# Texas Tribune, Inc.

## Financial Statements
## as of and for the Years Ended
## December 31, 2019 and 2018 and
## Independent Auditors' Report

MAXWELL
& LOCKE
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# Texas Tribune, Inc.

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# Independent Auditors' Report

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

We have audited the accompanying financial statements of Texas Tribune, Inc. (the "Tribune") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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, 2019 and 2018, 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.

Maxwell Locke & Ritter LLP

Austin, Texas
September 4, 2020

# Texas Tribune, Inc.

## Statements of Financial Position
## December 31, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 5,680,644 | $ 665,751 |
| Contributions and sponsorships receivable, net | 4,370,829 | 3,991,290 |
| Prepaid expenses and other assets | 100,087 | 82,860 |
| Property and equipment, net | 788,121 | 805,827 |
| Security deposit | 119,627 | 119,627 |
| **Total Assets** | $ 11,059,308 | $ 5,665,355 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable | $ 135,656 | $ 154,050 |
| Accrued liabilities | 157,235 | 114,073 |
| Deferred revenue | 219,163 | 96,858 |
| Term loan | 358,333 | 458,333 |
| Deferred rent | 180,280 | 143,776 |
| Total liabilities | 1,050,667 | 967,090 |
| Net Assets: | | |
| Without donor restrictions | 3,312,261 | 388,773 |
| With donor restrictions | 6,696,380 | 4,309,492 |
| Total net assets | 10,008,641 | 4,698,265 |
| **Total Liabilities and Net Assets** | $ 11,059,308 | $ 5,665,355 |

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Activities
## Year ended December 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenues and net assets | | | |
| released from restrictions: | | | |
| Contributions: | | | |
| Grant income and major gifts | $ 4,360,406 | 5,743,426 | 10,103,832 |
| Events | 1,926,189 | - | 1,926,189 |
| Corporate sponsorships | 1,781,070 | - | 1,781,070 |
| Membership contributions | 693,081 | 675,025 | 1,368,106 |
| Donated goods and services | 598,833 | - | 598,833 |
| Total contributions | 9,359,579 | 6,418,451 | 15,778,030 |
| Subscriptions | 155,861 | - | 155,861 |
| Advertising | 70,180 | - | 70,180 |
| Other | 10,655 | - | 10,655 |
| Total revenues | 9,596,275 | 6,418,451 | 16,014,726 |
| Net assets released from restrictions | 4,031,563 | (4,031,563) | - |
| Total revenues and net assets released from restrictions | 13,627,838 | 2,386,888 | 16,014,726 |
| Expenses: | | | |
| Editorial | 8,392,314 | - | 8,392,314 |
| General and administration | 1,367,403 | - | 1,367,403 |
| Fundraising | 944,633 | - | 944,633 |
| Total expenses | 10,704,350 | - | 10,704,350 |
| Change in net assets | 2,923,488 | 2,386,888 | 5,310,376 |
| Net assets, beginning of year | 388,773 | 4,309,492 | 4,698,265 |
| Net assets, end of year | $ 3,312,261 | 6,696,380 | 10,008,641 |

See notes to financial statements.

# Texas Tribune, Inc.

**Statement of Activities**
**Year ended December 31, 2018**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenues and net assets released from restrictions: | | | |
| Contributions: | | | |
| Grant income and major gifts | $ 1,371,395 | 5,002,784 | 6,374,179 |
| Events | 1,721,869 | 78,833 | 1,800,702 |
| Corporate sponsorships | 1,262,277 | 399,100 | 1,661,377 |
| Membership contributions | 620,212 | 344,608 | 964,820 |
| Donated goods and services | 705,121 | - | 705,121 |
| Total contributions | 5,680,874 | 5,825,325 | 11,506,199 |
| Subscriptions | 88,989 | - | 88,989 |
| Advertising | 75,677 | - | 75,677 |
| Other | 53,244 | - | 53,244 |
| Total revenues | 5,898,784 | 5,825,325 | 11,724,109 |
| Net assets released from restrictions | 3,880,390 | (3,880,390) | - |
| Total revenues and net assets released from restrictions | 9,779,174 | 1,944,935 | 11,724,109 |
| Expenses: | | | |
| Editorial | 8,057,302 | - | 8,057,302 |
| General and administration | 1,006,196 | - | 1,006,196 |
| Fundraising | 1,071,770 | - | 1,071,770 |
| Total expenses | 10,135,268 | - | 10,135,268 |
| Change in net assets | (356,094) | 1,944,935 | 1,588,841 |
| Net assets, beginning of year | 744,867 | 2,364,557 | 3,109,424 |
| Net assets, end of year | $ 388,773 | 4,309,492 | 4,698,265 |

