Texas Tribune, Inc.

Financial Statements as of and for the Years Ended December 31, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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
July 31, 2024

Texas Tribune, Inc.

Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 4,618,956	$ 5,854,595
Contributions and sponsorships receivable, net	4,070,638	4,834,712
Employee retention tax credit receivable	1,616,391	-
Prepaid expenses and other assets	197,182	239,184
Property and equipment, net	327,381	439,934
Security deposit	119,627	119,627
Operating lease right-of-use assets	1,642,711	1,949,795
Total	$ 12,592,886	$ 13,437,847
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 354,151	$ 148,820
Accrued liabilities	249,363	339,195
Deferred revenue	163,145	184,894
Operating lease obligations	1,851,310	2,169,675
Total liabilities	2,617,969	2,842,584
Net Assets:		
Without donor restrictions	4,488,908	3,871,569
With donor restrictions	5,486,009	6,723,694
Total net assets	9,974,917	10,595,263
Total	$ 12,592,886	$ 13,437,847

See notes to financial statements.

Texas Tribune, Inc.

Statement of Activities
Year Ended December 31, 2023
(with summarized comparative totals for the year ended December 31, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Revenues and net assets released from restrictions:				
Contributions:				
Grant income and major gifts	$ 2,721,918	4,275,671	6,997,589	8,756,942
Events	2,474,617	33,333	2,507,950	2,593,079
Cost of direct benefit to donors	(79,890)	-	(79,890)	(60,689)
Membership contributions	1,274,731	540,513	1,815,244	2,102,563
Corporate sponsorships	1,477,292	142,367	1,619,659	1,691,996
Donated goods and services	183,176	-	183,176	798,259
Total contributions	8,051,844	4,991,884	13,043,728	15,882,150
Employee retention tax credit	1,616,391	-	1,616,391	-
Advertising	370,880	-	370,880	476,546
Subscriptions	132,592	-	132,592	129,517
Other	195,373	-	195,373	(21,452)
Total revenues	10,367,080	4,991,884	15,358,964	16,466,761
Net assets released from restrictions	6,229,569	(6,229,569)	-	-
Total revenues and net assets released from restrictions	16,596,649	(1,237,685)	15,358,964	16,466,761
Expenses:				
Editorial	12,914,671	-	12,914,671	13,169,326
Fundraising	1,553,932	-	1,553,932	1,466,837
General and administration	1,510,707	-	1,510,707	1,421,065
Total expenses	15,979,310	-	15,979,310	16,117,917
Change in net assets	617,339	(1,237,685)	(620,346)	409,533
Net assets, beginning of year	3,871,569	6,723,694	10,595,263	10,185,730
Net assets, end of year	$ 4,488,908	5,486,009	9,974,917	10,595,263

See notes to financial statements.

Texas Tribune, Inc.

Statement of Activities
Year Ended December 31, 2022

	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
Events	2,508,079	85,000	2,593,079
Cost of direct benefit to donors	(60,689)	-	(60,689)
Membership contributions	1,260,194	842,369	2,102,563
Corporate sponsorships	1,475,796	216,200	1,691,996
Donated goods and services	798,259	-	798,259
Total contributions	8,133,266	7,748,884	15,882,150
Advertising	476,546	-	476,546
Subscriptions	129,517	-	129,517
Other	(21,452)	-	(21,452)
Total revenues	8,717,877	7,748,884	16,466,761
Net assets released from restrictions	6,439,824	(6,439,824)	-
Total revenues and net assets released from restrictions	15,157,701	1,309,060	16,466,761
Expenses:			
Editorial	13,169,326	-	13,169,326
Fundraising	1,466,837	-	1,466,837
General and administration	1,421,065	-	1,421,065
Total expenses	16,057,228	-	16,057,228
Change in net assets	(899,527)	1,309,060	409,533
Net assets, beginning of year	4,771,096	5,414,634	10,185,730
Net assets, end of year	$ 3,871,569	6,723,694	10,595,263

See notes to financial statements.

Texas Tribune, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023
(with summarized comparative totals for the year ended December 31, 2022)

	2023				
	Editorial	Fundraising	General and Administration	Total	2022 Total
Personnel	$ 9,218,463	1,051,602	1,114,362	11,384,427	10,026,668
Events	873,272	76,849	-	950,121	1,204,453
Occupancy	741,379	84,573	89,621	915,573	901,030
Professional fees and contracts	440,090	24,660	182,470	647,220	1,145,566
Sub grant	613,000	-	-	613,000	403,300
Equipment, furniture, and software	211,324	24,107	25,546	260,977	301,508
Travel	191,754	21,874	23,180	236,808	358,437
Bad debt reserve and direct write-offs	524	198,985	-	199,509	209,868
Office supplies and printing	87,763	10,012	10,609	108,384	136,234
Communications	75,754	8,642	9,157	93,553	93,098
Staff development	50,771	5,792	6,137	62,700	128,292
Other	166,752	19,022	20,151	205,925	217,850
Total expenses before depreciation and amortization	12,670,846	1,526,118	1,481,233	15,678,197	15,126,304
Depreciation and amortization	95,499	10,894	11,544	117,937	132,665
Total expenses before donated goods and services	12,766,345	1,537,012	1,492,777	15,796,134	15,258,969
Donated goods and services	148,326	16,920	17,930	183,176	798,259
Subtotal	12,914,671	1,553,932	1,510,707	15,979,310	16,057,228
Cost of direct benefit to donors	-	-	-	79,890	-
Total expenses	$ 12,914,671	1,553,932	1,510,707	16,059,200	16,057,228

See notes to financial statements.

