

AMERICAN SLEEP APNEA
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

AMERICAN SLEEP APNEA ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

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May 12, 2023

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, 2022, 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, 2022 and the changes in its 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 fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

Joseph J. Schmelzle,
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

Current assets:

Cash and equivalents	\$5,589,675
Accounts receivable	1,384
Grants receivable	7,122
Prepaid expenses	6,708
Total current assets	<u>5,604,889</u>

Fixed assets (Note 2b):

Furnishings and equipment	16,237
Software	64,680

80,917

Less: Accumulated depreciation 29,162

Net fixed assets 51,755

Total assets \$5,656,644

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 14,448
Accrued payroll and withholdings	14,584
Total current liabilities	<u>29,032</u>

Net assets:

Without restrictions	5,589,868
With restrictions (Note 5)	37,744
Total net assets	<u>5,627,612</u>

Total liabilities and net assets \$5,656,644

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 52,998	\$128,401	\$ 181,399
Program fees	42,094	-	42,094
Investment income	4,392	-	4,392
Gain from sale of website (Note 6)	5,750,000	-	5,750,000
Net assets released due to satisfaction of program restrictions (Note 4)	114,359	(114,359)	-
Total revenue and support	<u>5,963,843</u>	<u>14,042</u>	<u>5,977,885</u>
Expenses (Note 2d):			
Program activities:			
Outreach	99,354	-	99,354
Education	163,679	-	163,679
CPAP Assistance	113,972	-	113,972
Research	7,569	-	7,569
Total program activities	<u>384,574</u>	<u>-</u>	<u>384,574</u>
Supporting activities:			
Management and general	78,874	-	78,874
Development	13,992	-	13,992
Total supporting activities	<u>92,866</u>	<u>-</u>	<u>92,866</u>
Total expenses	<u>477,440</u>	<u>-</u>	<u>477,440</u>
Change in net assets	5,486,403	14,042	5,500,445
Net assets at beginning of year	<u>103,465</u>	<u>23,702</u>	<u>127,167</u>
Net assets at end of year	<u>\$5,589,868</u>	<u>\$ 37,744</u>	<u>\$5,627,612</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program</u> <u>Activities</u>	<u>Supporting Activities</u> <u>Manage-</u> <u>ment and</u> <u>General</u>	<u>Development</u>	<u>Total</u> <u>Expenses</u>
Production	\$ 1,680	\$ 254	\$ 140	\$ 2,074
Postage and shipping	9,002	61	28	9,091
Computer services	4,536	534	407	5,477
Office expenses	1,422	30	26	1,478
Website services	23,347	1,405	810	25,562
Conferences and meetings	110	27	-	137
Travel	5,579	1,098	-	6,677
Salaries	218,202	24,677	8,829	251,708
Payroll taxes	16,778	1,857	721	19,356
Employee benefits	2,373	135	75	2,583
Bank and merchant fees	2,824	105	63	2,992
Contract fees and consultants	73,928	10,300	1,551	85,779
Miscellaneous	2,830	1,816	109	4,755
Depreciation	12,274	1,444	804	14,522
Insurance	3,132	429	236	3,797
Rent	4,163	101	56	4,320
Telephone	2,394	253	137	2,784
Professional fees (Note 6)	-	33,688	-	33,688
Interest	-	660	-	660
Total	<u>\$384,574</u>	<u>\$78,874</u>	<u>\$13,992</u>	<u>\$477,440</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF CASH FLOW

YEAR ENDED JUNE 30, 20

Cash flows from operating activities:	
Reconciliation of change in net assets to net cash used of operating activities:	
Change in net assets	\$5,500,445
Noncash revenue and expenses included in operations:	
Depreciation	14,522
Decrease in grants and accounts receivable	25,585
Decrease in prepaid expenses	2,472
Decrease in accounts payable	(3,734)
Decrease in accrued expenses	(6,132)
Decrease in security deposit	160
Net cash provided by operating activities	5,533,138
Cash flows from investing activities	(25,000)
Software enhancements	(25,000)
Net cash used for investing activities	
Net change in cash	5,508,138
Cash and equivalents:	
Beginning of year	81,132
End of year	\$5,589,270

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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, 2022.
- 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 largest donor totaling \$63,666 for the year ended June 30, 2022. The Association also received donations from a director and related family member totaling \$20,000 for the year ended June 30, 2022.
- 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 May 12, 2023.

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, 2022 by incurring expenses of \$114,359, satisfying the restricted purposes of its Education program.

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, 2022, the Association maintained restricted net assets for the following programs:

SAPCON-PCORI	\$ 5,159
Education	32,385
AWAKE Angels	200
	<u>\$37,744</u>

Note 6. Gain From Sale of Website

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. The Association incurred only professional fees of \$33,688 in connection with the sale which are reported as management and general expenses for the year ended June 30, 2022.

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May 12, 2023

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, 2022 and have issued my report thereon, dated May 12, 2023, 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, 2022

	<u>Outreach</u>	<u>Education</u>	<u>CPAP Assistance</u>	<u>Research</u>	<u>Total</u>
Production	\$ 934	\$ 339	\$ 407	\$ -	\$ 1,680
Postage and shipping	56	147	8,798	1	9,002
Computer services	1,068	2,232	1,179	57	4,536
Office expenses	60	106	1,256	-	1,422
Website services	8,833	7,423	2,518	4,573	23,347
Conferences and meetings	62	27	21	-	110
Travel	4,690	508	381	-	5,579
Salaries	49,879	99,770	67,243	1,310	218,202
Payroll taxes	3,579	7,739	5,360	100	16,778
Employee benefits	275	1,389	699	10	2,373
Bank and merchant fees	533	353	1,927	11	2,824
Contract fees and consultants	23,104	35,180	14,988	656	73,928
Miscellaneous	1,799	749	271	11	2,830
Depreciation	2,894	4,591	4,007	782	12,274
Insurance	875	1,403	823	31	3,132
Rent	206	334	3,615	8	4,163
Telephone	507	1,389	479	19	2,394
Total	<u>\$99,354</u>	<u>\$163,679</u>	<u>\$113,972</u>	<u>\$7,569</u>	<u>\$384,574</u>