

**PCI - Media Impact, Inc.**

Financial Statements

December 31, 2020

## **Independent Auditors' Report**

### **The Board of Directors PCI - Media Impact, Inc.**

We have audited the accompanying financial statements of PCI - Media Impact, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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 PCI - Media Impact, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited PCI - Media Impact, Inc.'s December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

March 26, 2021

**PCI - Media Impact, Inc.**

Statement of Financial Position  
December 31, 2020  
(with comparative amounts at December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 803,826	\$ 199,074
Contributions and grants receivable, net	271,590	536,454
Promissory note receivable	5,349	13,201
Prepaid expenses and other assets	59,546	38,291
Investments	26,567	501,286
Equipment and leasehold improvements, net	<u>159,179</u>	<u>229,860</u>
	<u>\$ 1,326,057</u>	<u>\$ 1,518,166</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 184,515	\$ 355,638
Loans payable	454,528	-
Total Liabilities	<u>639,043</u>	<u>355,638</u>
Net Assets		
Without Donor Restrictions		
Operating	(341,291)	178,948
Board designated	583,141	509,029
Total Without Donor Restrictions	<u>241,850</u>	<u>687,977</u>
With donor restrictions	<u>445,164</u>	<u>474,551</u>
Total Net Assets	<u>687,014</u>	<u>1,162,528</u>
	<u>\$ 1,326,057</u>	<u>\$ 1,518,166</u>

See notes to financial statements

**PCI - Media Impact, Inc.**

Statement of Activities  
Year Ended December 31, 2020  
(with summarized totals for the year ended December 31, 2019)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 490,829	\$ 3,756,209	\$ 4,247,038	\$ 4,015,791
Investment return	257	-	257	4,389
Other income	<u>31,538</u>	-	<u>31,538</u>	<u>44,254</u>
	522,624	3,756,209	4,278,833	4,064,434
Net assets released from restrictions	<u>3,785,596</u>	<u>(3,785,596)</u>	-	-
Total Operating Revenue and Support	<u>4,308,220</u>	<u>(29,387)</u>	<u>4,278,833</u>	<u>4,064,434</u>
<b>EXPENSES</b>				
Program Expenses				
Serial drama	2,462,808	-	2,462,808	1,992,827
Global campaigns	1,059,498	-	1,059,498	1,528,163
General program	312,766	-	312,766	414,314
Supporting Expenses				
Administrative	722,678	-	722,678	851,955
Fundraising	<u>270,590</u>	-	<u>270,590</u>	<u>315,246</u>
Total Expenses	<u>4,828,340</u>	-	<u>4,828,340</u>	<u>5,102,505</u>
(Deficiency) Excess of Operating Revenue and Support Over Expenses	<u>(520,120)</u>	<u>(29,387)</u>	<u>(549,507)</u>	<u>(1,038,071)</u>
<b>NON-OPERATING ACTIVITIES</b>				
Bequests	<u>73,993</u>	-	<u>73,993</u>	<u>14,968</u>
Total Non-operating Activities	<u>73,993</u>	-	<u>73,993</u>	<u>14,968</u>
Change In Net Assets	(446,127)	(29,387)	(475,514)	(1,023,103)
<b>NET ASSETS</b>				
Beginning of year	<u>687,977</u>	<u>474,551</u>	<u>1,162,528</u>	<u>2,185,631</u>
End of year	<u>\$ 241,850</u>	<u>\$ 445,164</u>	<u>\$ 687,014</u>	<u>\$ 1,162,528</u>

See notes to financial statements

**PCI - Media Impact, Inc.**

Statement of Functional Expenses

Year Ended December 31, 2020

(with summarized totals for the year ended December 31, 2019)

