



**Pennon Organization and Subsidiaries**  
**Consolidated Financial Statements and**  
**Supplementary Information**

June 30, 2024 and 2023



# **Pennon Organization and Subsidiaries**

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June 30, 2024 and 2023

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## Independent Auditor's Report

To the Board of Directors  
Pennon Organization  
Harrisburg, Pennsylvania

### Opinion

We have audited the consolidated financial statements of Pennon Organization and Subsidiaries (collectively the Organization), which comprise the consolidated statement of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses - by natural classification, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

## **Auditor's 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 auditor's 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 consolidated 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 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 Organization'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 Organization'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.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is 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 these 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 accompanying supplementary information, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

RKL LLP

December 11, 2024  
York, Pennsylvania

# Pennon Organization and Subsidiaries

## Consolidated Statement of Financial Position

	June 30,	
	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash, operating	\$ 1,182,168	\$ 734,890
Cash, restricted	180,779	265,555
Accounts receivable, net	3,582,866	944,952
Grants receivable	1,191,500	246,973
Contracts receivable	208,806	168,557
Inventory and prepaid expenses	735,843	213,560
Broadcast rights	51,681	54,705
Investments	12,190,839	9,965,217
<b>Total Current Assets</b>	<b>19,324,482</b>	<b>12,594,409</b>
<b>Property and Equipment, Net</b>	<b>14,720,721</b>	<b>13,370,693</b>
<b>Other Assets</b>		
Investments	20,297,153	21,723,140
Right-of-use assets - operating leases	15,014,070	973,535
Deferred income taxes, net	1,319,000	538,000
Station license	910,000	910,000
Interest rate swap asset	636,618	643,112
Interest in net assets of a community foundation	82,928	77,414
Right-of-use asset - financing leases, net	13,130	18,381
<b>Total Other Assets</b>	<b>38,272,899</b>	<b>24,883,582</b>
<b>Total Assets</b>	<b>\$ 72,318,102</b>	<b>\$ 50,848,684</b>

## Pennon Organization and Subsidiaries

Consolidated Statement of Financial Position (continued)

	June 30,	
	2024	2023
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 997,836	\$ 766,561
Current portion of obligations under financing leases	2,893	10,081
Current portion of obligations under operating leases	818,943	111,892
Accounts payable	2,057,960	662,025
Accrued payroll and vacation	819,588	471,302
Accrued and withheld payroll taxes	98,470	18,530
Deferred revenue	4,206,948	1,061,298
Accrued interest payable	46,206	41,123
<b>Total Current Liabilities</b>	<b>9,048,844</b>	<b>3,142,812</b>
<b>Other Liabilities</b>		
Obligations under operating leases	14,667,972	879,313
Long-term debt	11,118,420	9,776,771
Charitable gift annuity obligation	65,077	70,708
Obligations under financing leases	-	2,893
<b>Total Other Liabilities</b>	<b>25,851,469</b>	<b>10,729,685</b>
<b>Total Liabilities</b>	<b>34,900,313</b>	<b>13,872,497</b>
<b>Net Assets</b>		
Without donor restrictions	33,387,826	35,586,313
With donor restrictions	4,029,963	1,389,874
<b>Total Net Assets</b>	<b>37,417,789</b>	<b>36,976,187</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 72,318,102</b>	<b>\$ 50,848,684</b>

## Pennon Organization and Subsidiaries

### Consolidated Statement of Activities

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Circulation revenue	\$ 13,403,924	\$ -	\$ 13,403,924
Contributions and grants	10,849,549	1,187,738	12,037,287
Advertising	11,486,897	-	11,486,897
Fees and rentals	4,266,460	134,541	4,401,001
In-kind contributions	180,098	831,967	1,012,065
Program underwriting	-	929,904	929,904
Interest income, net of fees	822,382	-	822,382
Special projects	57,400	-	57,400
Net assets released from restrictions	1,352,183	(1,352,183)	-
Loss on sale of property and equipment	(16,778)	-	(16,778)
Loss on sale of investments	(182,322)	-	(182,322)
<b>Total Revenue</b>	<b>42,219,793</b>	<b>1,731,967</b>	<b>43,951,760</b>
<b>Expenses</b>			
Programming and production	32,647,516	-	32,647,516
Management and general	5,329,595	-	5,329,595
Broadcasting	3,414,243	-	3,414,243
Fundraising	2,805,098	-	2,805,098
Education	918,868	-	918,868
Program information	398,513	-	398,513
Income taxes	(632,999)	-	(632,999)
<b>Total Expenses</b>	<b>44,880,834</b>	<b>-</b>	<b>44,880,834</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>(2,661,041)</b>	<b>1,731,967</b>	<b>(929,074)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>5,514</b>	<b>-</b>	<b>5,514</b>
<b>Unrealized Holding Gains on Investments</b>	<b>1,583,572</b>	<b>908,122</b>	<b>2,491,694</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(6,494)</b>	<b>-</b>	<b>(6,494)</b>
<b>Change in Charitable Gift Annuity Obligation</b>	<b>(4,413)</b>	<b>-</b>	<b>(4,413)</b>
<b>Changes in Net Assets</b>	<b>\$ (1,082,862)</b>	<b>\$ 2,640,089</b>	<b>\$ 1,557,227</b>

See accompanying notes.



## Pennon Organization and Subsidiaries

Consolidated Statement of Activities (continued)

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Circulation revenue	\$ -	\$ -	\$ -
Contributions and grants	5,831,792	235,447	6,067,239
Advertising	-	-	-
Fees and rentals	3,611,698	-	3,611,698
In-kind contributions	87,005	-	87,005
Program underwriting	-	930,011	930,011
Interest income, net of fees	669,745	-	669,745
Special projects	-	-	-
Net assets released from restrictions	1,220,608	(1,220,608)	-
Loss on sale of property and equipment	(17,202)	-	(17,202)
Loss on sale of investments	(218,032)	-	(218,032)
<b>Total Revenue</b>	<b>11,185,614</b>	<b>(55,150)</b>	<b>11,130,464</b>
<b>Expenses</b>			
Programming and production	4,189,695	-	4,189,695
Management and general	1,845,990	-	1,845,990
Broadcasting	3,365,520	-	3,365,520
Fundraising	2,933,763	-	2,933,763
Education	503,536	-	503,536
Program information	535,562	-	535,562
Income taxes	169,680	-	169,680
<b>Total Expenses</b>	<b>13,543,746</b>	<b>-</b>	<b>13,543,746</b>
<b>Deficiency of Revenue over Expenses</b>	<b>(2,358,132)</b>	<b>(55,150)</b>	<b>(2,413,282)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>3,084</b>	<b>-</b>	<b>3,084</b>
<b>Unrealized Holding Gains on Investments</b>	<b>2,013,452</b>	<b>85,759</b>	<b>2,099,211</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>264,458</b>	<b>-</b>	<b>264,458</b>
<b>Change in Charitable Gift Annuity Obligation</b>	<b>(4,454)</b>	<b>-</b>	<b>(4,454)</b>
<b>Changes in Net Assets</b>	<b>\$ (81,592)</b>	<b>\$ 30,609</b>	<b>\$ (50,983)</b>

See accompanying notes.

## Pennon Organization and Subsidiaries

Consolidated Statement of Functional Expenses - by Natural Classification

	Year Ended June 30, 2024								
	Program Services					Support Services			Totals
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 481,161	\$ 8,992,978	\$ 634,052	\$ 212,337	\$ 10,320,528	\$ 1,027,721	\$ 2,570,013	\$ 3,597,734	\$ 13,918,262
Printing	10,028	6,001,624	647	2,587	6,014,886	56,870	285	57,155	6,072,041
Circulation and distribution	-	5,653,659	-	-	5,653,659	-	-	-	5,653,659
Group life and hospitalization	43,769	1,706,060	111,793	29,153	1,890,775	113,600	197,861	311,461	2,202,236
Depreciation and amortization	4,906	684,288	1,038,318	7,623	1,735,135	128,262	183,258	311,520	2,046,655
Freelance	557	1,115,478	64,918	2,800	1,183,753	3,636	546,367	550,003	1,733,756
Advertising expense	1,822	1,391,844	23,391	315	1,417,372	-	2,000	2,000	1,419,372
Program acquisition	-	727,636	602,723	-	1,330,359	-	-	-	1,330,359
Rent, tower site	-	153,349	96,817	-	250,166	-	1,064,900	1,064,900	1,315,066
Postage	4,616	1,204,494	1,626	-	1,210,736	19,501	1,630	21,131	1,231,867
Payroll taxes	49,676	705,229	66,239	21,373	842,517	80,072	143,516	223,588	1,066,105
Direct labor	113,359	522,569	315,845	-	951,773	3,669	-	3,669	955,442
Maintenance and repairs	2,497	682,370	45,388	1,042	731,297	33,210	65,048	98,258	829,555
Interest expense	1,651	311,971	89,114	5,977	408,713	81,709	124,489	206,198	614,911
Membership maintenance	-	-	-	-	-	477,934	-	477,934	477,934
Retirement	38,894	232,878	47,517	16,821	336,110	61,511	71,637	133,148	469,258
Other news services expenses	-	429,260	18,704	-	447,964	263	-	263	448,227
Banking fees	-	288,194	-	-	288,194	71,176	45,120	116,296	404,490
Barter expense	-	230,412	-	77,457	307,869	-	-	-	307,869
Dues and subscriptions	6,454	167,288	36,122	7,050	216,914	60,065	22,009	82,074	298,988
Insurance	1,700	189,319	18,176	1,380	210,575	14,260	52,331	66,591	277,166
Professional fees	12,821	126,546	22,924	4,459	166,750	40,711	62,535	103,246	269,996
Power and light	471	144,635	60,404	1,706	207,216	23,326	35,539	58,865	266,081
Affiliate dues and fees	-	143,292	44,385	-	187,677	-	39,700	39,700	227,377
Provision for credit losses	-	209,734	-	-	209,734	5,553	-	5,553	215,287
Pennsylvania unemployment insurance	3,290	187,511	3,615	987	195,403	3,714	3,586	7,300	202,703
Direct mail promotion	-	-	-	-	-	171,761	-	171,761	171,761
Travel and entertainment	8,043	80,290	11,505	190	100,028	25,520	45,274	70,794	170,822
Cost of premiums	-	-	-	3,782	3,782	159,302	-	159,302	163,084
Telephone	798	125,536	10,036	223	136,593	7,639	7,978	15,617	152,210
Miscellaneous supplies	96,845	15,352	139	236	112,572	146	259	405	112,977
Pledge activity	-	-	-	-	-	103,797	-	103,797	103,797
Internet access	2,465	38,289	14,320	-	55,074	10,963	11,159	22,122	77,196
Contributions	-	61,640	-	-	61,640	-	-	-	61,640
Miscellaneous	13,410	26,809	2,529	-	42,748	1,542	1,823	3,365	46,113
Training	5,199	19,296	3,685	-	28,180	4,702	10,285	14,987	43,167
Amortization of broadcast rights	-	36,828	-	-	36,828	-	-	-	36,828
Other building utilities	56	10,750	3,039	204	14,049	2,786	5,290	8,076	22,125
Other employee benefits	1,947	7,177	3,111	695	12,930	3,378	5,269	8,647	21,577
Recruitment	218	12,257	3,075	-	15,550	1,869	1,902	3,771	19,321

See accompanying notes.

