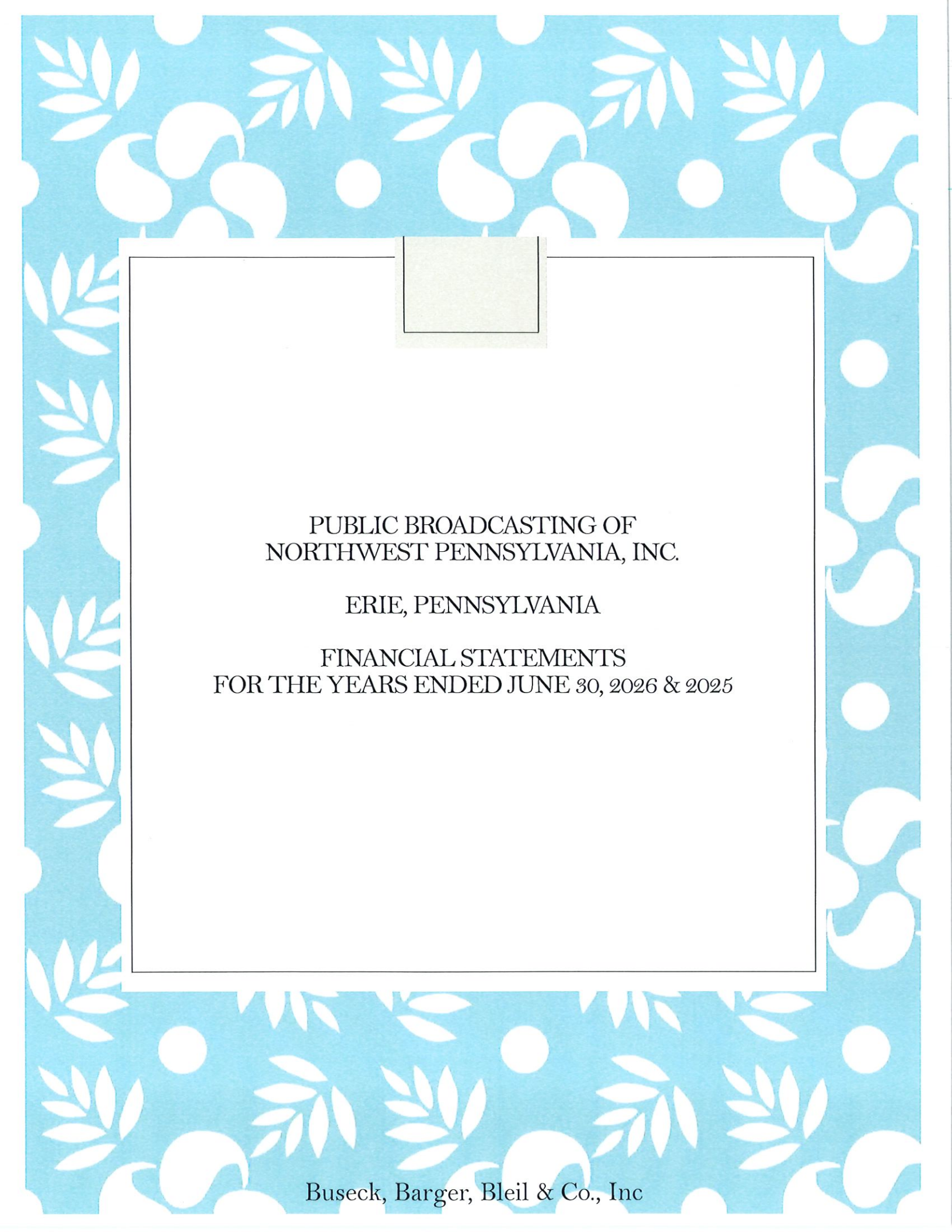


PUBLIC BROADCASTING OF
NORTHWEST PENNSYLVANIA, INC.

ERIE, PENNSYLVANIA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2026 & 2025

Public Broadcasting of Northwest Pennsylvania, Inc.
Erie, Pennsylvania

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Broadcasting of Northwest Pennsylvania, Inc.

