

**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, 2025

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, 2025

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

Contents

Independent Auditor’s Report	3-5
 Consolidated Financial Statements	
Consolidated Statement of Financial Position as of December 31, 2025	6
Consolidated Statement of Activities for the Year Ended December 31, 2025	7
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2025	8
Consolidated Statement of Cash Flows for the Year Ended December 31, 2025	9
Notes to Consolidated Financial Statements	10-23
 Supplementary Information	
Consolidating Schedule of Financial Position as of December 31, 2025	25
Consolidating Schedule of Activities for the Year Ended December 31, 2025	26



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 statement of financial position as of December 31, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial 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. Such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and 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 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 2024 consolidated financial statements and our report, dated May 9, 2025, 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, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

May 15, 2026

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 2024)

<i>December 31,</i>	2025	2024
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 26,970,756	\$ 38,084,529
Investments, at fair value, current portion (Notes 2 and 4)	29,432,053	11,991,311
Contributions receivable (Note 2)	-	96,425
Pledges receivable, current portion (Notes 2 and 6)	4,792	4,895
Prepaid expenses and other assets	205,368	302,557
Total Current Assets	56,612,969	50,479,717
Pledges Receivable, Net, less current portion (Notes 2 and 6)	9,738	9,738
Assets Held in Charitable Remainder Trust (Note 7)	2,332,352	2,300,206
Fixed Assets, Net (Notes 2 and 9)	5,207	8,085
Investments, at fair value, less current portion (Notes 2 and 4)	29,208,249	8,947,449
Right-of-Use Asset (Note 14)	431,511	716,139
Total Assets	\$ 88,600,026	\$ 62,461,334
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 121,815	\$ 52,931
Grants payable (Note 2)	15,474,938	15,014,698
Operating lease liability, current portion (Note 14)	368,116	342,373
Accrued compensation	85,393	71,023
Annuities payable (Note 7)	943,769	970,084
Charitable gift annuities payable (Note 8)	11,889	12,780
Total Current Liabilities	17,005,920	16,463,889
Operating Lease Liability, Net, less current portion (Note 14)	160,144	528,260
Total Liabilities	17,166,064	16,992,149
Commitments and Contingency (Notes 2, 3, 5, 7, 8, 10, 11, 14, and 15)		
Net Assets (Notes 2, 3, and 10)		
Without donor restrictions	39,287,605	34,274,112
With donor restrictions	32,146,357	11,195,073
Total Net Assets	71,433,962	45,469,185
Total Liabilities and Net Assets	\$ 88,600,026	\$ 62,461,334

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 2024)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Support and Revenue				
Contributions (Note 2)	\$ -	\$ 15,482,874	\$ 15,482,874	\$ 15,589,932
Special events (net of direct cost to donors of \$114,722 in 2025)	-	173,284	173,284	42,878
Contributed non-financial assets (Notes 2 and 13)	-	1,999,827	1,999,827	2,054,955
Bequests (Note 2)	3,712,859	20,260,800	23,973,659	3,472,060
Net realized and unrealized gains on investments (net of investments fees of \$226,977)	1,048,368	1,153,154	2,201,522	3,698,514
Net appreciation of assets held in charitable remainder trust	32,146	-	32,146	414,370
Dividend and interest income (Note 2)	1,510,666	283,294	1,793,960	1,462,573
Net assets released from restrictions (Note 10)	18,401,949	(18,401,949)	-	-
Total Support and Revenue	24,705,988	20,951,284	45,657,272	26,735,282
Expenses				
Program services:				
Research grants and awards	11,620,567	-	11,620,567	10,722,382
Scientific advancement	2,319,523	-	2,319,523	2,397,371
Program support	2,456,798	-	2,456,798	2,513,497
Total Program Services	16,396,888	-	16,396,888	15,633,250
Supporting services:				
Fundraising*	992,665	-	992,665	989,718
Administration*	2,302,942	-	2,302,942	1,810,315
Total Supporting Services	3,295,607	-	3,295,607	2,800,033
Total Expenses	19,692,495	-	19,692,495	18,433,283
Change in Net Assets	5,013,493	20,951,284	25,964,777	8,301,999
Net Assets, beginning of year	34,274,112	11,195,073	45,469,185	37,167,186
Net Assets, end of year	\$ 39,287,605	\$ 32,146,357	\$ 71,433,962	\$ 45,469,185

