International OCD Foundation, Inc.

Financial Statements
December 31, 2020 and 2019

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Financial Statements

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Contents

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Independent Auditor's Report

To the Board of Trustees
International OCD Foundation, Inc.
Boston, Massachusetts

Opinion

We have audited the financial statements of International OCD Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 audits. 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 the 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 issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS, 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.

BDO USA, LLP

June 30, 2021

Financial Statements

International OCD Foundation, Inc.

Statements of Financial Position

December 31,	**2020**	2019
Assets		
Current Assets:		
Cash and cash equivalents	$ **991,117**	$ 1,368,697
Restricted cash and cash equivalents	**487,615**	472,759
Investments	**1,130,011**	-
Prepaid expenses	**650,565**	277,374
Total Current Assets	**3,259,308**	2,118,830
Assets Whose Use is Limited or Restricted:		
Donor restricted investments	**488,710**	429,242
Beneficial interest in charitable remainder trust	**277,528**	260,411
Total Assets Whose Use is Limited or Restricted	**766,238**	689,653
Property and Equipment, net	**5,475**	8,944
Other Assets:		
Deposits	**31,248**	-
Total Assets	$ **4,062,269**	$ 2,817,427
Liabilities and Net Assets		
Current Liabilities:		
Note payable, current portion	$ **77,583**	$ -
Accrued expenses	**87,134**	75,900
Deferred membership dues	**146,028**	147,890
Current portion of deferred rent	**4,212**	24,834
Total Current Liabilities	**314,957**	248,624
Long-Term Liabilities:		
Note payable, net of current	**108,617**	-
Deferred rent, less current portion	**-**	4,212
Total Liabilities	**423,574**	252,836
Net Assets:		
Without donor restrictions	**2,384,842**	1,471,749
With donor restrictions	**1,253,853**	1,092,842
Total Net Assets	**3,638,695**	2,564,591
Total Liabilities and Net Assets	$ **4,062,269**	$ 2,817,427

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Activities

	2020			2019		
Years ended December 31,	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support from Operations:						
Contributions and grants	**$ 1,379,696**	**$ 1,115,074**	**$ 2,494,770**	$ 1,306,962	$ 775,447	$ 2,082,409
Conferences	**558,871**	**11,985**	**570,856**	718,885	12,662	731,547
Membership dues	**290,856**	**-**	**290,856**	315,882	-	315,882
In-kind contributions	**6,387**	**-**	**6,387**	3,451	-	3,451
Behavior Therapy Institute fees	**234,434**	**-**	**234,434**	425,488	-	425,488
Miscellaneous income	**20,491**	**-**	**20,491**	2,631	-	2,631
Net assets released from restrictions	**1,017,009**	**(1,017,009)**	**-**	596,633	(596,633)	-
Total Revenue and Support from Operations	**3,507,744**	**110,050**	**3,617,794**	3,369,932	191,476	3,561,408
Operating Expenses:						
Research and education	**2,104,098**	**-**	**2,104,098**	2,317,421	-	2,317,421
General and administrative	**313,078**	**-**	**313,078**	331,529	-	331,529
Fundraising	**241,075**	**-**	**241,075**	235,265	-	235,265
Total Operating Expenses	**2,658,251**	**-**	**2,658,251**	2,884,215	-	2,884,215
Increase in Net Assets from Operations	**849,493**	**110,050**	**959,543**	485,717	191,476	677,193
Non-Operating Activities:						
Change in value of charitable remainder trust	**-**	**17,117**	**17,117**	-	16,929	16,929
Realized and unrealized gain (loss) on investments	**(955)**	**33,844**	**32,889**	-	97,150	97,150
Interest and dividend income	**64,555**	**-**	**64,555**	14,915	774	15,689
Total Non-Operating Activities	**63,600**	**50,961**	**114,561**	14,915	114,853	129,768
Change in Net Assets	**913,093**	**161,011**	**1,074,104**	500,632	306,329	806,961
Net Assets, beginning of year	**1,471,749**	**1,092,842**	**2,564,591**	971,117	786,513	1,757,630
Net Assets, end of year	**$ 2,384,842**	**$ 1,253,853**	**$ 3,638,695**	$ 1,471,749	$ 1,092,842	$ 2,564,591

