



FINANCIAL STATEMENTS

December 31, 2019 and 2018

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Physicians for Social Responsibility, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Physicians for Social Responsibility, Inc. as of December 31, 2019 and 2018, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Name of Entity adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
April 7, 2020

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 344,796	\$ 562,052
Pledges receivable	135,934	89,858
Prepaid expenses	27,831	42,922
Total current assets	508,561	694,832
Furniture and equipment, net	10,153	17,091
OTHER ASSETS		
Investments	3,474	3,474
Beneficial interest in assets held by The Philadelphia Foundation	43,753	32,825
Security deposit	8,746	8,746
Total other assets	55,973	45,045
Total assets	\$ 574,687	\$ 756,968
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,284	\$ 50,619
Accrued expenses	43,266	17,722
Due to chapters	37,228	800
Grant payable	-	23,311
Accrued vacation	21,956	18,101
Current portion of capital leases payable	-	5,771
Total current liabilities	116,734	116,324
LONG-TERM LIABILITIES		
Deferred rent obligation	92,638	80,151
Deferred lease incentive	4,126	4,777
Capital leases payable less current portion	-	1,975
Total long-term liabilities	96,764	86,903
Total liabilities	213,498	203,227
NET ASSETS		
Without donor restrictions	81,659	436,750
With donor restrictions	279,530	116,991
Total net assets	361,189	553,741
Total liabilities and net assets	\$ 574,687	\$ 756,968

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	%
SUPPORT AND REVENUE				
Contributions and grants	\$ 897,545	\$ 211,213	\$ 1,108,758	80.0%
Membership dues	270,169	-	270,169	19.5%
Agency endowment return	-	5,928	5,928	0.4%
Interest and dividends	21	-	21	0.0%
Other income	658	-	658	0.0%
	<u>1,168,393</u>	<u>217,141</u>	<u>1,385,534</u>	<u>100%</u>
EXPENSES				
Program services				
Environment and health	288,218	-	288,218	18.3%
Security	221,261	-	221,261	14.0%
Student	76	-	76	0.0%
Chapter support	174,933	-	174,933	11.1%
Joint programs	481,036	-	481,036	30.5%
	<u>1,165,524</u>	<u>-</u>	<u>1,165,524</u>	<u>73.9%</u>
Supporting activities				
Management and general	277,300	-	277,300	17.6%
Fundraising	135,262	-	135,262	8.6%
	<u>412,562</u>	<u>-</u>	<u>412,562</u>	<u>26.1%</u>
Total expenses	1,578,086	-	1,578,086	<u>100%</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Expiration of time restrictions	18,000	(18,000)	-	
Satisfaction of purpose restrictions	36,602	(36,602)	-	
	<u>54,602</u>	<u>(54,602)</u>	<u>-</u>	
Net assets released from restrictions	54,602	(54,602)	-	
Change in net assets	(355,091)	162,539	(192,552)	
Net assets at beginning of year	436,750	116,991	553,741	
Net assets at end of year	<u>\$ 81,659</u>	<u>\$ 279,530</u>	<u>\$ 361,189</u>	

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total	%
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,241,295	\$ 51,674	\$ 1,292,969	83.5%
Membership dues	254,713	-	254,713	16.5%
Agency endowment return	-	(2,171)	(2,171)	-0.1%
Interest and dividends	625	969	1,594	0.1%
Other income	896	-	896	0.1%
Total support and revenue	1,497,529	50,472	1,548,001	<u>100%</u>
EXPENSES				
Program services				
Environment and health	241,444	-	241,444	17.4%
Security	182,138	-	182,138	13.1%
Student	413	-	413	0.0%
Chapter support	182,947	-	182,947	13.2%
Joint programs	429,982	-	429,982	31.0%
Total program services	1,036,924	-	1,036,924	74.7%
Supporting activities				
Management and general	236,977	-	236,977	17.1%
Fundraising	113,819	-	113,819	8.2%
Total supporting activities	350,796	-	350,796	<u>25.3%</u>
Total expenses	1,387,720	-	1,387,720	<u>100%</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Expiration of time restrictions	107,421	(107,421)	-	
Satisfaction of purpose restrictions	99,701	(99,701)	-	
Net assets released from restrictions	207,122	(207,122)	-	
Change in net assets	316,931	(156,650)	160,281	
Net assets at beginning of year	119,819	273,641	393,460	
Net assets at end of year	<u>\$ 436,750</u>	<u>\$ 116,991</u>	<u>\$ 553,741</u>	

