North Texas Public Broadcasting, Inc.

Consolidated Financial Statements

with Independent Auditors' Reports

June 30, 2019 and 2018

Table of Contents
June 30, 2019 and 2018

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of North Texas Public Broadcasting, Inc. (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Texas Public Broadcasting, Inc. as of June 30, 2019 and 2018, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

BAKER TILLY VIRCHOW KRAUS, LLP
Plano, Texas
October 22, 2019

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,035,945	$ 4,070,395
Restricted cash	649,793	1,285,294
Membership contribution, grant, and underwriting receivable, current portion, net	5,903,763	4,142,866
Investments	18,594,694	22,263,581
Prepaid expenses and other assets	784,515	789,212
Total current assets	**31,968,710**	**32,551,348**
NON-CURRENT ASSETS		
Membership contribution, grant, and underwriting receivable, net of current portion	588,765	73,041
Interest rate swaps	-	233,988
Property and equipment, net	7,869,847	7,830,784
FCC Broadcast License	18,250,276	18,250,276
Total non-current assets	**26,708,888**	**26,388,089**
TOTAL ASSETS	**$ 58,677,598**	**$ 58,939,437**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,103,416	$ 1,589,055
Deferred revenue	128,647	146,568
Interest rate swaps	72,476	-
Current portion of capital lease obligations	-	125,181
Current portion of notes payable	464,144	799,759
Total current liabilities	**2,768,683**	**2,660,563**
NON-CURRENT LIABILITIES		
Capital lease obligations, net of current portion	-	76,858
Notes payable, net of current portion	6,783,089	13,250,149
Other long-term liabilities	243,532	233,259
Total non-current liabilities	**7,026,621**	**13,560,266**
TOTAL LIABILITIES	**9,795,304**	**16,220,829**
NET ASSETS		
Without donor restrictions	43,095,698	39,689,192
With donor restrictions	5,786,596	3,029,416
Total net assets	**48,882,294**	**42,718,608**
TOTAL LIABILITIES AND NET ASSETS	**$ 58,677,598**	**$ 58,939,437**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statements of Activities and Changes in Net Assets

June 30, 2019 and 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains, and Other Support				
Membership contributions	$ 18,765,837	$ 3,580,369	$ 22,346,206	$ 17,644,242
Underwriting	4,626,598	-	4,626,598	5,230,454
Community service grants	2,272,538	-	2,272,538	2,020,202
Texas HUB Collaborative	141,533	432,620	574,153	-
Contribution and grants for capital expenditures	-	-	-	20,000
Special events	304,852	-	304,852	376,291
In-kind contributions	883,278	-	883,278	1,112,226
Other support	349,597	965	350,562	173,567
Net assets released from restrictions	1,196,776	(1,196,776)	-	-
Total revenues, gains, and other support	**28,541,009**	**2,817,178**	**31,358,187**	**26,576,982**
Expenses and Losses				
Program services:				
Technical services	931,832	-	931,832	1,149,109
Broadcasting	3,669,171	-	3,669,171	3,743,155
Radio	4,633,738	-	4,633,738	4,492,572
Content services	5,565,128	-	5,565,128	4,868,841
Total program services	14,799,869	-	14,799,869	14,253,677
Support services:				
General and administrative	3,175,889	-	3,175,889	2,430,553
Communications and marketing	533,254	-	533,254	511,487
In-kind expenses	519,289	-	519,289	819,200
Total support services	4,228,432	-	4,228,432	3,761,240
Fundraising costs:				
Membership development	3,413,705	-	3,413,705	3,144,909
Major gifts and foundations	630,407	-	630,407	625,752
Corporate development	1,274,444	-	1,274,444	1,438,287
In-kind expenses	365,924	-	365,924	293,026
Total fundraising costs	5,684,480	-	5,684,480	5,501,974
Depreciation and amortization	905,229	-	905,229	891,658
Total operating expenses	**25,618,010**	**-**	**25,618,010**	**24,408,549**
Change in Net Assets from Operating Activities	**2,922,999**	**2,817,178**	**5,740,177**	**2,168,433**
Changes in Net Assets from Non-Operating Activities				
Investment return, net	1,283,697	(66,330)	1,217,367	1,838,525
Gain on settlement	-	-	-	125,000
Change in value of split-interest agreements	-	6,332	6,332	(4,979)
Gain (loss) on retirement assets	36,992	-	36,992	(6,351)
Interest income	47,921	-	47,921	-
Interest expense	(528,639)	-	(528,639)	(528,211)
Unrealized gain on interest rate swaps	(356,464)	-	(356,464)	373,221
Change in net assets from non-operating activities	**483,507**	**(59,998)**	**423,509**	**1,797,205**
CHANGE IN NET ASSETS	**3,406,506**	**2,757,180**	**6,163,686**	**3,965,638**
NET ASSETS, BEGINNING OF YEAR	**39,689,192**	**3,029,416**	**42,718,608**	**38,752,970**
NET ASSETS, END OF YEAR	**$ 43,095,698**	**$ 5,786,596**	**$ 48,882,294**	**$ 42,718,608**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program Services				
	Technical Services	Broadcasting	Radio	Content Services	Total Program Services Expense
Salaries, benefits, and training	$ 337,182	$ 594,623	$ 2,357,311	$ 2,635,854	$ 5,924,970
Programming	-	2,731,413	1,784,197	38,557	4,554,167
Membership and development	-	-	-	966,893	966,893
Travel and meetings	4,149	6,245	95,593	32,602	138,589
Professional expenses and fees	-	-	126,558	97,326	223,884
Equipment and maintenance	581,138	-	13,976	139,229	734,343
Utilities and insurance	2,700	900	12,206	165,464	181,270
Supplies, postage, and copier	2,601	549	1,521	84,567	89,238
In-kind expenses	-	-	-	-	-
Bad debt expense	-	-	-	548,389	548,389
Outside services	137	335,441	242,376	331,397	909,351
Service charges	-	-	-	150,376	150,376
Promotion	-	-	-	197,993	197,993
Other expenses	3,925	-	-	176,481	180,406
Total expense	**$ 931,832**	**$ 3,669,171**	**$ 4,633,738**	**$ 5,565,128**	**$ 14,799,869**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses, Continued

