

**Texas Tribune, Inc.**

**Financial Statements  
as of and for the Years Ended  
December 31, 2022 and 2021 and  
Independent Auditors' Report**

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## **Independent Auditors' Report**

To the Board of Directors of  
Texas Tribune, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Texas Tribune, Inc. (a nonprofit organization) (the "Tribune"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 the Tribune as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits 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 Financial Statements section of our report. We are required to be independent of the Tribune 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.

### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, the Tribune changed its method of accounting for leasing transactions due to the adoption of Accounting Standards Update No 2016-02, *Leases (Topic 842)* on January 1, 2022. Our opinion is not modified with respect to that matter.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the Tribune'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 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 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 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 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 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 Tribune'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 the Tribune'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.

Maxwell Locke + Ritter LLP

Austin, Texas  
October 5, 2023

# Texas Tribune, Inc.

## Statements of Financial Position December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,854,595	\$ 6,866,183
Contributions and sponsorships receivable, net	4,834,712	3,257,915
Prepaid expenses and other assets	239,184	252,852
Property and equipment, net	439,934	526,378
Security deposit	119,627	119,627
Operating lease right-of-use assets	1,949,795	-
Total	<u>\$ 13,437,847</u>	<u>\$ 11,022,955</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 148,820	\$ 125,605
Accrued liabilities	339,195	274,737
Deferred revenue	184,894	218,204
Deferred rent	-	218,679
Operating lease obligations	2,169,675	-
Total liabilities	2,842,584	837,225
Net Assets:		
Without donor restrictions	3,871,569	4,771,096
With donor restrictions	6,723,694	5,414,634
Total net assets	<u>10,595,263</u>	<u>10,185,730</u>
Total	<u>\$ 13,437,847</u>	<u>\$ 11,022,955</u>

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Activities

Year Ended December 31, 2022

(with summarized comparative totals for the year ended December 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and net assets released from restrictions:				
Contributions:				
Grant income and major gifts	\$ 2,151,627	6,605,315	8,756,942	4,651,900
Events	2,508,079	85,000	2,593,079	1,463,382
Membership contributions	1,260,194	842,369	2,102,563	1,521,947
Corporate sponsorships	1,475,796	216,200	1,691,996	2,270,539
Donated goods and services	798,259	-	798,259	316,251
Total contributions	8,193,955	7,748,884	15,942,839	10,224,019
Advertising	476,546	-	476,546	143,921
Subscriptions	129,517	-	129,517	139,504
Other	(21,452)	-	(21,452)	60,135
Total revenues	8,778,566	7,748,884	16,527,450	10,567,579
Net assets released from restrictions	6,439,824	(6,439,824)	-	-
Total revenues and net assets released from restrictions	15,218,390	1,309,060	16,527,450	10,567,579
Expenses:				
Editorial	13,211,652	-	13,211,652	9,800,247
Fundraising	1,485,200	-	1,485,200	1,121,804
General and administration	1,421,065	-	1,421,065	1,197,037
Total expenses	16,117,917	-	16,117,917	12,119,088
Change in net assets	(899,527)	1,309,060	409,533	(1,551,509)
Net assets, beginning of year	4,771,096	5,414,634	10,185,730	11,737,239
Net assets, end of year	\$ 3,871,569	6,723,694	10,595,263	10,185,730