Texas Tribune, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Editorial	Fundraising	General and Administration	Total
Personnel	$ 8,156,191	956,966	913,511	10,026,668
Events	1,204,322	-	131	1,204,453
Occupancy	731,321	87,469	82,240	901,030
Professional fees and contracts	915,880	2,233	227,453	1,145,566
Sub grant	403,300	-	-	403,300
Equipment, furniture, and software	244,719	29,269	27,520	301,508
Travel	290,925	34,796	32,716	358,437
Bad debt reserve and direct write-offs	-	209,868	-	209,868
Office supplies and printing	110,574	13,225	12,435	136,234
Communications	75,563	9,038	8,497	93,098
Staff development	104,128	12,454	11,710	128,292
Other	174,839	22,168	20,843	217,850
Total expenses before depreciation and amortization	12,411,762	1,377,486	1,337,056	15,126,304
Depreciation and amortization	107,677	12,879	12,109	132,665
Total expenses before donated goods and services	12,519,439	1,390,365	1,349,165	15,258,969
Donated goods and services	649,887	76,472	71,900	798,259
Subtotal	13,169,326	1,466,837	1,421,065	16,057,228
Cost of direct benefit to donors	-	-	60,689	60,689
Total expenses	$ 13,169,326	1,466,837	1,481,754	16,117,917

See notes to financial statements.

Texas Tribune, Inc.

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

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	$ (620,346)	$ 409,533
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	117,937	132,665
Discount on long-term contributions and sponsorships receivable	(35,395)	84,864
Provision for bad debts	14,583	3,288
Non-cash lease expense	418,575	417,226
Changes in assets and liabilities that provided (used) cash:		
Contributions and sponsorships receivable	784,886	(1,664,949)
Employee retention tax credit receivable	(1,616,391)	-
Prepaid expenses and other assets	42,002	13,668
Operating lease obligations	(429,856)	(416,025)
Accounts payable	205,331	23,215
Accrued liabilities	(89,832)	64,458
Deferred revenue	(21,749)	(33,310)
Net cash used in operating activities	(1,230,255)	(965,367)
Cash Flows from Investing Activities-		
Purchases of property and equipment	(5,384)	(46,221)
Net change in cash and cash equivalents	(1,235,639)	(1,011,588)
Cash and cash equivalents, beginning of year	5,854,595	6,866,183
Cash and cash equivalents, end of year	$ 4,618,956	$ 5,854,595
Supplemental Noncash Disclosure-		
Operating lease obligations resulting from the addition of right-of-use assets	$ 11,923	$ 2,470,678

See notes to financial statements.

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.

Reclassification - Certain amounts from prior year have been reclassified to conform to the presentation adopted in the current year. Total net assets and changes in net assets are unchanged due to these reclassifications.

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, 2023 and 2022.

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 and a copier under long-term lease agreements. 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 agreements do 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.

Contributions and Events Revenues - The Tribune recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. All contributions and events revenues 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.

Employee Retention Tax Credit - During the year ended December 31, 2023, the Tribune amended their tax returns with the Internal Revenue Service to recognize $1,616,391 available through the Employee Retention Tax Credit ("ERTC") offered under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). The Tribune accounted for the ERTC as a conditional grant with one performance criteria of incurring qualifying expenses. The conditions were met prior to December 31, 2023 and, therefore, the full amount was recorded as revenue in the statement of activities for the year then ended.

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. The timing of revenue recognition, billings and cash collections resulted in deferred revenue of $218,204 as of December 31, 2021.

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 $130,465 and $268,947 during the years ended December 31, 2023 and 2022, respectively, of which $101,000 and $193,500, 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, 2023 and 2022. 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.

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:

	2023	2022
Cash and cash equivalents	$ 4,618,956	$ 5,854,595
Contributions and sponsorships receivable due in less than one year	2,986,271	3,033,979
Employee retention tax credit receivable	1,616,391	-
Total financial assets available for general expenditure within one year	$ 9,556,618	$ 8,888,574

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. 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, 2023 and 2022, one donor accounted for 28% and two donors accounted for 43%, respectively, of total contributions and sponsorships receivable. As of December 31, 2022, one donor accounted for 13% of total contribution revenue. As of December 31, 2023, one government agency accounted for 100% of the ERTC receivable and revenue.

