

# **North Texas Public Broadcasting, Inc.**

Consolidated Financial Statements

June 30, 2022 and 2021

# North Texas Public Broadcasting, Inc.

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Table of Contents  
June 30, 2022 and 2021

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	12
Consolidated Statement of Activities by Broadcast Entity	25

## **Independent Auditors' Report**

To the Board of Directors of  
North Texas Public Broadcasting, Inc.

### **Opinion**

We have audited the consolidated financial statements of North Texas Public Broadcasting, Inc. (the Corporation), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and 2021, and the changes in 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of activities by broadcast entity is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

Plano, Texas  
November 30, 2022

# North Texas Public Broadcasting, Inc

Consolidated Statements of Financial Position  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,167,475	\$ 7,839,522
Membership, underwriting and other receivables, net	1,119,330	697,284
Employee Retention Credit receivable	1,249,537	-
Investments	14,273,773	16,484,372
Prepaid expenses and other assets	737,261	789,982
	<u>22,547,376</u>	<u>25,811,160</u>
<b>Noncurrent Assets</b>		
Property and equipment, net	5,986,838	6,473,296
FCC Broadcast Licenses	18,250,276	18,250,276
	<u>24,237,114</u>	<u>24,723,572</u>
Total assets	<u>\$ 46,784,490</u>	<u>\$ 50,534,732</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,883,058	\$ 1,879,361
Deferred revenue	158,650	180,998
	<u>2,041,708</u>	<u>2,060,359</u>
<b>Deferred Rent</b>	<u>331,538</u>	<u>314,366</u>
Total liabilities	<u>2,373,246</u>	<u>2,374,725</u>
<b>Net Assets</b>		
Without donor restrictions	42,983,808	45,519,545
With donor restrictions	1,427,436	2,640,462
	<u>44,411,244</u>	<u>48,160,007</u>
Total liabilities and net assets	<u>\$ 46,784,490</u>	<u>\$ 50,534,732</u>

See notes to consolidated financial statements

**North Texas Public Broadcasting, Inc.**

 Consolidated Statements of Activities  
 Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Contributions and Other Support</b>						
Contributions of cash and financial assets	\$ 17,029,771	\$ -	\$ 17,029,771	\$ 16,950,161	\$ 36,153	\$ 16,986,314
Underwriting	4,154,028	-	4,154,028	3,249,080	-	3,249,080
Community service grants	2,481,672	-	2,481,672	2,549,176	-	2,549,176
Special events	274,300	-	274,300	290,750	-	290,750
Contributions of nonfinancial assets	167,910	-	167,910	246,093	-	246,093
Other support	1,494,681	-	1,494,681	1,137,921	-	1,137,921
Net assets released from restrictions	1,214,563	(1,214,563)	-	1,596,853	(1,596,853)	-
Total revenues, contributions, and other support	26,816,925	(1,214,563)	25,602,362	26,020,034	(1,560,700)	24,459,334
<b>Expenses and Losses</b>						
Program services:						
Technical services	1,021,604	-	1,021,604	1,160,916	-	1,160,916
Broadcasting	3,835,404	-	3,835,404	4,052,739	-	4,052,739
Radio	6,667,819	-	6,667,819	6,365,093	-	6,365,093
Content services	5,586,427	-	5,586,427	4,663,621	-	4,663,621
Total program services	17,111,254	-	17,111,254	16,242,369	-	16,242,369
Support services:						
Human resources	537,205	-	537,205	935,294	-	935,294
General and administrative	2,733,352	-	2,733,352	1,654,636	-	1,654,636
Communications and marketing	496,284	-	496,284	362,276	-	362,276
Total support services	3,766,841	-	3,766,841	2,952,206	-	2,952,206
Fundraising costs:						
Membership development	3,207,568	-	3,207,568	2,977,677	-	2,977,677
Major gifts and foundations	1,131,825	-	1,131,825	814,164	-	814,164
Underwriting	1,205,705	-	1,205,705	1,059,766	-	1,059,766
Total fundraising costs	5,545,098	-	5,545,098	4,851,607	-	4,851,607
Depreciation	993,238	-	993,238	1,039,622	-	1,039,622
Total operating expenses	27,416,431	-	27,416,431	25,085,804	-	25,085,804
Change in net assets from operating activities	(599,506)	(1,214,563)	(1,814,069)	934,230	(1,560,700)	(626,470)
<b>Changes in Net Assets from Nonoperating Activities</b>						
Investment return, net	(1,941,126)	407	(1,940,719)	4,756,435	52,395	4,808,830
Change in value of split-interest agreements	-	1,130	1,130	-	16,218	16,218
Gain on retirement of assets	-	-	-	51,483	-	51,483
Interest income	4,895	-	4,895	13,950	-	13,950
Interest expense	-	-	-	(215,675)	-	(215,675)
Gain on forgiveness of Payment Protection Program loan	-	-	-	1,571,000	-	1,571,000
Unrealized gain on interest rate swaps	-	-	-	171,960	-	171,960
Realized loss on interest rate swaps	-	-	-	(84,100)	-	(84,100)
Change in net assets from nonoperating activities	(1,936,231)	1,537	(1,934,694)	6,265,053	68,613	6,333,666
Change in net assets	(2,535,737)	(1,213,026)	(3,748,763)	7,199,283	(1,492,087)	5,707,196
<b>Net Assets, Beginning</b>	45,519,545	2,640,462	48,160,007	38,320,262	4,132,549	42,452,811
<b>Net Assets, Ending</b>	\$ 42,983,808	\$ 1,427,436	\$ 44,411,244	\$ 45,519,545	\$ 2,640,462	\$ 48,160,007

