

**TEXAS PUBLIC RADIO  
COMBINED FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2023**

**TEXAS PUBLIC RADIO**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2023**

**Table of Contents**

	<u>Page No.</u>
<b>Independent auditor's report</b> .....	1
<b>Financial statements</b>	
Combined statement of financial position .....	3
Combined statement of activities .....	4
Combined statement of functional expenses .....	5
Combined statement of cash flows .....	6
Notes to combined financial statements .....	7

# Schuh|Browne

CERTIFIED PUBLIC  
ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
Texas Public Radio  
San Antonio, Texas

### Opinion

We have audited the accompanying combined financial statements of Texas Public Radio (a nonprofit organization) and affiliate, which comprise the combined statements of financial position as of September 30, 2023 and 2022, the related combined statements of activities and functional expenses for the year ended September 30, 2023, the combined statements of cash flows for the years ended September 30, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Texas Public Radio and affiliate as of September 30, 2023 and 2022, and the changes in net assets for the year ended September 30, 2023, and its cash flows for the years ended September 30, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Texas Public Radio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Public Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Lincoln Center**  
**7800 West IH-10, Suite 630**  
**San Antonio, TX 78230**  
**210•979•7600**  
**Fax 210•979•7679**

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

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

### **Report on Summarized Comparative Information**

We have previously audited Texas Public Radio's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schub Browne, P. C.*

San Antonio, Texas  
January 11, 2024

**TEXAS PUBLIC RADIO**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**September 30, 2023 and 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash	\$ 1,523,339	\$ 2,098,602
Receivables:		
Accounts receivable	5,802	9,720
Promises to give (net of allowance for uncollectible pledges of \$3,375 in 2023 and \$41,220 in 2022)	10,125	233,580
Underwriting	284,553	217,783
Due under construction funding agreements	<u>3,225</u>	<u>32,217</u>
Total receivables	303,705	493,300
Prepaid expenses	<u>27,044</u>	<u>35,204</u>
Total current assets	<u>1,854,088</u>	<u>2,627,106</u>
<b>Property and equipment:</b>		
Broadcasting and other equipment	3,633,024	3,704,565
Leasehold improvements	8,435,818	8,303,443
Construction in progress	<u>197,705</u>	<u>118,324</u>
	12,266,547	12,126,332
Less accumulated depreciation	<u>(2,578,968)</u>	<u>(2,077,490)</u>
Property and equipment, net	<u>9,687,579</u>	<u>10,048,842</u>
<b>Other assets:</b>		
Operating lease right-of-use asset	3,417,963	-
Investments restricted for endowment	<u>372,507</u>	<u>321,017</u>
Total other assets	<u>3,790,470</u>	<u>321,017</u>
Total assets	<u>\$ 15,332,137</u>	<u>\$ 12,996,965</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 112,821	\$ 279,199
Accrued liabilities	148,717	202,303
Operating lease liabilities, current	58,451	-
Notes payable due within one year	<u>-</u>	<u>479,513</u>
Total current liabilities	<u>319,989</u>	<u>961,015</u>
<b>Long-term and other liabilities:</b>		
Construction loan payable	-	479,513
Less amount due within one year	<u>-</u>	<u>(479,513)</u>
Construction loan payable, long-term	-	-
Operating lease liabilities, long-term	<u>3,443,312</u>	<u>-</u>
Total long-term and other liabilities	<u>3,443,312</u>	<u>-</u>
Total liabilities	<u>3,763,301</u>	<u>961,015</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	896,761	1,749,725
Fixed assets	9,687,579	9,451,005
Board-designated	<u>4,817</u>	<u>4,817</u>
Total net assets without donor restrictions	<u>10,589,157</u>	<u>11,205,547</u>
With donor restrictions:		
Time or purpose restrictions	611,989	514,204
Restrictions that are perpetual in nature	<u>367,690</u>	<u>316,199</u>
Total net assets with donor restrictions	<u>979,679</u>	<u>830,403</u>
Total net assets	<u>11,568,836</u>	<u>12,035,950</u>
Total liabilities and net assets	<u>\$ 15,332,137</u>	<u>\$ 12,996,965</u>

The accompanying notes are an integral part  
of the financial statements.

