International OCD Foundation, Inc.

Financial Statements
December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, effective January 1, 2022, the Foundation adopted amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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, P.A.

August 8, 2023

Financial Statements

International OCD Foundation, Inc.

Statements of Financial Position

December 31,		**2022**		2021
Assets				
Current Assets:				
Cash and cash equivalents	$	**2,533,322**	$	1,467,321
Restricted cash and cash equivalents		**328,562**		570,872
Investments		**1,472,078**		2,064,754
Prepaid expenses		**590,350**		489,725
Total Current Assets		**4,924,312**		4,592,672
Assets Whose Use is Limited or Restricted:				
Donor restricted investments		**689,237**		482,072
Beneficial interest in charitable remainder trust		**258,649**		312,766
Total Assets Whose Use is Limited or Restricted		**947,886**		794,838
Property and Equipment, net		**579**		2,450
Operating Lease right-of-Use Assets		**1,880,437**		-
Other Assets:				
Deposits		**36,248**		31,248
Total Assets	$	**7,789,462**	$	5,421,208
Liabilities and Net Assets				
Current Liabilities:				
Accrued expenses	$	**221,864**	$	199,880
Contract liabilities		**194,334**		196,889
Operating lease liabilities- current		**202,446**		-
Total Current Liabilities		**618,644**		396,769
Long-Term Liabilities:				
Operating lease liabilities- non current		**1,767,978**		-
Deferred rent, less current portion		**-**		9,114
Total Liabilities		**2,386,622**		405,883
Net Assets:				
Without donor restrictions		**4,126,392**		3,649,615
With donor restrictions		**1,276,448**		1,365,710
Total Net Assets		**5,402,840**		5,015,325
Total Liabilities and Net Assets	$	**7,789,462**	$	5,421,208

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Activities

Years ended December 31,	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total
Revenue and Support from Operations:						
Contributions and grants	$ 1,519,396	$ 1,494,276	$ 3,013,672	$ 2,229,940	$ 1,246,880	$ 3,476,820
Conferences	890,373	1,726	892,099	549,583	2,500	552,083
Membership dues	410,261	-	410,261	310,908	-	310,908
In-kind contributions	13,402	-	13,402	5,700	-	5,700
Behavior Therapy Institute fees	421,053	-	421,053	393,808	-	393,808
Miscellaneous income	24,201	-	24,201	11,808	-	11,808
Net assets released from restrictions	1,418,312	(1,418,312)	-	1,165,938	(1,165,938)	-
Total Revenue and Support from Operations	4,696,998	77,690	4,774,688	4,667,685	83,442	4,751,127
Operating Expenses:			-			
Research and education	3,421,991	-	3,421,991	2,970,106	-	2,970,106
General and administrative	344,198	-	344,198	354,735	-	354,735
Fundraising	259,818	-	259,818	327,829	-	327,829
Total Operating Expenses	4,026,007	-	4,026,007	3,652,670	-	3,652,670
Increase in Net Assets from Operations	670,991	77,690	748,681	1,015,015	83,442	1,098,457
Non-Operating Activities:						
Change in value of charitable remainder trust	-	(54,117)	(54,117)	-	35,238	35,238
Realized and unrealized (loss) gain on investments	(217,648)	(112,835)	(330,483)	18,352	(6,823)	11,529
Interest and dividend income	23,434	-	23,434	45,206	-	45,206
Paycheck Protection Program forgiveness	-	-	-	186,200	-	186,200
Total Non-Operating Activities	(194,214)	(166,952)	(361,166)	249,758	28,415	278,173
Change in Net Assets	476,777	(89,262)	387,515	1,264,773	111,857	1,376,630
Net Assets, beginning of year	3,649,615	1,365,710	5,015,325	2,384,842	1,253,853	3,638,695
Net Assets, end of year	$ 4,126,392	$ 1,276,448	$ 5,402,840	$ 3,649,615	$ 1,365,710	$ 5,015,325

