

The Skin Cancer Foundation, Inc.

Financial Statements

December 31, 2024 and 2023



NISIVOCCIA
ASSURANCE · TAX · ADVISORY

The Skin Cancer Foundation, Inc.
Table of Contents
December 31, 2024 and 2023

	<u>Page No.</u>
Independent Auditors' Report	1
 <u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Skin Cancer Foundation, Inc. (a Nonprofit Organization) (the "Foundation") which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Board of Directors of
The Skin Cancer Foundation, Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Foundation'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 Foundation'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 statements of the Foundation for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those audited financial statements on November 8, 2024.

Nisiroccia LLP

Bridgewater, New Jersey
September 25, 2025

The Skin Cancer Foundation, Inc.
Statement of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 554,370	\$ 799,222
Investments	6,003,393	5,454,784
Contributions receivable	125,630	108,843
Prepaid expenses	<u>52,187</u>	<u>43,262</u>
Total current assets	6,735,580	6,406,111
Noncurrent assets:		
Operating lease - right of use asset	1,871,948	2,477,840
Property and equipment, net	<u>24,218</u>	<u>38,606</u>
Total noncurrent assets	<u>1,896,166</u>	<u>2,516,446</u>
Total assets	<u><u>\$ 8,631,746</u></u>	<u><u>\$ 8,922,557</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 49,282	\$ 168,962
Accrued liabilities	136,756	90,525
Operating right of use lease liability - current portion	583,406	566,731
Deferred revenue	<u>646,667</u>	<u>544,777</u>
Total current liabilities	<u>1,416,111</u>	<u>1,370,995</u>
Noncurrent liabilities:		
Compensated absences	40,942	25,625
Operating right of use lease liability - net of current portion	<u>1,352,429</u>	<u>2,012,069</u>
Total non-current liabilities	<u>1,393,371</u>	<u>2,037,694</u>
Total liabilities	<u>2,809,482</u>	<u>3,408,689</u>
Net Assets:		
Without donor restrictions	<u>5,822,264</u>	<u>5,513,868</u>
Total net assets	<u>5,822,264</u>	<u>5,513,868</u>
Total liabilities and net assets	<u><u>\$ 8,631,746</u></u>	<u><u>\$ 8,922,557</u></u>

See Accompanying Notes to Financial Statements

The Skin Cancer Foundation, Inc.
Statement of Activities
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and support:		
Foundation and corporate sponsorships	\$ 2,595,695	\$ 2,313,871
Contributions	586,683	343,612
Public information and medical education	114,151	260,998
Special events, net of direct benefit to donors of \$215,572 and \$198,253, respectively	700,332	649,241
In-kind contributions	16,745,970	16,225,610
Other income	<u>24,274</u>	<u>769</u>
Total revenue and support	<u>20,767,105</u>	<u>19,794,101</u>
Expenses:		
Program services	19,903,150	19,415,256
Management and general	358,618	265,272
Fundraising	<u>1,019,937</u>	<u>903,401</u>
Total functional expenses	<u>21,281,705</u>	<u>20,583,929</u>
Change in net assets from operating activities	(514,600)	(789,828)
Nonoperating activities:		
Investment income, net	149,142	111,591
Realized gain on investments	178,857	329,884
Unrealized gain on investments	<u>494,997</u>	<u>314,693</u>
Total nonoperating activities	<u>822,996</u>	<u>756,168</u>
Change in net assets	308,396	(33,660)
Net assets without donor restrictions, beginning of year	<u>5,513,868</u>	<u>5,547,528</u>
Net assets without donor restrictions, end of year	<u>\$ 5,822,264</u>	<u>\$ 5,513,868</u>

See Accompanying Notes to Financial Statements

The Skin Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Outsourced fees and expenses	\$ 1,245,480	\$ 316,910	\$ 662,415	\$ 2,224,805
Research and fellowship	185,890			185,890
Public and medical education	850,656			850,656
Seminars and conferences	74,936			74,936
Professional fees	165,889	7,942	2,647	176,478
Office supplies	15,516	743	248	16,507
Postage and shipping	1,577	76	25	1,678
Rent expense	508,491	24,343	8,114	540,948
Taxes	18,201	871	290	19,362
Electricity	9,284	444	148	9,876
Dues and subscriptions	4,921	236	79	5,236
Insurance	28,763	1,377	459	30,599
Direct costs			343,620	343,620
Administrative expenses	12,295	589	196	13,080
Repairs and maintenance	5,767	276	92	6,135
Computer expense and telephone	68,594	3,284	1,095	72,973
Bank charges	528	25	8	561
Registration fees	14,272	683	228	15,183
In-kind expenses	<u>16,674,989</u>			<u>16,674,989</u>
Total expenses before depreciation	19,886,049	357,799	1,019,664	21,263,512
Depreciation	<u>17,101</u>	<u>819</u>	<u>273</u>	<u>18,193</u>
Total expenses	<u>\$ 19,903,150</u>	<u>\$ 358,618</u>	<u>\$ 1,019,937</u>	<u>\$ 21,281,705</u>

