

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Consolidated Financial Statements and Schedules
(With Independent Auditors' Report)

December 31, 2023 and 2022

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Population Media Center, Inc. and Subsidiary
South Burlington, Vermont

Opinion

We have audited the accompanying consolidated financial statements of Population Media Center, Inc. and Subsidiary (the "Organization") (a not-for-profit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other additional procedures according with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2022 consolidated financial statements which have been audited by us, and in our report dated September 29, 2023 we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

McSoley McCoy & Co.

South Burlington, Vermont
September 13, 2024
VT Reg No. 92-349

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
<u>Assets:</u>		
Cash and cash equivalents in the U.S.	\$ 8,654,545	\$ 6,180,472
Cash - board designated restricted funds	2,831,831	4,418,059
Cash in other countries	281,797	478,466
Certificates of deposit	925,551	1,339,728
Prepaid expenses and advances	171,160	387,448
Royalty income receivable	22,638	40,949
Grants, contributions and bequests receivable	427,938	797,908
Accrued interest receivable	38,246	-
Investments	12,916,472	11,737,703
Investments - charitable gift annuities	2,212	2,945
Security deposits	27,114	-
Property and equipment, net of accumulated depreciation	818,305	784,511
 Total assets	 \$ 27,117,809	 \$ 26,168,189
 <u>Liabilities and net assets:</u>		
Accounts payable	\$ 299,944	\$ 341,213
Accrued expenses	662,118	523,354
Refundable advances	44,589	352,597
Liability - charitable gift annuities	1,840	2,750
 Total liabilities	 1,008,491	 1,219,914
 Net assets:		
Without donor restrictions:		
Operating	11,693,791	9,499,539
Board-designated reserve	4,689,071	4,122,769
Board-designated restricted funds	4,394,340	6,418,059
Investment in property and equipment	818,305	784,511
With donor restrictions	4,513,811	4,123,397
 Total net assets	 26,109,318	 24,948,275
 Total liabilities and net assets	 \$ 27,117,809	 \$ 26,168,189

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

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

For the Year Ended December 31, 2023

(With Summarized Financial Information for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<u>Revenues, gains and other support:</u>				
Contributions and grants	\$ 6,747,534	\$ 4,687,631	\$ 11,435,165	\$ 11,207,579
Contract income	147,575	-	147,575	211,926
Investment income (loss)	821,722	-	821,722	(677,066)
Interest and other income	369,074	-	369,074	74,632
Loss on disposal of equipment	-	-	-	(6,760)
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	<u>4,297,217</u>	<u>(4,297,217)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support, net	<u>12,383,122</u>	<u>390,414</u>	<u>12,773,536</u>	<u>10,810,311</u>
<u>Expenses:</u>				
Program services:				
National and international initiatives	5,675,642	-	5,675,642	7,213,767
Public outreach	1,338,028	-	1,338,028	1,518,245
General program development	<u>2,013,490</u>	<u>-</u>	<u>2,013,490</u>	<u>788,414</u>
Total program services	<u>9,027,160</u>	<u>-</u>	<u>9,027,160</u>	<u>9,520,426</u>
Supporting services:				
Management and general	1,724,262	-	1,724,262	1,293,159
Fundraising	<u>860,894</u>	<u>-</u>	<u>860,894</u>	<u>615,208</u>
Total supporting services	<u>2,585,156</u>	<u>-</u>	<u>2,585,156</u>	<u>1,908,367</u>
Change in liability - charitable gift annuities	<u>177</u>	<u>-</u>	<u>177</u>	<u>(680)</u>
Total expenses	<u>11,612,493</u>	<u>-</u>	<u>11,612,493</u>	<u>11,428,113</u>
Change in net assets	770,629	390,414	1,161,043	(617,802)
Net assets - beginning of year	<u>20,824,878</u>	<u>4,123,397</u>	<u>24,948,275</u>	<u>25,566,077</u>
Net assets - end of year	<u>\$ 21,595,507</u>	<u>\$ 4,513,811</u>	<u>\$ 26,109,318</u>	<u>\$ 24,948,275</u>

