

# McGladrey & Pullen

Certified Public Accountants

## Foundation for Ichthyosis and Related Skin Types, Inc.

Financial Report  
September 30, 2009

Foundation for Ichthyosis and Related Skin Types, Inc.

**Contents**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

Board of Directors  
Foundation for Ichthyosis and Related Skin Types, Inc.  
North Wales, Pennsylvania

We have audited the accompanying statements of financial position of the Foundation for Ichthyosis and Related Skin Types, Inc. as of September 30, 2009 and 2008, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Ichthyosis and Related Skin Types, Inc. as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Blue Bell, Pennsylvania  
March 11, 2010

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Financial Position  
September 30, 2009 and 2008

	2009	2008
<b>Assets</b>		
Current Assets		
Cash	\$ 1,266,212	\$ 1,395,448
Marketable securities	232,636	233,361
Prepays and other assets	3,248	1,100
<b>Total current assets</b>	<b>1,502,096</b>	<b>1,629,909</b>
Cash, permanently restricted	70,203	70,203
Furniture and Equipment, net	12,435	3,242
<b>Total assets</b>	<b>\$ 1,584,734</b>	<b>\$ 1,703,354</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Grants payable	\$ -	\$ 150,000
Accounts payable and accrued expenses	13,696	2,311
<b>Total current liabilities</b>	<b>13,696</b>	<b>152,311</b>
Commitments (Note 9)		
Net Assets		
Unrestricted	995,824	1,035,228
Temporarily restricted	505,011	445,612
Permanently restricted	70,203	70,203
<b>Total net assets</b>	<b>1,571,038</b>	<b>1,551,043</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,584,734</b>	<b>\$ 1,703,354</b>

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Activities

Years Ended September 30, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Contributions	\$ 367,067	\$ 250,615	\$ -	\$ 617,682	\$ 439,423	\$ 206,983	\$ 60,203	\$ 706,609
In-kind contributions	39,037	-	-	39,037	45,220	-	-	45,220
National conference	-	-	-	-	85,184	-	-	85,184
Investment income (loss), net	16,416	12,178	-	28,594	(13,355)	17,702	-	4,347
Other	7,443	-	-	7,443	4,523	-	-	4,523
Reclassifications of net assets	-	-	-	-	(96,216)	96,216	-	-
	429,963	262,793	-	692,756	464,779	320,901	60,203	845,883
Net assets released from restrictions	203,394	(203,394)	-	-	75,900	(75,900)	-	-
Total support and revenues	633,357	59,399	-	692,756	540,679	245,001	60,203	845,883
Expenses								
Program services	549,978	-	-	549,978	539,291	-	-	539,291
Management and general	59,946	-	-	59,946	55,241	-	-	55,241
Fundraising	62,837	-	-	62,837	78,082	-	-	78,082
Total expenses	672,761	-	-	672,761	672,614	-	-	672,614
Change in net assets	(39,404)	59,399	-	19,995	(131,935)	245,001	60,203	173,269
Net assets, beginning	1,035,228	445,612	70,203	1,551,043	1,167,163	200,611	10,000	1,377,774
Net assets, ending	\$ 995,824	\$ 505,011	\$ 70,203	\$ 1,571,038	\$ 1,035,228	\$ 445,612	\$ 70,203	\$ 1,551,043

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Cash Flows

Years Ended September 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Change in net assets	\$ 19,995	\$ 173,269
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions permanently restricted for research	-	(60,203)
Net unrealized loss on marketable securities	7,659	51,597
Depreciation and amortization	1,874	1,188
Change in operating assets and liabilities		
(Increase) decrease in:		
Prepaid expenses	(2,148)	1,740
Increase (decrease) in:		
Grants payable	(150,000)	150,000
Accounts payable and accrued expenses	11,385	(84)
<b>Net cash provided by (used in) operating activities</b>	<b>(111,235)</b>	<b>317,507</b>
Cash Flows from Investing Activities		
Reinvested dividends used to purchase marketable securities	(6,934)	(7,487)
Purchase of furniture and equipment	(11,067)	-
Cash permanently invested for research	-	(60,203)
<b>Net cash used in investing activities</b>	<b>(18,001)</b>	<b>(67,690)</b>
<b>Net cash provided by financing activities, proceeds from contributions permanently restricted for research</b>	<b>-</b>	<b>60,203</b>
<b>Net increase (decrease) in cash</b>	<b>(129,236)</b>	<b>310,020</b>
Cash, beginning	1,395,448	1,085,428
Cash, ending	<u>\$ 1,266,212</u>	<u>\$ 1,395,448</u>