5. Contributions and Sponsorships Receivable

As of December 31, 2023 and 2022, a discount rate of 7.50% and 6.48%, 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:

	2023	2022
Due in less than one year	$ 3,149,378	$ 3,182,503
Due in one to five years	1,165,695	1,917,456
	4,315,073	5,099,959
Less allowance for uncollectible accounts	(163,107)	(148,524)
Less discount to net present value	(81,328)	(116,723)
Contributions and sponsorships receivable, net	$ 4,070,638	$ 4,834,712

6. Property and Equipment

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

	2023	2022
Video equipment	$ 536,013	$ 547,548
Leasehold improvements	284,358	284,358
Computer equipment	34,410	29,027
Furniture and fixtures	28,782	69,538
	883,563	930,471
Less accumulated depreciation and amortization	(556,182)	(490,537)
Total property and equipment, net	$ 327,381	$ 439,934

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:

	2023	2022
Media coverage	$ 124,500	$ 193,500
Technology	53,676	53,712
Professional services	5,000	12,083
Event goods	-	409,123
Event space and services	-	98,037
Other	-	31,804
Total	$ 183,176	$ 798,259

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

During the year ended December 31, 2023, the Tribune had a loan agreement with a bank for an available $500,000 revolving line of credit (the "Line"). The Line accrued interest at prime less 1% per annum (7.50% and 6.50%, respectively, as of December 31, 2023 and 2022). The Line was secured by substantially all assets and requires compliance with a minimum liquidity covenant. Interest only payments were due monthly and all outstanding principal and any accrued unpaid interest were due upon maturity in March 2024. As of the maturity date, the Tribune had not made any draws on the Line.

9. Leases

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

	2023	2022
Operating lease expense	$ 418,575	$ 417,226
Variable lease expense	310,496	331,638
Short-term lease expense	-	4,704
Total	$ 729,071	$ 753,568

Future minimum lease payments due under long-term lease agreements, excluding payments for common area maintenance, were as follows as of December 31, 2023:

2024	$ 444,061
2025	457,301
2026	470,940
2027	484,987
2028	206,206
Total minimum lease payments	2,063,495
Less amounts representing interest	(212,185)
Operating lease obligations	$ 1,851,310

As of December 31, 2023 and 2022, operating leases had a weighted average remaining lease term of 4.42 and 5.42 years, respectively, 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:

	2023	2022
Editorial (purpose and time-restricted)	$ 3,325,089	$ 2,246,814
Operations (time-restricted)	2,051,820	4,267,197
Corporate sponsorships (time-restricted)	89,934	133,433
Events (purpose and time-restricted)	19,166	76,250
Total	$ 5,486,009	$ 6,723,694

11. Conditional Promises 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. From the initial date of the grant through December 31, 2021, $969,878 was recorded as contribution revenue due to a portion of conditions being met. During the years ended December 31, 2023 and 2022, $245,064 and $148,492, respectively, was recognized as contribution revenue in the statements of activities, due to a portion of conditions being met during these periods. As of December 31, 2023, approximately $193,261 remains to be recognized under the conditional promise to give.

During the year ended December 31, 2023, the Tribune received a $2,750,000 three-year conditional promise to give. The grant was conditioned upon achievement of agreed-upon milestones, including a cost-sharing requirement, related to launching newsrooms in Waco, Texas and Austin, Texas while building the revenue and operations capacity for the next phase of the Tribune's growth. During the year ended December 31, 2023, $500,000 was recognized as contribution revenue in the statement of activities, due to a portion of conditions being met during the year. As of December 31, 2023, approximately $2,250,000 remains to be recognized under the conditional promise to give.

During the year ended December 31, 2023, the Tribune received a $1,000,000 four-year conditional promise to give. The grant was conditioned upon achievement of agreed-upon milestones, including a cost-sharing requirement, related to producing a long-term business sustainability plan for the Tribune. During the year ended December 31, 2023, $400,000 was recognized as contribution revenue in the statement of activities, due to a portion of conditions being met during the year. As of December 31, 2023, approximately $600,000 remains to be recognized under the conditional promise to give.

12. Contingencies

The Tribune's ERTC is subject to review and audit by government agencies. These amounts have certain compliance requirements and, should audits by the government disclose any areas of substantial noncompliance, the Tribune may be required to refund any disallowed costs.

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 $2,000 per employee per plan year during the years ended December 31, 2023 and 2022. The Tribune contributed $186,302 and $170,357 to the Plan during the years ended December 31, 2023 and 2022, respectively.

14. Related Party Transactions

During the years ended December 31, 2023 and 2022, the Tribune received contributions from Board members totaling $49,971 and $395,128, respectively. Donated goods and services from a Board member totaled $507,160 during the year ended December 31, 2022. As of December 31, 2023 and 2022, the Tribune had outstanding contributions receivable due from Board members totaling $10,741 and $4,963, respectively.

15. Subsequent Events

The Tribune evaluated subsequent events through July 31, 2024 (the date the financial statements were available to be issued).

In March 2024, the Line (Note 8) matured and was not renewed.

In April 2024, the Tribune entered into a $500,000 revolving line of credit with a bank. Monthly interest payments are due at the greater of the Prime Rate or 6.50% until maturity in April 2025.