**TEXAS PUBLIC RADIO**  
**COMBINED STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2023**

(With Comparative Totals For Year Ended September 30, 2022)

	Without Donor Restrictions			With Donor Restrictions	Total	
	Operations	Fixed Assets	Board- Designated		2023	2022
<b>Support and revenues:</b>						
Special events:						
Gross revenue	\$ 121,533	\$ -	\$ -	\$ -	\$ 121,533	\$ 58,324
Less direct expenses	(53,415)	-	-	-	(53,415)	(13,202)
Net special events support	68,118	-	-	-	68,118	45,122
Program underwriting contracts	1,976,243	-	-	-	1,976,243	1,914,626
Grants	415,989	-	-	712,676	1,128,665	992,454
Contributions	71,506	-	-	38,471	109,977	342,548
Memberships	2,332,020	-	-	319,924	2,651,944	2,598,255
Theater revenue, net	28,979	-	-	-	28,979	16,876
Investment income	31,229	-	-	(1,096)	30,133	12,749
In-kind contributions	61,618	-	-	-	61,618	503,602
Miscellaneous	14,283	-	-	-	14,283	20,828
	4,999,985	-	-	1,069,975	6,069,960	6,447,060
Net assets released from restrictions	972,659	-	-	(972,659)	-	-
Total support and revenue	5,972,644	-	-	97,316	6,069,960	6,447,060
<b>Expenses:</b>						
Program services:						
Broadcasting	3,688,706	413,884	-	-	4,102,590	4,523,514
Marketing	1,174,890	114,756	-	-	1,289,646	1,430,753
Total program services	4,863,596	528,640	-	-	5,392,236	5,954,267
Supporting services:						
Administrative	445,375	41,559	-	-	486,934	525,063
Development	669,686	40,178	-	-	709,864	641,133
Total supporting services	1,115,061	81,737	-	-	1,196,798	1,166,196
Total expenses	5,978,657	610,377	-	-	6,589,034	7,120,463
Change in net assets before unrealized gains (losses)	(6,013)	(610,377)	-	97,316	(519,074)	(673,403)
Unrealized gains (losses) on investments	-	-	-	51,960	51,960	(100,378)
Change in net assets	(6,013)	(610,377)	-	149,276	(467,114)	(773,781)
<b>Net assets at beginning of year</b>	1,749,725	9,451,005	4,817	830,403	12,035,950	12,809,731
Net interfund transfers	(846,951)	846,951	-	-	-	-
<b>Net assets at end of year</b>	\$ 896,761	\$ 9,687,579	\$ 4,817	\$ 979,679	\$ 11,568,836	\$ 12,035,950

The accompanying notes are an integral part  
of the financial statements.

**TEXAS PUBLIC RADIO**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2023**

(With Comparative Totals For Year Ended September 30, 2022)

