International OCD Foundation, Inc.

Financial Statements
December 31, 2018 and 2017

The report accompanying these Financial Statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

International OCD Foundation, Inc.

Financial Statements
December 31, 2018 and 2017

Contents

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Independent Auditor's Report

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

We have audited the accompanying financial statements of International OCD Foundation, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

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

BDO USA, LLP

July 9, 2019

Financial Statements

International OCD Foundation, Inc.

Statements of Financial Position

December 31,	**2018**	2017
Assets		
Current Assets:		
Cash and cash equivalents	**$ 1,115,043**	$ 557,603
Restricted cash and cash equivalents	**208,952**	181,899
Contributions receivable	**-**	268,525
Prepaid expenses	**116,982**	25,718
Total Current Assets	**1,440,977**	1,033,745
Assets Whose Use is Limited or Restricted:		
Donor restricted investments	**334,079**	-
Beneficial interest in charitable remainder trust	**243,482**	300,612
Total Assets Whose Use is Limited or Restricted	**577,561**	300,612
Property and Equipment, net	**12,413**	9,512
Total Assets	**$ 2,030,951**	$ 1,343,869
Liabilities and Net Assets		
Current Liabilities:		
Accrued expenses	**$ 76,918**	$ 60,449
Deferred membership dues	**147,321**	128,853
Current portion of deferred rent	**20,035**	2,702
Total Current Liabilities	**244,274**	192,004
Long-Term Liabilities:		
Deferred rent, less current portion	**29,047**	49,082
Total Liabilities	**273,321**	241,086
Net Assets:		
Without donor restrictions	**971,117**	622,772
With donor restrictions	**786,513**	480,011
Total Net Assets	**1,757,630**	1,102,783
Total Liabilities and Net Assets	**$ 2,030,951**	$ 1,343,869

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Activities

Years ended December 31,	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total	2017 Without Donor Restrictions	2017 With Donor Restrictions	2017 Total
Revenue and Support from Operations:						
Contributions and grants	**$1,296,315**	**$ 629,094**	**$1,925,409**	$ 1,080,923	$ 167,623	$1,248,546
Conferences	**633,719**	**11,522**	**645,241**	513,652	4,795	518,447
Membership dues	**283,519**	**-**	**283,519**	255,890	-	255,890
In-kind contributions	**101,015**	**-**	**101,015**	115,465	-	115,465
Behavior Therapy Institute fees	**238,914**	**-**	**238,914**	125,730	-	125,730
Special projects	**-**	**-**	**-**	279	-	279
Miscellaneous income	**682**	**-**	**682**	3,577	-	3,577
Net assets released from restrictions	**282,365**	**(282,365)**	**-**	209,840	(209,840)	-
Total Revenue and Support from Operations	**2,836,529**	**358,251**	**3,194,780**	2,305,356	(37,422)	2,267,934
Operating Expenses:						
Research and education	**1,972,150**	**-**	**1,972,150**	1,661,309	-	1,661,309
General and administrative	**298,286**	**-**	**298,286**	319,887	-	319,887
Fundraising	**233,361**	**-**	**233,361**	186,826	-	186,826
Total Operating Expenses	**2,503,797**	**-**	**2,503,797**	2,168,022	-	2,168,022
Increase (Decrease) in Net Assets from Operations	**332,732**	**358,251**	**690,983**	137,334	(37,422)	99,912
Non-Operating Activities:						
Change in value of charitable remainder trust	**-**	**(57,130)**	**(57,130)**	-	48,456	48,456
Unrealized gain on investments	**-**	**4,136**	**4,136**	-	-	-
Interest and dividend income	**15,613**	**1,245**	**16,858**	2,211	431	2,642
Total Non-Operating Activities	**15,613**	**(51,749)**	**(36,136)**	2,211	48,887	51,098
Change in Net Assets	**348,345**	**306,502**	**654,847**	139,545	11,465	151,010
Net Assets, beginning of year	**622,772**	**480,011**	**1,102,783**	483,227	468,546	951,773
Net Assets, end of year	**$ 971,117**	**$ 786,513**	**$1,757,630**	$ 622,772	$ 480,011	$1,102,783

