



FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Physicians for Social Responsibility, Inc.
Washington, D.C.

Opinion

We have audited the financial statements of Physicians for Social Responsibility, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Physicians for Social Responsibility, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Physicians for Social Responsibility, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Physicians for Social Responsibility, Inc.'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Physicians for Social Responsibility, Inc.'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 Physicians for Social Responsibility, Inc.'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.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
July 9, 2024

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 292,095	\$ 807,951
Pledges receivable	350,124	83,207
Prepaid expenses	<u>37,617</u>	<u>24,259</u>
Total current assets	679,836	915,417
Furniture and equipment, net	12,522	10,110
OTHER ASSETS		
Investments	3,474	3,474
Cash restricted for endowment	4,000	4,000
Beneficial interest in assets held by The Philadelphia Foundation	51,261	45,085
Security deposit	8,746	8,746
Operating lease right-of-use asset	221,754	314,454
Finance lease right-of-use asset	<u>2,299</u>	<u>5,364</u>
Total other assets	<u>291,534</u>	<u>381,123</u>
Total assets	<u><u>\$ 983,892</u></u>	<u><u>\$ 1,306,650</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 55,492	\$ 31,319
Accrued expenses	38,768	28,557
Due to chapters	10,972	20,022
Accrued vacation	25,364	19,238
Current portion of operating lease liability	117,037	113,024
Current portion of finance lease liability	<u>2,323</u>	<u>3,069</u>
Total current liabilities	249,956	215,229
LONG-TERM LIABILITIES		
Operating lease liability less current portion	162,172	279,208
Finance lease liability less current portion	<u>-</u>	<u>2,323</u>
Total long-term liabilities	<u>162,172</u>	<u>281,531</u>
Total liabilities	412,128	496,760
NET ASSETS		
Without donor restrictions	(302,158)	(80,716)
With donor restrictions	<u>873,922</u>	<u>890,606</u>
Total net assets	<u>571,764</u>	<u>809,890</u>
Total liabilities and net assets	<u><u>\$ 983,892</u></u>	<u><u>\$ 1,306,650</u></u>

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	%
SUPPORT AND REVENUE				
Contributions and grants	\$ 470,437	\$ 1,047,055	\$ 1,517,492	90.3%
Membership dues	145,162	-	145,162	8.6%
Agency endowment return	-	6,176	6,176	0.4%
Investment return, net	122	-	122	0.0%
Other income	12,459	-	12,459	0.7%
Total support and revenue	628,180	1,053,231	1,681,411	100%
EXPENSES				
Program Services				
Environment and Health	869,494	-	869,494	45.3%
Nuclear Weapons Abolition	293,322	-	293,322	15.3%
Chapter Support	60,291	-	60,291	3.2%
Joint Programs	290,792	-	290,792	15.1%
Total program services	1,513,899	-	1,513,899	78.9%
Supporting Activities				
Management and General	292,872	-	292,872	15.2%
Fundraising	112,766	-	112,766	5.9%
Total supporting activities	405,638	-	405,638	21.1%
Total expenses	1,919,537	-	1,919,537	100%
NET ASSETS RELEASED FROM RESTRICTIONS				
Expiration of time restrictions	60,038	(60,038)	-	
Satisfaction of purpose restrictions	1,009,877	(1,009,877)	-	
Net assets released from restrictions	1,069,915	(1,069,915)	-	
Change in net assets	(221,442)	(16,684)	(238,126)	
Net assets (deficit) at beginning of year	(80,716)	890,606	809,890	
Net assets (deficit) at end of year	\$ (302,158)	\$ 873,922	\$ 571,764	

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total	%
SUPPORT AND REVENUE				
Contributions and grants	\$ 579,157	\$ 1,149,192	\$ 1,728,349	91.7%
Membership dues	164,919	-	164,919	7.7%
Agency endowment return	-	(8,266)	(8,266)	0.5%
Investment return, net	(864)	-	(864)	0.0%
Other income	1,314	-	1,314	0.1%
Total support and revenue	744,526	1,140,926	1,885,452	<u>100%</u>
EXPENSES				
Program Services				
Environment and Health	878,511	-	878,511	46.1%
Nuclear Weapons Abolition	295,620	-	295,620	15.5%
Chapter Support	75,054	-	75,054	4.0%
Joint Programs	297,640	-	297,640	15.6%
Total program services	1,546,825	-	1,546,825	81.2%
Supporting Activities				
Management and General	237,397	-	237,397	12.4%
Fundraising	121,538	-	121,538	6.4%
Total supporting activities	358,935	-	358,935	<u>18.8%</u>
Total expenses	1,905,760	-	1,905,760	<u>100%</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Expiration of time restrictions	140,000	(140,000)	-	
Satisfaction of purpose restrictions	946,792	(946,792)	-	
Net assets released from restrictions	1,086,792	(1,086,792)	-	
Change in net assets	(74,442)	54,134	(20,308)	
Net assets (deficit) at beginning of year	(6,274)	836,472	830,198	
Net assets (deficit) at end of year	<u>\$ (80,716)</u>	<u>\$ 890,606</u>	<u>\$ 809,890</u>	