See notes to consolidated financial statements

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	<b>Program Services</b>				<b>Total Program Services Expense</b>
	<b>Technical Services</b>	<b>Broadcasting</b>	<b>Radio</b>	<b>Content Services</b>	
Salaries and benefits	\$ 361,459	\$ 412,993	\$ 3,968,098	\$ 3,254,489	\$ 7,997,039
Programming and production	454	354,919	597,857	300	953,530
Direct mail, premiums and promotion	-	325	-	522,149	522,474
Professional development and travel	6,456	1,450	119,870	28,846	156,622
Professional fees and outside services	2,714	348,593	478,737	575,082	1,405,126
Equipment, maintenance and insurance	634,902	-	8,499	339,215	982,616
Utilities and telephone	10,602	900	29,113	155,868	196,483
General administration expenses	4,966	185	35,765	149,810	190,726
In-kind expenses	-	-	-	-	-
Bad debt	-	-	-	-	-
Service charges	32	-	-	245,032	245,064
PBS/NPR dues	-	2,672,629	1,236,774	-	3,909,403
Contract labor	-	43,270	184,625	218,656	446,551
Other expenses	19	140	8,481	96,980	105,620
Depreciation expense	-	-	-	-	-
<b>Total expense</b>	<b>\$ 1,021,604</b>	<b>\$ 3,835,404</b>	<b>\$ 6,667,819</b>	<b>\$ 5,586,427</b>	<b>\$ 17,111,254</b>

*See notes to consolidated financial statements*

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	<b>Support Services</b>			<b>Total</b>
	<b>Human</b>	<b>General and</b>	<b>Communications</b>	<b>Support</b>
	<b>Resources</b>	<b>Administrative</b>	<b>and</b>	<b>Services</b>
			<b>Marketing</b>	<b>Expense</b>
Salaries and benefits	\$ 169,180	\$ 1,041,619	\$ 456,514	\$ 1,667,313
Programming and production	-	-	-	-
Direct mail, premiums and promotion	-	-	3,351	3,351
Professional development and travel	147,512	15,632	405	163,549
Professional fees and outside services	4,351	349,011	10,975	364,337
Equipment, maintenance and insurance	193,813	148,428	-	342,241
Utilities and telephone	-	154,068	-	154,068
General administration expenses	15,064	108,948	117	124,129
In-kind expenses	-	128,356	-	128,356
Bad debt	-	419,172	-	419,172
Service charges	-	245,032	-	245,032
PBS/NPR dues	-	-	-	-
Contract labor	-	93,180	24,346	117,526
Other expenses	7,285	29,906	576	37,767
Depreciation expense	-	-	-	-
<b>Total expense</b>	<b>\$ 537,205</b>	<b>\$ 2,733,352</b>	<b>\$ 496,284</b>	<b>\$ 3,766,841</b>

*See notes to consolidated financial statements*

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	<b>Fundraising</b>				
	<b>Membership Development</b>	<b>Major Gifts and Foundations</b>	<b>Underwriting</b>	<b>Total Fundraising Expenses</b>	<b>Total Operating Expenses</b>
Salaries and benefits	\$ 1,460,344	\$ 895,963	\$ -	\$ 2,356,307	\$ 12,020,659
Programming and production	-	-	-	-	953,530
Direct mail, premiums and promotion	776,497	10,415	-	786,912	1,312,737
Professional development and travel	15,544	4,811	-	20,355	340,526
Professional fees and outside services	267,175	148,445	1,146,595	1,562,215	3,331,678
Equipment, maintenance and insurance	172,441	-	-	172,441	1,497,298
Utilities and telephone	77,034	-	-	77,034	427,585
General administration expenses	97,507	23,825	44	121,376	436,231
In-kind expenses	39,493	-	-	39,493	167,849
Bad debt	-	-	1,920	1,920	421,092
Service charges	122,516	-	-	122,516	612,612
PBS/NPR dues	-	-	-	-	3,909,403
Contract labor	162,802	(5,090)	57,071	214,783	778,860
Other expenses	16,215	53,456	75	69,746	213,133
Depreciation expense	-	-	-	-	993,238
Total expense	<u>\$ 3,207,568</u>	<u>\$ 1,131,825</u>	<u>\$ 1,205,705</u>	<u>\$ 5,545,098</u>	<u>\$ 27,416,431</u>