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Functional Expenses
## Year ended December 31, 2019

| | Editorial | General and Administration | Fundraising | Total |
|---|---|---|---|---|
| Personnel | $ 5,220,293 | 712,086 | 731,946 | 6,664,325 |
| Occupancy | 713,806 | 100,665 | 100,665 | 915,136 |
| Events | 624,651 | 216 | 4,375 | 629,242 |
| Professional fees and contracts | 571,732 | 52,885 | 600 | 625,217 |
| Bad debt reserve and direct write-offs | - | 277,593 | - | 277,593 |
| Travel | 224,247 | 10,510 | 18,756 | 253,513 |
| Equipment, furniture, and software | 99,301 | 14,004 | 14,004 | 127,309 |
| Printing and duplication | 57,592 | 8,122 | 8,122 | 73,836 |
| Cell phone | 38,369 | 11,484 | 2,650 | 52,503 |
| Communications | 33,547 | 4,731 | 4,731 | 43,009 |
| Staff development | 28,237 | 3,438 | 297 | 31,972 |
| Office and event supplies | 23,455 | 3,308 | 3,308 | 30,071 |
| Membership, subscriptions, dues, and awards | 16,856 | 1,912 | 1,109 | 19,877 |
| Other | 109,530 | 53,714 | 52,154 | 215,398 |
| Total expenses before depreciation and amortization | 7,761,616 | 1,254,668 | 942,717 | 9,959,001 |
| Depreciation and amortization | 130,905 | 13,695 | 1,916 | 146,516 |
| Total expenses before donated goods and services | 7,892,521 | 1,268,363 | 944,633 | 10,105,517 |
| Donated goods and services | 499,793 | 99,040 | - | 598,833 |
| Total expenses | $ 8,392,314 | 1,367,403 | 944,633 | 10,704,350 |

See notes to financial statements.

# Texas Tribune, Inc.

## Statement of Functional Expenses
## Year ended December 31, 2018

| | Editorial | General and Administration | Fundraising | Total |
|---|---|---|---|---|
| Personnel | $ 4,803,160 | 762,568 | 638,759 | 6,204,487 |
| Occupancy | 786,262 | 104,236 | 91,539 | 982,037 |
| Events | 664,418 | 8,413 | 2,553 | 675,384 |
| Professional fees and contracts | 742,053 | 3,861 | 6 | 745,920 |
| Bad debt reserve and direct write-offs | - | 2,846 | - | 2,846 |
| Travel | 231,680 | 12,008 | 16,078 | 259,766 |
| Equipment, furniture, and software | 135,788 | 13,605 | 552 | 149,945 |
| Printing and duplication | 58,485 | 3,570 | 1,509 | 63,564 |
| Cell phone | 37,485 | 4,051 | 2,558 | 44,094 |
| Communications | 29,591 | 4,148 | 3,850 | 37,589 |
| Staff development | 17,794 | 13,466 | - | 31,260 |
| Office and event supplies | 21,280 | 2,077 | 2,803 | 26,160 |
| Membership, subscriptions, dues, and awards | 18,011 | 3,498 | 1,413 | 22,922 |
| Other | 28,405 | 56,936 | 6,167 | 91,508 |
| Total expenses before depreciation and amortization | 7,574,412 | 995,283 | 767,787 | 9,337,482 |
| Depreciation and amortization | 83,547 | 7,913 | 1,205 | 92,665 |
| Total expenses before donated goods and services | 7,657,959 | 1,003,196 | 768,992 | 9,430,147 |
| Donated goods and services | 399,343 | 3,000 | 302,778 | 705,121 |
| Total expenses | $ 8,057,302 | 1,006,196 | 1,071,770 | 10,135,268 |

See notes to financial statements.

