

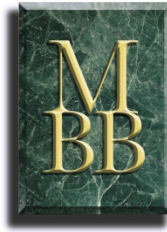
Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

RESTLESS LEGS SYNDROME FOUNDATION, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2021



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Restless Legs Syndrome Foundation, Inc.

We have audited the accompanying financial statements of the Restless Legs Syndrome Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of September 30, 2021 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, 2021, 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 10, 2022
Austin, Texas

2110 BOCA RATON DRIVE
BUILDING B, SUITE 102
AUSTIN, TEXAS 78747
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayor.team

RESTLESS LEGS SYNDROME FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2021

ASSETS

Current assets

Cash and cash equivalents	\$455,974
Investments	223,051
Prepays and security deposit	<u>12,065</u>
	691,090

Long-term investments

<u>27,009</u>
<u>\$718,099</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$38,613
Accrued payroll liabilities	22,785
Grants payable	9,000
Deferred event revenue	<u>10,615</u>
	81,013

Long-term note payable

<u>43,240</u>
<u>124,253</u>

Net assets

Without donor restrictions	368,106
With donor restrictions - purpose restrictions	<u>225,740</u>
	<u>593,846</u>
	<u>\$718,099</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$587,373	\$47,405	\$634,778
Membership dues	157,381	0	157,381
Paycheck Protection Program forgiveness	43,527	0	43,527
Other income	24,834	0	24,834
Events	8,605	0	8,605
Net assets released from donor restrictions	<u>24,474</u>	<u>(24,474)</u>	<u>0</u>
	<u>846,194</u>	<u>22,931</u>	<u>869,125</u>
EXPENSES			
Program services:			
Education	328,299	0	328,299
Membership	180,476	0	180,476
Research	32,546	0	32,546
Support Groups	<u>26,338</u>	<u>0</u>	<u>26,338</u>
	567,659	0	567,659
Fundraising	75,553	0	75,553
Administrative	<u>74,222</u>	<u>0</u>	<u>74,222</u>
	<u>717,434</u>	<u>0</u>	<u>717,434</u>
CHANGE IN NET ASSETS	128,760	22,931	151,691
BEGINNING NET ASSETS	<u>239,346</u>	<u>202,809</u>	<u>442,155</u>
ENDING NET ASSETS	<u>\$368,106</u>	<u>\$225,740</u>	<u>\$593,846</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, 2021

	<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	\$65,051	\$83,547	\$9,658	\$21,525	\$6,203	\$18,468	\$204,452
Campaigns and appeals	70,098	0	0	0	55,173	0	125,271
Community awareness	102,558	0	0	111	0	0	102,669
Member services	9,968	67,030	1,286	1,597	1,195	8,808	89,884
Professional fees	10,244	10,243	0	0	0	38,048	58,535
Occupancy	33,027	9,436	472	472	943	2,831	47,181
Outreach programs	29,397	0	0	0	0	0	29,397
Grants	0	0	19,948	0	0	0	19,948
State registration costs	0	0	0	0	11,280	0	11,280
Office equipment and supplies	3,587	4,607	533	1,187	342	1,018	11,274
Subscriptions	2,219	2,850	329	734	212	630	6,974
Insurance	1,553	1,996	231	515	148	441	4,884
Interest	0	0	0	0	0	3,809	3,809
Board of Directors and staff expenses	<u>597</u>	<u>767</u>	<u>89</u>	<u>197</u>	<u>57</u>	<u>169</u>	<u>1,876</u>
	<u>\$328,299</u>	<u>\$180,476</u>	<u>\$32,546</u>	<u>\$26,338</u>	<u>\$75,553</u>	<u>\$74,222</u>	<u>\$717,434</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$151,691
Unrealized (gain)/loss	(21,211)
Paycheck Protection Program forgiveness	(43,527)
Change in accounts payable	(6,848)
Change in accrued payroll liabilities	(2,953)
Change in deferred event revenue	<u>8,120</u>
	<u>85,272</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Sales of investments	490,297
Purchases of investments	<u>(287,517)</u>
	<u>202,780</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from note payable	43,240
Repayment of note payable	<u>(150,000)</u>
	<u>(106,760)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 181,292

BEGINNING CASH AND CASH EQUIVALENTS 274,682

ENDING CASH AND CASH EQUIVALENTS \$455,974

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 awareness, better treatments and research of Restless Legs Syndrome (RLS); 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 those living with RLS. The Foundation is supported mainly by membership contributions, 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 12).
- 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 supports the only dedicated RLS research grant program whose aims are to find the causes and cures for the disease.
- Support Groups- 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

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, corporate bonds, certificates of deposit 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.