**Pennon Organization and Subsidiaries**

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended June 30, 2024								
	Program Services				Supporting Services			Totals	
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General		Total Supporting Services
Special surveys	\$ -	\$ -	\$ 16,235	\$ -	\$ 16,235	\$ -	\$ -	\$ -	\$ 16,235
Office supplies	465	3,181	1,729	-	5,375	2,160	2,065	4,225	9,600
Direct material	7,638	1,200	-	-	8,838	-	-	-	8,838
Rent, equipment	3,328	2,176	-	-	5,504	1,023	-	1,023	6,527
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Gas and oil, vehicles	731	1,840	616	116	3,303	-	838	838	4,141
Data processing supplies	53	2,277	501	-	2,831	451	459	910	3,741
Telemarketing	-	-	-	-	-	1,296	-	1,296	1,296
Award entry fees	-	-	1,005	-	1,005	-	-	-	1,005
Station compensation	-	-	-	-	-	-	-	-	-
Income taxes	-	-	(632,999)	-	(632,999)	-	-	-	(632,999)
	<u>\$ 918,868</u>	<u>\$ 32,647,516</u>	<u>\$ 2,781,244</u>	<u>\$ 398,513</u>	<u>\$ 36,746,141</u>	<u>\$ 2,805,098</u>	<u>\$ 5,329,595</u>	<u>\$ 8,134,693</u>	<u>\$ 44,880,834</u>

## Pennon Organization and Subsidiaries

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended June 30, 2023									
	Program Services					Support Services				Totals
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries	\$ 201,166	\$ 1,046,210	\$ 824,707	\$ 331,337	\$ 2,403,420	\$ 1,233,606	\$ 757,604	\$ 1,991,210	\$ 4,394,630	
Printing	7,832	264	2,657	2,394	13,147	58,382	-	58,382	71,529	
Circulation and distribution	-	-	-	-	-	-	-	-	-	
Group life and hospitalization	23,382	126,285	129,035	35,619	314,321	117,497	78,806	196,303	510,624	
Depreciation and amortization	5,030	448,424	906,803	6,933	1,367,190	121,518	171,617	293,135	1,660,325	
Freelance	20,118	5,807	75,812	6,087	107,824	961	276,344	277,305	385,129	
Advertising expense	606	484	11,754	3,906	16,750	400	-	400	17,150	
Program acquisition	-	783,954	612,386	-	1,396,340	-	-	-	1,396,340	
Rent, tower site	-	124,568	76,746	-	201,314	-	-	-	201,314	
Postage	2,863	2,825	1,346	863	7,897	20,125	2,370	22,495	30,392	
Payroll taxes	15,524	107,877	73,613	27,044	224,058	86,905	50,106	137,011	361,069	
Direct labor	103,735	436,402	195,686	-	735,823	4,101	-	4,101	739,924	
Maintenance and repairs	2,297	115,893	39,290	1,066	158,546	26,801	52,163	78,964	237,510	
Interest expense	1,176	222,061	63,431	4,254	290,922	58,160	88,612	146,772	437,694	
Membership maintenance	-	-	-	-	-	404,287	-	404,287	404,287	
Retirement	12,125	69,049	53,534	19,874	154,582	66,375	36,749	103,124	257,706	
Other news services expenses	-	18,333	20,641	-	38,974	350	-	350	39,324	
Banking fees	-	-	-	-	-	74,538	22,892	97,430	97,430	
Barter expense	-	-	-	69,320	69,320	-	-	-	69,320	
Dues and subscriptions	1,466	116,987	43,425	6,022	167,900	53,139	21,486	74,625	242,525	
Insurance	1,225	63,863	26,074	2,013	93,175	17,202	47,229	64,431	157,606	
Professional fees	6,423	38,935	26,221	6,980	78,559	47,335	69,480	116,815	195,374	
Power and light	560	144,446	56,650	2,027	203,683	27,710	42,219	69,929	273,612	
Affiliate dues and fees	-	155,418	43,685	-	199,103	-	46,070	46,070	245,173	
Provision for credit losses	-	858	-	-	858	7,586	-	7,586	8,444	
Pennsylvania unemployment insurance	610	5,110	2,874	1,028	9,622	2,418	2,022	4,440	14,062	
Direct mail promotion	-	-	-	-	-	160,109	-	160,109	160,109	
Travel and entertainment	7,728	24,716	13,481	266	46,191	38,971	10,388	49,359	95,550	
Cost of premiums	1,922	-	-	3,557	5,479	155,116	-	155,116	160,595	
Telephone	598	7,899	9,954	1,150	19,601	8,595	5,704	14,299	33,900	
Miscellaneous supplies	54,299	1,459	275	1,009	57,042	25	498	523	57,565	
Pledge activity	-	-	-	-	-	106,932	-	106,932	106,932	
Internet access	2,439	37,964	13,030	-	53,433	9,334	9,500	18,834	72,267	
Contributions	-	-	-	-	-	-	-	-	-	
Miscellaneous	4,875	2,454	292	210	7,831	1,259	1,806	3,065	10,896	
Training	2,168	6,176	2,812	787	11,943	8,209	33,935	42,144	54,087	
Amortization of broadcast rights	-	47,144	-	-	47,144	-	-	-	47,144	
Other building utilities	67	12,733	3,637	244	16,681	3,335	5,081	8,416	25,097	
Other employee benefits	924	4,494	3,092	1,230	9,740	3,751	2,786	6,537	16,277	
Recruitment	193	3,013	1,842	-	5,048	1,659	1,688	3,347	8,395	

See accompanying notes.

**Pennon Organization and Subsidiaries**

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended June 30, 2023								
	Program Services				Supporting Services				
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	Totals
Special surveys	\$ -	\$ -	\$ 15,925	\$ -	\$ 15,925	\$ -	\$ -	\$ -	\$ 15,925
Office supplies	11,238	2,732	1,599	71	15,640	2,024	1,705	3,729	19,369
Direct material	75	-	-	-	75	3,000	-	3,000	3,075
Rent, equipment	10,454	1,586	19	1	12,060	18	27	45	12,105
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Gas and oil, vehicles	364	2,325	524	270	3,483	-	1,454	1,454	4,937
Data processing supplies	54	947	523	-	1,524	471	479	950	2,474
Telemarketing	-	-	-	-	-	1,559	-	1,559	1,559
Award entry fees	-	-	1,145	-	1,145	-	-	-	1,145
Station compensation	-	-	11,000	-	11,000	-	-	-	11,000
Income taxes	-	-	169,680	-	169,680	-	-	-	169,680
	<u>\$ 503,536</u>	<u>\$ 4,189,695</u>	<u>\$ 3,535,200</u>	<u>\$ 535,562</u>	<u>\$ 8,763,993</u>	<u>\$ 2,933,763</u>	<u>\$ 1,845,990</u>	<u>\$ 4,779,753</u>	<u>\$ 13,543,746</u>

## **Pennon Organization and Subsidiaries**

### Consolidated Statement of Changes in Net Assets

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Net Assets at June 30, 2022</b>	\$ 35,667,905	\$ 1,359,265	\$ 37,027,170
Changes in net assets	<u>(81,592)</u>	<u>30,609</u>	<u>(50,983)</u>
<b>Net Assets at June 30, 2023</b>	35,586,313	1,389,874	36,976,187
Transfer of net assets of LNP Media Group, Inc.	<b>(1,115,625)</b>	-	<b>(1,115,625)</b>
Changes in net assets	<u>(1,082,862)</u>	<u>2,640,089</u>	<u>1,557,227</u>
<b>Net Assets at June 30, 2024</b>	<u><b>\$ 33,387,826</b></u>	<u><b>\$ 4,029,963</b></u>	<u><b>\$ 37,417,789</b></u>

## Pennon Organization and Subsidiaries

### Consolidated Statement of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 1,557,227	\$ (50,983)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,046,655	1,660,325
Amortization of broadcast rights	1,367,187	1,443,484
Barter revenue	(89,409)	(65,520)
Barter expense	307,869	69,320
In-kind contributions - donated securities - endowment	(831,967)	-
In-kind contributions - donated securities	(33,797)	(9,666)
In-kind contributions - donated vehicles	(62,710)	(74,339)
In-kind contributions - donated property	(83,591)	-
Provision for credit losses	215,287	8,444
Loss on sale of investments	182,322	218,032
Provision for valuation allowance for deferred income taxes	775,000	100,000
Proceeds from sale of donated securities	33,797	9,666
Proceeds from sale of donated vehicles	62,710	74,339
Proceeds from sale of donated property	83,591	-
Unrealized holding gains on investments	(2,491,694)	(2,099,211)
Loss on sale of property and equipment	16,778	17,202
Change in interest in net assets of a community foundation	(5,514)	(3,084)
Change in deferred income taxes	(1,408,000)	67,000
Change in interest rate swap asset	6,494	(264,458)
Amortization of right-of-use assets - operating leases included in rent expense	931,616	121,765
(Increase) decrease in assets		
Accounts receivable	(1,653,395)	(423,599)
Grants receivable	(944,527)	69,465
Contracts receivable	(40,249)	(27,256)
Inventory and prepaid expenses	(107,188)	(1,944)
Promises to give	-	5,000
Increase (decrease) in liabilities		
Accounts payable	1,187,622	(394,557)
Accrued payroll and vacation	150,187	55,114
Accrued and withheld payroll taxes	63,313	3,372
Deferred revenue	(339,087)	(812,037)
Accrued interest payable	5,083	15,644
Obligations under operating leases	(779,067)	(104,095)
Charitable gift annuity obligation	(5,631)	(5,775)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>116,912</b>	<b>(398,352)</b>

## Pennon Organization and Subsidiaries

Consolidated Statement of Cash Flows (continued)

	Years Ended June 30,	
	2024	2023
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	\$ (2,294,794)	\$ (1,097,588)
Purchase of broadcast rights	(1,364,163)	(1,415,341)
Purchase of investments	(2,595,047)	(1,954,918)
Proceeds from sale of investments	4,104,784	2,426,502
<b>Net Cash Used in Investing Activities</b>	<b>(2,149,220)</b>	<b>(2,041,345)</b>
<b>Cash Flows from Financing Activities</b>		
Principal repayments of obligations under financing leases	(10,081)	(8,445)
Proceeds from sale of donated securities - endowment	831,967	-
Proceeds received for long-term debt	2,500,000	-
Principal repayments of long-term debt	(927,076)	(745,683)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>2,394,810</b>	<b>(754,128)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>362,502</b>	<b>(3,193,825)</b>
<b>Cash at Beginning of Year</b>	<b>1,000,445</b>	<b>4,194,270</b>
<b>Cash at End of Year</b>	<b>\$ 1,362,947</b>	<b>\$ 1,000,445</b>
<b>Cash Consists of</b>		
Cash, operating	\$ 1,182,168	\$ 734,890
Cash, restricted	180,779	265,555
	<b>\$ 1,362,947</b>	<b>\$ 1,000,445</b>
<b>Supplementary Cash Flows Information</b>		
Interest paid	\$ 609,828	\$ 422,050
Income taxes paid	\$ 1	\$ 2,680



## **Pennon Organization and Subsidiaries**

Consolidated Statement of Cash Flows (continued)

### **Supplementary Schedule of Noncash Investing and Financing Activities**

#### **In 2024**

The Organization included \$196,072 of property and equipment in accounts payable.

The Organization entered into barter agreements totaling \$317,054.

The assets, liabilities, and net equity acquired from LNP Media Group, Inc. consists of the following:

#### **Assets**

Accounts receivable, net	\$ 1,199,806
Prepaid expenses	405,910
Property and equipment, net	1,132,152
Right-of-use assets - operating leases	14,972,151
Deferred income taxes, net	148,000

<b>Total Assets</b>	<b>\$ 17,858,019</b>
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#### **Liabilities and Deficit in Stockholder's Equity**

Accounts payable	\$ 227,049
Accrued payroll	198,099
Payroll taxes withheld and accrued	16,627
Deferred revenue	3,257,092
Obligations under operating leases	15,274,777

<b>Total Liabilities</b>	<b>18,973,644</b>
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<b>Deficit in Stockholder's Equity</b>	<b>(1,115,625)</b>
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<b>Total Liabilities and Deficit in Stockholder's Equity</b>	<b>\$ 17,858,019</b>
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#### **In 2023**

The Organization included \$214,808 of property and equipment in accounts payable.

The Organization entered into barter agreements totaling \$58,093.

A right-of-use asset - operating leases and operating lease liability of \$1,095,300 was recorded in conjunction with the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*.

The Organization reclassified \$24,382 from property and equipment to right-of-use asset - financing leases in conjunction with the adoption of the ASC Topic 842, *Leases*.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 1 - Nature of Operations**

Pennon Organization (formerly, WITF, Inc.) (a Pennsylvania nonprofit corporation) (Pennon) operates the WITF - TV and FM (television and radio) stations in Harrisburg, Pennsylvania. Pennon's revenue is primarily from contributions and grants, fees, and rentals.

