

**REFLEX SYMPATHETIC DYSTROPHY
SYNDROME ASSOCIATION OF AMERICA
FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2018 AND 2017**

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13



Beers, Hamerman, Cohen & Burger, PC
Certified Public Accountants and Business Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Reflex Sympathetic Dystrophy Syndrome Association of America
Milford, Connecticut

We have audited the accompanying financial statements of Reflex Sympathetic Dystrophy Syndrome Association of America (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 and fair presentation 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 audits. We conducted our audits 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 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 risks of material misstatement in 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reflex Sympathetic Dystrophy Syndrome Association of America as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Pronouncement

As described in Note 1 to the financial statements, the Organization implemented Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, effective January 1, 2018. Our opinion is not modified with respect to that matter

Beers, Hamerman, Cohen & Burger, P.C.

New Haven, Connecticut
September 6, 2019

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 676,285	\$ 634,649
Prepaid expenses	6,376	6,376
Investments	800,164	791,520
Promises-to-give	55,992	-
Security deposits	<u>950</u>	<u>950</u>
TOTAL ASSETS	<u>\$ 1,539,767</u>	<u>\$ 1,433,495</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 23,188	\$ 37,781
Research grants payable	<u>143,687</u>	<u>80,253</u>
Total Liabilities	<u>166,875</u>	<u>118,034</u>
Net Assets		
Without donor restrictions		
Unrestricted	332,523	280,571
Board designated - business plan	<u>43,528</u>	<u>43,528</u>
Total Net Assets Without Donor Restrictions	<u>376,051</u>	<u>324,099</u>
With donor restrictions		
Purpose restricted	<u>996,841</u>	<u>991,362</u>
Total Net Assets	<u>1,372,892</u>	<u>1,315,461</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,539,767</u>	<u>\$ 1,433,495</u>

See accompanying notes to the financial statements.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support						
Contributions and bequests	\$ 403,836	\$ 246,807	\$ 650,643	\$ 462,896	\$ 360,825	\$ 823,721
Conferences	21,140	-	21,140	41,251	-	41,251
United Way contributions	5,060	-	5,060	7,325	-	7,325
Investment income	30,832	-	30,832	22,198	-	22,198
	<u>460,868</u>	<u>246,807</u>	<u>707,675</u>	<u>533,670</u>	<u>360,825</u>	<u>894,495</u>
Special events	97,879	-	97,879	70,188	-	70,188
Less: cost of direct benefit to donors	(15,623)	-	(15,623)	(5,919)	-	(5,919)
	<u>82,256</u>	<u>-</u>	<u>82,256</u>	<u>64,269</u>	<u>-</u>	<u>64,269</u>
Net assets released from restrictions:						
Restrictions satisfied by payments	241,328	(241,328)	-	192,714	(192,714)	-
Total Operating Revenue and Other Support	<u>784,452</u>	<u>5,479</u>	<u>789,931</u>	<u>790,653</u>	<u>168,111</u>	<u>958,764</u>
Operating Expenses						
Program services	528,555	-	528,555	541,439	-	541,439
Management and general	112,990	-	112,990	82,012	-	82,012
Fundraising	61,458	-	61,458	63,051	-	63,051
Total Expenses	<u>703,003</u>	<u>-</u>	<u>703,003</u>	<u>686,502</u>	<u>-</u>	<u>686,502</u>
Change in Net Assets from Operations	81,449	5,479	86,928	104,151	168,111	272,262
Other Changes						
Realized and unrealized (loss) gain on investments	(29,497)	-	(29,497)	10,615	-	10,615
Change in Net Assets	51,952	5,479	57,431	114,766	168,111	282,877
Net Assets, Beginning of Year	324,099	991,362	1,315,461	209,333	823,251	1,032,584
Net Assets, End of Year	<u>\$ 376,051</u>	<u>\$ 996,841</u>	<u>\$ 1,372,892</u>	<u>\$ 324,099</u>	<u>\$ 991,362</u>	<u>\$ 1,315,461</u>