Opinion

We have audited the accompanying financial statements of Public Broadcasting of Northwest Pennsylvania, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Broadcasting of Northwest Pennsylvania, Inc. as of June 30, 2026 and 2025, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Broadcasting of Northwest Pennsylvania, Inc. 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Broadcasting of Northwest Pennsylvania, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 controls 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 Public Broadcasting of Northwest Pennsylvania, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Broadcasting of Northwest Pennsylvania, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Busch, Banger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania

September 16, 2026

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

EXHIBIT I

ASSETS

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 735,290	\$ 77,326
Investments	21,165	70,137
Interest in assets at the Erie Community Foundation	51,847	46,600
Erie Bank Investment Advisors endowment	3,590,724	3,305,905
Trade receivables	38,350	33,159
Prepaid items and other assets	109,750	96,519
Broadcast rights	98,393	165,593
Property and equipment, net of accumulated depreciation	2,099,740	2,308,157
Operating lease right of use asset, net of accumulated amortization	203,166	709,674
<u>Total Assets</u>	<u>\$ 6,948,425</u>	<u>\$ 6,813,070</u>

LIABILITIES AND NET ASSETS

Liabilities

Trade accounts payable	\$ 96,609	\$ 74,698
Deferred revenue	274,084	112,678
Accrued payroll and withholdings	80,234	107,183
Accrued broadcast rights and other expenses	5,409	20,559
Operating lease liability	203,636	737,927
<u>Total Liabilities</u>	<u>659,972</u>	<u>1,053,045</u>

Net Assets

Without Donor Restrictions	6,288,453	5,622,756
With Donor Restrictions	-	137,269
<u>Total Net Assets</u>	<u>6,288,453</u>	<u>5,760,025</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 6,948,425</u>	<u>\$ 6,813,070</u>

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2026 AND 2025

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Activities</u>			
<u>Revenues and Other Support</u>			
Corporation for Public Broadcasting	\$ 69,485	\$ -	\$ 69,485
Other grants	751,647	-	751,647
Contributed services and supplies	170	-	170
Broadcasting, underwriting and production	338,335	-	338,335
Membership	1,814,870	-	1,814,870
Auction/special events	403,972	-	403,972
Facilities rental	28,766	-	28,766
Educational revenue and grants	42,600	-	42,600
Contributions	131,052	-	131,052
Other	275	-	275
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	137,269	(137,269)	-
<u>Total Revenues and Other Support</u>	<u>3,718,441</u>	<u>(137,269)</u>	<u>3,581,172</u>
<u>Expenses</u>			
Program services			
Broadcasting	479,293	-	479,293
Program/production	1,179,001	-	1,179,001
Public information	290,566	-	290,566
Support services			
Fundraising	1,007,573	-	1,007,573
Management and general	474,676	-	474,676
<u>Total Expenses</u>	<u>3,431,109</u>	<u>-</u>	<u>3,431,109</u>
<u>Change in Net Assets from Operating Activities</u>	<u>287,332</u>	<u>(137,269)</u>	<u>150,063</u>
<u>Nonoperating Activities</u>			
Gain/(Loss) on Sale of Fixed Assets	(6,600)	-	(6,600)
Investment return, net	384,965	-	384,965
<u>Total Nonoperating Activities</u>	<u>378,365</u>	<u>-</u>	<u>378,365</u>
<u>Change in Net Assets</u>	<u>665,697</u>	<u>(137,269)</u>	<u>528,428</u>
<u>Net Assets, beginning of year</u>	<u>5,622,756</u>	<u>137,269</u>	<u>5,760,025</u>
<u>Net Assets, end of year</u>	<u>\$ 6,288,453</u>	<u>\$ -</u>	<u>\$ 6,288,453</u>

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC.