For the Year Ended June 30, 2019

	Support Services			
	General and Administrative	**Communications and Marketing**	**In-Kind Expenses**	**Total Support Services Expense**
Salaries, benefits, and training	$ 1,379,112	$ 218,064	$ -	$ 1,597,176
Programming	-	-	-	-
Membership and development	-	-	-	-
Travel and meetings	12,566	2,792	-	15,358
Professional expenses and fees	95,413	-	-	95,413
Equipment and maintenance	145,848	-	-	145,848
Utilities and insurance	336,282	-	-	336,282
Supplies, postage, and copier	58,908	72	-	58,980
In-kind expenses	-	-	519,289	519,289
Bad debt expense	548,389	-	-	548,389
Outside services	12,716	94,423	-	107,139
Service charges	150,376	-	-	150,376
Promotion	1,338	196,654	-	197,992
Other expenses	434,941	21,249	-	456,190
Total expense	**$ 3,175,889**	**$ 533,254**	**$ 519,289**	**$ 4,228,432**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses, Continued

For the Year Ended June 30, 2019

	Fundraising					
	Membership Development	Major Gifts and Foundations	Corporate Development	In-Kind Expenses	Total Fundraising Expenses	Total Operating Expenses
Salaries, benefits, and training	$ 948,070	$ 486,063	$ -	$ -	$ 1,434,133	$ 8,956,279
Programming	-	-	-	-	-	4,554,167
Membership and development	1,450,339	113,983	49,417	-	1,613,739	2,580,632
Travel and meetings	14,895	7,755	-	-	22,650	176,597
Professional expenses and fees	50,406	4,500	1,140,482	-	1,195,388	1,514,685
Equipment and maintenance	69,615	-	-	-	69,615	949,806
Utilities and insurance	80,932	-	-	-	80,932	598,484
Supplies, postage, and copier	94,406	9,068	34	-	103,508	251,726
In-kind expenses	-	-	-	365,924	365,924	885,213
Bad debt expense	274,194	-	24,000	-	298,194	1,394,972
Outside services	168,421	9,038	60,511	-	237,970	1,254,460
Service charges	75,188	-	-	-	75,188	375,940
Promotion	98,996	-	-	-	98,996	494,981
Other expenses	88,243	-	-	-	88,243	724,839
Total expense	**$ 3,413,705**	**$ 630,407**	**$ 1,274,444**	**$ 365,924**	**$ 5,684,480**	**24,712,781**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2018