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Functional Expenses  
Years Ended September 30, 2009 and 2008

	2009				2008			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 129,975	\$ 25,280	\$ 11,985	\$ 167,240	\$ 97,161	\$ 33,100	\$ 19,047	\$ 149,308
Bank charges	-	3,124	-	3,124	-	3,030	-	3,030
Board meetings	1,967	231	116	2,314	4,354	512	256	5,122
Conference	8,123	-	-	8,123	3,424	-	-	3,424
Depreciation and amortization	1,593	187	94	1,874	1,010	119	59	1,188
Dues and subscriptions	1,375	-	-	1,375	1,152	-	-	1,152
Grants	300,297	-	-	300,297	265,000	-	-	265,000
Grassroots	-	-	35,512	35,512	-	-	41,691	41,691
Insurance	-	2,149	-	2,149	-	2,029	-	2,029
Licenses	-	4,304	-	4,304	-	3,578	-	3,578
Membership assistance fund	200	-	-	200	900	-	-	900
National conference	458	-	-	458	88,540	-	-	88,540
Other	2,997	529	2,505	6,031	1,890	601	111	2,602
Postage and shipping	5,977	405	2,413	8,795	5,835	414	2,243	8,492
Printing and publications	11,610	417	7,488	19,515	15,503	140	5,581	21,224
Professional fees	-	12,915	-	12,915	-	7,800	7,140	14,940
Rent	17,063	2,007	1,004	20,074	16,823	1,979	990	19,792
Research	20,700	-	-	20,700	8,711	-	-	8,711
Strategic initiatives	17,573	-	725	18,298	-	-	-	-
Telephone	2,304	271	136	2,711	2,434	286	143	2,863
Technology	-	8,127	-	8,127	-	1,653	-	1,653
Website management	27,766	-	859	28,625	26,554	-	821	27,375
	<u>\$ 549,978</u>	<u>\$ 59,946</u>	<u>\$ 62,837</u>	<u>\$ 672,761</u>	<u>\$ 539,291</u>	<u>\$ 55,241</u>	<u>\$ 78,082</u>	<u>\$ 672,614</u>

See Notes to Financial Statements.

## Foundation for Ichthyosis and Related Skin Types, Inc.

### Notes to Financial Statements

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#### Note 1. Description of the Foundation and Summary of Significant Accounting Policies

Description of the Foundation: The Foundation for Ichthyosis and Related Skin Types (F.I.R.S.T.) is a not-for-profit organization dedicated to helping families with the genetic skin diseases collectively called ichthyosis. Its mission is to educate, inspire and connect those touched by ichthyosis and related disorders through emotional support, information, advocacy and research funding for better treatments and eventual cures.

F.I.R.S.T. is not a private foundation and is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code.

A summary of F.I.R.S.T.'s significant accounting policies is as follows:

Use of Estimates: The accounting and reporting policies of F.I.R.S.T. conform with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to include estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual realized amounts could differ from those estimates.

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.

Basis of Presentation: F.I.R.S.T.'s financial statements report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted* – Net assets subject to donor-imposed stipulations, that may or will be met, either by actions of F.I.R.S.T. and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted* – Net assets subject to donor-imposed stipulations, that they be maintained permanently by F.I.R.S.T. Generally, the donors of these assets permit F.I.R.S.T. to use all or part of the income earned on any related investments for general or specific purposes.

Support, Revenue and Pledges: F.I.R.S.T. accounts for contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions, including unconditional promises to give, are recorded as made. Recorded promises to give due in more than one year are reported at the present value of the net realizable value, using reasonable cost of capital interest rates applicable to the years in which the promises are to be received. Pledges receivable are subject to the risk that donors might renege on their commitments.

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions which are completely met in the same fiscal year are reported as unrestricted support.