See notes to consolidated financial statements

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	<b>Program Services</b>				<b>Total Program Services Expense</b>
	<b>Technical Services</b>	<b>Broadcasting</b>	<b>Radio</b>	<b>Content Services</b>	
Salaries and benefits	\$ 353,197	\$ 603,078	\$ 3,621,287	\$ 2,819,664	\$ 7,397,226
Programming and production	-	366,040	898,387	-	1,264,427
Direct mail, premiums and promotion	-	100	-	602,774	602,874
Professional development and travel	5,727	-	12,239	3,024	20,990
Professional fees and outside services	165	374,757	471,806	452,918	1,299,646
Equipment, maintenance and insurance	596,253	582	28,171	115,603	740,609
Utilities and telephone	198,194	825	17,063	55,072	271,154
General administration expenses	7,380	581	48,061	114,294	170,316
In-kind expenses	-	-	-	98,207	98,207
Bad debt	-	-	-	-	-
Service charges	-	-	-	161,283	161,283
PBS/NPR dues	-	2,703,541	1,137,735	-	3,841,276
Contract labor	-	3,235	124,084	213,776	341,095
Other expenses	-	-	6,260	27,006	33,266
Depreciation expense	-	-	-	-	-
<b>Total expense</b>	<b>\$ 1,160,916</b>	<b>\$ 4,052,739</b>	<b>\$ 6,365,093</b>	<b>\$ 4,663,621</b>	<b>\$ 16,242,369</b>

*See notes to consolidated financial statements*

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	<b>Support Services</b>			
	<b>Human Resources</b>	<b>General and Administrative</b>	<b>Communications and Marketing</b>	<b>Total Support Services Expense</b>
Salaries and benefits	\$ 530,544	\$ 849,607	\$ 270,371	\$ 1,650,522
Programming and production	-	-	-	-
Direct mail, premiums and promotion	1,651	-	2,466	4,117
Professional development and travel	95,690	2,075	31	97,796
Professional fees and outside services	89,682	198,282	16,644	304,608
Equipment, maintenance and insurance	182,748	72,417	-	255,165
Utilities and telephone	825	52,597	-	53,422
General administration expenses	13,365	81,821	1,127	96,313
In-kind expenses	-	29,760	33,522	63,282
Bad debt	-	110,255	-	110,255
Service charges	-	161,283	-	161,283
PBS/NPR dues	-	-	-	-
Contract labor	4,000	73,503	38,115	115,618
Other expenses	16,789	23,036	-	39,825
Depreciation expense	-	-	-	-
Total expense	<u>\$ 935,294</u>	<u>\$ 1,654,636</u>	<u>\$ 362,276</u>	<u>\$ 2,952,206</u>

*See notes to consolidated financial statements*

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	<b>Fundraising</b>				
	<b>Membership Development</b>	<b>Major Gifts and Foundations</b>	<b>Underwriting</b>	<b>Total Fundraising Expenses</b>	<b>Total Operating Expenses</b>
Salaries and benefits	\$ 1,263,632	\$ 678,567	\$ -	\$ 1,942,199	\$ 10,989,947
Programming and production	-	-	-	-	1,264,427
Direct mail, premiums and promotion	901,469	600	-	902,069	1,509,060
Professional development and travel	1,948	325	-	2,273	121,059
Professional fees and outside services	233,583	96,000	906,494	1,236,077	2,840,331
Equipment, maintenance and insurance	100,988	-	-	100,988	1,096,762
Utilities and telephone	26,299	-	-	26,299	350,875
General administration expenses	85,740	9,668	-	95,408	362,037
In-kind expenses	84,029	-	-	84,029	245,518
Bad debt	-	-	90,099	90,099	200,354
Service charges	80,641	-	-	80,641	403,207
PBS/NPR dues	-	-	-	-	3,841,276
Contract labor	186,836	2,700	59,339	248,875	705,588
Other expenses	12,512	26,304	3,834	42,650	115,741
Depreciation expense	-	-	-	-	1,039,622
<b>Total expense</b>	<b>\$ 2,977,677</b>	<b>\$ 814,164</b>	<b>\$ 1,059,766</b>	<b>\$ 4,851,607</b>	<b>\$ 25,085,804</b>

