

THE SKIN CANCER FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

THE SKIN CANCER FOUNDATION, INC.

DECEMBER 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 The Skin Cancer Foundation, Inc. as of December 31, 2023 and 2022, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Skin Cancer Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Skin Cancer Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Skin Cancer Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Skin Cancer Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

The summarized comparative information in the statement of functional expenses for the year ended December 31, 2021 was derived from the financial statements of The Skin Cancer Foundation, Inc. as of December 31, 2022 and 2021 and, in our report dated November 2, 2023, we expressed an unmodified opinion on those financial statements.

Cooper Arias, LLP

Mongaup Valley, New York
November 8, 2024

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

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash	\$ 198,253	\$ 131,008
Investments (Note 3)	6,055,753	5,898,824
Contributions Receivable	108,843	230,661
Prepaid Expenses	<u>43,262</u>	<u>58,242</u>
Total Current Assets	<u>6,406,111</u>	<u>6,318,735</u>
Fixed Assets:		
Right To Use Asset, net (Note 2)	2,477,840	2,952,468
Leasehold Improvements	22,064	22,064
Machinery and Equipment	231,968	229,253
Furniture and Fixtures	95,686	95,686
Less: Accumulated Depreciation	<u>(311,112)</u>	<u>(285,677)</u>
Net Fixed Assets	<u>2,516,446</u>	<u>3,013,794</u>
TOTAL ASSETS	<u><u>\$ 8,922,557</u></u>	<u><u>\$ 9,332,529</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

(Continued)

	<u>2022</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 168,962	\$ 70,980
Accrued Liabilities	90,525	94,239
Deferred Revenues	<u>544,777</u>	<u>499,667</u>
Total Current Liabilities	<u>804,264</u>	<u>664,886</u>
Non-Current Liabilities		
Accrued Rent Concessions	100,960	123,603
Compensated Absences	25,625	44,044
Lease Liability (Note 2)	<u>2,477,840</u>	<u>2,952,468</u>
Total Non-Current Liabilities	<u>2,604,425</u>	<u>3,120,115</u>
TOTAL LIABILITIES	<u>3,408,689</u>	<u>3,785,001</u>
NET ASSETS		
Without Donor Restrictions	<u>5,513,868</u>	<u>5,547,528</u>
TOTAL NET ASSETS	<u>5,513,868</u>	<u>5,547,528</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,922,557</u>	<u>\$ 9,332,529</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES:		
Contributions of Cash and Other Financial Assets:		
Foundation and Corporate Sponsorships	\$ 2,313,871	\$ 2,660,231
Public Contributions	292,466	242,017
Public Information and Medical Education	260,998	247,183
Fundraising Events	51,146	51,862
Gross Special Event Revenues:		
Champions for Change Award Gala	847,494	722,156
Less: Cost of Direct Benefits to Donors	<u>198,253</u>	<u>166,668</u>
Contributions of Non-Financial Assets:		
In-kind Contributions (Note 1-G)	16,225,610	11,768,276
Miscellaneous Income	769	-
Investment Income (Net)	111,591	83,231
Realized Gain/(Loss) on Investments	329,884	90,193
Unrealized Gain/(Loss) on Investments	<u>314,693</u>	<u>(1,430,254)</u>
 TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	 <u>20,550,269</u>	 <u>14,268,227</u>
 EXPENSES AND LOSSES:		
Program Services	19,354,036	14,781,778
Membership Development	147,005	126,520
Management and General	265,272	295,433
Fundraising expenses	<u>817,616</u>	<u>748,409</u>
 TOTAL EXPENSES	 <u>20,583,929</u>	 <u>15,952,140</u>
 INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>(33,660)</u>	 <u>(1,683,913)</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net Assets Released From Donor Restrictions	<u>-</u>	<u>-</u>
 INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>-</u>	 <u>-</u>
 CHANGE IN NET ASSETS	 <u>(33,660)</u>	 <u>(1,683,913)</u>
 TOTAL NET ASSETS - Beginning of Year - Restated	 <u>5,547,528</u>	 <u>7,231,441</u>
 TOTAL NET ASSETS - End of Year	 <u>\$ 5,513,868</u>	 <u>\$ 5,547,528</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ (33,660)	\$ (1,683,913)
Adjustment To Reconcile Change In Net Assets To Net Cash Used By Operating Activities:		
Depreciation	25,436	24,302
Investment Income (Net)	(111,591)	(83,231)
Realized (Gain)/Loss On Investments	(329,884)	(90,193)
Unrealized (Gain)/Loss On Investments	(314,693)	1,430,254
(Increase) Decrease In Operating Assets:		
Contributions receivable	121,818	266,568
Accounts Receivable	-	7,223
Prepaid Expenses	14,980	42,970
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	97,982	(151,369)
Accrued Liabilities	(3,714)	(16,576)
Deferred Revenues	45,110	(247,833)
Accrued Rent Concessions	(22,643)	(22,823)
Compensated Absences	(18,419)	(13,352)
	(529,278)	(537,973)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,715)	(17,242)
Sale of Investments	599,238	375,000
	596,523	357,758
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,245	(180,215)
CASH AND CASH EQUIVALENTS - Beginning of Year	131,008	311,223
CASH AND CASH EQUIVALENTS - End of Year	\$ 198,253	\$ 131,008