	Program Services			Management and General			Total Expenses	
	Broadcasting	Marketing	Total	Administrative	Development	Total	2023	2022
Salaries	\$ 1,553,383	\$ 791,346	\$ 2,344,729	\$ 322,400	\$ 245,754	\$ 568,154	\$ 2,912,883	\$ 3,245,358
Payroll taxes	117,464	13,915	131,379	24,371	64,500	88,871	220,250	260,191
Payroll benefits	189,874	96,727	286,601	39,406	32,243	71,649	358,250	402,774
Total salaries and related expenses	1,860,721	901,988	2,762,709	386,177	342,497	728,674	3,491,383	3,908,323
Advertising	-	13,104	13,104	-	1,591	1,591	14,695	54,337
Audience research	12,433	-	12,433	-	12,432	12,432	24,865	40,805
Bad debt expense	-	-	-	-	1,920	1,920	1,920	-
Bank charges	83	258	341	114	112,584	112,698	113,039	120,881
Building maintenance	81,311	26,009	107,320	14,548	8,675	23,223	130,543	90,058
Contract labor	-	-	-	-	-	-	-	3,487
Equipment rental	1,888	49,520	51,408	379	1,498	1,877	53,285	38,645
Facilities and venues	-	-	-	-	-	-	-	30,586
Food expense	8,435	7,777	16,212	1,034	31,342	32,376	48,588	82,013
Honorarium fees and prizes	6,975	-	6,975	-	2,165	2,165	9,140	12,541
In-kind expenses	22,525	15,788	38,313	4,982	18,322	23,304	61,617	12,000
Insurance - liability	36,662	18,677	55,339	7,609	6,226	13,835	69,174	63,370
Interest expense	3,439	1,752	5,191	758	584	1,342	6,533	39,391
Internet expense	101,218	5,709	106,927	2,326	10,650	12,976	119,903	76,116
Mailing acquisition/renewal	-	-	-	-	2,430	2,430	2,430	2,467
Maintenance fees and software licenses	39,089	6,206	45,295	5,479	23,035	28,514	73,809	78,504
Membership premiums	-	3,227	3,227	-	4,976	4,976	8,203	25,729
Memberships	-	-	-	-	4,600	4,600	4,600	6,173
Miscellaneous	-	-	-	198	-	198	198	49
Office supplies	5,973	10,617	16,590	2,260	1,227	3,487	20,077	25,474
Postage and shipping	613	216	829	302	13,952	14,254	15,083	13,881
Printing	-	1,636	1,636	-	28,624	28,624	30,260	34,476
Production costs	280,216	43,189	323,405	-	-	-	323,405	379,821
Professional fees	65,422	26,011	91,433	4,033	16,181	20,214	111,647	145,401
Program fees	685,626	-	685,626	-	-	-	685,626	741,889
Promotional	-	6,858	6,858	-	-	-	6,858	9,819
Recruiting	217	-	217	66	174	240	457	5,557
Replacement parts and supplies	4,996	-	4,996	-	-	-	4,996	15,878
Staff development	26,330	619	26,949	442	2,605	3,047	29,996	34,553
Telephone	6,150	-	6,150	-	-	-	6,150	5,064
Tower and tower land leases	274,729	-	274,729	-	-	-	274,729	179,685
Trade affiliation fees	4,847	925	5,772	4,371	11,407	15,778	21,550	23,531
Travel	26,930	10,005	36,935	300	1,709	2,009	38,944	46,249
Utilities	131,878	24,799	156,677	9,997	8,280	18,277	174,954	191,481
Total expenses before depreciation	3,688,706	1,174,890	4,863,596	445,375	669,686	1,115,061	5,978,657	6,538,234
Depreciation	413,884	114,756	528,640	41,559	40,178	81,737	610,377	582,229
Total expenses	<u>\$ 4,102,590</u>	<u>\$ 1,289,646</u>	<u>\$ 5,392,236</u>	<u>\$ 486,934</u>	<u>\$ 709,864</u>	<u>\$ 1,196,798</u>	<u>\$ 6,589,034</u>	<u>\$ 7,120,463</u>

The accompanying notes are an integral part  
of the financial statements.

**TEXAS PUBLIC RADIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ (467,114)	\$ (773,781)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	610,377	582,229
Loss on disposal of property and equipment	(3,309)	
Realized and unrealized gains on investments	(43,126)	101,176
Non-cash contributions	(2,418)	(450,135)
Non-cash lease expense	83,800	-
Change in:		
Receivables, other than capital campaign	(108,250)	8,217
Prepaid expenses	8,160	425,466
Cash and investments held in escrow	-	110,611
Accounts payable	(166,378)	(35,190)
Accrued liabilities	<u>(53,586)</u>	<u>(195,962)</u>
Net cash used by operating activities	<u>(141,844)</u>	<u>(227,369)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	-	106,757
Purchases of investments	(5,946)	(5,505)
Purchase of property and equipment	<u>(245,805)</u>	<u>(658,593)</u>
Net cash used by investing activities	<u>(251,751)</u>	<u>(557,341)</u>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(479,513)	(900,000)
Proceeds from contributions restricted for capital campaign	<u>297,845</u>	<u>690,241</u>
Net cash used by financing activities	<u>(181,668)</u>	<u>(209,759)</u>
Net decrease in cash	(575,263)	(994,469)
<b>Cash at beginning of year</b>	<u>2,098,602</u>	<u>3,093,071</u>
<b>Cash at end of year</b>	<u>\$ 1,523,339</u>	<u>\$ 2,098,602</u>
<b>Schedule of supplemental cash flow information:</b>		
Non-cash contributions:		
Donated stocks and other investment assets	\$ 2,418	\$ 102,135
Donation of broadcast tower and equipment	-	338,000
Donation of other furniture and equipment	<u>-</u>	<u>10,000</u>
Contributions of investments and property and equipment	2,418	450,135
Other contributions of non-financial assets and services (see Note 13)	<u>61,618</u>	<u>155,602</u>
Total non-cash contributions of assets and services	<u>\$ 64,036</u>	<u>\$ 605,737</u>
Interest paid	<u>\$ 6,533</u>	<u>\$ 39,391</u>

The accompanying notes are an integral part  
of the financial statements.

