

**SCHIZOPHRENIA AND RELATED DISORDERS  
ALLIANCE OF AMERICA, INC.**  
(DBA Schizophrenia & Psychosis Action Alliance)

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2022**

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SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
YEAR ENDED DECEMBER 31, 2022

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Management of  
Schizophrenia and Related Disorders Alliance of America, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Schizophrenia and Related Disorders Alliance of America, Inc. (the "Organization", doing business as Schizophrenia & Psychosis Action Alliance), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

## INDEPENDENT AUDITORS' REPORT, CONT'D

Year Ended December 31, 2022

### *Auditor's Responsibilities for the Audit of the Financial Statements, continuation*

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*Bankole, Okoye & Associates PC*

Bankole, Okoye & Associates PC

*Certified Public Accountants*

Houston, Texas

September 7, 2023

## FINANCIAL STATEMENTS

SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
(DBA SCHIZOPHRENIA & PSYCHOSIS ACTION ALLIANCE)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>Amount</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ 906,270
Receivables	47,000
Prepayments	<u>1,361</u>
Total current assets	954,631
Investments (Note 3)	239,812
Property and equipment, net (Note 4)	<u>53,060</u>
TOTAL ASSETS	<u>\$ 1,247,503</u>
LIABILITIES AND NET ASSETS	
<i>LIABILITIES</i>	
<i>Current Liabilities</i>	
Accounts payable	<u>\$ 229,307</u>
Total current liabilities	<u>229,307</u>
Total Liabilities	<u>229,307</u>
<i>NET ASSETS</i>	
Without donor-restrictions	993,196
With donor-restrictions (Note 5)	<u>25,000</u>
Total Net Assets	<u>1,018,196</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,247,503</u>

*The accompanying notes are an integral part of this financial statement.*

SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
 (DBA SCHIZOPHRENIA & PSYCHOSIS ACTION ALLIANCE)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor- Restrictions</u>	<u>With Donor- Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Contributions	\$ 1,401,001	\$ 25,000	\$ 1,426,001
Investment income	5,061	-	5,061
Inkind revenues	<u>152,294</u>	<u>-</u>	<u>152,294</u>
Total operating revenues	<u>1,558,356</u>	<u>25,000</u>	<u>1,583,356</u>
<b>OPERATING EXPENSES</b>			
Program services expenses	789,656	-	789,656
Fundraising expenses	96,093	-	96,093
Management and general expenses	<u>158,473</u>	<u>-</u>	<u>158,473</u>
Total operating expenses	<u>1,044,222</u>	<u>-</u>	<u>1,044,222</u>
Change in net assets from operating activities	514,134	25,000	539,134
Nonoperating:			
Net realized and unrealized loss on investments	<u>(35,017)</u>	<u>-</u>	<u>(35,017)</u>
Change in net assets	479,117	25,000	504,117
NET ASSETS, BEGINNING OF YEAR	<u>514,079</u>	<u>-</u>	<u>514,079</u>
NET ASSETS, END OF YEAR	<u>\$ 993,196</u>	<u>\$ 25,000</u>	<u>\$ 1,018,196</u>

*The accompanying notes are an integral part of this financial statement.*

SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
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STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022

	Program Services				Total for Program Services	Fundraising Activities	Management and General	Total Expenses
	Research Initiatives	Collaboration and Advocacy	Awareness	Care, Support, and Education				
Advertising and awareness promotions	\$ -	\$ -	\$ 1,969	\$ -	\$ 1,969	\$ -	\$ -	\$ 1,969
Insurance	272	486	66	2,931	3,755	566	933	5,254
Telephone and communications	-	-	-	708	708	-	910	1,618
Postage and shipping	-	-	-	309	309	-	474	783
Professional services expenses (includes inkind services of \$130,994)	45,308	60,023	563	572,108	678,002	-	92,323	770,325
Licenses, subscriptions, and supplies	-	-	-	48	48	-	2,262	2,310
Travel expenses	-	-	61	181	242	-	9,153	9,395
Salaries and wages	-	19,380	-	41,109	60,489	81,443	21,443	163,375
Payroll taxes	-	1,483	-	3,145	4,628	6,230	1,786	12,644
Employee benefits	-	-	-	1,100	1,100	1,100	2,511	4,711
Depreciation and amortization	631	1,127	153	6,796	8,707	1,313	2,163	12,183
Other expenses (includes inkind items valued at \$21,300)	-	-	8,399	21,300	29,699	5,441	24,515	59,655
<b>Total</b>	<b>\$ 46,211</b>	<b>\$ 82,499</b>	<b>\$ 11,211</b>	<b>\$ 649,735</b>	<b>\$ 789,656</b>	<b>\$ 96,093</b>	<b>\$ 158,473</b>	<b>\$ 1,044,222</b>