Effective July 1, 2000, Pennon established a wholly-owned subsidiary, WITF Enterprises, Inc. (a Pennsylvania C corporation) (Enterprises). Enterprises was created by the transfer of assets and liabilities of a former division of WITF, Inc., the Radio PA Network. During the year ended June 30, 2020, Enterprises discontinued the operations of the Radio PA division. Enterprises derives substantially all of its revenue from advertising sales.

Effective July 1, 2023, Pennon was gifted ownership of LNP Media Group, Inc. (a B corporation) (LNP) by the Steinman family. LNP is a wholly-owned subsidiary of Pennon. Their mission is to be the source of news and information for every resident of Lancaster County and to provide the means for every business and individual to communicate directly with the residents of Lancaster County. LNP's primary sources of revenue are from circulation and advertising sales.

To support the mission and activities of Pennon and LNP, Pennon also established The Steinman Institute for Civic Engagement, LLC (Steinman), a disregarded entity. Steinman is a single member LLC whose sole member is Pennon. This entity will concentrate on building stronger communities by researching, developing and advancing innovations in the areas of local news consumption and delivery, media literacy, and ways in which citizens participate in civic life. Steinman's revenue is primarily from grants.

For purposes of these consolidated financial statements, the entities are collectively referred to as the Organization.

#### **Note 2 - Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

##### **Use of Estimates**

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Pennon Organization and its wholly-owned subsidiaries and The Steinman Institute for Civic Engagement, LLC. All significant intercompany balances and transactions are eliminated in consolidation.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Basis of Accounting**

The Organization's consolidated financial statements and books are maintained on the accrual basis.

##### **Basis of Presentation**

Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations plus equity of the for-profit entities.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are restricted for a specified purpose or passage of time or are restricted in perpetuity.

##### **Cash**

The Organization considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2024 and 2023.

In addition, the Organization places its temporary cash investments with high credit quality financial institutions. The cash balances are commonly reinvested in overnight repurchase agreements. In evaluating this credit risk, the Organization periodically evaluates the stability of these financial institutions.

##### **Accounts Receivable**

Accounts receivable are stated at outstanding balances, less an allowance for credit losses. The allowance for credit losses is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for credit losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

As of June 30, 2024 and 2023, management established the allowance for credit losses of \$357,619 and \$56,374, respectively.

##### **Contracts Receivable**

The Organization enters into program underwriting contracts with various companies to provide underwriting spots through television, radio, or other outlets in exchange for a funding contribution. The remaining balance of the contract is reported as contracts receivable in the consolidated statement of financial position. All contracts are expected to be realized in less than one year.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Inventory**

Inventory of materials and supplies not allocable to uncompleted contracts is stated at the lower of cost or net realizable value, cost being determined on the first-in, first-out method. Inventory is determined by physical count.

##### **Broadcast Rights**

Program series and other syndicated products are recorded at cost. Generally, these programs and products are amortized on an accelerated basis over the period of the license agreement. Estimated amortization consists of \$33,766 for the year ending June 30, 2025, \$14,146 for the year ending June 30, 2026, and \$3,769 for the year ending June 30, 2027.

##### **Promises to Give**

Promises to give are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a donor's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. Promises to give that are expected to be received in more than one year are discounted to present value using a risk-adjusted rate of return. Amortization of the discount is included in contribution revenue.

##### **Investments**

Investments in debt and equity securities with readily determinable fair values are reported at fair value, based on quoted market prices, with the exception of alternative investments. Alternative investments in hedge funds, which include offshore funds, are stated at estimated fair value based upon the fund's net asset value or their equivalents as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2024, the Organization had no plans or intentions to sell investments at amounts different from net asset value. The estimated fair values are reported by the fund managers and are reviewed and evaluated by the Organization. The estimated fair values may differ from the values that would have been used had a ready market existed for these investments.

Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation. Interest and dividends are not recorded until received.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment are reported at cost, or in the case of donated property, at estimated fair value determined as of the date of receipt.

Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for maintenance and repairs are charged to operations as incurred. Gain or loss on the sale or disposal of assets is credited or charged to operations and the related asset costs and accumulated depreciation are removed from the respective accounts.

Property and equipment are depreciated using the straight-line and accelerated methods over the estimated average useful lives of the assets as follows:

Building and improvements	14 to 30 years
Equipment and furniture	6 to 10 years
Vehicles	3 years

The Organization's leasehold improvements are depreciated using the straight-line method over the shorter of the estimated average useful life or term of lease.

The Organization's policy is to capitalize property and equipment expenditures of \$1,000 or more.

##### **Interest in Net Assets of a Community Foundation**

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

##### **Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended June 30, 2024 and 2023.

##### **Revenue Recognition**

###### **Contributions and Underwriting Revenue**

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, contract receivable, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Underwriting contract receivable that supports an event is conditioned on the event taking place and is therefore recognized as underwriting revenue after delivery of the event.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Revenue Recognition (continued)**

###### **Contributions and Underwriting Revenue (continued)**

All contributions are considered to be available for operations unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

###### **Membership**

The Organization receives support through membership campaigns at multiple times during the year. There are no significant performance obligations remaining at the time of renewal; therefore, the membership revenue is recognized at the time of renewal on an annual basis. All membership support is considered available for operations unless specifically restricted by the donor.

###### **Grants**

Grant revenue deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

The Organization also receives grant revenue, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

###### **Program and Production Revenue**

The Organization uses the percentage-of-completion method of accounting for independently-funded revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to estimated total costs at completion applied to the total committed revenue from outside sponsors. Production costs include charges by subcontractors, plus all direct labor, and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

###### **Circulation Revenue**

Circulation revenue is recorded over the print or digital subscription term or as newspapers are individually sold. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

## **Pennon Organization and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Revenue Recognition (continued)**

##### **Advertising Revenue**

Advertising revenue is recorded when advertisements are placed in the publication or on the related digital platform. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

#### **Right-of-Use Assets and Lease Liabilities**

The Organization records leases in accordance with Topic 842, *Leases*, as of July 1, 2022, which recognizes most leases on the consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

#### **Donated or Contributed Investments, Services, or Materials**

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the consolidated financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Functional Expenses**

The cost of providing the various programs and other activities are summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services include management and general expenses and fundraising costs. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort.

##### **Income Taxes**

Pennon is recognized as being exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to Pennon are deductible under Section 170 of the Internal Revenue Code. Pennon also files Form 990-T, reporting any unrelated business income earned.

Steinman is a single member LLC whose sole member is Pennon. Steinman was organized solely and exclusively for charitable and educational purposes in accordance with Section 501(c)(3) of the Internal Revenue Code and that further the tax-exempt purposes of the Organization. Steinman is considered a disregarded entity for federal tax purposes and all activity is reported under Pennon.

Income taxes are provided for the tax effects of transactions reported in the financial statements of Enterprises and consist of taxes currently due plus deferred taxes. Deferred taxes result primarily from the difference in the basis of accounts receivable, property and equipment, and accrued vacation for financial and income tax reporting. This difference is referred to as a temporary difference. Deferred tax assets and liabilities represent the future tax return consequences of that difference, which will either be taxable or deductible when the temporary difference reverses or when the underlying assets and liabilities are recovered or settled. Deferred taxes are also recognized for federal and state net operating loss carryforwards that are available to offset future taxable income. Management has recorded a valuation allowance of \$450,000 and \$350,000 as of June 30, 2024 and 2023, respectively, due to the uncertainty of being able to fully utilize this benefit before the net operating loss carryforwards expire.

LNP is structured as a benefit corporation (B corporation) and taxed as a corporation for federal and state income tax reporting. Income taxes are provided for the tax effects of transactions reported in the financial statements of LNP. Deferred taxes result primarily from the difference in the basis of accounts receivable, property and equipment, right-of-use assets, and accrued vacation for financial and income tax reporting. This difference is referred to as a temporary difference. Deferred tax assets and liabilities represent the future tax return consequences of that difference, which will either be taxable or deductible when the temporary difference reverses or when the underlying assets and liabilities are recovered or settled. Deferred taxes are also recognized for federal and state net operating loss carryforwards that are available to offset future taxable income. Management has recorded a valuation allowance of \$675,000 as of June 30, 2024 due to the uncertainty of being able to fully utilize this benefit before the net operating loss carryforwards expire.



## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Income Taxes (continued)**

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the Organization is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization has taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before June 30, 2021.

##### **Derivatives and Hedging Activity**

The Organization is a party to interest rate swap agreements to hedge the exposure to changing rates with respect to certain variable rate debt. In accordance with the accounting standard on *Accounting for Derivative Instruments and Hedging Activities*, all derivatives, whether designated in hedging relationships or not, are required to be recorded on the consolidated statement of financial position at fair value. The Organization's interest rate swaps are recorded at fair value as determined by a third party. Changes in the fair value of the swaps are recorded on the consolidated statement of activities as a component of the changes in net assets.

##### **Change in Accounting Principles**

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit (Topic 326)*. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to this guidance include accounts, grants, and contracts receivable. The Organization implemented the provisions of this standard as of July 1, 2023, but management determined the update did not have a material impact on the Organization's consolidated financial statements.

#### **Note 3 - Fair Value of Financial Instruments**

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 3 - Fair Value of Financial Instruments (continued)**

The following valuation techniques were used to measure fair value of assets in the tables on the following pages on a recurring basis as of June 30, 2024 and 2023:

Investments in cash and cash equivalents - The carrying amounts of cash and cash equivalents approximate fair value because of the short-term nature of those investments.

Investments in mutual funds - Fair value of mutual funds was based on quoted market prices for the identical security.

Investments in exchange traded funds - Fair value of exchange traded funds was based on quoted market prices for the identical security.

Investment in common stock - Fair value of common stock was based on estimated business valuation and the company's expected revenue growth. The common stock held by the Organization is not publicly traded.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on the Organization's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

Interest rate swap asset - Fair value of the interest rate swaps are based on quoted market prices when available, or externally developed valuation models using forward-looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swaps. Adjustments are not made for nonperformance risk on behalf of either party.

Hedge funds - Fair value of hedge funds was based on estimated fair values provided by an independent administrator. The hedge funds are valued at the net asset value (NAV) of units. The NAV is used as a practical expedient to estimate fair value and is based on the underlying investments held by the funds less its liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's financial instruments also include cash accounts and other receivables, promises to give, accounts payable, charitable gift annuity obligation, and long-term debt. The carrying amounts of cash, accounts and other receivables, and accounts payable, approximate fair values as of June 30, 2024 and 2023 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2024 and 2023 approximate fair value, as they have been discounted using risk-adjusted rates. Additionally, the charitable gift annuity obligations were valued based on the annuitants' life expectancies. The carrying amounts of long-term debt are considered to approximate fair values as of June 30, 2024 and 2023 since they are subject to interest rates, which vary depending on market conditions.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 3 - Fair Value of Financial Instruments (continued)

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows as of June 30:

	2024			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash and Cash Equivalents</b>	\$ 1,066,608	\$ 1,066,608	\$ -	\$ -
<b>Mutual Funds</b>				
Equity - domestic	7,166,861	7,166,861	-	-
Fixed income	7,101,418	7,101,418	-	-
Equity - international	4,196,219	4,196,219	-	-
Other real assets	1,634	1,634	-	-
<b>Total Mutual Funds</b>	<b>18,466,132</b>	<b>18,466,132</b>	<b>-</b>	<b>-</b>
<b>Exchange Traded Funds</b>				
Equity - domestic	6,360,438	6,360,438	-	-
Fixed income	2,432,683	2,432,683	-	-
Equity - international	741,302	741,302	-	-
<b>Total Exchange Traded Funds</b>	<b>9,534,423</b>	<b>9,534,423</b>	<b>-</b>	<b>-</b>
<b>Common Stock</b>	<b>1,000,043</b>	<b>-</b>	<b>-</b>	<b>1,000,043</b>
	<b>30,067,206</b>	<b>\$ 29,067,163</b>	<b>\$ -</b>	<b>\$ 1,000,043</b>
<b>Alternative Investments (a)</b>				
Hedge funds	2,420,786			
<b>Total Investments</b>	<b>\$ 32,487,992</b>			
<b>Interest in Net Assets of a Community Foundation</b>	<b>\$ 82,928</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,928</b>
<b>Interest Rate Swap</b>	<b>\$ 636,618</b>	<b>\$ -</b>	<b>\$ 636,618</b>	<b>\$ -</b>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 3 - Fair Value of Financial Instruments (continued)

	2023			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash and Cash Equivalents</b>	\$ 318,097	\$ 318,097	\$ -	\$ -
<b>Mutual Funds</b>				
Equity - domestic	13,184,155	13,184,155	-	-
Fixed income	9,993,720	9,993,720	-	-
Equity - international	5,589,264	5,589,264	-	-
Other real assets	4,630	4,630	-	-
<b>Total Mutual Funds</b>	27,987,846	27,987,846	-	-
<b>Exchange Traded Funds</b>				
Equity - domestic	302,394	302,394	-	-
Equity - international	783,923	783,923	-	-
<b>Total Exchange Traded Funds</b>	1,086,317	1,086,317	-	-
<b>Common Stock</b>	1,000,043	-	-	1,000,043
	30,392,303	<u>\$ 29,392,260</u>	<u>\$ -</u>	<u>\$ 1,000,043</u>
<b>Alternative Investments (a)</b>				
Hedge funds	1,296,054			
<b>Total Investments</b>	<u>\$ 31,688,357</u>			
<b>Interest in Net Assets of a Community Foundation</b>	<u>\$ 77,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,414</u>
<b>Interest Rate Swap</b>	<u>\$ 643,112</u>	<u>\$ -</u>	<u>\$ 643,112</u>	<u>\$ -</u>

(a) This class represents investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and, therefore, have not been classified in the fair value hierarchy.

#### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

## **Pennon Organization and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Note 3 - Fair Value of Financial Instruments (continued)**

#### **Changes in Fair Value Levels (continued)**

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2024 and 2023, there were no transfers in or out of Level 3.

The alternative investment hedge funds category is comprised of the following:

#### The Alphakeys Millennium Fund (Offshore), Ltd. (the Fund)

The Fund was organized as an exempted company with limited liability, incorporated under the laws of the Cayman Islands, and commenced operations on August 1, 2011. The Fund invests substantially all of its capital in Millennium International, Ltd. (the Millennium Fund), an exempt company incorporated under the laws of the Cayman Islands. The Millennium Fund's principal trading objective, through its investment in Millennium Offshore Intermediate, L.P., which itself invests in Millennium Partners, L.P. and subsidiaries is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

An investor shall be permitted to redeem shares as of the close of business on March 31, June 30, September 30, and December 31 of each year (each such day, a Redemption Day). An investor requesting to redeem shares from the Fund must provide written notice to the Administrator at least 105 days prior to a Redemption Date (unless the Administrator agrees to accept shorter notice), or upon such other notice period, which may be longer, as may be notified to the investors, in the Administrator's sole discretion. There are no unfunded commitments as of June 30, 2024 and 2023.

#### Brevan Howard Alpha Strategies Fund (Cayman No. 2) Limited (Brevan)

Brevan is a Feeder Fund (Feeder Fund) of Brevan Howard Alpha Strategies Master Fund Limited (Master Fund), an exempted limited liability company which was incorporated under the Companies Act (Revised) of the Cayman Islands on July 24, 2023. The Feeder Fund commenced trading on December 1, 2023. The Feeder Fund invests all of its assets in the ordinary shares of the Master Fund. The investment objective of the Master Fund is to seek to generate absolute returns through the allocation of capital to a number of strategies (including but not limited to relative value, directional, short-term trading and volatility strategies) across a broad range of asset classes, including but not limited to interest rates, foreign exchange, equities, commodities and credit.

Shares are redeemable at the option of the shareholder on any redemption day, upon at least three months' prior written notice to the administrator, unless the directors in their absolute discretion determine otherwise either generally or in any particular case. There are no unfunded commitments as of June 30, 2024.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 4 - Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the consolidated statement of financial position, comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
<b>Financial Assets</b>		
Cash, operating and restricted	\$ 1,362,947	\$ 1,000,445
Accounts receivable, net	3,582,866	944,952
Grants receivable	1,191,500	246,973
Contracts receivable	208,806	168,557
Investments	32,487,992	31,688,357
Estimated distributions from interest in net assets of community foundations	3,300	3,200
Estimated endowment spending-rate distributions and appropriations	1,226,000	1,288,000
<b>Total Financial Assets</b>	<u>40,063,411</u>	<u>35,340,484</u>
<b>Amounts Not Available to be Used for General Expenditures Within One Year</b>		
Cash subject to donor restrictions	(180,779)	(265,555)
Grant receivable subject to donor restrictions	(1,191,500)	(246,973)
Investments subject to donor restrictions	(2,448,878)	(708,789)
Board-designated investments for endowment	(28,867,716)	(29,810,720)
<b>Total Amounts Not Available to be Used for General Expenditures Within One Year</b>	<u>(32,688,873)</u>	<u>(31,032,037)</u>
<b>Financial Assets Available to be Used for General Expenditures Within One Year</b>	<u>\$ 7,374,538</u>	<u>\$ 4,308,447</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Endowment funds consist of donor-restricted endowments and board-designated endowments. The Organization's endowment funds are subject to a spending policy as described in Note 11. Donor-restricted endowment funds are not available for general expenditures. The board-designated endowment is also subject to an annual spending rate as discussed in Note 11. The board-designated endowment could be made available beyond the amounts appropriated per the annual spending policy, if necessary, with the approval of the Board of Directors.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 5 - Cash

The Organization's bank provides a cash management service, which invests all excess cash. Cash consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Checking, money market, and repurchase accounts	<u>\$ 1,362,947</u>	<u>\$ 1,000,445</u>

#### Note 6 - Promises to Give

Promises to give - *On Trusted Ground* campaign represent funds raised in celebration of the 50<sup>th</sup> anniversary of the Organization to ensure the long-term sustainability and to encourage the same spirit of creativity that led to its founding. The campaign began during the year ended June 30, 2010. As of June 30, 2024 and 2023, promises to give - *On Trusted Ground* campaign are considered current.

Promises to give consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Promises to give - <i>On Trusted Ground</i> campaign	\$ 104,100	\$ 104,100
Allowance for uncollectible promises to give	<u>(104,100)</u>	<u>(104,100)</u>
	<u>\$ -</u>	<u>\$ -</u>

#### Note 7 - Investments

The cost, unrealized gains and losses, and fair value of investments consist of the following as of June 30:

	<u>2024</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized</u>		
		<u>Gains</u>	<u>Losses</u>	
<b>Cash and Cash</b>				
<b>Equivalents</b>	\$ 1,066,608	\$ -	\$ -	\$ 1,066,608
<b>Mutual Funds</b>				
Equity - domestic	4,021,695	3,145,166	-	7,166,861
Fixed income	7,620,097	12,794	(531,473)	7,101,418
Equity - international	3,634,423	691,493	(129,697)	4,196,219
Other real assets	1,580	54	-	1,634
<b>Total Mutual Funds</b>	<u>15,277,795</u>	<u>3,849,507</u>	<u>(661,170)</u>	<u>18,466,132</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 7 - Investments (continued)

	2024			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
<b>Exchange Traded Funds</b>				
Equity - domestic	\$ 6,062,844	\$ 300,925	\$ (3,331)	\$ 6,360,438
Fixed income	2,424,236	9,658	(1,211)	2,432,683
International	785,364	3,722	(47,784)	741,302
<b>Total Exchange Traded Funds</b>	<b>9,272,444</b>	<b>314,305</b>	<b>(52,326)</b>	<b>9,534,423</b>
<b>Common Stock</b>	<b>1,000,043</b>	<b>-</b>	<b>-</b>	<b>1,000,043</b>
<b>Alternative Investment</b>				
Hedge funds	2,117,216	340,384	(36,814)	2,420,786
	<b>\$ 28,734,106</b>	<b>\$ 4,504,196</b>	<b>\$ (750,310)</b>	<b>\$ 32,487,992</b>
	2023			
<b>Cash and Cash Equivalents</b>	\$ 318,097	\$ -	\$ -	\$ 318,097
<b>Mutual Funds</b>				
Equity - domestic	9,087,373	4,097,833	(1,051)	13,184,155
Fixed income	11,123,548	-	(1,129,828)	9,993,720
Equity - international	4,591,390	522,483	(308,532)	4,805,341
Other real assets	4,871	-	(241)	4,630
<b>Total Mutual Funds</b>	<b>24,807,182</b>	<b>4,620,316</b>	<b>(1,439,652)</b>	<b>27,987,846</b>
<b>Exchange Traded Funds</b>				
Equity - domestic	1,014,373	2,932	(714,911)	302,394
International	927,085	932	(144,094)	783,923
<b>Total Exchange Traded Funds</b>	<b>1,941,458</b>	<b>3,864</b>	<b>(859,005)</b>	<b>1,086,317</b>
<b>Common Stock</b>	<b>1,000,043</b>	<b>-</b>	<b>-</b>	<b>1,000,043</b>
<b>Alternative Investment</b>				
Hedge funds	1,117,045	179,009	-	1,296,054
	<b>\$ 29,183,825</b>	<b>\$ 4,803,189</b>	<b>\$ (2,298,657)</b>	<b>\$ 31,688,357</b>



## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 7 - Investments (continued)

Investment return consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net realized and unrealized gains	\$ 2,309,372	\$ 1,881,179
Interest and dividends, net of fees	<u>822,382</u>	<u>669,745</u>
	<u>\$ 3,131,754</u>	<u>\$ 2,550,924</u>

Long-term investments held as of June 30, 2024 and 2023 are comprised of investments in fixed income and equity securities. The Organization has recorded total unrealized holding losses on 19 and 27 of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline.

The following tables show the investments gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of June 30:

	<u>2024</u>					
	<u>Less than Twelve Months</u>		<u>Twelve Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<b>Mutual Funds</b>						
Fixed income	\$ -	\$ -	\$ 6,449,038	\$ (531,473)	\$ 6,449,038	\$ (531,473)
Equity - international	-	-	378,360	(129,697)	378,360	(129,697)
<b>Exchange Traded Funds</b>						
Equity - domestic	952,234	(3,331)	-	-	952,234	(3,331)
Fixed income	721,055	(1,211)	-	-	721,055	(1,211)
Equity - international	-	-	705,105	(47,784)	705,105	(47,784)
<b>Alternative Investment</b>						
Hedge funds	963,186	(36,814)	-	-	963,186	(36,814)
	<u>\$ 2,636,475</u>	<u>\$ (41,356)</u>	<u>\$ 7,532,503</u>	<u>\$ (708,954)</u>	<u>\$ 10,168,978</u>	<u>\$ (750,310)</u>
	<u>2023</u>					
<b>Mutual Funds</b>						
Equity - domestic	\$ 2,667	\$ (114)	\$ 9,698	\$ (937)	\$ 12,365	\$ (1,051)
Fixed income	-	-	9,993,720	(1,129,828)	9,993,720	(1,129,828)
Equity - international	-	-	1,086,580	(308,532)	1,086,580	(308,532)
Other real assets	4,630	(241)	-	-	4,630	(241)
<b>Exchange Traded Funds</b>						
Equity - domestic	-	-	288,809	(714,911)	288,809	(714,911)
Equity - international	-	-	779,266	(144,094)	779,266	(144,094)
	<u>\$ 7,297</u>	<u>\$ (355)</u>	<u>\$ 12,158,073</u>	<u>\$ (2,298,302)</u>	<u>\$ 12,165,370</u>	<u>\$ (2,298,657)</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 8 - Property and Equipment

Property and equipment consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 16,746,449	\$ 16,746,449
Broadcasting equipment	10,482,579	8,629,425
Production equipment	2,221,927	2,451,826
DTV equipment	2,029,458	2,573,215
Leasehold improvements	1,668,778	1,207,831
Land *	1,542,360	1,542,360
Office equipment	1,536,437	1,435,836
Furniture and fixtures	1,291,863	839,460
Electronic equipment	311,897	-
FM equipment	209,770	203,270
Trucks	155,282	195,851
Uplink equipment	191,593	191,593
Building improvements	54,147	54,147
Donated equipment	20,074	20,074
Domain name	6,000	6,000
	<u>38,468,614</u>	<u>36,097,337</u>
Accumulated depreciation and amortization	<u>(23,747,893)</u>	<u>(22,726,644)</u>
	<u>\$ 14,720,721</u>	<u>\$ 13,370,693</u>

\* Not depreciated

Depreciation and amortization expense amounted to \$2,046,655 and \$1,660,325 for the years ended June 30, 2024 and 2023, respectively.

