

**Physicians Committee for
Responsible Medicine, Inc.
Consolidated Financial Statements
and Supplementary Information
July 31, 2024**

With Independent Auditors' Report Thereon

PhysiciansCommittee for Responsible Medicine

Physicians Committee for Responsible Medicine, Inc.
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Independent Auditors' Report

To The Board of Directors
Physicians Committee for Responsible Medicine, Inc.
Washington, DC

Opinion

We have audited the accompanying consolidated financial statements of Physicians Committee for Responsible Medicine, Inc. which comprise the consolidated statement of financial position as of July 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Physicians Committee for Responsible Medicine, Inc. as of July 31, 2024, and the results of its changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Physicians Committee for Responsible Medicine, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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:

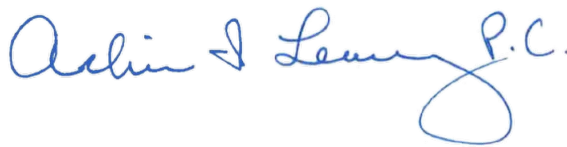
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Physicians Committee for Responsible Medicine, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about the Physicians Committee for Responsible Medicine, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities on pages 30 through 33 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Rockville, Maryland
January 6, 2025

A handwritten signature in blue ink, reading "Arthur J. Lemay P.C.", with a stylized flourish at the end.

Physicians Committee for Responsible Medicine, Inc.
Consolidated Statement of Financial Position
July 31, 2024

Assets

Current Assets	
Cash	\$ 1,419,934
Investments	19,438,200
Other receivable, net	329,215
Receivable from legacies and bequests	1,690,573
Inventory	84,662
Prepaid expenses	391,480
Total Current Assets	<u>23,354,064</u>
Other Assets, deposit	19,147
Investments Related to Restricted and Designated Funds	10,433,605
Investments Restricted to Charitable Gift Annuity Obligations	4,585,108
Operating Lease Right-Of-Use Asset, net	10,231,846
Property and Equipment, net	<u>1,339,857</u>
Total Assets	<u><u>\$ 49,963,627</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable and accrued expenses	\$ 2,154,943
Operating lease liability - current portion	738,596
Deferred revenue	260,238
Current portion of annuities payable	195,023
Total Current Liabilities	<u>3,348,800</u>
Long-term Liabilities	
Annuities payable, net of current portion	1,615,767
Operating lease liability - long-term portion	12,230,394
Total Long-term Liabilities	<u>13,846,161</u>
Total Liabilities	<u>17,194,961</u>
Net Assets	
Without donor restrictions	20,263,480
Board designated	8,336,539
Total Net Assets Without Donor Restrictions	<u>28,600,019</u>
With donor restrictions	<u>4,168,647</u>
Total Net Assets	<u>32,768,666</u>
Total Liabilities and Net Assets	<u><u>\$ 49,963,627</u></u>

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidated Statement of Activities
For the Year Ended July 31, 2024

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Public Support			
Contributions and donations	\$ 9,540,613	\$ 1,969,210	\$ 11,509,823
Legacies and bequests	6,811,921	1,690,573	8,502,494
Grant income	513,000	-	513,000
Net assets released from restrictions:			
Expiration of time restrictions	1,465,679	(1,465,679)	-
Satisfaction of program restrictions	2,362,776	(2,362,776)	-
	<u>20,693,989</u>	<u>(168,672)</u>	<u>20,525,317</u>
Total Public Support			
Other Revenue			
Medical services	483,904	-	483,904
Investment income	2,050,132	183,509	2,233,641
Rental and other income	709,848	-	709,848
Merchandise sales and services			
Gross sales and services	603,730	-	603,730
Cost of goods sold	(30,017)	-	(30,017)
	<u>3,817,597</u>	<u>183,509</u>	<u>4,001,106</u>
Total Other Revenue			
Total Support and Revenue	<u>24,511,586</u>	<u>14,837</u>	<u>24,526,423</u>
Expenses			
Program Services			
Research and Regulatory Affairs	4,774,768	-	4,774,768
Clinical Research	1,741,500	-	1,741,500
Nutrition Education	4,092,169	-	4,092,169
Legal Advocacy	771,297	-	771,297
Education and Policy	951,876	-	951,876
Medical Services	1,328,302	-	1,328,302
Communications	3,785,042	-	3,785,042
	<u>17,444,954</u>	<u>-</u>	<u>17,444,954</u>
Total Program Services			

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidated Statement of Activities
For the Year Ended July 31, 2024
(continued)

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Supporting Services			
Operational expenses	2,527,111	-	2,527,111
Development expenses	<u>2,963,294</u>	<u>-</u>	<u>2,963,294</u>
Total Supporting Services	<u>5,490,405</u>	<u>-</u>	<u>5,490,405</u>
Total Expenses	<u>22,935,359</u>	<u>-</u>	<u>22,935,359</u>
Change in Net Assets	1,576,227	14,837	1,591,064
Net Assets, Beginning of Year	<u>27,023,792</u>	<u>4,153,810</u>	<u>31,177,602</u>
Net Assets, End of Year	<u><u>\$ 28,600,019</u></u>	<u><u>\$ 4,168,647</u></u>	<u><u>\$ 32,768,666</u></u>

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended July 31, 2024

	Program Services				
	<u>Research and Regulatory Affairs</u>	<u>Clinical Research</u>	<u>Nutrition Education</u>	<u>Legal Advocacy</u>	<u>Education and Policy</u>
Salaries, benefits and other personnel expenses	\$ 2,394,901	\$ 854,653	\$ 1,875,499	\$ 410,082	\$ 512,299
Member communications	941,537	-	21,941	-	-
Professional services	461,007	523,318	498,880	297,467	100,502
General operating expenses	462,102	124,510	1,037,609	22,019	180,543
Media and promotion expenses	4,439	15,000	73,963	-	20,800
Rent and building expenses	206,257	82,695	185,638	26,440	63,434
Computer, phone, copier	120,447	70,567	132,317	14,602	28,599
Printing	29,079	13,694	92,968	170	4,798
Travel and transportation	105,253	52,358	128,262	113	26,944
Postage	<u>49,746</u>	<u>4,705</u>	<u>45,092</u>	<u>404</u>	<u>13,957</u>
Total	<u>\$ 4,774,768</u>	<u>\$ 1,741,500</u>	<u>\$ 4,092,169</u>	<u>\$ 771,297</u>	<u>\$ 951,876</u>
Percent of Total Expenses	<u>20.82%</u>	<u>7.59%</u>	<u>17.84%</u>	<u>3.36%</u>	<u>4.15%</u>

