



# Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

SEPTEMBER 30, 2019



## Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Restless Legs Syndrome Foundation, Inc.

We have audited the accompanying financial statements of the Restless Legs Syndrome Foundation, Inc. (Foundation), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities, functional expenses and cash flows for the fiscal 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks 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, we 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.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2019, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

*Montemayor Britton Bender PC*

February 24, 2020  
Austin, Texas

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**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2019

ASSETS

Current assets

Cash and cash equivalents	\$195,924
Investments	196,598
Prepays and security deposit	<u>12,056</u>
	<u>\$404,578</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$23,598
Accrued payroll liabilities	23,758
Grants payable	<u>29,249</u>
	<u>76,605</u>

Net assets

Without donor restrictions	191,831
With donor restrictions - purpose restrictions	<u>136,142</u>
	<u>327,973</u>
	<u>\$404,578</u>

The accompanying notes are an integral part of this financial statement presentation.

**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$548,204	\$64,506	\$612,710
Membership dues	163,562	0	163,562
Other income	15,509	0	15,509
Net assets released from restrictions	<u>158,111</u>	<u>(158,111)</u>	<u>0</u>
	<u>885,386</u>	<u>(93,605)</u>	<u>791,781</u>
EXPENSES			
Program services:			
Education	370,836	0	370,836
Membership	206,650	0	206,650
Research	83,266	0	83,266
Support Groups	<u>28,119</u>	<u>0</u>	<u>28,119</u>
	688,871	0	688,871
Fundraising	83,597	0	83,597
Administrative	<u>69,889</u>	<u>0</u>	<u>69,889</u>
	<u>842,357</u>	<u>0</u>	<u>842,357</u>
CHANGE IN NET ASSETS	43,029	(93,605)	(50,576)
BEGINNING NET ASSETS	<u>148,802</u>	<u>229,747</u>	<u>378,549</u>
ENDING NET ASSETS	<u><u>\$191,831</u></u>	<u><u>\$136,142</u></u>	<u><u>\$327,973</u></u>

The accompanying notes are an integral part of this financial statement presentation.

**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Services</u>						
	<u>Education</u>	<u>Membership</u>	<u>Research</u>	<u>Support Groups</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Salary and related	\$56,085	\$95,648	\$19,356	\$22,727	\$5,611	\$18,072	\$217,499
Fundraising	67,198	0	0	0	61,464	0	128,662
Member services	10,644	71,340	1,610	1,699	1,267	5,321	91,881
Outreach programs	89,848	0	0	0	0	0	89,848
Community awareness	76,846	0	0	353	0	0	77,199
Professional fees	10,625	10,625	0	0	0	39,465	60,715
Grants	0	0	58,498	0	0	0	58,498
Occupancy	33,005	9,430	471	472	943	2,829	47,150
Depreciation	18,620	6,650	0	0	1,330	0	26,600
Office equipment and supplies	3,771	6,431	1,302	1,528	377	1,215	14,624
State registration costs	0	0	0	0	12,274	0	12,274
Board of Directors and staff expenses	1,896	2,607	1,235	409	101	2,099	8,347
Subscriptions	1,369	2,335	473	555	137	441	5,310
Insurance	929	1,584	321	376	93	299	3,602
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>148</u>	<u>148</u>
	<u>\$370,836</u>	<u>\$206,650</u>	<u>\$83,266</u>	<u>\$28,119</u>	<u>\$83,597</u>	<u>\$69,889</u>	<u>\$842,357</u>

The accompanying notes are an integral part of this financial statement presentation.

**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	(\$50,576)
Depreciation	26,600
Unrealized gain/(loss)	6,162
Change in prepaids and security deposit	9,342
Change in accounts payable	(26,647)
Change in accrued payroll liabilities	(5,702)
Change in grants payable	<u>(7,047)</u>
	<u>(47,868)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Sales of investments	317,370
Purchases of investments	<u>(231,364)</u>
	<u>86,006</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 38,138

BEGINNING CASH AND CASH EQUIVALENTS 157,786

ENDING CASH AND CASH EQUIVALENTS \$195,924

The accompanying notes are an integral part of this financial statement presentation.

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION

The Restless Legs Syndrome Foundation, Inc. (the Foundation), is a nonprofit organization established in 1992 to advance research of Restless Legs Syndrome (RLS), also known as Willis-Ekbom disease; aid individuals with RLS and their families in the understanding of RLS, and the related challenges to living with the disorder; alert physicians to recognize RLS and to increase their awareness of available medications; and to inform the general public through means of mass media that RLS is a neurological disorder, one which damages the physical, social and family lives of its victims. The Foundation is supported mainly by membership contributions and additional contributions from the public and corporate grants.

The Foundation's mission includes support for the following programs:

- Membership- the Foundation distributes quarterly news magazines to members and monthly online e-newsletter to inform readers of the latest treatments for RLS and updates on research, and provides a network of Quality Care Centers staffed by RLS experts (see Note 10).
- Education- the Foundation provides informational brochures and handouts to individuals who suffer from RLS and helps educate health care professionals and patients about RLS.
- Research- the Foundation provides individuals the opportunities to discuss managing the disorder and a mechanism to share ideas with others through support groups.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The Foundation uses the accrual basis of accounting. Revenues are recognized when earned regardless of when received. Expenses are recognized when incurred regardless of when paid.

#### FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows.

##### Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

##### Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

#### INVESTMENTS

Investments consist of mutual funds and money market funds carried at fair value.

#### CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE

Contributions, including promises to give, are recorded as made. Contributions that are restricted by the donor are reported as increases in unrestricted support if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of any donor restrictions. As purpose or time restrictions are satisfied net assets are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions are substantially met. Contributions that are expected to be collected in future years are recorded at the present value of the expected future cash flows.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, if purchased, and at fair market value at the date of the gift, if donated. The Foundation capitalizes assets with a useful life of greater than one year. All assets are depreciated over their estimated useful lives, using the straight-line method.

#### FEDERAL INCOME TAXES

The Foundation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. Management has determined that the Foundation has unrelated business income related to advertising income during the fiscal year ended September 30, 2019 and thus the profit from these activities is subject to unrelated business income tax. The Foundation's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At September 30, 2019, no interest and penalties have been or are required to be accrued.



# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events as through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

#### ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related, office equipment and supplies, subscriptions and insurance, which are allocated based on estimates of time and effort; occupancy and depreciation, which are based on usage of space; and fundraising, member services, professional fees, and Board of Directors and staff expenses, which are allocated based on management's review and analysis of individual transactions and accounts.

### NOTE 3: INVESTMENTS

Fixed income	\$129,134
Corporate bonds	30,535
Mutual funds	<u>36,929</u>
	<u>\$196,598</u>

### NOTE 4: FAIR VALUE DISCLOSURES

	<u>Amount</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments	<u>\$196,598</u>	<u>\$166,063</u>	<u>\$30,535</u>	N/A

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4: FAIR VALUE DISCLOSURES

The fair value of investments in corporate bonds (level 2) is based on quoted market prices in active markets as well as valuation methodologies using discounted cash flows and observable credit ratings.

### NOTE 5: RETIREMENT PLAN

The Foundation maintains a Simple Employee Pension Plan for its full time employees. The Foundation makes contributions of 10% of employee compensation. Total employer expense for the fiscal year ended September 30, 2019 was approximately \$15,000.

### NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$195,924
Investments	196,598
Less: donor restrictions	(136,142)
Less: grants payable	<u>(29,249)</u>
	<u>\$227,131</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Any excess funds are invested in demand deposit accounts such as savings accounts.

### NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Subject to purpose restrictions at September 30, 2019:

General research	\$81,222
Canada	21,950
XenoPort/Arbor grants	16,667
Physician's webinar	10,061
Quality care centers	4,384
Patient Symposium	<u>1,858</u>
	<u>\$136,142</u>

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Satisfaction of purpose restrictions during the fiscal year ended September 30, 2019:

General research	\$58,498
Physician's webinar	39,939
XenoPort/Arbor grants	29,838
Opioid initiative	21,500
Patient Symposium	5,828
Canada	2,388
Quality care centers	<u>120</u>
	<u>\$158,111</u>

### NOTE 8: GRANTS PAYABLE

Massachusetts General Hospital (Winkleman) Grant	\$11,050
National Institute on Drug Abuse (Ferre) Grant	<u>18,199</u>
	<u>\$29,249</u>

### NOTE 9: LEASE COMMITMENTS

The Foundation has lease agreements for office space and equipment. Lease expense incurred under these agreements was approximately \$47,000 during the fiscal year ended September 30, 2019. At September 30, 2019, \$41,147 is due under these lease agreements.

### NOTE 10: QUALITY CARE CENTERS

To help address the challenges related to treating RLS, the Foundation manages a program to certify RLS Quality Care Centers. The Quality Care Centers, which are independently owned and operated, are staffed by leading RLS specialists who provide expert care and specialized disease management. Through education, sharing of best practices, and quality improvement projects, the Quality Care Centers program aims to improve the quality of healthcare for all people living with RLS. To achieve certification, the centers and clinicians undergo review by the Foundation's Scientific and Medical Advisory Board. Service providers must demonstrate a high level of expertise and experience in management of RLS patients with a wide range of complex and comorbid conditions associated with the disease. Quality Care Centers are renowned for outstanding performance in the field.

# **RESTLESS LEGS SYNDROME FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 10: QUALITY CARE CENTERS**

RLS Quality Care Centers are recognized locations:

- where leading RLS specialists are staffed and available for RLS sufferers;
- that serve as information and referral sources for regional support groups for primary care providers that treat patients with RLS;
- that promote understanding of the patient and family role in quality care improvement through educational offerings and printed material;
- that share information with other care centers to improve clinical best practices;
- that partner with Foundation on quality improvement projects to raise the standard of care for patients everywhere.

### **NOTE 11: RELATED PARTY TRANSACTIONS**

During the fiscal year ended September 30, 2019, the Foundation received contributions of approximately \$47,000 from Board members.

### **NOTE 12: CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-For-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about the liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.