WHP, a commercial television station in Harrisburg, Pennsylvania, contributed land, which was valued at \$122,000 by the Executive Committee of the Board of Directors in 1964 when received. The land was contributed with the provision that, if at any time after January 1975, the Organization should cease to use said land for educational television purposes, it will revert to WHP.

#### Note 9 - Station License

In December 1995, Hudson Broadcasting Corp. (Hudson) waived claims for payment under an agreement, which transferred rights to broadcast on television Channel 33 from Hudson to the Organization. The FCC license to transmit on Channel 33 has been valued at \$35,000 by the Executive Committee of the Board of Directors.

In January 2009, the Organization closed an asset purchase agreement with Broadcast Communications, Inc. to acquire station license WROG-FM, Chambersburg, Pennsylvania. The FCC license to transmit on WROG-FM amounted to \$875,000.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 10 - Interest in Net Assets of a Community Foundation**

The Organization is the beneficiary of endowment funds of The Foundation for Enhancing Communities and York County Community Foundation (collectively, Foundations), both community foundations. As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundations' spending policies. The Foundations maintain variance power only over distributions from the funds.

In accordance with the accounting standard on *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the organizational endowment funds created by the Organization are reflected in the consolidated statement of financial position as interest in net assets of a community foundation. Through June 30, 2024 and 2023, the Organization has contributed \$62,267 to the funds. Future contributions are at the discretion of the Board of Directors of the Organization. The fair value of the Organization's interest in net assets of a community foundation amounted to \$82,928 and \$77,414 as of June 30, 2024 and 2023, respectively.

#### **Note 11 - Endowments**

The Organization's endowments consist of several funds established for a variety of purposes. Its endowments include a donor-restricted endowment fund. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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, which includes unrealized gains or losses on investments. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, which includes interest and dividends and realized gains or losses on sale of investments, net of fees, is classified as net assets without donor restrictions or net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Organization considers the following factors in making a determination to accumulate or appropriate endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the organization and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and appreciation of investments
- f) Other resources of the Organization
- g) The investment policies of the Organization

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 11 - Endowments (continued)

##### Interpretation of Relevant Law (continued)

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	<u>2024</u>	<u>2023</u>
Without donor restrictions	\$ 28,950,644	\$ 29,888,134
With donor restrictions	2,401,158	685,754
	<u>\$ 31,351,802</u>	<u>\$ 30,573,888</u>

The following schedule represents the changes in endowment net assets for the years ended June 30:

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment Net Assets, Beginning</b>	\$ 29,888,134	\$ 685,754	\$ 30,573,888
Contributions	1,000,346	831,967	1,832,313
Investment return			
Interest and dividends	724,009	34,615	758,624
Realized and unrealized holding gains	1,425,062	873,840	2,298,902
Disbursements	(4,030,346)	-	(4,030,346)
Fees	(56,561)	(333)	(56,894)
Withdrawal/transfer	-	(24,685)	(24,685)
<b>Endowment Net Assets, Ending</b>	<u>\$ 28,950,644</u>	<u>\$ 2,401,158</u>	<u>\$ 31,351,802</u>

## Pennon Organization and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### Note 11 - Endowments (continued)

#### Interpretation of Relevant Law (continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets, Beginning</b>	\$ 29,558,665	\$ 623,030	\$ 30,181,695
Contributions	252,608	-	252,608
Investment return			
Interest and dividends	684,968	13,642	698,610
Realized and unrealized holding gains	1,787,007	85,759	1,872,766
Disbursements	(2,352,608)	-	(2,352,608)
Fees	(56,033)	(115)	(56,148)
Withdrawal/transfer	13,527	(36,562)	(23,035)
<b>Endowment Net Assets, Ending</b>	<u>\$ 29,888,134</u>	<u>\$ 685,754</u>	<u>\$ 30,573,888</u>

#### Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. The relevant state law has no requirement to restore donor-restricted fund deficiencies and accounting standards provided that the generally accepted rule of reporting such deficiencies as net assets without donor restrictions should be applied only in the absences of donor stipulations or laws to the contrary. The Organization has interpreted state law to allow spending of the original principal with no requirement to restore fund deficiencies to the original value. As such, the Organization has no underwater endowments as of June 30, 2024 and 2023. Any fund deficiencies are reported as reductions to net assets with donor restrictions.

#### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results to allow the Organization to fund the appropriate programs while assuming a moderate level of investment risk.

## **Pennon Organization and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Note 11 - Endowments (continued)**

#### **Strategies Employed for Achieving Objectives**

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy**

The endowment funds of the Organization are comprised of donor-designated and board-designated endowment funds. The spending rate is the withdrawal rate from the endowment funds to fund specific expenditures consistent with specific endowment funds' objectives and approved by the Board of Directors. The not-to-exceed spending rate shall be recommended by the Investment Committee and approved by the Board of Directors, taking into consideration the following goals:

- a) Maximize long-term return goals
- b) Preserve the real long-term purchasing power of the endowment funds' portfolio's principal
- c) Optimize annual distribution from the endowment funds' portfolio
- d) Promote accountability of asset management
- e) Promote the Organization's fundraising efforts

The general spending policy of the endowment funds is based on a total return policy in which capital gains, interest, and dividends are reinvested in the endowment. The spending rate shall be 4.0% of the fair market value of the fund assets determined June 30 of each year based on a three-year moving average, or as the Board of Directors may determine. For approval each year, the Investment and Finance Committee will recommend to the Board of Directors the spending rate, considering the size, growth, and performance (past and projected) of the endowment funds and the needs of the operating budget. For both of the years ended June 30, 2024 and 2023, the Board of Directors approved a spending rate of 4.0%.

### **Note 12 - Leases**

The Organization leases various operating facilities and equipment under operating lease agreements with varying terms. Some leases include one or more options to renew, at the Organization's sole discretion. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor, or both parties. The options to extend or terminate a lease are included in the lease terms only when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The Organization also leases equipment and operating facilities on a short-term basis.

Operating lease cost is recognized on a straight-line basis over the lease term.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 12 - Leases (continued)

The Organization leases office equipment under agreements that have been determined to qualify as finance leases. The initial lease term for the leases was approximately three years.

The components of lease expense are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 1,242,685	\$ 154,065
Short-term lease cost	76,731	59,355
Finance lease cost - amortization of right-of-use asset	5,251	6,001
Finance lease cost - interest on lease liabilities	<u>2,001</u>	<u>4,044</u>
<b>Total Lease Cost</b>	<b><u>\$ 1,326,668</u></b>	<b><u>\$ 223,465</u></b>
<b>Weighted-Average Remaining Lease Term</b>		
Operating leases	16.26 Years	11.30 Years
Financing leases	1.42 Years	1.31 Years
<b>Weighted-Average Discount Rate</b>		
Operating leases	1.97%	3.15%
Financing leases	2.06%	1.95%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated statement of financial position are as follows as of June 30, 2024:

	<u>Operating Leases</u>	<u>Financing Leases</u>
2025	\$ 1,114,000	\$ 3,076
2026	1,138,112	-
2027	1,130,029	-
2028	1,062,440	-
2029	1,042,012	-
Thereafter	<u>12,570,636</u>	<u>-</u>
<b>Total Lease Payments</b>	<b>18,057,229</b>	<b>3,076</b>
Imputed interest	<u>(2,570,314)</u>	<u>(183)</u>
<b>Total Present Value of Lease Liabilities</b>	<b><u>\$ 15,486,915</u></b>	<b><u>\$ 2,893</u></b>
Current portion of obligations under operating and financing leases	\$ 818,943	\$ 2,893
Long-term portion of obligations under operating and financing leases	<u>14,667,972</u>	<u>-</u>
	<b><u>\$ 15,486,915</u></b>	<b><u>\$ 2,893</u></b>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 12 - Leases (continued)

An analysis of leased property under financing leases consists of the following as of and for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Office equipment	\$ 26,258	\$ 26,258
Accumulated depreciation	<u>(13,128)</u>	<u>(7,877)</u>
	<u>\$ 13,130</u>	<u>\$ 18,381</u>
Amortization expense	<u>\$ 5,251</u>	<u>\$ 6,001</u>

The amortization expense on financing leases is included in the amount of depreciation and amortization expense reported in the consolidated statement of functional expenses - by natural classification.

#### Note 13 - Long-Term Debt and Line of Credit

On December 27, 2019, the Organization entered into an agreement for \$13,000,000 with PNC Bank, which refinanced an outstanding note payable with Citizen's Bank. The loan requires varying annual principal repayments, with all outstanding principal due on the maturity date of December 27, 2029. Additionally, the loan requires monthly interest payments, the amount of which is determined based on a variable rate of Daily Simple Secured Overnight Financing Rate (SOFR), plus 131 basis points, which was 6.65% and 6.36% as of June 30, 2024 and 2023, respectively. All accrued and unpaid interest will be due on the maturity date. The loan is collateralized by assets of the Organization, including investments and property.

As part of the agreement with PNC Bank, the Organization also entered into a revolving line of credit for \$2,500,000. An amended agreement dated June 8, 2022 increases the line to \$4,000,000 and changes interest to a variable rate of Daily Simple SOFR, plus 131 basis points, which was 6.65% and 6.36% as of June 30, 2024 and 2023, respectively. The expiration date of the line is December 31, 2024. There were no borrowings on the line as of June 30, 2024 and 2023.

On July 20, 2023, the Organization received a ten-year \$2,500,000 term loan from PNC Bank. The loan bears interest at a variable rate of Daily Simple SOFR, plus 131 basis points, which was 6.65% as of June 30, 2024. Monthly principal and interest payments are due beginning September 1, 2023. All unpaid principal and interest is due July 20, 2033. The loan is collateralized by assets of the Organization, including investments and property.



## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 13 - Long-Term Debt and Line of Credit (continued)

Long-term debt consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
PNC Bank (\$13 million loan)	\$ 9,776,771	\$ 10,543,332
PNC Bank (\$2.5 million loan)	<u>2,339,485</u>	-
	12,116,256	10,543,332
Current maturities of long-term debt	<u>(997,836)</u>	<u>(766,561)</u>
	<u>\$ 11,118,420</u>	<u>\$ 9,776,771</u>

Aggregate maturities of long-term debt, assuming no change in these terms or other current terms, consist of the following for the five years ending June 30 and thereafter:

2025	\$ 997,836
2026	1,033,652
2027	1,069,871
2028	1,107,956
2029	1,149,035
Thereafter	<u>6,757,906</u>
	<u>\$ 12,116,256</u>

In order to achieve a fixed interest rate on a portion of the PNC Bank variable rate debt, the Organization entered into an interest rate swap agreement that began on January 2, 2020 and ends on January 1, 2035. The agreement provided for the Organization to pay a fixed rate of interest of 1.95% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of USD-LIBOR-BBA-Bloomberg applied to the notional amount of the swap from the counterparty over the term of the agreement. An amendment dated February 13, 2023 changes the variable rate received to SOFR. The notional amount of the swap amounted to \$8,000,000 at the beginning of the agreement and will decrease to \$55,457 at maturity.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 13 - Long-Term Debt and Line of Credit (continued)**

The Organization has recorded the value of the interest rate swaps on the consolidated statement of financial position with the change in value reported on the consolidated statement of activities. The interest rate swaps are reported in the consolidated financial statements of the Organization as follows for the years ended June 30:

	<b>2024</b>	
	<b>Presentation on Consolidated Statement of Financial Position</b>	<b>Presentation on Consolidated Statement of Activities (Without Donor Restrictions)</b>
	<b>Interest Rate Swap Asset</b>	<b>Change in Fair Value of Interest Rate Swap</b>
Interest rate swap (2020)	<b>\$ 636,618</b>	<b>\$ (6,494)</b>
	<b>2023</b>	
Interest rate swap (2020)	<b>\$ 643,112</b>	<b>\$ 264,458</b>

Interest expense amounted to \$614,911 and \$437,694 for the years ended June 30, 2024 and 2023, respectively.