	Program Services				
	Technical Services	Broadcasting	Radio	Content Services	Total Program Services Expense
Salaries, benefits, and training	$ 312,923	$ 912,138	$ 2,391,244	$ 2,355,564	$ 5,971,869
Programming	-	2,487,351	1,651,542	8,893	4,147,786
Membership and development	-	-	-	960,098	960,098
Travel and meetings	6,542	8,106	79,933	33,499	128,080
Professional expenses and fees	-	1,342	53,568	84,902	139,812
Equipment and maintenance	571,003	-	20,215	116,493	707,711
Utilities and insurance	252,072	900	12,380	51,671	317,023
Supplies, postage, and copier	1,520	2,467	1,050	91,941	96,978
In-kind expenses	-	-	-	-	-
Bad debt expense	-	-	-	510,918	510,918
Outside services	(135)	330,851	282,640	306,612	919,968
Service charges	-	-	-	156,409	156,409
Promotional	-	-	-	83,491	83,491
Other expenses	5,184	-	-	108,350	113,534
Total expense	**$ 1,149,109**	**$ 3,743,155**	**$ 4,492,572**	**$ 4,868,841**	**$ 14,253,677**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses, Continued

For the Year Ended June 30, 2018

	Support Services			
	General and Administrative	**Communications and Marketing**	**In-Kind Expenses**	**Total Support Services Expense**
Salaries, benefits, and training	$ 1,083,570	$ 310,880	$ -	$ 1,394,450
Programming	-	-	-	-
Membership and development	-	-	-	-
Travel and meetings	11,136	6,922	-	18,058
Professional expenses and fees	84,902	-	-	84,902
Equipment and maintenance	148,000	1,527	-	149,527
Utilities and insurance	222,530	360	-	222,890
Supplies, postage, and copier	57,339	254	-	57,593
In-kind expenses	-	-	819,200	819,200
Bad debt expense	510,918	-	-	510,918
Outside services	4,331	81,254	-	85,585
Service charges	156,409	-	-	156,409
Promotional	-	83,491	-	83,491
Other expenses	151,418	26,799	-	178,217
Total expense	**$ 2,430,553**	**$ 511,487**	**$ 819,200**	**$ 3,761,240**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statement of Functional Expenses, Continued

For the Year Ended June 30, 2018

	Fundraising					
	Membership Development	**Major Gifts and Foundations**	**Corporate Development**	**In-Kind Expenses**	**Total Fundraising Expenses**	**Total Operating Expenses**
Salaries, benefits, and training	$ 844,401	$ 436,342	$ -	$ -	$ 1,280,743	$ 8,647,062
Programming	-	-	-	-	-	4,147,786
Membership and development	1,440,147	128,730	58,125	-	1,627,002	2,587,100
Travel and meetings	17,839	11,445	-	-	29,284	175,422
Professional expenses and fees	42,451	24,825	1,287,444	-	1,354,720	1,579,434
Equipment and maintenance	58,247	649	-	-	58,896	916,134
Utilities and insurance	24,036	-	-	-	24,036	563,949
Supplies, postage, and copier	109,775	8,517	90	-	118,382	272,953
In-kind expenses	-	-	-	293,026	293,026	1,112,226
Bad debt expense	255,459	-	36,466	-	291,925	1,313,761
Outside services	178,430	15,244	56,162	-	249,836	1,255,389
Service charges	78,204	-	-	-	78,204	391,022
Promotional	41,745	-	-	-	41,745	208,727
Other expenses	54,175	-	-	-	54,175	345,926
Total expense	**$ 3,144,909**	**$ 625,752**	**$ 1,438,287**	**$ 293,026**	**$ 5,501,974**	**$ 23,516,891**