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

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

(With Summarized Financial Information for 2022)

	Program Expenses			Total Program Expenses	Management and General	Fundraising	2023 Total	2022 Total
	General Program Development	Public Outreach	Nat'l and Int'l Initiatives					
U.S. salaries	\$ 1,093,041	\$ 528,045	\$ 719,345	\$ 2,340,431	\$ 877,790	\$ 413,541	\$ 3,631,762	\$ 3,384,023
Benefits and taxes	233,339	148,335	157,612	539,286	228,689	113,673	881,648	770,249
Bank and credit card fees	-	-	-	-	33	1,518	1,551	24,032
Building repairs and maintenance	-	-	-	-	13,932	2,607	16,539	20,606
Computer and website	14,977	9,578	60,669	85,224	174,015	24,340	283,579	304,018
Conferences and workshops	52,254	8,773	76,545	137,572	23,718	16,655	177,945	77,022
Contractual services	386,516	117,232	2,879,638	3,383,386	44,298	163,337	3,591,021	4,042,986
Depreciation	-	33,437	30,332	63,769	12,011	6,804	82,584	70,485
Dues and publications	4,668	6,451	53,776	64,895	100	3,331	68,326	15,467
Education and training	-	2,685	-	2,685	-	-	2,685	1,100
Events	-	-	-	-	-	4,966	4,966	-
Fees and registrations	4,899	-	1,903	6,802	798	5,446	13,046	1,428
Grants awarded	1,163	406,245	438,119	845,527	-	-	845,527	481,797
Insurance	496	14,152	46,717	61,365	63,733	7,338	132,436	51,893
Miscellaneous	4,515	-	3,672	8,187	61,340	1,632	71,159	253,666
Non-capitalized equipment costs	1,100	-	70,615	71,715	30,700	-	102,415	44,927
Office and other supplies	73	2,182	23,856	26,111	946	187	27,244	23,873
Postage and shipping	2,686	4,226	4,751	11,663	982	18,144	30,789	22,440
Printing and copying	13,586	30,661	30,001	74,248	1,240	17,165	92,653	61,182
Professional fees	18,368	-	133,604	151,972	60,179	1,510	213,661	253,202
Promotion and advertising	-	-	302,735	302,735	3,344	3,592	309,671	245,367
Property taxes	-	7,536	-	7,536	2,707	1,533	11,776	14,763
Rent and related costs	-	-	227,266	227,266	71,359	-	298,625	277,154
Studio rental and airtime	-	-	-	-	-	-	-	297,948
Travel	181,809	15,129	414,486	611,424	51,141	52,891	715,456	663,375
Utilities	-	3,361	-	3,361	1,207	684	5,252	25,790
	<u>\$ 2,013,490</u>	<u>\$ 1,338,028</u>	<u>\$ 5,675,642</u>	<u>\$ 9,027,160</u>	<u>\$ 1,724,262</u>	<u>\$ 860,894</u>	<u>\$ 11,612,316</u>	<u>\$ 11,428,793</u>

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

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Operating activities:</u>		
Change in net assets	\$ 1,161,043	\$ (617,802)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,584	70,485
Realized and unrealized losses (gains) on investments	(540,122)	768,800
Net investment loss (income) on investments - charitable gift annuities		
Change in liability - charitable gift annuities	(177)	680
Loss on disposal of equipment	-	6,760
(Increase) decrease in operating assets:		
Prepaid expenses and advances	216,288	(215,821)
Royalty income receivable	18,311	64,458
Grants, contributions and bequests receivable	369,970	(181,649)
Accrued interest receivable	(38,246)	-
Security deposits	(27,114)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(41,269)	166,418
Accrued expenses	138,764	(66,540)
Refundable advances	<u>(308,008)</u>	<u>126,581</u>
 Total adjustments	 <u>(129,019)</u>	 <u>740,172</u>
 Net cash provided by operating activities	 <u>1,032,024</u>	 <u>122,370</u>
 <u>Investing activities:</u>		
Acquisition of property and equipment	(116,378)	(103,738)
Net increase (decrease) to certificates of deposit	414,177	(341,548)
Purchase and proceeds from the sale of short- term investments, net	<u>(638,647)</u>	<u>(2,987,355)</u>
 Net cash used by investing activities	 <u>(340,848)</u>	 <u>(3,432,641)</u>
 Net increase (decrease) in cash and cash equivalents	 691,176	 (3,310,271)
 Cash and cash equivalents, beginning of year	 <u>11,076,997</u>	 <u>14,387,268</u>
 Cash and cash equivalents, end of year	 <u>\$ 11,768,173</u>	 <u>\$ 11,076,997</u>
 Cash consists of:		
Cash and cash equivalents	\$ 8,654,545	\$ 6,180,472
Cash in other countries	281,797	478,466
Restricted cash	<u>2,831,831</u>	<u>4,418,059</u>
	<u>\$ 11,768,173</u>	<u>\$ 11,076,997</u>

