

PCI - MEDIA IMPACT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

PCI - MEDIA IMPACT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PCI - Media Impact, Inc.

Opinion

We have audited the financial statements of PCI - Media Impact, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PCI - Media Impact, 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Prior Year Audited by Other Auditors

The financial statements of PCI - Media Impact, Inc. as of and for the year ended December 31, 2021, were audited by other auditors, whose report dated January 30, 2023, expressed an unmodified opinion on those statements.

Marcum LLP

Melville, NY
November 13, 2023

PCI - MEDIA IMPACT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 278,797	\$ 399,388
Contributions and grants receivable	4,064,567	158,178
Prepaid expenses and other assets	33,726	6,990
Equipment, net	<u>23,067</u>	<u>49,805</u>
Total Assets	<u>\$ 4,400,157</u>	<u>\$ 614,361</u>
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable and accrued expenses	\$ 321,026	\$ 292,475
Loans payable	<u>1,504,528</u>	<u>1,004,528</u>
Total Liabilities	<u>1,825,554</u>	<u>1,297,003</u>
Commitments and Contingencies		
Net Assets (Deficit)		
Without donor restrictions		
Operating	1,297,105	(1,457,185)
Board designated	<u>33,145</u>	<u>33,145</u>
Total Without Donor Restrictions	1,330,250	(1,424,040)
With Donor Restrictions	<u>1,244,353</u>	<u>741,398</u>
Total Net Assets (Deficit)	<u>2,574,603</u>	<u>(682,642)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 4,400,157</u>	<u>\$ 614,361</u>

The accompanying notes are an integral part of these financial statements.

PCI - MEDIA IMPACT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support						
Contributions and grants	\$ 4,917,498	\$ 2,246,543	\$ 7,164,041	\$ 390,835	\$ 2,428,495	\$ 2,819,330
In-kind contributions	--	--	--	33,360	--	33,360
Other income	59,156	--	59,156	17,601	--	17,601
	<u>4,976,654</u>	<u>2,246,543</u>	<u>7,223,197</u>	<u>441,796</u>	<u>2,428,495</u>	<u>2,870,291</u>
Net assets released from restrictions	<u>1,743,588</u>	<u>(1,743,588)</u>	<u>--</u>	<u>2,132,261</u>	<u>(2,132,261)</u>	<u>--</u>
Total Operating Revenue and Support	<u>6,720,242</u>	<u>502,955</u>	<u>7,223,197</u>	<u>2,574,057</u>	<u>296,234</u>	<u>2,870,291</u>
Expenses						
Program Expenses						
Serial drama	1,160,244	--	1,160,244	1,848,528	--	1,848,528
Global campaigns	579,091	--	579,091	542,693	--	542,693
General program	1,018,300	--	1,018,300	635,889	--	635,889
Supporting Expenses						
Administrative	710,900	--	710,900	727,689	--	727,689
Fundraising	497,417	--	497,417	415,831	--	415,831
	<u>3,965,952</u>	<u>--</u>	<u>3,965,952</u>	<u>4,170,630</u>	<u>--</u>	<u>4,170,630</u>
Total Expenses	<u>3,965,952</u>	<u>--</u>	<u>3,965,952</u>	<u>4,170,630</u>	<u>--</u>	<u>4,170,630</u>
Change in Net Assets from Operations	<u>2,754,290</u>	<u>502,955</u>	<u>3,257,245</u>	<u>(1,596,573)</u>	<u>296,234</u>	<u>(1,300,339)</u>
Non-Operating Activities						
Bequest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Loss on disposal of asset	--	--	--	(69,317)	--	(69,317)
	<u>--</u>	<u>--</u>	<u>--</u>	<u>(69,317)</u>	<u>--</u>	<u>(69,317)</u>
Total Non-Operating Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(69,317)</u>	<u>--</u>	<u>(69,317)</u>
Change in Net Assets	<u>2,754,290</u>	<u>502,955</u>	<u>3,257,245</u>	<u>(1,665,890)</u>	<u>296,234</u>	<u>(1,369,656)</u>
Net Assets - Beginning of Year	<u>(1,424,040)</u>	<u>741,398</u>	<u>(682,642)</u>	<u>241,850</u>	<u>445,164</u>	<u>687,014</u>
Net Assets - End of Year	<u>\$ 1,330,250</u>	<u>\$ 1,244,353</u>	<u>\$ 2,574,603</u>	<u>\$ (1,424,040)</u>	<u>\$ 741,398</u>	<u>\$ (682,642)</u>

The accompanying notes are an integral part of these financial statements.