EXHIBIT II

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2026 AND 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Activities</u>			
<u>Revenues and Other Support</u>			
Corporation for Public Broadcasting	\$ 1,255,591	\$ -	\$ 1,255,591
Other grants	125,000	-	125,000
Contributed services and supplies	2,458	-	2,458
Broadcasting, underwriting and production	353,043	-	353,043
Membership	1,146,964	-	1,146,964
Auction/special events	414,930	-	414,930
Facilities rental	25,908	-	25,908
Educational revenue and grants	35,165	-	35,165
Contributions	20,317	-	20,317
Other	687	-	687
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	648,076	(648,076)	-
<u>Total Revenues and Other Support</u>	<u>4,028,139</u>	<u>(648,076)</u>	<u>3,380,063</u>
<u>Expenses</u>			
Program services			
Broadcasting	526,857	-	526,857
Program/production	1,819,959	-	1,819,959
Public information	362,336	-	362,336
Support services			
Fundraising	1,062,709	-	1,062,709
Management and general	527,808	-	527,808
<u>Total Expenses</u>	<u>4,299,669</u>	<u>-</u>	<u>4,299,669</u>
<u>Change in Net Assets from Operating Activities</u>	<u>(271,530)</u>	<u>(648,076)</u>	<u>(919,606)</u>
<u>Nonoperating Activities</u>			
(Gain)/Loss on Sale of Fixed Assets	(8,394)	-	(8,394)
Investment return, net	368,366	-	368,366
<u>Total Nonoperating Activities</u>	<u>359,972</u>	<u>-</u>	<u>359,972</u>
<u>Change in Net Assets</u>	<u>88,442</u>	<u>(648,076)</u>	<u>(559,634)</u>
<u>Net Assets, beginning of year</u>	<u>5,534,314</u>	<u>785,345</u>	<u>6,319,659</u>
<u>Net Assets, end of year</u>	<u>\$ 5,622,756</u>	<u>\$ 137,269</u>	<u>\$ 5,760,025</u>

The accompanying notes are an integral part of these financial statements

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC. EXHIBIT III

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
<u>Cash flows from Operating Activities:</u>		
Change in net assets	\$ 528,428	\$ (559,634)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	221,776	219,759
Net realized/unrealized investment (gain) loss	(246,341)	615,615
Change in assets and liabilities -		
(Increase) decrease in trade receivables	(5,191)	(11,603)
(Increase) decrease in prepaid items and other assets	(13,231)	2,386
Increase (decrease) in operating lease assets and liabilities	(27,783)	5,868
Increase (decrease) in trade accounts payables	21,911	20,706
Increase (decrease) in deferred revenue	161,406	(10,452)
Increase (decrease) in accrued payroll and withholdings	(26,949)	(4,607)
Increase (decrease) in accrued broadcast rights and expenses	(15,150)	(16,519)
<u>Net cash provided by (used in) operating activities</u>	<u>598,876</u>	<u>261,519</u>
<u>Cash flows from Investing Activities:</u>		
Net (increase) decrease in broadcast rights	67,200	(11,955)
Payments for property and equipment	(13,359)	(70,750)
Net (increase) decrease in long-term investments	5,247	3,683
<u>Net cash provided by (used in) investing activities</u>	<u>59,088</u>	<u>(79,022)</u>
<u>Cash flows from Financing Activities:</u>		
Net line of credit borrowings (repayments)	-	(150,000)
<u>Net cash provided by (used in) financing activities</u>	<u>-</u>	<u>(150,000)</u>
<u>Net Increase (Decrease) in Cash</u>	<u>657,964</u>	<u>32,497</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>77,326</u>	<u>44,829</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 735,290</u>	<u>\$ 77,326</u>
<u>Supplemental Information</u>		
Interest Paid	\$ 703	\$ 4,393

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

	2026		
	Program Services		
	Broadcasting	Program/ Production	Public Information
Salaries and employee benefits	\$ 105,142	\$ 435,539	\$ 214,653
Management and professional	9,866	22,995	2,121
Travel	-	8,452	102
Sales expense	-	-	-
Promotional	-	-	57,287
Telephone	-	-	-
Utilities	136,867	-	-
Real property rental/maintenance	50,266	-	-
Programming and production	17,330	625,526	-
Office Supplies	35	141	775
Postage and freight	-	252	3,345
Operating lease expense	30,941	15,561	764
Miscellaneous	75	5,771	398
Total operating expenses	350,522	1,114,237	279,445
Contributed services and supplies	-	-	-
Interest	407	205	10
Depreciation	128,364	64,559	11,111
Total expenses	<u>\$ 479,293</u>	<u>\$ 1,179,001</u>	<u>\$ 290,566</u>

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

2026		
Support Services		
Fundraising	Management and General	Total
\$ 377,099	\$ 249,706	\$ 1,382,139
250,166	146,102	431,250
11,895	5,047	25,496
-	-	-
316,180	-	373,467
8,927	12,158	21,085
-	-	136,867
-	27,761	78,027
-	-	642,856
20,711	9,088	30,750
13,964	1,496	19,057
2,678	3,512	53,456
2,747	5,019	14,010
1,004,367	459,889	3,208,460
-	170	170
35	46	703
3,171	14,571	221,776
<u>\$ 1,007,573</u>	<u>\$ 474,676</u>	<u>\$ 3,431,109</u>