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Activities Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and net assets released from restrictions:			
Contributions:			
Grant income and major gifts	\$ 2,653,874	1,998,026	4,651,900
Events	1,427,882	35,500	1,463,382
Membership contributions	1,024,499	497,448	1,521,947
Corporate sponsorships	2,072,289	198,250	2,270,539
Donated goods and services	316,251	-	316,251
Total contributions	7,494,795	2,729,224	10,224,019
Advertising	143,921	-	143,921
Subscriptions	139,504	-	139,504
Other	60,135	-	60,135
Total revenues	7,838,355	2,729,224	10,567,579
Net assets released from restrictions	3,787,304	(3,787,304)	-
Total revenues and net assets released from restrictions	11,625,659	(1,058,080)	10,567,579
Expenses:			
Editorial	9,800,247	-	9,800,247
Fundraising	1,121,804	-	1,121,804
General and administration	1,197,037	-	1,197,037
Total expenses	12,119,088	-	12,119,088
Change in net assets	(493,429)	(1,058,080)	(1,551,509)
Net assets, beginning of year	5,264,525	6,472,714	11,737,239
Net assets, end of year	\$ 4,771,096	5,414,634	10,185,730

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized comparative totals for the year ended December 31, 2021)

	2022				2021
	Editorial	Fundraising	General and Administration	Total	Total
Personnel	\$ 8,156,191	956,966	913,511	10,026,668	8,373,006
Events	1,246,648	18,363	131	1,265,142	369,834
Professional fees and contracts	915,880	2,233	227,453	1,145,566	949,127
Occupancy	731,321	87,469	82,240	901,030	825,233
Sub grant	403,300	-	-	403,300	195,876
Travel	290,925	34,796	32,716	358,437	62,662
Equipment, furniture, and software	244,719	29,269	27,520	301,508	237,855
Bad debt reserve and direct write-offs	-	209,868	-	209,868	244,377
Office supplies and printing	110,574	13,225	12,435	136,234	52,342
Staff development	104,128	12,454	11,710	128,292	41,286
Communications	75,563	9,038	8,497	93,098	87,536
Other	174,839	22,168	20,843	217,850	185,460
Total expenses before depreciation and amortization	12,454,088	1,395,849	1,337,056	15,186,993	11,624,594
Depreciation and amortization	107,677	12,879	12,109	132,665	178,243
Total expenses before donated goods and services	12,561,765	1,408,728	1,349,165	15,319,658	11,802,837
Donated goods and services	649,887	76,472	71,900	798,259	316,251
Total expenses	\$ 13,211,652	1,485,200	1,421,065	16,117,917	12,119,088

See notes to financial statements.



## Texas Tribune, Inc.

### Statement of Functional Expenses Year Ended December 31, 2021

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	<u>Editorial</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Personnel	\$ 6,776,627	895,102	701,277	8,373,006
Events	369,834	-	-	369,834
Professional fees and contracts	911,618	10,546	26,963	949,127
Occupancy	632,966	85,357	106,910	825,233
Sub grant	195,876	-	-	195,876
Travel	48,063	6,481	8,118	62,662
Equipment, furniture, and software	182,439	24,602	30,814	237,855
Bad debt reserve and direct write-offs	-	-	244,377	244,377
Office supplies and printing	40,147	5,414	6,781	52,342
Staff development	31,667	4,270	5,349	41,286
Communications	67,142	9,054	11,340	87,536
Other	142,251	19,183	24,026	185,460
Total expenses before depreciation and amortization	<u>9,398,630</u>	<u>1,060,009</u>	<u>1,165,955</u>	<u>11,624,594</u>
Depreciation and amortization	<u>136,715</u>	<u>18,436</u>	<u>23,092</u>	<u>178,243</u>
Total expenses before donated goods and services	<u>9,535,345</u>	<u>1,078,445</u>	<u>1,189,047</u>	<u>11,802,837</u>
Donated goods and services	<u>264,902</u>	<u>43,359</u>	<u>7,990</u>	<u>316,251</u>
Total expenses	<u>\$ 9,800,247</u>	<u>1,121,804</u>	<u>1,197,037</u>	<u>12,119,088</u>

See notes to financial statements.