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

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Organization - Population Media Center, Inc. ("PMC") was incorporated in Vermont in 1998 with the mission of working worldwide to stabilize human population at levels that can be sustained by the world's natural resources. To fulfill its mission, PMC concentrates on entertainment broadcasting designed to educate people about the benefits of small families, encourage the use of effective family planning methods, elevate the status of women, and promote the concept of gender equity. PMC's operations are headquartered in South Burlington, Vermont and it employs staff there who work in program development, fundraising and clerical support. PMC has contracted employees and subcontracted "country directors" in a number of other countries working on major multi-year media development projects tailored for the local cultures.

Incorporated in Washington, D.C. in 1969, Population Institute, Inc.'s ("PI" or "the Institute") mission is to improve the health and wellbeing of people and the planet by supporting policies and programs that promote sexual and reproductive health and rights. Through advancing reproductive freedom, they strive to achieve a world population in balance with a healthy global environment and resource base.

In June 2008, the Institute amended its bylaws to become a membership organization with PMC as its sole member. No consideration was transferred pursuant to the transaction and the two entities continue to operate with a high level of autonomy. Under U.S. generally accepted accounting principles in effect at the time, the transaction was accounted for under the "carryover" method. The consolidated financial statements include the accounts of PMC and its wholly controlled subsidiary, PI (together "the Organization"). All significant inter-company accounts and transactions have been eliminated in consolidation (if any). All amounts contained in the consolidated financial statements are stated in U.S. dollars unless otherwise noted.

Basis of Accounting - Assets and liabilities are recorded and revenues and expenses are recognized using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Consolidated Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without. Contributions received are recorded as either "with donor restrictions" or "without donor restrictions" depending upon the existence and/or nature of any *donor-imposed* restrictions. Restricted net assets are reclassified to those without restriction upon satisfaction of the time or purpose restrictions. Restricted contributions whose restrictions are met in the same period as received are shown as increases in net assets with donor restrictions with a corresponding transfer to net assets without donor restrictions. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Refundable Advances - Refundable advances represent certain government and institutional grants that are conditioned upon the Organization incurring qualifying costs. Contribution revenue is recognized as the qualifying costs are incurred.

Cash and Cash Equivalents - The Organization treats all U.S. cash accounts, checking, savings, money market, and other cash funds with an initial maturity of three months or less as cash and cash equivalents for purposes of the consolidated statements of cash flows. In addition, purchases and sales of short term investments are netted for the purposes of the statements of cash flows.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Description of Programs - A description of the programs included in these consolidated financial statements is as follows:

“General Program Development” - With the purposes described above, PMC continues to initiate media projects in Asia, Africa and Latin America and in the U.S. This ongoing exploratory, development and support work includes meetings with governmental officials, broadcasters, and non-governmental organizations, assessment of mass media regarding coverage of relevant information and audience penetration, and other research and development activities. While in the development stages, the Organization classifies these projects, as “General Program Development”.

“Public Outreach” - This category of program activities includes speaking and writing work done by PMC staff as well as the program-related portion of the website, newsletters, annual report and other communication efforts. All of PI’s various programs, including the annual “Global Media Awards” are included in this category.