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Program Services		
	Broadcasting	Program/ Production	Public Information
Salaries and employee benefits	\$ 159,191	\$ 802,213	\$ 234,607
Management and professional	10,791	33,631	3,139
Travel	63	28,132	3,373
Sales expense	-	-	-
Promotional	-	7,294	102,689
Telephone	-	-	-
Utilities	124,378	-	-
Real property rental/maintenance	5,768	-	-
Programming and production	16,620	807,712	-
Office Supplies	576	494	1,627
Postage and freight	-	2	11,212
Operating lease expense	79,650	40,059	1,968
Miscellaneous	80	35,171	515
Total operating expenses	397,117	1,754,708	359,130
Contributed services and supplies	-	-	-
Interest	2,543	1,279	63
Depreciation	127,197	63,972	3,143
Total expenses	<u>\$ 526,857</u>	<u>\$ 1,819,959</u>	<u>\$ 362,336</u>

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT IV

2025		
Support Services		
Fundraising	Management and General	Total
\$ 411,982	\$ 255,198	\$ 1,863,191
250,159	174,170	471,890
66,318	8,145	106,031
9,968	-	9,968
247,026	-	357,009
8,094	13,279	21,373
-	-	124,378
-	27,319	33,087
-	-	824,332
25,912	7,175	35,784
24,570	7,419	43,203
6,894	9,041	137,612
556	8,879	45,201
1,051,479	510,625	4,073,059
-	2,458	2,458
220	288	4,393
11,010	14,437	219,759
<u>\$ 1,062,709</u>	<u>\$ 527,808</u>	<u>\$ 4,299,669</u>

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

PUBLIC BROADCASTING OF NORTHWEST PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization and Nature of Activities

Public Broadcasting of Northwest Pennsylvania, Inc. operates a public television and FM-radio station. Public Broadcasting of Northwest Pennsylvania, Inc. provides a wide range of educational, informational and general interest programs. Public Broadcasting of Northwest Pennsylvania, Inc. is supported mostly through grants and support from the general public.

Basis of Presentation

The financial statements of Public Broadcasting of Northwest Pennsylvania, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (“US GAAP”), which require Public Broadcasting of Northwest Pennsylvania, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Public Broadcasting of Northwest Pennsylvania, Inc.’s management and the board of directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Public Broadcasting of Northwest Pennsylvania, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measures of Operations

The Statement of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Public Broadcasting of Northwest Pennsylvania, Inc.’s ongoing television and FM-radio operations and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Public Broadcasting of Northwest Pennsylvania, Inc.’s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of Credit Risk

Financial instruments that potentially subject Public Broadcasting of Northwest Pennsylvania, Inc. to concentrations of credit risk consist principally of cash and cash equivalents and investments. Public

Broadcasting of Northwest Pennsylvania, Inc. maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Public Broadcasting of Northwest Pennsylvania, Inc.'s cash and cash equivalent accounts have been placed with high credit quality financial institutions. Public Broadcasting of Northwest Pennsylvania, Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

Broadcast Rights

Public Broadcasting of Northwest Pennsylvania, Inc. purchases the rights to broadcast various programs for terms that range from one to eight years. These rights are amortized using the straight-line method over the actual term of the individual broadcast rights or the average term of package broadcast rights.

Property, Equipment and Related Depreciation

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

Land Improvements	3 – 20 years
Buildings	5 – 35 years
Transmission Systems	7 – 20 years
Production Equipment	5 – 15 years
Office Equipment	5 – 7 years
Vehicles	3 years

Public Broadcasting of Northwest Pennsylvania, Inc.'s policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal maintenance and repairs in the year incurred. Public Broadcasting of Northwest Pennsylvania, Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Investment and Investment Return

Investments are reported at cost, if purchased, or at a fair value, if donated. Thereafter, investments are reported at their fair value in the *Statements of Financial Position*, and changes in fair value are reported as investment return in the *Statement of Activities*.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Public Broadcasting of Northwest Pennsylvania, Inc. group assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets, as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Fair value of the “Endowment Held by Others” in long-term investments is reported as Level 3 measurements as they represent an interest in investments pooled with other organizations’ funds at the Erie Community Foundation (“Foundation”). Such interest is not publicly traded, nor can it be valued on observable direct or indirect inputs. However, a substantial portion of the underlying assets are measured at fair value using Level 1 and 2 inputs by the Foundation.