The accompanying notes are an integral part of the consolidated financial statements

			Supporting Services			Total Expenses
Medical Services	Communications	Total	Operational	Development	Total	
\$ 1,080,080	\$ 2,029,141	\$ 9,156,655	\$ 994,905	\$ 1,171,062	\$ 2,165,967	\$ 11,322,622
-	-	963,478	19,241	1,155,317	1,174,558	2,138,036
55,435	314,180	2,250,789	157,328	161,278	318,606	2,569,395
67,063	71,825	1,965,671	420,642	110,853	531,495	2,497,166
-	750,400	864,602	-	7,887	7,887	872,489
4,708	178,045	747,217	854,043	103,389	957,432	1,704,649
112,513	150,165	629,210	64,999	126,593	191,592	820,802
1,768	176,418	318,895	15,136	10,100	25,236	344,131
4,804	26,136	343,870	354	36,798	37,152	381,022
1,931	88,732	204,567	463	80,017	80,480	285,047
<u>\$ 1,328,302</u>	<u>\$ 3,785,042</u>	<u>\$ 17,444,954</u>	<u>\$ 2,527,111</u>	<u>\$ 2,963,294</u>	<u>\$ 5,490,405</u>	<u>\$ 22,935,359</u>
<u>5.79%</u>	<u>16.51%</u>	<u>76.06%</u>	<u>11.02%</u>	<u>12.92%</u>	<u>23.94%</u>	<u>100.00%</u>

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidated Statement of Cash Flows
For the Year Ended July 31, 2024

Cash Flows from Operating Activities	
Change in net assets	\$ 1,591,064
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	122,883
Loss on disposition of property and equipment	1,889
Realized gain on sale of investments	(204,871)
Unrealized gain on investments	(837,480)
Donated investments	(425,544)
Amortization of bond premium and discount	(67,190)
Amortization of right-of-use asset	898,066
Change in operating assets and liabilities:	
Decrease in other receivables	147,575
Increase in receivable from legacies and bequests	(539,440)
Increase in inventory	(144)
Decrease in prepaid expenses	73,492
Increase in other assets	(17,233)
Increase in accounts payable and accrued expenses	584,843
Decrease in operating lease liability	(687,931)
Decrease in deferred revenue	(48,981)
Net Cash Provided By Operating Activities	<u>590,998</u>
Cash Flows from Investing Activities	
Reinvestment of matured securities and purchase of investments	(8,041,690)
Proceeds from sale of investments	7,364,210
Purchase of property and equipment	<u>(247,403)</u>
Net Cash Used In Investing Activities	<u>(924,883)</u>
Cash Flows from Financing Activities	
Proceeds from annuity contracts	403,172
Principal payments on annuity contract	<u>(188,396)</u>
Net Cash Provided By Financing Activities	<u>214,776</u>
Decrease in Cash	(119,109)
Cash at Beginning of Year	<u>1,539,043</u>
Cash at End of Year	<u><u>\$ 1,419,934</u></u>
Supplemental Disclosure of Cash Flows Information:	
Interest paid during the year	<u>\$ 758,991</u>
Income taxes paid during the year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 1: Organization

The Physicians Committee for Responsible Medicine, Inc. (the Physicians Committee), a nonprofit organization, was incorporated under the laws of the state of Delaware on April 16, 1985. The organization is a nationwide group of physicians and laypersons concerned about issues in modern medicine. The Physicians Committee is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

The Physicians Committee promotes preventive medicine, particularly good nutrition, conducts clinical research, and encourages higher standards for ethics and effectiveness in research. The following is a description of the various programs currently being conducted by the Physicians Committee.

Research and Regulatory Affairs

We promote human-specific, nonanimal approaches for use in research, testing, and education, through scientific support, policy change, and education and outreach. In fiscal year (FY) 2024, our scientists continued our work to overcome barriers to the uptake of nonanimal approaches. We provided input to relevant agencies through responses to requests for information, with notices in the Federal Register, and at agency meetings. To overcome bias in favor of animal use in research, our scientists continued leading a collaboration to provide evidence of the bias and implement strategies to overcome it. To promote human-based approaches, our scientists continued training established and early-career scientists via direct agency training, continuing education courses, a training program focused on human-based approaches for use in regulatory testing, supporting webinars for a scientific society, and our biennial summer program that covers human-based approaches in research and testing, reaching approximately 5,000 scientists live, and many more through recordings. To meet a need for training in non-English speaking countries, we launched a learning management system with translations in Spanish. We published on bias favoring the use of animals in research, xenotransplantation, in vitro methods, and computational modeling. To improve physician training, we continued our work to replace animals in residency training programs. Largely as a result of our work, 99% of surveyed advanced trauma life support programs in the U.S. and Canada use nonanimal, human-based training methods. In addition, 97% of emergency medicine programs in the U.S. and Canada no longer use animals, and nearly 80% of surgery programs have replaced animals.

