GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

Pittsburgh
Community Broadcasting

Pittsburgh Community Broadcasting Corporation

Financial Statements as of and for the Years Ended September 30, 2023 and 2022 and Independent Auditors' Report

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pittsburgh Community Broadcasting Corporation

Opinion

We have audited the accompanying financial statements of Pittsburgh Community Broadcasting Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pittsburgh Community Broadcasting Corporation as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Pittsburgh Community Broadcasting Corporation 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 these financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pittsburgh Community Broadcasting Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audits 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 Pittsburgh Community Broadcasting Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pittsburgh Community Broadcasting Corporation'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Grossman Yanak + Ford LLP

Pittsburgh, Pennsylvania
December 12, 2023

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS:		
Cash	$ 1,568,790	$ 2,344,182
Accounts receivable	219,553	263,368
Grants receivable	35,625	275,395
Prepaid expenses	84,728	78,167
Total	1,908,696	2,961,112
NONCURRENT ASSETS:		
Investments	3,653,525	3,217,735
Other assets, net	5,522,663	5,530,433
Property and equipment, net	3,019,422	3,048,462
Total	12,195,610	11,796,630
TOTAL ASSETS	$ 14,104,306	$ 14,757,742
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 34,111	$ 60,095
Deferred revenue:		
Duquesne University underwriting	90,012	100,000
Underwriting revenue	57,424	24,390
Accrued liabilities	74,845	-
Total	256,392	184,485
NONCURRENT LIABILITIES:		
Deferred revenue - Duquesne University	-	86,797
TOTAL LIABILITIES	256,392	271,282
NET ASSETS:		
Without donor restrictions	10,922,042	11,499,525
With donor restrictions	2,925,872	2,986,935
Total	13,847,914	14,486,460
TOTAL LIABILITIES AND NET ASSETS	$ 14,104,306	$ 14,757,742

See accompanying notes to the financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE, SUPPORT AND OTHER:						
Membership income and contributions	$ 3,928,150		$ 3,928,150	$ 4,018,960		$ 4,018,960
Foundation grants	253,650	$ 590,765	844,415	17,500	$ 1,145,000	1,162,500
Government grants	-	42,500	42,500	-	41,580	41,580
Corporation for Public Broadcasting grants	-	560,656	560,656	-	371,894	371,894
Underwriting	1,469,755	-	1,469,755	1,622,422	-	1,622,422
In-kind contributions	143,672	-	143,672	164,820	-	164,820
Special events / JazzWorks	36,736	-	36,736	26,600	-	26,600
Investment income (loss)	107,224	340,492	447,716	(143,233)	(532,646)	(675,879)
Other income	42,299	-	42,299	42,972	-	42,972
Net assets released from restriction	1,595,476	(1,595,476)	-	1,408,097	(1,408,097)	-
Total	7,576,962	(61,063)	7,515,899	7,158,138	(382,269)	6,775,869
EXPENSES:						
Programming	5,244,625	-	5,244,625	4,582,509	-	4,582,509
General and administrative	1,351,403	-	1,351,403	1,173,788	-	1,173,788
Fundraising	1,558,417	-	1,558,417	1,396,144	-	1,396,144
Total	8,154,445	-	8,154,445	7,152,441	-	7,152,441
INCREASE (DECREASE) IN NET ASSETS	(577,483)	(61,063)	(638,546)	5,697	(382,269)	(376,572)
NET ASSETS, BEGINNING OF YEAR	11,499,525	2,986,935	14,486,460	11,493,828	3,369,204	14,863,032
NET ASSETS, END OF YEAR	$ 10,922,042	$ 2,925,872	$ 13,847,914	$ 11,499,525	$ 2,986,935	$ 14,486,460

