

AMERICAN SLEEP APNEA
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

JUNE 30, 2020

AMERICAN SLEEP APNEA ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

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JJ SCHMELZLE & CO.

A CERTIFIED PUBLIC ACCOUNTING FIRM
50 WEST EDMONSTON DRIVE, SUITE 201
ROCKVILLE, MD 20852
TEL 301-610-9966
FAX 301-610-9965

March 5, 2021

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of
American Sleep Apnea Association, Inc.
Washington, DC

Report of the Financial Statements

I have audited the accompanying financial statements of American Sleep Apnea Association, Inc., which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Sleep Apnea Association, Inc. as of June 30, 2020 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.

A handwritten signature in dark ink, appearing to read "Joseph J. Schmelzle", with a long vertical line extending downwards from the end of the signature.

Joseph J. Schmelzle,
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Current assets:

Cash	\$126,373
Grants receivable	49,927
Accounts receivable	6,085
Prepaid expenses	8,942
Total current assets	<u>191,327</u>

Fixed assets (Note 2b):

Furnishings and equipment	16,721
Software	17,685
	<u>34,406</u>
Less: Accumulated depreciation	21,155
Net fixed assets	<u>13,251</u>

Other assets:

Security deposit	<u>160</u>
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Total assets	<u>\$204,738</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 19,658
Accrued expenses	16,944
Total current liabilities	<u>36,602</u>

Net assets:

Without restrictions	3,267
With restrictions (Note 5)	164,869
Total net assets	<u>168,136</u>

Total liabilities and net assets	<u>\$204,738</u>
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See accompanying notes to financial statements.

AAMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 89,901	\$345,120	\$435,021
Program fees	287,975	-	287,975
Net assets released due to satisfaction of program restrictions (Note 4)	316,654	(316,654)	-
Total revenue and support	<u>694,530</u>	<u>28,466</u>	<u>722,996</u>
Expenses (Note 2d):			
Program activities:			
Outreach	26,960	-	26,960
Education	183,672	-	183,672
CPAP Assistance	263,305	-	263,305
Research	204,109	-	204,109
Total program activities	<u>678,046</u>	<u>-</u>	<u>678,046</u>
Supporting activities:			
Management and general	33,482	-	33,482
Development	9,339	-	9,339
Total supporting activities	<u>42,821</u>	<u>-</u>	<u>42,821</u>
Total expenses	<u>720,867</u>	<u>-</u>	<u>720,867</u>
Change in net assets	(26,337)	28,466	2,129
Net assets at beginning of year:	<u>29,604</u>	<u>136,403</u>	<u>166,007</u>
Net assets at end of year:	<u>\$ 3,267</u>	<u>\$164,869</u>	<u>\$168,136</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Program Activities</u>	<u>Supporting Activities Manage- ment and General</u>	<u>Development</u>	<u>Total Expenses</u>
Production	\$ 12,926	\$ 192	\$ 372	\$ 13,490
Travel and transportation	44,644	1,599	-	46,243
Postage and shipping	44,190	66	-	44,256
Computer services	10,725	289	377	11,391
Office expenses	5,935	35	17	5,987
Website services	20,563	151	217	20,931
Conferences and meetings	23,671	-	-	23,671
Salaries	122,743	1,369	544	124,656
Payroll taxes	9,488	109	37	9,634
Employee benefits	221	-	-	221
Bank and merchant fees	9,197	153	263	9,613
Contract fees and consultants	333,490	27,075	6,485	367,050
Miscellaneous	1,924	1,928	358	4,210
Depreciation	6,841	207	269	7,317
Insurance	4,155	166	220	4,541
Rent	21,481	48	62	21,591
Telephone	5,852	95	118	6,065
Total	<u>\$678,046</u>	<u>\$33,482</u>	<u>\$9,339</u>	<u>\$720,867</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Reconciliation of changes in net assets to net cash used for by operating activities:	
Change in net assets	\$ 2,129
Non-cash revenue and expenses included in operations:	
Depreciation and amortization	7,317
Increase in grants and accounts receivable	(3,567)
Decrease in prepaid expenses	4,454
Decrease in accounts payable	(37,070)
Increase in accrued expenses	11,784
Increase in security deposit	(160)
Net cash used for operating activities	<u>(15,113)</u>
Cash flows from investing activities:	
Purchase of furnishings and equipment	<u>(364)</u>
Net cash used for investing activities	<u>(364)</u>
Net change in cash	(15,477)
Cash:	
Beginning of year	<u>141,850</u>
End of year	<u>\$126,373</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1. Organization and Business

American Sleep Apnea Association, Inc. (the Association) is a nonprofit organization whose mission is to reduce injury, disability and premature death from sleep apnea, and to enhance the well-being of those affected by this common disorder. The Association promotes education and awareness through a network of voluntary mutual support groups, research and continuous improvement of care.