PCI - MEDIA IMPACT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Expenses				Supporting Expenses		2022 Total
	Serial Drama	Global Campaigns	General Program	Total Program Expenses	Administrative	Fundraising	
Salaries	\$ 40,582	\$ 112,101	\$ 405,250	\$ 557,933	\$ 164,322	\$ 247,275	\$ 969,530
Payroll taxes and employee benefits	13,034	24,284	84,719	122,037	40,398	50,929	213,364
Total Salaries and Related Expenses	53,616	136,385	489,969	679,970	204,720	298,204	1,182,894
Consulting fees	504,266	388,793	75,300	968,359	116,021	63,655	1,148,035
Professional fees	--	--	76,503	76,503	178,782	--	255,285
Broadcast production/airtime	573,445	22,212	376,254	971,911	--	--	971,911
Travel	10,504	119	--	10,623	--	44,028	54,651
Rent	11,518	--	--	11,518	3,969	--	15,487
Telecommunications	--	--	--	--	22,171	--	22,171
Printing and duplicating	--	--	--	--	--	--	--
Public representation and outreach	--	24,061	--	24,061	--	6,453	30,514
Postage	--	1,744	75	1,819	10,102	3,240	15,161
Office supplies	6,431	66	--	6,497	20,384	1,141	28,022
Meetings and conferences	--	--	199	199	4,998	5,204	10,401
Tapes and films	--	--	--	--	--	--	--
Equipment rentals, repairs and maintenance	--	--	--	--	15,530	1,033	16,563
Registration dues and fees	464	5,711	--	6,175	4,142	74,459	84,776
Insurance	--	--	--	--	5,596	--	5,596
Interest expense	--	--	--	--	80,367	--	80,367
Depreciation	--	--	--	--	26,738	--	26,738
Bad debt expense	--	--	--	--	17,380	--	17,380
Total Expenses	\$ 1,160,244	\$ 579,091	\$ 1,018,300	\$ 2,757,635	\$ 710,900	\$ 497,417	\$ 3,965,952

The accompanying notes are an integral part of these financial statements.

PCI - MEDIA IMPACT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Expenses				Supporting Expenses		2021 Total
	Serial Drama	Global Campaigns	General Program	Total Program Expenses	Administrative	Fundraising	
Salaries	\$ 34,087	\$ 156,714	\$ 256,860	\$ 447,661	\$ 143,379	\$ 244,125	\$ 835,165
Payroll taxes and employee benefits	11,384	36,477	46,590	94,451	40,128	41,478	176,057
Total Salaries and Related Expenses	45,471	193,191	303,450	542,112	183,507	285,603	1,011,222
Consulting fees	748,346	64,591	327,841	1,140,778	32,981	15,322	1,189,081
Professional fees	--	--	--	--	186,675	--	186,675
Broadcast production/airtime	907,637	189,630	--	1,097,267	--	--	1,097,267
Travel	15,156	1,080	3,894	20,130	4,843	47,960	72,933
Rent (includes \$33,360 of in-kind rent)	34,110	--	344	34,454	54,863	687	90,004
Telecommunications	278	--	--	278	10,844	--	11,122
Printing and duplicating	21,057	81	--	21,138	577	6,278	27,993
Public representation and outreach	20	69,186	--	69,206	1,453	13,042	83,701
Postage	3,535	1,923	194	5,652	5,809	3,803	15,264
Office supplies	25,590	--	--	25,590	30,384	744	56,718
Meetings and conferences	5,233	--	--	5,233	1,072	204	6,509
Tapes and films	--	17,583	--	17,583	--	803	18,386
Equipment rentals, repairs and maintenance	25,414	--	166	25,580	59,218	1,817	86,615
Registration dues and fees	16,629	5,428	--	22,057	32,674	39,568	94,299
Insurance	52	--	--	52	63,186	--	63,238
Interest expense	--	--	--	--	10,559	--	10,559
Depreciation	--	--	--	--	49,044	--	49,044
Bad debt expense	--	--	--	--	--	--	--
Total Expenses	\$ 1,848,528	\$ 542,693	\$ 635,889	\$ 3,027,110	\$ 727,689	\$ 415,831	\$ 4,170,630