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2022	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 515,934	$ 147,299	$ 117,839	$ 781,072
Employee benefits	192,015	54,344	43,475	289,834
Payroll taxes	16,202	4,585	3,668	24,455
Payroll Expenses	724,151	206,228	164,982	1,095,361
Annual conference	565,007	-	-	565,007
Special projects	5,600	-	-	5,600
Research awards	1,174,011	-	-	1,174,011
Occupancy	106,617	30,175	24,140	160,932
Website and database	64,500	30,267	-	94,767
Office supplies and other expense	32,271	8,957	40,549	81,777
Newsletters	50,339	-	-	50,339
Bank and merchant fees	2,605	737	590	3,932
Payments to affiliates	37,164	-	-	37,164
Board meetings	6,863	6,863	-	13,726
Professional fees	35,450	10,033	8,026	53,509
Public relations	-	27,411	327	27,738
Travel	18,277	4,484	3,791	26,552
State registration expense	6,565	1,858	1,486	9,909
Utilities	8,284	2,345	1,876	12,505
Equipment lease and maintenance	4,651	1,316	1,053	7,020
Postage and shipping	-	4,686	9,222	13,908
Brochures, letterhead, and supplies	356	2,248	-	2,604
Insurance	6,729	1,904	1,524	10,157
Depreciation and amortization	-	1,871	-	1,871
Dues and subscriptions	9,945	2,815	2,252	15,012
Conferences	562,606	-	-	562,606
	$ 3,421,991	$ 344,198	$ 259,818	$ 4,026,007
Percentage of Total	85%	9%	6%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2021	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 432,260	$ 122,337	$ 97,870	$ 652,467
Employee benefits	404,253	114,411	91,529	610,193
Payroll taxes	36,534	10,340	8,272	55,146
Payroll Expenses	873,047	247,088	197,671	1,317,806
Annual conference	185,083	-	-	185,083
Special projects	253,335	-	-	253,335
Research awards	1,335,208	-	-	1,335,208
Occupancy	64,780	18,335	14,667	97,782
Website and database	55,238	29,123	-	84,361
Office supplies and other expense	60,336	17,074	99,810	177,220
Newsletters	44,906	-	-	44,906
Bank and merchant fees	2,016	571	456	3,043
Payments to affiliates	28,779	-	-	28,779
Board meetings	-	-	-	-
Professional fees	27,910	7,899	6,318	42,127
Public relations	-	13,489	-	13,489
Travel	8,619	2,439	1,952	13,010
State registration expense	4,329	1,226	980	6,535
Utilities	4,565	1,295	1,033	6,893
Equipment lease and maintenance	4,651	1,316	1,053	7,020
Postage and shipping	-	3,938	-	3,938
Brochures, letterhead, and supplies	-	3,054	-	3,054
Insurance	5,637	1,596	1,276	8,509
Depreciation and amortization	-	3,025	-	3,025
Dues and subscriptions	11,541	3,267	2,613	17,421
Conferences	126	-	-	126
	$ 2,970,106	$ 354,735	$ 327,829	$ 3,652,670
Percentage of Total	81%	10%	9%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Cash Flows

Years ended December 31,		**2022**		2021
Cash Flows from Operating Activities:				
Change in net assets	**$**	**387,515**	$	1,376,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**1,871**		3,025
Loss (Gain) in beneficial interest in charitable trust		**54,117**		(35,238)
Realized and unrealized loss (lain) on investments		**330,483**		(11,529)
Paycheck Protection Program forgiveness		**-**		(186,200)
Amortization of right of use assets		**208,180**		-
Payments on right of use assets		**(127,307)**		-
Increase (decrease) in cash resulting from changes in:				
Prepaid expenses		**(100,625)**		160,840
Deposits		**(5,000)**		-
Accrued expenses		**21,984**		112,746
Deferred membership dues		**(2,555)**		50,861
Deferred rent		**-**		4,902
Net Cash Provided by Operating Activities		**768,663**		1,476,037
Cash Flows from Investing Activities:				
Sale (Purchases) of investments		**55,028**		(916,576)
Net Cash Provided by (Used In) Investing Activities		**55,028**		(916,576)
Cash Flows from Financing Activities:				
Proceeds from note payable		**-**		-
Net Cash Provided by Financing Activities		**-**		-
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash		**823,691**		559,461
Cash and Cash Equivalents and Restricted Cash, beginning of year		**2,038,193**		1,478,732
Cash and Cash Equivalents and Restricted Cash, end of year	**$**	**2,861,884**	$	2,038,193

Non-cash Investing and Financing Activities:
The adoption of ASC 842 resulted in the recording of operating lease right-of-use assets of $2,088,617 and operating lease liabilities of $2,097,731.

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,	**2022**	2021
Cash and cash equivalents	**$ 2,533,322**	$ 1,467,321
Restricted cash	**328,562**	570,872
	$ 2,861,884	$ 2,038,193

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statements 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, 2022 and 2021.

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, 2022 and 2021, 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

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 adopted ASU 2020-05 during 2020, which was reflected in these financial statements under 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. Based on the completed 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.

Contract Assets and Liabilities

In accordance with ASC 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods and services that have been transferred to a customer when that right is conditional on something other than the passage of time. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. 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 considered contract liabilities under ASU 606 until the membership term elapses and the revenue is earned.

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.

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 $27,411 and $13,489 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Foundation is a not-for-profit organization and is exempt from income 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, 2022 and 2021, 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.

Recently Adopted Accounting Pronouncement

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. The Foundation adopted ASI 2016-02 for the year ended December 31, 2022.

For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASU 2016-02), the Foundation records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Foundation is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Foundation has elected to use the risk-free rate based on the information available at the lease inception date. The Foundation has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016-02. As such, the Foundation accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Foundation has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the statements of financial position.

Effect of Adoption

The Foundation elected the package of practical expedients in transition, which permitted the Foundation to not reassess prior conclusions pertaining to lease identification, lease classification, and initial direct costs on leases that commenced prior to adoption of the new standard. The Foundation also elected the ongoing practical expedient to not recognize ROU assets and lease liabilities for short-term operating leases with an original term of 12 months or less. The Foundation is not a party to any lease agreements that contain residual value guarantees.