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

THE SKIN CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	Program Services	Membership Development	Management And General	Fundraising	Cost of Direct Benefits to Donors	Totals	2022 Totals
Outsource Fees and Expenses	\$ 1,403,198	\$ 141,086	\$ 254,592	\$ 559,573	\$ -	\$ 2,358,449	\$ 2,438,400
Research and Fellowship	167,844	-	-	-	-	167,844	154,267
Public and Medical Education	722,295	-	-	-	-	722,295	569,351
Seminars and Conferences	55,887	-	-	-	-	55,887	36,673
Professional Fees	84,202	640	1,154	2,537	-	88,533	26,399
Office Supplies	5,973	45	82	180	-	6,280	4,053
Postage and Shipping	1,765	13	24	53	-	1,855	2,871
Operating Lease Expense	508,779	3,864	6,973	15,327	-	534,943	521,824
Rent	4,395	33	60	132	-	4,620	11,458
Electricity	7,638	58	105	230	-	8,031	7,059
Dues and Subscriptions	2,405	18	33	72	-	2,528	1,610
Insurance	20,344	155	279	613	-	21,391	22,404
Direct Costs	-	-	-	234,569	85,785	320,354	260,545
Miscellaneous	27,646	212	378	834	-	29,070	50,110
Administrative Expenses	15,436	117	212	465	-	16,230	23,073
Repairs and Maintenance	3,629	28	50	109	-	3,816	3,007
Computer Expense and Telephone	62,068	471	851	1,870	-	65,260	60,469
Interest and Bank Charges	544	4	7	16	-	571	363
Registration Fees	10,187	77	140	307	-	10,711	19,176
In-Kind Expenses	16,225,610	-	-	-	112,468	16,338,078	11,881,394
Depreciations	24,191	184	332	729	-	25,436	24,302
Total Expenses by Function	19,354,036	147,005	265,272	817,616	198,253	20,782,182	16,118,808
Less Expenses included with Revenues on the Statement of Activities:							
Cost of Direct Benefits to Donors	-	-	-	-	(198,253)	(198,253)	(166,668)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	\$ 19,354,036	\$ 147,005	\$ 265,272	\$ 817,616	\$ -	\$ 20,583,929	\$ 15,952,140

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

THE SKIN CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)