# Texas Tribune, Inc.

## Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 409,533	\$ (1,551,509)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	132,665	178,243
Discount on long-term contributions and sponsorships receivable	84,864	(16,418)
Provision for bad debts	3,288	3,072
Non-cash lease expense	417,226	-
Changes in assets and liabilities that provided (used) cash:		
Contributions and sponsorships receivable	(1,664,949)	1,713,730
Prepaid expenses and other assets	13,668	94,177
Operating lease obligations	(416,025)	-
Accounts payable	23,215	(23,751)
Accrued liabilities	64,458	124,651
Deferred revenue	(33,310)	4,077
Deferred rent	-	13,317
Net cash (used in) provided by operating activities	(965,367)	539,589
<b>Cash Flows from Investing Activities-</b>		
Purchases of property and equipment	(46,221)	(39,247)
Net change in cash and cash equivalents	(1,011,588)	500,342
Cash and cash equivalents, beginning of year	6,866,183	6,365,841
Cash and cash equivalents, end of year	<u>\$ 5,854,595</u>	<u>\$ 6,866,183</u>
<b>Supplemental Noncash Disclosure-</b>		
Operating lease obligations resulting from the addition of right-of-use assets	<u>\$ 2,470,678</u>	<u>\$ -</u>

See notes to financial statements.

# Texas Tribune, Inc.

## Notes to Financial Statements Years Ended December 31, 2022 and 2021

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### 1. Organization

Texas Tribune, Inc. (the “Tribune”) was incorporated on March 19, 2009 as a nonpartisan, nonprofit, media organization devoted to promoting civic engagement through innovative public data applications, statewide events, and intensive enterprise reporting on Texas public policy, politics, and government. The Tribune publishes nonpartisan news and information on a full range of topics, including public and higher education, health and human services, immigration, border issues, transportation, criminal justice, the environment, water, and energy. The Tribune’s journalism includes breaking news stories, high-profile investigative pieces, and multimedia and data visualization projects that draw millions of users monthly to the Tribune’s website, as well as the audiences of more than 100 Texas news organizations who distribute Tribune content through their print, online, and broadcast channels across the state.

Each year, the Tribune hosts dozens of elected officials and other newsmakers in on-the-record events that are open to the public and streamed online. In addition, the Tribune presents the annual Texas Tribune Festival (the “Festival”), an innovative and engaging event for people who are passionate about the issues that affect all Texans. Each year, the Festival brings together some of the biggest names in politics to explore the state’s and nation’s most pressing issues.

### 2. Summary of Significant Accounting Policies

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Under the accrual basis of accounting, revenue is recognized when earned regardless of when collected, and expenses are recognized when the obligation is incurred regardless of when paid.

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

**Net Asset Classifications** - Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Tribune, or at the discretion of the Board of Directors (the “Board”) for the Tribune’s use.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use to a specific purpose and/or the passage of time, or which require them to be maintained permanently. The Tribune had no permanently restricted net assets as of December 31, 2022 and 2021.

**Cash and Cash Equivalents** - The Tribune considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Contributions and Sponsorships Receivable** - Contributions and sponsorships receivable are recorded at the amount the Tribune expects to receive from donors, comprised of pledges, grants receivable, and outstanding balances from organizations that sponsor digital pages on the Tribune’s website and live public events. Contributions and sponsorships receivable balances include amounts pledged over a period of one to five years. The Tribune records a discount to reflect the present value of receivables using approximate market rates applicable to the years in which the pledge is included in contribution revenue (Note 5). The Tribune performs ongoing reviews of contributions and sponsorships receivable for collectability, and records an allowance for uncollectable amounts (Note 5).

**Property and Equipment** - Property and equipment are capitalized at cost if purchased and at estimated fair value on the date of receipt if donated. The Tribune capitalizes all acquisitions of property and equipment in excess of \$2,500 with a useful life of more than one year. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 3-7 years. Leasehold improvements are amortized over the shorter of the estimated life of the asset or the related lease term. Repairs and maintenance costs are charged to expense as incurred.