*See notes to consolidated financial statements*

# North Texas Public Broadcasting, Inc.

## Consolidated Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (3,748,763)	\$ 5,707,196
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	993,238	1,039,622
Amortization of debt issuance costs	-	27,567
Gain on retirement of assets	-	(51,483)
Net unrealized loss (gain) on investments	2,743,764	(1,734,120)
Net realized gain on investments	(401,597)	(2,676,502)
Change in value of split-interest agreements	1,130	(16,218)
Unrealized gain on interest rate swap liability	-	(171,960)
Dividend income reinvested	(401,448)	(398,208)
Bad debt expense	421,092	200,355
Gain on forgiveness of Payment Protection Program loan	-	(1,571,000)
Changes in operating assets and liabilities:		
Membership, underwriting, Employee Retention Credit and other receivables	(2,092,675)	612,735
Prepaid expenses and other assets	51,592	208,695
Accounts payable and accrued expenses	3,697	(232,703)
Deferred revenue	(22,348)	15,376
Other liabilities	17,172	30,272
Net cash flow from operating activities	<u>(2,435,146)</u>	<u>989,624</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(506,780)	(203,642)
Purchases of investments	(1,915,519)	(6,861,862)
Proceeds from the sale of investments	2,185,398	13,952,668
Proceeds from the sale of property and equipment	-	93,070
Net cash flow from investing activities	<u>(236,901)</u>	<u>6,980,234</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of notes payable	-	(6,825,038)
Net cash flow from financing activities	<u>-</u>	<u>(6,825,038)</u>
Net change in cash and cash equivalents	(2,672,047)	1,144,820
<b>Cash and Cash Equivalents, Beginning</b>	<u>7,839,522</u>	<u>6,694,702</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 5,167,475</u>	<u>\$ 7,839,522</u>
<b>Noncash Transaction</b>		
Realized loss on interest rate swap	<u>\$ -</u>	<u>\$ 84,100</u>
<b>Supplemental Information</b>		
Cash paid for taxes	<u>\$ 5,063</u>	<u>\$ 9,501</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 205,105</u>

See notes to consolidated financial statements

# North Texas Public Broadcasting, Inc.

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Notes to Consolidated Financial Statements

June 30, 2022 and 2021

## 1. Nature of Operations

North Texas Public Broadcasting, Inc. (the Corporation) is a nonprofit media corporation providing broadcast services through its three licensed stations, KERA-TV, KERA-90.1 FM and KXT-91.7 FM. These stations are the public television and radio stations, which broadcast high-quality programs to viewers and listeners in Dallas, Fort Worth and other areas of North, East and West Texas. KERA-TV Channel 13 is a member of the Public Broadcasting Service, American Public Television and National Education Telecommunications Association. KERA-90.1 FM and KXT-91.7 are members of National Public Radio and affiliates of the Public Radio Exchange (PRX).

These consolidated financial statements also include the accounts of North Texas Public Broadcasting Foundation (the Foundation). The sole purpose of the Foundation is to support the activities of the Corporation.

## 2. Summary of Significant Accounting Policies

### Principles of Consolidation

The accompanying consolidated financial statements of the Corporation include the accounts of the Corporation and the Foundation. All significant intercompany accounts and transactions have been eliminated.

### Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

### Recently Adopted Accounting Pronouncements

During fiscal year 2022, the Corporation adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Corporation has adjusted the presentation of these consolidated financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented with no material impact to the consolidated financial statements.

### Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)*. The standard increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about lease agreements. In 2020, the FASB also issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606) and Leases (Topic 842)*, which delayed the effective date for Topic 842 and Topic 606 for certain entities. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021. The Corporation is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

# North Texas Public Broadcasting, Inc.

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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

## Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. During the years ended June 30, 2022 and 2021, the Corporation periodically had cash deposits in excess of the FDIC insurable limit. The Corporation has not experienced any losses related to this concentration.

## Membership Contribution and Underwriting Receivables

The receivables are principally due from members, donors and sponsors and are included in the consolidated statements of financial position at amounts due net of an allowance for doubtful accounts. The Corporation periodically assesses the collectability of outstanding receivables and determines the allowance for estimated losses based on factors such as: historical collection experience, age of the receivable, and current credit worthiness of the member, donor or sponsor. The Corporation writes off receivables when they are deemed uncollectible by management.

## Investments

Investments are reported at fair value. Unrealized and realized gains and losses are included in the accompanying consolidated statements of activities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Corporation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Corporation holds a large position, and a sale could reasonably be expected to impact the quoted price. The types of investments included in Level 1 include listed equities.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, certain over-the-counter derivatives, and certain general and limited partnership and membership interests in funds that calculate net asset value per share, or its equivalent. A significant change to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

## North Texas Public Broadcasting, Inc.

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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

Level 3 - Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and certain general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds and funds of funds.

The Corporation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Corporation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended June 30, 2022 and 2021, there were no transfers among Levels 1, 2 and 3.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could affect investment balances and the amounts reported in the financial statements.