	Program Expenses				Supporting Expenses		2020 Total	2019 Total
	Serial Drama	Global Campaigns	General Program	Total Program Expenses	Administrative	Fund- raising		
Salaries	\$ 427,214	\$ 200,653	\$ 135,729	\$ 763,596	\$ 227,200	\$ 83,192	\$ 1,073,988	\$ 1,586,270
Payroll taxes and employee benefits	134,346	37,412	53,783	225,541	71,540	18,938	316,019	378,750
Total Salaries and Related Expenses	561,560	238,065	189,512	989,137	298,740	102,130	1,390,007	1,965,020
Consulting fees	760,739	68,088	95,784	924,611	7,318	92,305	1,024,234	791,177
Professional fees (includes \$22,913 and \$74,836 of in-kind legal services)	-	-	-	-	73,588	-	73,588	133,354
Broadcast production/airtime	1,023,029	618,480	-	1,641,509	-	-	1,641,509	1,100,816
Travel (includes \$7,120 and \$13,259 of in-kind travel)	32,266	15,265	14,101	61,632	5,493	14,697	81,822	345,057
Rent (includes \$10,453 and \$37,468 of in-kind rent)	33,311	-	5,381	38,692	159,589	1,645	199,926	211,512
Telecommunications	1,475	-	518	1,993	18,796	-	20,789	22,766
Printing and duplicating	19,077	690	-	19,767	94	23,853	43,714	52,549
Public representation and outreach	3,107	97,378	3,439	103,924	240	292	104,456	196,886
Postage	1,213	1,047	3	2,263	2,141	173	4,577	5,957
Office supplies	10,705	-	450	11,155	25,167	29	36,351	58,294
Meetings and conferences	7,170	-	350	7,520	199	2,355	10,074	44,819
Tapes and films	360	4,841	65	5,266	-	-	5,266	257
Equipment rentals, repairs and maintenance	3,362	-	361	3,723	29,224	15,463	48,410	36,921
Registration dues and fees	5,434	15,644	2,802	23,880	5,375	17,648	46,903	43,394
Insurance	-	-	-	-	20,766	-	20,766	20,054
Depreciation and amortization	-	-	-	-	71,948	-	71,948	73,672
Bad debt expense	-	-	-	-	4,000	-	4,000	-
<b>Total Expenses</b>	<b>\$ 2,462,808</b>	<b>\$ 1,059,498</b>	<b>\$ 312,766</b>	<b>\$ 3,835,072</b>	<b>\$ 722,678</b>	<b>\$ 270,590</b>	<b>\$ 4,828,340</b>	<b>\$ 5,102,505</b>

See notes to financial statements

**PCI - Media Impact, Inc.**

Statement of Cash Flows  
Year Ended December 31, 2020  
(with comparative amounts for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (475,514)	\$ (1,023,103)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	4,000	-
Depreciation and amortization	71,948	73,672
Donated stock	(17,148)	(230,153)
Changes in operating assets and liabilities		
Contributions and grants receivable	260,864	592,322
Prepaid expenses and other assets	(21,255)	2,942
Accounts payable and accrued expenses	(171,123)	97,167
Advances payable	-	(21,403)
Net Cash from Operating Activities	<u>(348,228)</u>	<u>(508,556)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Promissory note receivable	7,852	11,324
Purchase of equipment and leasehold improvements	(1,267)	(17,093)
Change in money market funds	474,995	530,000
Purchases of investments	(550)	(4,322)
Proceeds from sale of investments	17,422	22,458
Net Cash from Investing Activities	<u>498,452</u>	<u>542,367</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable	<u>454,528</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	604,752	33,811
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>199,074</u>	<u>165,263</u>
End of year	<u>\$ 803,826</u>	<u>\$ 199,074</u>

See notes to financial statements

## **PCI - Media Impact, Inc.**

Notes to Financial Statements  
December 31, 2020

### **1. Organization and Tax Status**

PCI - Media Impact, Inc.'s ("PCI Media") unique approach to communications combines the principles of Entertainment-Education with the reach of mass media to mobilize individual and community action and catalyze positive change. Entertainment-Education is a form of entertainment designed to educate and amuse audiences and can be done with a variety of formats, ranging from comic books, to TV, radio productions, and street theatre. Programs primarily focus on promoting sexual and reproductive health, prevention of HIV/AIDS, biodiversity conservation, sustainable development, human rights and democracy, and global campaigns. PCI Media is a not-for-profit organization exempt from income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires PCI Media's management to make certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

PCI Media considers investments in highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents, except for those held for investment purposes.

#### ***Fair Value Measurements***

PCI Media follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investment Valuation***

Investments are valued at fair value in the statement of financial position. Interest, dividends, realized and unrealized gains and losses on the sale of investments are included in the statement of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.



## PCI - Media Impact, Inc.

Notes to Financial Statements  
December 31, 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Equipment and Leasehold Improvements***

PCI Media capitalizes all expenditures for equipment in excess of \$1,000. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements, office furniture and computer equipment are deemed to have a useful life between five and seven years. Equipment leased under capital leases is amortized over its economic useful life.

#### ***Net Asset Presentation***

PCI Media reports information regarding its financial position and activities according to classes of net assets based on the presence or absence of donor-imposed restrictions. Net assets without donor restrictions are not externally restricted for identified purposes. Net assets with donor restrictions represent amounts that are restricted by donors that are to be held until the donor or time restriction has been satisfied or that are to be held in perpetuity.