The accompanying notes are an integral part of these financial statements.

PCI - MEDIA IMPACT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 3,257,245	\$ (1,369,656)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt expense	17,380	--
Depreciation	26,738	49,044
Loss on disposal of asset	--	69,317
Changes in assets and liabilities		
Contributions and grants receivable	(3,923,769)	113,412
Prepaid expenses and other assets	(26,736)	52,556
Accounts payable and accrued expenses	28,551	107,960
Net Cash Used in Operating Activities	<u>(620,591)</u>	<u>(977,367)</u>
Cash Flows from Investing Activities		
Promissory note receivable	--	5,349
Purchase of equipment	--	(8,987)
Net Cash Used in Investing Activities	<u>--</u>	<u>(3,638)</u>
Cash Flows from Financing Activities		
Proceeds from loans payable	670,000	550,000
Repayments of loans payable	(170,000)	--
Net Cash Provided by Financing Activities	<u>500,000</u>	<u>550,000</u>
Net Change in Cash and Cash Equivalents	(120,591)	(431,005)
Cash and Cash Equivalents - Beginning of Year	<u>399,388</u>	<u>830,393</u>
Cash and Cash Equivalents - End of Year	<u>\$ 278,797</u>	<u>\$ 399,388</u>
Supplemental Cash Flow Information		
Cash paid for interest	\$ 69,288	\$ 10,559

The accompanying notes are an integral part of these financial statements.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION

PCI - Media Impact, Inc.'s (the "Organization," or "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 federal income tax under Internal Revenue Code (IRC) Section 509(a) as an organization described in IRC Section 501(c)(3), qualifies for deductible charitable contributions, and has been determined not to be a private foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The Organization adopted Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Organization has adjusted the presentation of these financial statements accordingly. ASU 2020-07 has been applied retrospectively to all periods presented.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions and also include board-designated net assets that have been designated for general reserves by the Board of Directors. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Management must make estimates of the uncollectability of all contributions and grants receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the need for an allowance for doubtful accounts. As of December 31, 2022 and 2021, management has determined that no allowance for doubtful accounts was necessary.

EQUIPMENT, NET

PCI Media capitalizes all expenditures for equipment in excess of \$5,000. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Equipment is deemed to have a useful life of five years.

CONTRIBUTIONS AND GRANTS

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts having donor stipulations, which are satisfied in the period the gift is received, are reported as revenue without donor restrictions. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome. Contributions receivable consist of gifts pledged.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED STOCK

Donated stock is recognized as a contribution at fair value on the gift date 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. Contributions of donated use of facilities are valued by the donor and obtained through independent valuation of the space utilized by the Organization. Other non-cash contributions are recorded at their fair value when received. The Organization did not receive any in-kind contributions during the year ended December 31, 2022. During the year ended December 31, 2021, the Organization received donated rent in the amount of \$33,360. The contributed nonfinancial asset did not have any donor-imposed restrictions and was utilized for programmatic purposes.

FUNCTIONAL ALLOCATION OF EXPENSES

Certain costs have been allocated among the programs and supporting services they benefit, in accordance with bases that best reflect, in management's judgment, the proportionate benefits derived by the program or administrative unit. Salaries, payroll taxes and employee benefits are allocated based on employees' hours worked. Postage and office supplies are allocated based on staff usage. Other costs are directly charged based on the nature of the expense.