**Change in Accounting Principle for Recently Adopted Accounting Pronouncements** - In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for leases under Topic 840, *Leases*. The standard requires the recognition of right-of-use (“ROU”) assets and lease liabilities for all leases, including operating leases. The Tribune adopted ASU No. 2016-02, as amended (“Topic 842”), on January 1, 2022, using a modified retrospective approach. The Tribune elected the package of practical expedients at the time of adoption which allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; and (3) not reassess initial direct costs for any existing leases. The Tribune also elected to use hindsight with respect to lease renewals and purchase options when determining the lease term and in assessing potential impairment of ROU assets. Adoption of the standard required the Tribune to restate amounts as of January 1, 2022, resulting in an increase in ROU assets of \$2,251,999 and operating lease obligations of \$2,470,678. The adoption did not have a significant impact on the Tribune’s statement of activities.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The update requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The update is applied retrospectively and is effective for years beginning after June 15, 2021. The Tribune adopted ASU 2020-07 effective January 1, 2022. There was no material impact to the financial statements as a result of the adoption.

**Leases** - The Tribune leases office space under a long-term lease agreement. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Tribune's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. ROU assets and the associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor.

The Tribune's lease agreement does not explicitly state the discount rate implicit in the lease; therefore, the Tribune elects to use a risk-free rate to determine the value of its lease obligation when the implicit rate is not readily determinable. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance or other expenses, which are generally referred to as non-lease components. The Tribune elects the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. Certain lease agreements may include renewal options to extend the lease term or terminate the lease prior to its scheduled expiration date in exchange for an agreed-upon fee. Management assesses these options using a threshold of reasonably certain, which is a high threshold; therefore, the Tribune's lease agreements do not generally include renewal periods or termination options. Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. Economic incentives, intent, past history and business need are among the factors considered to determine if renewal and/or purchase options are reasonably certain to be exercised. The Tribune's lease agreements do not contain residual value guarantees, restrictions, or covenants.

Operating lease expense is recorded within occupancy expense over the term of the lease on a straight-line basis. Fixed costs for operating leases are composed of initial base rent amounts plus any fixed annual increases. Variable costs for operating leases consist primarily of common area maintenance under the office lease.

**Impairment of Long-Lived Assets** - Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable. The Tribune did not recognize an impairment loss on long-lived assets during the year ended December 31, 2022.

**Contributions** - Contributions and other support are recorded at fair value. The Tribune recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. All contributions are recorded at their fair value and are considered to be available for operations unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

When an unconditional promise to give spans multiple years, the total amount of the contribution for all years is recognized as revenue on the date of the unconditional promise. Conversely, expenses are recognized in the period incurred for activities supported by the multi-year contribution. This is the application of the accrual basis of accounting in accordance with U.S. GAAP, which may result in revenue and related expenses being recognized in different reporting periods.

**Donated Goods and Services** - Contributions of services are recognized at their estimated fair value if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value on the date of receipt. The amounts reflected in the statements of activities are offset by equal amounts included in expenses or additions to property and equipment.

**Subscriptions and Advertising Revenue** - Revenue is recognized when promised services are transferred to customers in an amount that reflects the consideration to which the Tribune expects to be entitled in exchange for those services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Tribune satisfies a performance obligation.

Subscriptions to specialty publications and advertising payments are recognized as revenue ratably over the term of the customer's agreement. Amounts received in advance for future subscriptions or advertising services are recorded as deferred revenue.

**Costs to Obtain or Fulfill Contracts** - As performance obligations in the majority of the Tribune's contracts with customers are satisfied over a period of one year or less, the Tribune applies the practical expedient to expense costs to obtain a contract as incurred. The Tribune has a minimal number of contracts spanning longer than one year, and costs incurred to obtain these contracts are not significant. The Tribune does not incur significant fulfillment costs requiring capitalization.

**Advertising Costs** - Advertising costs are expensed as incurred and totaled \$268,947 and \$290,160 during the years ended December 31, 2022 and 2021, respectively, of which \$193,500 and \$220,500, respectively, were in-kind and included in donated goods and services in the statements of activities.