As a result of adopting ASC 842, the Foundation recognized operating lease right-of-use assets of $2,088,617 and operating lease liabilities of $2,097,731 on January 1, 2022.

Subsequent Events

The Foundation has evaluated subsequent events through August 8, 2023, 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.

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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,	**2022**	2021
Cash and cash equivalents	**$ 2,533,322**	$ 1,467,321
Investments (non-donor restricted)	**1,472,078**	2,064,754
Financial Assets Available to Meet General Expenditures within One Year	**$ 4,005,400**	$ 3,532,075

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:

December 31, 2022	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	$ 1,589,213	$ 1,472,078	$ (117,135)

December 31, 2021	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	$ 2,046,402	$ 2,064,754	$ 18,352

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

	2022	2021
Net realized and unrealized (loss) gain	**$ (217,648)**	$ 18,352
Interest and dividend income	**18,434**	26,946
	$ (199,214)	$ 45,298

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 a decrease and increase in the value of its interest in the charitable remainder trust in the statements of activities of $(54,117) and $35,238 for the years ended December 31, 2022 and 2021, respectively. The fair value of the interest in the charitable remainder trust at December 31, 2022 and 2021, was $258,649 and $312,766, respectively.

6. Assets Whose Use is Limited or Restricted

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

	2022	2021
Cash equivalents	$ **3,761**	$ 15,113
Alternative investments	**654,915**	34,686
Equity securities and mutual funds	**30,561**	432,273
Beneficial interest in charitable remainder trust	**258,649**	312,766
	$ **947,886**	$ 794,838

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

	2022	2021
Donor restricted investments	$ **689,237**	$ 482,072
Beneficial interest in charitable remainder trust	**258,649**	312,766
	$ **947,886**	$ 794,838

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.

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, 2022	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 3,761	$ -	$ -	$ 3,761
Equity securities and mutual funds	2,126,993	-	-	2,126,993
Alternative investments:				
Other alternative investments at NAV	-	-	-	30,561
Total Investments	$ 2,130,754	$ -	$ -	$ 2,161,315

December 31, 2021		Level 1		Level 2		Level 3		Total
Cash equivalents	$	15,113	$	-	$	-	$	15,113
Equity securities and mutual funds		2,497,027		-		-		2,497,027
Alternative investments:								
Other alternative investments at NAV		-		-		-		34,686
Total Investments	$	2,512,140	$	-	$	-	$	2,546,826

8. 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:

		2022		2021
Endowment Assets, beginning of year	**$**	**482,072**	$	488,710
Contributions		**320,000**		-
Realized and unrealized (loss) gain on investments		**(112,835)**		(6,638)
Endowment Assets, end of year	**$**	**689,237**	$	482,072

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9. 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:

		2022		2021
Honoraria	$	**13,402**	$	5,700
	$	**13,402**	$	5,700

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

10. Net Assets with Donor Restrictions

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

		2022		2021
Research	$	**180,282**	$	461,318
Conference scholarships		**21,280**		19,554
Diversity initiatives		**127,000**		90,000
Beneficial interest in remainder trust		**258,649**		312,766
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")		**689,237**		482,072
Total Net Assets With Donor Restrictions	$	**1,276,448**	$	1,365,710

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

		2022		2021
Research	$	**1,418,312**	$	1,165,938
Total Net Assets With Donor Restrictions Assets Released	$	**1,418,312**	$	1,165,938

11. Leases

The Foundation's only leasing activity is their office space, classified as operating leases. The Company did not have any finance leases upon adoption of ASC 842. The lease was executed on March 1, 2021. The term of the lease is through May 31, 2031.

The Foundation's operating lease liability represents the net present value of future lease payments utilizing a discount rate of 1.63%, which corresponds to the incremental borrowing rate. As of December 31, 2022, the weighted average remaining lease term was eight years. For the year ended

December 31, 2022, the Company recorded expense of $80,873 related to the lease, which is included in general and administrative expenses in the statements of activities. As of December 31, 2022, the Company reported a right-of-use asset of $1,880,437 and operating lease liabilities totaling $1,970,424 current portion of $202,446 and $1,767,978 non-current portion.

Deferred Rent

Prior to the adoption of ASC 842 the Foundation recorded rent expense associated with its operating lease on a straight-line basis over the term of the lease. The difference between rent payments and straight-line rent was recorded as deferred rent in the 2021 statements of financial position.

12. Retirement Plan

The Foundation maintains a qualified 401(k) plan under Section 401(k) of the 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 was $55,450 and $33,507 for the years ended December 31, 2022 and 2021, respectively, and is included in employee benefits expense.

13. 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, 2022 and 2021, the Foundation had approximately $1,482,122 and $1,910,019 in excess of FDIC limits, respectively.

14. Risks and Uncertainties

In the normal course of business, various claims and legal actions are brought against the Foundation. In the opinion of management, no claims have been asserted against the Foundation which, either individually or in the aggregate, will be in excess of its insurance coverage.