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2018	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 573,996	$ 162,451	$ 129,962	$ 866,409
Employee benefits	79,125	22,394	17,915	119,434
Payroll taxes	45,386	12,845	10,276	68,507
Payroll Expenses	698,507	197,690	158,153	1,054,350
Annual conference	454,564	-	-	454,564
Special projects	281,745	-	-	281,745
Research awards	176,847	-	-	176,847
Occupancy	90,629	25,649	20,520	136,798
Website and database	78,828	2,690	190	81,708
Office supplies and other expense	17,691	5,006	36,496	59,193
Newsletters	40,572	-	-	40,572
Bank and merchant fees	25,319	7,166	5,732	38,217
Payments to affiliates	30,264	-	-	30,264
Board meetings	14,851	14,848	-	29,699
Professional fees	20,011	4,632	3,705	28,348
Public relations	-	16,536	-	16,536
Travel	8,529	2,414	1,931	12,874
State registration expense	8,084	2,288	1,830	12,202
Utilities	7,505	2,123	1,699	11,327
Equipment lease and maintenance	7,474	2,116	1,692	11,282
Postage and shipping	957	6,955	-	7,912
Brochures, letterhead, and supplies	826	3,211	-	4,037
Insurance	2,434	689	551	3,674
Miscellaneous	-	3,195	-	3,195
Depreciation and amortization	1,915	542	433	2,890
Dues and subscriptions	1,893	536	429	2,858
Conferences	2,705	-	-	2,705
	$ 1,972,150	$ 298,286	$ 233,361	$2,503,797
Percentage of Total	79%	12%	9%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2017	Research and Education	General and Administrative	Fundraising	Total
Salaries and wages	$ 507,220	$ 129,235	$ 88,699	$ 725,154
Employee benefits	73,594	18,749	12,868	105,211
Payroll taxes	40,557	10,333	7,092	57,982
Payroll Expenses	621,371	158,317	108,659	888,347
Annual conference	436,024	-	-	436,024
Special projects	174,060	2,094	534	176,688
Research awards	133,265	-	-	133,265
Occupancy	86,397	22,012	15,109	123,518
Website and database	93,601	2,017	12,932	108,550
Office supplies and other expense	18,111	5,301	23,903	47,315
Bank and merchant fees	22	40,832	120	40,974
Newsletters	33,919	4,749	-	38,668
Board meetings	-	36,263	-	36,263
Payments to affiliates	24,750	3,272	-	28,022
Professional fees	12,727	9,787	2,225	24,739
Public relations	-	6,751	7,496	14,247
Travel	7,696	1,960	1,346	11,002
Equipment lease and maintenance	7,439	1,896	1,300	10,635
Utilities	6,986	1,780	1,221	9,987
Conferences	542	8,131	-	8,673
State registration expense	-	-	7,936	7,936
Postage and shipping	62	7,262	-	7,324
Brochures, letterhead, and supplies	-	3,189	2,956	6,145
Insurance	3,177	809	556	4,542
Dues and subscriptions	-	3,123	330	3,453
Depreciation and amortization	1,160	295	203	1,658
Miscellaneous	-	47	-	47
	$ 1,661,309	$ 319,887	$ 186,826	$2,168,022
Percentage of Total	76%	15%	9%	100%

See accompanying notes to financial statements.

International OCD Foundation, Inc.

