

Texas Tribune, Inc.

**Financial Statements
as of and for the Years Ended
December 31, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020, 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.

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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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This firm is not a CPA firm

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
September 14, 2022

Texas Tribune, Inc.

Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 6,866,183	\$ 6,365,841
Contributions and sponsorships receivable, net	3,257,915	4,958,299
Prepaid expenses and other assets	252,852	347,029
Property and equipment, net	526,378	665,374
Security deposit	119,627	119,627
Total	<u>\$ 11,022,955</u>	<u>\$ 12,456,170</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 125,605	\$ 149,356
Accrued liabilities	274,737	150,086
Deferred revenue	218,204	214,127
Deferred rent	218,679	205,362
Total liabilities	<u>837,225</u>	<u>718,931</u>
Net Assets:		
Without donor restrictions	4,771,096	5,264,525
With donor restrictions	5,414,634	6,472,714
Total net assets	<u>10,185,730</u>	<u>11,737,239</u>
Total	<u>\$ 11,022,955</u>	<u>\$ 12,456,170</u>

See notes to financial statements.

Texas Tribune, Inc.

Statement of Activities

Year Ended December 31, 2021

(with summarized comparative totals for the year ended December 31, 2020)

	2021			2020 Total
	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	6,301,541
Corporate sponsorships	2,072,289	198,250	2,270,539	1,864,244
Membership contributions	1,024,499	497,448	1,521,947	1,358,436
Events	1,427,882	35,500	1,463,382	1,562,615
Donated goods and services	316,251	-	316,251	410,912
Total contributions	7,494,795	2,729,224	10,224,019	11,497,748
Advertising	143,921	-	143,921	106,608
Subscriptions	139,504	-	139,504	144,563
Other	60,135	-	60,135	1,135,763
Total revenues	7,838,355	2,729,224	10,567,579	12,884,682
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	12,884,682
Expenses:				
Editorial	9,800,247	-	9,800,247	8,818,349
General and administration	1,197,037	-	1,197,037	1,017,444
Fundraising	1,121,804	-	1,121,804	1,320,291
Total expenses	12,119,088	-	12,119,088	11,156,084
Change in net assets	(493,429)	(1,058,080)	(1,551,509)	1,728,598
Net assets, beginning of year	5,264,525	6,472,714	11,737,239	10,008,641
Net assets, end of year	\$ 4,771,096	5,414,634	10,185,730	11,737,239

See notes to financial statements.

Texas Tribune, Inc.

Statement of Activities Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and net assets released from restrictions:			
Contributions:			
Grant income and major gifts	\$ 2,861,622	3,439,919	6,301,541
Corporate sponsorships	1,582,809	281,435	1,864,244
Membership contributions	935,893	422,543	1,358,436
Events	1,562,615	-	1,562,615
Donated goods and services	410,912	-	410,912
Total contributions	7,353,851	4,143,897	11,497,748
Advertising	106,608	-	106,608
Subscriptions	144,563	-	144,563
Other (Note 9)	1,135,763	-	1,135,763
Total revenues	8,740,785	4,143,897	12,884,682
Net assets released from restrictions	4,367,563	(4,367,563)	-
Total revenues and net assets released from restrictions	13,108,348	(223,666)	12,884,682
Expenses:			
Editorial	8,818,349	-	8,818,349
General and administration	1,017,444	-	1,017,444
Fundraising	1,320,291	-	1,320,291
Total expenses	11,156,084	-	11,156,084
Change in net assets	1,952,264	(223,666)	1,728,598
Net assets, beginning of year	3,312,261	6,696,380	10,008,641
Net assets, end of year	\$ 5,264,525	6,472,714	11,737,239

See notes to financial statements.

Texas Tribune, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021

(with summarized comparative totals for the year ended December 31, 2020)

	2021				2020
	Editorial	General and Administration	Fundraising	Total	Total
Personnel	\$ 6,776,627	701,277	895,102	8,373,006	7,620,161
Professional fees and contracts	911,618	26,963	10,546	949,127	614,308
Occupancy	632,966	106,910	85,357	825,233	831,705
Events	369,834	-	-	369,834	584,800
Bad debt reserve and direct write-offs	-	244,377	-	244,377	155,697
Equipment, furniture, and software	182,439	30,814	24,602	237,855	229,703
Sub grant	195,876	-	-	195,876	172,200
Communications	67,142	11,340	9,054	87,536	89,544
Travel	48,063	8,118	6,481	62,662	66,086
Office supplies and printing	40,147	6,781	5,414	52,342	34,798
Staff development	31,667	5,349	4,270	41,286	39,801
Other	142,251	24,026	19,183	185,460	172,359
Total expenses before depreciation and amortization	9,398,630	1,165,955	1,060,009	11,624,594	10,611,162
Depreciation and amortization	136,715	23,092	18,436	178,243	134,010
Total expenses before donated goods and services	9,535,345	1,189,047	1,078,445	11,802,837	10,745,172
Donated goods and services	264,902	7,990	43,359	316,251	410,912
Total expenses	\$ 9,800,247	1,197,037	1,121,804	12,119,088	11,156,084

See notes to financial statements.

