

McGladrey & Pullen

Certified Public Accountants

Foundation for Ichthyosis and Related Skin Types, Inc.

Financial Report
September 30, 2010

Foundation for Ichthyosis and Related Skin Types, Inc.

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the 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, 2010 and 2009, 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, 2010 and 2009, 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
February 10, 2011

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Financial Position
September 30, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash	\$ 1,378,260	\$ 1,266,212
Investments	258,348	232,636
Prepaid and other assets	10,747	3,248
Total current assets	1,647,355	1,502,096
Cash, permanently restricted	70,203	70,203
Furniture and Equipment, net	10,169	12,435
Total assets	\$ 1,727,727	\$ 1,584,734
Liabilities and Net Assets		
Current Liabilities		
Grants payable	\$ 75,000	\$ -
Accounts payable and accrued expenses	4,787	13,696
Total current liabilities	79,787	13,696
Commitment (Note 9)		
Net Assets		
Unrestricted		
Undesignated	800,861	769,757
Board designated	257,269	226,067
Total unrestricted net assets	1,058,130	995,824
Temporarily restricted	519,607	505,011
Permanently restricted	70,203	70,203
Total net assets	1,647,940	1,571,038
Total liabilities and net assets	\$ 1,727,727	\$ 1,584,734

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Activities

Years Ended September 30, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues								
Contributions	\$ 397,271	\$ 217,880	\$ -	\$ 615,151	\$ 367,067	\$ 250,615	\$ -	\$ 617,682
In-kind contributions	26,325	-	-	26,325	39,037	-	-	39,037
National conference fees and sponsorships	115,424	-	-	115,424	-	-	-	-
Investment income, net	33,386	5,818	-	39,204	16,416	12,178	-	28,594
Other	3,917	-	-	3,917	7,443	-	-	7,443
	576,323	223,698	-	800,021	429,963	262,793	-	692,756
Net assets released from restrictions	209,102	(209,102)	-	-	203,394	(203,394)	-	-
Total support and revenues	785,425	14,596	-	800,021	633,357	59,399	-	692,756
Expenses								
Program services	591,975	-	-	591,975	549,978	-	-	549,978
Management and general	51,606	-	-	51,606	59,946	-	-	59,946
Fundraising	79,538	-	-	79,538	62,837	-	-	62,837
Total expenses	723,119	-	-	723,119	672,761	-	-	672,761
Change in net assets	62,306	14,596	-	76,902	(39,404)	59,399	-	19,995
Net assets, beginning	995,824	505,011	70,203	1,571,038	1,035,228	445,612	70,203	1,551,043
Net assets, ending	\$ 1,058,130	\$ 519,607	\$ 70,203	\$ 1,647,940	\$ 995,824	\$ 505,011	\$ 70,203	\$ 1,571,038

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Cash Flows

Years Ended September 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 76,902	\$ 19,995
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net unrealized (gain) loss on marketable securities	(18,678)	7,659
Depreciation and amortization	3,222	1,874
Change in operating assets and liabilities		
(Increase) decrease in:		
Prepaid expenses	(7,499)	(2,148)
Increase (decrease) in:		
Grants payable	75,000	(150,000)
Accounts payable and accrued expenses	(8,909)	11,385
Net cash provided by (used in) operating activities	120,038	(111,235)
Cash Flows from Investing Activities		
Reinvested dividends used to purchase marketable securities	(7,034)	(6,934)
Purchase of furniture and equipment	(956)	(11,067)
Net cash used in investing activities	(7,990)	(18,001)
Net increase (decrease) in cash	112,048	(129,236)
Cash, beginning	1,266,212	1,395,448
Cash, ending	\$ 1,378,260	\$ 1,266,212

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Statements of Functional Expenses
Years Ended September 30, 2010 and 2009

