



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

June 30, 2025 and 2024



## **Pennon Organization and Subsidiaries**

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June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 raise 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 audits 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

October 22, 2025  
York, Pennsylvania

# Pennon Organization and Subsidiaries

## Consolidated Statement of Financial Position

	June 30,	
	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash, operating	\$ 3,615,514	\$ 1,182,168
Cash, restricted	245,189	180,779
Accounts receivable, net	3,007,785	3,582,866
Grants receivable	80,000	1,191,500
Contracts receivable	156,730	208,806
Inventory and prepaid expenses	551,083	735,843
Broadcast rights	65,453	51,681
Investments	13,523,475	12,190,839
<b>Total Current Assets</b>	<b>21,245,229</b>	<b>19,324,482</b>
<b>Property and Equipment, Net</b>	<b>12,957,561</b>	<b>14,720,721</b>
<b>Other Assets</b>		
Investments	18,315,385	20,297,153
Right-of-use assets - operating leases	14,066,447	15,014,070
Station license	910,000	910,000
Deferred income taxes, net	644,000	1,319,000
Interest rate swap asset	420,684	636,618
Interest in net assets of a community foundation	87,636	82,928
Right-of-use asset - financing leases, net	13,324	13,130
<b>Total Other Assets</b>	<b>34,457,476</b>	<b>38,272,899</b>
<b>Total Assets</b>	<b>\$ 68,660,266</b>	<b>\$ 72,318,102</b>

## Pennon Organization and Subsidiaries

Consolidated Statement of Financial Position (continued)

	June 30,	
	2025	2024
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 1,033,653	\$ 997,836
Current portion of obligations under financing leases	901	2,893
Current portion of obligations under operating leases	859,910	818,943
Accounts payable	1,750,443	2,057,960
Accrued payroll and vacation	777,911	819,588
Accrued and withheld payroll taxes	57,558	98,470
Deferred revenue	4,614,647	4,206,948
Accrued interest payable	39,297	46,206
<b>Total Current Liabilities</b>	<b>9,134,320</b>	<b>9,048,844</b>
<b>Other Liabilities</b>		
Obligations under operating leases	13,808,062	14,667,972
Long-term debt	10,084,766	11,118,420
Charitable gift annuity obligation	59,302	65,077
Obligations under financing leases	4,401	-
<b>Total Other Liabilities</b>	<b>23,956,531</b>	<b>25,851,469</b>
<b>Total Liabilities</b>	<b>33,090,851</b>	<b>34,900,313</b>
<b>Net Assets</b>		
Without donor restrictions	32,771,680	33,387,826
With donor restrictions	2,797,735	4,029,963
<b>Total Net Assets</b>	<b>35,569,415</b>	<b>37,417,789</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,660,266</b>	<b>\$ 72,318,102</b>

# Pennon Organization and Subsidiaries

## Consolidated Statement of Activities

	Year Ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Circulation revenue	\$ 12,731,904	\$ -	\$ 12,731,904
Contributions and grants	11,321,653	238,193	11,559,846
Advertising	9,192,650	-	9,192,650
Fees and rentals	4,875,276	86,996	4,962,272
Interest income, net of fees	867,426	-	867,426
Program underwriting	-	754,845	754,845
In-kind contributions	88,251	-	88,251
Special projects	37,633	-	37,633
Gain on sale of investments	37,363	-	37,363
Net assets released from restrictions	2,179,200	(2,179,200)	-
Loss on sale of property and equipment	-	-	-
<b>Total Revenue</b>	<b>41,331,356</b>	<b>(1,099,166)</b>	<b>40,232,190</b>
<b>Expenses</b>			
Programming and production	29,132,948	-	29,132,948
Management and general	5,555,989	-	5,555,989
Broadcasting	3,297,619	-	3,297,619
Fundraising	2,770,552	-	2,770,552
Education	2,004,717	-	2,004,717
Income taxes	675,000	-	675,000
Program information	540,501	-	540,501
<b>Total Expenses</b>	<b>43,977,326</b>	<b>-</b>	<b>43,977,326</b>
<b>Deficiency of Revenue over Expenses</b>	<b>(2,645,970)</b>	<b>(1,099,166)</b>	<b>(3,745,136)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>4,708</b>	<b>-</b>	<b>4,708</b>
<b>Unrealized Holding Gains (Losses) on Investments</b>	<b>2,245,504</b>	<b>(133,062)</b>	<b>2,112,442</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(215,934)</b>	<b>-</b>	<b>(215,934)</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>\$ (616,146)</b>	<b>\$ (1,232,228)</b>	<b>\$ (1,848,374)</b>

See accompanying notes.

## Pennon Organization and Subsidiaries

Consolidated Statement of Activities (continued)

	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
Interest income, net of fees	822,382	-	822,382
Program underwriting	-	929,904	929,904
In-kind contributions	180,098	831,967	1,012,065
Special projects	57,400	-	57,400
Loss on sale of investments	(182,322)	-	(182,322)
Net assets released from restrictions	1,352,183	(1,352,183)	-
Loss on sale of property and equipment	(16,778)	-	(16,778)
<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	32,647,517	-	32,647,517
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
Income taxes	(633,000)	-	(633,000)
Program information	398,513	-	398,513
<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 Functional Expenses - by Natural Classification