Nutrition Education

Nutrition experts grew a variety of educational programs to promote plant-based diets for health. To educate clinicians, the Nutrition Guide for Clinicians, a diagnostic and treatment mobile application, reached 6,470 new users, with nearly 67,000 total users to date. NutritionCME.org brought in 3,637 health care professionals through novel and practical educational content, and we provided lectures at 18 medical, nursing, and dental schools, reaching 893 students. The clinician referral network brought in 101 new providers, for a total of 550 worldwide, and we launched a new dietitian referral program with more than 70 plant-based registered dietitians. The Let's Beat Breast Cancer campaign added 45 events in

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 1: Organization, (continued)

Nutrition Education (continued)

communities across the country, gaining media attention in 52 media articles with a reach of 151 million. The bilingual 21-Day Vegan Kickstart mobile application reached 22,800 people with menus, recipes, education, and cooking videos to support individuals transitioning to a plant-based diet. Our new multilingual One Healthy World program reached more than 400,000 people across the world in English, French, and Spanish languages. In India we held 24 in-person and virtual lunch-and-learn events reaching 3,500 people. In China, we reached more than 35,560 people, including 2,400 health care professionals, through a total of 218 lectures across 70 cities. The Food for Life nutrition and cooking program, via our global network of nearly 440 instructors and institutions, reached nearly 18,300 students through nearly 3,000 individual classes.

Clinical Research

We design and conduct clinical health and nutrition research studies, with the goal of motivating more attention in diet and prevention among health care professionals, medical researchers, policymakers, and patients. Research staff and colleagues published nine papers in peer-reviewed journals and presented their research at the American Diabetes Association's Scientific Sessions and at the International Symposium on Diabetes and Nutrition of the Diabetes and Nutrition Study Group of the European Association for the Study of Diabetes. We are continuing a clinical trial that tests the effects of a vegan diet in women with endometriosis and its ability to reduce pain. We are currently conducting a study in partnership with Blue Cross Blue Shield, tracking not only clinical outcomes, such as body weight and glycemic control, but also health care expenditures in people with type 2 diabetes. Our goal is to build upon the body of knowledge of the value of plant-based diets and generate wider acceptance, among the medical and scientific communities, policymakers, and the press, of the power of plant-based diets to prevent and treat disease.

Communications

Working with physicians, health experts, and celebrities who serve as spokespeople, we inform, persuade, and inspire readers through strategic media relations, social media, digital communications, print publications, and advertisements. Our work was featured in traditional news outlets including The New York Times, Newsweek, The Washington Post, BBC, The Los Angeles Times, NPR, The Mirror, New York Daily News, Forbes, United Press International, Medical Xpress, Healio, Woman's World, U.S. News and World Report, ABC News, CBS News, Fox News, NBC News, Business Insider India, and many more. Our doctor-authored op-eds have been published in major newspapers including South Florida Sun Sentinel, Albany Times Union, Colorado Newslane, and Lansing State Journal. Print and online news coverage generated 3,699 news articles for a total engagement (number of times a link was shared, commented on, or liked on social media) of 275,880 and an average unique visitors per month of 4.4 million. Our

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 1: Organization, (continued)

Communications, (continued)

social media content created conversations daily among more than 1.8 million followers on 16 social media accounts. In FY 2024, 20 million accounts were reached across Meta platforms and Twitter. YouTube's following grew to 468.4K, up 45K subscribers from the previous year, and our videos were viewed by 8 million times. The Exam Room Podcast was downloaded more than 3.5 million times on podcast platforms in FY 2024 and nearly 20 million from its launch in 2018. Our website received 4,712,530 total page views in FY 2024. We completed more than 900 separately tracked print and display materials, promotional merchandise, and electronic graphics and e-publications. Good Medicine, the Physicians Committee's 24-page magazine, keeps members informed and involved. Four issues of Good Medicine were published in FY 2024. Total print distribution was 325,841.

Legal Advocacy

Through litigation and petitions, we promote better health and compassionate research practices. In light of the World Health Organization's determination that processed meat is a carcinogen, we continued our litigation against the California Office of Environmental Health Hazard Assessment for refusing to designate processed meat as a carcinogen, in violation of state law. We pursued a First Amendment lawsuit against the U.S. Department of Agriculture, challenging unlawful restrictions on speech, by students nationwide, critical of dairy milk sold via the National School Lunch Program. In California, Texas, and Rhode Island, we litigated to raise public awareness about unethical experiments carried out on animals at prominent institutions.

Education and Policy

We lead advocacy efforts to expand the adoption and availability of plant-based diets. We advocate in Congress to end the inequitable statutory barriers that prevent students from accessing nondairy milks at schools, increase the availability of plant-based school meals, and push back against the dairy industry's efforts to force schools to serve dairy. We empower physicians, clinicians, and students to ensure their voices are heard on the need for better nutrition. We advocate to revise the Dietary Guidelines for Americans (DGA) to end its unnecessary promotion of meat and dairy. We work alongside Native American tribal governments to ensure federal agencies consult with tribes regarding the DGA.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 1: Organization, (continued)

Education and Policy, (continued)

At the state level, our advocacy resulted in the first-of-its-kind resource in New York State, which will ensure the state informs physicians about continuing medical education opportunities in nutrition—including plant-based diets. We also advocate at the federal and state level to encourage the funding, development, and implementation of human-relevant, nonanimal methods in medical research, education, and product testing. In Congress, our advocacy helped to secure funding in the FY2024 spending bill for the Food and Drug Administration’s initiatives to reduce animal testing, among other provisions supporting human-based testing at the agency. We also helped secure report language to encourage the National Institutes of Health to develop guidance for the use of cephalopods in research, and opposed efforts to expand the agency’s primate research. At the state level, we worked with legislators in Michigan to support legislation that would prohibit painful experiments on dogs and cats and advocated for a new law in Virginia to create a task force to explore greater transparency of state-funded animal research. Physicians Committee president Neal Barnard, MD, FACC, oversaw clinical research studies and medical education programs, including the International Conference on Nutrition in Medicine. He presented at medical schools and hospitals and conducted interviews to educate listeners about healthful nutrition and modern ethical research methods. The Physicians Committee’s e-commerce and fulfillment operation provides educational literature and merchandise on nutrition and disease prevention to its members, the health care community, and the public. In FY 2024, we had 689 new customers, 5,000 pieces of literature were downloaded from our website, and we fulfilled more than 1,200 physical orders of 46,394 pieces of literature and merchandise (books, DVDs, educational posters, etc.) to locations around the globe.