See Accompanying Notes to Financial Statements

The Skin Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Outsourced fees and expenses	\$ 1,544,284	\$ 254,592	\$ 559,573	\$ 2,358,449
Research and fellowship	167,844			167,844
Public and medical education	722,295			722,295
Seminars and conferences	55,887			55,887
Professional fees	84,842	1,154	2,537	88,533
Office supplies	6,018	82	180	6,280
Postage and shipping	1,778	24	53	1,855
Rent expense	512,643	6,973	15,327	534,943
Taxes	4,428	60	132	4,620
Electricity	7,696	105	230	8,031
Dues and subscriptions	2,423	33	72	2,528
Insurance	20,499	279	613	21,391
Direct costs			320,354	320,354
Miscellaneous	27,858	378	834	29,070
Administrative expenses	15,553	212	465	16,230
Repairs and maintenance	3,657	50	109	3,816
Computer expense and telephone	62,539	851	1,870	65,260
Bank charges	548	7	16	571
Registration fees	10,264	140	307	10,711
In-kind expenses	16,139,825			16,139,825
Total expenses before depreciation	19,390,881	264,940	902,672	20,558,493
Depreciation	24,375	332	729	25,436
Total expenses	<u>\$ 19,415,256</u>	<u>\$ 265,272</u>	<u>\$ 903,401</u>	<u>\$ 20,583,929</u>

See Accompanying Notes to Financial Statements

The Skin Cancer Foundation, Inc.
Statement of Cash Flows
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 308,396	\$ (33,660)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	18,193	25,436
Realized gain on investments	(178,857)	(329,884)
Unrealized gain on investments	(494,997)	(314,693)
Dividends and interest, reinvested	(107,879)	(111,591)
Changes in operating assets and liabilities:		
Contributions receivable	(16,787)	121,818
Prepaid expenses	(8,925)	14,980
Accounts payable	(119,680)	97,982
Accrued liabilities	46,231	(3,714)
Deferred revenue	101,890	45,110
Accrued rent concessions		(22,643)
Compensated absences	15,317	(18,419)
Operating lease asset and liability	<u>(37,073)</u>	
Net cash used in operating activities	<u>(474,171)</u>	<u>(529,278)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,805)	(2,715)
Sale of investments	651,960	599,238
Purchase of investments	<u>(418,836)</u>	
Net cash provided by investing activities	<u>229,319</u>	<u>596,523</u>
Net (decrease) increase in cash and cash equivalents	(244,852)	67,245
Cash and cash equivalents, beginning of year	<u>799,222</u>	<u>731,977</u>
Cash and cash equivalents, end of year	<u>\$ 554,370</u>	<u>\$ 799,222</u>
Supplemental disclosures of noncash information:		
Unrealized gain on investments	<u>\$ 494,997</u>	<u>\$ 314,693</u>
Donated stock	<u>\$ 1,447</u>	<u>\$</u>

See Accompanying Notes to Financial Statements

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

1. Nature of Activities

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.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Foundation in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting

The financial statements of the Foundation are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation prepares its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), *Accounting for Contributions Received and Made*, and FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Foundation manages its liquid available resources and liquidity risks.

Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. FASB ASC, *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Foundation's programs and general operations. These resources are not subject to donor-imposed restrictions.

Net assets with donor restrictions represent amounts with donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all, or part of the income earned on any related investments for general or specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at December 31, 2024 and 2023.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Foundation recognizes revenue from public information and medical education at the time the service is performed. The Foundation records special events revenue equal to the fair value of direct benefits to donors and for the excess over event cost received when the event takes place. There are no multi-year contracts and performance obligations are typically satisfied within one year or less. Amounts billed for future services are reported as deferred revenue in the statement of financial position.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Performance obligations satisfied at a point in time	\$ 1,862,226	\$ 1,856,166
Performance obligations satisfied over time	<u>\$ 1,461,705</u>	<u>\$ 1,261,597</u>

Revenue from performance obligations satisfied at a point in time is comprised of fundraising and corporate sponsorships, less the cost of direct benefit to donors and public information and education.

Income Taxes

The Foundation is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Foundation is also exempt under Chapter 35 of the Consolidated Laws of New York. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Foundation follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions. The Foundation is subject to audit by tax authorities, including a review of its nonprofit status, which management believes would be upheld upon examination.