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2020	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 385,561	$ 109,121	$ 87,297	$ 581,979
Employee benefits	325,536	92,136	73,706	491,378
Payroll taxes	31,939	9,039	7,231	48,209
Payroll Expenses	743,036	210,296	168,234	1,121,566
Annual conference	101,324	-	-	101,324
Special projects	273,740	-	-	273,740
Research awards	670,705	-	-	670,705
Occupancy	96,045	27,183	21,746	144,974
Website and database	75,926	17,714	-	93,640
Office supplies and other expense	2,322	658	33,704	36,684
Newsletters	45,705	-	-	45,705
Bank and merchant fees	12,355	3,497	2,797	18,649
Payments to affiliates	14,100	-	-	14,100
Board meetings	1,567	1,567	-	3,134
Professional fees	39,177	11,089	8,871	59,137
Public relations	-	19,341	-	19,341
Travel	6,947	1,966	1,573	10,486
State registration expense	2,924	827	662	4,413
Utilities	5,979	1,690	1,355	9,024
Equipment lease and maintenance	4,369	1,236	989	6,594
Postage and shipping	617	4,836	-	5,453
Brochures, letterhead, and supplies	-	6,279	-	6,279
Insurance	111	32	25	168
Depreciation and amortization	-	3,469	-	3,469
Dues and subscriptions	4,941	1,398	1,119	7,458
Conferences	2,208	-	-	2,208
	$ 2,104,098	$ 313,078	$ 241,075	$2,658,251
Percentage of Total	79%	12%	9%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2019	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 375,926	$ 106,395	$ 85,115	$ 567,436
Employee benefits	298,581	84,502	67,606	450,689
Payroll taxes	31,141	8,813	7,051	47,005
Payroll Expenses	705,648	199,710	159,772	1,065,130
Annual conference	515,118	-	-	515,118
Special projects	371,234	-	-	371,234
Research awards	363,525	-	-	363,525
Occupancy	92,509	26,182	20,946	139,637
Website and database	47,812	17,934	-	65,746
Office supplies and other expense	24,372	6,898	33,915	65,185
Newsletters	44,898	-	-	44,898
Bank and merchant fees	24,873	7,040	5,631	37,544
Payments to affiliates	33,235	-	-	33,235
Board meetings	9,755	9,756	-	19,511
Professional fees	23,728	6,662	5,330	35,720
Public relations	-	29,084	-	29,084
Travel	16,213	4,588	3,671	24,472
State registration expense	3,477	984	788	5,249
Utilities	6,614	1,873	1,497	9,984
Equipment lease and maintenance	8,232	2,331	1,864	12,427
Postage and shipping	2,447	6,867	-	9,314
Brochures, letterhead, and supplies	7,380	5,839	-	13,219
Insurance	4,335	1,227	982	6,544
Depreciation and amortization	-	3,469	-	3,469
Dues and subscriptions	3,833	1,085	869	5,787
Conferences	8,183	-	-	8,183
	$ 2,317,421	$ 331,529	$ 235,265	$2,884,215
Percentage of Total	80%	12%	8%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Cash Flows

Years ended December 31,	**2020**	2019
Cash Flows from Operating Activities:		
Change in net assets	**$ 1,074,104**	$ 806,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**3,469**	3,469
Gain in beneficial interest in charitable trust	**(17,117)**	(16,929)
Realized and unrealized gains on investments	**(33,844)**	(97,150)
Increase (decrease) in cash resulting from changes in:		
Prepaid expenses	**(373,191)**	(160,392)
Deposits	**(31,248)**	-
Accrued expenses	**11,234**	(1,018)
Deferred membership dues	**(1,862)**	569
Deferred rent	**(24,834)**	(20,036)
Net Cash Provided by Operating Activities	**606,711**	515,474
Cash Flows from Investing Activities:		
Sale (Purchases) of investments	**(1,155,635)**	1,987
Net Cash (Used in) Provided by Investing Activities	**(1,155,635)**	1,987
Cash Flows from Financing Activities:		
Proceeds from note payable	**186,200**	-
Net Cash Provided by Financing Activities	**186,200**	-
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	**(362,724)**	517,461
Cash and Cash Equivalents and Restricted Cash, beginning of year	**1,841,456**	1,323,995
Cash and Cash Equivalents and Restricted Cash, end of year	**$ 1,478,732**	$ 1,841,456

See accompanying notes to financial statements.

1. Nature of the Organization

International OCD Foundation, Inc. (the "Foundation") is an international nonprofit organization with headquarters in Boston, Massachusetts, and has various affiliates throughout the United States. The Foundation is comprised of people with Obsessive Compulsive Disorder ("OCD") and related disorders, their families, friends, treatment providers, researchers, and other concerned individuals. The mission of the Foundation is to help everyone affected by OCD and related disorders to live full and productive lives by increasing access to effective treatment, ending the stigma associated with mental health issues, and fostering a community for those affected by OCD and the professionals who treat them. Major sources of revenue are derived from contributions and grants, membership dues, and conferences.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America ("US GAAP"), as applicable to not-for-profit organizations. In the statements of financial position, assets and liabilities are presented in the order of liquidity or conversion to cash and their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of the Foundation's net assets is based on the existence or absence of donor-imposed restrictions, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives. The assets, liabilities, and net assets of the Foundation are reported as follows:

Net assets without donor restrictions: represent amounts not restricted for identified purposes by donors or grantors. These amounts are available to be used for the general purposes of the Foundation.

