\$ 71,000	\$ 660,000	\$ -	\$ -	\$ -	\$ 660,000	\$ 426,000
Salaries, benefits and taxes	194,837	136,386	331,223	73,064	82,806	155,870	487,093	360,671
Marketing and promotion	2,788	1,952	4,740	1,046	1,185	2,231	6,971	12,265
Travel and meetings	17,218	12,053	29,271	6,457	7,318	13,775	43,046	42,122
Printing and postage	1,286	900	2,186	482	547	1,029	3,215	3,013
Rent and related items	35,517	24,862	60,379	13,319	15,095	28,414	88,793	80,340
Office expenses	12,915	9,040	21,955	4,843	5,489	10,332	32,287	46,521
Professional fees	-	-	-	27,050	-	27,050	27,050	15,000
Telephone and internet	2,696	1,887	4,583	1,011	1,146	2,157	6,740	6,787
Event expense	-	-	-	-	238,786	238,786	238,786	146,044
Outside services	-	-	-	33,380	-	33,380	33,380	13,033
Computer expenses	3,676	2,573	6,249	1,379	1,562	2,941	9,190	11,226
Total Expenses	859,933	260,653	1,120,586	162,031	353,934	515,965	1,636,551	1,163,022
Less costs with direct benefit to donors	-	-	-	-	(238,786)	(238,786)	(238,786)	-
Total Expenses Reported by Function on the Statement of Activities	\$ 859,933	\$ 260,653	\$ 1,120,586	\$ 162,031	\$ 115,148	\$ 277,179	\$ 1,397,765	\$ 1,163,022

See notes to financial statements

American Skin Association, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2023

(With Summarized Comparative Information for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 285,572	\$ 837,258
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities:		
Promises to give	74,000	95,833
Prepaid expenses and other assets	14,214	56,599
Grants payable	270,500	(84,500)
Accrued expenses	10,000	36,130
Deferred revenue	<u>42,000</u>	<u>(155,000)</u>
Net Cash from Operating Activities	696,286	786,320
 Net Change in Cash and Cash Equivalents	 696,286	 786,320
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>1,729,070</u>	 <u>942,750</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 2,425,356</u>	 <u>\$ 1,729,070</u>
 Supplemental Disclosures of Cash Information:		
Cancellation of grant payable	\$ (80,000)	\$ (97,500)

See notes to financial statements

American Skin Association, Inc.

Statement of Changes in Net Assets
For the Year Ended December 31, 2023
(With Summarized Comparative Information for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions					With Donor Restrictions Subtotal	Totals	
		Atopic Dermatitis	Melanoma/ Other Research	Vitiligo	Psoriasis	Education		2023	2022
Net assets, January 1,	\$ 1,194,244	\$ 18,622	\$ 2,841	\$ 186,781	\$ -	\$ -	\$ 208,244	\$ 1,402,488	\$ 565,230
Support and revenue	1,942,054	205,000	65,069	102,000	197,000	71,000	640,069	2,582,123	2,000,280
Expenses	<u>(1,636,551)</u>	<u>(175,000)</u>	<u>(22,000)</u>	<u>(195,000)</u>	<u>(197,000)</u>	<u>(71,000)</u>	<u>(660,000)</u>	<u>(2,296,551)</u>	<u>(1,163,022)</u>
Net assets, December 31,	<u>\$ 1,499,747</u>	<u>\$ 48,622</u>	<u>\$ 45,910</u>	<u>\$ 93,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,313</u>	<u>\$ 1,688,060</u>	<u>\$ 1,402,488</u>

See notes to financial statements

American Skin Association, Inc.

Notes To Financial Statements December 31, 2023 (With Summarized Comparative Information for the Year Ended December 31, 2022)

1. Organization and Tax Status

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. 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.

2. Summary of Significant Accounting Policies

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 amounts 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.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023, did not have a material effect on the financial statements.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2023
(With Summarized Comparative Information for the
Year Ended December 31, 2022)

2. Summary of Significant Accounting Policies *(continued)*

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. Cash equivalents also include money market funds.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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 determines uncollectible promises receivable. Based on prior years' experience and management's analysis of specific promises made. As of December 31, 2023 and 2022 there is no allowance for uncollectible promises to give.

Special Event Revenue

The Organization records special events revenue when the event takes place.

American Skin Association, Inc.

Notes To Financial Statements December 31, 2023 (With Summarized Comparative Information for the Year Ended December 31, 2022)

2. Summary of Significant Accounting Policies *(continued)*

Contributions of Nonfinancial Assets

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.

Contributions of donated non-cash assets are recorded at their fair value in the period received.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for period prior to 2021.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net assets class. 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, 2022 from which the summarized information was derived.