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services				Supporting Activities		Total
	Environment and Health	Nuclear Weapons Abolition	Chapter Support	Joint Programs	Management and General	Fundraising	
Personnel	\$ 494,581	\$ 231,092	\$ 44,717	\$ 189,443	\$ 151,347	\$ 66,453	\$ 1,177,633
Professional fees	269,804	6,250	3,510	7,116	93,058	6,025	385,763
Office expenses	13,660	14,536	531	29,118	14,715	12,159	84,719
Conferences and meetings	-	819	-	-	427	-	1,246
Insurance	4,869	2,275	440	1,865	1,490	654	11,593
Occupancy	40,349	18,853	3,648	15,455	12,349	5,421	96,075
Advertising	22,551	6,675	-	-	1,426	-	30,652
Information technology	18,949	804	7,254	46,987	6,942	10,361	91,297
Travel	2,621	11,032	-	-	2,246	11,410	27,309
Interest	-	-	-	-	5,415	-	5,415
Depreciation and amortization	2,110	986	191	808	645	283	5,023
Miscellaneous	-	-	-	-	2,812	-	2,812
Total expenses	\$ 869,494	\$ 293,322	\$ 60,291	\$ 290,792	\$ 292,872	\$ 112,766	\$ 1,919,537

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services				Supporting Activities		Total
	Environment and Health	Nuclear Weapons Abolition	Chapter Support	Joint Programs	Management and General	Fundraising	
Personnel	\$ 436,922	\$ 236,681	\$ 58,608	\$ 199,062	\$ 117,333	\$ 43,621	\$ 1,092,227
Professional fees	356,048	15,000	3,240	8,278	90,219	8,338	481,123
Office expenses	8,840	13,041	502	10,123	11,974	50,790	95,270
Conferences and meetings	159	600	-	-	-	99	858
Insurance	3,745	2,029	502	1,706	1,006	374	9,362
Occupancy	39,055	21,156	5,239	17,794	10,488	3,899	97,631
Advertising	2,359	3,804	-	10,819	69	1,946	18,997
Information technology	22,275	727	6,561	48,272	5,383	11,932	95,150
Travel	6,114	960	-	222	-	-	7,296
Interest	-	-	-	-	71	-	71
Depreciation and amortization	2,994	1,622	402	1,364	804	299	7,485
Miscellaneous	-	-	-	-	50	240	290
Total expenses	<u>\$ 878,511</u>	<u>\$ 295,620</u>	<u>\$ 75,054</u>	<u>\$ 297,640</u>	<u>\$ 237,397</u>	<u>\$ 121,538</u>	<u>\$ 1,905,760</u>

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (238,126)	\$ (20,308)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	5,023	7,485
Investment return retained in agency endowment	(6,176)	8,266
Amortization of operating lease right-of-use asset	99,739	96,675
(Increase) decrease in assets		
Pledges receivable	(266,917)	110,000
Prepaid expenses	(13,358)	(3,027)
Increase (decrease) in liabilities		
Accounts payable	24,173	(24,133)
Accrued expenses	10,211	13,131
Due to chapters	(9,050)	10,614
Accrued vacation	6,126	(1,534)
Operating lease liability	(116,997)	(114,422)
Net cash flows from operating activities	(505,352)	82,747
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(7,435)	(2,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease liabilities	(3,069)	(3,037)
Change in cash and restricted cash	(515,856)	76,741
Cash and restricted cash at beginning of year	811,951	735,210
Cash and restricted cash at end of year	\$ 296,095	\$ 811,951
SUPPLEMENTAL DISCLOSURES		
Cash and restricted cash at end of year is comprised of the following:		
Cash	\$ 292,095	\$ 807,951
Cash restricted for endowment	4,000	4,000
Total cash and restricted cash	\$ 296,095	\$ 811,951

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Physicians for Social Responsibility, Inc. (PSR) is a non-profit organization located in Washington, D.C. PSR is dedicated to bringing a medical and public health perspective in its efforts to prevent nuclear war, reverse global warming, and promote clean and renewable energy. PSR is supported primarily by contributions and grants.

Pledges Receivable

Unconditional pledges receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

Furniture and Equipment

PSR capitalizes all expenditures for furniture and equipment in excess of \$1,000. Purchased furniture and equipment are carried at cost. Depreciation is computed using the straight-line method.