	Year Ended June 30, 2025								
	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	
Salaries	\$ 740,639	\$ 8,505,506	\$ 635,290	\$ 262,457	\$ 10,143,892	\$ 944,867	\$ 2,542,674	\$ 3,487,541	\$ 13,631,433
Printing	13,723	5,246,405	24	1,345	5,261,497	63,460	-	63,460	5,324,957
Circulation and distribution	-	5,303,637	-	-	5,303,637	-	-	-	5,303,637
Depreciation and amortization	14,392	660,514	1,152,939	12,217	1,840,062	121,691	192,385	314,076	2,154,138
Freelance	552,563	788,119	10,254	66,210	1,417,146	38,374	682,483	720,857	2,138,003
Group life and hospitalization	94,194	1,528,661	90,806	36,360	1,750,021	104,745	157,179	261,924	2,011,945
Program acquisition	-	769,681	574,873	-	1,344,554	-	-	-	1,344,554
Rent, tower site	-	166,846	89,933	-	256,779	-	1,064,901	1,064,901	1,321,680
Advertising expense	4,354	1,079,426	23,631	3,920	1,111,331	200	8,806	9,006	1,120,337
Payroll taxes	69,848	657,344	63,320	21,999	812,511	75,713	163,937	239,650	1,052,161
Maintenance and repairs	20,544	851,222	42,488	4,680	918,934	28,945	72,135	101,080	1,020,014
Direct labor	147,156	440,517	206,383	-	794,056	7,567	-	7,567	801,623
Income taxes	-	-	675,000	-	675,000	-	-	-	675,000
Interest expense	1,446	273,155	78,026	5,233	357,860	71,542	109,000	180,542	538,402
Membership maintenance	-	-	-	-	-	481,368	-	481,368	481,368
Other news services expenses	326	447,215	24,180	-	471,721	-	-	-	471,721
Retirement	53,602	212,296	47,945	14,199	328,042	53,880	88,449	142,329	470,371
Professional fees	23,889	209,880	23,156	7,010	263,935	48,019	149,760	197,779	461,714
Banking fees	-	280,030	-	-	280,030	80,476	51,020	131,496	411,526
Postage	3,938	271,803	1,119	293	277,153	22,515	2,933	25,448	302,601
Dues and subscriptions	7,353	140,258	48,906	6,790	203,307	53,056	34,107	87,163	290,470
Barter expense	-	203,909	-	85,514	289,423	-	-	-	289,423
Power and light	506	155,301	60,382	1,831	218,020	25,034	38,142	63,176	281,196
Insurance	3,413	202,038	16,957	1,677	224,085	13,381	34,993	48,374	272,459
Affiliate dues and fees	-	152,626	44,767	-	197,393	-	29,000	29,000	226,393
Travel and entertainment	11,424	123,756	1,046	81	136,307	15,218	42,626	57,844	194,151
Direct mail promotion	-	-	-	-	-	171,734	-	171,734	171,734
Cost of premiums	-	684	-	2,606	3,290	143,502	-	143,502	146,792
Telephone	2,347	110,789	7,938	835	121,909	5,780	10,353	16,133	138,042
Provision for credit losses	-	78,954	-	-	78,954	24,536	-	24,536	103,490
Miscellaneous supplies	83,408	13,908	-	270	97,586	-	378	378	97,964
Pledge activity	-	-	-	-	-	95,753	-	95,753	95,753
Miscellaneous	61,551	23,180	97	24	84,852	1,358	2,197	3,555	88,407
Training	45,152	5,393	1,708	10	52,263	5,839	29,232	35,071	87,334
Internet access	7,519	14,907	22,155	2,350	46,931	9,400	21,535	30,935	77,866
Pennsylvania unemployment insurance	3,597	62,005	2,888	869	69,359	3,032	4,513	7,545	76,904
Contributions	-	58,608	-	-	58,608	-	-	-	58,608
Amortization of broadcast rights	-	42,781	-	-	42,781	-	-	-	42,781
Telemarketing	-	-	-	-	-	42,256	-	42,256	42,256
Direct material	30,608	500	-	-	31,108	-	-	-	31,108

See accompanying notes.

## Pennon Organization and Subsidiaries

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

	Year Ended June 30, 2025								
	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	
Recruitment	\$ 1,140	\$ 17,606	\$ 1,656	\$ 434	\$ 20,836	\$ 1,735	\$ 3,290	\$ 5,025	\$ 25,861
Other building utilities	66	11,981	3,577	240	15,864	3,280	6,106	9,386	25,250
Other employee benefits	2,414	6,325	2,291	714	11,744	2,592	4,282	6,874	18,618
Special surveys	-	-	16,590	-	16,590	-	-	-	16,590
Rent, equipment	16	5,222	884	59	6,181	8,468	1,236	9,704	15,885
Taxes and licenses	-	6,493	-	-	6,493	-	5,170	5,170	11,663
Office supplies	1,748	1,032	622	163	3,565	793	1,488	2,281	5,846
Gas and oil, vehicles	1,550	961	366	-	2,877	-	840	840	3,717
Data processing supplies	291	1,474	422	111	2,298	443	839	1,282	3,580
Award entry fees	-	-	-	-	-	-	-	-	-
	<u>\$ 2,004,717</u>	<u>\$ 29,132,948</u>	<u>\$ 3,972,619</u>	<u>\$ 540,501</u>	<u>\$ 35,650,785</u>	<u>\$ 2,770,552</u>	<u>\$ 5,555,989</u>	<u>\$ 8,326,541</u>	<u>\$ 43,977,326</u>

## 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	
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
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
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
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
Advertising expense	1,822	1,391,844	23,391	315	1,417,372	-	2,000	2,000	1,419,372
Payroll taxes	49,676	705,229	66,239	21,373	842,517	80,072	143,516	223,588	1,066,105
Maintenance and repairs	2,497	682,370	45,388	1,042	731,297	33,210	65,048	98,258	829,555
Direct labor	113,359	522,569	315,845	-	951,773	3,669	-	3,669	955,442
Income taxes (benefit)	-	-	(633,000)	-	(633,000)	-	-	-	(633,000)
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
Other news services expenses	-	434,524	18,704	-	453,228	263	-	263	453,491
Retirement	38,894	232,878	47,517	16,821	336,110	61,511	71,637	133,148	469,258
Professional fees	12,821	126,546	22,924	4,459	166,750	40,711	62,535	103,246	269,996
Banking fees	-	288,194	-	-	288,194	71,176	45,120	116,296	404,490
Postage	4,616	1,204,494	1,626	-	1,210,736	19,501	1,630	21,131	1,231,867
Dues and subscriptions	6,454	162,024	36,122	7,050	211,650	60,065	22,009	82,074	293,724
Barter expense	-	230,412	-	77,457	307,869	-	-	-	307,869
Power and light	471	144,635	60,404	1,706	207,216	23,326	35,539	58,865	266,081
Insurance	1,700	189,319	18,176	1,380	210,575	14,260	52,331	66,591	277,166
Affiliate dues and fees	-	143,292	44,385	-	187,677	-	39,700	39,700	227,377
Travel and entertainment	8,043	80,290	11,505	190	100,028	25,520	45,274	70,794	170,822
Direct mail promotion	-	-	-	-	-	171,761	-	171,761	171,761
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
Provision for credit losses	-	209,734	-	-	209,734	5,553	-	5,553	215,287
Miscellaneous supplies	96,845	15,352	139	236	112,572	146	259	405	112,977
Pledge activity	-	-	-	-	-	103,797	-	103,797	103,797
Miscellaneous	13,410	26,810	2,529	-	42,749	1,542	1,823	3,365	46,114
Training	5,199	19,296	3,685	-	28,180	4,702	10,285	14,987	43,167
Internet access	2,465	38,289	14,320	-	55,074	10,963	11,159	22,122	77,196
Pennsylvania unemployment insurance	3,290	187,511	3,615	987	195,403	3,714	3,586	7,300	202,703
Contributions	-	61,640	-	-	61,640	-	-	-	61,640
Amortization of broadcast rights	-	36,828	-	-	36,828	-	-	-	36,828
Telemarketing	-	-	-	-	-	1,296	-	1,296	1,296
Direct material	7,638	1,200	-	-	8,838	-	-	-	8,838