As required by law, the Foundation files informational returns with both the United States federal and state of New York jurisdictions on an annual basis - Form 990 with the Internal Revenue Service and CHAR-500 with the New York State Department of Law. These returns are subject to examination by these authorities within certain statutory defined periods for federal and state jurisdictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable and Allowance for Credit Losses

Contributions receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for credit losses as of December 31, 2024 and 2023, as management deemed all contributions receivable to be collectible as of the date of the financial statements.

The Foundation follows the provisions of **FAB** ASC, *Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in the standard were accounts receivable.

Leases

The Foundation applies FASB ASC 842, *Leases*, to determine whether an arrangement is or contains a lease at inception. The Foundation leases office space and equipment. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of their leases do not provide an implicit rate, the Foundation uses a risk-free rate of 1.63% for the year ended December 31, 2024, for its office space and equipment classes of assets based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Foundation has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Investments

The Foundation follows the provisions of FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Foundations*. In accordance with this accounting standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest, dividends, and realized gains and losses on sale of investments) are included in the statement of activities as increases or decreases of net assets without donor restrictions unless the income or loss is restricted by the donor or law.

A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities, and a new cost basis would be established. For the years ended December 31, 2024 and 2023, the Foundation did not record any impairment charge in the statement of activities and changes in net assets.

Fair Value Measurement

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability. The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The measurement of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable.

As the Foundation is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., current replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on current market expectations about those future amounts (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Foundation's investments and the amounts reported in the statement of financial position and the statement of activities.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at date of gift, when donated. The Foundation capitalizes additions of property and equipment with a purchase price of \$1,000 or more and a useful life of more than one year; the fair value of donated fixed assets is similarly capitalized. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisitions.

Depreciation of assets is provided for by the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the useful life of the asset. Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized.

The Foundation continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

Use of 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 the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Foundations' estimates may change in the near term.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Costs are allocated between program services, management and general, and fundraising based on evaluations of the related benefits. Program expenses are those related to the various programs offered by the Foundation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Fundraising includes the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

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 \$646,667 and \$544,777 as of December 31, 2024 and 2023, respectively.

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 \$40,942 and \$25,625 as of December 31, 2024 and 2023, respectively.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risks related to cash.

Concentration of credit risk associated with investments is considered low due to the credit quality of the financial institutions holding these investments.

Contributed Services

The Foundation follows the provisions of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets.

The Foundation recognizes contributed services at their fair value if the services have value to the Foundation and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. If these criteria are met, the related amounts are reported as both in-kind contribution revenue and expense in the statement of activities.

Volunteers make significant contributions of time relative to general management and operations of the Foundation. The value of this contributed time is not reflected in these financial statements since it does not meet criteria for recognition under U.S. generally accepted accounting principles.

Professional Employer Organization Agreement

The Foundation has entered into a co-employment agreement with a Professional Employer Organization "PEO" to provide human resources, payroll processing, employee benefits administration, and other related services. Under this arrangement, the PEO is the employer of record for certain legal and administrative purposes; however, the Foundation retains responsibility for directing and controlling the day-to-day activities of its employees.

The Foundation reimburses the PEO for gross salaries, payroll taxes, employee benefits, and administrative fees. Salaries and related expenses reimbursed to the PEO are included in outsourced fees and expenses the accompanying statements of functional expenses.

Payments outstanding to the PEO for payroll and benefits totaled \$117,562 and \$89,771, as of ended December 31, 2024 and 2023, respectively, and are included in accrued liabilities on the accompanying statement of financial position.

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Auxiliary Activities

Revenue from auxiliary activities includes sales and other revenue from brochures, posters and books totaling \$30,883 and \$46,499 for the years ended December 31, 2024 and 2023, respectively, and are included in public and medical education on the accompanying statements of functional expenses. The Foundation recognizes revenue from these sources upon sale.

Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2024, through the date of the independent auditors' report and the date the financial statements were available to be issued, September 25, 2025. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles in the United States of America. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 554,370	\$ 799,222
Contributions receivable	125,630	108,843
Investments	<u>6,003,393</u>	<u>5,454,784</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,683,393</u>	<u>\$ 6,362,849</u>

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

4. Property and Equipment

Property and equipment is comprised of the following as of December 31:

	Estimated Useful Life (Years)	2024	2023
Leasehold improvements	10	\$ 22,440	\$ 22,440
Machinery and equipment	5 - 7	166,582	162,777
Vehicles	5	164,502	164,502
Total property and equipment		353,524	349,719
Less: accumulated depreciation		(329,306)	(311,113)
Net property and equipment, net		<u>\$ 24,218</u>	<u>\$ 38,606</u>

Depreciation expense amounted to \$18,193 and \$25,436 for the years ended December 31, 2024 and 2023, respectively.