“National and International Initiatives” - In addition to PMC’s work through its own contract employees in Ethiopia, Burundi, the Democratic Republic of Congo, Nigeria, Rwanda, Zambia, Uganda, Nepal, Haiti, and the U.S., the Organization is working through its “country directors”, its own employees and others to establish and expand specific media projects in a number of other countries and regions (including Mexico and Guatemala) each with the goal of working with broadcasters and human-service organizations to promote small family norms and the avoidance of adolescent parenthood, each tailored to the local culture.

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not included in support until the contributions are substantially met.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements - Generally accepted accounting principles in the United States of America establish a framework for measuring fair value. The guidance states that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions market participants would use in pricing the asset or liability under current market conditions at the measurement date.

As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that is based on the subjectivity of inputs. It distinguishes between observable inputs (Levels 1 and 2) which are either observable from market data or corroborated by observable market data and those that are unobservable (Level 3).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded on an active exchange market.

Level 2 – Inputs other than quoted prices, included in Level 1, that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs include quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. Government and agency mortgage-backed debt securities and alternative investments using net asset value (NAV) per share for which the Organization has the ability to redeem its investment at or close to the measurement date.

Level 3 – Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The inputs reflect the Organization's assumptions based on the best information available in the circumstances. This category generally includes certain private debt and equity instruments, alternative investments where the investee measures at NAV per share or the redemption date is not close to the measurement date.

All investments have been valued in accordance with the definition of Level 1 inputs as described above.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value.

Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Comparative Financial Information - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class (and, for the statement of functional expenses, in total but not by functional category). Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment are recorded at cost or, in the case of donated property, at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all significant betterments with a cost or value of at least \$5,000 and a useful life of at least one year.

At times, the Organization will expense property and equipment that meets the capitalization thresholds as these purchases are made with grant funding that is designating the Organization to transfer the assets to the local Cooperation Partner or final beneficiary of the project that the assets are used for, therefore, relieving the Organization's ownership.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of the recoverability would be performed.

Income Taxes

PMC and PI qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, and are classified as publicly supported organizations under Section 509(a)(1). Contributions to each qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

FASB ASC 740, *Income Taxes*, requires entities to disclose in their consolidated financial statements the nature of any uncertainty in their tax positions. For tax-exempt entities, tax-exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Organization has no uncertain tax positions. The Organization anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Organization's consolidated financial statements. If necessary the Organization would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before the tax year ended December 31, 2020.

Donated Services, Facilities, and Materials

PMC and PI receive, both in the U.S. and other countries, hundreds of hours of volunteer program-related services and substantial amounts of donated airtime, production, and support, which are not recognized in the consolidated financial statements because they do not meet the criteria for recognition under U.S. generally accepted accounting principles or cannot be reasonably determined.

Foreign Currency Transactions

The Organizations functional currency is denominated in US Dollars. Assets and liabilities transacted in foreign currency are translated at rates in effect at the reporting date.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

2. Retirement Plan

The Organizations maintains their own 401(k) plans for the benefit of its U.S. employees. After six months of employment, all regular U.S. based employees at least 21 years of age who work more than 20 hours per week are eligible to participate. The plan allows employee deferrals and includes employer contributions equal to 8% of the covered employee's compensation. Employer contributions to the retirement plan were \$234,033 and \$211,118 in 2023 and 2022, respectively.

3. Concentration of Cash on Deposit

The Organization has concentrated its credit risk by maintaining deposits in 1) U.S. financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC), 2) brokerage accounts covered by private insurance, and 3) foreign accounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

4. Charitable Gift Annuities

PI administers several charitable gift annuities ("CGAs") that provide for payment of distributions to the grantor or other designated beneficiaries over the agreement's term (usually the designated beneficiary's lifetime). At the end of the CGA's term, the remaining assets are available for the Organization's use. No agreements were established in 2023 or 2022. Charitable gift annuity assets, held in a separate investment account and administered by a third-party organization, are reported at fair market value (determined by "Level 1" inputs by reference to quoted market prices) in the Organization's consolidated statements of financial position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 1% and applicable mortality tables. "Change in liability – charitable gift annuities" on the consolidated statement of activities is the change in the present value of the liability (net of current year payments to beneficiaries). Net investment income on the charitable gift annuity assets is included in interest and other income on the consolidated statement of activities.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31st:

	2023	2022
For PMC National Initiatives in:		
Western hemisphere	\$ 3,898,163	\$ 2,933,740
African nations	237,704	645,495
Nepal	327,944	494,162
Restricted for perpetuity reserve	50,000	50,000
Total net assets with donor restrictions	\$ 4,513,811	\$ 4,123,397

As of December 31, 2023 and 2022 and January 1, 2022, net assets with donor restrictions were represented by grants, contributions, and bequests receivable in the amounts of \$427,938, \$797,908, and \$457,776, respectively.

6. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of general fundraising efforts and major program activities. The Organization manages liquidity by investing surplus funds – and then withdrawing them to operations as needed – in the board-designated fund listed below. The Board also authorizes transfers of board-designated funds in order to fund special program activities where current available resources are insufficient.

The following reflects the Organization's financial assets as of December 31st, reduced by amounts not available for general use within one year because of donor-imposed or internal designations. Amounts available include amounts that are available for general expenditure in the following year (i.e. time restricted donations, if any). Amounts not available include amounts set aside for operating or other reserves that *could* be drawn upon if the board of directors approved the action.

	2023	2022
Cash, cash equivalents, and certificates of deposit	\$ 12,693,724	\$ 12,416,725
Investments	12,918,684	11,740,648
Receivables expected to be collected in the coming year	387,582	838,857
Less: Board-designated	(9,083,411)	(10,540,828)
Less: net assets with donor restrictions for specific purposes	(4,513,811)	(4,123,397)
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,402,768	\$ 10,332,005

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

7. Cash, Foreign Operations, and Currency Translations

A significant portion of the PMC’s activities are conducted outside the U.S. with approximate amounts of direct expenses incurred by PMC staff and consultants as follows:

	<u>2023</u>	<u>2022</u>
Mexico	\$ 20,000	\$ 123,000
Niger	240,000	-
Nigeria	322,000	318,000
Zambia	745,000	1,115,000
Haiti	17,000	26,000
Burundi	628,000	562,000
Uganda	201,000	199,000
Ethiopia	1,093,000	1,361,000
Guatemala	105,000	68,000
Democratic Republic of Congo	304,000	73,000
Malawi	3,000	-
Nepal	148,000	175,000
Tanzania	16,000	12,000
Burkina Faso	39,000	80,000
Kenya	221,000	163,000
Angola	-	6,000
Bangladesh	-	12,000
Liberia	707,000	484,000
Peru	146,000	146,000
	<u>\$ 4,955,000</u>	<u>\$ 4,923,000</u>

The Organization also has cash on hand as of December 31st as follows:

	<u>2023</u>	<u>2022</u>
Ethiopia	\$ 128,963	\$ 363,550
Zambia	61,187	30,607
Burundi	6,573	18,637
Uganda	3,732	11,594
Nigeria	29,495	14,293
Nepal	19,731	29,047
Peru	2,869	-
DR Congo	17,731	5,852
Burkina Faso	4,781	4,516
Kenya	<u>6,735</u>	<u>370</u>
	<u>\$ 281,797</u>	<u>\$ 478,466</u>

Currency translation adjustments and transaction losses (gains) included in “miscellaneous expenses” on the statement of functional expenses, were approximately \$30,556 and \$(315) during the years ended December 31, 2023 and 2022, respectively.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

8. Grants, Contributions, and Bequests Receivable

Unconditional grants, contributions, and bequests receivable, which are included in the consolidated financial statements, consisted of the following as of December 31st.

