

**National Alliance for Research on
Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.**

**Consolidated Financial Statements
and Supplementary Information**
Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**National Alliance for Research
on Schizophrenia and Depression, Inc.**
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2023

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

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Independent Auditor's Report

The Board of Directors
National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.
New York, New York

Opinion

We have audited the consolidated financial statements of the National Alliance for Research on Schizophrenia and Depression, Inc. (d/b/a Brain & Behavior Research Foundation) and NARSAD Research Institute, Inc. (collectively, the Foundation), which comprise the consolidated statements of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, 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 audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.



Other Matters

Supplementary Information

Our audit of the consolidated financial statements were conducted for the purpose of forming an opinion on those statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and to other additional procedures, in accordance with GAAS. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 consolidated financial statements and our report, dated May 10, 2023, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

May 17, 2024

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Consolidated Statement of Financial Position
(with comparative totals for 2022)

<i>December 31,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 26,905,317	\$ 19,059,866
Investments, at fair value, current portion (Notes 2, 4, 8, and 13)	14,629,688	11,104,800
Contributions receivable (Notes 2 and 6)	415,480	2,202,142
Pledges receivable, current portion (Notes 2 and 7)	7,470	190,277
Prepaid expenses and other assets	230,236	225,037
Total Current Assets	42,188,191	32,782,122
Pledges Receivable, Net , less current portion (Notes 2 and 7)	9,738	9,738
Assets Held in Charitable Remainder Trusts (Note 8)	1,885,836	1,701,437
Fixed Assets, Net (Notes 2 and 10)	9,684	6,884
Investments , at fair value, less current portion (Notes 2, 4, 8, 9, 11, and 13)	8,947,449	8,947,449
Right-of-Use Asset (Note 15)	125,457	424,126
Total Assets	\$ 53,166,355	\$ 43,871,756
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 75,069	\$ 95,271
Grants payable	14,887,604	15,522,195
Operating lease liability, current portion (Note 15)	148,179	353,580
Accrued compensation	48,077	40,776
Annuities payable (Note 8)	826,641	778,644
Charitable gift annuities payable (Note 9)	13,599	142,918
Total Current Liabilities	15,999,169	16,933,384
Operating Lease Liability, Net , less current portion (Note 15)	-	144,891
Total Liabilities	15,999,169	17,078,275
Commitments and Contingency (Notes 2, 3, 5, 8, 9, 11, 12, 13, 14, 15, and 16)		
Net Assets (Notes 2, 3, and 11)		
Without donor restrictions	26,492,489	17,792,107
With donor restrictions	10,674,697	9,001,374
Total Net Assets	37,167,186	26,793,481
Total Liabilities and Net Assets	\$ 53,166,355	\$ 43,871,756

See accompanying notes to consolidated financial statements.

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Consolidated Statement of Activities
(with comparative totals for 2022)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Support and Revenue				
Contributions (Note 2)	\$ -	\$ 14,613,749	\$ 14,613,749	\$ 12,828,748
Special events (net of direct cost to donors of \$107,076 in 2023)	-	89,157	89,157	46,716
In-kind contribution of services (Note 14)	-	2,048,285	2,048,285	2,116,704
Bequests (Note 2)	5,022,129	-	5,022,129	8,618,365
Net realized and unrealized gains (losses) on investments (Note 2)	2,059,875	1,869,683	3,929,558	(4,857,163)
Net appreciation (depreciation) of assets held in charitable remainder trusts	184,399	-	184,399	(426,076)
Dividend and interest income (Note 2)	772,879	135,275	908,154	268,882
Net assets released from restrictions (Note 11)	17,082,826	(17,082,826)	-	-
Total Support and Revenue	25,122,108	1,673,323	26,795,431	18,596,176
Expenses				
Program services:				
Research grants and awards	9,232,426	-	9,232,426	8,868,584
Scientific advancement	2,309,627	-	2,309,627	2,414,690
Program support	2,352,532	-	2,352,532	2,258,132
Total Program Services	13,894,585	-	13,894,585	13,541,406
Supporting services:				
Fundraising*	897,389	-	897,389	850,240
Administration*	1,629,752	-	1,629,752	1,565,890
Total Supporting Services	2,527,141	-	2,527,141	2,416,130
Total Expenses	16,421,726	-	16,421,726	15,957,536
Change in Net Assets	8,700,382	1,673,323	10,373,705	2,638,640
Net Assets, beginning of year	17,792,107	9,001,374	26,793,481	24,154,841
Net Assets, end of year	\$ 26,492,489	\$ 10,674,697	\$ 37,167,186	\$ 26,793,481

* All fundraising and administration expenses are funded by specially designated grants.