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services					Supporting Activities		Total
	Environment and Health	Security	Student	Chapter Support	Joint Programs	Management and General	Fundraising	
Personnel	\$ 221,566	\$ 177,082	\$ -	\$ 54,940	\$ 289,044	\$ 103,137	\$ 56,813	\$ 902,582
Professional fees	28,830	2,041	-	1,500	18,668	93,547	5,227	149,813
Grants and assistance	-	-	-	98,096	-	-	-	98,096
Office expenses	1,067	11,122	-	94	81,166	27,859	22,964	144,272
Conferences and meetings	1,770	760	-	12,500	-	-	916	15,946
Insurance	2,919	2,333	-	724	3,808	1,359	748	11,891
Occupancy	26,454	21,143	-	6,560	34,511	12,315	6,783	107,766
Advertising	-	1,353	-	-	-	5,798	182	7,333
Information technology	-	127	-	-	50,852	4,775	8,330	64,084
Travel	3,692	3,773	76	45	284	9,107	32,809	49,786
Interest	-	-	-	-	-	225	-	225
Depreciation	1,911	1,527	-	474	2,493	890	490	7,785
Bad debt expense	-	-	-	-	-	18,000	-	18,000
Miscellaneous	9	-	-	-	210	288	-	507
Total expenses	\$ 288,218	\$ 221,261	\$ 76	\$ 174,933	\$ 481,036	\$ 277,300	\$ 135,262	\$ 1,578,086

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services					Supporting Activities		Total
	Environment and Health	Security	Student	Chapter Support	Joint Programs	Management and General	Fundraising	
Personnel	\$ 203,933	\$ 139,004	\$ 250	\$ 50,837	\$ 242,405	\$ 92,688	\$ 46,587	\$ 775,704
Professional fees	340	5,394	-	-	28,568	82,764	13,574	130,640
Grants and assistance	-	-	-	123,955	-	-	-	123,955
Office expenses	1,371	11,219	-	20	62,142	36,093	17,600	128,445
Conferences and meetings	-	-	-	-	-	-	891	891
Insurance	3,665	2,498	4	914	4,357	1,666	837	13,941
Occupancy	26,785	18,257	33	6,677	31,837	12,173	6,119	101,881
Advertising	-	-	-	-	-	5,674	288	5,962
Information technology	-	24	-	-	52,867	892	6,349	60,132
Travel	3,573	4,531	124	101	5,694	2,699	21,168	37,890
Interest	-	-	-	-	-	682	-	682
Depreciation	1,777	1,211	2	443	2,112	809	406	6,760
Miscellaneous	-	-	-	-	-	837	-	837
Total expenses	\$ 241,444	\$ 182,138	\$ 413	\$ 182,947	\$ 429,982	\$ 236,977	\$ 113,819	\$ 1,387,720

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (192,552)	\$ 160,281
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for investment in endowment	(5,000)	-
Loss on disposal of equipment	1,838	-
Depreciation	7,785	6,760
Forgiveness of note payable	-	(100,000)
Forgiveness of capital lease payable	(1,975)	-
Investment return retained in agency endowment	(5,928)	2,171
(Increase) decrease in assets		
Pledges receivable	(46,076)	102,149
Prepaid expenses	15,091	(14,150)
Increase (decrease) in liabilities		
Accounts payable	(36,335)	27,722
Accrued expenses	25,544	14,177
Due to chapters	36,428	(17,229)
Grant payable	(23,311)	23,311
Accrued vacation	3,855	(762)
Deferred rent obligation	12,487	41,173
Deferred lease incentive	(651)	4,777
Net cash flows from operating activities	(208,800)	250,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer of cash to be invested in agency endowment	(5,000)	-
Purchases of equipment	(2,685)	(10,293)
Net cash flows from investing activities	(7,685)	(10,293)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases payable	(5,771)	(6,879)
Proceeds from contributions restricted for investment in endowment	5,000	-
Net cash flows from financing activities	(771)	(6,879)
Change in cash	(217,256)	233,208
Cash at beginning of year	562,052	328,844
Cash at end of year	\$ 344,796	\$ 562,052
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 222	\$ 682
Noncash financing transactions		
Forgiveness of note payable	-	100,000
Forgiveness of capital lease payable	1,975	-

See accompanying notes.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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.

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 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.

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.

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).

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Adoption of New Accounting Guidance

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. PSR adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

Date of Management's Review

Management has evaluated subsequent events through April 7, 2020, the date which the financial statements were available to be issued.

NOTE 2—FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	2019	2018
Furniture	\$ 30,434	\$ 30,434
Equipment	50,755	70,126
Furniture and equipment	81,189	100,560
Less accumulated depreciation	(71,036)	(83,469)
Furniture and equipment, net	\$ 10,153	\$ 17,091

NOTE 3—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, 2019 and 2018, there were no contributions made to the plan.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Assets at Fair Value as of December 31, 2019	
	Fair Value	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by The Philadelphia Foundation	\$ 43,753	\$ 43,753
	Assets at Fair Value as of December 31, 2018	
	Fair Value	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by The Philadelphia Foundation	\$ 32,825	\$ 32,825

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

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by The Philadelphia Foundation	
	2019	2018
Balance at beginning of year	\$ 32,825	\$ 29,496
Contributions	5,000	5,500
Change in value of beneficial interest included in change in net assets	5,928	(2,171)
Balance at end of year	\$ 43,753	\$ 32,825

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5—LEASES

Capital Lease

PSR leased equipment under a capital lease that was set to expire in April 2020. The capital lease required monthly payments of principal and interest of \$674. Interest expense for the years ended December 31, 2019 and 2018 was \$222 and \$682, respectively. During 2019, future obligations on the capital lease were waived after PSR entered into a new lease agreement for a copier classified as an operating lease.