Investments

Investments in limited partnership interests are carried at cost. Investments consist of a 1% interest in 6th & Pacific Company.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Leases

PSR does not recognize short-term leases in the statement of financial position. For these leases, PSR recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. PSR also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, PSR uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial Interest in Assets Held by The Philadelphia Foundation

PSR's beneficial interest in assets held by The Philadelphia Foundation represents an agreement between PSR and the Foundation in which PSR transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to PSR by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Income Tax Status

PSR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, PSR qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, office expenses, insurance, occupancy, information technology, travel, and depreciation, which are allocated on the basis of estimates of time and effort. The following program services and supporting activities are included in the accompanying financial statements:

Environment and Health – Includes advocacy for policies to avert climate change, generate a sustainable energy future, reduce carbon pollution, minimize toxic pollution of air, food and drinking water, and prevent human exposure to toxic substances. We provided the medical voice and scientific authority to communicate the urgency of addressing these threats to survival.

Nuclear Weapons Abolition – Includes educating the medical and broader community about the need to improve national policy formulation and decision-making on nuclear weapons and technology matters. PSR articulates both the health threats and the threats to peace posed by nuclear weapons and presses for reduced U.S. reliance on nuclear weapons in national security policy.

Chapter Support – PSR's chapters carry out PSR's mission and priorities at the local level. They work to gain support for PSR priorities and legislative goals; promote PSR's presence, programs, and priorities in the local medical community and in the community at large; actively recruit new PSR members, support membership retention, and develop members into activists through mutual support and encouragement and through local outreach and organizing efforts. They mentor and support medical students and student chapters where possible.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Programs – Includes efforts to present PSR messages on safe energy, global warming, nuclear weapons, and security policy online, publication of PSR reports, and encouraging citizen action through public events and PSR’s electronic alert system. Also included here is the chapter development program that assists local PSR chapters and student PSR with programmatic and educational activities.

Management and General – Includes accounting and production of financial reports, oversight of the annual budget, management of PSR, maintaining the databases of PSR, and any other administrative and office service necessary for PSR.

Fundraising – Includes the solicitation of membership dues, grants and contributions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through July 9, 2024, the date which the financial statements were available to be issued.

NOTE 2—FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

	2023	2022
Furniture	\$ 30,434	\$ 30,434
Equipment	68,301	60,866
Furniture and equipment	98,735	91,300
Less accumulated depreciation	(86,213)	(81,190)
Furniture and equipment, net	\$ 12,522	\$ 10,110

NOTE 3—CONCENTRATIONS OF CREDIT RISK

PSR maintains its cash balances in two financial institutions located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, PSR’s cash balances are fully insured by the FDIC. At December 31, 2022, PSR’s uninsured cash balances totaled approximately \$311,000.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—PAYCHECK PROTECTION PROGRAM

PSR received loans totaling \$326,134 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). PSR has received preliminary forgiveness of both loans. PSR must retain PPP documentation in its files for six years after the date the loan is forgiven and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review PSR's good-faith certification concerning the necessity of its loan request, whether PSR calculated the loan amount correctly, whether PSR used loan proceeds for the allowable uses specified in the CARES Act, and whether PSR is entitled to loan forgiveness in the amount claimed on its application. If SBA determines PSR was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5—DEFINED CONTRIBUTION PLAN

PSR established a 403(b) retirement savings plan covering substantially all employees. Participants in the plan may contribute up to the maximum amount permitted by the IRS. At its own discretion, PSR may elect to contribute an amount which is allocated to participants based on their annual compensation as a percentage of all participants' compensation who are eligible to share. For the years ended December 31, 2023 and 2022, there were no contributions made to the plan.

NOTE 6—NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to donor time and purpose restrictions		
Environment and health	\$ 703,684	\$ 794,166
Nuclear Weapons Abolition	9,852	19,147
Subsequent years' operations	105,125	28,208
Subject to PSR spending policy and appropriation		
Endowment earnings - general use	15,761	9,585
Not subject to appropriation or expenditure		
Donor restricted endowment - general use	39,500	39,500
Net assets with donor restrictions	\$ 873,922	\$ 890,606

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7—JOINT COSTS

PSR achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns in 2023 and 2022 included a total of \$20,971 and \$42,463, respectively, of joint costs that are not directly attributable to either the program components or the fundraising component of the activities. Those joint costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Joint programs	\$ 2,097	\$ 4,246
Fundraising	18,874	38,217
	<u>\$ 20,971</u>	<u>\$ 42,463</u>

NOTE 8—LEASES

PSR has an operating lease for office space, which expires in April 2026. PSR also entered into a financing lease agreement for a copier, which expires in September 2024. There are no variable lease components associated with any of PSR's leases.