## Foundation for Ichthyosis and Related Skin Types, Inc.

### Notes to Financial Statements

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#### Note 1. Description of the Foundation and Summary of Significant Accounting Policies (Continued)

In-kind Contributions: Contributed services, materials, and assets are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned.

Cash and Statements of Cash Flows: Cash in bank and deposits in money market funds are considered cash for financial reporting purposes.

Marketable Securities: Investments in marketable securities consist primarily of mutual funds and are recorded at fair value measured as described in Note 3. Dividend and interest income is recognized when earned. Realized and unrealized gains and losses on marketable securities are reported as investment income (loss) in the statement of activities.

Depreciable Assets: Furniture and equipment are stated at cost. Donated furniture, equipment and website development are recorded at their estimated fair values at the date of donation. Depreciation and amortization using the straight-line method is provided over the estimated useful lives of the assets, which range from three to five years.

Concentrations of Risk: Financial instruments, which potentially subject F.I.R.S.T. to concentrations of credit risk, consist of cash and marketable securities.

F.I.R.S.T. has placed its cash with a creditworthy, high quality financial institution with a national presence. Although cash balances exceeded the federally insured deposit limit, management does not believe that it is exposed to any significant credit risk in connection with this institution.

F.I.R.S.T. invests in various marketable securities. Marketable securities are exposed to various risks such as interest rate, market, and credit risks.

Functional Allocation of Expenses: The costs of providing the F.I.R.S.T.'s various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited.

Recent Accounting Pronouncements: In June 2009, the Financial Accounting Standard Board ("FASB") issued the FASB Accounting Standards Codification (the "Codification") which was effective for F.I.R.S.T.'s September 30, 2009 financial statements. The Codification became the single authoritative source for GAAP. Accordingly, previous references to GAAP accounting standards are no longer used in our disclosures, including these Notes to the Financial Statements.

F.I.R.S.T., as more fully described in Note 7, adopted the provisions of the FASB standards which provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institution Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC, formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guidance for states to use in enacting legislation. These standards also improve disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds), whether or not the organization is subject to UPMIFA.

## Foundation for Ichthyosis and Related Skin Types, Inc.

### Notes to Financial Statements

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#### Note 1. Description of the Foundation and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued): F.I.R.S.T., as more fully described in Note 3, adopted certain provisions of the FASB standards on fair value measurements and disclosures. The FASB has delayed the effective date for provisions which address non-financial assets and non-financial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis. These standards would be effective for F.I.R.S.T.'s 2010 financial statements. Management is currently assessing the impact of the remaining provisions of these standards on its financial position and changes in net assets and does not expect that adoption of the delayed provisions will have a material impact on its 2010 financial statements.

F.I.R.S.T. adopted effective September 30, 2009, the FASB standards which establish general standards of accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or available to be issued. F.I.R.S.T. has evaluated their subsequent events (events occurring after September 30, 2009) through March 11, 2010, which represents the date the financial statements were available to be issued.

In July 2006, the FASB issued standards which clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition. In December 2008, the FASB provided for a deferral of the effective date for certain nonpublic enterprises. In September 2009, the FASB issued standards which include guidance on the application to tax-exempt non-for-profit entities and to eliminate certain disclosures for nonpublic entities. The standards take a principles-based approach to providing guidance on three issues related to the application to tax-exempt not-for-profit entities. The overriding principle is that all entities are subject to this standard, even if the only tax position in question is the entity's status. Additionally, even if it is more likely than not that the entity's status as a tax-exempt not-for-profit entity would be sustained upon examination, the entity may have other tax positions to consider that fall within the scope of this standard. F.I.R.S.T. has elected the deferral and accordingly will be required to adopt these standards in its 2010 financial statements. Prior to adoption, F.I.R.S.T. will continue to evaluate its uncertain tax positions and related income tax contingencies under standards which require it to accrue for losses it believes are probable and can be reasonably estimated. Management does not currently believe that the adoption of the new standards will have a material effect on its financial statements.

