

***THE SKIN CANCER FOUNDATION, INC.***

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 and 2017**

THE SKIN CANCER FOUNDATION, INC.

DECEMBER 31, 2018 and 2017

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	5
Statements of Cash Flows	6
Statement of Functional Expenses	7
Notes To The Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of  
The Skin Cancer Foundation, Inc.  
New York, NY 10016

We have audited the accompanying financial statements of The Skin Cancer Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

**Management's 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 audits. We conducted our audits 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 auditors' 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 entity'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 entity'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.

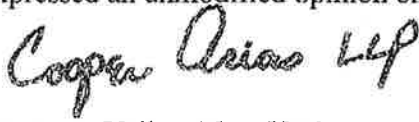
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Skin Cancer Foundation, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

The summarized comparative information in the statement of functional expenses for the year ended December 31, 2017 was derived from the financial statements of The Skin Cancer Foundation, Inc. as of December 31, 2017 and 2016 and, in our report dated October 4, 2018, we expressed an unmodified opinion on those financial statements.

A handwritten signature in cursive script that reads "Cooper Arias LLP".

Mongaup Valley, New York  
August 13, 2019

THE SKIN CANCER FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 190,446	\$ 344,914
Investments (Note 3)	7,079,928	7,903,150
Contributions Receivable	565,859	1,065,548
Prepaid Expenses	<u>4,200</u>	<u>43,358</u>
Total Current Assets	<u>7,840,433</u>	<u>9,356,970</u>
Fixed Assets:		
Leasehold Improvements	22,064	22,064
Machinery and Equipment	184,162	182,889
Furniture and Fixtures	95,310	95,310
Less: Accumulated Depreciation	<u>(184,165)</u>	<u>(133,063)</u>
Net Fixed Assets	<u>117,371</u>	<u>167,200</u>
Other Assets:		
Security Deposit	-	46,032
Pension Benefit Asset (Note 5)	<u>12,571</u>	<u>2,869</u>
Total Other Assets	<u>12,571</u>	<u>48,901</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,970,375</u>	<u>\$ 9,573,071</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31,

(Continued)

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 69,117	\$ 68,029
Accrued Liabilities	220,146	127,627
Deferred Revenues	<u>709,917</u>	<u>706,667</u>
<b>Total Current Liabilities</b>	<u>999,180</u>	<u>902,323</u>
Non-Current Liabilities:		
Accrued Rent Concessions	131,905	56,187
Compensated Absences	<u>21,000</u>	<u>22,000</u>
<b>Total Non-Current Liabilities</b>	<u>152,905</u>	<u>78,187</u>
<b>TOTAL LIABILITIES</b>	<u>1,152,085</u>	<u>980,510</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>6,818,290</u>	<u>8,592,561</u>
<b>TOTAL NET ASSETS</b>	<u>6,818,290</u>	<u>8,592,561</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,970,375</u>	<u>\$ 9,573,071</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES:		
Foundation and Corporate Sponsorships	\$ 1,994,758	\$ 2,435,520
Public Contributions	99,489	135,195
Public Information and Medical Education	473,236	310,672
Fundraising Events	100,225	89,681
Special Events (Note 4)		
(Net of Direct Expenses of \$255,568 and \$213,343 respectively)	385,478	332,426
Interest Income	-	29
Net Gain/(Loss) on Pension Benefit Asset/Liability	9,702	(22,952)
Investment Income (Net)	188,017	157,494
Realized Gain/(Loss) on Investments	78,139	235,546
Unrealized Gain/(Loss) on Investments	(724,512)	611,704
Miscellaneous Income	22,222	1,924
In-Kind Contributions	<u>837,173</u>	<u>665,089</u>
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	<u>3,463,927</u>	<u>4,952,328</u>
EXPENSES:		
Program Services	4,190,755	3,678,931
Management And General	459,751	412,914
Fundraising	<u>587,692</u>	<u>515,197</u>
TOTAL EXPENSES	<u>5,238,198</u>	<u>4,607,042</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(1,774,271)</u>	<u>345,286</u>
INCREASE (DECREASE) IN NET ASSETS	(1,774,271)	345,286
NET ASSETS -- Beginning of Year (Restated)	<u>8,592,561</u>	<u>8,247,275</u>
NET ASSETS -- End of Year	<u>\$ 6,818,290</u>	<u>\$ 8,592,561</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ (1,774,271)	\$ 345,286
Adjustment To Reconcile Change In Net Assets		
To Net Cash From Operating Activities:		
Depreciation	51,102	42,278
Investment Income (Net)	(188,017)	(157,494)
Realized (Gain)/Loss On Investments	(78,139)	(235,546)
Unrealized (Gain)/Loss On Investments	724,512	(611,704)
(Increase) Decrease In Loans Receivable	-	3,750
(Increase) Decrease In Operating Assets:		
Contributions Receivable	499,689	(661,883)
Prepaid Expenses	39,158	(39,344)
Pension Benefit Asset	(9,702)	22,952
Security Deposit	46,032	-
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	1,088	21,945
Accrued Liabilities	92,519	(15,416)
Deferred Revenues	3,250	(90,833)
Accrued Rent Concessions	75,718	56,187
Compensated Absences	(1,000)	10,000
	<u>(518,061)</u>	<u>(1,309,822)</u>
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	764,866	1,111,680
Purchase of Investments	<u>(400,000)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>364,866</u>	<u>1,111,680</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	<u>(1,273)</u>	<u>(125,730)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,273)</u>	<u>(125,730)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(154,468)	(323,872)
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>344,914</u>	<u>668,786</u>
CASH AND CASH EQUIVALENTS – End of Year	<u>\$ 190,446</u>	<u>\$ 344,914</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT



THE SKIN CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Program Services	Management And General	Fundraising	Totals	2017 Totals
Outsource Fees and Expenses	\$ 1,740,288	\$ 389,145	\$ 505,225	\$ 2,634,658	\$ 2,369,159
Research and Fellowship	256,911	-	-	256,911	135,842
Public and Medical Education	661,463	-	-	661,463	540,239
Seminars and Conferences	97,715	-	-	97,715	144,877
Professional Fees	15,165	1,570	2,038	18,773	33,037
Office Supplies	7,901	818	1,062	9,781	14,287
Postage and Shipping	3,945	408	530	4,883	2,698
Rent	378,044	40,834	53,016	471,894	306,305
Electricity	7,219	747	970	8,936	27,116
Dues and Subscriptions	1,986	206	267	2,459	4,024
Equipment Rental	5,562	576	747	6,885	13,771
Insurance	15,376	1,592	2,066	19,034	13,946
Miscellaneous	10,341	1,070	1,390	12,801	28,503
Board Expenses	659	68	89	816	222
Administrative Expenses	27,400	2,836	3,682	33,918	29,261
Repairs and Maintenance	1,973	204	265	2,442	5,720
Computer Expense and Telephone	70,000	7,245	9,407	86,652	97,498
Interest and Bank Charges	1,156	120	155	1,431	5,057
Registration Fees	9,196	952	1,236	11,384	17,123
Grant Refund	-	-	-	-	50,000
In-Kind Contributions	837,173	-	-	837,173	665,089
Depreciation	41,282	4,273	5,547	51,102	42,278
Fundraising Events	-	-	-	-	26,797
Moving Expenses	-	7,087	-	7,087	34,193
<b>TOTAL EXPENSES</b>	<b>\$ 4,190,755</b>	<b>\$ 459,751</b>	<b>\$ 587,692</b>	<b>\$ 5,238,198</b>	<b>\$ 4,607,042</b>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	Program Services	Management And General	Fundraising	Totals	2016 Totals
Outsource Fees and Expenses	\$ 1,625,771	\$ 324,679	\$ 418,709	\$ 2,369,159	\$ 2,293,853
Research and Fellowship	135,842	-	-	135,842	250,482
Public and Medical Education	540,239	-	-	540,239	284,027
Seminars and Conferences	144,877	-	-	144,877	82,501
Professional Fees	26,658	2,786	3,593	33,037	20,274
Office Supplies	11,529	1,205	1,553	14,287	46,228
Telephone	-	-	-	-	865
Postage and Shipping	2,177	228	293	2,698	7,017
Rent	247,164	25,830	33,311	306,305	244,337
Electricity	21,881	2,287	2,948	27,116	23,247
Dues and Subscriptions	3,247	339	438	4,024	2,123
Equipment Rental	11,112	1,161	1,498	13,771	12,972
Insurance	11,253	1,176	1,517	13,946	19,364
Miscellaneous	23,000	2,404	3,099	28,503	8,588
Board Expenses	179	19	24	222	1,625
Administrative Expenses	23,611	2,468	3,182	29,261	40,342
Repairs and Maintenance	4,616	482	622	5,720	7,063
Computer Expense	78,673	8,222	10,603	97,498	71,157
Interest and Bank Charges	4,081	426	550	5,057	1,043
Registration Fees	13,817	1,444	1,862	17,123	7,211
Grant Refund	50,000	-	-	50,000	-
In-Kind Contributions	665,089	-	-	665,089	2,619,020
Bad Debt Expense	-	-	-	-	69,083
Depreciation	34,115	3,565	4,598	42,278	33,560
Fundraising Events	-	-	26,797	26,797	-
Moving Expenses	-	34,193	-	34,193	-
<b>TOTAL EXPENSES</b>	<b>\$ 3,678,931</b>	<b>\$ 412,914</b>	<b>\$ 515,197</b>	<b>\$ 4,607,042</b>	<b>\$ 6,145,982</b>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Skin Cancer Foundation, Inc. (“Foundation”) was incorporated as a non-profit organization in New York State in 1977. The Foundation’s purpose is to conduct public and medical education programs regarding the incidence, morbidity and mortality of skin cancer. This is accomplished by the development and distribution of informational materials to the general public, the media and the medical professions. Additionally, the Foundation provides support for medical training and research to help reduce skin cancer.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation’s board may designate assets without donor restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