*The accompanying notes are an integral part of this financial statement.*

SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
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STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022

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	<u>Amount</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	<u>\$ 504,117</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	12,183
Net unrealized loss on investments	35,017
Changes in operating assets and liabilities:	
Receivables	(22,000)
Prepayments	163
Accounts payable	(274,809)
Deferred revenue	<u>(75,000)</u>
Total adjustment	<u>(324,446)</u>
Net cash provided by operating activities	<u>179,671</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	<u>(15,787)</u>
Net cash used in investing activities	<u>(15,787)</u>
NET INCREASE IN CASH	163,884
CASH, BEGINNING OF YEAR	<u>742,386</u>
CASH, END OF YEAR	<u><u>\$ 906,270</u></u>

*The accompanying notes are an integral part of this financial statement.*

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Schizophrenia and Related Disorders Alliance of America, Inc. (the “Organization”, DBA Schizophrenia & Psychosis Action Alliance) is a nonprofit organization incorporated in the State of Maryland in May 2008. The Organization’s mission is to create a movement for systemic change to improve care, support, and equity for the millions of people living with schizophrenia and psychosis spectrum disorders. Through a set of strategic initiatives, the Organization is also pursuing a global vision where schizophrenia and psychosis spectrum disorders are universally recognized and treated as a neurological brain illness. The Organization also actively promotes hope and recovery through support programs, education, collaboration, and advocacy for persons living with schizophrenia-related brain illnesses (mental illnesses involving psychosis, schizoaffective disorder, bipolar disorder, and major depression); to ensure that such persons receive respect, acceptance, appropriate treatment, and an opportunity to live a meaningful and satisfying life in a compassionate community and free of discrimination.

The Organization is supported primarily through donations by individuals, private foundations, and corporations.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America promulgated by the Financial Accounting Standards Board (“FASB”). Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes to, or a service is received by, the Organization. Expenses are also recognized when the Organization makes irrevocable pledges of specified amounts or enters into an irrevocable contractual commitment of a specified amount.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the requirements of FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Financial Statements of Nonprofit Organizations*, as updated. Accordingly, the Organization reports information regarding its financial position and activities according to the following two classes of net assets:

- *Net Assets without Donor/External Restrictions* – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.
- *Net Assets with Donor/External Restrictions* – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This class of net assets also includes resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the Organization. As of December 31, 2022, the Organization had no resources to be held in perpetuity.

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The Organization is also required under FASB ASC Topic 958-205, as amended, to present a statement of cash flows, provide an analysis of its expenses by both functional and natural classifications, and make enhanced disclosures about its liquidity and availability of financial resources to meet operational cash needs in the foreseeable future.

Revenue Recognition

In accordance with FASB ASC Topic 958-605, *Not-for-Profit Entities – Revenue Recognition*, contributions received by the Organization are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions.

Contributions are recognized as revenues in the period the Organization receives any direct cash donation or any unconditional promises to give cash. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Organization did not have any conditional promises to give as of December 31, 2022. Contributions of non-cash assets are recorded at their estimated fair value at the date of the contribution.

When a donor-imposed purpose or time restriction expires, net assets with donor-restrictions are reclassified to net assets without donor-restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organizations policy to report donor-restricted contributions whose purpose or time restrictions are met in the reporting period as the revenue is recognized, as increases in net assets without donor restrictions.