#### ***Contributions and Grants***

Contributions are recognized as revenue when an unconditional promise to give is made and the gift is subject to reasonable valuation. Contributions are considered to be available for general use unless specifically restricted by the donor. Contributions receivable consist of gifts pledged. Grant awards received for specific purposes are recognized as support and revenue to the extent related expenses are incurred in compliance with the specific grants terms. The unexpended funds are considered refundable advances and reported as advances payable. PCI Media believes that all grants and other receivables are collectible and no allowance has been provided.

#### ***Donated Stock***

Donated stock is recognized as a contribution without donor restrictions unless specifically restricted by the donor.

#### ***In-Kind Contributions***

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized. Other non-cash contributions are recorded at their fair value when received.

## PCI - Media Impact, Inc.

Notes to Financial Statements  
December 31, 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

#### ***Operating Measure***

PCI Media has elected to present an operating measure in its statement of activities. Accordingly, items not affecting operations are segregated from those affecting operations. Items not affecting operations include bequests, and other planned giving.

#### ***Prior Year Summarized Comparative Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with PCI Media's financial statements as of and for the year ended December 31, 2019, from which the summarized comparative information was derived.

#### ***Accounting for Uncertainty in Income Taxes***

PCI Media recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that PCI Media has no uncertain tax positions that would require financial statement recognition or disclosure. PCI Media is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2017.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 26, 2021.

#### ***Reclassification***

Certain information contained in the 2019 financial statements has been reclassified to conform with the 2020 presentation with no effect on operations.

## PCI - Media Impact, Inc.

Notes to Financial Statements  
December 31, 2020

### 3. Investments

The following are major categories of investments at December 31:

	<u>2020</u>	<u>2019</u>
Money market funds, at cost	\$ 26,567	\$ 501,188
Equity funds	-	98
	<u>\$ 26,567</u>	<u>\$ 501,286</u>

Equity funds at December 31, 2020 and 2019 were valued using a Level 1 fair value input under the fair value hierarchy.

### 4. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 191,027	\$ 191,027
Equipment	223,755	222,488
Accumulated depreciation and amortization	<u>(255,603)</u>	<u>(183,655)</u>
	<u>\$ 159,179</u>	<u>\$ 229,860</u>

### 5. Loans Payable

#### *PPP Loan*

On May 1, 2020, PCI Media received loan proceeds in the amount of \$302,105 under the Paycheck Protection Program (“PPP”). The PPP loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the 2019 average monthly payroll expenses of the qualifying business. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the “Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). If PCI Media does not apply for forgiveness, payments begin approximately 16 months after the loan date.

## PCI - Media Impact, Inc.

Notes to Financial Statements  
December 31, 2020

### 5. Loans Payable (continued)

#### *PPP Loan (continued)*

PCI Media intends to use all proceeds received in accordance with regulations established by the PPP. Management believes its use of the proceeds, including amounts expensed through December 31, 2020, will be forgiven. The entire amount received under the PPP is reported as a PPP forgivable loan in the statement of financial position at December 31, 2020.

#### *Economic Injury Disaster Loan*

During 2020, PCI Media received \$153,064 Economic Injury Disaster Loan (“EIDL”) authorized by the Small Business Administration. The loan is to be used solely as working capital to alleviate economic injury caused by the coronavirus disaster occurring in January 2020 and still ongoing. The principal and interest accrued at 2.75% annually is payable in thirty years from the date of the loan.

Future minimum payments on the PPP loan (provided the PPP loan is not forgiven) and the Economic Injury Disaster Loan as of December 30, 2020 are as follows:

Fiscal Year	PPP Loan	EIDL	Total
2021	\$ 302,105	\$ 6,910	\$ 309,015
2022	-	7,692	7,692
2023	-	7,692	7,692
2024	-	7,692	7,692
2025	-	7,692	7,692
Thereafter	-	189,094	189,094
	302,105	226,772	528,877
Amount representing interest	-	(74,349)	(74,349)
Loan payable balance	\$ 302,105	\$ 152,423	\$ 454,528

### 6. Board Designated Net Assets

PCI Media established a board designated fund into which gifts and contributions received through PCI Media’s planned giving program are placed, as well as certain other assets and liabilities. The purpose of this fund is to provide long term returns commensurate with a benchmark allocation, provide as much real spendable income as possible to present and future beneficiaries, have a somewhat predictable spendable income stream, and to keep the market value of the fund whole.

