

AMERICAN SLEEP APNEA  
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

AMERICAN SLEEP APNEA ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

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May 3, 2024

## 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, 2023, 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, 2023 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 dark ink, appearing to read "Joseph J. Schmelzle", written in a cursive style.

Joseph J. Schmelzle  
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

Current assets:

Cash and equivalents	\$ 579,809
Investments (Notes 2e and 6)	4,994,655
Accounts receivable	1,284
Grant receivable	212,500
Accrued investment income	4,802
Employee receivable	3,077
Prepaid expenses	7,803
Total current assets	<u>5,803,930</u>

Fixed assets (Note 2b):

Furnishings and equipment	36,861
Software	<u>98,327</u>
	135,188
Less: Accumulated depreciation	<u>47,766</u>
Net fixed assets	<u>87,422</u>

Total assets \$5,891,352

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 49,393
	<u>10,831</u>
Accrued payroll and withholdings	<u>60,224</u>
Total current liabilities	

Net assets:

Without restrictions	219,122
With restrictions (Note 5)	<u>5,612,006</u>
Total net assets	<u>5,831,128</u>

Total liabilities and net assets \$5,891,352

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Restrictions	With Restrictions	Total
Revenue and support:			
Contributions	\$ 61,105	\$283,825	\$ 344,930
Program fees	57,215	-	57,215
Investment income	368,357	-	368,357
Net assets returned to donor	-	(20,000)	(20,000)
Net assets released due to satisfaction of program restrictions (Note 4)	82,447	(82,447)	-
Total revenue and support	<u>569,124</u>	<u>181,378</u>	<u>750,502</u>
Expenses (Note 2d):			
Program activities:			
Outreach	108,619	-	108,619
Education	136,611	-	136,611
CPAP Assistance	150,334	-	150,334
Research	53,758	-	53,758
Total program activities	<u>449,322</u>	<u>-</u>	<u>449,322</u>
Supporting activities:			
Management and general	83,150	-	83,150
Development	14,514	-	14,514
Total supporting activities	<u>97,664</u>	<u>-</u>	<u>97,664</u>
Total expenses	<u>546,986</u>	<u>-</u>	<u>546,986</u>
Change in net assets	22,138	181,378	203,516
Net assets at beginning of year	<u>5,589,868</u>	<u>37,744</u>	<u>5,627,612</u>
Net assets at end of year	<u>\$5,612,006</u>	<u>\$219,122</u>	<u>\$5,831,128</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Activities	Supporting Activities Management and General	Development	Total Expenses
Postage and shipping	\$ 15,520	\$ 54	\$ 39	\$ 15,613
Computer services	3,410	501	142	4,053
Office expenses	5,879	236	63	6,178
Website services	20,863	1,304	337	22,504
Conferences and meetings	236	2,571	-	2,807
Travel	16,680	9,542	38	26,260
Salaries	218,642	24,046	7,979	250,667
Payroll taxes	19,128	1,959	594	21,681
Employee benefits	3,808	160	45	4,013
Bank and merchant fees	3,877	412	30	4,319
Contract fees and consultants	108,102	11,021	4,002	123,125
Miscellaneous	3,332	4,873	397	8,602
Depreciation	16,053	1,972	579	18,604
Insurance	3,305	518	155	3,978
Rent	8,546	120	34	8,700
Telephone	1,941	498	80	2,519
Professional fees	-	23,363	-	23,363
Total	<u>\$449,322</u>	<u>\$83,150</u>	<u>\$14,514</u>	<u>\$546,986</u>

See accompanying notes to financial statements.



AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Reconciliation of change in net assets to net cash used for operating activities:	
Change in net assets	\$ 203,516
Noncash revenue and expenses included in operations:	
Loss from sale of investments	502
Unrealized gains from investments	(208,177)
Depreciation	18,604
Increase in accrued investment income	(4,802)
Increase in grants and accounts receivable	(205,278)
Increase in prepaid expenses	(1,095)
Increase in accounts payable	34,946
Increase in accrued payroll and withholdings	(3,753)
Increase in employee receivable	(3,077)
Net cash used for operating activities	<u>(168,614)</u>
Cash flows from investing activities:	
Software enhancements	(33,647)
Purchase of equipment	(20,624)
Purchase of investment securities	(6,276,134)
Sales and maturity of investment securities	<u>1,489,153</u>
Net cash used for investing activities	<u>(4,841,252)</u>
Net change in cash and equivalents	(5,009,866)
Cash and equivalents:	
Beginning of year	<u>5,589,675</u>
End of year	<u>\$ 579,809</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Note 1. Organization and Business

American Sleep Apnea Association, Inc. (the Association) is a nonprofit organization whose mission is to improve the lives of those affected by sleep apnea and leads the search for the elimination of this syndrome in future generations. 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, 2023.
- 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 or returned to the donor. The Association received gifts from its largest donor totaling \$250,000 for the year ended June 30, 2023. The Association also received a donation from a foundation controlled by a family member of a director totaling \$5,000 for the year ended June 30, 2023.
- 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 expenses were incurred.
- e. Investments - Investments are available for sale and reported

at fair market value, which is cost for short-term investment funds and quoted market price from public exchanges for all other investments. Short-term investments of three months or less are treated as cash equivalents.

Subsequent events have been evaluated through May 3, 2024.

### 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, 2023 by incurring expenses satisfying the restricted purposes for the following programs:

Outreach	\$2,335
CPAP Assistance	200
Education	28,825
Research	51,087
	<u>\$82,447</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, 2023, the Association maintained restricted net assets for the following programs:

SAPCON-PCORI	\$ 5,159
Education	10,050
CPAP Assistance	5,000
Research	198,913
	<u>\$219,122</u>

### Note 6. Investments

A summary of investments held at June 30, 2023 as reported at fair market value from quoted exchange prices is as follows:

Bonds and Bond Funds	\$2,350,021
Real Estate Funds	112,001
Equity Index Fund	2,532,633
	<u>\$4,994,655</u>

### Note 7. Related Party Transactions

The Association engaged a family member of the executive director for software and consulting services and paid the member as a contractor \$88,688 for the year ended June 30, 2023.

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May 3, 2024

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, 2023 and have issued my report thereon, dated May 3, 2024, 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. Schmeltzle  
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

SCHEDULE OF PROGRAM ACTIVITIES

YEAR ENDED JUNE 30, 2023

	<u>Outreach</u>	<u>Education</u>	<u>CPAP Assistance</u>	<u>Research</u>	<u>Total</u>
Postage and shipping	\$ 52	\$ 119	\$ 15,330	\$ 19	\$ 15,520
Computer services	1,125	969	876	440	3,410
Office expenses	397	1,383	3,834	265	5,879
Website services	9,452	5,670	2,585	3,156	20,863
Conferences and meetings	155	3	78	-	236
Travel	2,319	9,250	4,393	718	16,680
Salaries	47,555	71,896	78,261	20,930	218,642
Payroll taxes	3,948	6,392	6,990	1,798	19,128
Employee benefits	315	2,056	1,266	171	3,808
Bank and merchant fees	922	192	2,663	100	3,877
Contract fees and consultants	34,959	29,241	20,703	23,199	108,102
Miscellaneous	1,406	1,520	283	123	3,332
Depreciation	4,113	5,114	4,705	2,121	16,053
Insurance	1,044	978	884	399	3,305
Rent	236	1,256	6,979	75	8,546
Telephone	621	572	504	244	1,941
Total	<u>\$108,619</u>	<u>\$136,611</u>	<u>\$150,334</u>	<u>\$53,758</u>	<u>\$449,322</u>