A description of the valuation techniques applied to the Corporation's major categories of assets measured at fair value on a recurring basis follows:

**Mutual Funds:** Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

**Split-interest Agreements:** The Corporation holds a partial interest in a split-interest agreement, included in prepaid expenses and other assets on the accompanying consolidated statements of financial position. Annually, the Corporation receives broker statements from the trustee listing out the current market value of the trusts' assets. The trusts' assets are invested in a variety of investments including securities traded on a national securities exchange, fixed income securities and other investments. The split-interest value is categorized in Level 3 of the fair value hierarchy.

During the years ended June 30, 2022 and 2021, there were no changes in valuation methodologies.

### Reclassifications

Certain prior year functional expenses have been reclassified for consistency with the current period presentation in these financial statements. These reclassifications had no effect on the reported results of activities

### Property and Equipment

Property and equipment are recorded at historical cost if purchased and estimated fair value at the date of gift if received through a donation. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor-imposed restrictions when the donated or acquired long-lived assets are placed in service.

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Depreciation is calculated using the straight-line method over the useful lives as follows:

	<b>Estimated Useful Life (Years)</b>
Buildings	40
Building improvements	27
Signs	20
Tower, transmitter, antenna and equipment	15-16
Studio and video equipment	5-14
Vehicles	3
Furniture and fixtures	10
Computer hardware	6
Computer software	3
Master control equipment	8-14

The Corporation capitalizes expenditures for property and equipment exceeding the established \$1,000 threshold.

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

### Long-Lived Assets

The Corporation reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Assets are grouped at the lowest levels of identifiable cash flows that are independent of cash flows of other assets. In such cases, if the future undiscounted cash flows of the underlying assets are less than the carrying amount, the carrying amount will be adjusted for impairment to a level commensurate with a discounted cash flow analysis or its determinable fair value. There were no impairment charges for the years ended June 30, 2022 and 2021.

### FCC Broadcast Licenses

The Federal Communications Commission (FCC) broadcast license is an indefinite-lived asset that is not amortized. However, the Corporation performs impairment testing on the FCC broadcast license annually on June 30 or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with Accounting Standard Codification (ASC) Topic 350, *Intangibles - Goodwill and Other*.

The Corporation tests broadcast licenses for impairment by first assessing qualitative factors to determine the existence of events and circumstances that may indicate that it is more likely than not that the broadcast license could be impaired. If after assessing the totality of events and circumstances the Corporation concludes that it is not more likely than not that the broadcast license is impaired, then no further action is taken. However, if the Corporation concludes otherwise, then it determines the fair value of the broadcast license and performs a quantitative impairment test by comparing the fair value with the carrying amount. Impairment is considered to exist if the fair value of the broadcast license is less than the carrying amount. If impairment exists, the impairment loss is measured by the difference between the fair value and carrying amount. The Corporation's quantitative estimate of fair value is based upon market conditions, including comparative acquisitions of FCC broadcast licenses. Assumptions underlying fair value estimates are subject to significant risks and uncertainties.

Management used qualitative factors to assess impairment of its broadcast license and determined that no impairment related to the FCC broadcast license exists as of June 30, 2022 and 2021.

## North Texas Public Broadcasting, Inc.

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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### Endowments

The Corporation's endowments consist of two funds, one from the National Institute of Arts and one from the Clark Foundation to support the stations' educational arts activities. Management has determined that these restricted net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Corporation's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the Corporation classifies (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as restricted net assets. In accordance with UPMIFA, the Corporation considers the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the Corporation

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to compare to a similarly weighted benchmark representing the returns of the S&P 500 Index, the Russell 2000 Index and the Intermediate Government / Corporate Index. The performance is also compared to the general inflation rate as measured by the Consumer Price Index. The Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

From time to time, the fair value of assets associated with an individual donor-restricted endowment may fall below the historic gift value that the donor or UPMIFA requires to be retained as an endowment of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no endowments with deficiencies as of June 30, 2022 and 2021.

### Net Assets Without Donor Restrictions

Net assets without donor restriction are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's direction.

The Board has several standing board policies that affect the presentation of board designations on net assets, as described in Note 2.

## North Texas Public Broadcasting, Inc.

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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets should be maintained permanently (perpetual in nature) while permitting the Corporation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

### Revenue Recognition

The primary sources of revenue are recognized as follows:

**Membership Contributions:** The Corporation holds fundraising campaigns through special programs and on-air and mail fundraising appeals to encourage supporters, both individuals and organizations, to enhance program offerings and other operating expenses through financial support. Because membership is available to the general public and membership benefits, including premiums to donors are negligible, the Corporation recognizes membership contributions under the accounting guidance for contributions rather than as exchange transactions. As a result, membership revenue is recognized at the time of donation or when an unconditional promise to give is made by the member. Membership fees are considered unconditional contributions and are recognized as revenue when received. No commensurate value is exchanged for these fees.