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	
Recruitment	\$ 218	\$ 12,257	\$ 3,075	\$ -	\$ 15,550	\$ 1,869	\$ 1,902	\$ 3,771	\$ 19,321
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
Special surveys	-	-	16,235	-	16,235	-	-	-	16,235
Rent, equipment	3,328	2,176	-	-	5,504	1,023	-	1,023	6,527
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Office supplies	465	3,181	1,729	-	5,375	2,160	2,065	4,225	9,600
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
Award entry fees	-	-	1,005	-	1,005	-	-	-	1,005
	<u>\$ 918,868</u>	<u>\$ 32,647,517</u>	<u>\$ 2,781,243</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 Changes in Net Assets**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<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.	(1,115,625)	-	(1,115,625)
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>	33,387,826	4,029,963	37,417,789
Changes in net assets	<u>(616,146)</u>	<u>(1,232,228)</u>	<u>(1,848,374)</u>
<b>Net Assets at June 30, 2025</b>	<u><u>\$ 32,771,680</u></u>	<u><u>\$ 2,797,735</u></u>	<u><u>\$ 35,569,415</u></u>

## Pennon Organization and Subsidiaries

### Consolidated Statement of Cash Flows

	Years Ended June 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (1,848,374)	\$ 1,557,227
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	2,154,138	2,046,655
Amortization of broadcast rights	1,407,345	1,367,187
Barter revenue	(72,954)	(89,409)
Barter expense	289,423	307,869
In-kind contributions - donated securities - endowment	-	(831,967)
In-kind contributions - donated securities	(19,260)	(33,797)
In-kind contributions - donated vehicles	(68,991)	(62,710)
In-kind contributions - donated property	-	(83,591)
Provision for credit losses	103,490	215,287
(Gain) loss on sale of investments	(37,363)	182,322
Provision for valuation allowance for deferred income taxes	2,032,000	775,000
Proceeds from sale of donated securities	19,260	33,797
Proceeds from sale of donated vehicles	68,991	62,710
Proceeds from sale of donated property	-	83,591
Unrealized holding gains on investments	(2,112,442)	(2,491,694)
Loss on sale of property and equipment	-	16,778
Change in interest in net assets of a community foundation	(4,708)	(5,514)
Change in deferred income taxes	(1,357,000)	(1,408,000)
Change in interest rate swap asset	215,934	6,494
Amortization of right-of-use assets - operating leases included in rent expense	947,623	931,616
(Increase) decrease in assets		
Accounts receivable, net	471,591	(1,653,395)
Grants receivable	1,111,500	(944,527)
Contracts receivable	52,076	(40,249)
Inventory and prepaid expenses	169,871	(107,188)
Increase (decrease) in liabilities		
Accounts payable	(296,852)	1,187,622
Accrued payroll and vacation	(41,677)	150,187
Accrued and withheld payroll taxes	(40,912)	63,313
Deferred revenue	206,119	(339,087)
Accrued interest payable	(6,909)	5,083
Obligations under operating leases	(818,943)	(779,067)
Charitable gift annuity obligation	(5,775)	(5,631)
<b>Net Cash Provided by Operating Activities</b>	<b>2,517,201</b>	<b>116,912</b>

## Pennon Organization and Subsidiaries

### Consolidated Statement of Cash Flows (continued)

	Years Ended June 30,	
	2025	2024
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	\$ (395,787)	\$ (2,294,794)
Purchase of broadcast rights	(1,421,117)	(1,364,163)
Purchase of investments	(774,622)	(2,595,047)
Proceeds from sale of investments	<u>3,573,559</u>	<u>4,104,784</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>982,033</u>	<u>(2,149,220)</u>
<b>Cash Flows from Financing Activities</b>		
Principal repayments of obligations under financing leases	(3,641)	(10,081)
Proceeds from sale of donated securities - endowment	-	831,967
Proceeds received for long-term debt	-	2,500,000
Principal repayments of long-term debt	<u>(997,837)</u>	<u>(927,076)</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(1,001,478)</u>	<u>2,394,810</u>
<b>Net Increase in Cash</b>	<b>2,497,756</b>	<b>362,502</b>
<b>Cash at Beginning of Year</b>	<u>1,362,947</u>	<u>1,000,445</u>
<b>Cash at End of Year</b>	<u>\$ 3,860,703</u>	<u>\$ 1,362,947</u>
<b>Cash Consists of</b>		
Cash, operating	\$ 3,615,514	\$ 1,182,168
Cash, restricted	<u>245,189</u>	<u>180,779</u>
	<u>\$ 3,860,703</u>	<u>\$ 1,362,947</u>
<b>Supplementary Cash Flows Information</b>		
Interest paid	<u>\$ 545,311</u>	<u>\$ 609,828</u>

## **Pennon Organization and Subsidiaries**

Consolidated Statement of Cash Flows (continued)

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

#### **In 2025**

The Organization included \$185,407 of property and equipment in accounts payable.

The Organization entered into barter agreements totaling \$274,534.

A right-of-use asset - financing lease and finance lease liability of \$6,050 was recorded.

#### **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

**Total Assets** \$ 17,858,019

#### **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

**Total Liabilities** 18,973,644

**Deficit in Stockholder's Equity** (1,115,625)

**Total Liabilities and Deficit in Stockholder's Equity** \$ 17,858,019

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

Pennon Organization (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, 2025 and 2024

#### **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 of accounting.

##### **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, 2025 and 2024.

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, 2025 and 2024, management established the allowance for credit losses of \$549,589 and \$357,619, 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, 2025 and 2024

#### **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 \$51,753 for the year ending June 30, 2026, \$13,488 for the year ending June 30, 2027, and \$212 for the year ending June 30, 2028.

##### **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, 2025, 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, 2025 and 2024

#### **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, 2025 and 2024.

##### **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, 2025 and 2024

#### **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, 2025 and 2024

#### **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*, 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.

##### **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.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

##### **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 \$550,000 and \$450,000 as of June 30, 2025 and 2024, 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 \$2,607,000 and \$675,000 as of June 30, 2025 and 2024, respectively, due to the uncertainty of being able to fully utilize this benefit before the net operating loss carryforwards expire.