Expenses are recorded as decreases in net assets without donor-restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor-restrictions unless their use is restricted by explicit donor-stipulation.

When both restricted and unrestricted resources are available for use for the same purpose, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

Contributed Nonfinancial Assets

As defined by FASB Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Nonprofit Entities for Contributed Nonfinancial Assets*, contributed nonfinancial assets may include contributions of fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises to contribute such items.

In accordance with FASB ASC Topic 958-605, *Non-for-Profit Entities - Accounting for Contributions Received and Contributions Made*, contributed nonfinancial assets for which the Organization made no payment or compensation are recognized as in-kind revenue at their estimated fair value at the date of receipt. However, contributed service are recognize as in-kind revenue only if the services received either (a) created or enhanced nonfinancial assets, or (b) required specialized skills, were performed by individuals possessing such skills, and would typically need to be purchased if not provided by donation.

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The Organization received donations of software as a service (“SaaS”) from certain technology companies, which included free subscriptions to custom computer applications valued at \$18,000 and free licenses for personal computer applications valued at \$3,300, for the year ended December 31, 2022, which are included in in-kind revenues and program services expenses in the statement of activities. These items were used in the Organization’s Family for Care program.

The Organization has also recorded a total of \$130,994 for donated research and expert advisory services for the year ended December 31, 2022, pursuant to the Organization’s evidence-based insight initiative research goals. This contribution is included in in-kind revenues and program services expenses in the statement of activities. These in-kind services benefited the Organization’s Family for Care program.

Additionally, the Organization received many hours of donated services valued at \$22,915 from volunteers helping with the Organization’s Families for Care administrative and program activities, which did not meet the criteria for recognition as in-kind revenue.

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. Contributions restricted in perpetuity, contributions restricted to acquisition of capital assets, and unrealized gains and losses on investments are recognized as nonoperating support, revenues, gains, and losses.

Cash and Cash Equivalents

All highly liquid investments with original maturity of ninety (90) days or less are considered as cash equivalents. There were no cash equivalents as of December 31, 2022. The carrying amount reported for cash in the accompanying statement of financial position as of December 31, 2022, approximated its fair value.

Investments

Investments in stocks and marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income (interest and dividends) are reported as operating revenue in the statement of activities as an increase or decrease in the net assets without donor-restrictions unless their use is limited by donor-imposed restrictions. Net realized or net unrealized gains and losses are included in the nonoperating items in the statement of activities.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500, per item, are capitalized. Purchases of property and equipment are recorded at cost or, if donated, at fair value at date of donation. Property and equipment include certain capitalized website development costs that are being amortized over five years.

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Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as a publicly supported organization. No provision for income tax is included in the accompanying financial statement as the Organization has no taxable unrelated business income. Management has concluded that the Organization has properly maintained its exempt status and classified its revenue as exempt in the accompanying statement of activities.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, for its exempt activities in the United States federal jurisdiction within the United States. Federal income tax returns for calendar years 2021 through 2019 remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Functional Classification of Expenses

In accordance with FASB ASC Topic 958-720-45-2, *Functional Classification of Expenses*, the costs of providing the Organization's various programs and other activities have been summarized on a functional basis (i.e., expenses have been grouped according to the purpose for which they were incurred) in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. The primary functional classifications of the Organization's uses of resources are:

1. Program Services Expenses,
2. Fundraising Expenses, and
3. Management and General Expenses.

Fundraising activities and management and general activities are considered the support activities. Fundraising expenses are costs incurred in connection with special events and other activities targeted at raising funds for the Organization's programs and mission. Management and general expenses include those expenses that are not directly identifiable with the core function but provide for the overall support and direction of the Organization. The Organization's core programs are described in Note 2.

Expenses that can be directly identified with a specific program or support activity are classified directly to that program or support activity and are not allocated to other programs and services. However, expenses that are attributable to more than one program or to more than one activity have

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YEAR ENDED DECEMBER 31, 2022

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been allocated among the programs and support activities benefitted. The allocated major expenses include the following:

1. Salaries and payroll taxes are allocated based on estimates of the personnel's time and effort for each program or activity.
2. Professional services expenses are allocated based on the nature and purpose of the services and how they relate to the program or support activities.
3. Other allocable expenses are allocated based on estimated benefits to the programs and support activities.