**Underwriting:** Underwriting revenue consists of program sponsorships and is treated as an exchange transaction. As a result, revenue for program underwriting is recognized on a pro rata basis as it is earned during the period covered.

**Community Service Grants:** The Corporation for Public Broadcasting (CPB), a private nonprofit organization, distributes annual Community Service Grants to more than 1,000 qualifying public telecommunications entities through grants. Grants received from CPB are recognized as revenue when received.

**Special Events:** Special events revenue is recognized at the time of donation or when an unconditional promise to give is made.

### Contributed Nonfinancial Assets

The Corporation recognized contributed nonfinancial assets within revenue, including contributed trade agreements, professional services and event tickets. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions or were released within the same year. Donated nonfinancial assets are accounted for at their estimated fair value at the date of receipt. Donated services by volunteers are not valued for financial statement purposes unless those services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically be purchased if not provided by donation.

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	<u>2022</u>	<u>2021</u>
Trade agreements	\$ -	\$ 83,805
Professional services	128,357	74,399
Donated tickets	35,404	85,126
Other	4,149	2,763
	<u>\$ 167,910</u>	<u>\$ 246,093</u>

Contributed nonfinancial assets are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services or goods.

The Corporation also receives donated services from volunteers which approximated \$15,589 and \$3,000 for the years ended June 30, 2022 and 2021, respectively, based on the hourly volunteer rate published by the Independent Sector. As these donated services do not meet the criteria for recognition under U.S. GAAP, their approximated values are not reflected in the accompanying consolidated statements of activities.

### Expenses

Expenses are recognized by the Corporation on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

### Advertising Expenses

All costs associated with advertising and promotions are expensed in the year incurred. For the years ended June 30, 2022 and 2021, advertising costs of approximately \$8,000 and \$9,000, respectively, were recorded.

### Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Corporation are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents of a program or other supporting service.

The Corporation excludes depreciation and amortization expense from functional expense categories in the consolidated statements of activities for the fiscal years ended June 30, 2022 and 2021.

### Joint Costs

Costs included while conducting joint activities that are not identified with a specific component of activity are allocated between various natural expenses, if the criteria for purpose, audience and content were met. The Corporation allocated approximately \$5,241,176 and \$6,603,000 between natural expense accounts for the years ended June 30, 2022 and 2021, respectively.

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### Federal Income Taxes

The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore has not made provision for federal income taxes in the accompanying financial statements. However, the Foundation is subject to Federal excise tax and unrelated business income taxes. In addition, the Foundation has been determined by the Internal Revenue Service to be a "public charity" within the meaning of Section 509(a) of the IRC. The Corporation has unrelated business income related to the rental of towers; however, any related taxes are not material to the financial statements as a whole for the years ended June 30, 2022 and 2021. There was no federal excise taxes for the years ended June 30, 2022 and 2021.

The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax return to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions.

### 2. Liquidity and Funds Available

As of June 30, the Corporation's financial assets available within one year of the consolidated statements of financial position date for general expenditures such as operating expense are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,163,763	\$ 7,839,522
Membership, underwriting and other receivables, net	1,119,330	697,284
Employee Retention Credit receivable	1,249,537	-
Investments	<u>14,273,773</u>	<u>16,484,372</u>
Total financial assets	<u>\$ 21,806,403</u>	<u>\$ 25,021,178</u>
Contractual or donor-imposed restrictions:		
Split-interest agreements	\$ (97,681)	\$ (96,551)
Net appreciation on endowment assets, for the next fiscal year	(183,129)	(182,722)
Pledges for future operations	(146,626)	(1,361,189)
Endowment funds	(1,000,000)	(1,000,000)
Board designations:		
Board designated long term reserve	<u>(13,090,644)</u>	<u>(15,301,650)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,288,323</u>	<u>\$ 7,079,066</u>

Additionally, the Corporation has a \$3,000,000 line of credit available for liquidity needs which expires July 17, 2023 (Note 6).