* 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 Functional Expenses
(with comparative totals for 2024)

Year ended December 31,

	Program Services				Supporting Services			Total	
	Research Grants and Awards	Scientific Advancement	Program Support	Total	Fundraising*	Administration*	Total	2025	2024
Grants, scientific advancement, and awards	\$ 11,620,567	\$ 319,696	\$ 445,841	\$ 12,386,104	\$ -	\$ -	\$ -	\$ 12,386,104	\$ 11,536,367
Staff expenses	-	-	1,358,942	1,358,942	679,470	1,358,942	2,038,412	3,397,354	3,217,905
Non-financial contributions expense	-	1,999,827	-	1,999,827	-	-	-	1,999,827	2,054,955
Office and other expenses	-	-	227,318	227,318	211,916	798,557	1,010,473	1,237,791	808,982
Professional fees	-	-	174,000	174,000	101,279	145,443	246,722	420,722	502,536
Research events, symposia, and publications	-	-	250,697	250,697	-	-	-	250,697	312,538
Total	\$ 11,620,567	\$ 2,319,523	\$ 2,456,798	\$ 16,396,888	\$ 992,665	\$ 2,302,942	\$ 3,295,607	\$ 19,692,495	\$ 18,433,283

* 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 2024)

<i>Year ended December 31,</i>	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 25,964,777	\$ 8,301,999
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,878	4,477
Realized gains on investments	(1,606,196)	(2,205,516)
Unrealized gains on investments	(822,303)	(1,594,751)
Donated investments	(441,120)	(3,215,938)
Non-cash lease expense	317,714	162,611
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable and pledges receivable	96,528	321,630
Prepaid expenses and other assets	97,189	(72,321)
Assets held in charitable remainder trust	(32,146)	(414,370)
Increase (decrease) in:		
Accounts payable and accrued expenses	68,884	(22,138)
Grants payable	460,240	127,094
Principal reduction in operating lease liability	(375,459)	(30,839)
Accrued compensation	14,370	22,946
Annuities payable	(26,315)	143,443
Charitable gift annuities payable	(891)	(819)
Net Cash Provided by Operating Activities	23,718,150	1,527,508
Cash Flows from Investing Activities		
Purchases of fixed assets	-	(2,878)
Purchases of investments	(50,284,799)	(3,441,951)
Proceeds from sale of investments	15,452,876	13,096,533
Net Cash (Used in) Provided by Investing Activities	(34,831,923)	9,651,704
Net (Decrease) Increase in Cash and Cash Equivalents	(11,113,773)	11,179,212
Cash and Cash Equivalents, beginning of year	38,084,529	26,905,317
Cash and Cash Equivalents, end of year	\$ 26,970,756	\$ 38,084,529
Supplemental Disclosure of Cash Flow Information		
Right-of-use asset acquired through operating lease	\$ -	\$ 877,547

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. 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 10 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 and restricted cash equivalents at December 31, 2025.

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.
(d/b/a Brain & Behavior Research Foundation)
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 costs 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:

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

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

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 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 by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2025.

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 Internal Revenue Service (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, 2025, 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. Consistent with the Foundation's commitment in its website, solicitation materials and other publications, all bequests and contributions, are restricted for scientific awards, unless otherwise restricted by the

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

donor. Contributions to be received over periods longer than one year are discounted at interest rates commensurate with the risk involved.