	2010				2009			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes and other related costs	\$ 153,919	\$ 21,682	\$ 50,964	\$ 226,565	\$ 129,975	\$ 25,280	\$ 11,985	\$ 167,240
Bank charges	-	3,964	-	3,964	-	3,124	-	3,124
Board meetings	5,832	686	343	6,861	1,967	231	116	2,314
Conference	8,394	-	1,493	9,887	8,123	-	-	8,123
Depreciation and amortization	2,739	322	161	3,222	1,593	187	94	1,874
Dues and subscriptions	1,366	-	-	1,366	1,375	-	-	1,375
Grants	150,000	-	-	150,000	300,297	-	-	300,297
Grassroots	3,317	-	10,245	13,562	-	-	35,512	35,512
Insurance	-	2,717	-	2,717	-	2,149	-	2,149
Licenses	-	-	4,110	4,110	-	4,304	-	4,304
Membership Assistance Fund	800	-	-	800	200	-	-	200
National conference	105,230	-	-	105,230	458	-	-	458
Other	3,387	2,147	199	5,733	2,997	529	2,505	6,031
Postage and shipping	7,435	376	2,782	10,593	5,977	405	2,413	8,795
Printing and publications	13,465	268	6,304	20,037	11,610	417	7,488	19,515
Professional fees	-	12,076	-	12,076	-	12,915	-	12,915
Rent and utilities	17,379	1,352	579	19,310	17,063	2,007	1,004	20,074
Research	21,398	-	-	21,398	20,700	-	-	20,700
Scientific meeting	35,439	-	-	35,439	-	-	-	-
Strategic initiatives	16,601	-	951	17,552	17,573	-	725	18,298
Telephone	2,657	207	89	2,953	2,304	271	136	2,711
Technology	-	4,926	-	4,926	-	8,127	-	8,127
Unrelated business income tax	-	883	-	883	-	-	-	-
Website management	42,617	-	1,318	43,935	27,766	-	859	28,625
	<u>\$ 591,975</u>	<u>\$ 51,606</u>	<u>\$ 79,538</u>	<u>\$ 723,119</u>	<u>\$ 549,978</u>	<u>\$ 59,946</u>	<u>\$ 62,837</u>	<u>\$ 672,761</u>

See Notes to Financial Statements.

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

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

Description of the Foundation: The Foundation for Ichthyosis and Related Skin Types (FIRST), a California nonprofit corporation, is a national voluntary 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.

A summary of FIRST's significant accounting policies is as follows:

Use of Estimates: The accounting and reporting policies of FIRST conform with accounting principles generally accepted in the United States of America. 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: FIRST'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 FIRST 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 FIRST. Generally, the donors of these assets permit FIRST to use all or part of the income earned on any related investments for general or specific purposes.

Support, Revenue and Contributions: FIRST 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 recorded at the net present value of the estimated cash flows beyond one year using a risk-free rate of return appropriate for the expected promise to give. Contributions 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

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.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value measured as more fully described in Note 3. Dividend and interest income is recognized when earned. Realized and unrealized gains and losses are reported as investment income (loss) in the statement of activities.

Valuation of Investments: The fair value of each investment is determined at the statement of financial position date in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. Accordingly, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. Fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measure and reported at fair value are classified and disclosed in one of the following categories:

- 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 FIRST's financial assets and liabilities that are carried at fair value at September 30, 2010 and 2009, respectively.

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).

Depreciable Assets: Furniture and equipment is recorded at cost for purchased items, or if donated, at the estimated fair value at the date of the 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.

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

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

Concentrations of Risk: Financial instruments, which potentially subject FIRST to concentrations of credit risk, consist of cash and investments.

FIRST has placed its cash with creditworthy, high quality financial institutions with a national presence. Although cash and money market 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.

FIRST's investments are exposed to various risks such as interest rate, market, and credit risks.

Functional Allocation of Expenses: The costs of providing the FIRST'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.

Income Taxes: FIRST is generally exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, FIRST qualifies for charitable contribution deductions and has been classified as an organization that is not a private organization. Income which is not related to exempt purposes, less applicable deductions is subject to federal and state corporate income taxes. FIRST had net unrelated business income of \$0 and \$3,256 for the years ended September 30, 2010 and 2009, respectively.

On October 1, 2009, FIRST adopted the accounting guidance on accounting for uncertainty in income taxes ("FASB ASC Topic 740-10"), which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded on the financial statements. Under this guidance, FIRST may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting interim periods.

Management evaluated FIRST's tax positions and concluded that FIRST had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Consequently, no accrual for interest and penalties was deemed necessary for the year ended September 30, 2010. FIRST files income tax returns in the U.S. federal jurisdiction. With few exceptions, FIRST is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2007.

Reclassifications: Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 financial statement presentation.

Recently Issued Accounting Pronouncement: The FASB issued new guidance on disclosures about recurring and nonrecurring fair value measurements under FASB ASC Topic 820, originally issued as FASB Statement No. 157, *Fair Value Measurements*. The new guidance requires certain new disclosures and clarifies two existing disclosure requirements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurement. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

Subsequent Events: FIRST has evaluated its subsequent events (events occurring after September 30, 2010) through February 10, 2011, which represents the date the financial statements were available to be issued.

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

Note 2. Investments

	2010	2009
Mutual funds:		
500 Index	\$ 165,417	\$ 150,144
Intermediate-term bond	92,931	82,492
	<u>\$ 258,348</u>	<u>\$ 232,636</u>
Total marketable securities	<u>\$ 258,348</u>	<u>\$ 232,636</u>

FIRST's investments in equity and debt securities have been approved by the Board of Directors and are in accordance with its investment policy. The primary investment objective of FIRST 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

The table below presents the balance of assets measured at fair value on a recurring basis as of September 30, 2010 and 2009, respectively.