See accompanying notes to consolidated financial statements.

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
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Consolidated Statement of Functional Expenses
(with comparative totals for 2022)

Year ended December 31,

	Program Services				Supporting Services			Total	
	Research Grants and Awards	Scientific Advancement	Program Support	Total	Fundraising*	Administration*	Total	2023	2022
Grants, scientific advancement, and awards	\$ 9,232,426	\$ 261,342	\$ 502,456	\$ 9,996,224	\$ -	\$ -	\$ -	\$ 9,996,224	\$ 9,694,144
Research events, symposia, and publications	-	-	286,158	286,158	-	-	-	286,158	248,378
Staff expenses	-	-	1,195,166	1,195,166	597,583	1,195,166	1,792,749	2,987,915	2,816,004
Professional fees	-	-	154,176	154,176	84,514	139,325	223,839	378,015	344,004
In-kind contribution expense	-	2,048,285	-	2,048,285	-	-	-	2,048,285	2,116,704
Office and other expenses	-	-	214,576	214,576	215,292	295,261	510,553	725,129	738,302
Total	\$ 9,232,426	\$ 2,309,627	\$ 2,352,532	\$ 13,894,585	\$ 897,389	\$ 1,629,752	\$ 2,527,141	\$ 16,421,726	\$ 15,957,536

* All fundraising and administration expenses are funded by specially designated grants.

See accompanying notes to consolidated financial statements.

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Consolidated Statement of Cash Flows
(with comparative totals for 2022)

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 10,373,705	\$ 2,638,640
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,792	3,268
Realized gains on investments	(827,334)	(1,325,069)
Unrealized gains on investments	(3,196,736)	6,095,055
Donated investments	(2,661,886)	(2,905,795)
Decrease (increase) in:		
Contributions receivable	1,786,662	(1,920,980)
Pledges receivable	182,807	200,000
Non-cash lease expense	298,669	295,326
Prepaid expenses and other assets	(5,199)	(49,055)
Assets held in charitable remainder trusts	(184,399)	426,076
Increase (decrease) in:		
Accounts payable and accrued expenses	(20,202)	(148,669)
Grants payable	(634,591)	(3,832,615)
Removal of deferred rent liability	-	119,034
Principal reduction in operating lease liability	(350,292)	(340,015)
Accrued compensation	7,301	769
Annuities payable	47,997	(234,633)
Charitable gift annuities payable	(129,319)	(9,664)
Net Cash Provided by (Used in) Operating Activities	4,690,975	(988,327)
Cash Flows from Investing Activities		
Purchases of fixed assets/leasehold improvements	(6,592)	-
Purchases of investments	(3,300,683)	(4,226,957)
Proceeds from sale of investments	6,461,751	8,056,928
Net Cash Provided by Investing Activities	3,154,476	3,829,971
Increase in Cash and Cash Equivalents	7,845,451	2,841,644
Cash and Cash Equivalents, beginning of year	19,059,866	16,218,222
Cash and Cash Equivalents, end of year	\$ 26,905,317	\$ 19,059,866
Supplemental Disclosure of Cash Flow Information		
Right-of-use assets acquired through operating leases	\$ -	\$ 838,486
Change in deferred rent and tenant improvement allowance due to adoption of lease standard	-	119,034

See accompanying notes to consolidated financial statements.

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Notes to Consolidated Financial Statements

1. Nature of the Organization

The National Alliance for Research on Schizophrenia and Depression, Inc. (d/b/a Brain & Behavior Research Foundation) (BBRF) is a not-for-profit corporation organized in 1981 under the Commonwealth of Kentucky Not-For-Profit Corporation Act. BBRF is committed to alleviating the suffering caused by mental illness by awarding grants that will lead to advances and breakthroughs in scientific research. BBRF raises and provides funding for scientific research to discover better treatments and cures for depression, schizophrenia, bipolar disorder, autism, anxiety disorders, obsessive-compulsive disorder, and post-traumatic stress disorder.