Grants Receivable

Grants receivables are stated at the amount billed to grantors for reimbursement of expenses. The Organization provides an allowance for doubtful accounts, if applicable. The Organization estimates its allowance for doubtful accounts and bad debts based on management’s assessment of the collectability of receivables, prior experience, and discussions with and information provided by governmental agencies and others to whom the Organization extends credit. Management has determined no allowance necessary for Grants Receivable at June 30, 2026 and 2025. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Support

All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-

imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Membership Pledges

Public Broadcasting of Northwest Pennsylvania, Inc. is supported through membership pledges. These pledges are recurring gifts with no definite end date or total pledge amount. Previous accounting for these pledges recognized outstanding pledges as a receivable on the books with a related reserve for uncollectible amounts. The Organization switched to using a new pledge collection company and software which tracks pledges as they are received instead of when they are promised. This method of recognition is an industry standard.

Contributed Services

Public Broadcasting of Northwest Pennsylvania, Inc. receives significant personal services from volunteers which do not meet the criteria for recognition as contributed services under US GAAP in the *Statement of Activities*. Public Broadcasting of Northwest Pennsylvania, Inc. received approximately 1,200 volunteer hours from approximately 50 volunteers as of June 30, 2026 and 1,750 volunteer hours from approximately 300 volunteers as of June 30, 2025. These volunteered service hours are not recorded in the financial statements but are critical to the on-going operations of the Organization.

In-Kind Contributions

In addition to receiving cash contributions, Public Broadcasting of Northwest Pennsylvania, Inc. receives in-kind contributions of donated supplies and food from various donors. Such amounts, which are based upon information provided by third-party service providers, are recorded at the estimated fair value of certain in-kind donations as an expense in their financial statements and similarly increase contribution revenue by a like amount. For the years ended June 30, 2026 and 2025, \$170 and \$2,458, respectively, were received as in-kind contributions. Of the in-kind contributions received in 2026, \$170 was donated services for piano tuning.

Deferred Revenues

Payments received by and requiring Public Broadcasting of Northwest Pennsylvania, Inc. to complete some activity (program production, special event) subsequent to June 30 are deferred and recognized as revenue when the activity has been completed.

Functional Allocation of Expenses

The cost of providing programs and other activities has been summarized on a functional basis in the *Statements of Activities*. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and related costs are allocated based on estimated time and effort. Depreciation and Interest are based on square footage. Telephone, utilities, and office supplies are allocated based on management's estimation of costs utilized by each function.

Use of Estimates

The preparation of financial statements in conformity with US GAAP required management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Pension Plan

Public Broadcasting of Northwest Pennsylvania, Inc. maintains a contributory defined contribution pension plan

for all eligible employees. Employees may elect to contribute no more than sixteen percent of their annual salary to the plan. Public Broadcasting of Northwest Pennsylvania, Inc. is required to match sixty percent of the first six percent of voluntary employee contributions. Employee contributions exceeding six percent of their annual salary are not matched by Public Broadcasting of Northwest Pennsylvania, Inc. Public Broadcasting of Northwest Pennsylvania, Inc. may also make discretionary non-matching contributions to the plan. Pension costs included in the *Statement of Activities* amounted to \$24,587 for the year ended June 30, 2026 and \$31,790 for the year ended June 30, 2025.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Federal and State agencies have three years to review tax returns and therefore, the Organization's last three tax years are still open for review.

NOTE 2 – CASH DEPOSITS

Cash:

Custodial Credit Risk – Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The bank and carrying balances at June 30, 2026 were \$744,175 and \$735,290, respectively. The bank balance at June 30, 2026 in the amount of \$251,426 was covered by FDIC insurance. The remaining amount of \$492,749 was exposed to custodial credit risk.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents Public Broadcasting of Northwest Pennsylvania, Inc.'s financial assets at June 30, 2026 and 2025:

Financial assets at year end:	2026	2025
Cash and cash equivalents	\$ 735,290	\$ 77,326
Trade receivables	38,350	33,159
Long-term investments	3,663,736	3,422,642
Total financial assets	<u>4,437,376</u>	<u>3,533,127</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>137,269</u>
	<u>-</u>	<u>137,269</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,437,376</u>	<u>\$ 3,395,858</u>