5. Investments

The Foundation's investments are comprised of the following as of December 31:

	2024		
	Cost	Fair Value (Level 1)	Unrealized Gain
Mutual funds	\$ 3,789,730	\$ 5,691,118	\$ 1,901,388
Common stock	193,393	312,275	118,882
Total investments	<u>\$ 3,983,123</u>	<u>\$ 6,003,393</u>	<u>\$ 2,020,270</u>

	2023		
	Cost	Fair Value (Level 1)	Unrealized Gain
Mutual funds	\$ 3,742,489	\$ 5,184,912	\$ 1,442,423
Common stock	182,947	269,872	86,925
Total investments	<u>\$ 3,925,436</u>	<u>\$ 5,454,784</u>	<u>\$ 1,529,348</u>

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

The following summarizes investment activity for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Fair value, beginning of year	\$ 5,454,784	\$ 5,297,854
Purchases, including donated investments	418,836	
Dividends and interest reinvested, net	107,879	111,591
Sales	(651,960)	(599,238)
Realized gain	178,857	329,884
Unrealized gain	<u>494,997</u>	<u>314,693</u>
Fair value, end of year	<u>\$ 6,003,393</u>	<u>\$ 5,454,784</u>

The following summarizes the investment return for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Dividends and interest income	\$ 190,151	\$ 146,648
Realized gain	178,857	329,884
Unrealized gain	494,997	314,693
Investment fees	<u>(41,009)</u>	<u>(35,057)</u>
	<u>\$ 822,996</u>	<u>\$ 756,168</u>

6. 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.

The new lease agreement includes an irrevocable standby letter of credit in the amount of \$102,296 as security on the lease with an interest rate of 0.9%. The LOC is automatically renewed annually. There were no amounts outstanding as of December 31, 2024 or 2023.

The total lease costs, including associated costs, charged to operations, under FASB, ASC 842 for the years ended December 31, 2024 and 2023, amounted to \$540,948 and \$534,943, respectively.

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Other information related to the Foundation’s operating lease as of and for the years ended December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$ 570,701	\$ 558,276
Weighted-average remaining lease term in years for operating leases	3.33	4.32
Weighted-average discount rate for operating leases	1.63%	1.63%

Future minimum lease liabilities under these operating leases are as follows:

<u>Year Ended December 31,</u>	
2025	\$ 583,406
2026	596,398
2027	603,651
2028	<u>204,592</u>
Total undiscounted cash flows	1,988,047
Less: present value discount	<u>(52,212)</u>
Total lease liabilities	<u>\$ 1,935,835</u>

7. Retirements Plan

The Foundation established a 401(k) Profit Sharing Plan (the “Plan”) effective January 1, 2019. 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 to receive employer contributions. The Foundation made employer contributions of \$47,993 and \$45,341 to the Plan for the years ended December 31, 2024 and 2023, respectively.

8. Risks and Uncertainties and Funding Dependency

A significant portion of the Foundation’s funding comes from private foundations. One donor represented approximately 74% and 75% of total revenue and two donors represented approximately 92% and 32% of receivables as of December 31, 2024 and 2023, respectively. Accordingly, there is no guarantee that such funding will continue.

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

9. 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 are as follows:

	<u>2024</u>		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income</u>
Champions for Change Award Gala:			
Cash transactions	\$ 771,312	\$ 343,620	\$ 427,692
In-kind transactions	<u>144,592</u>	<u>144,592</u>	
Total Champions for Change Award Gala	<u>\$ 915,904</u>	<u>\$ 488,212</u>	<u>\$ 427,692</u>
	<u>2023</u>		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Income</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>	
Total Champions for Change Award Gala	<u>\$ 847,494</u>	<u>\$ 432,822</u>	<u>\$ 414,672</u>

10. In-Kind Contributions

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, 2024 and 2023, the Foundation recognized \$16,890,562 and \$16,338,078, respectively, in in-kind revenues and a corresponding amount as program expenses.

The Skin Cancer Foundation, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
TV/cable advertisements	\$ 15,008,642	\$ 15,284,683
Magazine advertisements	1,134,495	301,560
Google awards advertisements	531,853	481,819
Microsoft advertisements		3,056
In-kind labor (doctors) - Destination Health Skin	69,000	56,375
Collaborative information via media platforms		70,000
Gift bag donations used for program services	<u>1,980</u>	<u>28,117</u>
Total in-kind donations used for program services	16,745,970	16,225,610
Gift bag donations distributed at gala	<u>144,592</u>	<u>112,468</u>
Total in-kind donations	<u>\$ 16,890,562</u>	<u>\$ 16,338,078</u>