#### Note 2. Marketable Securities

	2009	2008
Mutual funds:		
500 Index	\$ 150,144	\$ 161,074
Intermediate-term bond	82,492	72,287
Total marketable securities	<u>\$ 232,636</u>	<u>\$ 233,361</u>

Notes to Financial Statements

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**Note 2. Marketable Securities (Continued)**

F.I.R.S.T.'s investments in marketable securities have been approved by the Board of Directors and are in accordance with its investment policy. The primary investment objective of F.I.R.S.T. is to preserve and protect its assets by earning a total return for each category (unrestricted operating reserves, restricted for research, etc.) appropriate to each fund's time horizon, liquidity needs, and risk tolerance. Investments in mutual fund shares are of funds whose underlying investments are composed entirely of fixed income securities (bonds or notes) rated AA or better, as rated by Standard & Poor's or Moody's, or funds whose objective is to mirror the results of established stock indices whose primary investment objective is investing in common stocks rated by Standard & Poor's or an equivalent rating service as B+ or better. Realized and unrealized gains and losses are computed using the average cost method, shown net and included in the Statements of Activities.

**Note 3. Fair Value Measurements**

Effective October 1, 2008, F.I.R.S.T. adopted the FASB standards which provide a framework for measuring fair value under generally accepted accounting principles and apply to all financial instruments that are being measured and reported on a fair value basis in its financial statements.

These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These standards also establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These standards describe three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for instruments measured at fair value. These valuation methodologies were applied to all of F.I.R.S.T.'s financial assets and liabilities that are carried at fair value effective October 1, 2008.

Investments: The fair value of securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers (Level 1). When listed prices or quotes are not available, fair value is based upon quoted market prices for similar or identical assets or other observable inputs (Level 2) or significant management judgment or estimation based upon unobservable inputs due to limited or no market activity of the instrument (Level 3).

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

**Note 3. Fair Value Measurements (Continued)**

Fair Value on a Recurring Basis: The table below presents the balance of assets measured at fair value on a recurring basis.

Assets	Assets Measured at Fair Value September 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in marketable securities				
500 Index	\$ 150,144	\$ 150,144	\$ -	\$ -
Intermediate-term bond	82,492	82,492	-	-
	<u>\$ 232,636</u>	<u>\$ 232,636</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 4. Furniture and Equipment, Net**

	2009	2008
Office furniture and equipment	\$ 28,941	\$ 17,874
Website development	16,500	16,500
	<u>45,441</u>	<u>34,374</u>
Less: accumulated depreciation and amortization	33,006	31,132
Furniture and equipment, net	<u>\$ 12,435</u>	<u>\$ 3,242</u>

**Note 5. Grants Payable**

F.I.R.S.T. awards research grants to universities and research institutions to support ichthyosis related research projects. The liability and related expenses are recorded when the recipients are notified of their awards. Grants expense was \$300,297 and \$265,000, for the years ended September 30, 2009 and 2008, respectively. Grants payable was \$0 and \$150,000 at September 30, 2009 and 2008, respectively.

**Note 6. Restrictions on Net Assets**

Unrestricted Net Assets: The Board of Directors has designated unrestricted net assets for research projects, strategic initiatives and conference scholarship of \$226,067 and \$276,109 at September 30, 2009 and 2008, respectively.

## Foundation for Ichthyosis and Related Skin Types, Inc.

### Notes to Financial Statements

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#### Note 6. Restrictions on Net Assets (Continued)

Temporarily Restricted Net Assets: Temporarily restricted net assets consisted of the following at September 30:

	2009	2008
Member Assistance Program	\$ 8,085	\$ 7,689
Strategic Initiatives	109,684	61,273
Research	387,242	376,650
Total temporarily restricted net assets	<u>\$ 505,011</u>	<u>\$ 445,612</u>

Permanently Restricted Net Assets: Permanently restricted net assets consisted of the following at September 30:

	2009	2008
Member Assistance Program	\$ 10,000	\$ 10,000
Research	60,203	60,203
Total permanently restricted net assets	<u>\$ 70,203</u>	<u>\$ 70,203</u>

#### Note 7. Endowments

Effective October 1, 2008, F.I.R.S.T. adopted the FASB standards which provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and management designated endowment funds.