# TEXAS PUBLIC RADIO

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 1 NATURE OF ORGANIZATION

Texas Public Radio (TPR) is a not-for-profit corporation whose purpose is to broadcast programs for informational, educational and entertainment purposes. The corporation was formed by the merger of Classical Broadcasting Society of San Antonio (KPAC) and San Antonio Community Radio Corporation (KSTX). In 1998 TPR expanded its services by activating a station (KTXI) to better serve listeners in the Texas Hill Country. In January 2013, TPR began broadcasting to Snyder, Big Spring and Sweetwater by adding station KTPR. KVHL was added in October 2013 to serve listeners in Llano and the Highland Lakes region. In 2016, TPR activated KTPD in Del Rio and acquired KCTI in Gonzales. The majority of underwriters and members who substantially support Texas Public Radio are located in the San Antonio and Texas Hill Country area.

Texas Public Radio Foundation (Foundation) was incorporated in September 2001. Its purpose is to receive, invest and distribute the charitable gifts that constitute the endowment of TPR and shall support educational public broadcasting and other educational activities of TPR for South Texas.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of TPR have been prepared on the accrual basis of accounting. The financial statements accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. TPR is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

The combined financial statements include the accounts of Texas Public Radio and its affiliate, Texas Public Radio Foundation. TPR and the Foundation operate with the same officers and directors, and office facilities and staff are mutually shared. Accordingly, the financial statements have been combined. All intercompany accounts are eliminated in the combination.

#### Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with TPR's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

#### Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees, underwriting, and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, programs are aired, or expenditures are incurred, respectively. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Revenues from event sponsorships and ticket sales are recognized when the event is held, as those contributions are conditioned on the performance of the event. Amounts received prior to the related event are reported as deferred revenue in the statement of financial position.

#### Revenue with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

(Continued)

## TEXAS PUBLIC RADIO

### NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Income Taxes

TPR is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Cash

Cash consists of monies on hand and on deposit in checking, savings and money market accounts. Cash that is restricted or designated in some manner is classified separately.

##### Investments

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in market price of the various investments held.

##### Property and Equipment

TPR capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives.

##### Donated Assets

Donated investments, equipment, supplies, and other noncash donations are recorded as contributions at their fair values at the date of donation.

##### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TPR. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Note 13 discusses the services TPR receives without charge from its volunteers and donors.

##### Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of TPR.

(Continued)

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Change in Accounting Principle**

*Adoption of FASB ASC 842 (Leases)*

Effective October 1, 2022, TPR adopted FASB ASC 842, *Leases*. TPR determines if an arrangement contains a lease at inception based on whether TPR has the right to control the asset during the contract period and other facts and circumstances. TPR elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification. TPR has elected not to separate lease components from non-lease components when allocating contract consideration for all classes of leased assets.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$3,562,500 and operating lease liabilities of \$3,562,500 as of October 1, 2022. Results for periods beginning prior to October 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on TPR's statement of activities or cash flows.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Subsequent Events**

TPR's management has evaluated subsequent events through January 11, 2024, the date which the financial statements were available for issue.

**3 RECEIVABLES AND CREDIT RISK CONCENTRATION**

TPR maintains cash balances at seven financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2023, TPR's cash balance was fully insured with federal depository insurance.

Management analyzes the aging of accounts receivable on a quarterly basis. Accounts receivable are considered delinquent when they are over 90 days old. Payment trends by delinquent accounts are considered by management when estimating the allowance for doubtful accounts. At September 30, 2023 and 2022, management estimated the allowance for doubtful accounts to be \$3,375 and \$41,220 for those years, respectively. Accounts determined to be uncollectible by management are initially charged to the allowance for doubtful accounts.