See notes to the accompanying financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Programming	General and Administrative	Fundraising	Total
Salaries and payroll taxes	$ 3,252,358	$ 665,579	$ 958,206	$ 4,876,143
Employee benefits	361,799	70,346	119,173	551,318
Other personnel	30,220	61,094	2,976	94,290
Transmitter	1,138,356	-	-	1,138,356
Marketing	180,993	-	16,195	197,188
Membership	193	1,962	264,248	266,403
Occupancy and utilities	3,541	140,115	-	143,656
Legal, outsourcing and consulting	137,852	179,403	153,863	471,118
Underwriting and other business admin	87,655	58,327	43,756	189,738
Allegheny Front	51,658	-	-	51,658
Depreciation	-	166,807	-	166,807
Amortization	-	7,770	-	7,770
Total	$ 5,244,625	$ 1,351,403	$ 1,558,417	$ 8,154,445

See accompanying notes to the financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Programming	General and Administrative	Fundraising	Total
Salaries and payroll taxes	$ 2,755,221	$ 590,761	$ 921,520	$ 4,267,502
Employee benefits	346,869	42,601	111,508	500,978
Other personnel	20,930	86,985	5,407	113,322
Transmitter	1,050,632	250	-	1,050,882
Marketing	114,627	299	10,263	125,189
Membership	864	2,329	211,455	214,648
Occupancy and utilities	2,203	116,008	40	118,251
Legal, outsourcing and consulting	132,285	110,129	78,201	320,615
Underwriting and other business admin	98,419	65,823	57,750	221,992
Allegheny Front	60,459	-	-	60,459
Depreciation	-	148,684	-	148,684
Amortization	-	7,770	-	7,770
Interest	-	2,149	-	2,149
Total	$ 4,582,509	$ 1,173,788	$ 1,396,144	$ 7,152,441

See accompanying notes to the financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (638,546)	$ (376,572)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	174,577	156,454
Net appreciation (depreciation) of investments	(304,915)	806,608
(Increase) decrease in:		
Accounts receivable	43,815	11,078
Grants receivable	239,770	(165,495)
Prepaid expenses	(6,561)	(1,567)
Increase (decrease) in:		
Accounts payable	(25,984)	14,783
Deferred revenue	(63,751)	(131,084)
Accrued liabilities	74,845	-
Net cash provided by (used in) operating activities	(506,750)	314,205
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(137,767)	(248,170)
Investment purchases, net	(130,875)	(140,282)
Net cash used in investing activities	(268,642)	(388,452)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loan payable	-	(200,000)
NET DECREASE IN CASH	(775,392)	(274,247)
CASH, BEGINNING	2,344,182	2,618,429
CASH, ENDING	$ 1,568,790	$ 2,344,182
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	-	$ 2,149

See accompanying notes to the financial statements.

1. ORGANIZATION AND PURPOSE

Pittsburgh Community Broadcasting Corporation (the "Corporation") is an independent, community-licensed, and member-supported public media organization, home to 90.5 WESA and 91.3 WYEP, serving Pittsburgh and the surrounding communities of Western Pennsylvania. The Corporation is a nonprofit organization that serves more than 2 million residents of Pittsburgh and its surrounding communities every day by leveraging the power of media: by informing, inspiring and entertaining; and by engaging audiences and cultivating conversations to strengthen, enrich and improve the communities it serves.

The Corporation's mission is "to create and distribute trusted content, build connections, and strengthen our community through public media." WESA was introduced as "Pittsburgh's NPR News Station" in 2011, after the acquisition of the radio station WDUQ-FM from Duquesne University. WESA and the Corporation merged into a single corporate entity on December 31, 2015.

In addition to radio programming, both stations play an active role in engaging the community through online and mobile services and in-person events and have a prominent voice in Pittsburgh's civic and cultural affairs. Each week more than a quarter of a million Southwestern Pennsylvanians listen to the Corporation's broadcasts, and tens of thousands more engage with their content through their websites and mobile digital services.

The majority of revenues and support of the Corporation is derived from membership dues, annual grants from the Corporation for Public Broadcasting, and underwriting fees received from individuals or companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity 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 at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the estimates.

Financial Statement Presentation - The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are the net assets that are not restricted by donor imposed restrictions. Net assets with donor restrictions are 1) subject to donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, or 2) subject to donor stipulations requiring that they be invested in perpetuity.