Medical Services

PCRM Clinic d/b/a Barnard Medical Center (BMC) is a primary care facility providing comprehensive care for adults. Along with providing primary care needs, the clinicians at BMC also offer top-notch specialized care through nutrition and prevention to patients with diabetes, obesity, hypertension, lipid disorders, heart disease, arthritis, and migraines. BMC offers consultations, annual exams, medical office visits, telehealth visits, nutrition counseling, and medical nutrition therapy services. BMC clinicians try to tackle the root causes of the illness by providing extra attention to the patient and help patients adopt a healthier lifestyle. Although BMC’s board-certified physicians, nurse practitioners, and registered dietitians provide state-of-the-art medical care, many of the patients still need more support. While lifestyle changes and nutrition can make a huge difference in a patient’s health, it can be hard for patients to adapt to a new lifestyle. That is why the experts at BMC offer lifestyle management for patients to help prevent, treat, and, in many cases, reverse some chronic conditions.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 2: Summary of Significant Accounting Policies

Consolidation and Basis of Accounting

The consolidated financial statements include the accounts of the Physicians Committee and its wholly owned and controlled subsidiaries, The PCRM Foundation and BMC. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for profit organizations.

Net Assets

The Physicians Committee follows the Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under this topic, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Physicians Committee and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may be met either by actions of the Physicians Committee and/or the passage of time or that are subject to donor-imposed stipulations that may be maintained permanently by the Physicians Committee.

In-Kind Contributions and Donated Services

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. Donated services are recognized as contributions in the accompanying consolidated financial statements to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation. During the year ended July 31, 2024, the Physicians Committee received donated consulting services, advertising, equipment, bio-material and artwork with a calculated fair market value of \$686,612.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less. Cash and cash equivalents do not include temporary cash held in custodial accounts or restricted investments.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 2: Summary of Significant Accounting Policies, (continued)

Inventory

Inventories are stated at the lower of cost (first in, first out) or market. Cost includes all direct costs to bring inventory to its present location.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the Codification establishes a fair value hierarchy that is based on the valuation inputs in the fair value measurements. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 Observable market-based or unobservable inputs corroborated by - market data. Investments classified as Level 2 trade in markets that are not considered to be active.
- Level 3 Unobservable inputs that are not corroborated by market data. Valuation is accomplished using management's best estimate of fair value.

Patient Receivables and Bad Debts

Patient receivables are reduced by reserves for contractual allowance and uncollectible accounts. In evaluating the collectability of patient receivables, BMC analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate reserve for contractual allowances and provisions for bad debts.

Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the reserves for contractual allowances and uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, BMC analyzes contractually due amounts and provides a reserve for contractual allowances and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). The difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the reserves for contractual allowance and uncollectible accounts. At July 31, 2024, BMC's reserve for contractual allowances and uncollectible accounts was \$66,228.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 2: Summary of Significant Accounting Policies, (continued)

Property and Equipment

The Physicians Committee records property and equipment at cost and depreciated over estimated useful lives of 3 to 27 ½ years using the straight-line method. Leasehold improvements are amortized over the lesser of the term of the related lease or estimated useful life of the asset. Repairs and maintenance costs are expensed as incurred. It is the policy of the Physicians Committee to capitalize all property and equipment acquisitions in excess of \$3,000. However, it is the policy of The PCRM Foundation and BMC to capitalize all property and equipment acquisitions in excess of \$1,000.

Annuities

The Physicians Committee has entered into contracts with donors to pay periodic stipulated payments to the donors or other designated individuals that terminates at a specified time. The Physicians Committee records a liability based on the present value of the future payments resulting from the annuity contracts at the date of the gifts. The excess in the amount of each annuity gift over the liability is recorded as contributions and donations in the accompanying statement of activities. The total annuity liability is fully funded by the Physicians Committee with investments separately stated on the consolidated statement of financial position and maintained in a segregated account.

Revenue Recognition

BMC's revenues generally relate to contracts with patients in which the performance obligations are to provide healthcare services. The Organization recognizes revenues in the period in which obligations to provide health care services are satisfied and reports the amount that reflects the consideration to which the organization expects to be entitled. The Organization's performance obligations are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (e.g., Medicare, Medicaid, managed care health plans, employers and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payors. The payment arrangements with third-party payors for the services provided to the related patients typically specify payments at amounts less than the Organization's standard charges. BMC continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in contractual terms resulting from contract renegotiations and renewals.

BMC recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by the policy) for uninsured patients that do not qualify for charity care.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 2: Summary of Significant Accounting Policies, (continued)

Contributions

The Physicians Committee records the following types of contributions as revenue when they are received, at their fair value: cash, promises to give, and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. At July 31, 2024, no significant conditional contributions existed. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with restriction, which increases the with donor restriction net asset class. Unconditional promises to give are recorded at their net realizable value.

Tax-Exempt Status

At July 31, 2024, and for the year then ended, The Physicians Committee has determined that there were no material unrecognized/derecognized tax benefits, tax penalties or interest. No provision for income taxes has been made in the accompanying consolidated financial statements. At July 31, 2024, the tax filings for the past three years are subject to possible examination by major tax jurisdictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting procedures requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The consolidated financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, rent, depreciation, information technology and other expenses are allocated based on estimates of time and effort.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 3: Liquidity and Availability of Financial Assets

Physicians Committee has \$20,886,319 available within one year of the balance sheet date to meet cash needs for general expenditure. The amount consists of the following:

Cash and cash equivalents	\$ 1,022,797
Short-term investments	19,703,821
Minimum endowment distribution	300,000
Receivable from legacies and bequests	1,690,573
Donations receivable	212,153
Other receivables	110,971
	23,040,315
Less: amount subject to donor restrictions and therefore unavailable for general expenditures	(2,153,996)
Total financial assets and other liquid resources	<u>\$ 20,886,319</u>

Legacies and bequests receivable and donations receivable are subject to implied time restrictions. Legacies and bequests receivable, donations receivable and accounts receivable are all expected to be collected within one year.