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

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statements of Cash Flows

June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 6,163,686	$ 3,965,638
Adjustments to reconcile net assets to cash provided by operating activities:		
Depreciation of property and equipment	905,229	891,658
Amortization of debt issuance costs	60,472	26,150
Loss on retirement of assets	(36,992)	(6,351)
Net unrealized (gain) loss on investments	(228,413)	129,510
Net realized gain on investments	(465,626)	(1,446,775)
Change in value of split-interest agreements	(6,332)	4,979
Unrealized gain on interest rate swap liability	356,464	(373,221)
Dividend income reinvested	(523,328)	(521,260)
Changes in operating assets and liabilities:		
(Increase) decrease in assets		
Membership contributions and underwriting receivable	(2,276,621)	(650,036)
Prepaid expenses and other assets	11,029	165,218
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	464,361	(161,390)
Deferred revenue	(17,921)	14,941
Other liabilities	10,273	22,736
Net cash provided by operating activities	**4,416,281**	**2,061,797**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(960,521)	(533,006)
Purchases of investments	(1,229,481)	(2,050,001)
Proceeds from the sale of investments	6,115,735	2,885,000
Proceeds from the sale of property and equipment	53,221	-
Net cash provided by investing activities	**3,978,954**	**301,993**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings of notes payable	-	1,000,000
Repayment of notes payable	(6,863,147)	(1,772,659)
Payment of capital lease obligations	(202,039)	(137,697)
Net cash used in financing activities	**(7,065,186)**	**(910,356)**
Net increase in cash, cash equivalents, and restricted cash	1,330,049	1,453,434
Cash, cash equivalents, and restricted cash, beginning of year	5,355,689	3,902,255
Cash, cash equivalents, and restricted cash, end of year	**$ 6,685,738**	**$ 5,355,689**
NON-CASH TRANSACTION		
Realized loss on interest rate swap	$ 50,000	$ -
SUPPLEMENTAL INFORMATION:		
Cash paid for taxes	$ 8,332	$ 7,418
Cash paid for interest	$ 468,167	$ 527,976

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

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 KKXT-97.7 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 as well as parts of Oklahoma and Louisiana. 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 KKXT-91.7 are members of National Public Radio and affiliates of Public Radio International.

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 consolidated 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 presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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 investments, including money market accounts and certificates of deposit. During the years ended June 30, 2019 and 2018, the Corporation periodically had cash deposits in excess of the FDIC insurable limit. The Corporation has not experienced any losses related to this concentration.

Restricted Cash

Restricted cash is comprised of a reserve fund established in accordance with debt covenants for the purpose of future debt payments as described in Note 8.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

MEMBERSHIP CONTRIBUTIONS AND UNDERWRITING RECEIVABLE

The contributions 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 and listed derivatives.
>
> *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 to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
>
> *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, 2019 and 2018, 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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS, CONTINUED

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

Interest Rate Swaps: See description of the valuation technique at Note 6.

During the year ended June 30, 2019, there were no changes in valuation methodologies.

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

Description	Estimated Useful Life (Years)
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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 impairment charges of approximately $0 and $6,000 for the years ended June 30, 2019 and 2018, respectively.

FCC BROADCAST LICENSE

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 or when an event that may trigger an impairment has occurred. Impairment is considered to exist if the fair value of the FCC 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 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 has determined that no impairment related to the FCC broadcast license exists as of June 30, 2019 and 2018.

INTEREST RATE SWAPS

The Corporation did not elect hedge accounting for derivative instruments. The interest rate swaps are reported at fair value in the accompanying consolidated statements of financial position, with changes in fair value being reported in the consolidated statements of activities.

ENDOWMENTS

The Corporation's endowments consist of two funds established for the National Endowment for the Arts and educational purposes. Management has determined the Corporation's permanently 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 permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed in UPMIFA. 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 organization

2 – Summary of Significant Accounting Policies, Continued

Endowments, Continued

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.

Leases

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*.

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 4.

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 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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

Contributions and Grants for Capital Expenditures – During the year ended June 30, 2018, the Corporation received contributions and federal grants for capital expenditures purposes. As funds are appropriated for expenditures and all other grant and contribution conditions were met in the same fiscal year, revenues are recognized as unrestricted.

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

IN-KIND CONTRIBUTIONS

Donated items, fees, and donated service are accounted for as in-kind support at their estimated 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. In-kind support primarily includes donated teaching time. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

The Corporation also receives donated services from volunteers which approximated $87,000 and $99,000 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, advertising costs of approximately $93,000 and $3,000 were recorded, respectively.

2 – Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The statement 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.