Texas Tribune, Inc.

Statement of Functional Expenses Year Ended December 31, 2020

	<u>Editorial</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 6,128,710	582,963	908,488	7,620,161
Professional fees and contracts	588,348	25,783	177	614,308
Occupancy	644,028	100,966	86,711	831,705
Events	584,800	-	-	584,800
Bad debt reserve and direct write-offs	-	155,697	-	155,697
Equipment, furniture, and software	177,870	27,885	23,948	229,703
Sub grant	172,200	-	-	172,200
Communications	43,223	43,421	2,900	89,544
Travel	55,825	3,512	6,749	66,086
Office supplies and printing	26,946	4,225	3,627	34,798
Staff development	31,567	6,808	1,426	39,801
Other	50,455	7,776	114,128	172,359
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	8,503,972	959,036	1,148,154	10,611,162
Depreciation and amortization	97,643	34,272	2,095	134,010
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before donated goods and services	8,601,615	993,308	1,150,249	10,745,172
Donated goods and services	216,734	24,136	170,042	410,912
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 8,818,349</u>	<u>1,017,444</u>	<u>1,320,291</u>	<u>11,156,084</u>

See notes to financial statements.

Texas Tribune, Inc.

Statements of Cash Flows Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ (1,551,509)	\$ 1,728,598
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	178,243	134,010
Discount on long-term contributions and sponsorships receivable	(16,418)	(62,397)
Provision for bad debts	3,072	-
Changes in assets and liabilities that provided (used) cash:		
Contributions and sponsorships receivable	1,713,730	(525,073)
Prepaid expenses and other assets	94,177	(246,942)
Accounts payable	(23,751)	13,700
Accrued liabilities	124,651	(7,149)
Deferred revenue	4,077	(5,036)
Deferred rent	13,317	25,082
Net cash provided by operating activities	539,589	1,054,793
Cash Flows from Investing Activities-		
Purchases of property and equipment	(39,247)	(11,263)
Cash Flows from Financing Activities-		
Payments on long-term debt	-	(358,333)
Net change in cash and cash equivalents	500,342	685,197
Cash and cash equivalents, beginning of year	6,365,841	5,680,644
Cash and cash equivalents, end of year	\$ 6,866,183	\$ 6,365,841
Supplemental Cash Disclosure-		
Interest paid in cash	\$ -	\$ 4,498

See notes to financial statements.

Texas Tribune, Inc.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

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 over 7 million monthly readers on 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.

Reclassifications - Certain amounts from prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact to net assets.

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, 2021 and 2020.

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.

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.

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 when received. 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.

Paycheck Protection Program Loan - The Tribune elects to account for funds received from a Paycheck Protection Program loan as a grant as management expects to meet the U.S. Small Business Administration's ("SBA") criteria for loan forgiveness. Amounts received prior to incurring qualified expenses are reported as deferred revenue on the Tribune's statement of financial position. Once reasonable assurance that the conditions for loan forgiveness are met, the Tribune reduces the deferred revenue balance and recognizes other income as the Tribune incurs the related eligible expenses.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$290,160 and \$363,078 during the years ended December 31, 2021 and 2020, respectively, of which \$220,500 and \$333,735, respectively, were in-kind and included in donated goods or 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, 2021 and 2020. 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 February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases* (Topic 842), which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting for sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and amortization of the right-of-use asset are recognized separately in the statement of activities for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Tribune is currently evaluating the impact the standard 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,866,183	\$ 6,365,841
Contributions and sponsorships receivable due in less than one year	<u>2,606,674</u>	<u>3,316,229</u>
Total financial assets available for general expenditure within one year	<u>\$ 9,472,857</u>	<u>\$ 9,682,070</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, in March 2020, the Tribune obtained 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, 2021 and 2020, one donor accounted for 12% and three donors accounted for 33%, respectively, of total contributions and sponsorships receivable. During the year ended December 31, 2020, one donor accounted for 12% of total contribution revenue.