Availability of Financial Assets - The Corporation's financial assets available for general expenditures within one year of the statements of financial position are as follows:

	2023	2022
Cash	$ 1,568,790	$ 2,344,182
Accounts receivable	219,553	263,368
Grants receivable	35,625	275,395
Investments	3,653,525	3,217,735
Total financial assets	5,477,493	6,100,680
Less net assets with donor restrictions	(2,925,872)	(2,986,935)
Total available financial assets	$ 2,551,621	$ 3,113,745

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. During 2021 approximately $3,000,000 of restricted funds were received from an anonymous donor to create an endowment fund that is permanently restricted. In July 2021, these funds were transferred to an investment account and are included in investments at September 30, 2023 and 2022. With the exception of this balance, the investments reflected in the table above are available, but not expected to be used for operations.

Revenue and Support - The Corporation recognizes membership income upon receipt. Membership income relates to monthly or annual donations from listeners. There is no term of membership and these donations are not considered exchange transactions.

Non-commercial stations may recognize revenue from businesses or organizations that underwrite specific programs or portions of programming as underwriting revenue. Underwriting revenue and other related support is recognized as the underwritten programs or portions of programming is broadcast.

Deferred revenue consists of unexpended grants and unearned underwriting for programs not yet broadcast as of September 30, 2023 and 2022. Membership and underwriting revenues are reported as revenue without donor restrictions in the accompanying statements of activities.

Contributions and grants are received from various individuals, businesses and organizations. Contributions, as well as unconditional promises to give, are recognized in the period when they are made known to the Corporation. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods are considered net assets with donor restrictions. Amounts restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities as net assets released from restriction. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is purchased or constructed. Donor-restricted income is classified as revenue without donor restriction if restrictions are satisfied in the same fiscal year in which the income is received.

Deferred Duquesne University Underwriting Revenue - Deferred Duquesne University underwriting revenue represents future underwriting agreed to by the seller as a portion of the purchase price of the WDUQ FM station. Underwriting revenue is recognized ratably over the period in which the Corporation is obligated to provide related benefits to the seller, through the year ending September 30, 2024. Total deferred underwriting revenue was $94,680, reduced by a net discount of $4,668, at September 30, 2023. Total deferred underwriting revenue was $197,705, reduced by a net discount of $10,908, at September 30, 2022.

Adoption of New Accounting Policies - Effective October 1, 2022, the Corporation adopted the various Accounting Standards Updates that culminated in Accounting Standards Codification Topic 842, *Leases*, utilizing the available practical expedients.

The Corporation has elected to apply the short-term lease exception to all leases with a term of one year or less. Leases with noncancellable terms in excess of one year were not significant at September 30, 2023 and 2022. Lease expense under the short-term exception, for the years ended September 30, 2023 and 2022, was $89,034 and $86,016, respectively.

Donated Professional Services - The Corporation receives significant in-kind contributions of service time from members of the community and volunteers related to program operations. Donated professional services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. The Corporation recognized in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation (see Note 6).

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programming and supporting services. Expenses relating to more than one function have primarily been allocated among the programming and supporting services on the basis of employee time and effort. Other allocable expenses include occupancy and maintenance expenses which are based on building space analysis.

Cash - The Corporation maintains cash at financial institutions which may at times exceed federally insured limits and which may at times exceed statement of financial position amounts due to outstanding checks.

Accounts and Grants Receivables - Accounts and grants receivable are reported at amounts management expects to collect on balances outstanding at year-end and are charged off as uncollectible when management determines the receivable will not be collected. No allowance for uncollectible accounts was deemed necessary as determined by management on the specific identification basis at September 30, 2023 and 2022. Due to the short-term nature of the expected grants receivable collections, the net realizable value is considered a reasonable estimate of the fair value.

Investments - Investments are reflected at fair value in the statement of financial position. Realized gains and losses, as well as changes in unrealized appreciation (depreciation) of investments are reflected in the statements of activities.