Long-term debt includes an agreement that contains restrictive covenants which, among other things, requires the Organization to maintain a minimum liquidity ratio. For the year ended June 30, 2024, the Organization was in compliance with this covenant.

#### **Note 14 - Charitable Gift Annuity Obligation**

During the year ended June 30, 2011 and prior, the Organization was the recipient of gift annuities that provides for the payment of distributions to the annuitants for the remainder of their lives. After this time period, the remaining assets are available for the Organization's use. The annuities are reflected as a liability on the Organization's consolidated statement of financial position at their present value discounted over the expected lives of the annuitants using discount rates ranging from 2.00% to 3.60%. The value of the gift annuities received over the calculated liability is recognized as contribution revenue without donor restrictions. There were no new gift annuities during the years ended June 30, 2024 and 2023. The Organization will calculate the present value of the estimated future payments to the annuitants on an annual basis. The charitable gift annuity obligation amounted to \$65,077 and \$70,708 as of June 30, 2024 and 2023, respectively.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 15 - Rental Income**

Future minimum lease payments disclosed in Note 12 for operating leases exclude sublease income related to the broadcast tower. The amounts to be received consist of the following for the five years ending June 30 and thereafter:

2025	\$	211,093
2026		196,416
2027		166,406
2028		140,042
2029		122,483
Thereafter		<u>420,429</u>
	\$	<u>1,256,869</u>

Rental income on the above leases amounted to \$211,632 and \$202,259 for the years ended June 30, 2024 and 2023, respectively.

The Organization entered into several leases for Educational Broadband Service (EBS) stations that are not currently being used by the Organization. The stations are being leased in four different locations. The leases each required an initial deposit to the Organization, which amounted to \$8,268,228 in total. The leases require initial monthly payments ranging from \$5,992 to \$17,775 and have an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreements.

During the year ended June 30, 2009, the Organization entered into another lease for excess capacity use of EBS. The lease required an initial deposit to the Organization in the amount of \$432,943. The lease requires initial monthly payments of \$2,598 and has an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreement.

Deferred revenue on the above leases amounted to \$541,491 and \$913,267 as of June 30, 2024 and 2023, respectively. Rental income on the above leases amounted to \$1,283,547 for each of the years ended June 30, 2024 and 2023.

Future minimum lease payments, assuming no change in current terms, consist of the following for the five years ending June 30 and thereafter:

2025	\$	1,024,065
2026		1,054,787
2027		1,086,431
2028		1,119,024
2029		1,152,594
Thereafter		<u>11,115,654</u>
	\$	<u>16,552,555</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 16 - Net Assets without Donor Restrictions

The Organization's net assets without donor restrictions consists of undesignated and board-designated amounts for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 4,437,182	\$ 5,698,179
Board-designated for Endowment	<u>28,950,644</u>	<u>29,888,134</u>
	<u>\$ 33,387,826</u>	<u>\$ 35,586,313</u>

#### Note 17 - Net Assets with Donor Restrictions

The Organization' net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time		
Grant receivable - Local Journalism/Civic Engagement	\$ 1,000,000	\$ -
Television and radio underwriting contracts	208,806	168,557
Grant receivable - tower upgrade	62,500	-
Grant receivable - educational events	59,000	90,000
Grant receivable - Innovation & Digital Creators Studio	50,000	-
Grant receivable - other	20,000	62,500
Grant receivable - Democracy Reporter	-	75,000
Grant receivable - <i>StateImpact</i> PA	-	15,442
Grant receivable - Report for America	-	4,031
Subject to expenditures for a specific purpose		
Cash - EITC	134,541	127,977
Investments - innovation, science and art projects	47,720	23,035
Cash - educational events	46,238	86,214
Cash - <i>StateImpact</i> PA	-	38,185
Cash - Democracy Reporter	-	8,983
Cash - other	-	4,196
Perpetual in nature		
Endowment investments	<u>2,401,158</u>	<u>685,754</u>
	<u>\$ 4,029,963</u>	<u>\$ 1,389,874</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 18 - In-Kind Contributions

In-kind contributions consist of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Investment securities	\$ 865,764	\$ 9,666
Real estate	83,591	-
Vehicles	62,710	74,339
Program and production fees	-	3,000
	<u>\$ 1,012,065</u>	<u>\$ 87,005</u>

Investment securities are valued at market value on the date contributed. Fair value was based on quoted market prices for the identical securities. It is the Organization's policy to sell contributed securities immediately upon receipt. If there are any associated donor restrictions, the proceeds from the sale of the securities are included with net assets with donor restrictions until spent. A portion of the investment securities donated during the year ended June 30, 2024 were restricted for endowment with the proceeds added to the endowment fund. There are no associated donor restrictions related to the proceeds received on the donated securities during the year ended June 30, 2023.

Real estate is valued at sales price received, which is deemed by management to fairly represent the market value of the contributed asset. If there are any associated donor restrictions, the proceeds from the sale of the property are included with net assets with donor restrictions until spent. There are no associated donor restrictions related to the proceeds received on the donated real estate during the years ended June 30, 2024.

Vehicles are valued at sales price received, which is deemed by management to fairly represent the market value of the contributed asset. It is the Organization's policy to sell donated vehicles immediately upon receipt. If there are any associated donor restrictions, the proceeds from the sale of the vehicles are included with net assets with donor restrictions until spent. There are no associated donor restrictions related to the proceeds received on the donated vehicles during the years ended June 30, 2024 and 2023.

Program and production fees are valued at the market value of the services donated. Program and production fees are entirely made of donated speaker fees from the Organization's Premier Circle membership dinner. There are no associated donor restrictions related to donated fees.

During the years ended June 30, 2024 and 2023, a substantial number of individual volunteers donated significant amounts of time to the Organization's programs and administrative functions. These services do not meet the criteria for recognition as contributed services and are not reflected in the accompanying consolidated financial statements.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 19 - Retirement

The Organization has a defined contribution plan under Section 401(k) of the Internal Revenue Code covering employees who meet certain length of service requirements. The Organization's expense under the plan for the years ended June 30, 2024 and 2023 amounted to \$469,258 and \$257,706, respectively.

#### Note 20 - Income Taxes

Income taxes for Enterprises and LNP consist of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Deferred tax (expense) benefit, excluding effects of the following	\$ 57,000	\$ -
(Expense) benefit of net operating loss carryforwards	<u>1,351,000</u>	<u>(67,000)</u>
	<u>\$ 1,408,000</u>	<u>\$ (67,000)</u>

The federal income tax provision differs from the provision that would result from applying graduated federal statutory rates to income before income taxes because of the federal benefit of state income taxes and because certain transactions are without tax consequences.

The net deferred income taxes for Enterprises and LNP in the accompanying consolidated statement of financial position consist of the following as of June 30:

	<u>2024</u>		
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred income tax assets	\$ 1,710,000	\$ 744,000	\$ 2,454,000
Deferred income tax liabilities	(7,000)	(3,000)	(10,000)
Valuation allowance	<u>(784,000)</u>	<u>(341,000)</u>	<u>(1,125,000)</u>
	<u>\$ 919,000</u>	<u>\$ 400,000</u>	<u>\$ 1,319,000</u>
	<u>2023</u>		
Deferred income tax assets	\$ 626,000	\$ 262,000	\$ 888,000
Deferred income tax liabilities	-	-	-
Valuation allowance	<u>(247,000)</u>	<u>(103,000)</u>	<u>(350,000)</u>
	<u>\$ 379,000</u>	<u>\$ 159,000</u>	<u>\$ 538,000</u>

Enterprises and LNP has federal net operating loss carryforwards of \$8,110,926 and state net operating loss carryforwards of \$8,389,009.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### Note 20 - Income Taxes (continued)

The net operating losses will expire as follows through the years ending June 30, 2044:

	<u>Federal</u>	<u>State</u>
2030	\$ 191,129	\$ 438,007
2031	9,533	9,533
2035	788,378	788,378
2036	1,024,272	1,024,272
2037	418,340	418,340
2038	432,760	432,760
2039	-	347,592
2040	-	14,478
2041	-	8,567
2042	-	4,425
2043	-	4,711
2044	-	4,897,946
	<u>\$ 2,864,412</u>	<u>\$ 8,389,009</u>

Additionally, Enterprises and LNP has federal net operating loss carryforwards of \$5,246,514 that will not expire under current tax guidance.

#### Note 21 - Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunication entities. CSG is used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily for program acquisition and general station operations.

The grants are reported on the accompanying consolidated financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the FCC.

Community Service Grants received during the years ended June 30, 2024 and 2023 amounted to \$1,268,018 and \$1,292,791, respectively.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **Note 22 - Concentrations of Cash and Credit Risk**

At times during the years ended June 30, 2024 and 2023, the Organization's cash balances may have exceeded the federally insured limit of \$250,000.

The interest rate swap (refer to Note 13) exposes the Organization to credit risk to the extent the swap has a positive fair value. A positive fair value indicates that the counterparty owes the Organization money while a negative fair value indicates that the Organization owes the counterparty. The Organization manages this risk by dealing with high-quality counterparties.

#### **Note 23 - Related Parties**

The Organization has related party transactions with members of its board of directors, which amounted to the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
<b>Revenue</b>		
Contributions	<u>\$ 849,154</u>	<u>\$ 50,795</u>

Additionally, one of the Organization's directors holds a management position at the bank where deposit and loan accounts are held. The Board of Directors has reviewed the transactions and has determined that the services provided are being charged at or below fair value.

#### **Note 24 - Contingencies**

The Organization is involved in legal proceedings arising from activities in the normal course of business. The Organization is defending the claims. According to management, it is not possible to comment on the potential outcome of these matters; however, management believes that the claims do not have merit. There has been no provision for the potential loss recorded.

#### **Note 25 - Subsequent Events**

The Organization has evaluated subsequent events through December 11, 2024. This date is the date the consolidated financial statements were available to be issued. No material events subsequent to June 30, 2024 were noted.