	2023	2022
Without donor restrictions:		
Bequests receivable	\$ 75,370	\$ 414,082
Other without donor restrictions	127,214	106,121
Donor restricted:		
For work in Congo	82,316	50,151
For work in Liberia	80,044	-
For work in Zambia	-	227,554
For other projects	-	-
Total grants, contributions, and bequests receivable	\$ 364,944	\$ 797,908

Conditional promises to give at December 31, 2023 included the balance of funding on a number of reimbursement-type and other conditional grants (from U.S., international, and U.N. agencies, and from major international private foundations) – over \$197,000 from the United Nations Population Fund (“UNFPA”) and over \$512,415 from the United Nations International Children’s Emergency Fund (“UNICEF”) for work in Ethiopia and Burundi, over \$171,100 for work in Ethiopia for Save The Children, over \$435,265 for multiple organizations for work in Zambia, over \$69,025 and \$50,151 from an internal organizations in Burundi and Congo, respectively, over \$1,343,609 for an international organization in Siberia, over \$317,640 for an international organization for work in Nigeria, and over \$114,268 for work in Peru. Conditional promises to give are not recorded until the conditions have been substantially met (the funds have been expended pursuant to the conditions of the grant). All grants, contributions, and bequests receivable are current and to be collected within the next year.

9. Property and Equipment

Property and equipment consisted of the following as of December 31st:

	2023	2022
Land, buildings, and improvements	\$ 1,392,667	\$ 1,315,589
Office furniture, equipment, and website	450,030	386,019
Subtotal	1,842,697	1,701,608
Less: accumulated depreciation	(1,024,392)	(917,097)
Net property and equipment	\$ 818,305	\$ 784,511

Depreciation, amounting to \$82,584 for 2023 and \$70,485 for 2022, is recorded on a straight-line basis over the estimated useful lives of the assets (ten to forty years for U.S. buildings and improvements, three to seven years for U.S. equipment, and two to three years for all assets in other countries).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

10. Investments

The cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), and unrealized appreciation / (depreciation) of the Organizations investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
As of December 31, 2023:			
Money market funds	\$ 109,369	\$ 109,369	\$ -
Fixed income securities and mutual funds	9,640,504	9,709,297	68,793
Equities and equity mutual funds	<u>2,467,119</u>	<u>3,097,806</u>	<u>630,687</u>
	<u>\$12,216,992</u>	<u>\$12,916,472</u>	<u>\$ 699,480</u>
			<u>Unrealized Appreciation (Depreciation)</u>
As of December 31, 2022:			
Money market funds	\$ 102,560	\$ 102,560	\$ -
Fixed income securities and mutual funds	7,507,864	9,004,926	1,497,062
Equities and equity mutual funds	<u>2,950,504</u>	<u>2,630,217</u>	<u>(320,287)</u>
	<u>\$10,560,928</u>	<u>\$11,737,703</u>	<u>\$ 1,176,775</u>

Net investment income (loss) is summarized as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 290,480	\$ 104,212
Realized and unrealized gains (losses)	540,122	(768,800)
Investment fees	<u>(8,880)</u>	<u>(12,478)</u>
Net investment income (loss)	<u>\$ 821,722</u>	<u>\$ (677,066)</u>

11. PMC Education Entertainment in the U.S.

In 2010, PMC began developing – as it has done for years overseas – a serial drama for the U.S. market targeting Spanish-speaking youth. The first season of the series was produced in 2012 and began streaming online in 2013 via a major online “content distributor”. PMC’s total development costs for the first season of the serial (“Season One”) were over \$3,000,000. Though U.S. generally accepted accounting principles require entities in the “film and production industry” to capitalize intangible development costs and amortize the costs based on expected future revenue, PMC had no reasonable expectation of significant future revenue and therefore expensed the development costs as incurred.

The revenue return for Season One exceeded expectations. PMC’s royalty revenue has totaled over \$4,877,932 through the end of 2023 (\$147,575 for 2023 and \$211,926 for 2022, there were \$22,638 and \$40,949 of royalties receivable as of December 31, 2023 and 2022).