	Program Services	Membership Development	Management And General	Fundraising	Cost of Direct Benefits to Donors	Totals	2021 Totals
Outsource Fees and Expenses	\$ 1,523,315	\$ 120,181	\$ 280,626	\$ 514,278	\$ -	\$ 2,438,400	\$ 2,396,357
Research and Fellowship	154,267	-	-	-	-	154,267	139,345
Public and Medical Education	569,351	-	-	-	-	569,351	561,869
Seminars and Conferences	36,673	-	-	-	-	36,673	11,029
Professional Fees	24,763	215	502	919	-	26,399	63,710
Office Supplies	3,802	33	77	141	-	4,053	3,142
Postage and Shipping	2,693	23	55	100	-	2,871	1,468
Operating Lease Expense	489,747	4,213	9,837	18,027	-	521,824	486,396
Rent	10,457	131	307	563	-	11,458	14,714
Electricity	6,622	57	134	246	-	7,059	6,364
Dues and Subscriptions	1,510	13	31	56	-	1,610	2,049
Insurance	21,016	182	426	780	-	22,404	19,195
Direct Costs	-	-	-	206,995	53,550	260,545	52,844
Miscellaneous	47,002	408	953	1,747	-	50,110	26,757
Administrative Expenses	21,643	188	438	804	-	23,073	15,832
Repairs and Maintenance	2,821	24	57	105	-	3,007	2,637
Computer Expense and Telephone	56,752	488	1,140	2,089	-	60,469	80,402
Interest and Bank Charges	284	10	24	45	-	363	655
Registration Fees	17,988	156	364	668	-	19,176	24,571
In-Kind Expenses	11,768,276	-	-	-	113,118	11,881,394	7,427,919
Depreciations	22,796	198	462	846	-	24,302	22,122
Total Expenses by Function	14,781,778	126,520	295,433	748,409	166,668	16,118,808	11,359,377
Less Expenses included with Revenues on the Statement of Activities:							
Cost of Direct Benefits to Donors	-	-	-	-	(166,668)	(166,668)	-
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	\$ 14,781,778	\$ 126,520	\$ 295,433	\$ 748,409	\$ -	\$ 15,952,140	\$ 11,359,377

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

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).

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

THE SKIN CANCER FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Insurance	Percentage based on direct expense allocations
Miscellaneous	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

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.

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022, the Foundation recognized \$16,338,078 and \$11,881,394, respectively, in in-kind revenues and a corresponding amount as program expenses.

In-kind contributions included in the statements of activities are comprised of the following:

	<u>2023</u>	<u>2022</u>
TV/Cable Advertisements	\$ 15,284,683	\$ 10,936,038
Magazine Advertisements	301,560	69,224
Google Adwords Advertisements	481,819	514,231
Microsoft Advertisements	3,056	4,068
In-Kind Labor (Doctors) – Destination Healthy Skin Tour	56,375	44,188
CURE Strategic Alliance Partner Program – Collaborative	70,000	86,500
Information (via media platforms)		
Gift Bag Donations Used For Program Services	<u>28,117</u>	<u>114,027</u>
In-Kind Contributions Used For Program Services	16,225,610	11,768,276
Gift Bag Donations Distributed At Gala	<u>112,468</u>	<u>113,118</u>
Total In-kind Donations	<u>\$ 16,338,078</u>	<u>\$ 11,881,394</u>

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 SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$46,495 and \$30,622 at December 31, 2023 and 2022, respectively. 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

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023 and 2022

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 \$544,777 and \$499,667 for the years ended December 31, 2023 and 2022, respectively.

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

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 up until December 31, 2022. Beginning in 2023, the maximum carryover was reduced to 5 vacation days. Sick, personal and compensatory time cannot be carried over from year to year. The Foundation reported compensated absences of \$25,625 and \$44,044 as of December 31, 2023 and 2022, 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, 2021 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, 2022 and 2021, from which the summarized information was derived.

O. New Accounting Pronouncement

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The Foundation has adopted Topic 842 for the year ended December 31, 2022.

THE SKIN CANCER FOUNDATION, INC.
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NOTE 2- OPERATING LEASES

The Foundation entered into an office 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.