In September 1997, NARSAD Research Institute, Inc. (the Institute) was organized under Section 501(c)(3) of the New York Not-for-Profit Corporation Law. All contributions received by the Institute are available to BBRF for grant distribution. As BBRF demonstrates both control over and economic interest in the Institute, the accounts of BBRF and the Institute (collectively, the Foundation) have been consolidated for presentation in these consolidated financial statements.

In July 2015, the Pardes Humanitarian Prize, Inc. (Pardes Prize), a nonstock corporation in Delaware, was organized under Section 501(c)(3) of the Internal Revenue Code (IRC) and determined to be a Type II supporting organization under IRC 509(a)(3), which will be supervised or controlled in connection with BBRF. Pardes Prize received its tax-exempt determination letter from the Internal Revenue Service (IRS) in 2016 and has had no activity. Pardes Prize will be furthering BBRF's purpose by sponsoring the Pardes Humanitarian Prize in order to broaden attention to and understanding of the burden of mental illness on individuals and on society.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include BBRF and the Institute, which are related through common board membership, financial control, and identical management. Intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Net Asset Classification

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

National Alliance for Research on Schizophrenia and Depression, Inc.
(d/b/a Brain & Behavior Research Foundation)
and NARSAD Research Institute, Inc.

Notes to Consolidated Financial Statements

These classes are defined as follows:

With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. BBRF reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board of Directors (Board) approved spending policy.

See Note 11 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with original maturities of three months or less. GAAP requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the consolidated statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The Foundation has no restricted cash at December 31, 2023.

Investment Valuation and Income Recognition

Professional standards establish a framework for measuring fair value and expand the disclosures about fair value measurements. GAAP defines fair value as 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 in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy.

National Alliance for Research on Schizophrenia and Depression, Inc.
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and NARSAD Research Institute, Inc.

Notes to Consolidated Financial Statements

The Foundation classifies fair value balances based on the fair value hierarchy defined by GAAP, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The Foundation's holdings consist principally of U.S. government debt securities and equity funds carried at their stated unit values provided by the investment managers of the funds. Each of these investment managers provides observable detailed information about the underlying securities, all of which are publicly traded securities (equities and treasuries). The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis. Net realized and unrealized gain and losses is net of direct external investment expenses.

Risks and Uncertainties - Investments

The Foundation's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Foundation's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Depreciation and Amortization

The cost of furniture, fixtures, and equipment are stated at their original cost or at their value on the date of donation and are depreciated over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

Asset Category	Estimated Useful Lives (Years)
Furniture, fixtures, and equipment	5
Proprietary information systems	5
Leasehold improvements	Over the term of lease

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Notes to Consolidated Financial Statements

Repairs and maintenance are charged to operations in the period incurred.

It is the Foundation's policy to capitalize all fixed-asset purchases greater than \$1,000.

Impairment of Long-Lived Assets

GAAP requires the Foundation to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be 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 by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2023.

Income Taxes

The Foundation was incorporated in the state of Kentucky and is exempt from federal and state income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. In addition, the Foundation has been determined by the IRS not to be a "private foundation" within the meaning of Section 509(a) of the IRC.

Under GAAP, an organization must recognize the tax liability associated with tax positions 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 there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. The Foundation is subject to routine audits by a taxing authority. As of December 31, 2023, the Foundation was not subject to any examination by a taxing authority.

Grants Payable

The Foundation records appropriations for research grants as an expense and liability for the first year of the commitment after initial approval by the Board, based upon (i) the recommendations, guidance and input of the Foundation's Scientific Council who serve on grant review committees specializing in mental health research, and (ii) the availability of funding. For multi-year commitments, the second year of the research grants is recorded as an expense and liability in the subsequent year, based upon the availability of funding.

Contributions and Bequests

Contributions and promises to give are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions and promises to give are classified as either with or without donor restrictions. Income from trusts and estates is recorded as bequests revenue when the probate courts declare the wills valid and the proceeds are measurable. Contributions to be received over periods longer than one year are discounted at interest rates commensurate with the risk involved.

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Notes to Consolidated Financial Statements

Allowance for Uncollectible Pledges

The Foundation provides an allowance for pledges receivable for the pledges that are specifically identified as to their uncertainty in regard to collectability. At December 31, 2023, there was no allowance for pledges receivable.