Public Broadcasting of Northwest Pennsylvania, Inc.'s goal is generally to maintain financial assets to meet 90

days of operating expenses (approximately \$815,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. Public Broadcasting of Northwest Pennsylvania, Inc. has a \$500,000 line of credit available to meet cash flow needs.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2026 and 2025 were comprised of:

	2026	2025
Land and land improvements	\$ 867,461	\$ 867,461
Buildings	3,246,042	3,246,042
Transmission equipment	3,409,815	3,409,815
Production equipment	2,079,151	2,057,392
Office equipment	769,799	770,627
Vehicles	43,838	82,751
Total Assets	10,416,106	10,434,088
Accumulated Depreciation	(8,316,366)	(8,125,931)
Total Assets Net of Accumulated Depreciation	<u>\$ 2,099,740</u>	<u>\$ 2,308,157</u>

NOTE 5 – INVESTMENTS AND INVESTMENT RETURN

Investments (excluding endowments from Note 6) are stated at fair value at June 30, 2026 and 2025. The Organization has investments through the Erie Community Foundation, 1865 Wealth Advisors (formerly known as Erie Bank Investment Advisors), and Ameriprise Financial. Fair values at June 30, 2026 and 2025 were \$21,165 and \$70,137, respectively.

Total investment return, including interest in assets at the Erie Community Foundation, 1865 Wealth Advisors, and Ameriprise Financial Endowment and investments, for the years ended June 30, 2026 and 2025, were comprised of the following:

	2026	2025
Interest and dividend income	\$ 92,797	\$ 115,268
Realized & unrealized gains (losses), net	307,867	268,579
Fees	(15,699)	(15,481)
	<u>\$ 384,965</u>	<u>\$ 368,366</u>

Long-term investments at June 30, 2026 and 2025 consisted of the following:

	2026	2025
Common stocks	\$ 438,579	\$ 1,635,750
Common equity funds	1,351,555	219,404
Real estate mutual funds	36,951	40,582
Common fixed income funds	712,163	961,810
Endowment held by others	51,847	46,600
	2,591,095	2,904,146
Money market funds and cash	1,072,641	518,496
	<u>\$ 3,663,736</u>	<u>\$ 3,422,642</u>

NOTE 6 – ENDOWMENTS

The Organization’s endowments consist of approximately two individual funds established for a variety of purposes. The endowments are unrestricted in nature. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions. Endowments have been established at the Erie Community Foundation (ECF) and with 1865 Wealth Advisors. The funds are invested in various marketable debt and equity securities, mutual funds and certain alternative investments. At June 30, 2026 and 2025, respectively, the endowments consisted of \$51,847 and \$46,600 at The Erie Community Foundation, and \$3,590,724 and \$3,305,905 in 1865 Wealth Advisors.

The Organization has an unrestricted agency endowment fund held by the Erie Community Foundation. ECF pools this endowment fund with the funds received from various other organizations. The pooled funds are then utilized to create an investment portfolio that is managed and administered by ECF. ECF is responsible for allocating the Organization their respective share of the investment portfolio’s performance.

For the years ended June 30, 2026 and 2025, respectively, the Organization elected to receive no distributions of the income available in The Erie Community Foundation Endowment.

Interpretation of Relevant Law

The current relevant law for the investment and distribution of restricted endowment and trust funds in the Commonwealth of Pennsylvania is PA Act 141 (Act 141). Act 141 requires an organization to adopt and follow a “total return” investment policy to seek the best total return on the principal, whether from capital appreciation, earnings, or both. Since all of the Organization’s endowments are unrestricted, Public Broadcasting of Northwest Pennsylvania, Inc. determines the annual amounts to be appropriated for expenditure, if any. The composition of net assets by type of endowment fund at June 30, 2026 and 2025 were all unrestricted with no designations.

NOTE 7 – LINE OF CREDIT

At June 30, 2026 and 2025 Public Broadcasting of Northwest Pennsylvania, Inc. has available a \$500,000 variable rate, bank line of credit which automatically renews annually. The line of credit bears interest at the prime rate minus one quarter percent (1/4%) and is secured by a first priority perfected security interest in all property of Public Broadcasting of Northwest Pennsylvania, Inc.

The balance as of June 30, 2026 and 2025 was paid in full.