Contributed non-financial assets consists of contributed services which are recognized in accordance with Accounting Standards Codification (ASC) 958-605, *Contributions Received*. Accordingly, contributed services are recognized as revenue if those services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people possessing those skills, and would typically be purchased by the Foundation if not provided by contribution.

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, 2025, 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

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

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.

Reclassification

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation.

3. Liquidity and Availability of Resources

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

December 31, 2025

Cash and cash equivalents (Note 2)	\$ 26,970,756
Investments, at fair value, current portion (Notes 2 and 4)	29,432,053
Pledges receivable, current portion (Notes 2 and 6)	4,792
Total	56,407,601
Less amounts unavailable for general expenditures within one year, due to:	
With donor restricted net assets	(32,146,357)
Total Assets Available to Management for General Expenditures Within One Year	\$ 24,261,244

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 12.

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

4. Investments, at Fair Value

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

December 31, 2025

	Level 1	Level 2	Total
Equities	\$ 34,907,015	\$ -	\$ 34,907,015
Fixed income	-	23,733,006	23,733,006
Total in Fair Value Hierarchy	\$ 34,907,015	\$ 23,733,006	58,640,021
Privately held company*			281
Total Investments, at fair value			\$ 58,640,302

* 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, 2025.

The Foundation had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the year ended December 31, 2025. In addition, there were no transfers between levels during the year ended December 31, 2025. Additionally, investments reported on the consolidated statement of financial position as current portion are \$29,432,053, and long-term portion are \$29,208,249.

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 \$441,120 during the year ended December 31, 2025; 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

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

one institution. At times, such investments may be in excess of Federal Deposit Insurance Corporation limits.

6. 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 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, 2025

Pledges receivable	\$	14,792
Discount to present value at 2.69%		(262)
Net Present Value of Pledges Receivable	\$	14,530
Amounts due, excluding discounts, in:		
Less than one year	\$	4,792
One to five years		10,000
Total Pledges Receivable	\$	14,792

7. Assets Held in Charitable Remainder Trust

In 1994, a charitable remainder annuity trust was established, naming the BBRF 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 BBRF, 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 BBRF. As of December 31, 2025, the fair value of net assets held for the charitable remainder trust amounted to \$2,332,352.

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, 2025, the present value of future payments due to the life tenants amounted to \$943,769.

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

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

December 31, 2025

	Level 1	Level 2	Level 3	Total
Equity funds	\$ 2,332,352	\$ -	\$ -	\$ 2,332,352
Annuities payable liability	(943,769)	-	-	(943,769)
Net Assets Held in Charitable Remainder Trust and Liabilities, at fair value	\$ 1,388,583	\$ -	\$ -	\$ 1,388,583

8. 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, 2025, the Charitable Gift Annuity investment account, included in investments, at fair value, had a fair market value of \$16,403,215, and the related liability amounted to \$11,889.

9. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2025

Furniture, fixtures, and equipment	\$ 388,871
Proprietary information systems	305,979
Leasehold improvements	66,357
Total Fixed Assets	761,207
Less: accumulated depreciation	(756,000)
Fixed Assets, Net	\$ 5,207

Depreciation expense was \$2,878 for the year ended December 31, 2025.

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

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

December 31, 2025

Henry and William Test Endowment Fund	\$ 20,674,734
Moritz Hilder Innovative Brain Research Fund	5,021,508
Research Endowment Fund	2,868,465
Endowed Research Partnership Program	2,581,650
Distinguished Investigator Grants	1,000,000
	\$ 32,146,357

During the year ended December 31, 2025, net assets with donor restrictions of \$18,401,949 were expended satisfying the restriction stipulated by the donor and meeting the time restriction criteria and, accordingly, were released from restrictions:

December 31, 2025

Research grants	\$ 11,924,190
Supporting services (designated grants)	2,824,926
Non-financial contribution of services	1,999,827
Program support	627,042
Grant expenses	534,755
Awards	280,000
Moritz Hilder Innovative Brain Research Fund	211,209
	\$ 18,401,949

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.