Use of Estimates

In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications, as determined by management. These expenses include depreciation and amortization, utilities, information technology, and facilities operations and maintenance. Depreciation and amortization are allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the prior year's consolidated financial statements, from which the summarized information was derived. With respect to the consolidated statement of activities, the prior-year information is not presented by net asset class. With respect to the consolidated statement of functional expenses, the prior-year functional expenses are presented in total, but not by functional classification.

Net Asset Classification

Effective March 25, 2010, the state of Kentucky enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. This law sets standards for endowment spending and preservation of the original gift in accordance with donor intent. Based on its interpretation of the provisions of UPMIFA, the Foundation is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, consider a number of factors, including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to be held in perpetuity. Additionally, net assets with time restrictions are classified within net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation.

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Notes to Consolidated Financial Statements

Accounting Pronouncement Recently Adopted

Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The adoption of this ASU did not have a material impact on the consolidated financial statements.

3. Liquidity and Availability of Resources

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

Year ended December 31, 2023

Total current assets	\$ 42,188,191
Less amounts unavailable for general expenditures within one year, due to:	
Prepaid expenses and other assets	(230,236)
With donor restricted net assets	(10,674,697)
Total Financial Assets Available to Management for General Expenditure	
 Within One Year	\$ 31,283,258

Liquidity Management

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$2,000,000, which is further described in Note 13.

National Alliance for Research on Schizophrenia and Depression, Inc.
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Notes to Consolidated Financial Statements

4. Investments, at Fair Value

Below sets forth a table of assets measured at fair value:

December 31, 2023

	Level 1	Total
Equities	\$ 13,474,049	\$ 13,474,049
Fixed income	4,601,569	4,601,569
Total in Fair Value Hierarchy	\$ 18,075,618	18,075,618
Privately held company*		260
Limited partnerships*		5,501,259
Total Investments, at fair value		\$ 23,577,137

* Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table. The fair value amounts presented in the preceding table are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statement of financial position.

The market or fair value of the investments detailed above is determined by reference to market quotations at December 31, 2023, except for the fair market value of the limited partnerships, which are determined on a quarterly basis upon receipt of reports submitted by the investment entities.

The Foundation had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the years ended December 31, 2023. In addition, there were no transfers between levels during the years ended December 31, 2023.

As of December 31, 2023, \$5,501,259 (23%) of the Foundation's investment portfolio consisted of interests in limited partnerships, which are engaged in a variety of investment strategies. Additionally, investments are reported on the consolidated statement of financial position as current portion \$14,629,688 and long-term portion \$8,947,449.

The investments in limited partnerships are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners in the absence of readily ascertainable market values.

The Foundation's disclosures include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable, as of December 31, 2023.

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The following table for December 31, 2023 sets forth a summary of the Foundation's investments with a reported NAV:

Investment Type	Fair Value*	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnership - International and domestic	\$ 5,501,259	N/A	Monthly	14 days' prior written notice

* The fair value of the investment has been estimated using the NAV of the investment.

Management fees and incentive fees are charged by these investment entities at an annual rate ranging from 0.5% to 1.5% plus an incentive allocation, which is 15% of the net income allocated above a threshold return.

In general, risks associated with such investments include those related to their underlying investments. There can be no assurance that the Foundation will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that the Foundation will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of the Foundation to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on the Foundation's financial condition and results of operations.

The Foundation received donated investments with a fair value of \$2,661,886 during the year ended December 31, 2023; these donated investments were immediately sold in accordance with the Foundation's policy.

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high-quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. At times, such investments may be in excess of Federal Deposit Insurance Corporation limits.

6. Contributions Receivable

Contributions receivable of \$415,480 at December 31, 2023 represents various contributions and two bequest contributions. These have been fully collected in 2024 prior to issuance of these consolidated financial statements.

7. Pledges Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future

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years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Included in pledges receivable are the following unconditional promises to give:

December 31, 2023

Pledges receivable	\$	17,470
Present value discount 2.69%		(262)
Net Present Value of Pledges Receivable	\$	17,208
Amounts due, excluding discounts, in:		
Less than one year	\$	7,470
One to five years		10,000
	\$	17,470

8. Assets Held in Charitable Remainder Trust

In 1994, a charitable remainder annuity trust was established, naming the Foundation as both trustee of the assets maintained in trust and the recipient of all remainder assets after the death of the donor and/or their beneficiaries (the life tenants). The donor put certain assets in trust from which the Foundation, in its role as trustee, remits annuity payments to the life tenants until such a time that the life tenants are deceased. Upon the death of the life tenants, all principal and income of the trusts will be distributed to the Foundation. As of December 31, 2023, the fair value of net assets held for the charitable remainder trust amounted to \$1,885,836.