Physicians Committee maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Physicians Committee maintains three tiers of reserves. Tier 1 reserves (short term) are invested in cash, money market funds and certificates of deposit. Tier 2 reserves (mid-term) are allocated to an investment-grade bond ladder. Tier 3 reserves (long-term) are invested in a quasi-endowed fund.

Although Physicians Committee does not intend to spend from its quasi-endowment (other than amounts appropriated for general expenditure as part of the endowment's annual distribution), amounts from its quasi-endowment could be made available with approval from the board of directors, if necessary. The quasi-endowment had a balance of \$8,336,539 on July 31, 2024 and is not reflected in the total financial assets available within one-year balance of \$20,886,319.

In addition to these available financial assets, a significant portion of Physicians Committee's annual expenditures will be funded by current year operating revenues, including contributions and donations, investment income and medical services revenue.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 4: Other Receivables

Included in other receivables on the accompanying consolidated statement of financial position are pledges, donations, grants, other miscellaneous receivables, and patient receivables. All balances reflected are expected to be received within one year and are recorded at their net realizable value.

The pledges and contributions referred to above are reduced by an allowance for bad debts, if necessary. Management periodically evaluates the adequacy of the allowance for uncollectible accounts by considering past experiences and taking into consideration the inherent risk pledges provide.

Other receivables are comprised of the following as of July 31, 2024:

Accrued donations	\$ 221,338
Miscellaneous receivables	34,438
Patient accounts receivable	<u>148,751</u>
Subtotal	404,527
Less: Contractual allowance and uncollectible amounts	(66,228)
Less: Allowance for bad debt	<u>(9,185)</u>
Other receivable, net	<u><u>\$ 329,114</u></u>

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 5: Investments

Investments are comprised of the following as of July 31, 2024:

	Other Investments	Endowment and Other Investments with Donor Retrictions	Total
Money funds	\$ 1,160,210	\$ 353,483	\$ 1,513,693
Equity securities	1,994,505	5,052,324	7,046,829
Debt securities	14,529,164	1,870,929	16,400,093
Mutual funds - equities	610,527	2,185,597	2,796,124
Mutual funds - fixed income	161,485	705,352	866,837
Exchange Traded Funds	518,242	183,505	701,747
Limited partnership interest	100,278	-	100,278
Certificates of deposit	5,016,362	-	5,016,362
Cash surrender of life insurance policy	14,950	-	14,950
Total	\$ 24,105,723	\$ 10,351,190	\$ 34,456,913
Less: Investments related to restricted and designated funds	-	10,351,190	10,351,190
Less: Investments restricted to charitable gift annuity obligations	4,585,108	-	4,585,108
Total	<u>\$ 19,520,615</u>	<u>\$ -</u>	<u>\$ 19,520,615</u>

Realized and unrealized gains and losses are included in the consolidated statement of activities as part of investment income. The following summarizes the investment return for the year ended July 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and dividend income	\$ 1,138,552	\$ 45,059	\$ 1,183,611
Net realized and unrealized gains	903,901	138,450	1,042,351
Other investment income	7,679	-	7,679
Investment return	<u>\$ 2,050,132</u>	<u>\$ 183,509</u>	<u>\$ 2,233,641</u>

As of July 31, 2024, investment advisory fees in the amount of \$117,077 are included in the consolidated schedule of functional expenses which carryover to the consolidated statement of activities. These fees are not included in the investment return presented above.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 6: Fair Value Measurements

In determining the appropriate levels, the Physicians Committee performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of July 31, 2024:

	Level 1	Level 2	Level 3	Total
Money funds	\$ 1,513,693	\$ -	\$ -	\$ 1,513,693
Equity securities	7,046,829	-	-	7,046,829
Debt securities	16,400,093	-	-	16,400,093
Mutual funds - equities	2,796,124	-	-	2,796,124
Mutual funds - fixed income	866,837	-	-	866,837
Exchange traded funds	701,747	-	-	701,747
Certificates of deposit	5,016,362	-	-	5,016,362
Cash surrender of life insurance policy	-	14,950	-	14,950
Limited partnership interest	-	-	100,278	100,278
Total	<u>\$ 34,341,685</u>	<u>\$ 14,950</u>	<u>\$ 100,278</u>	<u>\$ 34,456,913</u>

Investments included in Level 3 consist of a limited partnership and a limited liability company. The limited partnership was passed through to the Physicians Committee by way of an estate. The value used is that as provided by the estate.

The limited liability company (LLC) is a small privately held company that is developing software that will generate revenue based on transactions fees. The market for this entity is still under development and its future ability to generate profits is not certain at this time. Since there is currently no market for the LLC other than the private equity markets the Physicians Committee has made a significant allowance for the value of this investment as of July 31, 2024.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 7: Property and Equipment

At July 31, 2024 property and equipment consists of the following:

Building	\$ 500,270
Membership list	321,142
Equipment	696,759
Land	545,079
Leasehold improvements	1,150,465
Furniture and fixtures	96,754
Digital assets	<u>630,279</u>
Subtotal	3,940,748
Less: Accumulated depreciation	<u>(2,600,891)</u>
Property and Equipment, net	<u><u>\$ 1,339,857</u></u>

Depreciation expense for the year ended July 31, 2024 was \$122,883. Included in digital assets are costs related to the development of short films related to the Physicians Committee's exempt purpose. When the films are completed and ready for release, they will be amortized over their estimated useful life.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

Endowment Fund	\$ 2,014,651
Legacies and bequests receivable for general operations	1,690,573
Donations and pledges receivable for general operations	212,153
Clinical Research, Nutrition Education and Research and Regulatory Affairs	<u>251,270</u>
Total	<u><u>\$ 4,168,647</u></u>

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 9: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Clinical Research, Nutrition Education and	\$ 2,246,124
Research and Regulatory Affairs	
Endowment	116,652
Expiration of time restrictions	<u>1,465,679</u>
 Total	 <u><u>\$ 3,828,455</u></u>

Note 10: Endowment Funds

Interpretation of Relevant Law

The Physicians Committee has interpreted the District of Columbia's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Physicians Committee to appropriate for expenditure or accumulate so much of an endowment as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors.