See accompanying notes to the financial statements.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018				Year Ended December 31, 2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 134,127	\$ 67,063	\$ 8,383	\$ 209,573	\$ 166,282	\$ 43,758	\$ 8,752	\$ 218,792
Research expenses	184,938	-	-	184,938	137,777	-	-	137,777
Awareness campaign	58,981	-	16,492	75,473	65,383	-	23,637	89,020
Professional fees	23,333	12,040	21,515	56,888	20,004	9,766	17,689	47,459
Conferences, conventions and meetings	36,958	-	-	36,958	51,428	-	-	51,428
Office supplies and expenses	18,631	9,316	1,164	29,111	23,456	6,173	1,235	30,864
Payroll taxes	13,796	6,898	862	21,557	15,636	4,115	823	20,574
Patient assistance	20,030	-	-	20,030	15,951	-	-	15,951
Rent	8,653	4,326	541	13,520	10,021	2,637	527	13,185
Postage	9,828	285	3,122	13,234	15,569	4,097	819	20,485
Insurance	7,263	3,631	454	11,348	6,370	1,676	335	8,381
Bank fees	-	-	8,216	8,216	-	-	8,524	8,524
Dues and subscriptions	5,114	2,557	320	7,991	3,807	1,002	200	5,009
State registration fees	-	4,521	-	4,521	-	3,903	-	3,903
Telephone	2,665	1,332	167	4,164	3,435	904	181	4,520
Employee benefits	2,458	137	137	2,731	4,495	250	250	4,995
Equipment rental and maintenance	1,243	621	78	1,942	1,295	341	68	1,704
Travel expenses	403	-	-	403	315	-	-	315
Property tax expense	134	67	8	210	215	57	11	283
Meetings	-	195	-	195	-	3,333	-	3,333
	<u>\$ 528,555</u>	<u>\$ 112,990</u>	<u>\$ 61,458</u>	<u>\$ 703,003</u>	<u>\$ 541,439</u>	<u>\$ 82,012</u>	<u>\$ 63,051</u>	<u>\$ 686,502</u>

See accompanying notes to the financial statements.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
STATEMENTS OF CASH FLOWS

	Year Ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 57,431	\$ 282,877
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Realized and unrealized loss (gain) on investments, net	29,497	(10,615)
Donated securities	(13,311)	(15,080)
Changes in operating assets and liabilities:		
Prepaid expenses	-	9,370
Promises-to-give	(55,992)	9,100
Accounts payable	(14,593)	19,702
Research grants payable	<u>63,434</u>	<u>43,852</u>
Net Cash Provided by Operating Activities	<u>66,466</u>	<u>339,206</u>
Cash Flows from Investing Activities		
Purchase of investments	(29,860)	(23,374)
Sale of investments	<u>5,030</u>	<u>51,219</u>
Net Cash (Used) Provided by Investing Activities	<u>(24,830)</u>	<u>27,845</u>
Change in Cash	41,636	367,051
Cash and Cash Equivalents, Beginning of Year	<u>634,649</u>	<u>267,598</u>
Cash and Cash Equivalents, End of Year	<u>\$ 676,285</u>	<u>\$ 634,649</u>

See accompanying notes to the financial statements.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Reflex Sympathetic Dystrophy Syndrome Association of America (Organization) is a non-profit organization which was organized to heighten visibility and awareness of the reflex sympathetic dystrophy syndrome disorder (RSDS) and to promote research projects associated with the disorder.

Adoption of New Accounting Pronouncement

On August 18, 2016, the FASB issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (see Note 2).

The changes have the following effect on net assets at December 31, 2017:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Net <u>Assets</u>
As previously stated			
Unrestricted	\$ 324,099	\$ -	\$ 324,099
Temporarily restricted	<u>-</u>	<u>991,362</u>	<u>991,362</u>
Net assets as currently stated	<u>\$ 324,099</u>	<u>\$ 991,362</u>	<u>\$ 1,315,461</u>

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with an initial maturity of three months or less.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are unrestricted by the donor are reported as an increase in net assets without donor restrictions as are contributions with donor-imposed restrictions which expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises-to-Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed primarily under the straight-line method over the useful lives of the depreciable assets. Expenditures for repairs and maintenance that materially increase the useful lives of assets are capitalized. The Organization's policy is to capitalize expenditures for those items in excess of \$1,000.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or require specialized skills that would typically need to be purchased if not provided by donation. The Organization utilizes many volunteers for a variety of tasks that assist the Organization. These services, however, do not meet the criteria for recognition of donated services.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization's income tax filings are subject to audit by various taxing authorities.

Reclassification of Prior Year Balances

The presentation of certain prior year balances has been reclassified to conform to the current year presentation.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Liquidity

The operations and programs of the Organization are primarily funded through public support and conferences, and the earnings on its investments. Public support revenue is unpredictable for the future; however, the Organization has a long history of support and is well established in its donor community.

Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditures in the following year.