## Texas Tribune, Inc.

**Statements of Cash Flows**
**Years ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Change in net assets | $ 5,310,376 | $ 1,588,841 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 146,516 | 92,665 |
| Discount on long-term contributions and sponsorships receivable | 38,019 | 46,318 |
| Provision for bad debts | 114,705 | - |
| Changes in assets and liabilities that provided (used) cash: | | |
| Contributions and sponsorships receivable | (532,263) | (2,507,509) |
| Prepaid expenses and other assets | (17,227) | 25,159 |
| Accounts payable | (18,394) | (29,950) |
| Accrued liabilities | 43,162 | 12,757 |
| Deferred revenue | 122,305 | 3,699 |
| Deferred rent | 36,504 | 109,007 |
| Net cash provided by (used in) operating activities | 5,243,703 | (659,013) |
| **Cash Flows from Investing Activities-** | | |
| Purchases of property and equipment | (128,810) | (709,436) |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from issuance of term loan | - | 500,000 |
| Payments on term loan | (100,000) | (41,667) |
| Net cash (used in) provided by financing activities | (100,000) | 458,333 |
| Net change in cash and cash equivalents | 5,014,893 | (910,116) |
| Cash and cash equivalents, beginning of year | 665,751 | 1,575,867 |
| Cash and cash equivalents, end of year | $ 5,680,644 | $ 665,751 |
| **Supplemental Disclosure-** | | |
| Interest paid in cash | $ 22,022 | $ 11,858 |

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, multimedia reporting, and interactive data applications for approximately 6 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 in the prior year have been reclassified to conform to the presentation adopted in the current year. Total net assets were unchanged due to these reclassifications.

**Net Asset Classification -** 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, 2019 and 2018.

**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). Pledges or grants expected to be collected in the same fiscal year as the date the unconditional promises were received are recorded as revenue without donor restrictions, unless restricted by donor stipulation for a specific purpose. 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 $1,000 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.

**Advertising Costs -** Advertising costs are expensed as incurred and totaled $506,702 and $395,724 during the years ended December 31, 2019 and 2018, respectively, of which $491,496 and $350,843, 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, 2019 and 2018. 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.

**Change in Accounting Principle for Recently Adopted Accounting Pronouncement -** In May 2014, the FASB issued Accounting Standards Updates ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific guidance included in the ASC. The standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. It also provides guidance on accounting for costs incurred to obtain or fulfill contracts with customers and establishes disclosure requirements which are more extensive than those required under prior U.S. GAAP. The Tribune adopted Topic 606 on January 1, 2019 and elected the modified retrospective transition method of adoption using the completed contract practical expedient. The Tribune performed an assessment of its contracts with customers and did not identify any changes to the timing or amount of its revenue recognition under Topic 606 compared to prior U.S. GAAP. There was no impact to net assets as of January 1, 2019 or to the statement of financial position or the statements of activities, functional expenses, or cash flows as of and for the year ended December 31, 2019 as a result of applying the new guidance.

**Recently Issued Accounting Pronouncement -**In February 2016, the FASB issued ASU 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:

| | 2019 | 2018 |
|---|---|---|
| Cash and cash equivalents | $ 5,680,644 | $ 665,751 |
| Contributions and sponsorships receivable due in less than one year | 2,331,802 | 2,691,974 |
| Total financial assets available for general expenditure within one year | $ 8,012,446 | $ 3,357,725 |

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 14, in March and April 2020, respectively, the Tribune obtained a $500,000 revolving line of credit and a $1,116,626 loan under the Paycheck Protection Program ("PPP"). 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, 2019 and 2018, three donors accounted for 41% and 44%, respectively, of total contributions and sponsorships receivable. One donor comprised 16% of total contribution revenue during the year ended December 31, 2019.