PMC entered into license agreements with a for-profit production company for brokering the distribution of Season One, for producing and brokering the distribution of Season Two and subsequent seasons, and for marketing the distribution of the series overseas.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

PMC Education Entertainment in the U.S. (continued)

Under the agreements, PMC retains ownership of the intellectual property, creative control and budget rights, and the production company receives a commission on the royalties from advertising revenue. For Seasons Two, Three, and Four, the online content distributor has paid, and continues to pay, the majority of production costs. PMC's expectations for future revenue are much different for Seasons Two, Three, and Four. No royalties are due until the online content distributor has recouped all of its production, marketing, and distribution costs (estimated at over \$14 million) with eventually approximately 14% of any residual revenue to be received by PMC. Though PMC has incurred nearly \$2,500,000 in pre-production development costs for Seasons Two through Four, due to the nature of the agreement with the online content distributor, PMC believes it has no reasonable expectation for future revenue from Seasons Two through Four and has again expensed the development costs as incurred.

12. Concentration of Revenue

PI received \$4,000,000 and \$2,000,000 in contributions from one charitable gift fund for the years ending December 31, 2023 and 2022, respectively, an amount representing approximately 31% and 19% total revenue for the years.

13. Board Designated Net Assets

In 2007, the PMC board of directors established a "board-designated perpetuity" for the long-term benefit of the Organization. An opening deposit of \$700,000 was made in early 2008 to the separate investment account that houses the perpetuity. Another \$750,000 was added in 2019. The balance in the account was \$2,929,414 at December 31, 2023 and \$2,571,686 at December 31, 2022.

In 2017, using non-specifically restricted amounts from donors, PMC created "board-designated restricted funds" designated for the support of targeted programmatic activities. Of \$2,000,000 that was invested in money market and checking accounts ("cash – board designated restricted funds") through 2018 and is now invested in short-term government bonds included in the investment portfolio. \$77,249 was added to the fund in 2019. The balance in the account was \$1,562,509 and \$2,000,000 at December 31, 2023 and 2022.

In 2017, PI created two board-designated funds, the first created in June 2017 using \$1,300,000 in proceeds from the sale of real property to open a new investment account, is designated for the long-term support of the Organization. The balance in the account was \$1,759,657 and \$1,551,083 at December 31, 2023 and 2022. The second was created in October 2017 with \$3,000,000 in proceeds from certain community foundation and currently invested in several money market, checking accounts, and certificates of deposits, is designated for the support of targeted programmatic activities. In 2018, \$2,000,000 was added to the fund. The balance was \$2,831,831 and \$4,418,059 at December 31, 2023 and 2022.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

14. Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services defined. The Organization allocates its payroll, tax and benefit costs based on actual time worked by staff on the various program, general and administrative, and fundraising activities as recorded on contemporaneous timesheets. Other costs (such as occupancy and depreciation, telephone and internet, and computer and website expenses) are attributable to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed immediately above.

15. Subsequent Events and Report Issuance Date

Management has evaluated events subsequent to December 31, 2023 through September 13, 2024 (the date these consolidated financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2023

	<u>PMC</u>	<u>PI</u>	<u>PMC and Subsidiary</u>
<u>Assets:</u>			
Cash and cash equivalents in the U.S.	\$ 2,191,010	\$ 6,463,535	\$ 8,654,545
Cash - board designated restricted funds	-	2,831,831	2,831,831
Cash in other countries	281,797	-	281,797
Certificates of deposit	925,551	-	925,551
Prepaid expenses and advances	163,457	7,703	171,160
Royalty income receivable	22,638	-	22,638
Grants, contributions and bequests receivable	289,574	138,364	427,938
Accrued interest receivable	38,246	-	38,246
Investments	11,156,815	1,759,657	12,916,472
Investments - charitable gift annuities	-	2,212	2,212
Security deposits	27,114	-	27,114
Property and equipment, net of accumulated depreciation	<u>108,633</u>	<u>709,672</u>	<u>818,305</u>
 Total assets	 <u>\$ 15,204,835</u>	 <u>\$ 11,912,974</u>	 <u>\$ 27,117,809</u>
 <u>Liabilities and net assets:</u>			
Accounts payable	\$ 100,261	\$ 199,683	\$ 299,944
Accrued expenses	614,794	47,324	662,118
Refundable advances	44,589	-	44,589
Liability - charitable gift annuities	<u>-</u>	<u>1,840</u>	<u>1,840</u>
 Total liabilities	 <u>759,644</u>	 <u>248,847</u>	 <u>1,008,491</u>
 Net assets:			
Without donor restrictions:			
Operating	5,330,824	6,362,967	11,693,791
Board-designated reserve	2,929,414	1,759,657	4,689,071
Board-designated restricted funds	1,562,509	2,831,831	4,394,340
Investment in property and equipment	108,633	709,672	818,305
With donor restrictions	<u>4,513,811</u>	<u>-</u>	<u>4,513,811</u>
 Total net assets	 <u>14,445,191</u>	 <u>11,664,127</u>	 <u>26,109,318</u>
 Total liabilities and net assets	 <u>\$ 15,204,835</u>	 <u>\$ 11,912,974</u>	 <u>\$ 27,117,809</u>

