

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 and 2019**

THE SKIN CANCER FOUNDATION, INC.

DECEMBER 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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, 2019 was derived from the financial statements of The Skin Cancer Foundation, Inc. as of December 31, 2019 and 2018 and, in our report dated November 12, 2020, we expressed an unmodified opinion on those financial statements.

*Cooper Arias, LLP*

Mongaup Valley, New York  
September 27, 2021

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

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 245,251	\$ 318,054
Investments (Note 3)	6,940,339	6,933,807
Contributions Receivable	568,069	196,834
Accounts Receivable	19,023	-
Prepaid Expenses	<u>64,959</u>	<u>4,200</u>
Total Current Assets	<u>7,837,641</u>	<u>7,452,895</u>
Fixed Assets:		
Leasehold Improvements	22,064	22,064
Machinery and Equipment	200,049	190,961
Furniture and Fixtures	95,686	95,686
Less: Accumulated Depreciation	<u>(239,253)</u>	<u>(219,240)</u>
Net Fixed Assets	<u>78,546</u>	<u>89,471</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 7,916,187</b></u>	<u><b>\$ 7,542,366</b></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

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

(Continued)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 243,097	\$ 36,471
Accrued Liabilities	95,112	200,743
Deferred Revenues	<u>852,725</u>	<u>472,500</u>
Total Current Liabilities	<u>1,190,934</u>	<u>709,714</u>
Non-Current Liabilities:		
Accrued Rent Concessions	168,889	150,397
Compensated Absences	<u>39,178</u>	<u>21,000</u>
Total Non-Current Liabilities	<u>208,067</u>	<u>171,397</u>
TOTAL LIABILITIES	<u>1,399,001</u>	<u>881,111</u>
NET ASSETS		
Without Donor Restrictions	<u>6,517,186</u>	<u>6,661,255</u>
TOTAL NET ASSETS	<u>6,517,186</u>	<u>6,661,255</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,916,187</u>	<u>\$ 7,542,366</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

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

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES:		
Foundation and Corporate Sponsorships	\$ 1,687,154	\$ 1,870,969
Public Contributions	181,471	151,885
Public Information and Medical Education	490,552	363,996
Fundraising Events	58,179	66,420
Special Events (Note 4)		
(Net of Direct Expenses of \$11,782 and \$236,388 respectively)	102,640	464,832
Net Gain/(Loss) on Pension Benefit Asset/Liability	-	(12,571)
Investment Income (Net)	149,652	141,543
Realized Gain/(Loss) on Investments	220,404	114,401
Unrealized Gain/(Loss) on Investments	310,486	1,129,366
Grant Income	450,815	-
Miscellaneous Income	10,595	2,323
In-Kind Contributions	<u>12,912,251</u>	<u>7,768,782</u>
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	<u>16,574,199</u>	<u>12,061,946</u>
EXPENSES:		
Program Services	15,714,778	11,195,876
Management And General	352,935	368,184
Membership Development	1,098	-
Fundraising	<u>649,457</u>	<u>654,921</u>
TOTAL EXPENSES	<u>16,718,268</u>	<u>12,218,981</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(144,069)</u>	<u>(157,035)</u>
INCREASE (DECREASE) IN NET ASSETS	(144,069)	(157,035)
NET ASSETS – Beginning of Year (Restated)	<u>6,661,255</u>	<u>6,818,290</u>
NET ASSETS – End of Year	<u>\$ 6,517,186</u>	<u>\$ 6,661,255</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ (144,069)	\$ (157,035)
Adjustments To Reconcile Change In Net Assets		
To Net Cash Used By Operating Activities:		
Depreciation	20,013	35,075
Investment Income (Net)	(149,652)	(141,543)
Realized (Gain)/Loss On Investments	(220,404)	(114,401)
Unrealized (Gain)/Loss On Investments	(310,486)	(1,129,366)
(Increase) Decrease In Operating Assets:		
Contributions Receivable	(371,235)	369,025
Accounts Receivable	(19,023)	-
Prepaid Expenses	(60,759)	-
Pension Benefit Asset	-	12,571
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	206,626	(32,646)
Accrued Liabilities	(105,631)	(19,403)
Deferred Revenues	380,225	(237,417)
Accrued Rent Concessions	18,492	18,492
Compensated Absences	<u>18,178</u>	<u>-</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(737,725)</u>	<u>(1,396,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	<u>674,010</u>	<u>1,531,431</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>674,010</u>	<u>1,531,431</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	<u>(9,088)</u>	<u>(7,175)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,088)</u>	<u>(7,175)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,803)	127,608
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>318,054</u>	<u>190,446</u>
CASH AND CASH EQUIVALENTS – End of Year	<u>\$ 245,251</u>	<u>\$ 318,054</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT



THE SKIN CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>Program Services</u>	<u>Membership Development</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Totals</u>	<u>2019 Totals</u>
Outsource Fees and Expenses	\$ 1,620,598	-	\$ 338,370	\$ 622,655	\$ 2,581,623	\$ 2,585,998
Research and Fellowship	144,355	607	-	-	144,962	177,566
Public and Medical Education	359,664	-	-	-	359,664	832,064
Seminars and Conferences	30,616	-	-	-	30,616	99,213
Professional Fees	19,266	-	436	802	20,504	65,317
Office Supplies	4,682	-	106	195	4,983	9,248
Postage and Shipping	1,221	491	27	50	1,789	3,767
Rent	457,176	-	10,264	18,888	486,328	468,843
Electricity	7,279	-	165	303	7,747	7,763
Dues and Subscriptions	4,056	-	92	169	4,317	5,200
Equipment Rental	-	-	-	-	-	13,723
Insurance	17,978	-	407	748	19,133	16,700
Miscellaneous	11,541	-	261	481	12,283	23,329
Board Expenses	-	-	-	-	-	213
Administrative Expenses	24,567	-	555	1,023	26,145	20,915
Repairs and Maintenance	3,264	-	74	136	3,474	7,093
Computer Expense and Telephone	72,607	-	1,643	3,022	77,272	71,078
Interest and Bank Charges	408	-	9	17	434	168
Registration Fees	4,444	-	101	185	4,730	6,927
In-Kind Contributions	12,912,251	-	-	-	12,912,251	7,768,782
Depreciation	18,805	-	425	783	20,013	35,074
<b>TOTAL EXPENSES</b>	<u>\$ 15,714,778</u>	<u>\$ 1,098</u>	<u>\$ 352,935</u>	<u>\$ 649,457</u>	<u>\$ 16,718,268</u>	<u>\$ 12,218,981</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Program Services	Management And General	Fundraising	Totals	2018 Totals
Outsource Fees and Expenses	\$ 1,625,628	\$ 345,607	\$ 614,763	\$ 2,585,998	\$ 2,634,658
Research and Fellowship	177,566	-	-	177,566	256,911
Public and Medical Education	832,064	-	-	832,064	661,463
Seminars and Conferences	99,213	-	-	99,213	97,715
Professional Fees	59,969	1,925	3,423	65,317	18,773
Office Supplies	8,491	272	485	9,248	9,781
Postage and Shipping	3,459	111	197	3,767	4,883
Rent	429,565	14,135	25,143	468,843	471,894
Electricity	7,127	229	407	7,763	8,936
Dues and Subscriptions	4,774	153	273	5,200	2,459
Equipment Rental	12,600	404	719	13,723	6,885
Insurance	15,333	492	875	16,700	19,034
Miscellaneous	21,418	689	1,222	23,329	12,801
Board Expenses	196	6	11	213	816
Administrative Expenses	19,203	616	1,096	20,915	33,918
Repairs and Maintenance	6,512	209	372	7,093	2,442
Computer Expense and Telephone	65,259	2,094	3,725	71,078	86,652
Interest and Bank Charges	154	5	9	168	1,431
Registration Fees	6,360	204	363	6,927	11,384
In-Kind Contributions	7,768,782	-	-	7,768,782	837,173
Depreciation	32,203	1,033	1,838	35,074	51,102
Moving Expenses	-	-	-	-	7,087
<b>TOTAL EXPENSES</b>	<b>\$ 11,195,876</b>	<b>\$ 368,184</b>	<b>\$ 654,921</b>	<b>\$ 12,218,981</b>	<b>\$ 5,238,198</b>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

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. Money market accounts are reported as investments (Note 3).

THE SKIN CANCER FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, the Foundation recognized \$12,912,251 and \$7,768,782, respectively, in in-kind revenues and a corresponding amount as program expenses.

**Revenue Recognition and Receivables:**

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), the Foundation recognizes revenue when control of the promised goods or services is transferred to the Foundation’s sponsors, customers or outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation has identified program revenues as revenue categories subject to the principles of ASC 606. The Foundation recognizes contracts with customers, as goods or services are transferred or provided in accordance with ASC 606.

The Foundation has multiple revenue sources that are accounted for as exchange transactions, including special event ticket sales, sponsorships, advertisements, public information and medical education, seminars and conferences and other revenue.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Special event ticket sales, advertisements, public information and medical education, seminars and conferences.**

The Foundation recognizes revenue from special event ticket sales, advertisements, public information and medical education, seminars and conferences upon date of sale or date of service as applicable

**Sponsorships**

The Foundation offers sponsorships of various categories that typically last for a term of one year. The Foundation divides fees from these sponsorships between contributions and exchange transactions and recognizes revenue for the contribution upon receipt and for the exchange portion of the transaction ratably over the term of the sponsorship.