	December 31,	
	<u>2018</u>	<u>2017</u>
Financial assets at year end		
Cash and cash equivalents	\$ 676,285	\$ 634,649
Investments	800,164	791,520
Promises to give	<u>55,992</u>	<u>-</u>
	<u>1,532,441</u>	<u>1,426,169</u>
Less amounts not available for general expenditures within one year, due to		
Net assets with donor restrictions	996,841	991,362
Board designated - business plan	<u>43,528</u>	<u>43,528</u>
	<u>1,040,369</u>	<u>1,034,890</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 492,072</u>	<u>\$ 391,279</u>

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 - INVESTMENTS

Investments are stated at fair value and consist of the following:

<u>December 31, 2018</u>			
	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds - bonds	\$ 755,634	\$ 745,045	\$ 10,589
Common stock	<u>44,530</u>	<u>45,140</u>	<u>(610)</u>
	<u>\$ 800,164</u>	<u>\$ 790,185</u>	<u>\$ 9,979</u>
<u>December 31, 2017</u>			
	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Mutual funds - bonds	\$ 757,150	\$ 722,189	\$ 34,961
Common stock	<u>34,370</u>	<u>32,276</u>	<u>2,094</u>
	<u>\$ 791,520</u>	<u>\$ 754,465</u>	<u>\$ 37,055</u>

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1: Inputs are based upon adjusted quoted prices for identical instruments traded in active markets.
- Level 2: Inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
- Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flows models, and similar techniques. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 - INVESTMENTS – (CONTINUED)

The fair values of common stock and mutual funds held are based on quoted prices in an active market and are therefore classified as Level 1.

Investment income is as follows:

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 30,832	\$ 22,198
Realized and unrealized (loss) gains	<u>(29,497)</u>	<u>10,615</u>
	<u>\$ 1,335</u>	<u>\$ 32,813</u>

NOTE 4 - PENSION

During the year ended December 31, 2016, the Organization had a SIMPLE IRA Plan (Plan) for its participating employee. The Organization made a matching contribution up to 3% of the employee's salary. During the year ended December 31, 2017, the Organization terminated the Plan and there were no matching contributions made.

NOTE 5 - JOINT COSTS

The costs incurred to produce the Organization's periodic newsletter are considered to be joint costs and have been allocated between program services and fundraising expenses on the statements of activities and functional expenses. The total cost of the newsletter was \$33,610 and \$21,976 for the years ended December 31, 2018 and 2017, respectively. In 2018, \$25,208 was classified as program services and \$8,403 was classified as fundraising expenses. In 2017, \$16,482 was classified as program services and \$5,494 was classified as fundraising expenses. The allocation was based on the nature of the content of the newsletters.

NOTE 6 - OPERATING LEASES

The Organization leases office space in Milford, Connecticut under a non-cancelable operating lease which expired on January 31, 2013. The lease was not renewed, and the Organization is now on a month-to-month basis at \$1,150 per month. Rent expense related to the office lease was \$13,520 and \$13,185 for the years ended December 31, 2018 and 2017, respectively.

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 - OPERATING LEASES – (CONTINUED)

In addition, the Organization has non-cancelable operating leases for office equipment which expire through 2022. Lease expense for the equipment was \$1,942 and \$1,704 for the years ended December 31, 2018 and 2017, respectively.

Year Ending December 31,	
2019	\$ 2,099
2020	1,243
2021	815
2022	<u>815</u>
	<u>\$ 4,972</u>

NOTE 7 - CREDIT RISK

The Organization maintains its cash with financial institutions. These balances from time to time may exceed the federally insured limits. As of December 31, 2018 and 2017, the Organization had cash in excess of the federally insured limits of \$175,640 and \$154,755, respectively. The Organization held investments of \$171,403 and \$156,913 as of December 31, 2018 and 2017, respectively, in excess of the amount insured by the Securities Investor Protection Corporation.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions at December 31, 2018 and 2017 consist of the following:

	December 31,	
	<u>2018</u>	<u>2017</u>
Research	\$ 631,744	\$ 689,819
Twenty-year study	154,328	87,723
Medical financial assistance	94,031	103,399
Externship	44,922	30,000
Camp Courageous	19,618	14,277
Education initiatives	15,754	20,000
National support group expansion	11,838	12,594
Marketing	11,085	14,818
Pediatric video	6,337	11,240
Website design	5,393	5,393
Medical education	<u>1,791</u>	<u>2,099</u>
	<u>\$ 996,841</u>	<u>\$ 991,362</u>

REFLEX SYMPATHETIC DYSTROPHY SYNDROME ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 9 - RELATED PARTY TRANSACTIONS

At December 31, 2015, the Organization approved research grants in the amount of \$56,812 to a university at which a board member is a faculty member. At December 31, 2017, \$5,681 remained in grants payable. During the year ended December 31, 2018, that amount was released to the university and the grant was concluded.

The Organization provides support to the International Research Consortium (IRC), a related 501(c)(3) entity with which it has board members in common. One of the qualifications for financial grants in the medical research community is a demonstrated ability to achieve a sufficient sample size of patient subjects. CRPS/RSD is an orphan disease whose potential patient subjects are low in number and widely dispersed making it difficult to achieve sample sizes to meet research grant requirements. Support provided is reported under research program expenses, and was \$27,142 and \$59,843 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events requiring recording or disclosure through September 6, 2019, which is the date the financial statements were available to be issued.