Unconditional promises to give are as follows:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 10,125	\$ 233,580
Restricted for use in future periods	-	-
	<u>\$ 10,125</u>	<u>\$ 233,580</u>
	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 13,500	\$ 274,800
Receivable in one to five years	-	-
Total unconditional promises to give	13,500	274,800
Less discounts to net present value	-	-
Less allowance for uncollectible promises receivable	(3,375)	(41,220)
Net unconditional promises to give	<u>\$ 10,125</u>	<u>\$ 233,580</u>

Promises to give receivable in more than one year are discounted at 2.39%.

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**4 INVESTMENTS**

TPR owned the following investments at September 30, 2023 and 2022:

	2023		2022	
	Cost	Market	Cost	Market
<b>Restricted for Endowment:</b>				
Pooled investment funds	<u>\$ 334,700</u>	<u>\$ 372,507</u>	<u>\$ 334,820</u>	<u>\$ 321,017</u>

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Cash and equivalents are reported at cost, which approximates fair value. Money market funds are reported at fair value using a Level 1 measure. At September 30, 2023 and 2022, TPR's investments in pooled investment funds were reported at fair value using a Level 3 measure.

The following tables set forth a summary of changes in the fair value of pooled investment funds, which is a Level 3 asset, for the years ended September 30, 2023 and 2022:

	2023				
	Beginning Balance	Purchases	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Pooled investment funds	<u>\$ 321,017</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ 50,865</u>	<u>\$ 372,507</u>
	2022				
	Beginning Balance	Purchases	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Pooled investment funds	<u>\$ 416,486</u>	<u>\$ 849</u>	<u>\$ -</u>	<u>\$ (96,318)</u>	<u>\$ 321,017</u>

**5 PROGRAM UNDERWRITING CONTRACTS**

Program underwriting contracts revenue consisted of the following:

	2023	2022
Business memberships	\$ 313,914	\$ 236,102
Underwriting contracts	<u>1,662,329</u>	<u>1,678,524</u>
	<u>\$ 1,976,243</u>	<u>\$ 1,914,626</u>

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**6 PROPERTY AND EQUIPMENT**

Property and equipment of TPR consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 16,000	\$ 16,000
Broadcast equipment	2,334,528	2,469,749
Theater equipment	73,266	68,300
Library	26,451	28,701
Furniture, fixtures and equipment	1,046,803	1,121,815
Software	135,976	-
Leasehold improvements	8,435,818	8,303,443
Construction in progress	197,705	118,324
	<u>12,266,547</u>	<u>12,126,332</u>
Less accumulated depreciation	<u>(2,578,968)</u>	<u>(2,077,490)</u>
Net property and equipment	<u>\$ 9,687,579</u>	<u>\$ 10,048,842</u>

Leasehold improvements consist of improvements to TPR's leased facilities at the Alameda Theater complex. As TPR has the option to renew that lease through 2076 and intends to exercise those renewals, leasehold improvements will be depreciated over the expected useful life of each asset rather than the expected duration of the lease, as the lease duration is expected to exceed the useful lives of the assets.

**7 DEBT**

*Revolving Line of Credit*

TPR had a \$250,000 revolving line of credit with a financial institution, which matured on September 1, 2023. Advances on the unsecured line of credit had been bearing interest at the Bank's floating prime rate of 6.25%. At September 30, 2023, TPR had a \$-0- balance, with an available amount on the line of credit of \$250,000. This line of credit was formally closed on November 7, 2023.

*Note Payable*

TPR had a note payable to a financial institution that matured on July 11, 2023, is secured by business assets, and had an outstanding principal balance of \$-0- and \$479,513 at September 30, 2023 and 2022, respectively. On October 1, 2021, the loan agreement was amended. Under the new terms of the agreement, TPR was to make monthly interest-only payments with interest at 3.96%, with a balloon payment for the full principal balance of the loan due in July 2023. In April 2023, the full balance of this note was paid off by TPR.

TPR incurred interest in the amount of \$6,533 and \$39,391 during the years ended September 30, 2023 and 2022, respectively.

**8 LEASING ACTIVITIES**

TPR leases its main facility at the Alameda Theater complex under a sublease with the Alameda Theater Conservancy, which in turn leases the property from the city of San Antonio, at a nominal rate of \$10 per year. The initial lease period runs through September 30, 2036, after which it will be automatically extended for four successive periods of 10 years each unless TPR opts out. Initial renovations and construction to prepare the property for use was jointly funded by TPR, the city of San Antonio, Bexar County, and the Alameda Theater Company. TPR's share of the costs have been recorded as leasehold improvements, which TPR began depreciating after occupying the property during the year ended September 30, 2021.