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, 2022.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

##### **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.

#### **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.

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, 2025 and 2024:

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.

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.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

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.

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, 2025 and 2024 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2025 and 2024 approximate fair value, as they have been discounted using risk-adjusted rates. Additionally, the charitable gift annuity obligation was valued based on the annuitants' life expectancies. The carrying amounts of long-term debt are considered to approximate fair values as of June 30, 2025 and 2024 since they are subject to interest rates, which vary depending on market conditions.

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:

	2025			
	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>	\$ 3,061,425	\$ 3,061,425	\$ -	\$ -
<b>Mutual Funds</b>				
Fixed income	4,481,926	4,481,926	-	-
Equity - international	2,161,401	2,161,401	-	-
Equity - domestic	1,424,260	1,424,260	-	-
Other real assets	5,188	5,188	-	-
<b>Total Mutual Funds</b>	<b>8,072,775</b>	<b>8,072,775</b>	-	-



## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

	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>Common Stock</b>	\$ 1,000,043	\$ -	\$ -	\$ 1,000,043
	30,067,206	<u>\$ 29,067,163</u>	<u>\$ -</u>	<u>\$ 1,000,043</u>
<b>Alternative Investments (a)</b>				
Hedge funds	<u>2,420,786</u>			
<b>Total Investments</b>	<u>\$ 32,487,992</u>			
<b>Interest in Net Assets of a Community Foundation</b>	<u>\$ 82,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,928</u>
<b>Interest Rate Swap Asset</b>	<u>\$ 636,618</u>	<u>\$ -</u>	<u>\$ 636,618</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.

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, 2025 and 2024, 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.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

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

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 Date). 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, 2025 and 2024.

##### 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 Date, 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, 2025 and 2024.

#### 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>2025</u>	<u>2024</u>
<b>Financial Assets</b>		
Cash, operating and restricted	\$ 3,860,703	\$ 1,362,947
Accounts receivable, net	3,007,785	3,582,866
Grants receivable	80,000	1,191,500
Contracts receivable	156,730	208,806
Investments	31,838,860	32,487,992
Estimated distributions from interest in net assets of community foundations	3,400	3,300
Estimated endowment spending-rate distributions and appropriations	1,233,000	1,226,000
<b>Total Financial Assets</b>	<u>40,180,478</u>	<u>40,063,411</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 4 - Liquidity and Availability (continued)

	<u>2025</u>	<u>2024</u>
<b>Amounts Not Available to be Used for General Expenditures Within One Year</b>		
Cash subject to donor restrictions	\$ (245,189)	\$ (180,779)
Grant receivable subject to donor restrictions	(80,000)	(1,191,500)
Investments subject to donor restrictions	(2,315,816)	(2,448,878)
Board-designated investments for endowment	<u>(28,332,908)</u>	<u>(28,867,716)</u>
<b>Total Amounts Not Available to be Used for General Expenditures Within One Year</b>	<u>(30,973,913)</u>	<u>(32,688,873)</u>
<b>Financial Assets Available to be Used for General Expenditures Within One Year</b>		
	<u>\$ 9,206,565</u>	<u>\$ 7,374,538</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.

#### 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>2025</u>	<u>2024</u>
Checking, money market, and repurchase accounts	<u>\$ 3,860,703</u>	<u>\$ 1,362,947</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, promises to give - *On Trusted Ground* campaign are considered current.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 6 - Promises to Give (continued)

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

	<u>2025</u>	<u>2024</u>
Promises to give - <i>On Trusted Ground</i> campaign	\$ -	\$ 104,100
Allowance for uncollectible promises to give	-	(104,100)
	<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>2025</u>			
	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
<b>Cash and Cash Equivalents</b>	<u>\$ 3,061,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,061,425</u>
<b>Mutual Funds</b>				
Fixed income	4,487,067	14,872	(20,013)	4,481,926
Equity - international	1,881,527	279,874	-	2,161,401
Equity - domestic	1,258,573	165,687	-	1,424,260
Other real assets	4,996	192	-	5,188
<b>Total Mutual Funds</b>	<u>7,632,163</u>	<u>460,625</u>	<u>(20,013)</u>	<u>8,072,775</u>
<b>Exchange Traded Funds</b>				
Equity - domestic	9,291,769	1,188,122	-	10,479,891
Fixed income	4,625,718	64,829	(4,558)	4,685,989
Equity - international	1,711,100	178,625	-	1,889,725
<b>Total Exchange Traded Funds</b>	<u>15,628,587</u>	<u>1,431,576</u>	<u>(4,558)</u>	<u>17,055,605</u>
<b>Common Stock</b>	<u>1,000,043</u>	<u>16,544</u>	<u>-</u>	<u>1,016,587</u>
<b>Alternative Investments</b>				
Hedge funds	2,117,216	515,252	-	2,632,468
	<u>\$ 29,439,434</u>	<u>\$ 2,423,997</u>	<u>\$ (24,571)</u>	<u>\$ 31,838,860</u>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 7 - Investments (continued)

	2024			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
<b>Cash and Cash Equivalents</b>	\$ 1,066,608	\$ -	\$ -	\$ 1,066,608
<b>Mutual Funds</b>				
Fixed income	7,620,097	12,794	(531,473)	7,101,418
Equity - international	3,634,423	691,493	(129,697)	4,196,219
Equity - domestic	4,021,695	3,145,166	-	7,166,861
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>
<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
Equity - international	785,364	3,722	(47,784)	741,302
<b>Total Exchange Traded Funds</b>	<u>9,272,444</u>	<u>314,305</u>	<u>(52,326)</u>	<u>9,534,423</u>
<b>Common Stock</b>	<u>1,000,043</u>	<u>-</u>	<u>-</u>	<u>1,000,043</u>
<b>Alternative Investments</b>				
Hedge funds	2,117,216	340,384	(36,814)	2,420,786
	<u>\$ 28,734,106</u>	<u>\$ 4,504,196</u>	<u>\$ (750,310)</u>	<u>\$ 32,487,992</u>

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

	2025	2024
Net realized and unrealized gains	\$ 2,149,805	\$ 2,309,372
Interest and dividends, net of fees	<u>867,426</u>	<u>822,382</u>
	<u>\$ 3,017,231</u>	<u>\$ 3,131,754</u>

Long-term investments held as of June 30, 2025 and 2024 are comprised of investments in fixed income and equity securities. The Organization has recorded total unrealized holding losses on 15 and 19 of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 7 - Investments (continued)

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:

	2025					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Mutual Funds</b>						
Fixed income	\$ 3,494,127	\$ (17,936)	\$ 54,197	\$ (2,077)	\$ 3,548,324	\$ (20,013)
<b>Exchange Traded Funds</b>						
Fixed income	634,800	(4,558)	-	-	634,800	(4,558)
	<u>\$ 4,128,927</u>	<u>\$ (22,494)</u>	<u>\$ 54,197</u>	<u>\$ (2,077)</u>	<u>\$ 4,183,124</u>	<u>\$ (24,571)</u>
<b>2024</b>						
<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 Investments</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>

#### Note 8 - Property and Equipment

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

	2025	2024
Building	\$ 16,746,449	\$ 16,746,449
Broadcasting equipment	10,587,761	10,482,579
Production equipment	2,221,927	2,221,927
DTV equipment	2,029,458	2,029,458
Office equipment	1,752,769	1,536,437
Leasehold improvements	1,713,493	1,668,778

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### **Note 8 - Property and Equipment (continued)**

	<u>2025</u>	<u>2024</u>
Land *	\$ 1,542,360	\$ 1,542,360
Furniture and fixtures	1,291,863	1,291,863
Electronic equipment	324,479	311,897
FM equipment	208,317	209,770
Uplink equipment	191,593	191,593
Trucks	163,046	155,282
Building improvements	54,147	54,147
Donated equipment	20,074	20,074
Domain name	6,000	6,000
	<u>38,853,736</u>	<u>38,468,614</u>
Accumulated depreciation and amortization	<u>(25,896,175)</u>	<u>(23,747,893)</u>
	<u>\$ 12,957,561</u>	<u>\$ 14,720,721</u>

\* Not depreciated

Depreciation and amortization expense amounted to \$2,154,138 and \$2,046,655 for the years ended June 30, 2025 and 2024, 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.

#### **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.

## **Pennon Organization and Subsidiaries**

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### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

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, 2025 and 2024, 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 \$87,636 and \$82,928 as of June 30, 2025 and 2024, 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, 2025 and 2024

#### 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>2025</u>	<u>2024</u>
Without donor restrictions	\$ 28,420,544	\$ 28,950,644
With donor restrictions	<u>2,243,875</u>	<u>2,401,158</u>
	<u>\$ 30,664,419</u>	<u>\$ 31,351,802</u>

The following schedules represent the changes in endowment net assets for the years ended June 30:

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment Net Assets, Beginning</b>	<b>\$ 28,950,644</b>	<b>\$ 2,401,158</b>	<b>\$ 31,351,802</b>
Contributions	-	-	-
Investment return			
Interest and dividends	721,749	48,538	770,287
Realized and unrealized holding gains	1,957,390	164,991	2,122,381
Disbursements	(3,500,000)	(24,221)	(3,524,221)
Fees	(55,241)	(589)	(55,830)
Withdrawal/transfer	<u>346,002</u>	<u>(346,002)</u>	<u>-</u>
<b>Endowment Net Assets, Ending</b>	<b><u>\$ 28,420,544</u></b>	<b><u>\$ 2,243,875</u></b>	<b><u>\$ 30,664,419</u></b>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 11 - Endowments (continued)

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<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>

##### 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, 2025 and 2024. 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, 2025 and 2024

### **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, 2025 and 2024, 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, 2025 and 2024

#### 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>2025</u>	<u>2024</u>
Operating lease cost	\$ 1,242,685	\$ 1,242,685
Short-term lease cost	92,969	76,731
Finance lease cost - amortization of right-of-use asset	5,856	5,251
Finance lease cost - interest on lease liabilities	<u>1,251</u>	<u>2,001</u>
<b>Total Lease Cost</b>	<b><u>\$ 1,342,761</u></b>	<b><u>\$ 1,326,668</u></b>
<b>Weighted-Average Remaining Lease Term</b>		
Operating leases	14.36 Years	16.26 Years
Financing leases	4.25 Years	1.42 Years
<b>Weighted-Average Discount Rate</b>		
Operating leases	1.97%	1.97%
Financing leases	1.56%	2.06%

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, 2025:

	<u>Operating Leases</u>	<u>Financing Leases</u>
2026	\$ 1,138,112	\$ 1,817
2027	1,130,029	1,817
2028	1,062,440	1,817
2029	1,042,012	1,817
2030	1,056,409	456
Thereafter	<u>11,514,227</u>	<u>-</u>
<b>Total Lease Payments</b>	<b>16,943,229</b>	<b>7,724</b>
Imputed interest	<u>(2,275,257)</u>	<u>(2,422)</u>
<b>Total Present Value of Lease Liabilities</b>	<b><u>\$ 14,667,972</u></b>	<b><u>\$ 5,302</u></b>
Current portion of obligations under operating and financing leases	\$ 859,910	\$ 901
Long-term portion of obligations under operating and financing leases	<u>13,808,062</u>	<u>4,401</u>
	<b><u>\$ 14,667,972</u></b>	<b><u>\$ 5,302</u></b>

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### 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>2025</u>	<u>2024</u>
Office equipment	\$ 32,308	\$ 26,258
Accumulated depreciation	<u>(18,984)</u>	<u>(13,128)</u>
	<u>\$ 13,324</u>	<u>\$ 13,130</u>
Amortization expense	<u>\$ 5,856</u>	<u>\$ 5,251</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 5.71% and 6.65% as of June 30, 2025 and 2024, 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 5.71% and 6.65% as of June 30, 2025 and 2024, respectively. The expiration date of the line is February 28, 2026. There were no borrowings on the line as of June 30, 2025 and 2024.

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 5.71% and 6.65% as of June 30, 2025 and 2024, respectively. 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, 2025 and 2024

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

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

	<u>2025</u>	<u>2024</u>
PNC Bank (\$13 million loan)	\$ 8,982,735	\$ 9,776,771
PNC Bank (\$2.5 million loan)	<u>2,135,684</u>	<u>2,339,485</u>
	11,118,419	12,116,256
Current maturities of long-term debt	<u>(1,033,653)</u>	<u>(997,836)</u>
	<u>\$ 10,084,766</u>	<u>\$ 11,118,420</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:

2026	\$ 1,033,653
2027	1,069,921
2028	1,107,956
2029	1,149,036
2030	1,189,807
Thereafter	<u>5,568,046</u>
	<u>\$ 11,118,419</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, 2025 and 2024

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

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

	<b>2025</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)	<u>\$ 420,684</u>	<u>\$ (215,934)</u>
	<b>2024</b>	
Interest rate swap (2020)	<u>\$ 636,618</u>	<u>\$ (6,494)</u>

Interest expense amounted to \$538,402 and \$614,911 for the years ended June 30, 2025 and 2024, 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, 2025, 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, 2025 and 2024. 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 \$59,302 and \$65,077 as of June 30, 2025 and 2024, respectively.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### **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:

2026	\$	238,075
2027		211,995
2028		181,018
2029		158,731
2030		142,315
Thereafter		<u>411,399</u>
	\$	<u>1,343,533</u>

Rental income on the above leases amounted to \$216,803 and \$211,632 for the years ended June 30, 2025 and 2024, 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 \$366,888 and \$541,491 as of June 30, 2025 and 2024, respectively. Rental income on the above leases amounted to \$1,283,547 for each of the years ended June 30, 2025 and 2024.