Net assets with donor restrictions: Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled by the actions of the Foundation. These include amounts that have been restricted by donors to be maintained by the Foundation in perpetuity and are comprised of investments and amounts held by charitable trust funds for the benefit of the Foundation.

Cash and Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, the Foundation considers cash and cash equivalents to include all highly liquid investments with an initial maturity of three months or less.

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Cash and restricted cash on the statements of cash flows consist of the following for the years ended December 31:

December 31,		2020		2019
Cash and cash equivalents	$	**991,117**	$	1,368,697
Restricted cash		**487,615**		472,759
	$	**1,478,732**	$	1,841,456

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. 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 as of the measurement date.

Investments in non-marketable investments (alternative investments as described in the American Institute of Certified Public Accountants' document, *A Practice Guide for Auditors: Alternative Investments - Audit Consideration)* are generally carried at net asset value ("NAV") as estimated by management based on fair values provided by external investment managers. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such difference could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the funds. The Foundation believes that the carrying amount of alternative investments is a reasonable estimate of the fair values as of December 31, 2020 and 2019.

Investment income and unrealized and realized gains and losses from investments without donor restrictions are reported as non-operating gains and losses. Investment income and investment gains and losses (realized and unrealized) with donor restrictions are reported as additions to the appropriate donor-restricted funds.

Investments are periodically reviewed for impairment based upon criteria that include the extent to which cost exceeds market value, the duration of the market decline, and specific issuer financial conditions. Impairments that are determined to be other than temporary are recognized as realized losses.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Therefore, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and operations.

Property and Equipment, Net

All property and equipment, net are stated at cost and depreciated over the estimated useful live of the asset. Major renewals, additions, and betterments are charged to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Life in Years
Program equipment	5-20
Furniture and equipment	5

Impairment of Long-Lived Assets

Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Foundation to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2020 and 2019, the Foundation did not recognize any impairment.

Statement of Activities

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the mission of the Foundation are reported as revenue and expenses. Peripheral or incidental transactions are reported as non-operating activities.

Revenue Recognition

Adoption of new Accounting Standard

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14, which deferred the effective date for nonpublic entities until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842): Effective Dates for Certain Entities,* which, among other things, provides a one-year deferral of the effective date of ASC 606 for all privately-held entities that have not yet issued financial statements or made financial statements available. Accordingly, the effective date of Topic 606 for privately-held entities that chose to defer adoption of ASC 606 in accordance with ASU 2020-05 would apply the new revenue standard to annual reporting periods beginning after December 15, 2019.

The Foundation has adopted ASU 2020-05 during 2020, which is reflected in these financial statements using the modified retrospective method. The Foundation determined key factors from the five-step model to recognize revenue as prescribed by the new standard and completed an evaluation to compare the historical accounting policies and practices to the requirements of the new standard. The Foundation elected to utilize the portfolio approach where contracts with similar characteristics were assessed collectively to evaluate the risk of being impacted by the adoption of ASC 606. Upon completing the assessment of ASC 606, the Foundation concluded that the adoption of the new revenue standard did not result in a change in revenue recognition for the Foundation's contracts with customers, and no adjustments to opening net assets or revenue were necessary. The prior year comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods

Contributions and Grants

Contributions and grants, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU assists in the determination of the nature of the transaction which then governs the revenue and expense recognition methodology and timing of the transaction. The guidance is effective for the Foundation's fiscal year 2020, and the adoption of this update did not have a material impact on the Foundations' financial statements.

Membership Dues

All memberships run for a period of 12 months, and membership dues are recorded as unrestricted revenue during the period for which the membership applies.

Deferred member dues consist of membership dues received which have not been earned by the Foundation. The Foundation recognizes membership dues revenue over the course of 12 months as the related membership period elapses. Accordingly, membership fees received that have yet to be earned are deferred until the membership term elapses and the revenue is earned.

Conference Revenue and Behavior Therapy Institute Revenue

The Foundation generates revenue from attendance fees, advertising, sponsorships, and booth rental from the Foundation's annual conferences and trainings. This is recognized as revenue in the period in which the conference takes place.