Statements of Cash Flows

Years ended December 31,	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	$ 654,847	$ 151,010
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,890	1,658
Loss (gain) in beneficial interest in charitable remainder tru	57,130	(48,456)
Unrealized gains on investments	(4,136)	-
Increase (decrease) in cash resulting from changes in:		
Contributions receivable	268,525	(268,525)
Prepaid expenses	(91,264)	(20,366)
Accrued expenses	16,469	(5,004)
Research grants payable	-	(46,266)
Deferred membership dues	18,468	9,024
Deferred rent	(2,702)	21,842
Net Cash Provided by (Used in) Operating Activities	920,227	(205,083)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(5,791)	(7,121)
Purchases of investments	(329,943)	-
Net Cash Used in Investing Activities	(335,734)	(7,121)
Net Increase (Decrease) in Cash and Cash Equivalents	584,493	(212,204)
Cash and Cash Equivalents - beginning of year	557,603	951,706
Cash and Cash Equivalents - end of year	$ 1,142,096	$ 739,502

See accompanying notes to financial statements.

1. Nature of the Organization

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

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

Contributions Receivable

Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

Investments in non-marketable investments (alternative investments as described in the American Institute of Certified Public Accountants' document, *A Practice Guide for Auditors: Alternative Investments - Audit Consideration)* are generally carried at net asset value ("NAV") as estimated by management based on fair values provided by external investment managers. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such difference could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the funds. The Foundation believes that the carrying amount of alternative investments is a reasonable estimate of the fair values as of December 31, 2018.

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

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

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

Property and Equipment, Net

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

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

Impairment of Long-Lived Assets

Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Foundation to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2018 and 2017, the Foundation did not recognize any impairment.

Statement of Activities

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

Contributions and Grants

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

Membership Dues

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

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

Conference Revenue

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

In-kind Contributions

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

Advertising

Advertising costs are expensed in the year incurred. Advertising expense was $21,610 and $14,247 for the years ended December 31, 2018 and 2017, respectively.

Income Taxes

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

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Foundation does not believe it has taken any material uncertain tax positions, and, accordingly, it has not recorded any liability for unrecognized tax benefits. For the years ended December 31, 2018 and 2017, there were no interest or penalties recorded or included in the statements of activities.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Recently Adopted Accounting Pronouncements

Financial Statements for Not-for-Profit Entities (Topic 958)

On August 18, 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, *(Topic 958)*. The ASU makes targeted improvements to the not-for-profit financial reporting model and enhances disclosures. A second phase of the project will address more controversial not-for-profit specific areas and potentially, more far reaching changes that could be driven by the financial performance reporting project for business entities currently on the FASB's research agenda. The ASU makes several improvements to current reporting requirements. The major changes include: (a) eliminating the distinction between resources with permanent restrictions and those with temporary restrictions, (b) requiring disclosure of quantitative and qualitative information about how the Foundation manages its liquid resources to meet cash needs (c) requiring disclosure on the methods used to allocate costs among program and support functions, and (d) requiring reporting of all expenses by their natural classification and functional classification. The Foundation has adopted ASU 2016-14, which is reflected in these financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14, which deferred the effective date for nonpublic entities until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (“ROU”) model that requires, for all leases with a lease term of more than 12 months, an asset representing the right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Foundation’s fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Statement of Cash Flows (Topic 230)

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*. The guidance clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. The guidance also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The guidance is effective for private companies for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. Entities will have to apply the guidance retrospectively, but if it is impracticable to do so for an issue, the amendments related to that issue would be applied prospectively. Management is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through July 9, 2019, which is the date the financial statements were available to be issued.

3. Liquidity and Availability of Resources

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

December 31, 2018	
Cash and cash equivalents	$ 1,115,043
Financial Assets Available to Meet General Expenditures Within One Year	$ 1,115,043

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

4. Beneficial Interest in Charitable Remainder Trust

The Foundation has a beneficial interest in a charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, which is the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets will be transferred by a third-party trustee to the Foundation. The Foundation initially recorded the present value of the estimated future benefit to be received as an asset and as a time-restricted contribution based on a discount rate of 3.53% and certain internal assumptions, such as the anticipated rate of investment return and the mortality of the beneficiary. The value of the asset is adjusted in subsequent years based on factors such as changes in life expectancy, market conditions, and normal amortization. The Foundation recorded a decrease in the value of its interest in the charitable remainder trust in the statements of activities of $57,130 for the year ended December 31, 2018, and an increase of $48,456 for the year ended December 31, 2017. The fair value of the interest in the charitable remainder trust at December 31, 2018 and 2017, was $243,482 and $300,612, respectively.