The Corporation excludes depreciation and amortization from functional expense categories in the consolidated statements of activities for the fiscal years ended June 30, 2019 and 2018.

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 $5,550,000 and $4,688,167 between natural expense accounts for the years ended June 30, 2019 and 2018, respectively.

Federal Income Taxes

The Corporation is exempt from Federal income taxes Section 501(c)(3) of the Internal Revenue Code and therefore has made not 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 Internal Revenue Code. There were no unrelated business income or Federal excise taxes for the years ended December 31, 2019 and 2018.

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.

Reclassifications

Certain prior year amounts 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.

3 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-04 that deferred the effective date for the Corporation until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Corporation is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In February 2016, the FASB issued ASU 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. This standard will be effective for annual periods beginning after December 15, 2020. Early adopted is permitted with certain limitations. The Corporation is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In August 2016, the FASB issued 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their disclosure requirements. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statements reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). Effective June 30, 2019, the Corporation adopted this ASU.

4 – LIQUIDITY AND FUNDS AVAILABLE

The Corporation's financial assets available within one year of the balance sheet date for general expenditure such as operating expense are as follows:

Cash and cash equivalents	$ 6,685,738
Membership, underwriting, and other receivables	5,903,763
Investments	18,594,694
Total financial assets	**$ 31,184,195**
Contractual or donor-imposed restrictions:	
Split-interest agreements	(93,472)
Net appreciation on endowment assets	(300,203)
Pledges for future operations	(4,392,921)
Endowment funds	(1,000,000)
Board designations:	
Operating reserves	(17,294,791)
Financial assets available to meet cash needs for general expenditures within one year	**$ 8,102,808**

5 – MEMBERSHIP CONTRIBUTIONS, GRANTS, AND UNDERWRITING RECEIVABLE

Membership contributions, grants, and underwriting receivable consist of the following unconditional promises to give at June 30:

	2019	2018
Membership contributions	$ 4,847,963	$ 3,721,698
Program underwriting	1,053,040	958,960
Grants	1,480,000	399,962
	7,381,003	**5,080,620**
Allowance for doubtful accounts	(826,427)	(839,093)
Discount to present value	(62,048)	(25,620)
Membership contributions, grants, and underwriting receivable, net	**$ 6,492,528**	**$ 4,215,907**

5 – Membership Contributions, Grants, and Underwriting Receivable, Continued

Membership contributions and underwriting receivables are generally due within twelve months. Included in membership contributions as of June 30, 2019, are multiyear receivables with expected future cash receipts as follows:

Years ending June 30:	
2020	$ 865,000
2021	615,000
	1,480,000
Discount to present value	(62,048)
Multiyear membership contributions receivable, net	**$ 1,417,952**

6 – Investments and Fair Value Measurements

The following table represents assets and liabilities reported on the consolidated statements of financial position at their fair values as of June 30, 2019 by level within the fair value measurement hierarchy:

	Assets (Liabilities) Measured at Fair Value June 30	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured on a recurring basis:				
Assets:				
Investments:				
Intermediate bond institutional fund	$ 2,792,451	$ 2,792,451	$ -	$ -
All world excuding U.S. equity fund	5,456,123	5,456,123	-	-
Stock market index equity fund	7,710,603	7,710,603	-	-
Alternative Multi-Strategy	1,436,654	1,436,654	-	-
Alternative Strategy	1,198,863	1,198,863	-	-
	18,594,694	18,594,694		
Prepaid expenses and other assets:				
Split-interest agreement	93,472	-	-	93,472
Liabilities:				
Interest rate swaps	72,476	-	72,476	-

6 – Investments and Fair Value Measurements, Continued

The following table represents assets and liabilities reported on the consolidated statements of financial position at their fair values as of June 30, 2018 by level within the fair value measurement hierarchy:

	Assets (Liabilities) Measured at Fair Value June 30	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured on a recurring basis:				
Assets:				
Investments:				
Intermediate bond institutional fund	$ 2,608,626	$ 2,608,626	$ -	$ -
All asset equity institutional fund	1,415,946	1,415,946	-	-
All world excuding U.S. equity fund	6,372,410	6,372,410	-	-
Stock market index equity fund	9,557,310	9,557,310	-	-
Alternative Multi-Strategy	1,166,315	1,166,315	-	-
Alternative Strategy	1,142,974	1,142,974	-	-
	22,263,581	22,263,581		
Prepaid expenses and other assets:				
Split-interest agreements	87,140	-	-	87,140
Interest rate swaps	233,988	-	233,988	-