Note 2. Summary of Significant Accounting Policies

- a. Method of Accounting - The financial statements have been prepared using the accrual basis of accounting which requires estimates and assumptions by management that may differ from actual results. The Association liquidity reflects its working capital at June 30, 2020.
- b. Fixed Assets - Fixed assets are included in the statement of financial position at cost, and depreciation is computed on the straight-line basis using estimated useful lives of three to five years.
- c. Grants - Grants are reported as revenue in the year unconditionally promised. Grants received for restricted purposes are reported as restricted until the restriction expires. When the restriction expires, these net assets are reclassified to net assets without restrictions and reported in the statement of activities as net assets released due to satisfaction of restrictions. The Association received gifts from its largest donor totaling \$275,000 for the year ended June 30, 2020. The Association also received donations from a director and related family member totaling \$86,800 for the year ended June 30, 2020.
- d. Expenses - Expenses are generally either directly charged to one or more program or support activity or allocated to all program or support activities based principally on estimated effort on behalf of each program or support activity during the period the expense was incurred.

Subsequent events have been evaluated through March 5, 2021.

Note 3. Income Tax Status

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, these financial statements have no provision for income taxes.

Note 4. Satisfaction of Restricted Activities

Net assets were released from donor restrictions during the year ended June 30, 2020 by incurring expenses of \$316,654, satisfying the restricted purposes of the following activities:

CPAP Assistance	\$ 13,643
Education	153,863
Research	147,888
Total program	<u>315,394</u>
Management and general	780
Development	480
	<u>\$316,654</u>

Note 5. Net Assets with Restrictions

The Association maintains restricted net assets, which will be used when program expenses are incurred in connection with these activities. At June 30, 2020, the Association maintained restricted net assets for the following programs:

SAPCON-PCORI	\$ 5,159
JAZZ 2020	132,335
JAZZ Sleptember	25,000
AWAKE Angels	2,375
	<u>\$164,869</u>

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March 5, 2021

REPORT OF INDEPENDENT AUDITOR ON ADDITIONAL INFORMATION

To the Board of Directors of
American Sleep Apnea Association, Inc.
Washington, DC

My audit of the financial statements of American Sleep Apnea Association, Inc. for the year ending June 30, 2020 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on Schedule of Program Activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Joseph J. Schmelzle
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

SCHEDULE OF PROGRAM ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Outreach</u>	<u>Education</u>	<u>CPAP Assistance</u>	<u>Research</u>	<u>Total</u>
Production	\$ 281	\$ 1,041	\$ 3,100	\$ 8,504	\$ 12,926
Travel and transportation	1,909	4,328	3,954	34,453	44,644
Postage and shipping	4	23	43,607	556	44,190
Computer services	567	1,423	6,851	1,884	10,725
Office expenses	30	171	5,027	707	5,935
Website services	7,402	3,319	1,201	8,641	20,563
Conferences and meetings	26	-	-	23,645	23,671
Salaries	1,069	18,849	94,425	8,400	122,743
Payroll taxes	86	1,175	7,502	725	9,488
Employee benefits	-	134	87	-	221
Bank and merchant fees	592	206	7,558	841	9,197
Contract fees and consultants	13,279	150,258	57,838	112,115	333,490
Miscellaneous	910	89	793	132	1,924
Depreciation	310	993	3,849	1,689	6,841
Insurance	275	1,068	1,787	1,025	4,155
Rent	71	228	20,944	238	21,481
Telephone	149	367	4,782	554	5,852
 Total	 <u>\$26,960</u>	 <u>\$183,672</u>	 <u>\$263,305</u>	 <u>\$204,109</u>	 <u>\$678,046</u>