Management's Judgment and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted for nonprofit organizations in the United States of America requires management to make estimates and assumptions that affect the following aspects of the financial statements:

1. the reported amounts of assets and liabilities,
2. the disclosure of contingent assets and liabilities at the date of the financial statements, and
3. the reported amounts of revenues and expenses during the reporting period.

Significant estimates included in the financial statements relate primarily to the functional classifications of expenses between the program and support functions of the Organization as well as the valuation of contributed services recorded as in-kind revenues and in-kind expenses.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves and to educate the public about schizophrenia and psychosis conditions. The production costs of advertising and awareness promotions are expensed the first time the advertising and promotion takes place. Total expense for advertising and awareness promotions was \$1,969 in the year ended December 31, 2022.

2. PROGRAMS

The Organization's programs and activities relate to its mission to create a movement for systemic change to improve care, support, and equity for the millions of people living with schizophrenia and psychosis spectrum disorders. Programs' primary objectives are to:

- Promote policy and systems-level change; and
- Accelerate disease understanding and treatment access to improve patient/caregiver outcomes.

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Program activities include the following:

***Collaboration and Advocacy***

The Organization promotes timely and appropriate diagnoses, treatments, peer support intervention and education and is a National Institute of Mental Health (NIMH) Outreach and Research Alliance Partner to advocate for research specific to schizophrenia and psychosis. It participates in advocacy coalitions such as the Mental Health Liaison Group to improve community awareness of and treatments for schizophrenia and other psychosis-spectrum diseases.

The Organization also advocates for inclusion of the patient voice in treatment research and regulatory reviews, including sponsoring an Externally-Led Patient-Focused Drug Development meeting in 2022 that amplified patient and caregiver voices to reach key drug development and review audiences.

***Awareness***

The Organization builds awareness of and educates about schizophrenia, psychosis and related disorders through extensive website resources, initiatives such as the Anosognosia Coalition, social media outreach and participation in media interviews, webinars and public programs.

***Care, Support, and Education***

The Organization provides administrative support, materials and oversight for more than 100 Schizophrenia Alliance (SA) self-help/peer support groups, which are run by and for people diagnosed with psychiatric brain disorders that include psychosis. Support groups hold weekly conference calls that serve hundreds of attendees.

The Organization also supports Families for Care (FFC), which organizes peer support groups for families of those with schizophrenia or schizophrenia-related brain illness. FFC provides education and support to enable families and their loved ones with schizophrenia to build positive, accepting relationships.

***Research Initiatives***

The Organization funds research initiatives that:

- Increase schizophrenia disease awareness and understanding (recharacterize schizophrenia for the public/key audiences).
- Seek new disease biomarkers and other early disease indicators that could improve diagnosis and treatment.
- Expose and eliminate barriers to care.
- Amplify the impact of anosognosia on treatment and care decisions.

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NOTES TO FINANCIAL STATEMENTS

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3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of money market accounts and mutual funds and are stated at fair value. Investments are summarized as follows, as of December 31, 2022:

	Amount
Liquidity funds	\$ 35,688
Mutual funds	204,124
Total	<u>\$ 239,812</u>

Fair value is defined as the price that would be received if an asset sold or paid if a liability transferred in an orderly transaction between market participants on the measurement date. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The Organization measures and reports certain assets at fair value and within a hierarchal disclosure framework which prioritizes and ranks the level of observable inputs used in measuring fair value. At each balance sheet date, the Organization performs an analysis of all instruments subject to fair value measurements.