**Functional Expense Allocation** - The accompanying financial statements present expenses by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques, such as time and effort.

**Federal Income Taxes** - The Tribune is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Tribune did not incur any significant tax liabilities due to unrelated business income during the years ended December 31, 2022 and 2021. The Tribune files Form 990 tax returns in the U.S. federal jurisdiction, and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

**Recently Issued Accounting Pronouncement** - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables and other commitments to extend credit held by a reporting entity at each reporting date. Entities are required to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The amendment is effective using a modified retrospective approach for fiscal years beginning after December 15, 2022 and early adoption is permitted. The Tribune is currently evaluating the impact the amendment will have on its financial statements.

### 3. Liquidity and Availability of Financial Assets

The Tribune's financial assets available within one year for general expenditure were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,854,595	\$ 6,866,183
Contributions and sponsorships receivable due in less than one year	<u>3,182,503</u>	<u>2,606,674</u>
Total financial assets available for general expenditure within one year	<u>\$ 9,037,098</u>	<u>\$ 9,472,857</u>

The Tribune maintains an interest-bearing account to support cash flow requirements and minimize interest rate risk. The Board ensures the Tribune's financial stability by approving an annual budget prior to the start of each fiscal year. The Tribune maintains financial policies to ensure funds are allocated in a manner consistent with the mission of the organization. As discussed in Note 8, the Tribune has a \$500,000 revolving line of credit. Donor-restricted net assets that are temporarily restricted as to purpose have not been removed from the balance disclosed as available for general expenditure within one year, as those restrictions will be met as part of general operations within the next year.

#### 4. Concentrations of Credit Risk

Financial instruments which potentially subject the Tribune to concentrations of credit risk consist principally of cash and cash equivalents and contributions and sponsorships receivable. The Tribune places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. The Tribune does not maintain collateral for its receivables. As of December 31, 2022 and 2021, two donors accounted for 43% and one donor accounted for 12%, respectively, of total contributions and sponsorships receivable. As of December 31, 2022, one donor accounted for 13% of total contribution revenue.

#### 5. Contributions and Sponsorships Receivable

As of December 31, 2022 and 2021, a discount rate of 6.48% and 4.00%, respectively, was used to discount the anticipated cash flows on long-term unconditional promises to give. As of December 31, amounts due from unconditional promises to give were as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 3,182,503	\$ 2,606,674
Due in one to five years	1,917,456	828,336
	5,099,959	3,435,010
Less allowance for uncollectible accounts	(148,524)	(145,236)
Less discount to net present value	<u>(116,723)</u>	<u>(31,859)</u>
Contributions and sponsorships receivable, net	<u>\$ 4,834,712</u>	<u>\$ 3,257,915</u>

#### 6. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Video equipment	\$ 547,548	\$ 589,320
Leasehold improvements	284,358	284,358
Furniture and fixtures	69,538	96,542
Computer equipment	29,027	48,724
	930,471	1,018,944
Less accumulated depreciation and amortization	<u>(490,537)</u>	<u>(492,566)</u>
Total property and equipment, net	<u>\$ 439,934</u>	<u>\$ 526,378</u>



## 7. Donated Goods and Services

The Tribune received the following contributed nonfinancial assets, recorded as donated goods and services in the statements of activities, during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Event goods	\$ 409,123	\$ -
Media coverage	193,500	220,500
Event space and services	98,037	-
Technology	53,712	46,692
Professional services	12,083	11,954
Other	31,804	37,105
	<u>\$ 798,259</u>	<u>\$ 316,251</u>

All donated goods and services are utilized in the Tribune's programming and support services. Fair value for all donated goods and services is determined using current rates for similar products and services. There were no donor-imposed restrictions associated with the donated goods and services.