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 3. Membership Contributions, Underwriting and Other Receivables

Receivables consist of the following unconditional promises to give at June 30:

	<u>2022</u>	<u>2021</u>
Membership contributions	\$ 113,570	\$ 195,417
Program underwriting	881,015	557,039
Other	179,917	-
	<u>1,174,502</u>	<u>752,456</u>
Allowance for doubtful accounts	<u>(55,172)</u>	<u>(55,172)</u>
Membership contributions, grants and underwriting receivable, net	<u>\$ 1,119,330</u>	<u>\$ 697,284</u>

### 4. Investments and Fair Value Measurements

The following tables represents assets and liabilities reported on the consolidated statements of financial position at their fair values as of June 30 by level within the fair value measurement hierarchy:

	<u>2022</u>			
	<u>Assets (Liabilities) Measured at Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Measured on a recurring basis:				
Assets:				
Investments:				
Intermediate core bond fund	\$ 2,352,496	\$ 2,352,496	\$ -	\$ -
Foreign large blend fund	3,483,601	3,483,601	-	-
Strategic income	1,129,056	1,129,056		
Large blend fund	4,528,423	4,528,423	-	-
Stock market index equity fund	790,199	790,199	-	-
Real estate fund	421,913	421,913	-	-
World allocation fund	788,839	788,839	-	-
Alternative strategy	779,246	779,246	-	-
	<u>\$ 14,273,773</u>	<u>\$ 14,273,773</u>	<u>\$ -</u>	<u>\$ -</u>
Prepaid expenses and other assets:				
Split-interest agreement	<u>\$ 97,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,681</u>

# North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

	<b>2021</b>			
	<b>Assets (Liabilities) Measured at Fair Value</b>	<b>Fair Value Measurements at Reporting Date Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Measured on a recurring basis:				
Assets:				
Investments:				
Intermediate core bond fund	\$ 3,626,773	\$ 3,626,773	\$ -	\$ -
Foreign large blend fund	4,097,449	4,097,449	-	-
Large blend fund	5,709,176	5,709,176	-	-
Stock market index equity fund	870,713	870,713	-	-
Real estate fund	862,454	862,454	-	-
World allocation fund	490,198	490,198	-	-
Alternative strategy	827,609	827,609	-	-
	<u>\$ 16,484,372</u>	<u>\$ 16,484,372</u>	<u>\$ -</u>	<u>\$ -</u>
Prepaid expenses and other assets:				
Split-interest agreement	<u>\$ 96,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,551</u>

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<b>Split-Interest Agreements</b>
Balance, June 30, 2020	\$ 80,333
Change in value of split-interest agreements	<u>16,218</u>
Balance, June 30, 2021	96,551
Change in value of split-interest agreements	<u>1,130</u>
Balance, June 30, 2022	<u>\$ 97,681</u>

The following summarizes investment return for the years ended June 30:

	<b>2022</b>	<b>2021</b>
Dividend and interest income	\$ 401,448	\$ 398,208
Net realized gain on investment	401,597	2,676,502
Net unrealized gain (loss) on investments	<u>(2,743,764)</u>	<u>1,734,120</u>
Total	<u>\$ (1,940,719)</u>	<u>\$ 4,808,830</u>

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 5. Property and Equipment, Net

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 482,142	\$ 482,142
Buildings and improvements	7,994,500	7,994,500
Studio and transmission equipment	8,940,123	8,489,962
Data processing equipment	2,527,749	2,486,130
Furniture and fixtures	598,192	583,192
	<u>20,542,706</u>	<u>20,035,926</u>
Less accumulated depreciation	<u>(14,555,868)</u>	<u>(13,562,630)</u>
	<u>\$ 5,986,838</u>	<u>\$ 6,473,296</u>

Depreciation expense was \$993,238 and \$1,039,622 for the years ended June 30, 2022 and 2021, respectively.

### 6. Line of Credit

The Corporation has a \$3,000,000 line of credit with a commercial bank that has a variable interest rate at the highest of the prime interest rate or 0.50% plus the sum of the secured overnight financing rate and 1.95%. The line of credit matures on July 17, 2023. Interest payments are due in arrears on the first of the month through maturity with outstanding principal and interest due in full upon maturity. As of June 30, 2022 and 2021, there was no amount outstanding on this line of credit.

### 7. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act as amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Corporation qualified for the ERC due to orders from the governor of the state of Texas, limiting certain of its activities due to COVID-19.

The Corporation averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Corporation's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit for each employee of \$5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

The Corporation applied for the ERC by amending its previously filed forms 941, and as a result, has accounted for this federal funding by way of analogy to FASB ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410-30-35-8 indicates that a claim for recovery should be recognized only when the claim is probable of recovery as defined in ASC 450-20-25-1 (i.e. *Contingencies*). Accordingly, the Corporation believes that the recovery of employment tax amounts previously paid is probable, and therefore, has recorded an ERC receivable of \$1,249,537 as of June 30, 2022. The Corporation recorded the related revenue as other support in the accompanying consolidated statement of activities for the year ended June 30, 2022.

### 8. Commitments and Contingencies

#### Lease Commitments

The Corporation leases equipment, including tower and antennae space, to provide broadcast services. The Corporation accounts for leases in accordance with FASB ASC 840, *Leases*. The Corporation leases broadcasting tower space for the transmission of radio and television signals, as well as copiers and postage machines, under noncancelable operating leases.