The components of total lease cost are as follows:

	<u>2023</u>	<u>2022</u>
Finance lease cost		
Amortization of right-of-use assets	\$ 3,065	\$ 3,065
Interest on lease liabilities	39	71
Operating lease cost	<u>96,673</u>	<u>96,673</u>
Total lease cost	<u>\$ 99,777</u>	<u>\$ 99,809</u>

Other information related to leases are as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance lease	\$ 41	\$ 66
Financing cash flows from finance lease	3,069	3,042
Operating cash flows from operating lease	116,997	114,422
Right-of-use assets obtained in exchange for new finance lease liability	-	8,430
Weighted average remaining lease term		
Finance lease	0.75 years	1.75 years
Operating lease	2.33 years	3.33 years
Weighted average discount rate		
Finance lease	1.04%	1.04%
Operating lease	1.20%	1.20%

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8—LEASES (continued)

The maturities of lease liabilities as of December 31, 2023 are as follows:

	Financing Lease	Operating Lease
Year ending December 31:		
2024	\$ 2,331	\$ 119,629
2025	-	122,321
2026	-	41,075
	2,331	283,025
Total minimum lease payments		
Imputed interest	(8)	(3,816)
	\$ 2,323	\$ 279,209
Total lease liabilities	\$ 2,323	\$ 279,209

NOTE 9—ENDOWMENT

PSR's endowment consists of one fund held at The Philadelphia Foundation, as well as cash to be transferred to The Philadelphia Foundation. The Philadelphia Foundation has governance over the investment of funds and distribution of fund assets. 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 Board of Directors of PSR has interpreted Massachusetts's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, PSR classifies as net assets with donor restrictions not subject to appropriation or expenditure (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. PSR has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is classified as net assets with donor restrictions subject to PSR's spending policy until those amounts are appropriated for expenditure by PSR in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, PSR considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of PSR, and (7) PSR's investment policies.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9—ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters, and Strategies. PSR has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor-restricted funds that PSR must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve the earning power of the principal and to grow the principal to at least meet inflation.

To satisfy its long-term rate-of-return objectives, PSR relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/losses and interest and dividends. PSR targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. PSR, as far as possible, invests in funds that are fossil fuel free and free from investment in corporations that build nuclear weapons.

Spending Policy. Annually, PSR's Finance Committee recommends to the Board of Directors the amount of the earnings to be recommended to be disbursed to PSR from The Philadelphia Foundation. Any undistributed income in excess of amounts required to satisfy the spending rule shall be accumulated and added to the principal. PSR has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Endowment net asset composition by type of fund is as follows:

	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amounts	\$ 39,500	\$ 39,500
Accumulated investment gains	15,761	9,585
Total endowment funds	\$ 55,261	\$ 49,085

Change in endowment net assets are as follows:

	2023	2022
Endowment net assets at beginning of year	\$ 49,085	\$ 57,351
Investment return, net	6,176	(8,266)
Endowment net assets at end of year	\$ 55,261	\$ 49,085

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10—LIQUIDITY AND AVAILABILITY

The following reflects PSR's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditure within one year of the date of the statements of financial position because of donor-imposed or other restrictions.

	2023	2022
Financial assets at year-end	\$ 697,480	\$ 940,243
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(729,297)	(822,898)
Donor-restricted to maintain as an endowment	(39,500)	(39,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ (71,317)	\$ 77,845

PSR is substantially supported by contributions, many of which are restricted for a specific purpose or period. Because a donor's restriction requires resources to be used in a particular manner or in a future period, PSR must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of PSR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and obligations come due.

NOTE 11—CONTINGENCY

As indicated in the accompanying financial statements, PSR has incurred net operating losses the last two years and, as of December 31, 2023, had a net deficit without donor restrictions of \$302,158. The net deficit, along with declining membership support for the past three years and majority of grants being received restricted for specific purposes, create uncertainty about PSR's ability to continue as a going concern for the year following the date the financial statements are available to be issued. Management has evaluated conditions subsequent to year end and believes the uncertainty about the ability to continue as a going concern has been alleviated.

Management has evaluated these conditions and believes that grants that have been applied for and received in 2024, coupled with new fundraising strategies and leadership being employed, will help in reducing the net deficit. In 2024, PSR has applied for and anticipates receiving approximately \$1,364,000 in restricted grants, which is ahead of funding received in 2023. While these grants are restricted for specific purpose, they are all program and mission aligned with the majority of the grant budgets covering personnel costs at PSR, which is PSR's largest annual expense. To assist in growing its unrestricted revenue streams, PSR's development team is now fully staffed with individuals with significant experience in fundraising for nonprofit organizations and has implemented new fundraising initiatives to cultivate new donors, as well as to reengage historical donors, in addition to opening a new planned giving portal to support PSR in the future. Management also continually assesses costs to determine nonessential expenses that could be reduced or eliminated. The financial statements do not include any adjustments that might be necessary if PSR is unable to continue as a going concern.