The Foundation entered into an office equipment lease agreement that covers the period from January 1, 2022 through December 31, 2026. The payments are due monthly in the amount of \$503, resulting in an annual cost of \$6,033.

Due to hardships caused by the COVID-19 shutdowns, the Foundation fell behind several months on rent payments. 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 were made in addition to the regular monthly rent due for that period. As of December 31, 2021 accounts payable included \$151,340 in unpaid rent. As of December 31, 2022 the Foundation had paid this past due amount in full.

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

Lease Liabilities

The Foundation has entered into lease agreements that do not qualify as a short term lease or an installment purchase under ASC 842 and, therefore, have been reported as a liability equal to the present value of future minimum lease payments. The Foundation's current leases reported as long term liabilities are as follows:

<u>PURPOSE</u>	<u>START DATE</u>	<u>END DATE</u>	<u>INTEREST RATE</u>	<u>PAYMENT</u>	<u>OUTSTANDING 12/31/23</u>	<u>OUTSTANDING 12/31,22</u>
Office Space	2017	2028	3.00%	\$39,344-\$51,148/month	\$ 2,460,552	\$ 2,929,754
Office Equipment	2022	2026	3.00%	\$503/month	<u>17,288</u>	<u>22,714</u>
					<u>\$ 2,477,840</u>	<u>\$ 2,952,468</u>

THE SKIN CANCER FOUNDATION, INC.
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NOTE 2 – OPERATING LEASES (Continued)

The following is a summary of future minimum operating lease payments:

<u>YEAR</u>	<u>OPERATING LEASES</u>
2024	\$ 569,121
2025	581,792
2026	594,745
2027	601,959
2028	<u>306,889</u>
Total Payments	2,654,506
Less: Interest Portion	<u>(176,666)</u>
Lease Liability Reported	<u>\$ 2,477,840</u>

The Foundation had total lease costs of \$566,731 and \$544,613 for years ended December 31, 2023 and 2022, respectively.

Right To Use Assets

The Foundation has reported right to use assets as a result of implementing ASC 842. Right to use assets are initially reported at an amount equal to the initial lease liability and amortized over the life of the related lease.

Right to use asset balances and activity for the years ended December 31, 2023 and 2022 were as follows:

	<u>Net Right To Use Assets</u>	
	<u>12/31/23</u>	<u>12/31/22</u>
Office Space	\$ 2,460,552	\$ 2,929,754
Office Equipment	<u>17,288</u>	<u>22,714</u>
TOTAL	<u>\$ 2,477,840</u>	<u>\$ 2,952,468</u>

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 2 – OPERATING LEASES (Continued)

<u>12/31/23</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Right to use assets:				
Office Space	\$ 5,026,407	\$ -	\$ -	\$ 5,026,407
Office Equipment	<u>28,050</u>	<u>-</u>	<u>-</u>	<u>28,050</u>
Total right to use assets	<u>5,054,457</u>	<u>-</u>	<u>-</u>	<u>5,054,457</u>
Less accumulated amortization:				
Office Space	2,096,653	469,202	-	2,565,855
Office Equipment	<u>5,336</u>	<u>5,426</u>	<u>-</u>	<u>10,762</u>
Total Accumulated Amortization	<u>2,101,989</u>	<u>474,628</u>	<u>-</u>	<u>2,576,617</u>
Right to use assets, net	<u>\$ 2,952,468</u>	<u>\$ (474,628)</u>	<u>\$ -</u>	<u>\$ 2,477,840</u>

<u>12/31/22</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Right to use assets:				
Office Space	\$ 5,026,407	\$ -	\$ -	\$ 5,026,407
Office Equipment	<u>-</u>	<u>28,050</u>	<u>-</u>	<u>28,050</u>
Total right to use assets	<u>5,026,407</u>	<u>28,050</u>	<u>-</u>	<u>5,054,457</u>
Less accumulated amortization:				
Office Space	1,653,224	443,429	-	2,096,653
Office Equipment	<u>-</u>	<u>5,336</u>	<u>-</u>	<u>5,336</u>
Total Accumulated Amortization	<u>1,653,224</u>	<u>448,765</u>	<u>-</u>	<u>2,101,989</u>
Right to use assets, net	<u>\$ 3,373,183</u>	<u>\$ (420,715)</u>	<u>\$ -</u>	<u>\$ 2,952,468</u>