In-kind Contributions

Donated materials are reflected as contributions at the estimated fair value at the date of receipt, if there is an objective basis for recording and assigning value to such donations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided event support and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Advertising

Advertising costs are expensed in the year incurred. Advertising expense was $19,341 and $29,084 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Foundation is a not-for-profit organization and is exempt from incomes taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is reflected in the accompanying statements of activities.

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Foundation does not believe it has taken any material uncertain tax positions, and accordingly, it has not recorded any liability for unrecognized tax benefits. For the years ended December 31, 2020 and 2019, there were no interest or penalties recorded or included in the statements of activities.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated using hours and headcount, among the programs and supporting services benefited. The Foundation does not allocate any general and administrative expenses to program services.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 vary from the estimates that were used.

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Foundation's fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through June 30, 2021, which is the date the financial statements were available to be issued. There were no subsequent events, other than the events mentioned below, requiring adjustment to the financial statements or disclosures as stated herein.

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31,	**2020**	2019
Cash and cash equivalents	**$ 1,087,222**	$ 1,368,697
Investments (non-donor restricted)	**1,130,011**	-
Financial Assets Available to Meet General Expenditures within One Year	**$ 2,217,233**	$ 1,368,697

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Investments

Investment securities are stated at fair value and were comprised of the following at December 31, 2020:

	Cost	Fair Value	Unrealized Gain
Mutual Funds	$ 1,130,966	$ 1,130,011	$ (955)

Investment income from investments was comprised of the following components for the years ended December 31:

	2020	2019
Net realized and unrealized gains	**$ (955)**	$ -
Interest and dividend income	**28,333**	-
	$ 27,378	$ -

5. Beneficial Interest in Charitable Remainder Trust

The Foundation has a beneficial interest in a charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, which is the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets will be transferred by a third-party trustee to the Foundation. The Foundation initially recorded the present value of the estimated future benefit to be received as an asset and as a time-restricted contribution based on a discount rate of 3.53% and certain internal assumptions, such as the anticipated rate of investment return and the mortality of the beneficiary. The value of the asset is adjusted in subsequent years based on factors such as changes in life expectancy, market conditions, and normal amortization. The Foundation recorded an increase in the value of its interest in the charitable remainder trust in the statements of activities of $17,117 for the year ended December 31, 2020, and an increase of $16,929 for the year ended December 31, 2019. The fair value of the interest in the charitable remainder trust at December 31, 2020 and 2019, was $277,528 and $260,411, respectively.

6. Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted consisted of the following at December 31:

	2020	2019
Cash equivalents	**$ 143,126**	$ 213,786
Alternative investments	**35,294**	54,925
Equity securities	**310,290**	160,531
Beneficial interest in charitable remainder trust	**277,528**	260,411
	$ 766,238	$ 689,653

Assets whose use is limited or restricted, as reported in the statements of financial position, consisted of the following at December 31:

	2020	2019
Donor restricted investments	**$ 488,710**	$ 429,242
Beneficial interest in charitable remainder trust	**277,528**	260,411
	$ 766,238	$ 689,653

7. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the reporting entity's assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash Equivalents

Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Equity securities and Mutual Funds

Valued at the closing price reported in the active market in which the investment is traded.

Alternative Investments

Valued at NAV as estimated by management based on fair values provided by external investment managers. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such difference could be material.

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The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value for the years ended:

December 31, 2020	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 143,126	$ -	$ -	$ 143,126
Equity securities and mutual funds	1,440,301	-	-	1,440,301
Alternative investments:				
Other alternative investments at NAV	-	-	-	35,294
Total Investments	$ 1,583,427	$ -	$ -	$ 1,618,721

December 31, 2019	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 213,786	$ -	$ -	$ 213,786
Equity securities	160,531	-	-	160,531
Alternative investments:				
Real estate (REITs) at NAV	-	-	-	30,373
Other alternative investments at NAV	-	-	-	24,552
Total Investments	$ 374,317	$ -	$ -	$ 429,242

8. Long-term Debt

The following is a summary of long-term debt at December 31:

	2020	2019
Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan, to a bank, due in monthly installments of $36,461 starting March 29, 2021, including interest at 1.0%. The note payable was issued under the CARES Act as part of the PPP. See Note 15.	**$ 186,200**	$ -
Less current maturities	**77,583**	-
	$ 108,617	$ -

Long-term debt matures as follows:

Years ending December 31,	
2021	$ 77,583
2022	108,617
	$ 186,200

9. Endowments

The Foundation's endowment includes donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring realized and unrealized gains of net assets with donor restrictions to be retained in a net assets with donor restrictions classification until appropriated by the Foundation's Board of Directors and expended. UPMIFA allows the Board of Directors to appropriate as much of the net appreciation of net assets with donor restrictions as is prudent considering the Foundation's long-term and short-term needs, present and anticipated financial requirements, expected total return on investments, price-level trends, and general economic conditions as long as the amounts appropriated are expended on their restricted purpose.