As a result of this interpretation, the Physicians Committee classifies as permanently-restricted net assets (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently-restricted net assets is classified as temporarily-restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- 1) the duration and preservation of the endowment fund;
- 2) the purposes of the Physicians Committee and the endowment fund;
- 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 the Physicians Committee;
- 7) the investment policies of the Physicians Committee

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 10: Endowment Funds, (continued)

Endowment net asset composition by type of fund as of July 31, 2024:

	Net Assets without donor restrictions	Net Assets with donor restrictions	<u>Total</u>
Donor restricted	\$ -	\$ 2,014,651	\$ 2,014,651
Board designated	8,336,539	-	8,336,539
Total funds	<u>\$ 8,336,539</u>	<u>\$ 2,014,651</u>	<u>\$ 10,351,190</u>

Changes in endowment net assets for fiscal year ended July 31, 2024:

	Net Assets without donor restrictions	Net Assets with donor restrictions	<u>Total</u>
Beginning of year	\$ 8,061,359	\$ 1,936,468	\$ 9,997,827
Contributions	-	11,325	11,325
Investment return:			
Investment income	187,455	45,059	232,514
Net appreciation	573,217	138,451	711,668
Total endowment income	760,672	194,835	955,507
Distributions	(412,879)	(99,182)	(512,061)
Appropriations for expenditures	(72,613)	(17,470)	(90,083)
End of year	<u>\$ 8,336,539</u>	<u>\$ 2,014,651</u>	<u>\$ 10,351,190</u>

The Physicians Committee's endowment consists of money funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 10: Endowment Funds, (continued)

Return Objectives and Risk Parameters

The Physicians Committee has adopted investment and spending policies that enhance the value of the PCRM Endowment and at the same time provide a dependable, growing source of income that will be used to support various programs of the Physicians Committee, all while assuming a moderate level of risk. Total return shall be the method for measuring the performance of the PCRM Endowment. This refers to the combination of income (interest and dividends) and appreciation in value for a certain period of time. The investment objectives are to enhance total return and achieve real growth in the value of the PCRM Endowment. An appropriate share of total return will be distributed to the Physicians Committee and become part of its operating budget, and an appropriate share of total return will remain invested, preserving the future purchasing power of the endowed assets, resulting in real growth in the value of the PCRM Endowment. It is important to note that although real growth will not be attained every year due to market fluctuations, it is expected to be attained over the long run.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Physicians Committee has adopted a policy requiring diversification of investments so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. Monitoring and adjustment of the mix of assets among investments classes will be a major factor in achieving the desired investment return. As a long-term policy guideline the allocation for each asset class shall fall within the following maximum ranges: Equities 70%; Fixed Income Securities 100%; and Cash/Equivalents 20%. The board of directors may from time to time depart from these parameters.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

To ensure that the PCRM Endowment strikes a balance between meeting Physicians Committee's current and future needs, its spending policy should both provide a stable source of funding that minimizes year-over-year fluctuations in spending, and be responsive to changes in the PCRM Endowment's value and economic conditions.

Thus the PCRM Endowment spending rate will be determined using the following formula:

$$\text{Spending Rate} = 75\% \times (4\%) + 25\% \times (\text{Inflation-adjusted total return})$$

The 25% component has a floor of 0%. The total spending rate is not to exceed 7% and must be approved by the board of directors each year.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 10: Endowment Funds, (continued)

Annual distributions will be determined by multiplying the Spending Rate x the average market value of the PCRM Endowment for the previous 4 quarters. To facilitate equitable allocation of investment returns, income distribution and expenses among the various funds that participate in and comprise the PCRM Endowment, the Physicians Committee employs unitized fund accounting. Each fund that is part of the PCRM Endowment will receive a distribution per the spending policy, based on participating units assigned to the fund for a given period.

This Endowment Spending Policy is effective for fiscal years 2022 through 2026 (five years in total), and replaces the previous policy which expired in fiscal year 2021. The investment committee will propose a replacement to the board of directors prior to its expiration in 2026.

The spending policy is consistent with the Physicians Committee's objectives to have the Endowment achieve real growth, while at the same time providing a dependable growing source of income to the Physicians Committee's budget.

Note 11: Operating Leases

The Physicians Committee leases office and storage space in Washington, DC.

Effective July 1, 2022, the Physicians Committee entered into the second amendment of their lease arrangement for office space. The amended lease has several conditions that affect the final outcome and ultimately the amount of lease payments over the lease term. Based on current estimates, the new lease is anticipated to end on October 31, 2034, however, it does also contain an option to extend the lease for one 5 year period.