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

2026	\$	1,054,787
2027		1,086,431
2028		1,119,024
2029		1,152,594
2030		1,187,172
Thereafter		<u>9,928,482</u>
	\$	<u>15,528,490</u>

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

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

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 4,351,136	\$ 4,437,182
Board-designated for Endowment	<u>28,420,544</u>	<u>28,950,644</u>
	<u>\$ 32,771,680</u>	<u>\$ 33,387,826</u>

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

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

	<u>2025</u>	<u>2024</u>
Subject to the passage of time		
Television and radio underwriting contracts	\$ 156,730	\$ 208,806
Grant receivable - Democracy Reporter	80,000	-
Grant receivable - Local Journalism/Civic Engagement	-	1,000,000
Grant receivable - tower upgrade	-	62,500
Grant receivable - educational events	-	59,000
Grant receivable - Innovation & Digital Creators Studio	-	50,000
Grant receivable - other	-	20,000
Subject to expenditures for a specific purpose		
Cash - EITC	86,996	134,541
Cash - other	73,619	-
Investments - innovation, science and art projects	71,941	47,720
Cash - educational events	50,000	46,238
Cash - Democracy Reporter	34,574	-
Perpetual in nature		
Endowment investments	<u>2,243,875</u>	<u>2,401,158</u>
	<u>\$ 2,797,735</u>	<u>\$ 4,029,963</u>

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### **Note 18 - In-Kind Contributions**

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

	<u>2025</u>	<u>2024</u>
Vehicles	\$ 68,991	\$ 62,710
Investment securities	19,260	865,764
Real estate	-	83,591
	<u>\$ 88,251</u>	<u>\$ 1,012,065</u>

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, 2025 and 2024.

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, 2025.

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 year ended June 30, 2024.

During the years ended June 30, 2025 and 2024, 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, 2025 and 2024

#### 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, 2025 and 2024 amounted to \$470,371 and \$469,258, respectively.

#### Note 20 - Income Taxes

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

	<u>2025</u>	<u>2024</u>
Deferred tax benefit, excluding effects of the following	\$ 62,000	\$ 57,000
Benefit of net operating loss carryforwards	<u>1,295,000</u>	<u>1,351,000</u>
	<u>\$ 1,357,000</u>	<u>\$ 1,408,000</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>2025</u>		
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred income tax assets	\$ 2,682,000	\$ 1,130,000	\$ 3,812,000
Deferred income tax liabilities	(8,000)	(3,000)	(11,000)
Valuation allowance	<u>(2,221,000)</u>	<u>(936,000)</u>	<u>(3,157,000)</u>
	<u>\$ 453,000</u>	<u>\$ 191,000</u>	<u>\$ 644,000</u>
	<u>2024</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>

Enterprises and LNP have federal net operating loss carryforwards of \$12,728,129 and state net operating loss carryforwards of \$13,198,727.

## Pennon Organization and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

The net operating loss carryforwards will expire as follows through the years ending June 30, 2045:

	<u>Federal</u>	<u>State</u>
2030	\$ 191,115	\$ 438,000
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	-	4,808,597
2045	-	4,899,074
	<u>\$ 2,864,398</u>	<u>\$ 13,198,727</u>

Additionally, Enterprises and LNP have federal net operating loss carryforwards of \$9,863,731 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.

CSG received during the years ended June 30, 2025 and 2024 amounted to \$1,310,759 and \$1,268,018, respectively.

## **Pennon Organization and Subsidiaries**

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

At times during the years ended June 30, 2025 and 2024, 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>2025</u>	<u>2024</u>
<b>Revenue</b>		
Contributions	<u>\$ 59,270</u>	<u>\$ 849,154</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 October 22, 2025. This date is the date the consolidated financial statements were available to be issued. The following events subsequent to June 30, 2025 were noted:

On October 13, 2025, the Organization's Chief Executive Officer (CEO) resigned from his position, effective immediately. The Board of Directors has appointed an Interim Chief Executive Officer to lead the Organization while a search for a permanent successor is conducted. As part of the separation agreement, the Organization will provide a severance package to the former CEO, which is not considered material to the financial statements, and no associated liability existed at the statement of financial position date. The Board of Directors and leadership are actively working to ensure a smooth and stable transition. While this transition represents a significant change in leadership, management does not anticipate a material adverse financial effect on the Organization's operations or financial position.

No other material events subsequent to June 30, 2025 were noted.