5. Assets Whose Use is Limited or Restricted

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

	2018	2017
Equity securities	$ **194,094**	$ -
Alternative investments	**57,781**	-
Cash equivalents	**82,204**	-
Beneficial interest in charitable remainder trust	**243,482**	300,612
	$ **577,561**	$ 300,612

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

	2018	2017
Donor restricted investments	$ 334,079	$ -
Beneficial interest in charitable remainder trust	243,482	300,612
	$ 577,561	$ 300,612

6. Fair Value Measurements

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

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

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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

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

Cash Equivalents

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

Equity securities

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

Alternative Investments

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

December 31, 2018	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 82,204	$ -	$ -	$ 82,204
Equity securities	194,094	-	-	194,094
Alternative investments:				
Real estate ("REITs") at NAV	-	-	-	30,050
Other alternative investments at NAV	-	-	-	27,731
Total Investments	$ 276,298	$ -	$ -	$ 334,079

The Foundation had no investments as of December 31, 2017.

7. Endowments

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

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

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Changes in endowment assets were as follows:

Year ended December 31, 2018		
Endowment Assets, beginning of year	$	-
Contributions		329,943
Unrealized (loss) gain on investments		4,136
Endowment Assets, end of year	$	334,079

There were no endowment assets as of December 31, 2017.

8. In-kind Contributions

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

		2018		2017
Advertising	**$**	**69,296**	$	93,601
Event speakers and expenses		**12,889**		14,121
Meeting space		**9,200**		3,000
Meals		**6,600**		2,000
Auction items		**3,030**		2,743
	$	**101,015**	$	115,465

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

9. Net Assets with Donor Restrictions

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

		2018		2017
Research	**$**	**196,750**	$	179,399
Conference scholarships		**7,202**		-
Diversity initiatives		**5,000**		2,500
Beneficial interest in remainder trust		**243,482**		300,612
Investments to be held in perpetuity, the income from which is expendable to support the Foundation's research grants and Behavioral Therapy Training Institute ("BTTI")		**334,079**		-
Total Net Assets With Donor Restrictions	**$**	**786,513**	$	480,011

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

		2018		2017
Research	$	**271,050**	$	199,097
Scholarships		**4,320**		4,795
Interest and dividends		**1,245**		448
Diversity Initiatives		**5,750**		5,500
Total Net Assets With Donor Restrictions Assets Released	**$**	**282,365**	$	209,840

10. Operating Leases

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

The Foundation records rent expense on the straight-line basis. Rent expense and the Foundation's share of operating expenses and real estate taxes was $136,798 and $123,518 for the years ended December 31, 2018 and 2017, respectively.

The Foundation also leases a copier with monthly payments of $537 through March 2020.

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

Years ending December 31,		
2019	$	153,371
2020		153,332
2021		25,360
Total	$	332,063

11. Retirement Plan

The Foundation maintains a qualified 401(k) plan under Section 401(k) of the Code that covers substantially all full-time employees. The Foundation makes an annual safe-harbor contribution based on 3% of each eligible employee's compensation. Additional matching contributions are made at the discretion of the board of trustees. Contribution expense for the defined contribution retirement plan was $21,879 and $24,862 for the years ended December 31, 2018 and 2017, respectively, and is included in employee benefits expense.

12. Concentrations

The Foundation has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation

("FDIC"). The maximum deposit insurance amount was $250,000 for interest and non-interest bearing accounts, which was applied per depositor, per insured bank for each account ownership category. As of December 31, 2018 and 2017, the Foundation had approximately $476,081 and $294,568 in excess of FDIC limits, respectively.