C. Cash And Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid, unrestricted cash held in the Foundation’s various bank accounts as cash equivalents. As of December 31, 2018, and 2017, the Foundation’s cash balances were approximately \$0 and \$232,000 in excess of federal deposit insurance coverage, respectively.

THE SKIN CANCER FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Contributions**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support. When a temporary restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**E. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated partially between program services and supporting services include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Outsource Fees and Expenses	Actual Purpose
Professional Fees	Percentage based on direct expense allocations
Office Supplies	Percentage based on direct expense allocations
Postage and Shipping	Percentage based on direct expense allocations
Rent	Percentage based on direct expense allocations
Electricity	Percentage based on direct expense allocations
Dues and Subscriptions	Percentage based on direct expense allocations
Equipment Rental	Percentage based on direct expense allocations
Insurance	Percentage based on direct expense allocations
Miscellaneous	Percentage based on direct expense allocations
Board Expenses	Percentage based on direct expense allocations
Administrative Expenses	Percentage based on direct expense allocations
Repairs and Maintenance	Percentage based on direct expense allocations
Computer and Telephone	Percentage based on direct expense allocations
Interest and Bank Charges	Percentage based on direct expense allocations
Registration Fees	Percentage based on direct expense allocations
Depreciation	Percentage based on direct expense allocations

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**F. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Revenues**

The Foundation generates its revenues from corporate and individual contributions and sponsorships. Additionally, the Foundation generates revenues from earnings on investments and special events held during the year.

In addition to the cash revenues, the Foundation receives in-kind contributions from various donors for materials used in conjunction with public service announcements and benefit events. For the years ended December 31, 2018 and 2017, the Foundation recognized \$837,173 and \$665,089, respectively, in in-kind revenues and a corresponding amount as program expenses.

**H. Income Taxes**

The Skin Cancer Foundation, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

**I. Capital Assets**

Assets with a useful life of more than one year are capitalized and depreciated over their estimated useful life. Capital assets are carried at cost for purchases and at fair market value for contributions, less accumulated depreciation. For financial reporting purposes, the costs of capital assets are depreciated over their estimated useful lives, ranging from 5 to 7 years for equipment and 10 years for leasehold improvements, using the straight-line method.

**J. Receivables**

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such an allowance would be immaterial. All receivables are expected to be collected within the next year.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**K. Fair Value Measurements**

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the statement of financial position date or in the near term, which is generally considered to be 90 days.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

**L. Deferred Revenues**

Deferred revenues represent contributions either pledged or paid prior to the end of the year that are attributable to the subsequent year. The Foundation reported deferred revenues of \$709,917 and \$706,667 for the years ended December 31, 2018 and 2017, respectively.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

**M. Compensated Absences**

Foundation employees are granted sick, vacation, personal and compensatory time in varying amounts throughout the year. Employees are permitted to carryover a maximum of 10 vacation days into the following year. Sick, personal and compensatory time cannot be carried over from year to year. The Foundation reported compensated absences of approximately \$21,000 and \$22,000 as of December 31, 2018 and 2017, respectively.

**N. Comparative Data**

The financial statements include certain prior year comparative information. With respect to the statement of functional expenses, expenses for the year ended December 31, 2016 are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the years ended December 31, 2017 and 2016, from which the summarized information was derived.

**O. New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) has issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, effective for the year ended December 31, 2018. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Foundation has adopted this pronouncement and applied the changes to all periods presented.

