

AMERICAN SLEEP APNEA
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

JUNE 30, 2019

AMERICAN SLEEP APNEA ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

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July 31, 2020

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, 2019 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

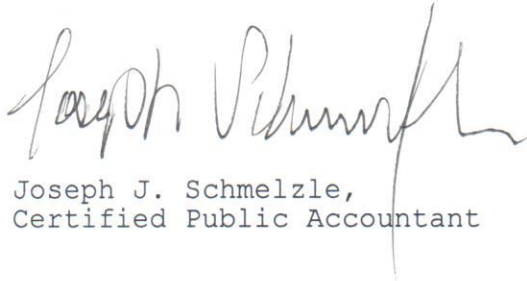
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2019 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 black ink, appearing to read "Joseph J. Schmelzle". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Joseph J. Schmelzle,
Certified Public Accountant

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS

Current assets:	
Cash	\$141,850
Grants receivable	50,788
Accounts receivable	1,657
Prepaid expenses	13,396
Total current assets	<u>207,691</u>
Fixed assets (Note 2b):	
Furnishings and equipment	16,356
Software	17,686
	<u>34,042</u>
Less: Accumulated depreciation	13,838
Net fixed assets	<u>20,204</u>
Total assets	<u>\$227,895</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 56,728
Accrued expenses	5,160
Total current liabilities	<u>61,888</u>
Net assets:	
Without restrictions	29,604
With restrictions (Note 5)	136,403
Total net assets	<u>166,007</u>
Total liabilities and net assets	<u>\$227,895</u>

See accompanying notes to financial statements.

AAMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 62,980	\$351,256	\$414,236
Program fees	248,942	-	248,942
Net assets released due to satisfaction of program restrictions (Note 4)	<u>249,321</u>	<u>(249,321)</u>	<u>-</u>
Total revenue and support	<u>561,243</u>	<u>101,935</u>	<u>663,178</u>
Expenses (Note 2d):			
Program activities:			
Outreach	60,225	-	60,225
Education	86,201	-	86,201
CPAP Assistance	245,011	-	245,011
Research	<u>322,238</u>	<u>-</u>	<u>322,238</u>
Total program activities	<u>713,675</u>	<u>-</u>	<u>713,675</u>
Supporting activities:			
Management and general	20,354	-	20,354
Development	<u>8,733</u>	<u>-</u>	<u>8,733</u>
Total supporting activities	<u>29,087</u>	<u>-</u>	<u>29,087</u>
Total expenses	<u>742,762</u>	<u>-</u>	<u>742,762</u>
Change in net assets	(181,519)	101,935	(79,584)
Net assets at beginning of year:	<u>211,123</u>	<u>34,468</u>	<u>245,591</u>
Net assets at end of year:	<u>\$ 29,604</u>	<u>\$136,403</u>	<u>\$166,007</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	<u>Program Activities</u>	<u>Supporting Activities Manage- ment and General</u>	<u>Development</u>	<u>Total Expenses</u>
Production	\$ 35,414	\$ -	\$ -	\$ 35,414
Travel and transportation	26,446	208	-	26,654
Postage and shipping	45,544	213	-	45,757
Computer services	9,948	937	469	11,354
Office expenses	11,180	40	16	11,236
Website services	29,003	2,405	1,202	32,610
Conferences and meetings	1,045	-	-	1,045
Salaries	82,528	-	-	82,528
Payroll taxes	7,226	-	-	7,226
Employee benefits	300	-	-	300
Advertising	6,918	-	-	6,918
Bank and merchant fees	9,834	124	62	10,020
Contract fees and consultants	403,401	14,200	5,259	422,860
Miscellaneous	2,726	889	1,056	4,671
Depreciation	6,591	560	280	7,431
Insurance	4,006	471	236	4,713
Rent	21,099	114	57	21,270
Telephone	5,034	193	96	5,323
Printing	5,432	-	-	5,432
Total	<u>\$713,675</u>	<u>\$20,354</u>	<u>\$8,733</u>	<u>\$742,762</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

Cash flow from operating activities:	
Reconciliation of changes in net assets to net cash provided by operating activities:	
Change in net assets	\$ (79,584)
Non-cash revenue and expenses included in operations:	
Depreciation and amortization	7,431
Decrease in grants and accounts receivable	35,711
Increase in prepaid expenses	(6,192)
Decrease in accounts payable	(10,324)
Increase in accrued expenses	145
Net cash used for operating activities	<u>(52,813)</u>
Cash flows from investing activities:	
Purchase of furnishings and equipment	<u>(5,804)</u>
Net cash used for investing activities	<u>(5,804)</u>
Net change in cash	(58,617)
Cash:	
Beginning of year	<u>200,467</u>
End of year	<u>\$141,850</u>

See accompanying notes to financial statements.

AMERICAN SLEEP APNEA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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.
- b. Fixed Assets - Fixed assets are included in the balance sheet 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 program restrictions. The Association received gifts from its two largest donors totaling \$345,360 for the year ended June 30, 2019.
- 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 July 31, 2020.

Note 3. Income Tax Status

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 4. Satisfaction of Restricted Activities

Net assets were released from donor restrictions during the year ended June 30, 2019 by incurring program expenses of \$249,321 satisfying the restricted purposes of the following program activities:

Education	\$ 83,445
Research	<u>165,876</u>
	<u>\$249,321</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, 2019 the Association maintained restricted net assets for the following programs:

SAPCON-PCORI	\$ 5,159
Education and research	<u>131,244</u>
	<u>\$136,403</u>

Note 6. Donations from Parties of Interest

The Association received donations from directors, an officer and a family member of the officer totaling \$45,465 for the year ended June 30, 2019.

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July 31, 2020

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, 2019 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, 2019

	<u>Outreach</u>	<u>Education</u>	<u>CPAP Assistance</u>	<u>Research</u>	<u>Total</u>
Production	\$2,572	\$ 9,538	\$ 635	\$ 22,669	\$ 35,414
Travel and transportation	1,260	868	1,476	22,842	26,446
Postage and shipping	208	79	43,307	1,950	45,544
Computer services	531	2,812	3,750	2,855	9,948
Office expenses	16	94	5,020	6,050	11,180
Website services	1,297	9,628	9,649	8,429	29,003
Conferences and meetings	196	347	32	470	1,045
Salaries	-	-	82,528	-	82,528
Payroll taxes	-	-	7,226	-	7,226
Employee benefits	-	-	300	-	300
Advertising	1,053	116	501	5,248	6,918
Bank and merchant fees	420	420	8,867	127	9,834
Contract fees and consultants	51,141	58,285	50,839	243,136	403,401
Miscellaneous	862	-	914	950	2,726
Depreciation	280	1,679	3,330	1,302	6,591
Insurance	236	1,414	1,885	471	4,006
Rent	57	342	20,586	114	21,099
Telephone	96	579	4,166	193	5,034
Printing	-	-	-	5,432	5,432
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$60,225</u>	<u>\$86,201</u>	<u>\$245,011</u>	<u>\$322,238</u>	<u>\$713,675</u>