Under the policy of the Foundation, the endowment assets are invested conservatively with the intent of providing a predictable stream of funding to the Foundation. The Foundation invests in cash equivalents, equity securities, and alternative investments to achieve its long-term return objectives within limited risk constraints.

Changes in endowment assets were as follows during the years ended December 31:

	2020	2019
Endowment Assets, beginning of year	$ 429,242	$ 334,079
Contributions	25,624	-
Realized and Unrealized gain on investments	33,844	95,163
Endowment Assets, end of year	$ 488,710	$ 429,242

10. In-kind Contributions

The Foundation benefited from in-kind contributions in the form of the following types of goods and services during the years ended December 31:

	2020	2019
Honoraria	$ 6,387	$ 3,451
	$ 6,387	$ 3,451

These amounts have been reported as both in-kind revenue and as expenses on the statements of activities.

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11. Net Assets with Donor Restrictions

Net Assets with donor restrictions were available for the following projects and initiatives at December 31:

	2020	2019
Research	$ 428,061	$ 369,120
Conference scholarships	17,054	10,069
Diversity initiatives	42,500	24,000
Beneficial interest in remainder trust	277,528	260,411
Investments to be held in perpetuity, the income from which is expendable to support the Foundation's research grants and Behavioral Therapy Training Institute ("BTTI")	488,710	429,242
Total Net Assets With Donor Restrictions	$ 1,253,853	$ 1,092,842

Net assets with donor restrictions were released from restrictions for the following projects and initiatives during the years ended December 31:

	2020	2019
Research	$ 1,012,009	$ 586,868
Scholarships	5,000	9,765
Total Net Assets With Donor Restrictions Assets Released	$ 1,017,009	$ 596,633

12. Operating Leases

The Foundation leases office space in Massachusetts for use in operations. The Foundation entered into an office lease agreement in March 2016 that calls for monthly payments of $7,580 that escalate on an annual basis to $12,680 during the remaining term of the lease, which expires in March 2021. The Foundation entered into a new office lease agreement in December 2020 that calls for monthly payments of $13,020 that escalate on an annual basis to $15,624 during the remaining term of the lease, which expires in May 2031. The Foundation is also responsible for its share of certain operating expenses and real estate taxes, as outlined in the lease agreement.

The Foundation records rent expense on the straight-line basis. Rent expense and the Foundation's share of operating expenses and real estate taxes was $144,974 and $139,637 for the years ended December 31, 2020 and 2019, respectively.

The Foundation also leased a copier with monthly payments of $537 through March 2020 and is leasing a new copier with monthly payments of $585 through December 2024.

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Future minimum lease payments under the above agreements are as follows:

Years ending December 31,		
2021	$	123,520
2022		165,285
2023		168,757
2024		172,229
2025		168,681
Thereafter		973,608
Total	$	1,772,080

13. Retirement Plan

The Foundation maintains a qualified 401(k) plan under Section 401(k) of the Internal Revenue Code that covers substantially all full-time employees. The Foundation makes an annual safe-harbor contribution based on 3% of each eligible employee's compensation. Additional matching contributions are made at the discretion of the board of trustees. Contribution expense for the defined contribution retirement plan were $26,405 and $-0- for the years ended December 31, 2020 and 2019, respectively, and is included in employee benefits expense.

14. Concentrations

The Foundation has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount was $250,000 for interest and non-interest bearing accounts, which was applied per depositor, per insured bank for each account ownership category. As of December 31, 2020 and 2019, the Foundation had approximately $694,219 and $688,681 in excess of FDIC limits, respectively.

15. Risks and Uncertainties

Impact of COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact on the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. As of the date of this report, management has not furloughed any of its employees in response to the outbreak. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2021.

Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 pandemic at this time, if the situation continues, it may have a material adverse effect on the Foundation's results of future operations, financial position, and liquidity in fiscal year 2021.

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

In April 2020, the Foundation applied for, and received, funds under the PPP in the amount of $186,200 (see Note 8), which may be forgiven in full or in part upon the Foundation meeting certain criteria established by the Unites States Treasury Department and the SBA. The application for these funds required the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. Subsequent to year end, the loan was forgiven in full.

The Foundation continues to examine the impact that the CARES Act will have on its business. Currently, the Foundation is unable to determine the impact the CARES Act will have on its financial condition, results of operations, or its liquidity.