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information

	June 30, 2025					
	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	\$ 803,409	\$ 1,644,942	\$ 804	\$ 1,166,359	\$ -	\$ 3,615,514
Cash, restricted	245,189	-	-	-	-	245,189
Accounts receivable, net	1,214,434	-	-	1,793,351	-	3,007,785
Grants receivable	80,000	-	-	-	-	80,000
Contracts receivable	156,730	-	-	-	-	156,730
Inventory and prepaid expenses	135,644	-	-	415,439	-	551,083
Broadcast rights	65,453	-	-	-	-	65,453
Investments	13,523,475	-	-	-	-	13,523,475
Due from affiliates	5,647,273	-	-	-	(5,647,273)	-
<b>Total Current Assets</b>	<b>21,871,607</b>	<b>1,644,942</b>	<b>804</b>	<b>3,375,149</b>	<b>(5,647,273)</b>	<b>21,245,229</b>
<b>Property and Equipment, Net</b>	<b>12,168,059</b>	<b>627</b>	<b>-</b>	<b>788,875</b>	<b>-</b>	<b>12,957,561</b>
<b>Other Assets</b>						
Investments	18,315,385	-	-	-	-	18,315,385
Right-of-use assets - operating leases	720,256	-	-	13,346,191	-	14,066,447
Station license	910,000	-	-	-	-	910,000
Deferred income taxes, net	-	-	339,000	305,000	-	644,000
Interest rate swap asset	420,684	-	-	-	-	420,684
Interest in net assets of a community foundation	87,636	-	-	-	-	87,636
Right-of-use asset - financing leases, net	13,324	-	-	-	-	13,324
Investment in affiliates	(5,306,085)	-	-	-	5,306,085	-
<b>Total Other Assets</b>	<b>15,161,200</b>	<b>-</b>	<b>339,000</b>	<b>13,651,191</b>	<b>5,306,085</b>	<b>34,457,476</b>
<b>Total Assets</b>	<b>\$ 49,200,866</b>	<b>\$ 1,645,569</b>	<b>\$ 339,804</b>	<b>\$ 17,815,215</b>	<b>\$ (341,188)</b>	<b>\$ 68,660,266</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2025					
	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	Totals
<i>Liabilities and Net Assets/ Deficit in Stockholder's Equity</i>						
<b>Current Liabilities</b>						
Current maturities of long-term debt	\$ 1,033,653	\$ -	\$ -	\$ -	\$ -	\$ 1,033,653
Current portion of obligations under financing leases	901	-	-	-	-	901
Current portion of obligations under operating leases	128,686	-	-	731,224	-	859,910
Accounts payable	565,473	-	-	1,184,970	-	1,750,443
Accrued payroll and vacation	420,657	-	-	357,254	-	777,911
Accrued and withheld payroll taxes	24,721	-	-	32,837	-	57,558
Deferred revenue	639,678	789,287	-	3,185,682	-	4,614,647
Accrued interest payable	39,297	-	-	-	-	39,297
Due to Pennon Organization	-	855,655	3,109,602	1,682,016	(5,647,273)	-
<b>Total Current Liabilities</b>	<b>2,853,066</b>	<b>1,644,942</b>	<b>3,109,602</b>	<b>7,173,983</b>	<b>(5,647,273)</b>	<b>9,134,320</b>
<b>Other Liabilities</b>						
Obligations under operating leases	630,543	-	-	13,177,519	-	13,808,062
Long-term debt	10,084,766	-	-	-	-	10,084,766
Charitable gift annuity obligation	59,302	-	-	-	-	59,302
Obligations under financing leases	4,401	-	-	-	-	4,401
<b>Total Other Liabilities</b>	<b>10,779,012</b>	<b>-</b>	<b>-</b>	<b>13,177,519</b>	<b>-</b>	<b>23,956,531</b>
<b>Total Liabilities</b>	<b>13,632,078</b>	<b>1,644,942</b>	<b>3,109,602</b>	<b>20,351,502</b>	<b>(5,647,273)</b>	<b>33,090,851</b>
<b>Net Assets</b>						
Without donor restrictions	32,771,053	627	-	-	-	32,771,680
With donor restrictions	2,797,735	-	-	-	-	2,797,735
<b>Total Net Assets</b>	<b>35,568,788</b>	<b>627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,569,415</b>
<b>Deficit in Stockholder's Equity</b>						
Common stock	-	-	100	24,678	(24,778)	-
Paid-in capital	-	-	503,189	14,534,030	(15,037,219)	-
Deficit in retained earnings	-	-	(3,273,087)	(17,094,995)	20,368,082	-
<b>Total Deficit in Stockholder's Equity</b>	<b>-</b>	<b>-</b>	<b>(2,769,798)</b>	<b>(2,536,287)</b>	<b>5,306,085</b>	<b>-</b>
<b>Total Net Assets/ Deficit in Stockholder's Equity</b>	<b>35,568,788</b>	<b>627</b>	<b>(2,769,798)</b>	<b>(2,536,287)</b>	<b>5,306,085</b>	<b>35,569,415</b>
<b>Total Liabilities and Net Assets/ Deficit in Stockholder's Equity</b>	<b>\$ 49,200,866</b>	<b>\$ 1,645,569</b>	<b>\$ 339,804</b>	<b>\$ 17,815,215</b>	<b>\$ (341,188)</b>	<b>\$ 68,660,266</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>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
Station license	910,000	-	-	-	-	910,000
Deferred income taxes, net	-	-	439,000	880,000	-	1,319,000
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
<i>Liabilities and Net Assets/ Deficit in Stockholder's Equity</i>						
<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 Activities Information

	Year Ended June 30, 2025									
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,731,904	\$ -	\$ 12,731,904
Contributions and grants	11,099,846	238,193	11,338,039	5,395,716	-	5,395,716	-	36,804	(5,210,713)	11,559,846
Advertising	-	-	-	-	-	-	-	9,192,650	-	9,192,650
Fees and rentals	4,009,026	86,996	4,096,022	-	-	-	-	866,250	-	4,962,272
Interest income, net of fees	747,995	-	747,995	98,371	-	98,371	17	21,043	-	867,426
Program underwriting	-	754,845	754,845	-	-	-	-	-	-	754,845
In-kind contributions	88,251	-	88,251	-	-	-	-	-	-	88,251
Special projects	-	-	-	-	-	-	-	37,633	-	37,633
Gain on sale of investments	37,363	-	37,363	-	-	-	-	-	-	37,363
Net assets released from restrictions	1,179,200	(1,179,200)	-	1,000,000	(1,000,000)	-	-	-	-	-
Management fees	918,570	-	918,570	-	-	-	-	-	(918,570)	-
Investment in subsidiary income	(5,676,401)	-	(5,676,401)	-	-	-	-	-	5,676,401	-
Loss on sale of property and equipment	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>12,403,850</b>	<b>(99,166)</b>	<b>12,304,684</b>	<b>6,494,087</b>	<b>(1,000,000)</b>	<b>5,494,087</b>	<b>17</b>	<b>22,886,284</b>	<b>(452,882)</b>	<b>40,232,190</b>
<b>Expenses</b>										
Programming and production	4,304,274	-	4,304,274	-	-	-	-	25,747,244	(918,570)	29,132,948
Management and general	2,774,131	-	2,774,131	641,662	-	641,662	-	2,140,196	-	5,555,989
Broadcasting	3,297,357	-	3,297,357	-	-	-	262	-	-	3,297,619
Fundraising	2,770,552	-	2,770,552	-	-	-	-	-	-	2,770,552
Education	1,671,998	-	1,671,998	5,543,432	-	5,543,432	-	-	(5,210,713)	2,004,717
Income taxes	-	-	-	-	-	-	100,000	575,000	-	675,000
Program information	540,501	-	540,501	-	-	-	-	-	-	540,501
<b>Total Expenses</b>	<b>15,358,813</b>	<b>-</b>	<b>15,358,813</b>	<b>6,185,094</b>	<b>-</b>	<b>6,185,094</b>	<b>100,262</b>	<b>28,462,440</b>	<b>(6,129,283)</b>	<b>43,977,326</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>(2,954,963)</b>	<b>(99,166)</b>	<b>(3,054,129)</b>	<b>308,993</b>	<b>(1,000,000)</b>	<b>(691,007)</b>	<b>(100,245)</b>	<b>(5,576,156)</b>	<b>5,676,401</b>	<b>(3,745,136)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>4,708</b>	<b>-</b>	<b>4,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,708</b>
<b>Unrealized Holding Gains (Losses) on Investments</b>	<b>2,245,504</b>	<b>(133,062)</b>	<b>2,112,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,112,442</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(215,934)</b>	<b>-</b>	<b>(215,934)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(215,934)</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>-</b>	<b>(4,454)</b>
<b>Changes in Net Assets/Net Loss</b>	<b>\$ (925,139)</b>	<b>\$ (232,228)</b>	<b>\$ (1,157,367)</b>	<b>\$ 308,993</b>	<b>\$ (1,000,000)</b>	<b>\$ (691,007)</b>	<b>\$ (100,245)</b>	<b>\$ (5,576,156)</b>	<b>\$ 5,676,401</b>	<b>\$ (1,848,374)</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Activities Information (continued)