A liability has been recorded for the present value of the future cash flows expected to be paid to the life tenants over their estimated lives. In each taxable year of the trust, the trustee shall pay to the donor, during their lifetime, a unitrust amount equal to the lesser of (a) the net income of the trust for the taxable year, or (b) 6% of the fair market value of the assets of the trust valued as of the first day of each taxable year of the trust (the valuation date). Thus, as the market value of the trust fluctuates, so do the annuities payable to the life tenants, less any payments made. As of December 31, 2023, the present value of future payments due to the life tenants amounted to \$826,641.

Below sets forth a table of assets held in the charitable remainder trust and liabilities measured at fair value:

December 31, 2023

Description	Level 1	Level 2	Level 3	Total
Equity funds	\$ 1,885,836	\$ -	\$ -	\$ 1,885,836
Annuities payable liability	-	-	(826,641)	(826,641)
Net Assets Held in Charitable Remainder Trusts and Liabilities, at fair value	\$ 1,885,836	\$ -	\$ (826,641)	\$ 1,059,195

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9. Charitable Gift Annuities Payable

Under the Charitable Gift Annuity agreement, donors make contributions in exchange for a promise to receive a fixed amount over a specified period of time, usually the life of donor or beneficiary. During the term of the agreement, the Foundation acts as custodian of these funds, whereby the asset and the net present value of the related liability are reflected in the consolidated statement of financial position. After the term of the agreement, the remaining assets belong to the Foundation. At December 31, 2023, the Charitable Gift Annuity investment account, included in investments, at fair value, had a fair market value of \$368,706, and the related liability amounted to \$13,599.

10. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2023

Furniture, fixtures, and equipment	\$	385,993
Proprietary information systems		305,979
Leasehold improvements		66,357
Total Fixed Assets		758,329
Less: accumulated depreciation		(748,645)
Fixed Assets, Net	\$	9,684

Depreciation expense was \$3,792 for the year ended December 31, 2023.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

December 31, 2023

Research Endowment Fund	\$	2,868,465
Endowed Research Partnership Program		2,581,650
Moritz Hilder Innovative Brain Research Fund		4,224,582
Distinguished Investigator Grants		1,000,000
	\$	10,674,697

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During the year ended December 31, 2023, net assets with donor restrictions of \$17,082,826 were expended satisfying the restriction stipulated by the donor and, accordingly, were released from restrictions for the following purposes:

December 31, 2023

Supporting services (designated grants)	\$ 2,527,140
Contributed services (in-kind)	2,048,285
Program support	732,616
Research grants	10,063,150
Grant expenses	1,134,627
Hilder Fund	197,008
Awards	380,000
	\$ 17,082,826

Research Endowment Fund

The Research Endowment Fund was established by donors to accumulate endowments. These funds may be invested, at the discretion of the Foundation's Finance Committee, in fixed-income and equity funds.

In accordance with donor restrictions, a portion of the principal, in the amount of \$1,000,000, is to remain preserved in this fund until a cure for schizophrenia is found. Investment income is restricted by the donor for use in research. This amount is included in net assets with donor restrictions within the Research Endowment Fund.

Endowed Research Partnership Program

The Endowed Research Partnership Program was established in 2003 to support the Research Partnership Program.

Moritz Hilder Innovative Brain Research Fund

The Moritz Hilder Innovative Brain Research Fund was established by the Trustee of the Jane Hilder Harris Trust to be held in perpetuity to advance medical research, the objective of which is to gain a basic understanding of post-traumatic stress disease (PTSD) and its prevention, treatment, and cure, with primary emphasis to be given to research involving innovative concepts where, although there may be a high risk of failure, the rewards of success would be substantial, and that typically would not be in a position to secure funding from more traditional funding sources.

In accordance with donor restrictions, the amount of \$3,497,334 is to remain preserved in this fund. Investment income is restricted by the donor for use in research. This amount is included in net assets with donor restrictions within the Moritz Hilder Innovative Brain Research Fund.