5. Contributions and Sponsorships Receivable

As of December 31, 2021 and 2020, a discount rate of 3% 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>2021</u>	<u>2020</u>
Due in less than one year	\$ 2,606,674	\$ 3,316,229
Due in one to five years	<u>828,336</u>	<u>1,832,511</u>
	3,435,010	5,148,740
Less allowance for uncollectible accounts	(145,236)	(142,164)
Less discount to net present value	<u>(31,859)</u>	<u>(48,277)</u>
Contributions and sponsorships receivable, net	<u>\$ 3,257,915</u>	<u>\$ 4,958,299</u>

6. Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Video equipment	\$ 589,320	\$ 550,073
Leasehold improvements	284,358	284,358
Furniture and fixtures	96,542	96,542
Computer equipment	48,724	298,153
Software	-	150,465
	<u>1,018,944</u>	<u>1,379,591</u>
Less accumulated depreciation and amortization	<u>(492,566)</u>	<u>(714,217)</u>
Total property and equipment, net	<u>\$ 526,378</u>	<u>\$ 665,374</u>

7. Donated Goods and Services

The Tribune received contributed professional services during the years ended December 31, 2021 and 2020, with fair values at the time of donation totaling \$269,559 and \$360,645, respectively, which were primarily advertising, use of facilities, and financial services. The Tribune also received contributed goods for use in public relations and other events during the years ended December 31, 2021 and 2020, with fair values at the time of donation totaling \$46,692 and \$50,267, respectively.

8. Long-term Debt

In June 2018, the Tribune borrowed \$500,000 under a loan agreement with a bank (the "Term Loan"). The Term Loan accrued interest at a rate of 5.25% per annum and was secured by substantially all assets. Beginning in August 2018, principal and interest payments were due monthly through maturity in June 2023. In March 2020, the Tribune repaid the Term Loan early and in full.

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 (2.25% as of December 31, 2021 and 2020). The Line is secured by substantially all assets and requires compliance with a minimum liquidity covenant. Beginning in April 2020, interest only payments are due monthly and all outstanding principal and any accrued unpaid interest are due upon maturity in March 2023. As of the date of the auditors' report, the Tribune has not made any draws on the Line.

9. PPP Loan

In April 2020, the Tribune received a \$1,116,626 loan under the Paycheck Protection Program which was created through the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and is administered by the SBA (the “PPP Loan”). The PPP Loan had a fixed interest rate of 1% and was eligible for forgiveness by the SBA for the portion of loan proceeds used for payroll costs and other designated operating expenses (as defined) for up to eight weeks or, at the discretion of the borrower, twenty-four weeks (the “Covered Period”), provided at least 60% of loan proceeds were used for payroll costs and the Tribune met all necessary criteria as defined by the SBA. Payments were deferred until the earlier of (i) the date the SBA remitted to the lender the amount of forgiveness granted to the Tribune, or (ii) ten months after the last day of the Covered Period if the Tribune did not apply for loan forgiveness. The Tribune recognized other income associated with the PPP Loan totaling \$1,116,626 during the year ended December 31, 2020. In November 2020, the SBA granted the Tribune forgiveness for the PPP Loan.

10. Commitments and Contingencies

The Tribune leases office space and equipment under non-cancelable operating leases. Rental expense, including common area maintenance charges, during the years ended December 31, 2021 and 2020 totaled \$750,452 and \$742,024, respectively. Minimum future rental payments as of December 31, 2021 were as follows:

2022	\$ 417,600
2023	428,506
2024	441,361
2025	454,602
2026	468,240
Thereafter	<u>687,143</u>
Total	<u>\$ 2,897,452</u>

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the Tribune’s business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. Management is actively managing the business to maintain the Tribune’s cash flow and believes that the Tribune has adequate liquidity.

11. Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Editorial (purpose and time-restricted)	\$ 3,282,700	\$ 3,924,735
Operations (time-restricted)	2,025,384	2,362,071
Corporate sponsorships (time-restricted)	91,550	185,908
Events (purpose and time-restricted)	15,000	-
Total	<u>\$ 5,414,634</u>	<u>\$ 6,472,714</u>

12. 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, 2021, 2020, and 2019, \$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.

13. 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 \$700 per employee per plan year during the year ended December 31, 2020. Beginning in 2021, the matching contribution threshold was raised to up to \$1,400 per employee per plan year. The Tribune contributed \$113,854 and \$32,262 to the Plan during the years ended December 31, 2021 and 2020, respectively.

14. Related Party Transactions

During the years ended December 31, 2021 and 2020, the Tribune received contributions from Board members totaling \$39,598 and \$62,284, respectively. As of December 31, 2021 and 2020, the Tribune had outstanding contribution receivables due from Board members totaling \$11,506 and \$14,048, respectively.

15. Subsequent Events

The Tribune evaluated subsequent events through September 14, 2022 (the date the financial statements were available to be issued).

In March 2022, the maturity date on the Line (Note 8) was extended from March 6, 2022 to March 6, 2023.