

AMERICAN SLEEP APNEA
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

AMERICAN SLEEP APNEA ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-9
Independent Auditor's Report on Additional Information	10
Schedule of Program Activities	11

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

November 8, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of American Sleep Apnea Association, Inc., which comprise the statement of financial position as of June 30, 2021 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 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, 2021 and the changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of American Sleep Apnea Association, Inc. and to meet other ethical responsibilities relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Sleep Apnea Association, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery and intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

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

I am 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 I identified during the audit.

A handwritten signature in black ink, appearing to read "Joseph J. Schmelzle". The signature is stylized with a large, looped initial "J" and a long, sweeping horizontal stroke at the end.

Joseph J. Schmelzle,
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

Current assets:	
Cash	
Grants receivable	\$ 81,132
Accounts receivable	9,539
Prepaid expenses	23,168
Total current assets	<u>10,968</u>
	<u>124,807</u>
Fixed assets (Note 2b):	
Furnishings and equipment	16,721
Software	52,686
	<u>69,407</u>
Less: Accumulated depreciation	28,129
Net fixed assets	<u>41,278</u>
Other assets:	
Security deposit	<u>160</u>
Total assets	<u>\$166,245</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 18,182
Accrued payroll and withholdings	20,896
Total current liabilities	<u>39,078</u>
Net assets:	
Without restrictions	103,465
With restrictions (Note 5)	23,702
Total net assets	<u>127,167</u>
Total liabilities and net assets	<u>\$166,245</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$115,987	\$255,532	\$371,519
Program fees	89,910	16,981	106,891
Net assets released due to satisfaction of program restrictions (Note 4)	413,680	(413,680)	-
Total revenue and support	<u>619,577</u>	<u>(141,167)</u>	<u>478,410</u>
Expenses (Note 2d):			
Program activities:			
Outreach	18,489	-	18,489
Education	294,403	-	294,403
CPAP Assistance	47,106	-	47,106
Research	86,258	-	86,258
Total program activities	<u>446,256</u>	<u>-</u>	<u>446,256</u>
Supporting activities:			
Management and general	40,264	-	40,264
Development	32,859	-	32,859
Total supporting activities	<u>73,123</u>	<u>-</u>	<u>73,123</u>
Total expenses	<u>519,379</u>	<u>-</u>	<u>519,379</u>
Change in net assets	100,198	(141,167)	(40,969)
Net assets at beginning of year	<u>3,267</u>	<u>164,869</u>	<u>168,136</u>
Net assets at end of year	\$ <u>103,465</u>	\$ <u>23,702</u>	\$ <u>127,167</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Activities	Supporting Activities Manage- ment and General	Development	Total Expenses
Production	\$ 3,446	\$ 102	\$ 1,366	\$ 4,914
Postage and shipping	7,211	18	60	7,289
Computer services	5,939	388	433	6,760
Office expenses	1,619	57	772	2,448
Website services	22,249	367	422	23,038
Conferences and meetings	262	-	7,118	7,380
Travel	-	10	118	128
Salaries	199,011	5,990	6,220	211,221
Payroll taxes	16,235	495	504	17,234
Employee benefits	2,443	26	38	2,507
Bank and merchant fees	3,943	147	518	4,608
Contract fees and consultants	161,317	11,691	8,623	181,631
Miscellaneous	5,316	651	2,998	8,965
Depreciation	6,374	283	316	6,973
Insurance	3,327	228	648	4,203
Rent	4,621	67	81	4,769
Telephone	2,943	112	124	3,179
Accounting	-	19,632	2,500	22,132
Total	<u>\$446,256</u>	<u>\$40,264</u>	<u>\$32,859</u>	<u>\$519,379</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Reconciliation of change in net assets to net cash used for operating activities:	
Change in net assets	\$(40,969)
Noncash revenue and expenses included in operations:	
Depreciation and amortization	6,973
Decrease in grants and accounts receivable	23,305
Increase in prepaid expenses	(2,026)
Decrease in accounts payable	(1,476)
Increase in accrued expenses	3,952
Net cash used for operating activities	<u>(10,241)</u>
Cash flows from investing activities:	
Software enhancements	<u>(35,000)</u>
Net cash used for investing activities	<u>(35,000)</u>
Net change in cash	(45,241)
Cash:	
Beginning of year	<u>126,373</u>
End of year	\$ <u><u>81,132</u></u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 the 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's liquidity reflects its current assets at June 30, 2021.
- 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 as 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 two largest donors, totaling \$213,480 for the year ended June 30, 2021. The Association also received donations from a director and related family member, totaling \$63,515 for the year ended June 30, 2021.
- d. Expenses - Expenses are generally either directly charged to one or more program or supporting activity or allocated to all program or supporting activities based principally on estimated effort on behalf of each program or supporting activity during the period the expense was incurred.

Subsequent events have been evaluated through November 8, 2022.

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, 2021 by incurring expenses of \$413,680 satisfying the restricted purposes of the following activities:

CPAP Assistance	\$ 4,070
Education	309,961
Research	66,437
Total program activities	<u>380,468</u>
Payroll - all activities	33,212
	<u>\$413,680</u>

Note 5. Net Assets with Restrictions

The Association maintains restricted net assets that will be used when program expenses are incurred in connection with these activities. At June 30, 2021, the Association maintained restricted net assets for the following programs:

SAPCON-PCORI	\$ 5,159
Education	18,178
AWAKE Angels	365
	<u>\$23,702</u>

Note 6. Subsequent Event

The Association sold its website, together with its content, except for certain excluded content, on March 25, 2022 for \$5,750,000 and began operating under another domain name shortly thereafter.

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

November 8, 2022

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

I have audited the financial statements of American Sleep Apnea Association, Inc. as of and for the year ended June 30, 2021 and have issued my report thereon, dated November 8, 2022, which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of program activities is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Joseph J. Schmelzle
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

SCHEDULE OF PROGRAM ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Outreach</u>	<u>Education</u>	<u>CPAP Assistance</u>	<u>Research</u>	<u>Total</u>
Production	\$ 63	\$ 2,085	\$ 103	\$ 1,195	\$ 3,446
Postage and shipping	23	596	6,416	176	7,211
Computer services	353	3,926	472	1,188	5,939
Office expenses	39	636	649	295	1,619
Website services	6,090	7,213	418	8,528	22,249
Conferences and meetings	-	-	-	261	262
Salaries	4,910	136,203	24,410	33,488	199,011
Payroll taxes	404	11,234	1,982	2,615	16,235
Employee benefits	26	1,905	300	212	2,443
Bank and merchant fees	1,534	552	1,686	171	3,943
Contract fees and consultants	3,512	119,494	4,780	33,531	161,317
Miscellaneous	1,012	2,150	86	2,068	5,316
Depreciation	209	2,813	1,875	1,477	6,374
Insurance	167	2,266	276	618	3,327
Rent	54	686	3,653	228	4,621
Telephone	93	2,643	-	207	2,493
Total	<u>\$18,489</u>	<u>\$294,403</u>	<u>\$47,106</u>	<u>\$86,258</u>	<u>\$446,256</u>