## 8. Long-term Debt

In March 2020, the Tribune executed a loan agreement with a bank for an available \$500,000 revolving line of credit (the "Line"). The Line accrues interest at prime less 1% per annum (6.50% and 2.25%, respectively, as of December 31, 2022 and 2021). The Line is secured by substantially all assets and requires compliance with a minimum liquidity covenant. Interest only payments are due monthly and all outstanding principal and any accrued unpaid interest are due upon maturity in March 2024 (Note 14). As of the date of the auditors' report, the Tribune has not made any draws on the Line.

## 9. Leases

The following is a summary of the Tribune's lease expense during the year ended December 31, 2022:

Operating lease expense	\$ 417,226
Variable lease expense	331,638
Short term lease expense	<u>4,704</u>
Total	<u>\$ 753,568</u>

Total rent expense on operating lease obligations, including common area maintenance charges, totaled \$750,452 during the year ended December 31, 2021.

Future minimum lease payments due under long-term lease agreements, excluding payments for common area maintenance, were as follows as of December 31, 2022:

2023	\$ 428,506
2024	441,361
2025	454,602
2026	468,240
2027	482,287
Thereafter	<u>204,855</u>
Total minimum lease payments	2,479,851
Less amounts representing interest	<u>(310,176)</u>
Operating lease obligations	<u>\$ 2,169,675</u>

As of December 31, 2022, operating leases had a weighted average remaining lease term of 5.42 years and a weighted average discount rate of 5%.

## 10. Net Assets With Donor Restrictions

Net assets with donor restrictions were temporarily restricted for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Operations (time-restricted)	\$ 4,267,197	\$ 2,025,384
Editorial (purpose and time-restricted)	2,246,814	3,282,700
Corporate sponsorships (time-restricted)	133,433	91,550
Events (purpose and time-restricted)	<u>76,250</u>	<u>15,000</u>
Total	<u>\$ 6,723,694</u>	<u>\$ 5,414,634</u>

## 11. Conditional Promise to Give

During the year ended December 31, 2019, the Tribune received a \$1,556,695 five-year conditional promise to give. The grant was conditioned upon achievement of agreed upon milestones, including a cost-sharing requirement, related to the establishment of a joint investigative unit aimed at corruption, injustice and malfeasance across the state of Texas. Since this grant represents a conditional promise to give, it will be recorded as contribution revenue in the period that the conditions are met. During the years ended December 31, 2022, 2021, 2020, and 2019, \$148,492, \$513,026, \$203,426, and \$253,426, respectively, was recorded as contribution revenue in the statements of activities, due to a portion of conditions being met during the period.

## **12. Employee Retirement Plan**

The Tribune provides a 401(k) retirement plan (the “Plan”) for the benefit of substantially all employees. Eligible employees may elect to contribute to the Plan subject to certain limitations established by the Internal Revenue Code. The Tribune made matching contributions up to \$1,400 per employee per plan year during the years ended December 31, 2022 and 2021. The Tribune contributed \$170,357 and \$113,854 to the Plan during the years ended December 31, 2022 and 2021, respectively.

## **13. Related Party Transactions**

During the years ended December 31, 2022 and 2021, the Tribune received contributions from Board members totaling \$395,128 and \$39,598, respectively. Donated goods and services from a Board member totaled \$507,160 during the year ended December 31, 2022. As of December 31, 2022 and 2021, the Tribune had outstanding contributions receivable due from Board members totaling \$4,963 and \$11,506, respectively.

## **14. Subsequent Events**

The Tribune evaluated subsequent events through October 5, 2023 (the date the financial statements were available to be issued).

In March 2023, the maturity date on the Line (Note 8) was extended from March 6, 2023 to March 6, 2024.

In July 2023, the Tribune amended their tax returns with the Internal Revenue Service to recognize employee retention tax credits under the Coronavirus Aid, Relief, and Economic Security Act totaling \$1,951,391. The full amount will be recorded as grant revenue in the statement of activities for the year ending December 31, 2023.