**NOTE 2- OPERATING LEASE**

The Foundation leased office space under a lease with annual payments of \$219,186, plus real estate taxes and cost of living adjustments, for the period from December 1, 2014 through January 31, 2018. During the previous year, the Foundation moved its offices and entered into a new lease that covers the period from November 15, 2017 through June 15, 2028. The annual lease payments are \$472,133 for the initial year and are subject to 2.25% annual escalations and a \$20,528 one-time increase in year five of the lease. Additionally, the lease allows the Foundation six months of free rent during the term of the lease. The free rent applies to months 1 through 4 and months 25 and 26 of the lease term, for total rent concessions of \$239,647. The rent concessions are being amortized on a straight line basis over the term of the lease. Rent expense for the years ended December 31, 2018 and 2017 were \$471,894 and \$306,305, respectively.

The new lease agreement includes an irrevocable standby letter of credit in the amount of \$102,296 as security on the lease.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 2 – OPERATING LEASE (Continued)

The minimum required payments on the operating lease are as follows:

<u>Year Ended</u>	<u>Amount</u>
2019	\$ 444,317
2020	455,198
2021	507,420
2022	538,077
2023	550,183
2024-2028	<u>2,634,230</u>
Total	<u>\$ 5,129,425</u>

NOTE 3 – INVESTMENTS

Investments as of December 31, 2018 and 2017 are all classified as Level 1 (See Note 1-K) and are valued as follows:

	<u>2018</u>		<u>Cumulative</u>
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gains</u>
Money Market Accounts	\$ 204,217	\$ 204,217	\$ -
Common Stocks	567,472	624,026	(56,554)
Mutual Funds	<u>6,308,239</u>	<u>5,636,507</u>	<u>671,732</u>
Total Investments	<u>\$ 7,079,928</u>	<u>\$ 6,464,750</u>	<u>\$ 615,178</u>
	<u>2017</u>		<u>Cumulative</u>
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gains</u>
Money Market Accounts	\$ 186,530	\$ 186,530	\$ -
Common Stocks	608,777	525,537	83,240
Mutual Funds	<u>7,107,843</u>	<u>5,849,222</u>	<u>1,258,621</u>
Total Investments	<u>\$ 7,903,150</u>	<u>\$ 6,561,289</u>	<u>\$ 1,341,861</u>

Net investment income for the years ended December 31, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Investment Income	\$ 238,006	\$ 219,501
Less: Investment Expenses	<u>(49,989)</u>	<u>(62,007)</u>
Net Investment Income	188,017	157,494
Realized Gains (Losses) on Investments	78,139	235,546
Unrealized Gains (Losses) on Investments	<u>(724,512)</u>	<u>611,704</u>
Total Net Investment Income	<u>\$ (458,356)</u>	<u>\$ 1,004,744</u>



THE SKIN CANCER FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2018 and 2017

NOTE 4 – SPECIAL EVENTS

The Foundation holds various special events throughout the course of the year. The events are a way to further the Foundation’s exempt purpose as well as raising money for future programs. The Foundation’s special events for the years ended December 31, 2018 and 2017 are as follows:

<u>2018 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Skin Sense Award Gala	\$ 641,046	\$ 255,568	\$ 385,478
Totals	<u>\$ 641,046</u>	<u>\$ 255,568</u>	<u>\$ 385,478</u>

<u>2017 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Skin Sense Award Gala	\$ 545,769	\$ 213,343	\$ 332,426
Totals	<u>\$ 545,769</u>	<u>\$ 213,343</u>	<u>\$ 332,426</u>

NOTE 5 – RETIREMENT PLANS

PROFIT SHARING PLAN

The Skin Cancer Foundation, Inc. maintains a profit sharing plan for all eligible employees. The plan is discretionary in terms of contributions with contributions ranging from 0% to 10% of eligible pay, based on variables such as hours worked and base pay. Participants are 20% vested after 2 years and an additional 20% per year thereafter until fully vested after 6 years of service. Funds are held in individual participant accounts and any forfeitures are used to offset plan expenses or reduce future employer contributions.

The Foundation contributed \$89,829 and \$41,648 on behalf of eligible employees for the years ended December 31, 2018 and 2017, respectively.

CASH BALANCE PLAN

Effective January 1, 2014, The Skin Cancer Foundation, Inc. established a cash balance plan (the “Plan”) for eligible employees. All employees not excluded by class are eligible to enter on January 1<sup>st</sup> or July 1<sup>st</sup> if they are at least 21 years of age and have completed one year of service. Participants are eligible to retire with their full retirement benefit when they have reached the age of 65 and have completed 5 years of participation in the Plan.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 5 – RETIREMENT PLANS (Continued)

The Plan was amended effective January 1, 2016 reducing the Group 1 contribution rate from 39% to 0% of pay.

Normal Retirement Benefit

Based on their group classification, participants receive a cash balance contribution equal to a percentage of compensation or a fixed dollar amount as follows:

Group 1:	0%
Group 2:	10%
Group 3:	5%
Group 4:	1%

Maximum benefit is the lesser of \$18,333 per month or 100% of the average of the highest 3 years of compensation, subject to service requirements.