See independent auditors' report.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARIES

Consolidating Statement of Activities

For the Year Ended December 31, 2023

	PMC			PI			PMC and Subsidiary
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<u>Revenues, gains and other support:</u>							
Contributions and grants	\$ 2,653,236	\$ 4,687,631	\$ 7,340,867	\$ 4,094,298	\$ -	\$ 4,094,298	\$ 11,435,165
Contract income	147,575	-	147,575	-	-	-	147,575
Investment income (loss)	612,794	-	612,794	208,928	-	208,928	821,722
Interest and other income	212,732	-	212,732	156,342	-	156,342	369,074
Net assets released from restrictions:							
Transfers to fulfill purpose restrictions	<u>4,297,217</u>	<u>(4,297,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>7,923,554</u>	<u>390,414</u>	<u>8,313,968</u>	<u>4,459,568</u>	<u>-</u>	<u>4,459,568</u>	<u>12,773,536</u>
<u>Expenses:</u>							
Program services:							
National and international initiatives	5,675,642	-	5,675,642	-	-	-	5,675,642
Public outreach	-	-	-	1,586,228	-	1,586,228	1,586,228
General program development	<u>1,765,290</u>	<u>-</u>	<u>1,765,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,765,290</u>
Total program services	<u>7,440,932</u>	<u>-</u>	<u>7,440,932</u>	<u>1,586,228</u>	<u>-</u>	<u>1,586,228</u>	<u>9,027,160</u>
Supporting services:							
Management and general	1,337,980	-	1,337,980	386,282	-	386,282	1,724,262
Fundraising	<u>632,149</u>	<u>-</u>	<u>632,149</u>	<u>228,745</u>	<u>-</u>	<u>228,745</u>	<u>860,894</u>
Total supporting services	<u>1,970,129</u>	<u>-</u>	<u>1,970,129</u>	<u>615,027</u>	<u>-</u>	<u>615,027</u>	<u>2,585,156</u>
Change in liability - charitable gift annuities	<u>-</u>	<u>-</u>	<u>-</u>	<u>177</u>	<u>-</u>	<u>177</u>	<u>177</u>
Total expenses	<u>9,411,061</u>	<u>-</u>	<u>9,411,061</u>	<u>2,201,432</u>	<u>-</u>	<u>2,201,432</u>	<u>11,612,493</u>
Change in net assets	(1,487,507)	390,414	(1,097,093)	2,258,136	-	2,258,136	1,161,043
Net assets - beginning of year	<u>11,418,887</u>	<u>4,123,397</u>	<u>15,542,284</u>	<u>9,405,991</u>	<u>-</u>	<u>9,405,991</u>	<u>24,948,275</u>
Net assets - end of year	<u>\$ 9,931,380</u>	<u>\$ 4,513,811</u>	<u>\$ 14,445,191</u>	<u>\$ 11,664,127</u>	<u>\$ -</u>	<u>\$ 11,664,127</u>	<u>\$ 26,109,318</u>

See independent auditors' report.