(Continued)

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**8 LEASING ACTIVITIES** (Continued)

TPR has several non-cancelable operating leases for office space, equipment, and facilities that expire at various dates through December 2034. Several leases feature options to extend the lease term at TPR's discretion, and for purposes of computing lease liabilities and right-of-use asset balances, TPR has included those additional periods when management believes that it is probable that TPR will opt to extend the lease. When including those anticipated lease extensions, TPR's operating leases would expire at various dates through October 2049. Certain leases require TPR to pay all executory costs such as taxes, maintenance, and insurance. The following summarizes the weighted average remaining lease term and discount rate as of September 30:

	<u>2023</u>
<b>Weighted Average Remaining Lease Term:</b>	
Operating leases	20 years
 <b>Weighted Average Discount Rate:</b>	
Operating leases	3.79%

The maturities of lease liabilities as of September 30, 2023 were as follows:

Year Ending September 30,	Amount
2024	\$ 58,451
2025	66,750
2026	72,567
2027	81,529
2028	93,326
Thereafter	3,129,140
	<u>\$ 3,501,763</u>

Rental expenses were \$334,027 and \$216,683 for each of the years ended September 30, 2023 and 2022, respectively.

**9 RETIREMENT PLAN**

TPR has established a Simple IRA retirement plan under which TPR will contribute to any eligible employee's IRA plan, a total of 2% of their annual salary. An eligible employee is an employee who earned at least \$5,000 per year, including part-time employees. The total retirement contributions for the years ended September 30, 2023 and 2022 were \$58,922 and \$68,234, respectively.

**10 FUNDRAISING EXPENSE**

Total fundraising expense for the years ended September 30, 2023 and 2022 was \$709,864 and \$641,133, respectively.

**11 NET ASSETS WITH DONOR RESTRICTIONS**

As of September 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose or time period:		
Challenge grants	\$ 12,390	\$ 15,000
Other grants	249,760	48,300
Capital campaign	349,839	450,904
Total net assets subject to expenditure for specified purpose or time period:	611,989	514,204
Subject to restrictions that are perpetual in nature:		
Endowment corpus for support of TPR	367,690	316,199
Total net assets with donor restrictions	<u>\$ 979,679</u>	<u>\$ 830,403</u>

(Continued)

## TEXAS PUBLIC RADIO

### NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

#### 11 NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose or time restrictions:		
Challenge grants released	\$ 322,533	\$ 266,740
Other grants released	511,217	670,855
Capital campaign expenditures	<u>138,909</u>	<u>524,756</u>
Net assets released from restriction	<u>\$ 972,659</u>	<u>\$ 1,462,351</u>

#### 12 ENDOWMENT FUNDS

##### *General Information*

The Foundation maintains various endowment funds established for specific purposes. These endowments include both donor-restricted endowment contributions and funds designated by the Board of Directors to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was adopted by the State of Texas with an effective date of September 1, 2007. The Foundation formally adopted UPMIFA during the year ended September 30, 2012.

##### *Background*

In July 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA) which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require the Foundation to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund. Although the Act does not require that a specified amount be set aside as principal, the Act assumes that an organization will preserve "principal" by maintaining the purchasing power of amounts contributed and will spend "income" by making distributions using a reasonable spending rate.

##### *Endowment Investment Objectives*

Endowment investments are managed by professional money managers under the direction of the Finance Committee of the Board of Directors of the Foundation. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices while assuming a moderate level of investment risk.

To satisfy this performance objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Continued)

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

12 ENDOWMENT FUNDS (Continued)

*Endowment "Income" Appropriation (Spending Policy)*

During 2011, the Finance Committee began developing and finalizing the Foundation's spending policy. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment return.

The Foundation's goal is to produce investment returns over time sufficient to provide for the growth of the portfolio after funding the present and anticipated spending needs of the Foundation. In establishing its investment and spending policies, the Foundation has considered the anticipated financial needs of the organization; the preservation of the corpus of assets by achieving returns in excess of the rate of inflation, spending, and expenses over the investment horizon; and an emphasis on long-term growth of the portfolio while avoiding excess risk.