NOTE 8 – FAIR VALUE MEASUREMENTS

The following table presents the fair value measurements of assets recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<u>June 30, 2026</u>				
1865 Wealth Advisors - Endowment IMA	\$ 3,590,724	\$ 3,590,724	\$ -	\$ -
Ameriprise Financial	21,165	21,165	-	-
Interest in assets at the Erie Community Foundation	51,847	-	-	51,847
<u>Total Investments</u>	<u>\$ 3,663,736</u>	<u>\$ 3,611,889</u>	<u>\$ -</u>	<u>\$ 51,847</u>

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<u>June 30, 2025</u>				
1865 Wealth Advisors - Tower Proceeds	\$ 50,396	\$ 50,396	\$ -	\$ -
1865 Wealth Advisors - Endowment IML	3,305,905	3,305,905	-	-
Ameriprise Financial	19,741	19,741	-	-
Interest in assets at the Erie Community Foundation	46,600	-	-	46,600
<u>Total Investments</u>	<u>\$3,422,642</u>	<u>\$ 3,376,042</u>	<u>\$ -</u>	<u>\$ 46,600</u>

The following table provides a reconciliation of the invested assets of the Erie Community Foundation Endowment measured at fair value on a recurring basis for securities using Level 3 inputs for the years ended June 30, 2026 and 2025:

	2026	2025
<u>Beginning of Year Estimated Fair Value</u>	\$ 46,600	\$ 42,917
Investment income (loss), net of fees	5,247	3,683
<u>End of Year Estimated Fair Value</u>	<u>\$ 51,847</u>	<u>\$ 46,600</u>

NOTE 9 - LEASE REVENUE

Public Broadcasting of Northwest Pennsylvania, Inc. leases office space in its building to several for-profit and not-for-profit organizations. The leases are accounted for as operating leases. Of these three leases, only one of them remains active according to the lease terms as of June 30, 2026. This remaining lease is renewable on an annual basis and is expected to continue through the next fiscal year with average monthly payments of \$2,443.

Total office space rental income was \$28,766 and \$25,908, for the years ended June 30, 2026 and 2025, respectively.

NOTE 10 – TOWER SALE AND LEASE-BACK

On February 4, 2011, Public Broadcasting of Northwest Pennsylvania, Inc. entered into an initial agreement with Grain Communications II, LLC (GC) for the sale and lease-back of its broadcast towers. As of February 4, 2026, this lease has been revised/renewed for a 24-month, (2) year period. Public Broadcasting of Northwest Pennsylvania, Inc. retains ownership of the land upon which the towers are located and leases that land to GC. GC owns the towers and is leasing them back to Public Broadcasting of Northwest Pennsylvania, Inc. under the terms of the agreements:

- (1) Public Broadcasting of Northwest Pennsylvania, Inc. sold the broadcast towers to GC for a sum of \$1,023,000.
- (2) \$120,000 of the sale proceeds were committed by Public Broadcasting of Northwest Pennsylvania, Inc. for certain repairs to the towers.
- (3) Public Broadcasting of Northwest Pennsylvania, Inc. shall lease the towers from GC for a total annual rental of \$123,511, with annual escalators of the greater of two percent (2%) or CPI. The leases are for one initial term of two (2) years with no renewal terms. Public Broadcasting of Northwest Pennsylvania, Inc. redetermined these leases & asked for a payment discount (10%) given the uncertainty of the organization's future operations past the June 30, 2027 fiscal year.
- (4) Existing tower-space leases between Public Broadcasting of Northwest Pennsylvania, Inc. and third parties shall be transferred to GC.

NOTE 11 – LEASE ASSET AND LIABILITY

The Organization leases broadcast towers (additional details outlined in Note 10) from Grain Communications (GS) and a translator antenna from Keith Klingler. The terms for both leases run through January 2031 and include reasonably certain lease renewal terms. The present value of the lease payments for the leases is calculated using a risk-free rate of 2.889% (Klingler) and 3.560% (TV/FM). Payments are made monthly for the GS lease and annually for the Keith Klingler lease. Both leases increase lease expense annually by the greater of 2% or CPI.