As of June 30, 2022, future minimum rental commitments under noncancelable operating leases are as follows:

Years ending June 30:		
2023	\$	470,981
2024		485,111
2025		480,564
2026		488,614
2027		503,272
Thereafter		<u>1,646,934</u>
Total minimum lease payments	\$	<u>4,075,476</u>

The rental expense was approximately \$516,000 and \$512,000 for the years ended June 30, 2022 and 2021, respectively.

#### Litigation

The Corporation may, from time to time, be involved in certain legal matters arising from normal business activities. Management believes that potential liability that may arise from these matters will not materially affect the Corporation's financial position or results of operations.

### 9. Restrictions on Net Assets

Donor-restricted net assets are restricted for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Split-interest agreements	\$ 97,681	\$ 96,551
Pledges for future operations	146,626	1,361,189
National Endowment for the Arts, endowment	750,000	750,000
Clark Foundation, endowment	250,000	250,000
Net appreciation on endowment assets	<u>183,129</u>	<u>182,722</u>
Total donor-restricted net assets	<u>\$ 1,427,436</u>	<u>\$ 2,640,462</u>

## North Texas Public Broadcasting, Inc.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

The changes in endowment assets for the years ended June 30, 2022 and 2021 are summarized below:

Endowment assets at June 30, 2020	\$ 1,130,327
Net change in unrealized gains/losses	52,395
Dividend and interest income	29,805
Endowment assets appropriated for spending	<u>(29,805)</u>
Endowment assets at June 30, 2021	1,182,722
Net change in unrealized gains/losses	407
Dividend and interest income	29,838
Endowment assets appropriated for spending	<u>(29,838)</u>
Endowment assets at June 30, 2022	<u>\$ 1,183,129</u>

### 10. Benefit Plans

All employees are eligible to contribute to the Corporation's 403(b) plan, the North Texas Public Broadcasting Savings and Retirement Plan (the Plan). For the years ended June 30, 2022 and 2021, the Corporation made discretionary contributions equaling 4% of compensation for qualifying employees. For the years ended June 30, 2022 and 2021, the Corporation contributed approximately \$313,000 and \$312,000, respectively, in discretionary contributions. Additionally, the Corporation incurred approximately \$52,000 and \$75,000 in expenses related to the Plan for the years ended June 30, 2022 and 2021, respectively.

### 11. Subsequent Events

The Corporation has evaluated all events and transactions that occurred after June 30, 2022 through November 30, 2022, the date these financial statements were available to be issued. During this period, there were no significant subsequent events that would impact these financial statements.

**North Texas Public Broadcasting, Inc.**Consolidated Statement of Activities by Broadcast Entity  
Year Ended June 30, 2022

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
<b>Revenues, Contributions, and Other Support</b>			
Contributions of cash and financial assets	\$ 7,705,974	\$ 9,323,797	\$ 17,029,771
Underwriting	3,716,533	437,495	4,154,028
Community service grants	631,683	1,849,989	2,481,672
Special events	164,580	109,720	274,300
Contributions of nonfinancial assets	118,241	49,669	167,910
Other support	964,902	529,779	1,494,681
	<u>13,301,913</u>	<u>12,300,449</u>	<u>25,602,362</u>
<b>Expenses and Losses</b>			
Program services:			
Technical services	651,775	369,829	1,021,604
Broadcasting	75	3,835,329	3,835,404
Radio	6,665,499	2,320	6,667,819
Content services	3,198,724	2,387,703	5,586,427
	<u>10,516,073</u>	<u>6,595,181</u>	<u>17,111,254</u>
Support services:			
Human resources	324,537	212,668	537,205
General and administrative	1,568,150	1,165,202	2,733,352
Communications and marketing	278,202	218,082	496,284
	<u>2,170,889</u>	<u>1,595,952</u>	<u>3,766,841</u>
Fundraising costs:			
Membership development	1,743,469	1,464,099	3,207,568
Major gifts and foundations	677,862	453,963	1,131,825
Underwriting	722,271	483,434	1,205,705
	<u>3,143,602</u>	<u>2,401,496</u>	<u>5,545,098</u>
Depreciation	<u>404,839</u>	<u>588,399</u>	<u>993,238</u>
	<u>16,235,403</u>	<u>11,181,028</u>	<u>27,416,431</u>
Change in net assets from operating activities	<u>(2,933,490)</u>	<u>1,119,421</u>	<u>(1,814,069)</u>
<b>Changes in Net Assets from Nonoperating Activities</b>			
Investment return, net	(1,164,431)	(776,288)	(1,940,719)
Change in value of split-interest agreements	678	452	1,130
Interest income	2,937	1,958	4,895
	<u>(1,160,816)</u>	<u>(773,878)</u>	<u>(1,934,694)</u>
Change in net assets	<u>\$ (4,094,306)</u>	<u>\$ 345,543</u>	<u>\$ (3,748,763)</u>