F.I.R.S.T.'s endowment consists of two donor-restricted funds (Edna and Myron Curl Endowment and the Jane Bukaty Membership Assistance Fund) that were established for research and members assistance. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and are reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Commonwealth of Pennsylvania has not adopted UPMIFA. State law allows non-profit organizations to make an election to adopt a total return investment policy as provided by Act 141 (1988) of Pennsylvania legislature, 15 Pa.C.S.A Section 5548 ("total return election"). F.I.R.S.T. did not make a "total return election," and as such, F.I.R.S.T. is free to adopt any prudent investment policy and to make withdrawals consistent with its goals of preserving the endowment funds while making funds available for continued operations in absence of donor restrictions to limit withdrawals from the funds to income or any other explicit restrictions.

## Foundation for Ichthyosis and Related Skin Types, Inc.

### Notes to Financial Statements

#### Note 7. Endowments (Continued)

Spending Policy, Return Objectives and Risk Parameters: F.I.R.S.T. has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Corpus of the endowment asset is held in perpetuity for the Edna and Myron Curl Endowment and the Jane Bukaty Membership Assistance Fund based on donor-restriction. The endowment asset is invested in a savings account at a FDIC insured financial institution. Interest earned on the Edna and Myron Curl Endowment is appropriated to research and will be spent when F.I.R.S.T.'s board of directors determine enough interest has accumulated to provide research grants. Interest earned on the Jane Bukaty Membership Assistance Fund is used to provide financial assistance to families with one or more affected individuals whose financial and reimbursement circumstances make obtaining adequate care and treatment difficult or impossible.

Endowment funds as of September 30, 2009 are composed as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ -	\$ 11,577	\$ 70,203	\$ 81,780

Changes in endowment funds for the year ended September 30, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments net assets, beginning of the year	\$ -	\$ 9,954	\$ 70,203	\$ 80,157
Interest income	-	1,573	-	1,573
Additions	-	250	-	250
Appropriation of endowment assets for expenditure	-	(200)	-	(200)
Endowment net assets, end of the year	\$ -	\$ 11,577	\$ 70,203	\$ 81,780

Endowment funds as of September 30, 2008 are composed as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ -	\$ 9,954	\$ 70,203	\$ 80,157

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

Note 7. Endowments (Continued)

Changes in endowment funds for the year ended September 30, 2008 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments net assets, beginning of the year	\$ -	\$ 6,513	\$ 10,000	\$ 16,513
Interest income	-	2,841	-	2,841
Additions	-	1,500	60,203	61,703
Appropriation of endowment assets for expenditure	-	(900)	-	(900)
Endowment net assets, end of the year	\$ -	\$ 9,954	\$ 70,203	\$ 80,157

Amounts classified as temporarily restricted net assets and permanently restricted net assets (endowments only) are as follows:

	2009	2008
<u>Endowment funds classified as temporarily restricted net assets</u>		
The portion of the perpetual endowment funds subject to purpose restrictions	\$ 11,577	\$ 9,954
<u>Endowment funds classified as permanently restricted net assets</u>		
The portion of the perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by State law	\$ 70,203	\$ 70,203

Note 8. Investment Income, Net

	2009	2008
Marketable securities:		
Net unrealized loss	\$ (7,659)	\$ (51,597)
Dividends reinvested	6,934	7,487
	(725)	(44,110)
Money market interest	29,319	48,457
Investment income, net	\$ 28,594	\$ 4,347

Note 9. Lease

F.I.R.S.T. has an operating lease that expires on August 1, 2010. Future minimum lease payments for office lease are \$11,000 for fiscal year ending September 30, 2010. In addition to minimum lease payments, F.I.R.S.T. is responsible for utility and other costs. Rent expense was \$20,074 and \$19,792 for the years ended September 30, 2009 and 2008, respectively, including in-kind contributions of \$4,800 in 2009 and 2008.

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

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**Note 10. Significant Contributions**

During 2009, F.I.R.S.T. recognized significant contributions totaling approximately \$255,000 from one individual and one organization. These contributions represented approximately 37% of the total support and revenues.

During 2008, F.I.R.S.T. recognized significant contributions totaling approximately \$248,000 from one individual and one organization. These contributions represented approximately 29% of the total support and revenues.