Operating right-of-use amortization expense for the year ended June 30, 2026 was \$50,535. The reconciliation of the right-of-use asset balance and future amortization expense as of June 30, 2026 is as follows:

Right of Use Asset Reconciliation	
	2026
Beginning Lease ROU Asset	\$ 709,674
Current Year Removals - TV/FM Lease Revision	(697,118)
Current Year Additions - TV/FM Lease Revision	241,145
Current Year Amortization Expense	(50,535)
Ending Lease ROU Asset, net	<u>\$ 203,166</u>

Future Amortization of Lease ROU Asset	
Year Ended June 30,	
2027	\$ 121,313
2028	74,361
2029	1,788
2030	1,843
2031	1,900
Thereafter	1,961
Total Future Amortization	<u>\$ 203,166</u>

Total lease cash payments and recognized interest expense for the year ended June 30, 2026 were \$53,395 and \$2,921, respectively. The future minimum lease payments for operating leases with terms greater than one year are as follows:

Year Ended June 30,	
2027	\$ 126,512
2028	75,500
2029	2,050
2030	2,091
2031	2,133
Thereafter	2,176
Total Future Minimum Payments	210,462
Less Interest	(6,826)
Present Value of Lease Liability	<u>\$ 203,636</u>

NOTE 12 – EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

For the year ended June 30, 2026 and 2025 Public Broadcasting of Northwest Pennsylvania, Inc. received \$21,879 and \$35,383, respectively in contributions under its Commonwealth of Pennsylvania, Department of Community and Economic Development education improvement tax credit program. The program provides tax credits to businesses that contribute to scholarship organizations or education improvement programs.

NOTE 13 – RISK AND UNCERTAINTIES

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the *Statement of Financial Position*.

NOTE 14 – GOING CONCERN

Public Broadcasting of Northwest Pennsylvania, Inc. has experienced significant financial challenges resulting from the complete rescission of funding from the Corporation for Public Broadcasting ("CPB"). Historically, CPB funding has represented a significant source (40%) of the Corporation's operating revenues. The loss of this funding has had, and is expected to continue to have, a significant adverse effect on the Corporation's financial position, cash flows, and ability to fund ongoing operations.

The Corporation anticipates an operating loss in fiscal year 2027 as a result of the loss of CPB funding and other related funding reductions. These conditions raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

Management is evaluating and implementing various strategies to address the anticipated funding shortfall and improve liquidity, including reducing and restructuring operating expenses, increasing fundraising and private contributions, pursuing alternative sources of grant and sponsorship revenue, and utilizing available financial resources. Management believes these actions, if successfully implemented, may mitigate the impact of the loss of CPB funding. However, there can be no assurance that these actions will be sufficient to offset the loss of CPB funding or that the Corporation will be successful in generating sufficient additional revenues or reducing overall expenditures to maintain adequate liquidity.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Corporation's ability to continue as a going concern is dependent upon its ability to successfully implement management's plans, obtain sufficient alternative funding, and maintain adequate liquidity to meet its obligations as they become due.

NOTE 15 – NET ASSETS

Net assets without donor restrictions were as follows for the years ended June 30, 2026 and 2025:

	June 30,	
	2026	2025
Without donor restrictions	<u>\$ 6,288,453</u>	<u>\$ 5,622,756</u>

Net assets with donor restrictions were as follows for the years ended June 30, 2026 and 2025:

	June 30,	
	2026	2025
With donor restrictions		
Erie Chronicles Production	<u>\$ -</u>	<u>\$ 137,269</u>

Net assets released from net assets with donor restrictions are as follows:

	June 30,	
	2026	2025
Satisfaction of Purpose Restrictions:		
Erie Chronicles Production	<u>\$ 137,269</u>	<u>\$ 648,076</u>

NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS

In regard to Note 14 – Going Concern, management has continued to work with a consultant to assist the Corporation in evaluating strategic alternatives in response to the complete rescission of funding from the Corporation for Public Broadcasting (“CPB”). Alternatives under consideration include a potential merger or combination with another public broadcasting station or, if sufficient funding and other viable alternatives cannot be identified, liquidation of the Corporation.

Management's primary objective is to identify a sustainable path that will allow the Corporation to continue providing public broadcasting services to the Erie, Pennsylvania, area. As of the date the financial statements were available to be issued, no definitive decision or agreement regarding a merger, liquidation, or other change in operations had been reached. The outcome of these matters is uncertain and could materially affect the Corporation's future operations and financial position.

The Organization has evaluated subsequent events through September 16, 2026, the date which the financial statements were available to be issued.