

PCI - MEDIA IMPACT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Marcum LLP

Melville, NY
November 14, 2024

PCI - MEDIA IMPACT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,613,003	\$ 278,797
Contributions and grants receivable	345,199	4,064,567
Prepaid expenses and other assets	23,791	33,726
Equipment, net	<u>6,584</u>	<u>23,067</u>
Total Assets	<u>\$ 1,988,577</u>	<u>\$ 4,400,157</u>
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable and accrued expenses	\$ 247,198	\$ 321,026
Loans payable	<u>452,105</u>	<u>1,504,528</u>
Total Liabilities	<u>699,303</u>	<u>1,825,554</u>
Commitments and Contingencies		
Net Assets (Deficit)		
Without Donor Restrictions		
Operating	(327,227)	1,297,105
Board designated	<u>33,145</u>	<u>33,145</u>
Total Without Donor Restrictions	(294,082)	1,330,250
With Donor Restrictions	<u>1,583,356</u>	<u>1,244,353</u>
Total Net Assets	<u>1,289,274</u>	<u>2,574,603</u>
Total Liabilities and Net Assets	<u>\$ 1,988,577</u>	<u>\$ 4,400,157</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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support						
Contributions and grants	\$ 245,630	\$ 2,000,064	\$ 2,245,694	\$ 4,917,498	\$ 2,246,543	\$ 7,164,041
In-kind contributions	31,982	--	31,982	--	--	--
Other income	39,930	--	39,930	59,156	--	59,156
	<u>317,542</u>	<u>2,000,064</u>	<u>2,317,606</u>	<u>4,976,654</u>	<u>2,246,543</u>	<u>7,223,197</u>
Net assets released from restrictions	<u>1,661,061</u>	<u>(1,661,061)</u>	<u>--</u>	<u>1,743,588</u>	<u>(1,743,588)</u>	<u>--</u>
Total Operating Revenue and Support	<u>1,978,603</u>	<u>339,003</u>	<u>2,317,606</u>	<u>6,720,242</u>	<u>502,955</u>	<u>7,223,197</u>
Expenses						
Program expenses						
Serial drama	1,048,970	--	1,048,970	1,160,244	--	1,160,244
Global campaigns	612,150	--	612,150	579,091	--	579,091
General program	544,376	--	544,376	1,018,300	--	1,018,300
Supporting expenses						
Administrative	774,784	--	774,784	710,900	--	710,900
Fundraising	622,655	--	622,655	497,417	--	497,417
Total Expenses	<u>3,602,935</u>	<u>--</u>	<u>3,602,935</u>	<u>3,965,952</u>	<u>--</u>	<u>3,965,952</u>
Change in Net Assets From Operations	(1,624,332)	339,003	(1,285,329)	2,754,290	502,955	3,257,245
Net Assets (Deficit) - Beginning 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>
Net Assets (Deficit) - End of Year	<u>\$ (294,082)</u>	<u>\$ 1,583,356</u>	<u>\$ 1,289,274</u>	<u>\$ 1,330,250</u>	<u>\$ 1,244,353</u>	<u>\$ 2,574,603</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, 2023

	Program Expenses				Supporting Expenses		
	Serial Drama	Global Campaigns	General Program	Total Program Expenses	Administrative	Fundraising	Total
Salaries	\$ 128,143	\$ 63,573	\$ 403,094	\$ 594,810	\$ 168,441	\$ 198,002	\$ 961,253
Payroll taxes and employee benefits	41,219	18,308	103,377	162,904	48,969	58,196	270,069
Total Salaries and Related Expenses	169,362	81,881	506,471	757,714	217,410	256,198	1,231,322
Consulting fees	577,679	327,432	30,450	935,561	26,455	154,364	1,116,380
Professional fees	--	--	--	--	340,472	--	340,472
Broadcast production/airtime	264,535	155,550	--	420,085	--	--	420,085
Travel	22,931	6,087	2,139	31,157	--	70,707	101,864
Rent	5,416	9,805	--	15,221	1,783	--	17,004
Telecommunications	--	--	--	--	4,329	--	4,329
Printing and duplicating	97	3,067	--	3,164	--	171	3,335
Public representation and outreach	--	21,152	--	21,152	--	1	21,153
Postage	--	--	--	--	7,663	7,568	15,231
Office supplies	5,002	5,449	3,427	13,878	15,017	9,733	38,628
Meetings and conferences	--	--	1,389	1,389	--	3,287	4,676
Equipment rentals, repairs and maintenance	--	--	--	--	18,399	--	18,399
Registration dues and fees	3,948	1,727	500	6,175	18,307	120,626	145,108
Insurance	--	--	--	--	33,998	--	33,998
Interest expense	--	--	--	--	74,468	--	74,468
Depreciation	--	--	--	--	16,483	--	16,483
Total Expenses	\$ 1,048,970	\$ 612,150	\$ 544,376	\$ 2,205,496	\$ 774,784	\$ 622,655	\$ 3,602,935

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		
	Serial Drama	Global Campaigns	General Program	Total Program Expenses	Administrative	Fundraising	Total
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
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
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.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,285,329)	\$ 3,257,245
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debt expense	--	17,380
Depreciation	16,483	26,738
Changes in assets and liabilities		
Contributions and grants receivable	3,719,368	(3,923,769)
Prepaid expenses and other assets	9,935	(26,736)
Accounts payable and accrued expenses	<u>(73,828)</u>	<u>28,551</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,386,629</u>	<u>(620,591)</u>
Cash Flows From Financing Activities		
Proceeds from loans payable	135,000	670,000
Repayments of loans payable	<u>(1,187,423)</u>	<u>(170,000)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(1,052,423)</u>	<u>500,000</u>
Net Change in Cash and Cash Equivalents	1,334,206	(120,591)
Cash and Cash Equivalents - Beginning of Year	<u>278,797</u>	<u>399,388</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,613,003</u>	<u>\$ 278,797</u>
Supplemental Cash Flow Information		
Cash paid for interest	\$ 79,139	\$ 69,288

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, 2023 AND 2022

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 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.