12. Endowment and Investment Funds

In 2013, the Board approved a formal written policy on the management of the endowment and investment funds. As part of that policy, the amount available to be spent in the next fiscal year is calculated as 4%, with a target rate of up to 5%, of the average market value of the fund over the last 12 quarters using a September 30 quarter-end. This policy is designed to ensure that current

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and future generations share equally in the benefits of the fund. The goal is to maintain the fund in perpetuity to ensure a consistent and reliable level of investment income. Endowment and investment funds are invested in vehicles such as government and equity securities.

The Foundation considers the following factors in making a determination to appropriate or accumulate the endowment and investment funds:

- The duration and preservation of the fund.
- The purposes of the Foundation.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- The investment policy of the Foundation.
- Other resources of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the investment performance of the Foundation's portfolio will be measured against currently available investment benchmarks of the same asset class.

13. Line of Credit

The Foundation has an established line of credit with a bank of up to \$2,000,000, payable at various interest rate options based on length of balance outstanding. At December 31, 2023, there was no balance outstanding on the line of credit and it was not utilized in 2023.

The line of credit is secured by pledged securities from the Foundation in a specifically designated account for the benefit of the lender bank.

14. Contribution of Services

In 2023, the Foundation's Scientific Council contributed in-kind services of \$1,574,494 included within contribution of services in the consolidated statement of activities. Expenses related to the contributed services are included in the scientific advancement column in the consolidated statement of functional expenses. The Foundation's Scientific Council consists of a group of scientists who are leaders in neuroscience and psychiatry. These volunteers primarily review research grants and projects on behalf of the Foundation.

Additionally, a substantial number of individuals volunteer significant amounts of their time to the Foundation's fundraising and other activities; the value of these contributed services is excluded since they do not meet criteria for consolidated financial statement recognition.

In 2023, the Foundation utilized a grant that provided online advertising at no cost, having a value of \$473,791, which is recorded in the accompanying consolidated statement of activities as contribution of services revenue and offsetting expense.

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15. Leases

As detailed in Note 2, the Foundation adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective January 1, 2022. The Foundation has entered into a lease agreement for its New York City office as of June 1, 2021 through May 31, 2024, which is classified as an operating lease based on the terms of the agreement. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), the Foundation records the related ROU assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Foundation's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the ROU assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the ROU assets and liabilities unless the Foundation is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Foundation has elected to use a risk-free discount rate, determined using a period comparable with that of the lease term. 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 a year as ROU assets and liabilities.

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2023

Lease costs:

Operating lease cost:

Amortization of ROU assets	\$	298,669
Interest on lease liabilities		3,289

Total Lease Cost	\$	301,958
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December 31, 2023

ROU assets and liabilities:

Operating lease ROU assets	\$	125,457
Operating lease liabilities		148,179

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Year ended December 31, 2023

Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	353,581
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Weighted-average remaining lease term - operating leases (years)		0.42
Weighted-average discount rate - operating leases (%)		0.97

For operating leases, ROU assets are recorded in operating lease ROU, net and lease liabilities are recorded in operating lease liabilities in the accompanying consolidated statements of financial position. Amortization expense is recorded as a component of office and other expenses in consolidated statement of functional expenses.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2023:

Year ending December 31,

2024	\$	148,539
Total Minimum Lease Payments		148,539
Less: amounts representing interest		360
Present Value of Net Minimum Lease Payments		148,179
Less: current portion		148,179
	\$	-

The remaining future minimum lease payments, including interest of \$360, under the term of the leases are \$148,539. The lease is all current as it ends in 2024. See subsequent Note 17 related to a new lease signed after year-end.

16. Commitments and Contingency

Contingency

As described in Note 11, the Foundation preserves certain endowments, which, in the event a cure for schizophrenia is found, would be required to be forwarded to organizations specified by the donor. As of December 31, 2023, such endowments amounted to \$1,000,000 and are included as net assets with donor restrictions in the accompanying consolidated statement of financial position.

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17. Subsequent Events

The Foundation's management has performed subsequent events procedures through May 17, 2024, which is the date the consolidated financial statements were made available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures, other than the following:

The Foundation entered into a three year lease extension agreement for their office space, effective June 1, 2024 and expires on May 31, 2027. As this new lease was entered into in fiscal 2024 it is not included in Note 15 related to leases that existed as of December 31, 2023.