Future Contributions

The expected contribution to be paid to the plan during the subsequent fiscal year is \$0.

Future benefit payments are expected to be as follows:

2019	\$	2,536
2020		2,504
2021		3,764
2022		4,143
2023		4,122
2024-2028		23,645

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 5 – RETIREMENT PLANS (Continued)

Funded Status and Benefit Obligation

The following table sets forth the Plan’s funded status and benefit obligation at December 31:

	<u>2018</u>	<u>2017</u>
Change in Benefit Obligation:		
Benefit Obligation – Beginning of Year	\$ 127,142	\$ 248,726
Service Cost	-	38,417
Interest Cost	6,761	9,813
Actuarial (Gain) or Loss	(5,786)	(522)
Benefits Paid and Expenses	<u>(17,343)</u>	<u>(169,292)</u>
Benefit obligation – End of Year	<u>110,774</u>	<u>127,142</u>
Change in Plan Assets:		
Fair Value of Plan Assets – Beginning of Year	130,011	274,547
Actuarial Return on Plan Assets	(11,495)	24,756
Employer Contribution	22,172	-
Benefits Paid	<u>(17,343)</u>	<u>(169,292)</u>
Fair Value of Plan Assets – End of Year	<u>123,345</u>	<u>130,011</u>
Funded Status	<u>\$ 12,571</u>	<u>\$ 2,869</u>
Accumulated Benefit Obligation	<u>\$ 110,774</u>	<u>\$ 127,142</u>

Pension Benefit Asset

Amounts recognized as an asset in the accompanying statement of financial position consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Pension Benefit Asset	<u>\$ 12,571</u>	<u>\$ 2,869</u>

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 5 – RETIREMENT PLANS (Continued)

Amounts not yet reflected in net periodic benefit cost consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Net Loss (Gain)	\$ 10,376	\$ (3,279)
Prior Service Cost (Credit)	-	-
Transition Obligation (Asset)	<u>-</u>	<u>-</u>
Total Not Reflected in Net Periodic Benefit Cost	<u>\$ 10,376</u>	<u>\$ (3,279)</u>

The estimated net loss for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year is \$0.

Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the Plan for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Service Cost	\$ -	\$ 38,417
Interest Cost	6,761	9,813
Expected Return on Plan Assets	<u>(7,946)</u>	<u>(11,394)</u>
Net Periodic Benefit Cost	<u>\$ (1,185)</u>	<u>\$ 36,836</u>

Assumptions

The weighted average assumptions used to determine benefit obligations as of December 31, 2017 and 2016 consist of the following:

	<u>2018</u>	<u>2017</u>
Discount Rate	6.00%	6.00%

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Discount Rate	6.00%	6.00%
Expected Return on Plan Assets	6.00%	6.00%
Rate of Compensation Increase	N/A	N/A

THE SKIN CANCER FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2018 and 2017

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Assets

The weighted average asset allocation of the cash balance plan as of December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Cash	15%	13%
Mutual Funds	85%	87%

Cash balance plan assets carried at fair value at December 31, 2018 and 2017 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2018 Total</u>
Cash And Mutual Funds	\$ 123,345	\$ -	\$ -	\$ 123,345
Total Assets Carried at Fair Value	<u>\$ 123,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,345</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2017 Total</u>
Cash And Mutual Funds	\$ 130,011	\$ -	\$ -	\$ 130,011
Total Assets Carried at Fair Value	<u>\$ 130,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,011</u>

CHANGE IN PLAN

During the 2019 year, the Skin Cancer Foundation, Inc. combined its profit sharing plan and cash balance plan into a new 401 (k) profit sharing plan.

NOTE 6 – LIQUIDITY

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 190,446	\$ 344,914
Investments	7,079,928	7,903,150
Contributions Receivable	<u>565,859</u>	<u>1,065,548</u>
Total	<u>\$ 7,836,233</u>	<u>\$ 9,313,612</u>

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017

NOTE 6 – LIQUIDITY (Continued)

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7 – EVENTS OCCURRING AFTER REPORTING DATE

The Foundation has evaluated events and transactions that occurred between December 31, 2018 and August 13, 2019 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 8 – RESTATED NET ASSETS

The opening balance of net assets for the year ended December 31, 2018 has been decreased by \$56,187 to account for understated rent expense related to the accounting treatment of rent concessions as of December 31, 2017. The restatement results in an increase of \$56,187 in rent expense in the comparative financial statements for the year ended December 31, 2017.