The leased equipment had a cost of \$49,195 and accumulated depreciation of \$41,843 at December 31, 2018. The leased equipment was disposed of during the year ended December 31, 2019.

Operating Leases

Effective May 2016, PSR amended its prior office lease agreement and extended the lease 10 years, expiring in April 2026. The lease agreement calls for annual base rent which is scheduled to increase 2.5% each year and also calls for annual additional rent that includes PSR's pro rata share of real estate taxes and other building operating expenses. The terms of the lease include provisions for a construction allowance up to the amount of \$122,670 and rent abatement, also known as "free rent allowance" for the first two consecutive full months of each of the first four lease years of base rent and additional rent payments.

As of December 31, 2019, PSR has used \$4,520 of the construction allowance. Rent expense for 2019 and 2018 was \$107,766 and \$101,881, respectively.

In September 2019, PSR entered into an operating lease for a copier requiring monthly payments of \$259. The lease expires in September 2024. Lease expense under lease for the year ended December 31, 2019 was \$777.

Future minimum payments on PSR's operating leases are as follows:

	<u>Office Lease</u>	<u>Copier Lease</u>	<u>Total</u>
2020	\$ 109,442	\$ 3,108	\$ 112,550
2021	111,904	3,108	115,012
2022	114,422	3,108	117,530
2023	116,997	3,108	120,105
2024	119,626	2,331	121,957
Thereafter	<u>163,396</u>	<u>-</u>	<u>163,396</u>
	<u>\$ 735,787</u>	<u>\$ 14,763</u>	<u>\$ 750,550</u>

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6—NET ASSETS

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

	2019	2018
Subject to donor time and purpose restrictions		
Energy and health	\$ 120,626	\$ 18,780
Security program	11,659	16,894
Subsequent years' operations	103,492	48,492
Subject to PSR spending policy and appropriation		
Endowment earnings - general use	8,253	2,325
Not subject to appropriation or expenditure		
Donor restricted endowment	35,500	30,500
Net assets with donor restrictions	\$ 279,530	\$ 116,991

NOTE 7—ENDOWMENT

PSR's endowment consists of one fund held at 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, 2019 and 2018

NOTE 7—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:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$ 30,500	\$ 30,500
Accumulated investment gains	-	13,253	13,253
Total endowment funds	\$ -	\$ 43,753	\$ 43,753
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$ 30,500	\$ 30,500
Accumulated investment gains	-	2,325	2,325
Total endowment funds	\$ -	\$ 32,825	\$ 32,825

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7—ENDOWMENT (continued)

Change in endowment net assets are as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 32,825	\$ 32,825
Contributions	-	5,000	5,000
Investment return, net	-	5,928	5,928
	<u>\$ -</u>	<u>\$ 43,753</u>	<u>\$ 43,753</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 34,996	\$ 34,996
Investment return, net	-	(2,171)	(2,171)
	<u>\$ -</u>	<u>\$ 32,825</u>	<u>\$ 32,825</u>

NOTE 8—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 2019 and 2018 included a total of \$451,251 and \$346,927, respectively, of joint costs that are not directly attributable to either the program components or the fundraising component of the activities. Those joint costs in were allocated as follows:

	2019	2018
Joint programs	\$ 361,001	\$ 277,038
Fundraising	90,250	69,259
	<u>\$ 451,251</u>	<u>\$ 346,297</u>

NOTE 9—CONCENTRATIONS OF CREDIT RISK

PSR maintains its cash balances in two financial institutions located in Washington, DC. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019 and 2018, PSR's uninsured cash balances total approximately \$104,000 and \$248,000, respectively.

PHYSICIANS FOR SOCIAL RESPONSIBILITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 10—LIQUIDITY AND AVAILABILITY

The following reflects PSR's financial assets as of the date of the statement 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.

	2019	2018
Financial assets at year-end	\$ 527,957	\$ 688,209
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(244,030)	(86,491)
Donor-restricted to maintain as an endowment	(35,500)	(30,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ 248,427	\$ 571,218

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—SUBSEQUENT EVENT

PSR's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on PSR is uncertain; however, it may result in a material adverse impact on the PSR's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the PSR's donors and revenue, absenteeism in PSR's workforce, unavailability of programs, and a decline in value assets held by PSR.