**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information

June 30, 2024

	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash, operating	\$ 533,571	\$ 46,571	\$ 787	\$ 601,239	\$ -	\$ 1,182,168
Cash, restricted	180,779	-	-	-	-	180,779
Accounts receivable, net	1,117,408	-	-	2,465,458	-	3,582,866
Grants receivable	191,500	1,000,000	-	-	-	1,191,500
Contracts receivable	208,806	-	-	-	-	208,806
Inventory and prepaid expenses	150,859	-	-	584,984	-	735,843
Broadcast rights	51,681	-	-	-	-	51,681
Investments	12,190,839	-	-	-	-	12,190,839
Due from affiliates	4,659,790	-	-	-	(4,659,790)	-
<b>Total Current Assets</b>	<b>19,285,233</b>	<b>1,046,571</b>	<b>787</b>	<b>3,651,681</b>	<b>(4,659,790)</b>	<b>19,324,482</b>
<b>Property and Equipment, Net</b>	<b>13,736,883</b>	<b>1,207</b>	<b>262</b>	<b>982,369</b>	<b>-</b>	<b>14,720,721</b>
<b>Other Assets</b>						
Investments	20,297,153	-	-	-	-	20,297,153
Right-of-use assets - operating leases	848,599	-	-	14,165,471	-	15,014,070
Deferred income taxes, net	-	-	439,000	880,000	-	1,319,000
Station license	910,000	-	-	-	-	910,000
Interest rate swap asset	636,618	-	-	-	-	636,618
Interest in net assets of a community foundation	82,928	-	-	-	-	82,928
Right-of-use asset - financing leases, net	13,130	-	-	-	-	13,130
Investment in affiliates	(4,129,684)	-	-	-	4,129,684	-
<b>Total Other Assets</b>	<b>18,658,744</b>	<b>-</b>	<b>439,000</b>	<b>15,045,471</b>	<b>4,129,684</b>	<b>38,272,899</b>
<b>Total Assets</b>	<b>\$ 51,680,860</b>	<b>\$ 1,047,778</b>	<b>\$ 440,049</b>	<b>\$ 19,679,521</b>	<b>\$ (530,106)</b>	<b>\$ 72,318,102</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information (continued)

June 30, 2024

	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Totals
<b>Liabilities and Net Assets/ Deficit in Stockholder's Equity</b>						
<b>Current Liabilities</b>						
Current maturities of long-term debt	\$ 997,836	\$ -	\$ -	\$ -	\$ -	\$ 997,836
Current portion of obligations under financing leases	2,893	-	-	-	-	2,893
Current portion of obligations under operating leases	120,084	-	-	698,859	-	818,943
Accounts payable	704,263	-	-	1,353,697	-	2,057,960
Accrued payroll and vacation	408,521	-	-	411,067	-	819,588
Accrued and withheld payroll taxes	83,176	-	-	15,294	-	98,470
Deferred revenue	649,000	-	-	3,557,948	-	4,206,948
Accrued interest payable	46,206	-	-	-	-	46,206
Due to Pennon Organization	-	356,144	3,109,602	1,194,044	(4,659,790)	-
<b>Total Current Liabilities</b>	<b>3,011,979</b>	<b>356,144</b>	<b>3,109,602</b>	<b>7,230,909</b>	<b>(4,659,790)</b>	<b>9,048,844</b>
<b>Other Liabilities</b>						
Obligations under operating leases	759,229	-	-	13,908,743	-	14,667,972
Long-term debt	11,118,420	-	-	-	-	11,118,420
Charitable gift annuity obligation	65,077	-	-	-	-	65,077
Obligations under financing leases	-	-	-	-	-	-
<b>Total Other Liabilities</b>	<b>11,942,726</b>	<b>-</b>	<b>-</b>	<b>13,908,743</b>	<b>-</b>	<b>25,851,469</b>
<b>Total Liabilities</b>	<b>14,954,705</b>	<b>356,144</b>	<b>3,109,602</b>	<b>21,139,652</b>	<b>(4,659,790)</b>	<b>34,900,313</b>
<b>Net Assets</b>						
Without donor restrictions	33,696,192	(308,366)	-	-	-	33,387,826
With donor restrictions	3,029,963	1,000,000	-	-	-	4,029,963
<b>Total Net Assets</b>	<b>36,726,155</b>	<b>691,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,417,789</b>
<b>Deficit in Stockholder's Equity</b>						
Common stock	-	-	100	24,678	(24,778)	-
Paid-in capital	-	-	503,189	10,034,030	(10,537,219)	-
Deficit in retained earnings	-	-	(3,172,842)	(11,518,839)	14,691,681	-
<b>Total Deficit in Stockholder's Equity</b>	<b>-</b>	<b>-</b>	<b>(2,669,553)</b>	<b>(1,460,131)</b>	<b>4,129,684</b>	<b>-</b>
<b>Total Net Assets/ Deficit in Stockholder's Equity</b>	<b>36,726,155</b>	<b>691,634</b>	<b>(2,669,553)</b>	<b>(1,460,131)</b>	<b>4,129,684</b>	<b>37,417,789</b>
<b>Total Liabilities and Net Assets/Deficit in Stockholder's Equity</b>	<b>\$ 51,680,860</b>	<b>\$ 1,047,778</b>	<b>\$ 440,049</b>	<b>\$ 19,679,521</b>	<b>\$ (530,106)</b>	<b>\$ 72,318,102</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information (continued)

June 30, 2023

	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WTF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash, operating	\$ 734,125	\$ -	\$ 765	\$ -	\$ -	\$ 734,890
Cash, restricted	265,555	-	-	-	-	265,555
Accounts receivable, net	944,952	-	-	-	-	944,952
Grants receivable	246,973	-	-	-	-	246,973
Contracts receivable	168,557	-	-	-	-	168,557
Inventory and prepaid expenses	213,560	-	-	-	-	213,560
Broadcast rights	54,705	-	-	-	-	54,705
Investments	9,965,217	-	-	-	-	9,965,217
Due from affiliates	3,106,627	-	-	-	(3,106,627)	-
<b>Total Current Assets</b>	<b>15,700,271</b>	<b>-</b>	<b>765</b>	<b>-</b>	<b>(3,106,627)</b>	<b>12,594,409</b>
<b>Property and Equipment, Net</b>	<b>13,369,860</b>	<b>-</b>	<b>833</b>	<b>-</b>	<b>-</b>	<b>13,370,693</b>
<b>Other Assets</b>						
Investments	21,723,140	-	-	-	-	21,723,140
Right-of-use assets - operating leases	973,535	-	-	-	-	973,535
Deferred income taxes, net	-	-	538,000	-	-	538,000
Station license	910,000	-	-	-	-	910,000
Interest rate swap asset	643,112	-	-	-	-	643,112
Interest in net assets of a community foundation	77,414	-	-	-	-	77,414
Right-of-use asset - financing leases, net	18,381	-	-	-	-	18,381
Investment in affiliates	(2,567,029)	-	-	-	2,567,029	-
<b>Total Other Assets</b>	<b>21,778,553</b>	<b>-</b>	<b>538,000</b>	<b>-</b>	<b>2,567,029</b>	<b>24,883,582</b>
<b>Total Assets</b>	<b>\$ 50,848,684</b>	<b>\$ -</b>	<b>\$ 539,598</b>	<b>\$ -</b>	<b>\$ (539,598)</b>	<b>\$ 50,848,684</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information (continued)

June 30, 2023

	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Totals
<b>Liabilities and Net Assets/ Deficit in Stockholder's Equity</b>						
<b>Current Liabilities</b>						
Current maturities of long-term debt	\$ 766,561	\$ -	\$ -	\$ -	\$ -	\$ 766,561
Current portion of obligations under financing leases	10,081	-	-	-	-	10,081
Current portion of obligations under operating leases	111,892	-	-	-	-	111,892
Accounts payable	662,025	-	-	-	-	662,025
Accrued payroll and vacation	471,302	-	-	-	-	471,302
Accrued and withheld payroll taxes	18,530	-	-	-	-	18,530
Deferred revenue	1,061,298	-	-	-	-	1,061,298
Accrued interest payable	41,123	-	-	-	-	41,123
Due to Pennon Organization	-	-	3,106,627	-	(3,106,627)	-
<b>Total Current Liabilities</b>	<b>3,142,812</b>	<b>-</b>	<b>3,106,627</b>	<b>-</b>	<b>(3,106,627)</b>	<b>3,142,812</b>
<b>Other Liabilities</b>						
Obligations under operating leases	879,313	-	-	-	-	879,313
Long-term debt	9,776,771	-	-	-	-	9,776,771
Charitable gift annuity obligation	70,708	-	-	-	-	70,708
Obligations under financing leases	2,893	-	-	-	-	2,893
<b>Total Other Liabilities</b>	<b>10,729,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,729,685</b>
<b>Total Liabilities</b>	<b>13,872,497</b>	<b>-</b>	<b>3,106,627</b>	<b>-</b>	<b>(3,106,627)</b>	<b>13,872,497</b>
<b>Net Assets</b>						
Without donor restrictions	35,586,313	-	-	-	-	35,586,313
With donor restrictions	1,389,874	-	-	-	-	1,389,874
<b>Total Net Assets</b>	<b>36,976,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,976,187</b>
<b>Deficit in Stockholder's Equity</b>						
Common stock	-	-	100	-	(100)	-
Paid-in capital	-	-	503,189	-	(503,189)	-
Deficit in retained earnings	-	-	(3,070,318)	-	3,070,318	-
<b>Total Deficit in Stockholder's Equity</b>	<b>-</b>	<b>-</b>	<b>(2,567,029)</b>	<b>-</b>	<b>2,567,029</b>	<b>-</b>
<b>Total Net Assets/ Deficit in Stockholder's Equity</b>	<b>36,976,187</b>	<b>-</b>	<b>(2,567,029)</b>	<b>-</b>	<b>2,567,029</b>	<b>36,976,187</b>
<b>Total Liabilities and Net Assets/Deficit in Stockholder's Equity</b>	<b>\$ 50,848,684</b>	<b>\$ -</b>	<b>\$ 539,598</b>	<b>\$ -</b>	<b>\$ (539,598)</b>	<b>\$ 50,848,684</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Activities Information

	Year Ended June 30, 2024									
	Pennon Organization			The Steinman Institute for Civic Engagement, LLC			WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total				
<b>Revenue</b>										
Circulation revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,403,924	\$ -	\$ 13,403,924
Contributions and grants	10,497,204	187,738	10,684,942	5,000,000	1,000,000	6,000,000	-	352,345	(5,000,000)	12,037,287
Advertising	-	-	-	-	-	-	-	11,486,897	-	11,486,897
Fees and rentals	3,389,060	134,541	3,523,601	-	-	-	-	877,400	-	4,401,001
In-kind contributions	180,098	831,967	1,012,065	-	-	-	-	-	-	1,012,065
Program underwriting	-	929,904	929,904	-	-	-	-	-	-	929,904
Interest income, net of fees	744,226	-	744,226	46,571	-	46,571	22	31,563	-	822,382
Special projects	-	-	-	-	-	-	-	57,400	-	57,400
Net assets released from restrictions	1,352,183	(1,352,183)	-	-	-	-	-	-	-	-
Management fees	1,014,424	-	1,014,424	-	-	-	-	-	(1,014,424)	-
Investment in subsidiary income	(4,447,030)	-	(4,447,030)	-	-	-	-	-	4,447,030	-
Loss on sale of property and equipment	(11,190)	-	(11,190)	-	-	-	-	(5,588)	-	(16,778)
Loss on sale of investments	(182,322)	-	(182,322)	-	-	-	-	-	-	(182,322)
<b>Total Revenue</b>	<b>12,536,653</b>	<b>731,967</b>	<b>13,268,620</b>	<b>5,046,571</b>	<b>1,000,000</b>	<b>6,046,571</b>	<b>22</b>	<b>26,203,941</b>	<b>(1,567,394)</b>	<b>43,951,760</b>
<b>Expenses</b>										
Programming and production	4,624,536	-	4,624,536	-	-	-	-	29,037,404	(1,014,424)	32,647,516
Management and general	2,902,819	-	2,902,819	183,733	-	183,733	-	2,243,043	-	5,329,595
Broadcasting	3,410,697	-	3,410,697	-	-	-	3,546	-	-	3,414,243
Fundraising	2,805,098	-	2,805,098	-	-	-	-	-	-	2,805,098
Education	747,664	-	747,664	5,171,204	-	5,171,204	-	-	(5,000,000)	918,868
Program information	398,513	-	398,513	-	-	-	-	-	-	398,513
Income taxes	1	-	1	-	-	-	99,000	(732,000)	-	(632,999)
<b>Total Expenses</b>	<b>14,889,328</b>	<b>-</b>	<b>14,889,328</b>	<b>5,354,937</b>	<b>-</b>	<b>5,354,937</b>	<b>102,546</b>	<b>30,548,447</b>	<b>(6,014,424)</b>	<b>44,880,834</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>(2,352,675)</b>	<b>731,967</b>	<b>(1,620,708)</b>	<b>(308,366)</b>	<b>1,000,000</b>	<b>691,634</b>	<b>(102,524)</b>	<b>(4,344,506)</b>	<b>4,447,030</b>	<b>(929,074)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>5,514</b>	<b>-</b>	<b>5,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,514</b>
<b>Unrealized Holding Gains on Investments</b>	<b>1,583,572</b>	<b>908,122</b>	<b>2,491,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,491,694</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(6,494)</b>	<b>-</b>	<b>(6,494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,494)</b>
<b>Change in Charitable Gift Annuity Obligation</b>	<b>(4,413)</b>	<b>-</b>	<b>(4,413)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,413)</b>
<b>Changes in Net Assets/Net Loss</b>	<b>\$ (774,496)</b>	<b>\$ 1,640,089</b>	<b>\$ 865,593</b>	<b>\$ (308,366)</b>	<b>\$ 1,000,000</b>	<b>\$ 691,634</b>	<b>\$ (102,524)</b>	<b>\$ (4,344,506)</b>	<b>\$ 4,447,030</b>	<b>\$ 1,557,227</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Activities Information (continued)