MEMBERSHIPS

The Foundation's membership dues are considered contributions because they are not considered to have an exchange element. The membership dues are recorded as revenue in their entirety upon receipt.

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.

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 no unrelated business income during the fiscal year ended September 30, 2021. The Foundation's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At September 30, 2021, no interest and penalties have been or are required to be accrued.

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, which is based on usage of space; and campaigns and appeals, member services, professional fees, community awareness and Board of Directors and staff expenses, which are allocated based on management's review and analysis of individual transactions and accounts.

SUBSEQUENT EVENTS

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

NOTE 3: 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, 2021 was approximately \$15,600.

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4: INVESTMENTS

Fixed income	\$74,997
Corporate bonds	27,009
Mutual funds	<u>148,054</u>
	<u>\$250,060</u>

NOTE 5: 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>\$250,060</u>	<u>\$223,051</u>	<u>\$27,009</u>	N/A

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 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	\$455,974
Current investments	223,051
Less: donor restrictions	(255,740)
Less: grants payable	<u>(9,000)</u>
	<u>\$414,285</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.

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7: 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, 2021. Future minimum lease payments for the fiscal years ending September 30 are as follows:

2022	\$47,025
2023	<u>39,188</u>
	<u>\$86,213</u>

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Subject to purpose restrictions at September 30, 2021:

General research	\$60,142
Richard Allen Research Fund	24,230
Canada	21,950
RLS Childrens Program	10,000
XenoPort/Arbor grants	21,709
Patient Odyssey	23,519
Quality Care Centers	4,884
Patient Symposium	<u>59,306</u>
	<u>\$225,740</u>

Satisfaction of purpose restrictions during the fiscal year ended September 30, 2021:

General research	\$18,000
XenoPort/Arbor grants	3,508
Patient Odyssey	6,647
Patient Symposium	<u>(3,681)</u>
	<u>\$24,474</u>

NOTE 9: CONCENTRATIONS

At September 30, 2021, the Foundation held cash balances in excess of FDIC insurance of approximately \$53,000. The Foundation has not experienced any losses due to this credit risk.

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10: NOTES PAYABLE

On January 26, 2021, the Foundation received loan proceeds of \$43,240 from the Small Business Administration (through Pioneer Bank) as part of *Coronavirus Aid, Relief, and Economic Security Act's* Paycheck Protection Plan. The loan is unsecured, nonrecourse, accrues interest at 1% per annum for a five-year term. Under the terms of the loan, a portion or all of the loan and the accrued interest is forgivable to the extent that the loan proceeds are used to fund qualifying payroll, rent, and utilities during a designated period determined by the Small Business Administration. The Foundation believes that they have met the forgiveness terms of the Paycheck Protection Plan loan program and used the funds on qualifying expenses during the designated period and intends to apply for forgiveness. The Foundation may apply for forgiveness 60 days after the funding date of the loan. If forgiveness is not received, the lender will establish the payment terms, with the full balance of the loan, including interest, to be paid in full over a five year term after the funding date of the loan. As the Foundation does not expect to make any repayments on the loan, the entire amount is recorded as a long-term note payable on the statement of financial position.

On May 14, 2020 the Foundation received loan proceeds of \$43,527 from the Small Business Administration (through Bank of America) as part of the *Coronavirus Aid, Relief, and Economic Security Act's* Paycheck Protections Program. In February 2021, the full amount was forgiven.

NOTE 11: RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2021, the Foundation received contributions of \$93,450 from staff and Board members.

NOTE 12: 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.

RLS Quality Care Centers are recognized locations:

- where leading RLS specialists are staffed and available for RLS sufferers;

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12: QUALITY CARE CENTERS (CONTINUED)

- 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 13: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Foundation's revenue based on the timing of satisfaction of performance obligations for the year ended September 30, 2021:

Performance obligations satisfied at a point in time	<u>\$8,605</u>
--	----------------

Revenue recognized at a point of time includes client registration fees for events, which is recognized when control of the services transfers to the customer in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for the service. Typically, control of the service is deemed to transfer at the date at which the customer received the benefit from the event. The Foundation does not have revenue from contracts with customers that is recognized over time.

CONTRACT BALANCES

Contract liabilities consist of the Foundation's obligation to hold events for customers for which the Foundation has received consideration in advance of the event. These amounts are included in deferred revenue on the statement of financial position. Balances of contract liabilities at September 30 were as follows:

	<u>2020</u>	<u>2021</u>
Deferred event revenue	<u>\$2,495</u>	<u>\$10,615</u>

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts

RESTLESS LEGS SYNDROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

with customers. The Foundation adopted the new standard effective October 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.