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 3 – INVESTMENTS

Investments as of December 31, 2023 and 2022 are all classified as Level 1 (See Note 1-K) and are valued as follows:

	2023 <u>Fair Market Value</u>	<u>Cost</u>	Cumulative <u>Unrealized Gains</u>
Money Market Accounts	\$ 600,970	\$ 600,970	\$ -
Common Stocks	270,808	183,883	86,925
Mutual Funds	5,183,975	3,741,552	1,442,423
Government Securities	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 6,055,753</u>	<u>\$ 4,526,405</u>	<u>\$ 1,529,348</u>
	2022		Cumulative
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gains</u>
Money Market Accounts	\$ 361,929	\$ 361,929	\$ -
Common Stocks	-	-	-
Mutual Funds	5,313,195	4,101,707	1,211,488
Government Securities	<u>223,700</u>	<u>223,106</u>	<u>594</u>
Total Investments	<u>\$ 5,898,824</u>	<u>\$ 4,686,742</u>	<u>\$ 1,212,082</u>

Net investment income for the years ended December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Investment Income	\$ 146,648	\$ 127,514
Less: Investment Expenses	<u>(35,057)</u>	<u>(44,283)</u>
Net Investment Income	111,591	83,231
Realized Gains (Losses) on Investments	329,884	90,193
Unrealized Gains (Losses) on Investments	<u>314,693</u>	<u>(1,430,254)</u>
Total Net Investment Income	<u>\$ 756,168</u>	<u>\$ (1,256,830)</u>

THE SKIN CANCER FOUNDATION, INC.
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DECEMBER 31, 2023 and 2022

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, 2023 and 2022 are as follows:

<u>2023 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Champions For Change Award Gala:			
Cash Transactions	\$ 735,026	\$ 320,354	\$ 414,672
In-Kind Transactions	<u>112,468</u>	<u>112,468</u>	<u>-</u>
Total Champions For Change Award Gala	<u>\$ 847,494</u>	<u>\$ 432,822</u>	<u>\$ 414,672</u>

<u>2022 Events</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income/(Loss)</u>
Champions For Change Award Gala:			
Cash Transactions	\$ 609,038	\$ 260,545	\$ 348,493
In-Kind Transactions	<u>113,118</u>	<u>113,118</u>	<u>-</u>
Total Champions For Change Award Gala	<u>\$ 722,156</u>	<u>\$ 373,663</u>	<u>\$ 348,493</u>

NOTE 5 – RETIREMENT PLAN

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 \$45,341 and \$48,296 to the Plan for the years ended December 31, 2023 and 2022, respectively.

THE SKIN CANCER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 6 – LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 198,253	\$ 131,008
Investments	6,055,753	5,898,824
Contributions Receivable	<u>108,843</u>	<u>230,661</u>
 Total	 <u>\$ 6,362,849</u>	 <u>\$ 6,260,493</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.

NOTE 7 – EVENTS OCCURRING AFTER REPORTING DATE

The Foundation has evaluated events and transactions that occurred between December 31, 2023 and November 8, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 8 – RESTATED BALANCES

The beginning balance of net assets for the year ended December 31, 2023 has been increased by \$15,715 to account for overstated pension liabilities as of December 31, 2022. The restated amount has resulted in the following changes to the financial statements for the year ended December 31, 2022:

<u>Account</u>	<u>Increase/(Decrease)</u>
Outsource Fees and Expenses	\$ (15,715)
Accrued Liabilities	(15,715)
Change in Net Assets	15,715
Total Net Assets	15,715