Henry and William Test Endowment Fund

The Henry and William Test Endowment Fund was created at BBRF, as an estate beneficiary, for the use and benefit of BBRF in its mission. The bequest shall be held as an endowment with the principal

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

maintained in perpetuity and the investment earnings only to be used, on an annual basis, to support research in the area of schizophrenia.

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.

11. Endowment and Investment Funds

The Board of Directors of the Foundation adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of the average of its previous five years’ balance.

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 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

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

Board, the investment performance of the Foundation’s portfolio will be measured against currently available investment benchmarks of the same asset class.

Underwater Endowments

Underwater endowment funds are funds for which the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions. At December 31, 2025, there are no underwater endowments.

Changes in Endowment Net Assets

Year ended December 31, 2025

	Amount Subject to Appropriation	Amount Held in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 6,697,739	\$ 3,497,334	\$ 10,195,073
Bequests during the year	20,260,800	-	20,260,800
Investment return, net	1,436,448	-	1,436,448
Appropriated for expenditure	(745,964)	-	(745,964)
Endowment Net Assets , end of year	\$ 27,649,023	\$ 3,497,334	\$ 31,146,357

12. 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, 2025, there was no balance outstanding on the line of credit and it was not utilized in 2025.

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

13. Contributed Non-Financial Assets

In 2025, the Foundation’s Scientific Council contributed non-financial services of \$1,582,652, which were included within contributed non-financial assets in the consolidated statement of activities. Expenses related to the non-financial 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 2025, the Foundation received a grant that provided online advertising at no cost, having a value of \$417,175, which is recorded in the accompanying consolidated statement of activities as non-financial contributions and offsetting expense.

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

The Foundation received non-financial services as follows:

December 31, 2025

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Scientific Council	\$ 1,582,652	Restricted to the grants funded by the Foundation	Time and Effort, valued as rates based on best estimates approved by the Board
Google ads	417,175	Restricted to the Research	Valued based on rate of fair market value of the Google ads
Total	\$ 1,999,827		

14. Leases

The Foundation follows FASB ASC 842, *Leases*, effective January 1, 2022. For leases with initial terms greater than a year, the Foundation records the related right-of-use (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 such, the Foundation accounts for the applicable non-lease components together with the related lease components when determining the ROU 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 Foundation leases office space under operating leases in New York City. The lease is deemed to be operating leases based on the underlying terms of the agreement and the criteria included in ASC 842.

The following tables summarize information related to the lease asset and liability:

Year ended December 31, 2025

Lease costs:		
Operating lease cost:	\$	317,714
Total Lease Cost	\$	317,714

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

December 31, 2025

ROU asset and liability:		
Operating lease ROU asset	\$	431,511
Operating lease liability		528,260

Year ended December 31, 2025

Other information:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease		375,459
Weighted-average remaining lease term - operating lease		1.42 years
Weighted-average discount rate - operating lease		4.62%

Rent expense of \$317,714 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, 2025:

Year ending December 31,

2026	\$	384,845
2027		161,999
Total Lease Payments		546,844
Less: amounts representing interest		(18,584)
Present Value of Lease Liabilities		528,260
Less: current portion		(368,116)
	\$	160,144

15. 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, 2025, such endowments amounted to \$1,000,000 and are included as net assets with donor restrictions in the accompanying consolidated statement of financial position.

16. Subsequent Events

The Foundation's management has performed subsequent events procedures through May 15, 2026, 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.