Assets	Assets Measured at Fair Value September 30, 2010	Fair Value Measurement at September 30, 2010 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in mutual funds				
500 Index	\$ 165,417	\$ 165,417	\$ -	\$ -
Intermediate-term bond	92,931	92,931	-	-
	<u>\$ 258,348</u>	<u>\$ 258,348</u>	<u>\$ -</u>	<u>\$ -</u>
Assets	Assets Measured at Fair Value September 30, 2009	Fair Value Measurement at September 30, 2009 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in mutual funds				
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>

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

Note 3. Fair Value Measurements (Continued)

At September 30, 2010 and 2009, the Foundation did not have any financial instruments that are recorded at fair value on a non-recurring basis. In addition, there was no change in the valuation techniques used to measure fair value of the assets.

Note 4. Furniture and Equipment, Net

	2010	2009
Office furniture and equipment	\$ 29,897	\$ 28,941
Website development	16,500	16,500
	46,397	45,441
Less: accumulated depreciation and amortization	36,228	33,006
Furniture and equipment, net	\$ 10,169	\$ 12,435

Note 5. Grants Payable

FIRST awards research grants to universities and research institutions to support ichthyosis related research projects. The liability and related expenses are recorded when approved the Foundation's Board of Directors and the recipients are notified of their awards. Grants expense was \$185,439 and \$300,297, for the years ended September 30, 2010 and 2009, respectively. Grants payable was \$75,000 and \$0 at September 30, 2010 and 2009, 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 \$257,269 and \$226,067 at September 30, 2010 and 2009, respectively.

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

	2010	2009
Membership Assistance Program	\$ 9,181	\$ 8,085
UFIRST Scholars Program	20,000	-
Strategic Initiatives	77,060	109,684
Research	413,366	387,242
Total temporarily restricted net assets	\$ 519,607	\$ 505,011

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

	2010	2009
Membership Assistance Program	\$ 10,000	\$ 10,000
Research	60,203	60,203
Total permanently restricted net assets	\$ 70,203	\$ 70,203

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

Note 7. Endowments

FIRST'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 member 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 FIRST's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FIRST classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by FIRST in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FIRST considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of FIRST and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of FIRST
7. The investment policies of FIRST

Spending Policy, Return Objectives and Risk Parameters: FIRST 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 FIRST'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, 2010 are composed as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ -	\$ 13,364	\$ 70,203	\$ 83,567

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, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments net assets, beginning of the year	\$ -	\$ 11,577	\$ 70,203	\$ 81,780
Interest income	-	887	-	887
Additions	-	1,700	-	1,700
Appropriation of endowment assets for expenditure	-	(800)	-	(800)
Endowment net assets, end of the year	\$ -	\$ 13,364	\$ 70,203	\$ 83,567

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

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

	2010	2009
<u>Endowment funds classified as temporarily restricted net assets</u>		
The portion of the perpetual endowment funds subject to purpose restrictions	\$ 13,364	\$ 11,577
<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

Foundation for Ichthyosis and Related Skin Types, Inc.

Notes to Financial Statements

Note 8. Investment Income, Net

	2010	2009
Marketable equities:		
Net unrealized gain (loss)	\$ 18,678	\$ (7,659)
Dividends reinvested	7,034	6,934
	25,712	(725)
Money market interest	13,492	29,319
Investment income, net	<u>\$ 39,204</u>	<u>\$ 28,594</u>

Note 9. Lease

In 2010, FIRST entered into an operating lease for office space that commenced July 1, 2010 and expires September 30, 2015. The lease can be terminated with six months notice after September 20, 2013.

Future minimum lease payments under the lease at September 30, 2010 are:

Years Ending September 30,	
2011	\$ 16,850
2012	17,450
2013	18,050
2014	18,650
2015	19,200
	<u>\$ 90,200</u>

Rent expense was \$16,400 and \$18,000 for the years ended September 30, 2010 and 2009, respectively, including in-kind contributions of \$4,000 and \$4,800 in 2010 and 2009, respectively.

Note 10. Significant Contributions

During 2010, FIRST recognized significant contributions totaling approximately \$154,000 from one board member, which was substantially allocated to FIRST's research efforts. This contribution represents approximately 19% of the total support and revenues.

During 2009, FIRST recognized significant contributions totaling approximately \$155,000 from one board member and \$100,000 from one organization. These contributions represented approximately 37% of the total support and revenues.