Under the investment policy as amended in September 2021, the Foundation may spend up to 10 percent of the Foundation's average investment portfolio returns over the previous eight calendar quarters. Additional withdrawals may be allowed at the recommendation of management with the approval of the Finance Committee and the Board of Directors. It is understood that successive low or negative return years may necessitate utilization of funds from the principal balance of the Endowment's fund in order to meet the annual budget, and that in years when returns exceed expectations the additional earnings will be used to restore principal and to generate "future savings" balances for years of low investment returns.

In accordance with the formal adoption of UPMIFA, the Investment Committee of the Foundation has reviewed its spending policy and takes into consideration the following factors in making a determination to appropriate (spend) or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation and
7. The investment policies of the Foundation

(Continued)

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**12 ENDOWMENT FUNDS** (Continued)

Endowment net asset composition by type of fund as of September 30, 2023 and 2022 is as follows:

	2023			Total Endowment
	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	
Donor-restricted endowment funds	\$ -	\$ -	\$ 367,690	\$ 367,690
Board-designated endowment funds	4,817	-	-	4,817
Total endowment funds	\$ 4,817	\$ -	\$ 367,690	\$ 372,507

  

	2022			Total Endowment
	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	
Donor-restricted endowment funds	\$ -	\$ -	\$ 316,199	\$ 316,199
Board-designated endowment funds	4,817	-	-	4,817
Total endowment funds	\$ 4,817	\$ -	\$ 316,199	\$ 321,016

Changes in endowment net assets for the years ended of September 30, 2023 and 2022 were as follows:

	2023			Total Endowment
	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 4,817	\$ -	\$ 316,199	\$ 321,016
Contributions	-	-	626	626
Transfers	-	-	-	-
Investment income	-	-	35	35
Net appreciation (depreciation)	-	-	50,830	50,830
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 4,817	\$ -	\$ 367,690	\$ 372,507

  

	2022			Total Endowment
	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 4,817	\$ -	\$ 411,669	\$ 416,486
Contributions	-	-	849	849
Transfers	-	-	-	-
Investment income	-	-	(456)	(456)
Net appreciation (depreciation)	-	-	(95,863)	(95,863)
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 4,817	\$ -	\$ 316,199	\$ 321,016

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**13 DONATED ASSETS AND SERVICES**

TPR received gifts-in-kind for the years ended September 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Donated broadcast tower and equipment	\$ -	\$ 338,000
Other donated furniture and equipment	-	10,000
Use of land for broadcast tower	18,000	12,000
Advertising	9,100	36,029
Equipment rental and usage	-	1,647
Facilities usage	608	30,101
Food and catering	22,915	46,299
Professional services	3,283	22,037
Programming	2,000	-
Supplies	5,665	5,190
Staff development	-	2,250
Travel	47	-
Other	-	49
Total in-kind contribution revenue	<u>\$ 61,618</u>	<u>\$ 503,602</u>

TPR's policy related to gifts-in-kind is to utilize the assets given to carry out the organization's mission where possible, and to monetize any assets given that do not relate directly to the organization's mission. If an asset is provided that does not allow TPR to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

**14 REVENUE AND SUPPORT CONCENTRATIONS**

Each year, TPR receives Community Service Grants (CSGs) from the Corporation for Public Broadcasting (CPB). Under these grants, total federal support for the years ended September 30, 2023 and 2022 totaled \$427,989 and \$467,701, respectively, which amounted to 7.1% and 7.3% of total support and revenue, respectively.

**15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects TPR's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for amounts that are due in future years.

Cash and cash equivalents	\$ 1,523,339
Investments restricted for endowment	372,507
Receivables:	
Accounts receivable	5,802
Promises to give, net	10,125
Underwriting	284,553
Financial assets at year end	2,196,326
Less those unavailable for general expenditure within one year, due to:	
Investments restricted for endowment	(372,507)
Donor-restricted to expenditure for specific purposes	(611,989)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,211,830</u>

(Continued)

**TEXAS PUBLIC RADIO**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS** (Continued)

As part of TPR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At September 30, 2023, TPR has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 74 days of average operating expenses.