	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
Interest income, net of fees	744,226	-	744,226	46,571	-	46,571	22	31,563	-	822,382
Program underwriting	-	929,904	929,904	-	-	-	-	-	-	929,904
In-kind contributions	180,098	831,967	1,012,065	-	-	-	-	-	-	1,012,065
Special projects	-	-	-	-	-	-	-	57,400	-	57,400
Loss on sale of investments	(182,322)	-	(182,322)	-	-	-	-	-	-	(182,322)
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)
<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	4,624,537	-	4,624,537	-	-	-	-	29,037,404	(1,014,424)	32,647,517
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
Income taxes (benefit)	-	-	-	-	-	-	99,000	(732,000)	-	(633,000)
Program information	398,513	-	398,513	-	-	-	-	-	-	398,513
<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 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, 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>	33,696,192	3,029,963	36,726,155	(308,366)	1,000,000	691,634	100	503,189	-	(3,172,842)	(2,669,553)
Capital contribution	-	-	-	-	-	-	-	-	-	-	-
Changes in net assets/net loss	(925,139)	(232,228)	(1,157,367)	308,993	(1,000,000)	(691,007)	-	-	-	(100,245)	(100,245)
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2025</b>	<b>\$ 32,771,053</b>	<b>\$ 2,797,735</b>	<b>\$ 35,568,788</b>	<b>\$ 627</b>	<b>\$ -</b>	<b>\$ 627</b>	<b>\$ 100</b>	<b>\$ 503,189</b>	<b>\$ -</b>	<b>\$ (3,273,087)</b>	<b>\$ (2,769,798)</b>

**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, 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>	24,678	10,034,030	-	(11,518,839)	(1,460,131)	4,129,684	37,417,789
Capital contribution	-	4,500,000	-	-	4,500,000	(4,500,000)	-
Changes in net assets/net loss	-	-	-	(5,576,156)	(5,576,156)	5,676,401	(1,848,374)
<b>Net Assets/Stockholder's Equity (Deficit), June 30, 2025</b>	<b>\$ 24,678</b>	<b>\$ 14,534,030</b>	<b>\$ -</b>	<b>\$ (17,094,995)</b>	<b>\$ (2,536,287)</b>	<b>\$ 5,306,085</b>	<b>\$ 35,569,415</b>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Revenue Information

	Year Ended June 30, 2025					Totals
	Pennon Organization	The Steinman Institute for Civic Engagement, LLC	WITF Enterprises, Inc.	LNP Media Group, Inc.	Eliminations	
Circulation revenue	\$ -	\$ -	\$ -	\$ 12,731,904	\$ -	\$ 12,731,904
Advertising	-	-	-	9,192,650	-	9,192,650
Other grants	5,500,044	5,395,716	-	36,804	(5,210,713)	5,721,851
Memberships	2,800,178	-	-	-	-	2,800,178
Federal grants	1,393,679	-	-	-	-	1,393,679
Satellite uplink services	1,341,293	-	-	-	-	1,341,293
Educational Broadband Service Program revenue	1,283,547	-	-	-	-	1,283,547
Interest income, net of fees	747,995	98,371	17	21,043	-	867,426
Special gifts	831,510	-	-	-	-	831,510
Program underwriting	754,845	-	-	-	-	754,845
Cash contributions	734,467	-	-	-	-	734,467
Miscellaneous income	39,400	-	-	665,064	-	704,464
Tower rental	216,803	-	-	-	-	216,803
Building rental	-	-	-	201,186	-	201,186
In-kind contributions	88,251	-	-	-	-	88,251
State grants	65,000	-	-	-	-	65,000
Equipment rental	53,540	-	-	-	-	53,540
Special project	-	-	-	37,633	-	37,633
Gain on sale of investments	37,363	-	-	-	-	37,363
Special events	16,500	-	-	-	-	16,500
TV revenue	13,161	-	-	-	-	13,161
School district revenue	4,120	-	-	-	-	4,120
Sale of premiums	115	-	-	-	-	115
Management fee	918,570	-	-	-	(918,570)	-
Investment in subsidiary income	(5,676,401)	-	-	-	5,676,401	-
Loss on sale of property and equipment	-	-	-	-	-	-
	<u>\$ 12,304,684</u>	<u>\$ 5,494,087</u>	<u>\$ 17</u>	<u>\$ 22,886,284</u>	<u>\$ (452,882)</u>	<u>\$ 40,232,190</u>

**Pennon Organization and Subsidiaries**

Consolidating Schedule of Revenue Information (continued)

	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
Satellite uplink services	1,045,132	-	-	-	-	1,045,132
Educational Broadband Service	1,283,547	-	-	-	-	1,283,547
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
Program underwriting	929,904	-	-	-	-	929,904
Cash contributions	693,423	-	-	-	-	693,423
Miscellaneous income	54,960	-	-	649,439	-	704,399
Tower rental	211,632	-	-	-	-	211,632
Building rental	-	-	-	227,961	-	227,961
In-kind contributions	1,012,065	-	-	-	-	1,012,065
State grants	62,500	-	-	-	-	62,500
Equipment rental	57,817	-	-	-	-	57,817
Special project	-	-	-	57,400	-	57,400
Loss on sale of investments	(182,322)	-	-	-	-	(182,322)
Special events	-	-	-	-	-	-
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)	-
Investment in subsidiary income	(4,447,030)	-	-	-	4,447,030	-
Loss on sale of property and equipment	(11,190)	-	-	(5,588)	-	(16,778)
	<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>