**PCI - Media Impact, Inc.**

Notes to Financial Statements  
December 31, 2020

**6. Board Designated Net Assets (continued)**

The components of these board designated net assets at December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Investments		
General investment account	\$ 26,472	\$ 26,374
Bank account	556,665	8,035
Cash held for investments	<u>4</u>	<u>474,620</u>
	<u>\$ 583,141</u>	<u>\$ 509,029</u>

The changes in board designated net assets for the years ended December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 509,029	\$ 819,602
Contributions designated for investment	73,993	15,038
Investment return	119	4,389
Release to fund general operations	-	(330,000)
Balance, end of year	<u>\$ 583,141</u>	<u>\$ 509,029</u>

**7. Net Assets With Donor Restrictions**

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

	<u>2020</u>	<u>2019</u>
Purpose Restricted:		
For programs in Latin America	\$ -	\$ 142,053
For programs in the Caribbean	8,000	-
For programs in Africa	227,895	111,148
For programs in the Middle East	55,736	-
For programs in United States of America	<u>153,533</u>	<u>221,350</u>
	<u>\$ 445,164</u>	<u>\$ 474,551</u>

**PCI - Media Impact, Inc.**

Notes to Financial Statements  
December 31, 2020

**7. Net Assets With Donor Restrictions (continued)**

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor imposed time restriction as follows:

	<u>2020</u>	<u>2019</u>
Purpose Restricted:		
For programs in Latin America	\$ 315,934	\$ 250,492
For programs in the Caribbean	-	330,838
For programs in Africa	2,482,174	1,475,393
For programs in the Middle East	21,484	275,600
For programs in United States of America	102,316	314,760
For global programs	863,688	780,540
	<u>\$ 3,785,596</u>	<u>\$ 3,427,623</u>

**8. Liquidity and Availability of Financial Assets**

The following reflects PCI Media's financial assets as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 803,826	\$ 199,074
Contributions and grants receivable	271,590	536,454
Promissory note receivable	5,349	13,201
Investments	26,567	501,286
Total Financial Assets	1,107,332	1,250,015
Less: Contractual, internally designated or donor restricted amounts		
Board-imposed restrictions:		
Board designated	583,141	509,029
Donor-imposed restrictions:		
Donor restricted	445,164	474,551
Financial Assets Available to Meet Cash Needs for General expenditure within one year	<u>\$ 79,027</u>	<u>\$ 266,435</u>

## PCI - Media Impact, Inc.

Notes to Financial Statements  
December 31, 2020

### 8. Liquidity and Availability of Financial Assets *(continued)*

PCI Media's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants. Due to the advanced payment of grants, PCI Media will have cash on hand to satisfy its operating cash flow requirements.

At December 31, 2020 and 2019 PCI Media has a Board designated reserve fund of \$583,141 and \$509,029. PCI Media's board-designated reserve fund was established by the Board of Directors, with the objective of setting funds aside to be drawn upon in the event of need by PCI Media.

### 9. Lease Commitments

PCI Media leases office space in New York City. The lease contains clauses for escalations for PCI Media's share of increased building costs. The lease is scheduled to expire on April 30, 2021 and PCI Media has decided not to extend or renew the lease. PCI Media also leases an officer copier.

Future minimum annual lease payments to be made are \$58,751 in 2021.

### 10. Concentrations of Credit Risk

Financial instruments that potentially subject PCI Media to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. PCI Media maintains its cash with high credit quality financial institutions and its policy is designed to limit exposure to any one institution. At times, cash balances may be in excess of balances insured by the Federal Deposit Insurance Corporation.

A concentration of credit risk existed with respect to receivables since amounts receivable from three donors represented 90% of the total balance as of December 31, 2020. As of December 31, 2019, a concentration of credit risk existed with respect to receivables since amounts receivable from three donors represented 87% of the total balance. In 2020, approximately 36% of PCI Media's total revenue was received from two donors. In 2019, approximately 37% of PCI Media's total revenue was received from two donors.

### 11. Retirement Plan

PCI Media maintains a Simplified Employee Pension Plan (the "Plan") for the benefit of eligible employees. PCI Media's contribution rate, determined by its Board, was 6% of annual base salary for 2020 and 2019. Plan expense was \$53,698 and \$65,446 for 2020 and 2019.

**PCI - Media Impact, Inc.**

Notes to Financial Statements  
December 31, 2020

**12. COVID-19**

PCI Media's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, PCI Media may experience a disruption in operations as well as a decline in contributions and grants received or level of contributions and grants. The outbreak is likely to adversely affect PCI Media's business, financial conditions and results of operations on an interim basis.

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