Those investments received as gifts or donations are recorded at their fair value on the date received. Investment income is reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed restrictions.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements - U.S. GAAP establishes a framework for measuring the fair value of financial assets. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical financial assets or liabilities. Level 1 inputs are considered to be the most reliable evidence of fair value.

Level 2 - Inputs are not quoted prices in active markets, but are observable either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable inputs that may reflect the reporting entity's own assumptions. Level 3 inputs are used in the absence of relevant observable inputs.

Mutual funds are traded in active markets and valued based on their quoted prices by independent pricing vendors (Level 1).

The preceding methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation 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. There have been no changes to the methodology used at September 30, 2023 and 2022.

Other Assets - Other assets includes the value of an FCC license of $5,500,000. The FCC license is deemed to have an indefinite life and, accordingly, is not amortized but is periodically evaluated for impairment.

Other assets also includes the net cost of the acquisition of the license. The license acquisition costs of $82,881 are being amortized over a period of 11 years. Accumulated amortization at September 30, 2023 and 2022 was $60,218 and $52,448, respectively. Amortization of the license costs was $7,770 for each of the years ended September 30, 2023 and 2022. Future expected amortization is $7,770 for each of the years ending September 30, 2024 and 2025, with the remainder being amortized in 2026.

Property and Equipment - Property and equipment are recorded at cost, estimated historical cost, or fair value at date of donation, if such value is greater than $5,000. All capitalized assets, with the exception of land, are being depreciated. Depreciation is recorded in the statements of activities as an expense without donor restrictions and is computed using the straight-line basis over the assets' estimated useful lives ranging from 3 to 40 years.

Impairment of Long-Lived Assets - Management evaluates the valuation and depreciation/amortization, as applicable, of the Corporation's various long-lived assets. Management's evaluation considers both current and future levels of undiscounted cash flows generated by the related assets to determine when impairment has occurred. Any write-downs due to impairment are charged to operations at the time the impairment is identified.

Income Taxes - The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Management has assessed the Corporation's tax positions and concluded that there were no uncertain tax positions requiring recognition in the financial statements as of September 30, 2023 or 2022. The Corporation is no longer subject to tax examinations for the years before June 30, 2020 (the Corporation had a June 30 year-end until 2022).

Subsequent Events - Management has evaluated subsequent events through December 12, 2023, the date the financial statements were available to be issued.

3. INVESTMENTS

Investments at September 30, 2023 and 2022 consisted of mutual funds of $3,653,525 and $3,217,735, respectively.

Investment income (loss) for the years ended September 30, 2023 and 2022 consisted of the following:

	2023	2022
Realized and unrealized gains (losses)	$ 304,915	$ (806,608)
Interest and dividends	142,801	130,729
Total investment income (loss)	$ 447,716	$ (675,879)

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2023 and 2022:

	2023	2022
Land	$ 637,417	$ 637,417
Building	2,984,396	2,984,396
Leasehold improvements	591,681	506,470
Computer & office	198,916	198,916
Furniture & fixtures	133,915	133,915
Software	57,695	49,935
Transmission & broadcasting	720,553	675,757
Total	5,324,573	5,186,806
Less accumulated depreciation	(2,305,151)	(2,138,344)
Property and equipment, net	$ 3,019,422	$ 3,048,462

Depreciation expense for years ended September 30, 2023 and 2022 was $166,807 and $148,684, respectively.

5. LOAN PAYABLE

On November 12, 2015, the Corporation entered into a $1,400,000 note payable with Dollar Bank. The agreement provided for six annual principal payments of $200,000 due on December 1 of each year commencing on December 1, 2016. All remaining principal and interest obligations outstanding were due on the maturity date of November 1, 2022. Interest was payable monthly at 4.25%.

During 2022, the Corporation satisfied the remainder of the note payable. The note was secured by substantially all assets of the Corporation.

6. DONATED PROFESSIONAL SERVICES

The donated services for the years ended September 30, 2023 and 2022 were $143,672 and $164,820, respectively.

