



# Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



## Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

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, 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022, 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our 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

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for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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, we:

- 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 the Foundation'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Montemayor Britton Bender PC

February 6, 2023  
Austin, Texas

**RESTLESS LEGS SYNDROME FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**SEPTEMBER 30, 2022**

**ASSETS**

**Current assets**

Cash and cash equivalents \$465,274

Investments 288,341

Prepays and security deposit 16,790

770,405

Long-term investments 22,952

Fixed assets, net 2,312

\$795,669

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable \$26,179

Accrued payroll liabilities 23,572

Grants payable 9,000

58,751

**Net assets**

Without donor restrictions 513,447

With donor restrictions 223,471

736,918

\$795,669

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, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$664,934	\$49,195	\$714,129
Membership dues	158,833	0	158,833
Paycheck Protection Program forgiveness	43,240	0	43,240
Events	19,920	0	19,920
Other income	1,303	0	1,303
Net assets released from donor restrictions	<u>51,464</u>	<u>(51,464)</u>	<u>0</u>
	<u>939,694</u>	<u>(2,269)</u>	<u>937,425</u>
EXPENSES			
Program services:			
Education	417,539	0	417,539
Membership	161,536	0	161,536
Research	35,971	0	35,971
Support Groups	<u>26,675</u>	<u>0</u>	<u>26,675</u>
	641,721	0	641,721
Fundraising	70,285	0	70,285
Administrative	<u>65,185</u>	<u>0</u>	<u>65,185</u>
	<u>777,191</u>	<u>0</u>	<u>777,191</u>
OPERATING INCOME	162,503	(2,269)	160,234
Unallocated loss on investments	<u>(17,162)</u>	<u>0</u>	<u>(17,162)</u>
CHANGE IN NET ASSETS	145,341	(2,269)	143,072
BEGINNING NET ASSETS	<u>368,106</u>	<u>225,740</u>	<u>593,846</u>
ENDING NET ASSETS	<u><u>\$513,447</u></u>	<u><u>\$223,471</u></u>	<u><u>\$736,918</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, 2022

	Program Services						
	<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	\$72,363	\$69,786	\$12,701	\$22,192	\$4,545	\$12,765	\$194,352
Community awareness	138,787	0	0	130	0	0	138,917
Campaigns and appeals	78,701	0	0	0	52,176	0	130,877
Member services	10,384	63,296	1,379	1,588	1,199	5,703	83,549
Outreach programs	64,933	0	0	0	0	0	64,933
Professional fees	11,118	11,118	0	0	0	41,294	63,530
Occupancy	32,918	9,405	470	470	940	2,822	47,025
Grants	0	0	19,466	0	0	0	19,466
Office equipment and supplies	4,693	4,526	824	1,439	295	828	12,605
State registration costs	0	0	0	0	10,939	0	10,939
Insurance	1,382	1,332	244	425	88	243	3,714
Board of Directors and staff expenses	1,423	1,396	778	240	49	1,420	5,306
Subscriptions	623	601	109	191	39	110	1,673
Depreciation	<u>214</u>	<u>76</u>	<u>0</u>	<u>0</u>	<u>15</u>	<u>0</u>	<u>305</u>
	<u>\$417,539</u>	<u>\$161,536</u>	<u>\$35,971</u>	<u>\$26,675</u>	<u>\$70,285</u>	<u>\$65,185</u>	<u>\$777,191</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, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$143,072
Depreciation	305
Unrealized (gain)/loss	17,162
Paycheck Protection Program forgiveness	(43,240)
Change in prepaids and security deposit	(4,725)
Change in accounts payable	(12,434)
Change in accrued payroll liabilities	787
Change in deferred event revenue	<u>(10,615)</u>
	<u>90,312</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of fixed assets	(2,617)
Sales of investments	86,532
Purchases of investments	<u>(164,927)</u>
	<u>(81,012)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS** 9,300

**BEGINNING CASH AND CASH EQUIVALENTS** 455,974

**ENDING CASH AND CASH EQUIVALENTS** \$465,274

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-newsletters 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 13).
- 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 with donor restrictions 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, 2022. The Foundation's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At September 30, 2022, no interest and penalties have been or are required to be accrued. The Foundation is required to file Form 990 (Return of Organization Exempt from Income Tax) with the Internal Revenue Service (IRS). These returns are generally subject to examination by the IRS for three years after they were filed.

#### **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 campaigns and appeals, 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.

#### **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, 2022 was \$15,143.

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4: INVESTMENTS

Fixed income	\$154,349
Corporate bonds	22,952
Mutual funds	<u>133,992</u>
	<u>\$311,293</u>

### NOTE 5: FAIR VALUE DISCLOSURES

	<u>Amount</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	<u>\$311,293</u>	<u>\$288,341</u>	<u>\$22,952</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	\$465,274
Current investments	288,341
Less: donor restrictions	(223,471)
Less: grants payable	<u>(9,000)</u>
	<u>\$521,144</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, 2022. Future minimum lease payments for the fiscal year ending September 30, 2023 are approximately \$39,000.

### NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Subject to purpose restrictions at September 30, 2022:

General research	\$80,087
Richard Allen Research Fund	24,480
Canada	21,950
RLS Childrens Program	10,000
XenoPort/Arbor grants	11,764
Bob Waterman Research Fund	11,000
Quality Care Centers	4,884
Patient Symposium	<u>59,306</u>
	<u>\$223,471</u>

Satisfaction of purpose restrictions during the fiscal year ended September 30, 2022:

General research	\$18,000
Patient Odyssey	23,519
XenoPort/Arbor grants	<u>9,945</u>
	<u>\$51,464</u>

### NOTE 9: CONCENTRATIONS

At September 30, 2022, the Foundation held cash balances in excess of FDIC insurance of approximately \$157,000. The Foundation has not experienced any losses due to this credit risk.

For the fiscal year ended September 30, 2022, contributions from two donors represented 13% of total revenue.

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

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 10: ALLOCATION OF JOINT COSTS**

During the fiscal year ended September 30, 2022, the Foundation had a direct mail campaign that included requests for contributions as well as program components and incurred joint costs of \$87,100. These joint costs were allocated \$50,617 to the education program and \$36,483 to fundraising.

### **NOTE 11: 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 Program. 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. In March 2022, the full amount was forgiven.

### **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;
- 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.

# RESTLESS LEGS SYNDROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13: RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2022, the Foundation received contributions of approximately \$132,000 from staff and Board members.

### NOTE 14: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Foundation's revenue based on the timing of satisfaction of performance obligations for the fiscal year ended September 30, 2022:

Performance obligations satisfied at a point in time	<u>\$19,920</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>2021</u>	<u>2022</u>
Deferred event revenue	<u>\$10,615</u>	<u>\$0</u>