Total right-of-use assets and lease liabilities at July 31, 2024 are as follows:

Operating lease right-of-use asset	<u><u>\$ 10,231,846</u></u>
Operating lease liability	
Operating lease liability - current portion	\$ 738,596
Operating lease liability - long-term portion	<u>12,230,394</u>
Total operating lease liability	<u><u>\$ 12,968,990</u></u>

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 11: Operating Leases, (continued)

The following table provides quantitative information concerning the Physicians Committee's lease as of July 31, 2024:

Operating lease costs	
Amortization of right-of-use assets	\$ 687,931
Interest on lease liabilities	<u>683,330</u>
 Total Operating Lease Cost	 <u><u>\$ 1,371,261</u></u>
 Weighted average remaining lease term	 10.25
 Weighted average discount rate	 5%

The Physicians Committee classifies the total undiscounted lease payments that are due in the next 12 months as current. The maturities of lease liabilities as of July 31, 2024 is as follows:

Year ending July 31,	
2025	\$ 1,387,505
2026	1,361,873
2027	1,454,543
2028	1,654,939
2029	1,696,374
Thereafter	<u>9,621,545</u>
Undiscounted cash flows	17,176,779
Less imputed interest	<u>4,207,787</u>
 Total present value	 <u><u>\$ 12,968,992</u></u>

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 12: Allocation of Joint Costs

In the fiscal year ended July 31, 2024, the Physicians Committee conducted activities that included requests for contributions, as well as program and policy components. Those activities consisted of direct mail campaigns. The cost of conducting those activities totaled \$1,531,154. These costs are not specifically attributable to particular components of the activities (joint costs).

These joint costs were allocated as follows by the Physicians Committee:

Research and Regulatory Affairs	\$ 883,478
Development	<u>647,676</u>
Total	<u><u>\$ 1,531,154</u></u>

Note 13: Concentration of Credit Risk

The Physicians Committee maintains bank accounts at institutions that are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time the balance in the account may exceed federally insured limits. The Physicians Committee has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash. The amount in excess of the FDIC as of July 31, 2024 was \$85,304.

The Physicians Committee also maintains accounts with a brokerage firm. The accounts contain cash and securities. Balances are insured up to \$500,000 per organization (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation. The SIPC insurance is limited to \$1,000,000 in aggregate given BMC does not have investments. The amount in excess of the Securities Investor Protection Corporation limit as of July 31, 2024 was \$33,456,913. The Physicians Committee monitors the risk and does not anticipate any credit losses and has not experienced any credit losses on these financial instruments.

Note 14: Defined Contribution Pension Plan

The Physicians Committee sponsors a 403(b) or tax sheltered annuity plan and a profit sharing plan for its employees and the employees of its affiliated organizations. Eligible employees may participate in this plan immediately upon employment. Employer matching commences on the quarter following or coinciding with the employees' date of hire. The Physicians Committee matches 50% of the employee's contribution, with a maximum matching contribution of 3% of the employee's gross annual salary. Pension expense for the year ended July 31, 2024 for the Physicians Committee totaled \$176,330.

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 15: Merchandise Sales and Services

The Physicians Committee's inventory mainly consists of educational materials that help promote the mission of the organization. Service income is generated from nutrition-themed conferences attended by laypersons and health care professionals. In addition, the Physicians Committee charges fees to individuals who attend various online nutrition programs and to Food for Life instructors who attend the training program.

Merchandise sales and services presented on the Consolidated Statement of Activities consist of the following:

Sale of services	\$ 532,147
Merchandise sales	71,583
Gross sales and services	<u>603,730</u>
Cost of goods sold	<u>(30,017)</u>
Gross profit from sales and services	<u><u>\$ 573,713</u></u>

Note 16: Reconciliation of The PCRM Foundation Program Service to the Physicians Committee Consolidating Statement of Activities

As stated in Note 1 of The PCRM Foundation's financial statements, The PCRM Foundation was established to support the Physicians Committee and other related charitable organizations. The financial statements of The PCRM Foundation are included in the consolidated financial statements of the Physicians Committee for the year ended July 31, 2024.

The activities of The PCRM Foundation individually are presented as program expenses, yet when presented in the consolidated financial statements of the Physicians Committee for the year ended July 31, 2024, these activities become supporting activities. In addition, The PCRM Foundation does not incur development costs for itself but incurs expenses related to development for the Physicians Committee. These costs are passed through to the Physicians Committee and ultimately eliminated on the consolidated financial statements.

The following presents reclassification of supporting services presented by The PCRM Foundation on the Physicians Committee Consolidating Statement of Activities:

Physicians Committee for Responsible Medicine, Inc.
Notes to Consolidated Financial Statements

Note 16: Reconciliation of The PCRM Foundation Program Service to the Physicians Committee Consolidating Statement of Activities, (continued)

The PCRM Foundation expenses as presented individually and consolidated:

	Statement of Activities per The PCRM Foundation Financial Statements	Consolidating Statement of Activities per the Physicians Committee Financial Statements	Difference
Expenses			
Program Services			
Support services	\$ 222,715	\$ -	\$ 222,715
Contributions to			
supported organizations	1,477,061	1,477,061	-
Supporting Services			
Operational expenses	<u>-</u>	<u>222,715</u>	<u>(222,715)</u>
Total Expenses	<u>\$ 1,699,776</u>	<u>\$ 1,699,776</u>	<u>\$ -</u>

Note 17: Subsequent Events

In accordance with FASB ASC 855-50-1, *Date Through Which Subsequent Events Have been Evaluated*, management has evaluated the accounts of the Organization from July 31, 2024 through January 6, 2025, the date the financial statements were available to be issued, to determine whether there are any subsequent events that would have an impact on the financial statements that have not been properly disclosed. Management has determined there were no significant subsequent events that were not properly disclosed.