Supplementary Information

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

Consolidating Schedule of Financial Position
(with comparative totals for 2024)

December 31,

	BBRF	The Institute	Eliminations	Total	
				2025	2024
Assets					
Current Assets					
Cash and cash equivalents	\$ 26,870,689	\$ 100,067	\$ -	\$ 26,970,756	\$ 38,084,529
Investments, at fair value, current portion	29,432,053	-	-	29,432,053	11,991,311
Contributions receivable	-	-	-	-	96,425
Pledges receivable, current portion	4,792	-	-	4,792	4,895
Prepaid expenses and other assets	205,368	-	-	205,368	302,557
Total Current Assets	56,512,902	100,067	-	56,612,969	50,479,717
Pledges Receivable, Net, less current portion	9,738	-	-	9,738	9,738
Assets Held in Charitable Remainder Trust	2,332,352	-	-	2,332,352	2,300,206
Fixed Assets, Net	5,207	-	-	5,207	8,085
Investments, at fair value, less current portion	29,208,249	-	-	29,208,249	8,947,449
Right-of-Use Asset	431,511	-	-	431,511	716,139
Total Assets	\$ 88,499,959	\$ 100,067	\$ -	\$ 88,600,026	\$ 62,461,334
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 121,815	\$ -	\$ -	\$ 121,815	\$ 52,931
Grants payable	15,474,938	-	-	15,474,938	15,014,698
Operating lease liability, current portion	368,116	-	-	368,116	342,373
Accrued compensation	85,393	-	-	85,393	71,023
Annuities payable	943,769	-	-	943,769	970,084
Charitable gift annuities payable	11,889	-	-	11,889	12,780
Total Current Liabilities	17,005,920	-	-	17,005,920	16,463,889
Operating Lease Liability, net, less current portion	160,144	-	-	160,144	528,260
Total Liabilities	17,166,064	-	-	17,166,064	16,992,149
Commitments and Contingency					
Net Assets					
Without donor restrictions	39,187,538	100,067	-	39,287,605	34,274,112
With donor restrictions	32,146,357	-	-	32,146,357	11,195,073
Total Net Assets	71,333,895	100,067	-	71,433,962	45,469,185
Total Liabilities and Net Assets	\$ 88,499,959	\$ 100,067	\$ -	\$ 88,600,026	\$ 62,461,334

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

Consolidating Schedule of Activities
(with comparative totals for 2024)

Year ended December 31,

	BBRF	The Institute	Eliminations	Total	
				2025	2024
Support and Revenue					
Contributions	\$ 15,325,481	\$ 157,393	\$ -	\$ 15,482,874	\$ 15,589,932
Special events (net of direct cost to donors of \$114,722 in 2025)	173,284	-	-	173,284	42,878
Contributed non-financial assets	1,999,827	-	-	1,999,827	2,054,955
Bequests	23,973,659	-	-	23,973,659	3,472,060
Net realized and unrealized gain on investments (net of investments fees of \$226,977)	2,201,522	-	-	2,201,522	3,698,514
Net appreciation of assets held in charitable remainder trust	32,146	-	-	32,146	414,370
Dividend and interest income	1,793,959	1	-	1,793,960	1,462,573
Grants from the Institute	100,000	-	(100,000)	-	-
Total Support and Revenue	45,599,878	157,394	(100,000)	45,657,272	26,735,282
Expenses					
Program services:					
Research grants and awards	11,620,567	-	-	11,620,567	10,722,382
Scientific advancement	2,319,523	-	-	2,319,523	2,397,371
Program support	2,456,798	-	-	2,456,798	2,513,497
Grants to BBRF	-	100,000	(100,000)	-	-
Total Program Services	16,396,888	100,000	(100,000)	16,396,888	15,633,250
Supporting services:					
Fundraising*	992,665	-	-	992,665	989,718
Administration*	2,302,917	25	-	2,302,942	1,810,315
Total Supporting Services	3,295,582	25	-	3,295,607	2,800,033
Total Expenses	19,692,470	100,025	(100,000)	19,692,495	18,433,283
Change in Net Assets	25,907,408	57,369	-	25,964,777	8,301,999
Net Assets, beginning of year	45,426,487	42,698	-	45,469,185	37,167,186
Net Assets, end of year	\$ 71,333,895	\$ 100,067	\$ -	\$ 71,433,962	\$ 45,469,185

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