The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value under FASB ASC Topic 820, as amended, are as follows:

- Level 1:* Valuations are based on quoted prices in active markets for identical investments. Accordingly, valuations of these securities do not entail a significant degree of judgment.
- Level 2:* Valuations are based on inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3:* Valuations are based on inputs that are unobservable and significant to the overall fair value measurement, and include situations where there is little if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

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The following is a summary of the Organization's investments by level, within the fair value hierarchy, as of December 31, 2022:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
Liquidity funds	\$ 35,688	\$ -	\$ -	\$ 35,688
Mutual funds	204,124	-	-	204,124
Total	<u>\$ 239,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,812</u>

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation and amortization as of December 31, 2022:

	Amount
Capitalized website development costs	\$ 71,894
Accumulated amortization	<u>(18,834)</u>
Property and equipment, net	<u>\$ 53,060</u>

Amortization expense for the year ended December 31, 2022, was \$12,183.

5. NET ASSETS WITH DONOR RESTRICTIONS

One of the Organization's partners supporting the research into a Schizophrenia related certain hypothesis, pledged \$25,000 to be received and used in 2023 toward one of the installment payments for the research.

6. CONCENTRATIONS OF CREDIT RISKS

The Organization invested in marketable securities, including mutual funds and liquidity funds. These investments valued at \$239,812 as of December 31, 2022, were held by a U.S. investment company. The Organization's investments are exposed to various risks such as custodial credit risk and market risks. Custodial credit risk refers to the risk that in the event of the failure of a depository financial institution or broker, the depositor will not be able to recover the deposits. Additionally, because of the market risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position and the statement of activities.

The Securities Investor Protection Corporation ("SIPC") insures each investor against custodial risks up to \$500,000, inclusive of a sublimit of \$250,000 for claims of cash. SIPC does not protect against the decline in value of securities. The Organization's securities were held by an SIPC-member

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company and qualify as securities for purposes of SIPC protection up to the protection overall limit and sublimit described above in this paragraph.

Additionally, the Organization maintains cash deposit balances with financial institutions considered by management as credit-worthy and strong. These cash balances may occasionally exceed limits insured by the Federal Deposit Insurance Corporation (“FDIC”), which is \$250,000 per customer per bank. As of December 31, 2022, the uninsured cash balances were \$618,477. Management believes that any custodial credit risk related to cash deposits with financial institutions is low due to the overall financial strength of these financial institutions.

7. LIQUIDITY MANAGEMENT AND FINANCIAL ASSETS AVAILABILITY

Accounting principles generally accepted for nonprofit organizations in the United States of America require organizations to make enhanced disclosures about liquidity and availability of resources to meet current cash needs, as well as how the organization manages its liquidity. The Organization had \$1,193,082 of financial assets available within one year of the latest balance sheet date to meet cash needs for general expenditures, consisting of the following:

	<u>Amount</u>
Cash	\$ 906,270
Receivables	47,000
Investments	<u>239,812</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,193,082</u>

The Organization reasonably estimates its cash needs on a month to month basis and structures its financial assets to provide cash for its general expenditures, liabilities, and other obligations as they become due.

8. CONCENTRATION OF REVENUE SOURCES

Thirty (30) percent of the Organization’s total contributed financial revenues for the year was provided by only two donor sources. It is always considered reasonably possible that contribution sources might be lost in the near term.

9. RELATED PARTY TRANSACTIONS

In 2022, the Organization received cash contributions of \$302,000 from board members and entities associated with them. The Organization also received from a company in which a board member is the managing director, contributed nonfinancial assets in the form of research and advisory services valued at \$131,000, included in in-kind revenue in the statement of activities.

In 2022, the Organization made payments totaling \$47,500 for services provided by two companies associated with two of its board members.

SCHIZOPHRENIA AND RELATED DISORDERS ALLIANCE OF AMERICA, INC.  
(DBA SCHIZOPHRENIA & PSYCHOSIS ACTION ALLIANCE)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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10. SUBSEQUENT EVENTS

In February 2023, the Organization entered into a commitment to pay additional \$200,000 in two equal installments in 2023 and 2024, to further an ongoing research project by the Foundation for the National Institutes of Health, with the goal to validate a set of biomarker and clinical endpoint measures related to early interventions in populations at risk of schizophrenia.

Management has evaluated transactions and events that occurred subsequent to December 31, 2022, to assess the need for potential recognition of transactions or additional disclosures in the financial statements through September 7, 2023, the date the financial statements were available to be issued.