Allocation of Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. The expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and taxes, marketing and promotion, travel and meetings, printing and postage, rent and related items, telephone, computer expenses and internet and office expenses which are allocated on the basis of estimates of time and effort.

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2023
(With Summarized Comparative Information for the
Year Ended December 31, 2022)

2. Summary of Significant Accounting Policies *(continued)*

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents on deposit with financial institutions and promises to give. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2023 and 2022, the Organization's uninsured cash balances on deposit totaled approximately \$1,260,400 and \$1,474,000, respectively. The Organization has not experienced any losses on its cash accounts.

In addition, the Organization's cash and cash equivalents includes funds held in Vanguard money market mutual funds. Cash equivalents held at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000. As of December 31, 2023, the Organization's uninsured cash equivalents totaled approximately \$435,000.

The Organization does not have a material concentration of credit risk, with respect to promises to give, due to generally short payment terms.

Reclassification

Certain balances in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

Subsequent Events

The Organization has evaluated subsequent events through November 21, 2024, the date which the financial statements were available to be issued.

3. Restrictions on Net Assets

The Organization's net assets with donor restrictions consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Atopic Dermatitis	\$ 48,622	\$ 18,622
Melanoma and Other Research	45,910	2,841
Vitiligo	<u>93,781</u>	<u>186,781</u>
	<u>\$ 188,313</u>	<u>\$ 208,244</u>

American Skin Association, Inc.

Notes To Financial Statements
December 31, 2023
(With Summarized Comparative Information for the
Year Ended December 31, 2022)

3. Restrictions on Net Assets (continued)

Net assets released from restriction are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Atopic Dermatitis	\$ 175,000	\$ 150,000
Melanoma and Other Research	22,000	77,000
Vitiligo	195,000	89,000
Psoriasis	197,000	60,000
Education	<u>71,000</u>	<u>-</u>
	<u>\$ 660,000</u>	<u>\$ 376,000</u>

4. Promises to Give

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

Amounts due in:	<u>2023</u>	<u>2022</u>
Less than one year	\$ 82,000	\$ 142,000
One to five years	<u>14,000</u>	<u>28,000</u>
	<u>\$ 96,000</u>	<u>\$ 170,000</u>

Management determined a present value discount would be immaterial and elected not to recognize a discount.

5. Contributions of Nonfinancial Assets

The Organization had leased its office space on a month-to-month basis and the monthly rent expense was \$3,223 and \$3,223. In 2023 and 2022, 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 2023 and 2022, the Organization received in kind contributions of \$3,400 per month in the form of free rent for such office space. This lease was extended in June 2023 for an additional year.

Rent expense for the years ended December 31, 2023 and 2022 was \$88,793 and \$80,340, respectively.

In 2023 and 2022, the Organization received in-kind contributions in the form of free rent for its offices. Such rent was valued at its fair value of \$79,486 and \$78,660 in 2023 and 2022, based on current market rates.

American Skin Association, Inc.

Notes To Financial Statements December 31, 2023 (With Summarized Comparative Information for the Year Ended December 31, 2022)

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.

	December 31,	
	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 2,425,356	\$ 1,729,070
Promises to give	96,000	170,000
Total Financial Assets	2,521,356	1,899,070
Less: amounts restricted by donor with time or purpose restrictions	(964,813)	(768,244)
Add: time restrictions expected to release in the next year	562,563	487,244
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,119,106</u>	<u>\$ 1,618,070</u>

The Organization will rely on future contributions and grants to support its ongoing operations.

7. Grants Payable

Grants payable consist of grants awarded but not yet paid. A total of \$776,500 and \$506,000 was payable by the Organization at December 31, 2023 and 2022, respectively.

In 2023 and 2022, the Organization cancelled grants payable of \$80,000 and \$97,500, respectively, due to the grantees continued delay in meeting such grant acceptance requirements. Such funds were restricted for Atopic Dermatitis, Melanoma and Vitiligo and repurposed for such programs.

8. Retirement Plan

The Organization maintains a defined contribution pension plan under IRS Code Section 403(B). For the years ended December 31, 2023 and 2022, the Organization contributed 10% of salary for eligible employees.

Contributions totaling \$28,500 and \$19,630 for the years ended December 31, 2023 and 2022, respectively, were made by the Organization, in addition to the elective deferrals made by employees.

American Skin Association, Inc.

Notes To Financial Statements

December 31, 2023

(With Summarized Comparative Information for the
Year Ended December 31, 2022)

9. Related Party Transactions

During the years ended December 31, 2023 and 2022, the Organization received contributions in the amount of \$235,750 and \$284,868, respectively, from board members and organizations affiliated with board members. Included in promises to give are \$41,000 and \$130,000 as of December 31, 2023 and 2022, respectively, due from board members and organizations affiliated with board members.

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