Physicians Committee for Responsible Medicine, Inc.
Consolidating Schedule of Financial Position
July 31, 2024

	<u>Assets</u>				
	Physicians Committee for Responsible Medicine, Inc.	The PCRM Foundation	PCRM Clinic D/B/A Barnard Medical Center	Eliminations	Consolidated
Current Assets					
Cash	\$ 824,981	\$ 22,393	\$ 572,560	\$ -	\$ 1,419,934
Investments	12,271,520	7,166,681	-	-	19,438,201
Other receivable, net	230,216	10,751	128,534	(40,286)	329,215
Receivable from legacies and bequests	1,690,573	-	-	-	1,690,573
Inventory	84,662	-	-	-	84,662
Prepaid expenses	367,004	-	24,476	-	391,480
Total Current Assets	15,468,956	7,199,825	725,570	(40,286)	23,354,065
Other Assets, deposits	19,147	-	-	-	19,147
Noncurrent Assets					
Investments Related to Restricted and Designated Funds	-	10,433,604	-	-	10,433,604
Investments Restricted to Charitable Gift Annuity Obligations	4,585,108	-	-	-	4,585,108
Operating Lease Right-Of-Use Asset, net	10,231,846				10,231,846
Property and Equipment, net	1,189,022	149,528	1,307	-	1,339,857
Total Noncurrent Assets	16,005,976	10,583,132	1,307	-	26,590,415
Total Assets	\$ 31,494,079	\$ 17,782,957	\$ 726,877	\$ (40,286)	\$ 49,963,627

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidating Schedule of Financial Position
July 31, 2024
(continued)

Liabilities and Net Assets

	Physicians Committee for Responsible Medicine, Inc.	The PCRM Foundation	PCRM Clinic D/B/A Barnard Medical Center	Eliminations	Consolidated
Current Liabilities					
Accounts payable and accrued expenses	\$ 2,099,544	\$ 271	\$ 95,414	\$ (40,286)	\$ 2,154,943
Operating lease liability - current portion	738,596	-	-	-	738,596
Deferred revenue	260,238	-	-	-	260,238
Current portion of annuities payable	195,023	-	-	-	195,023
Total Current Liabilities	3,293,401	271	95,414	(40,286)	3,348,800
Long-term Liabilities					
Annuities payable, net of current portion	1,615,767	-	-	-	1,615,767
Operating lease liability - long-term portion	12,230,394	-	-	-	12,230,394
Total Long-term Liabilities	13,846,161	-	-	-	13,846,161
Total Liabilities	17,139,562	271	95,414	(40,286)	17,194,961
Net Assets					
Without donor restrictions	12,200,878	7,431,139	631,463	-	20,263,480
Board designated	-	8,336,539	-	-	8,336,539
Total Net Assets Without Donor Restrictions	12,200,878	15,767,678	631,463	-	28,600,019
With donor restrictions	2,153,639	2,015,008	-	-	4,168,647
Total Net Assets	14,354,517	17,782,686	631,463	-	32,768,666
Total Liabilities and Net Assets	\$ 31,494,079	\$ 17,782,957	\$ 726,877	\$ (40,286)	\$ 49,963,627

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidating Schedule of Activities
For the Year Ended July 31, 2024

	Physicians Committee for Responsible Medicine, Inc.	The PCRM Foundation	PCRM Clinic D/B/A Barnard Medical Center	Eliminations	Consolidated
Change in Net Assets Without Donor Restrictions					
Support and Revenue					
Public Support					
Contributions and donations	\$ 10,135,959	\$ 26,315	\$ 1,048,684	\$ (1,670,345)	\$ 9,540,613
Legacies and bequests	6,811,921	-	-	-	6,811,921
Grant income	513,000	-	-	-	513,000
Net assets released from restrictions:					
Expiration of time restrictions	1,461,830	3,849	-	-	1,465,679
Satisfaction of purpose restrictions	2,246,124	116,652	-	-	2,362,776
Total Public Support	21,168,834	146,816	1,048,684	(1,670,345)	20,693,989
Other Revenue					
Medical services	-	-	483,904	-	483,904
Investment income	930,499	1,119,633	-	-	2,050,132
Rental and other income	727,183	142,465	72,400	(232,200)	709,848
Merchandise sales and services					
Gross sales and services	727,080	-	-	(123,350)	603,730
Cost of goods sold	(30,017)	-	-	-	(30,017)
Total Other Revenue	2,354,745	1,262,098	556,304	(355,550)	3,817,597
Total Support and Revenue	23,523,579	1,408,914	1,604,988	(2,025,895)	24,511,586
Expenses					
Program Services					
Research and Regulatory Affairs	4,777,694	-	-	(2,926)	4,774,768
Clinical Research	1,758,662	-	-	(17,162)	1,741,500
Nutrition Education	4,164,143	-	-	(71,974)	4,092,169
Legal Advocacy	771,474	-	-	(177)	771,297
Education and Policy	1,145,502	1,477,061	-	(1,670,687)	951,876
Medical Services	-	-	1,446,160	(117,858)	1,328,302
Communications	3,786,231	-	-	(1,189)	3,785,042
Total Program Services	16,403,706	1,477,061	1,446,160	(1,881,973)	17,444,954
Supporting Services					
Operational expenses	2,327,641	222,715	98,643	(121,888)	2,527,111
Development expenses	2,985,328	-	-	(22,034)	2,963,294
Total Supporting Services	5,312,969	222,715	98,643	(143,922)	5,490,405
Total Expenses	21,716,675	1,699,776	1,544,803	(2,025,895)	22,935,359
Change in Net Assets Without Donor Restrictions	1,806,904	(290,862)	60,185	-	1,576,227

The accompanying notes are an integral part of the consolidated financial statements

Physicians Committee for Responsible Medicine, Inc.
Consolidating Schedule of Activities
For the Year Ended July 31, 2024
(continued)

	Physicians Committee for Responsible Medicine, Inc.	The PCRM Foundation	PCRM Clinic D/B/A Barnard Medical Center	Eliminations	Consolidated
Change in Net Assets With Donor Restrictions					
Contributions and donations	1,957,527	11,683	-	-	1,969,210
Legacies and bequests	1,690,573	-	-	-	1,690,573
Grant income	-	-	-	-	-
Investment income	-	183,509	-	-	183,509
Net assets released from restrictions:					
Expiration of time restrictions	(1,461,830)	(3,849)	-	-	(1,465,679)
Satisfaction of program restrictions.	(2,246,124)	(116,652)	-	-	(2,362,776)
Change in Net Assets With Donor Restrictions	(59,854)	74,691	-	-	14,837
Total Change in Net Assets	\$ 1,747,050	\$ (216,171)	\$ 60,185	\$ -	\$ 1,591,064

The accompanying notes are an integral part of the consolidated financial statements