OPERATING MEASURE

PCI Media has elected to present an operating measure in its statements of activities. Accordingly, items not affecting operations are segregated from those affecting operations.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UNCERTAIN TAX POSITIONS

The Organization recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the statements of activities. The Organization did not identify any uncertain tax positions for the years ended December 31, 2022 and 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior-year financial statements to conform to the current-year presentation. These reclassifications have no effect on the change in net assets as presented in the statements of activities.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2023, the date the financial statements were available to be issued. No events requiring recognition or disclosure, except as reported in Note 5, have been identified.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects PCI Media's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

Amounts not available include amounts set aside for operating reserves that can be drawn upon if the Board of Directors approves that action.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 278,797	\$ 399,388
Contributions and grants receivable	<u>4,064,567</u>	<u>158,178</u>
Total Financial Assets	4,343,364	557,566
Less: Board-designated amounts (Note 6)	33,145	33,145
Less: Donor-restricted amounts (Note 7)	<u>1,244,353</u>	<u>741,398</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 3,065,866</u>	<u>\$ (216,977)</u>

PCI Media's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants. During the year ended December 31, 2021, there was a significant decline in the availability of financial assets, largely driven by the lack of funding in contributions and grants without donor restrictions. During 2022, the Organization received several short-term loans to help manage its liquidity needs. In addition, the Organization received a substantial bequest during 2022 that was collected in June 2023 (see Note 5). The bequest will help management structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - EQUIPMENT, NET

The cost basis and accumulated depreciation of equipment as of December 31, was as follows:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 232,743	\$ 232,743
Accumulated depreciation	<u>(209,676)</u>	<u>(182,938)</u>
	<u>\$ 23,067</u>	<u>\$ 49,805</u>

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - LOANS PAYABLE

PAYCHECK PROTECTION PROGRAM 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 (the “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 is 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 below 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 and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”).

The entire amount received under the PPP is included in loans payable on the statements of financial position as of December 31, 2022 and 2021. Management believes the entire loan balance of \$302,105 will be given.

ECONOMIC INJURY DISASTER LOAN

During 2020, PCI Media received an Economic Injury Disaster Loan (“EIDL”) of \$152,423, authorized by the SBA. 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 interest accrues at 2.75% annually and the principal is payable over thirty years from the date of the loan.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - LOANS PAYABLE (CONTINUED)

ECONOMIC INJURY DISASTER LOAN (CONTINUED)

Future minimum payments on the PPP loan (provided the PPP loan is not forgiven) and the EIDL as of December 31, 2022, are as follows:

Year	PPP Loan	EIDL	Total
2023	\$ 302,105	\$ 7,692	\$ 309,797
2024	--	7,692	7,692
2025	--	7,692	7,692
2026	--	7,692	7,692
2027	--	7,692	7,692
Thereafter	--	199,563	199,563
	302,105	238,023	540,128
Amount representing interest	--	(85,600)	(85,600)
Loan Payable Balance	<u>\$ 302,105</u>	<u>\$ 152,423</u>	<u>\$ 454,528</u>

PROMISSORY NOTES

In August 2021, PCI Media received two short-term loans totaling \$550,000 and evidenced by promissory notes. These loans bore interest at the prime rate plus three percent and were secured by a \$4,000,000 bequest the Organization was expecting to receive in 2022 (the "Bequest"). The notes were originally due the earlier of August 2022 or the date in which the Bequest was received.

In March 2022, the loan agreements were amended to increase the total principal balances of the loans by \$300,000. In December 2022, the loan agreements were further amended to increase the total principal balances of the loans by an additional \$200,000 and to extend the maturity dates to the earlier of June 30, 2023, or the date in which the Bequest is received. As of December 31, 2022, the balance of the loan facility was \$1,050,000 and the interest rate was 10.5%. Interest expense for the years ended December 31, 2022 and 2021 was \$61,028 and \$10,559, respectively.