	Year Ended June 30, 2023									
	Pennon Organization			The Steinman Institute for Civic Engagement, LLC			WTF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total				
<b>Revenue</b>										
Circulation revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions and grants	5,831,792	235,447	6,067,239	-	-	-	-	-	6,067,239	
Advertising	-	-	-	-	-	-	-	-	-	
Fees and rentals	3,611,698	-	3,611,698	-	-	-	-	-	3,611,698	
In-kind contributions	87,005	-	87,005	-	-	-	-	-	87,005	
Program underwriting	-	930,011	930,011	-	-	-	-	-	930,011	
Interest income, net of fees	669,731	-	669,731	-	-	-	14	-	669,745	
Special projects	-	-	-	-	-	-	-	-	-	
Net assets released from restrictions	1,220,608	(1,220,608)	-	-	-	-	-	-	-	
Management fees	-	-	-	-	-	-	-	-	-	
Investment in subsidiary income	(172,328)	-	(172,328)	-	-	-	-	172,328	-	
Loss on sale of property and equipment	(17,202)	-	(17,202)	-	-	-	-	-	(17,202)	
Loss on sale of investments	(218,032)	-	(218,032)	-	-	-	-	-	(218,032)	
<b>Total Revenue</b>	<b>11,013,272</b>	<b>(55,150)</b>	<b>10,958,122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>11,130,464</b>	
<b>Expenses</b>										
Programming and production	4,189,695	-	4,189,695	-	-	-	-	-	4,189,695	
Management and general	1,845,990	-	1,845,990	-	-	-	-	-	1,845,990	
Broadcasting	3,360,178	-	3,360,178	-	-	-	5,342	-	3,365,520	
Fundraising	2,933,763	-	2,933,763	-	-	-	-	-	2,933,763	
Education	503,536	-	503,536	-	-	-	-	-	503,536	
Program information	535,562	-	535,562	-	-	-	-	-	535,562	
Income taxes	2,680	-	2,680	-	-	-	167,000	-	169,680	
<b>Total Expenses</b>	<b>13,371,404</b>	<b>-</b>	<b>13,371,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,342</b>	<b>-</b>	<b>13,543,746</b>	
<b>Deficiency of Revenue over Expenses</b>	<b>(2,358,132)</b>	<b>(55,150)</b>	<b>(2,413,282)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(172,328)</b>	<b>-</b>	<b>(2,413,282)</b>	
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>3,084</b>	<b>-</b>	<b>3,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,084</b>	
<b>Unrealized Holding Gains on Investments</b>	<b>2,013,452</b>	<b>85,759</b>	<b>2,099,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,099,211</b>	
<b>Change in Fair Value of Interest Rate Swap</b>	<b>264,458</b>	<b>-</b>	<b>264,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264,458</b>	
<b>Change in Charitable Gift Annuity Obligation</b>	<b>(4,454)</b>	<b>-</b>	<b>(4,454)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,454)</b>	
<b>Changes in Net Assets/Net Loss</b>	<b>\$ (81,592)</b>	<b>\$ 30,609</b>	<b>\$ (50,983)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (172,328)</b>	<b>\$ -</b>	<b>\$ (50,983)</b>	

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Changes in Net Assets/Stockholder's Equity Information

	Pennon Organization			The Steinman Institute for Civic Engagement, LLC			WITF Enterprises, Inc.				
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income	Deficit in Retained Earnings	Totals
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2022</b>	\$ 35,667,905	\$ 1,359,265	\$ 37,027,170	\$ -	\$ -	\$ -	\$ 100	\$ 503,189	\$ -	\$ (2,897,990)	\$ (2,394,701)
Changes in net assets/net loss	(81,592)	30,609	(50,983)	-	-	-	-	-	-	(172,328)	(172,328)
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2023</b>	35,586,313	1,389,874	36,976,187	-	-	-	100	503,189	-	(3,070,318)	(2,567,029)
Transfer of net assets of LNP Media Group, Inc.	(1,115,625)	-	(1,115,625)	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-	-
Changes in net assets/net loss	(774,496)	1,640,089	865,593	(308,366)	1,000,000	691,634	-	-	-	(102,524)	(102,524)
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2024</b>	<u>\$ 33,696,192</u>	<u>\$ 3,029,963</u>	<u>\$ 36,726,155</u>	<u>\$ (308,366)</u>	<u>\$ 1,000,000</u>	<u>\$ 691,634</u>	<u>\$ 100</u>	<u>\$ 503,189</u>	<u>\$ -</u>	<u>\$ (3,172,842)</u>	<u>\$ (2,669,553)</u>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Changes in Net Assets/Stockholder's Equity Information (continued)

	<b>LNP Media Group, Inc.</b>						
	<b>Common Stock</b>	<b>Paid-in Capital</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Deficit in Retained Earnings</b>	<b>Totals</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2022</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,394,701	\$ 37,027,170
Changes in net assets/net loss	-	-	-	-	-	172,328	(50,983)
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2023</b>	-	-	-	-	-	2,567,029	36,976,187
Transfer of net assets of LNP Media Group, Inc.	24,678	6,034,030	-	(7,174,333)	(1,115,625)	1,115,625	(1,115,625)
Capital contribution	-	4,000,000	-	-	4,000,000	(4,000,000)	-
Changes in net assets/net loss	-	-	-	(4,344,506)	(4,344,506)	4,447,030	1,557,227
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2024</b>	<u>\$ 24,678</u>	<u>\$ 10,034,030</u>	<u>\$ -</u>	<u>\$ (11,518,839)</u>	<u>\$ (1,460,131)</u>	<u>\$ 4,129,684</u>	<u>\$ 37,417,789</u>



**Pennon Organization and Subsidiaries**

Consolidating Schedule of Revenue Information

	Year Ended June 30, 2024					Totals
	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	
Circulation revenue	\$ -	\$ -	\$ -	\$ 13,403,924	\$ -	\$ 13,403,924
Advertising	-	-	-	11,486,897	-	11,486,897
Other grants	5,262,447	6,000,000	-	352,345	(5,000,000)	6,614,792
Memberships	2,506,086	-	-	-	-	2,506,086
Federal grants	1,342,989	-	-	-	-	1,342,989
Educational Broadband Service	1,283,547	-	-	-	-	1,283,547
Satellite uplink services	1,045,132	-	-	-	-	1,045,132
In-kind contributions	1,012,065	-	-	-	-	1,012,065
Program underwriting	929,904	-	-	-	-	929,904
Program revenue	865,197	-	-	-	-	865,197
Interest income, net of fees	744,226	46,571	22	31,563	-	822,382
Special gifts	794,685	-	-	-	-	794,685
Miscellaneous income	54,960	-	-	649,439	-	704,399
Cash contributions	693,423	-	-	-	-	693,423
Building rental	-	-	-	227,961	-	227,961
Tower rental	211,632	-	-	-	-	211,632
State grants	62,500	-	-	-	-	62,500
Equipment rental	57,817	-	-	-	-	57,817
Special project	-	-	-	57,400	-	57,400
TV revenue	22,812	-	-	-	-	22,812
School district revenue	4,760	-	-	-	-	4,760
Sale of premiums	556	-	-	-	-	556
Management fee	1,014,424	-	-	-	(1,014,424)	-
Special events	-	-	-	-	-	-
Fundraising campaign	-	-	-	-	-	-
Investment in subsidiary income	(4,447,030)	-	-	-	4,447,030	-
Loss on sale of property and equipment	(11,190)	-	-	(5,588)	-	(16,778)
Loss on sale of investments	(182,322)	-	-	-	-	(182,322)
	<u>\$ 13,268,620</u>	<u>\$ 6,046,571</u>	<u>\$ 22</u>	<u>\$ 26,203,941</u>	<u>\$ (1,567,394)</u>	<u>\$ 43,951,760</u>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Revenue Information (continued)

	Year Ended June 30, 2023					Totals
	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	
Circulation revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	-	-	-	-	-	-
Other grants	351,008	-	-	-	-	351,008
Memberships	2,410,445	-	-	-	-	2,410,445
Federal grants	1,364,212	-	-	-	-	1,364,212
Educational Broadband Service	1,283,547	-	-	-	-	1,283,547
Satellite uplink services	1,048,935	-	-	-	-	1,048,935
In-kind contributions	87,005	-	-	-	-	87,005
Program underwriting	930,011	-	-	-	-	930,011
Program revenue	905,302	-	-	-	-	905,302
Interest income, net of fees	669,731	-	14	-	-	669,745
Special gifts	798,035	-	-	-	-	798,035
Miscellaneous income	77,531	-	-	-	-	77,531
Cash contributions	986,239	-	-	-	-	986,239
Building rental	-	-	-	-	-	-
Tower rental	202,259	-	-	-	-	202,259
State grants	125,000	-	-	-	-	125,000
Equipment rental	83,348	-	-	-	-	83,348
Special project	-	-	-	-	-	-
TV revenue	27,300	-	-	-	-	27,300
School district revenue	3,590	-	-	-	-	3,590
Sale of premiums	921	-	-	-	-	921
Management fee	-	-	-	-	-	-
Special events	6,265	-	-	-	-	6,265
Fundraising campaign	5,000	-	-	-	-	5,000
Investment in subsidiary income	(172,328)	-	-	-	172,328	-
Loss on sale of property and equipment	(17,202)	-	-	-	-	(17,202)
Loss on sale of investments	(218,032)	-	-	-	-	(218,032)
	<u>\$ 10,958,122</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 172,328</u>	<u>\$ 11,130,464</u>

## Pennon Organization and Subsidiaries

Schedule of Activities Information - TV and FM

	Year Ended June 30, 2024			Consolidated
	TV	FM	Other	
<b>Revenue</b>				
Circulation revenue	\$ -	\$ -	\$ 13,403,924	\$ 13,403,924
Contributions and grants	7,972,854	3,712,088	352,345	12,037,287
Advertising	-	-	11,486,897	11,486,897
Fees and rentals	3,114,162	409,439	877,400	4,401,001
In-kind contributions	657,842	354,223	-	1,012,065
Program underwriting	374,467	555,437	-	929,904
Interest income, net of fees	667,709	123,110	31,563	822,382
Special projects	-	-	57,400	57,400
Loss on sale of property and equipment	(7,274)	(3,916)	(5,588)	(16,778)
Loss on sale of investments	(118,509)	(63,813)	-	(182,322)
<b>Total Revenue</b>	<b>12,661,251</b>	<b>5,086,568</b>	<b>26,203,941</b>	<b>43,951,760</b>
<b>Expenses</b>				
Programming and production	4,396,860	227,676	28,022,980	32,647,516
Management and general	2,192,025	894,527	2,243,043	5,329,595
Broadcasting	-	3,414,243	-	3,414,243
Fundraising	1,752,984	1,052,114	-	2,805,098
Education	597,264	321,604	-	918,868
Program information	259,033	139,480	-	398,513
Income taxes	(411,449)	(221,550)	-	(632,999)
<b>Total Expenses</b>	<b>8,786,717</b>	<b>5,828,094</b>	<b>30,266,023</b>	<b>44,880,834</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>3,874,534</b>	<b>(741,526)</b>	<b>(4,062,082)</b>	<b>(929,074)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>3,584</b>	<b>1,930</b>	<b>-</b>	<b>5,514</b>
<b>Unrealized Holding Gains on Investments</b>	<b>1,619,601</b>	<b>872,093</b>	<b>-</b>	<b>2,491,694</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(4,221)</b>	<b>(2,273)</b>	<b>-</b>	<b>(6,494)</b>
<b>Change in Charitable Gift Annuity Obligation</b>	<b>(2,868)</b>	<b>(1,545)</b>	<b>-</b>	<b>(4,413)</b>
<b>Changes in Net Assets</b>	<b>\$ 5,490,630</b>	<b>\$ 128,679</b>	<b>\$ (4,062,082)</b>	<b>\$ 1,557,227</b>