## 5. Contributions and Sponsorships Receivable

As of December 31, 2019 and 2018, 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:

| | 2019 | 2018 |
|---|---|---|
| Due in less than one year | $ 2,331,802 | $ 2,691,974 |
| Due in one to five years | 2,291,865 | 1,399,430 |
| | 4,623,667 | 4,091,404 |
| Less allowance for uncollectible accounts | (142,164) | (27,459) |
| Less discount to net present value | (110,674) | (72,655) |
| Contributions and sponsorships receivable, net | $ 4,370,829 | $ 3,991,290 |

## 6. Property and Equipment

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

| | 2019 | 2018 |
|---|---|---|
| Video equipment | $ 550,073 | $ 485,534 |
| Computer equipment | 298,153 | 262,830 |
| Leasehold improvements | 273,095 | 248,466 |
| Software | 150,465 | 150,465 |
| Furniture and fixtures | 96,542 | 92,222 |
| | 1,368,328 | 1,239,517 |
| Less accumulated depreciation and amortization | (580,207) | (433,690) |
| Total property and equipment, net | $ 788,121 | $ 805,827 |

## 7. Donated Goods and Services

The Tribune received contributed professional services during the years ended December 31, 2019 and 2018, with fair values at the time of donation totaling $539,846 and $666,477, 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, 2019 and 2018, with fair values at the time of donation totaling $58,987 and $38,644, 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, was secured by substantially all assets, and required compliance with a minimum liquidity covenant. Beginning August 1, 2018, principal and interest payments were due monthly through maturity on June 29, 2023. As discussed in Note 14, in March 2020, the Tribune repaid the Term Loan early.

As of December 31, 2019, future maturities of the Term Loan were as follows:

| | |
|---|---|
| 2020 | $ 100,000 |
| 2021 | 100,000 |
| 2022 | 100,000 |
| 2023 | 58,333 |
| Total | $ 358,333 |

## 9. Lease Commitments

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, 2019 and 2018 totaled $722,489 and $801,160, respectively. Minimum future rental payments as of December 31, 2019 were as follows:

| | |
|---|---|
| 2020 | $ 394,843 |
| 2021 | 406,608 |
| 2022 | 417,600 |
| 2023 | 428,506 |
| 2024 | 441,361 |
| Thereafter | 1,609,984 |
| Total | $ 3,698,902 |

## 10. Net Assets With Donor Restrictions

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

| | 2019 | 2018 |
|---|---|---|
| Editorial (purpose and time-restricted) | $ 4,259,333 | $ 2,342,247 |
| Operations (time-restricted) | 2,437,047 | 1,489,312 |
| Corporate sponsorships (time-restricted) | - | 399,100 |
| Events (time-restricted) | - | 78,833 |
| Total | $ 6,696,380 | $ 4,309,492 |

## 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 year ended December 31, 2019, $253,426 was recorded as contribution revenue in the statement 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. Beginning in 2019, the Tribune made matching contributions up to $700 per employee per plan year. The Tribune contributed $32,192 and $22,818 to the Plan during the years ended December 31, 2019 and 2018, respectively.

## 13. Related Party Transactions

During the years ended December 31, 2019 and 2018, the Tribune received contributions from Board members totaling $77,661 and $38,487, respectively. As of December 31, 2019 and 2018, the Tribune had outstanding contribution receivables due from Board members totaling $14,862 and $6,586, respectively.

## 14. Subsequent Events

The Tribune evaluated subsequent events through September 4, 2020 (the date the financial statements were available to be issued).

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 United States. While the disruption is expected to be temporary, there is uncertainty around the 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.

In March 2020, the Tribune repaid the Term Loan early, and 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, resulting in an initial rate of 3.25% per annum. The Line is secured by substantially all assets and requires compliance with a minimum liquidity covenant. Beginning April 6, 2020, interest only payments are due monthly and all outstanding principal and any accrued unpaid interest are due upon maturity on March 6, 2021. As of the date of the auditors' report, the Tribune has not made any draws on the Line.

In April 2020, the Tribune received a $1,116,626 PPP loan which was created through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and is administered by the U.S. Small Business Administration ("SBA"). The loan has a fixed interest rate of 1% and matures in two years. The loan is 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 are used for payroll costs and the Tribune meets all necessary criteria as defined by the SBA. Payments are deferred until the earlier of (i) the date the SBA remits 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 does not apply for loan forgiveness.