**Auxiliary Activities**

Revenue from auxiliary activities includes sales and other revenue from brochures, posters, books of \$24,480 and \$54,753 at December 31, 2020 and December 31, 2019, respectively, declining in 2020 due to COVID-19. The Foundation recognizes revenue from these sources upon sale.

**Miscellaneous Fees and Other Revenue**

Miscellaneous fees and other revenue include interest income and refunds for cancelled events. The Foundation recognizes revenue upon receipt.

**Contributions, Grants and Contracts**

The Foundation recognizes revenue from grants and contracts in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Foundation evaluates where the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and contracts for research, education and other purposes have been deemed to be conditional contributions are included in contributions and grants without donor restrictions. Revenue from grants and contracts is recognized when earned, that is, generally as the related costs are incurred under the terms of the grant or contract agreements.

Contributions and grants, including donations of cash, property, in-kind contributions and unconditional promises to give (pledges), are reported in the period received at fair value.

**Disaggregation of Revenue**

The Foundation elects not to disclose the disaggregate revenue information required by ASC 606-10-50-5.

**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, 2020 and 2019

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 sponsorships either pledged or paid prior to the end of the year that are attributable to the subsequent year. The Foundation reported deferred revenues of \$852,725 and \$472,500 for the years ended December 31, 2020 and 2019, respectively.



THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

**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 \$39,178 and \$21,000 as of December 31, 2020 and 2019, 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, 2018 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, 2019 and 2018, from which the summarized information was derived.

**O. New Accounting Pronouncement**

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Foundation has adopted Topic 606 for the year ended December 31, 2020.

**NOTE 2- OPERATING LEASE**

The Foundation entered into a lease agreement 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, 2020 and 2019 were \$486,328 and \$468,843, 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, 2020 and 2019

NOTE 2- OPERATING LEASE (Continued)

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

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 507,420
2022	538,077
2023	550,183
2024	562,562
2025	575,221
2026-2028	<u>1,496,447</u>
Total	<u>\$ 4,229,910</u>

Due to hardships caused by the COVID-19 shutdowns (See Note 8), the Foundation fell behind several months on rent payments. As of December 31, 2020, accounts payable included \$165,958 for unpaid rent for the months of September through December 2020. Additionally, the Foundation made partial rent payments for the first several months of 2021. As of May 31, 2021, the Foundation's total liability for unpaid rent was \$301,340.

The Foundation entered into an agreement with the landlord on June 9, 2021 which requires additional payments of \$25,000 per month for the eleven month period from July 2021 through May 2022, and the remaining arrears to be paid in June 2022. These payments are to be made in addition to the regular monthly rent due for that period.

NOTE 3 – INVESTMENTS

Investments as of December 31, 2020 and 2019 are all classified as Level 1 (See Note 1-K) and are valued as follows:

	2020		Cumulative
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gains</u>
Money Market Accounts	\$ 121,611	\$ 121,611	\$ -
Common Stocks	204,299	166,939	37,360
Mutual Funds	<u>6,614,429</u>	<u>4,593,170</u>	<u>2,021,259</u>
Total Investments	<u>\$ 6,940,339</u>	<u>\$ 4,881,720</u>	<u>\$ 2,058,619</u>
	2019		Cumulative
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gains</u>
Money Market Accounts	\$ 130,601	\$ 130,601	\$ -
Common Stocks	734,042	695,615	38,427
Mutual Funds	<u>6,069,164</u>	<u>4,361,269</u>	<u>1,707,895</u>
Total Investments	<u>\$ 6,933,807</u>	<u>\$ 5,187,485</u>	<u>\$ 1,746,322</u>

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

NOTE 3 – INVESTMENTS (Continued)

Net investment income for the years ended December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Investment Income	\$ 187,866	\$ 186,000
Less: Investment Expenses	<u>(38,214)</u>	<u>(44,457)</u>
Net Investment Income	149,652	141,543
Realized Gains (Losses) on Investments	220,404	114,401
Unrealized Gains (Losses) on Investments	<u>310,486</u>	<u>1,129,366</u>
Total Net Investment Income	<u>\$ 680,542</u>	<u>\$ 1,385,310</u>

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, 2020 and 2019 are as follows:

<u>2020 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Skin Sense Award Gala	<u>\$ 114,422</u>	<u>\$ 11,782</u>	<u>\$ 102,640</u>
Totals	<u>\$ 114,422</u>	<u>\$ 11,782</u>	<u>\$ 102,640</u>
<u>2019 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Skin Sense Award Gala	<u>\$ 701,220</u>	<u>\$ 236,388</u>	<u>\$ 464,832</u>
Totals	<u>\$ 701,220</u>	<u>\$ 236,388</u>	<u>\$ 464,832</u>