All donated underwriting services were utilized by the Corporation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services. Donated underwriting services are valued at the standard hourly rates charged for those services.

7. RETIREMENT PLAN

Effective July 1, 1996, the Corporation adopted a 403(b) Employer Contributory Tax Deferred Annuity Plan (the "Plan"). All employees are eligible to participate in the Plan. Eligible employees may elect to contribute a portion of their compensation up to the annual maximum allowed by the Internal Revenue Service. After six months of employment, eligible employees' contributions may be matched by the Corporation. During the years ended September 30, 2023 and 2022 the Corporation elected to match dollar-for-dollar, each employee's contribution up to a maximum of 6% of compensation per pay. Total contributions for the year ended September 30, 2023 and 2022 were approximately $219,000 and $205,000, respectively.

8. ENDOWMENT

The Corporation's endowment consists of a foundation grant received in May 2021. Donor stipulations require that the contribution be used to establish an endowment to be used for fundraising initiatives, such as challenge and matching grants. Under the grant agreement, through 2029, the endowment draws will be restricted to funding membership incentives, with the goal of growing membership of the Corporation and the revenue derived from it. If after 2029, those types of incentives no longer represent best practices for public media nonprofit organizations, the Corporation may invest the funds in other activities or initiatives designed to grow membership and/or increase contributed revenue. Under these restrictions, endowment draws may not be used to fund staff positions. If, by the fifteenth anniversary of the awarding of these funds, the Corporation is able to raise an additional $3,000,000 toward the Corporation's endowment (whether donor-restricted or board-designated), the restriction on the use of funds drawn from the endowment shall be modified to support activities or initiatives that enhance the sustainability of the Corporation. Furthermore, if the endowment goal is reached, the Corporation can choose to use the endowment draw to support staff positions that contribute to the sustainability of the Corporation.

Under the grant agreement, the Corporation may expend, in any one year, up to 5% of the value of the endowment, including all interest, capital gains, dividends and distributions realized over time. The value is determined by averaging the value of the endowment grant over a three-year period (or fewer if the expenditure is drawn within the first three years of the grant).

The Board of Directors has interpreted the Commonwealth of Pennsylvania's Act 141 (Act 141) 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 Corporation classifies as net assets with donor restrictions the original value of gifts donated to the perpetual endowment as well as subsequent gifts to the perpetual endowment. Accumulations to the perpetual endowment (consisting of realized and unrealized gains (losses) are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by Act 141.

Investment Return Objectives, Risk Parameters and Strategies - The Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the restricted purpose by its endowments while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Corporation 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 Corporation 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.

Spending Policy - The Board of Directors has approved a spending policy consistent with Pennsylvania law, under which the Corporation determines, as of the end of each fiscal year, the amount to be spent in the ensuing year, not to exceed the 5% limit disclosed above, based on the average market value for the previous three years (or less if a draw is taken in the first three years of the endowment). In establishing this policy, the Corporation shall attempt to grow the funds and offset any normal inflationary impact and, at the same time, provide reasonable and prudent spending of income generated by the endowment.

Over the long term, the Corporation expects the current spending policy to allow its endowment to grow after consideration of the amount appropriated for expenditure. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

At September 30, 2023 and 2022, the endowment net assets are comprised of donor-restricted net assets and does not include any net assets without donor restriction or board-designated net assets.

The following schedule provides a reconciliation of the Corporation's endowment:

Balance, October 1, 2021	$ 2,961,564
Investment loss, net	(532,646)
Balance, October 1, 2022	2,428,918
Investment income, net	340,492
Appropriation	(138,619)
Balance, September 30, 2023	$ 2,630,791

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2023 and 2022 consist of the following:

	2023	2022
Program restrictions:		
Radio programs and podcasts	$ 149,791	$ 234,739
Capacity building & operating	50,000	203,278
Ecosystem	60,000	120,000
Allegheny Front	35,290	-
In Perpetuity:		
Endowment	2,630,791	2,428,918
Total	$ 2,925,872	$ 2,986,935