The Bequest of \$4,000,000 is included in contributions and grants receivable as of December 31, 2022. In June 2023, the Bequest was fully collected and the promissory notes of \$1,050,000 were fully repaid.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - LOANS PAYABLE (CONTINUED)

RELATED-PARTY LOANS

In August 2022, the PCI Media entered into a short-term loan agreement with a board member to borrow \$100,000. This loan was fully repaid in September 2022. In November 2022, PCI Media entered into another short-term loan agreement with the same board member to borrow an additional \$70,000. This loan was fully repaid in December 2022. Both loans bore interest at the prime rate (which ranged from 5.50% - 7.50% from August through December 2022). Interest expense on the related party loans for the year ended December 31, 2022, was \$1,197.

In January 2023, PCI Media entered into a short-term loan agreement with an unrelated party to borrow \$75,000 at an annual interest rate of 4%. In May 2023, PCI Media entered into a short-term loan agreement with an employee to borrow \$60,000 at an annual interest rate of 5%. Both loans were fully repaid in June 2023, upon receipt of the above-mentioned Bequest.

NOTE 6 - BOARD-DESIGNATED NET ASSETS

PCI Media established a board-designated reserve fund, with the objective of setting funds aside as a general reserve, to be drawn upon in the event of need. Board-designated net assets consist of board-designated cash reserve funds of \$33,145 for each of the years ended December 31, 2022 and 2021.

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

	2022	2021
Board-designated net assets, beginning of year	\$ 33,145	\$ 583,141
Contributions designated for investment	--	16,970
Investment return	--	456
Release to fund general operations	--	(567,422)
Board-Designated Net Assets - End of Year	<u>\$ 33,145</u>	<u>\$ 33,145</u>

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2022 and 2021:

Program Location	Balance, January 1, 2022	Contributions	Released from Restrictions	Balance, December 31, 2022
Purpose Restricted				
Latin America	\$ 65,557	\$ 216,755	\$ (220,086)	\$ 62,226
Caribbean	111,444	217,728	(169,315)	159,857
Africa	300,647	1,285,556	(1,030,298)	555,905
Middle East	107,510	--	--	107,510
United States of America	156,240	488,600	(301,078)	343,762
Southeast Asia	<u>--</u>	<u>37,904</u>	<u>(22,811)</u>	<u>15,093</u>
Total	<u>\$ 741,398</u>	<u>\$ 2,246,543</u>	<u>\$ (1,743,588)</u>	<u>\$ 1,244,353</u>

Program Location	Balance, January 1, 2021	Contributions	Released from Restrictions	Balance, December 31, 2021
Purpose Restricted				
Latin America	\$ --	\$ 205,772	\$ (140,215)	\$ 65,557
Caribbean	8,000	143,344	(39,900)	111,444
Africa	227,895	1,625,781	(1,553,029)	300,647
Middle East	55,736	167,318	(115,544)	107,510
United States of America	153,533	33,580	(30,873)	156,240
Global	<u>--</u>	<u>252,700</u>	<u>(252,700)</u>	<u>--</u>
Total	<u>\$ 445,164</u>	<u>\$ 2,428,495</u>	<u>\$ (2,132,261)</u>	<u>\$ 741,398</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject PCI Media to concentrations of credit risk consist principally of cash and cash equivalents, and receivables. PCI Media maintains its cash with high credit quality financial institutions and its policy is designed to limit exposure to any one institution.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - CONCENTRATION OF CREDIT RISK (CONTINUED)

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 contributions and grants receivable and revenue. As of December 31, 2022, receivables from one donor represented approximately 98% of the Organization's total receivable balance. As of December 31, 2021, receivables from three donor represented approximately 77% of the Organization's total receivable balance. During the year ended December 31, 2022, approximately 63% of the Organization's total revenue was received from one donor.

During the year ended December 31, 2021, approximately 40% of the Organization's total revenue was received from three donors.

NOTE 9 - 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 2022 and 2021. Plan expense was \$43,734 and \$41,194 for 2022 and 2021.