Supplementary Information

National Alliance for Research on Schizophrenia and Depression, Inc.
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Consolidating Schedule of Financial Position
(with comparative totals for 2022)

December 31,

	BBRF	The Institute	Eliminations	Total	
				2023	2022
Assets					
Current Assets					
Cash and cash equivalents	\$ 26,877,500	\$ 27,817	\$ -	\$ 26,905,317	\$ 19,059,866
Investments, at fair value, current portion	14,629,688	-	-	14,629,688	11,104,800
Contributions receivable	404,580	10,900	-	415,480	2,202,142
Pledges receivable, current portion	7,470	-	-	7,470	190,277
Prepaid expenses and other assets	230,236	-	-	230,236	225,037
Total Current Assets	42,149,474	38,717	-	42,188,191	32,782,122
Pledges receivable, net, less current portion	9,738	-	-	9,738	9,738
Assets held in charitable remainder trusts	1,885,836	-	-	1,885,836	1,701,437
Fixed assets, net	9,684	-	-	9,684	6,884
Investments, at fair value, less current portion	8,947,449	-	-	8,947,449	8,947,449
Right-of-use asset	125,457	-	-	125,457	424,126
Total Assets	\$ 53,127,638	\$ 38,717	\$ -	\$ 53,166,355	\$ 43,871,756
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 75,069	\$ -	\$ -	\$ 75,069	\$ 95,271
Grants payable	14,887,604	-	-	14,887,604	15,522,195
Operating lease liability, current portion	148,179	-	-	148,179	353,580
Accrued compensation	48,077	-	-	48,077	40,776
Annuities payable	826,641	-	-	826,641	778,644
Charitable gift annuities payable	13,599	-	-	13,599	142,918
Total Current Liabilities	15,999,169	-	-	15,999,169	16,933,384
Operating lease liability, net, less current portion	-	-	-	-	144,891
Total Liabilities	15,999,169	-	-	15,999,169	17,078,275
Commitments and Contingency					
Net Assets					
Without donor restrictions	26,453,772	38,717	-	26,492,489	17,792,107
With donor restrictions	10,674,697	-	-	10,674,697	9,001,374
Total Net Assets	37,128,469	38,717	-	37,167,186	26,793,481
Total Liabilities and Net Assets	\$ 53,127,638	\$ 38,717	\$ -	\$ 53,166,355	\$ 43,871,756

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Consolidating Schedule of Activities
(with comparative totals for 2022)

Year ended December 31,

	BBRF	The Institute	Eliminations	Total	
				2023	2022
Support and Revenue					
Contributions	\$ 14,535,064	\$ 78,685	\$ -	\$ 14,613,749	\$ 12,828,748
Special events (net of direct cost to donors of \$107,076 in 2023)	89,157	-	-	89,157	46,716
In-kind contribution of services	2,048,285	-	-	2,048,285	2,116,704
Bequests	5,022,129	-	-	5,022,129	8,618,365
Net realized and unrealized gains (losses) on investments	3,929,558	-	-	3,929,558	(4,857,163)
Net appreciation (depreciation) of assets held in charitable remainder trusts	184,399	-	-	184,399	(426,076)
Dividend and interest income	908,148	6	-	908,154	268,882
Grants from the Institute	100,000	-	(100,000)	-	-
Total Support and Revenue	26,816,740	78,691	(100,000)	26,795,431	18,596,176
Expenses					
Program services:					
Research grants and awards	9,232,426	-	-	9,232,426	8,868,584
Scientific advancement	2,309,627	-	-	2,309,627	2,414,690
Program support	2,352,532	-	-	2,352,532	2,258,132
Grants to BBRF	-	100,000	(100,000)	-	-
Total Program Services	13,894,585	100,000	(100,000)	13,894,585	13,541,406
Supporting services:					
Fundraising*	897,389	-	-	897,389	850,240
Administration*	1,629,702	50	-	1,629,752	1,565,890
Total Supporting Services	2,527,091	50	-	2,527,141	2,416,130
Total Expenses	16,421,676	100,050	(100,000)	16,421,726	15,957,536
Change in Net Assets	10,395,064	(21,359)	-	10,373,705	2,638,640
Net Assets, beginning of year	26,733,406	60,075	-	26,793,481	24,154,841
Net Assets, end of year	\$ 37,128,470	\$ 38,716	\$ -	\$ 37,167,186	\$ 26,793,481

* All fundraising and administration expenses are funded by specially designated grants.