THE SKIN CANCER FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 and 2019

NOTE 5 – RETIREMENT PLANS

401 (k) PROFIT SHARING PLAN

The Skin Cancer Foundation, Inc. adopted The Skin Cancer Foundation 401 (k) Profit Sharing Plan (the “Plan”) effective January 1, 2019, which combines the Foundation’s previous retirement plans into one plan. The Plan offers employees the opportunity to defer a portion of their salary pre-tax (Salary Deferrals) or after tax (Roth Deferrals) up to certain statutory limits. All eligible employees of the Foundation are eligible to make deferrals into the Plan. Employees must be at least 21 years of age, complete one year of service with the Foundation and work at least 1000 hours during the Plan year in order to receive employer contributions. The Foundation made employer contributions of \$53,171 and \$75,236 to the Plan for the years ended December 31, 2020 and 2019, respectively.

CASH BALANCE PLAN

The Skin Cancer Foundation, Inc. previously had a cash balance plan (the “Plan”) for eligible employees that was combined into The Skin Cancer Foundation 401 (k) Profit Sharing Plan as of January 1, 2019. Although the Plan was no longer available in 2019, the following selected information is presented to disclose the final activity to close out the Plan in 2019.

Funded Status and Benefit Obligation

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

	<u>2020</u>	<u>2019</u>
Change in Benefit Obligation:		
Benefit Obligation – Beginning of Year	\$ -	\$ 110,774
Service Cost	-	-
Interest Cost	-	2,600
Assumption Changes	-	22,706
Actuarial (Gain) or Loss	-	1,193
Benefits Paid and Expenses	-	<u>(137,273)</u>
Benefit obligation – End of Year	<u>-</u>	<u>-</u>

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

NOTE 5 – RETIREMENT PLANS (Continued)

	<u>2020</u>	<u>2019</u>
Change in Plan Assets:		
Fair Value of Plan Assets – Beginning of Year	-	123,345
Actuarial Return on Plan Assets	-	14,813
Employer Contribution	-	-
Expenses	-	(885)
Benefits Paid	-	(137,273)
	<u>-</u>	<u>-</u>
Fair Value of Plan Assets – End of Year	<u>-</u>	<u>-</u>
Funded Status	<u>\$ -</u>	<u>\$ -</u>
Accumulated Benefit Obligation	<u>\$ -</u>	<u>\$ -</u>

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>2020</u>	<u>2019</u>
Service Cost	\$ -	\$ -
Interest Cost	-	2,600
Expected Return on Plan Assets	-	(3,282)
Amortization of Net (Gain) Loss	-	23,629
	<u>-</u>	<u>23,629</u>
Net Periodic Benefit Cost	<u>\$ -</u>	<u>\$ 22,947</u>

NOTE 6 – LIQUIDITY

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 245,251	\$ 318,054
Investments	6,940,339	6,933,807
Contributions Receivable	568,069	196,834
Accounts Receivable	19,023	-
	<u>7,772,682</u>	<u>7,448,695</u>
Total	<u>\$ 7,772,682</u>	<u>\$ 7,448,695</u>

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.

THE SKIN CANCER FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

NOTE 7 – EVENTS OCCURRING AFTER REPORTING DATE

The Foundation has evaluated events and transactions that occurred between December 31, 2020 and September 27, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 8 – COVID-19

During the 2020 fiscal year, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. Since the Foundation’s operations are heavily dependent on contributions and sponsorships, a severe recession may affect the ability of businesses to support the Foundation at the same levels as before. The long term effects, if any, on future support is unknown.

The Foundation received a Paycheck Protection Program Loan (PPP) for \$450,815 to cover payroll costs during the pandemic. Since the Foundation met the payroll requirements of the loan, the Small Business Administration (SBA) authorized its forgiveness in January 2021. The loan was converted into a grant and reported as revenue in the 2020 year.

In March 2021, the Foundation received a second PPP loan for \$418,680. They are planning to apply for forgiveness on this loan as well, but it has not been forgiven as of the date of the financial statements.

NOTE 9 – RESTATED BALANCES

The beginning balance of net assets in the statement of financial position for the year ended December 31, 2020 has been decreased by \$75,236. The restatement was made to account for the liability for employer pension contributions attributable to 2019 that were omitted from the prior year financial statements.

The restatement affects the comparative financial statements for the year ended December 31, 2019 by increasing outsource fees and expenses by \$75,236, increasing accrued liabilities by \$75,236 and decreasing ending net assets by \$75,236.