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.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized and reported as revenue. As of December 31, 2023 and 2022, all contributions and grants receivable are due in less than one year and stated at their net realizable value.

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, 2023 and 2022, 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 GRANT REVENUE

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.

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.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

During the year ended December 31, 2023, the Organization received donated legal services of \$19,982 and donated social media services of \$12,000. Donated legal services are valued and are reported at fair value in the financial statements based on the hours incurred at standard hourly rates. Donated social media services are valued and are reported at fair value in the financial statements based on the donor's standard rate for such services. The contributed nonfinancial assets did not have any donor-imposed restrictions and were utilized for administrative and fundraising purposes. The Organization did not receive any in-kind contributions during the year ended December 31, 2022.

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.

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, 2023 and 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2024, 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, 2023 and 2022, 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 reserves that can be drawn upon if the Board of Directors approves that action.

	2023	2022
Cash and cash equivalents	\$ 1,613,003	\$ 278,797
Contributions and grants receivable	<u>345,199</u>	<u>4,064,567</u>
Total Financial Assets	1,958,202	4,343,364
Less: Board-designated amounts (Note 6)	33,145	33,145
Less: Donor-restricted amounts (Note 7)	<u>1,583,356</u>	<u>1,244,353</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 341,701</u>	<u>\$ 3,065,866</u>

PCI Media's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants. The Organization received a substantial bequest during 2022, which has helped management structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Management is implementing a strategy to increase funding in contributions and grants without donor restrictions. Absent an increase in funding, management believes that it has the ability to obtain short-term loans to help manage its liquidity needs.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - EQUIPMENT, NET

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

	2023	2022
Equipment	\$ 232,743	\$ 232,743
Accumulated depreciation	<u>(226,159)</u>	<u>(209,676)</u>
	<u>\$ 6,584</u>	<u>\$ 23,067</u>

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 loan is included in loans payable on the statements of financial position as of December 31, 2023 and 2022. On July 5, 2024, the loan principal balance of \$302,105 and accrued interest of \$5,263 were fully forgiven and there is no amount due to the lender. The principal balance and accrued interest will be recognized as income on the statement of activities in the year ended December 31, 2024.

ECONOMIC INJURY DISASTER LOAN

During 2020, PCI Media received an Economic Injury Disaster Loan (“EIDL”) of \$150,000, authorized by the SBA. The loan was to be used solely as working capital to alleviate economic injury caused by the coronavirus disaster. Interest expense accrues at a rate of 2.75% annually and the principal balance 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, 2023 AND 2022

NOTE 5 - LOANS PAYABLE (CONTINUED)

ECONOMIC INJURY DISASTER LOAN (CONTINUED)

Future minimum payments on the EIDL as of December 31, 2023, are as follows:

Year Ending December 31,	Amount
2024	\$ 7,692
2025	7,692
2026	7,692
2027	7,692
2028	7,692
Thereafter	<u>190,589</u>
	229,049
Less : Amount representing interest	<u>(79,049)</u>
Loan Payable Balance	<u>\$ 150,000</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 year ended December 31, 2022 was \$61,028.

In June 2023, the Bequest was fully collected and the promissory notes of \$1,050,000 were fully repaid. As of December 31, 2023, there is no outstanding balance on the promissory notes. The interest rate on the notes during 2023 and through the pay-off date ranged from 10.5% - 11.25%. Interest expense on the promissory notes for the year ended December 31, 2023, was \$63,630.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 - LOANS PAYABLE (CONTINUED)

RELATED-PARTY LOANS

In August 2022, 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. Interest expense on the related party loans for the year ended December 31, 2023, was \$1,698.

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, 2023 and 2022.

There were no changes in the balance of the board-designated net assets during the years ended December 31, 2023 and 2022.

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2023 and 2022:

Program Location	Balance, January 1, 2023	Contributions	Released from Restrictions	Balance, December 31, 2023
Purpose Restricted				
Latin America	\$ 62,226	\$ 394,193	\$ (206,393)	\$ 250,026
Caribbean	159,857	193,125	(172,618)	180,364
Africa	555,905	781,539	(869,327)	468,117
Middle East	107,510	9,688	(3,302)	113,896
United States of America	343,762	611,125	(393,122)	561,765
Southeast Asia	<u>15,093</u>	<u>10,394</u>	<u>(16,299)</u>	<u>9,188</u>
Total	<u>\$1,244,353</u>	<u>\$ 2,000,064</u>	<u>\$ (1,661,061)</u>	<u>\$ 1,583,356</u>

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>

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

PCI - MEDIA IMPACT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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.

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, 2023, receivables from four donors represented approximately 79% of the Organization's total receivable balance. As of December 31, 2022, receivables from one donor represented approximately 98% of the Organization's total receivable balance.

During the year ended December 31, 2023, approximately 63% of the Organization's total revenue was received from four donors. During the year ended December 31, 2022, approximately 63% of the Organization's total revenue was received from one donor.

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 2023 and 2022. Plan expense was \$58,082 and \$43,734 for 2023 and 2022.