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

	Split-interest Agreements
Balance, June 30, 2017	$ 92,119
Change in value of split-interest agreements	(4,979)
Balance, June 30, 2018	**87,140**
Change in value of split-interest agreements	6,332
Balance, June 30, 2019	**$ 93,472**

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

	2019	**2018**
Dividend and interest income	$ 523,328	$ 521,260
Net realized gain on investment	465,626	1,446,775
Net unrealized gain (loss) on investments	228,413	(129,510)
	$ 1,217,367	**$ 1,838,525**

7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Land	$ 482,142	$ 482,142
Buildings and improvements	7,924,608	7,830,878
Studio and transmission equipment, including $196,220 of capital leases at June 30, 2019 and 2018	8,676,191	8,339,659
Data processing equipment, including $754,297 of capital leases at June 30, 2019 and 2018	2,132,525	1,725,841
Furniture and fixtures	536,387	528,067
	19,751,853	**18,906,587**
Less accumulated depreciation	(11,882,006)	(11,075,803)
	$ 7,869,847	**$ 7,830,784**

The accumulated depreciation for property and equipment under capital leases for the years ended June 30, 2019 and 2018 was $277,853 and $263,837, respectively.

8 – NOTES PAYABLE, PLEDGED ASSETS, AND INTEREST RATE SWAPS

At June 30, 2019 and 2018, the Corporation had total outstanding notes payable with a commercial bank totaling $7,289,182 and $14,152,329, respectively, inclusive of a tax-exempt note in the amounts of $7,289,182 and $7,740,057, respectively and a taxable note in the amounts of $0 and $6,412,272, respectively. Escalating principal and interest payments, commencing on July 1, 2013, are due in arrears on the first of the month through the maturity date of June 1, 2032 with all outstanding principal and interest due at maturity or on the put date of June 1, 2022. The taxable note is collateralized by investments of the Corporation, and the tax-exempt note is collateralized by the Corporation's real estate at 3000 Harry Hines Blvd., Dallas, Texas.

Debt origination fees of $261,501 are recorded as a debt discount and are accreted into interest expense using the effective interest method over the debt maturity periods. As of June 30, 2019 and 2018, the debt discount balances were $41,949 and $102,421, respectively. For the years ended June 30, 2019 and 2018, accrued interest expense was $18,659 and $26,150, respectively.

In conjunction with entering into these notes, the Corporation entered into two interest rate swap agreements with the bank effective date of May 30, 2012 to convert their contractual variable rate payments to fixed rate payments in order to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. The termination date of these swap agreements is June 1, 2022. The initial notional amount for the swap agreement related to the tax-exempt note and taxable note is $9,800,000 and $7,961,501, respectively, with the notional amount being adjusted on each payment date. The contractual variable rate of the tax-exempt note is the applicable London Interbank Offered Rate (LIBOR) of USD-LIBOR-BBA with a designated maturity of one month multiplied by sixty-five percent (65%) plus 160 basis points (1.60%) and the fixed rate paid under the interest rate swap agreement is 3.03%. The contractual variable rate of the taxable note is USD-LIBOR-BBA rate with a designated maturity of one month plus 200 basis points (2.00%) and the fixed rate paid under the interest rate swap agreement is 3.98%. As of June 30, 2019, the Company properly accrued for the contractual obligation due as a result of the complete payment of the taxable note.

8 – Notes Payable, Pledged Assets, and Interest Rate Swaps, Continued

The fair value of the interest rate swaps is a liability of $72,476 and an asset of $233,988 as of June 30, 2019 and 2018, respectively, which are reflected in the accompanying consolidated statements of financial position, with the related movement in fair value reflected as unrealized gain (loss) on interest rate swaps in the accompanying consolidated statements of activity. The Corporation uses an independent valuation firm to estimate fair value of interest rate swap derivatives through the use of valuation models with observable market data inputs. This is a Level 2 measurement within the fair value measurement hierarchy as defined in Note 2.

Effective May 30, 2012, the Corporation obtained a $1,000,000 line of credit with a commercial bank that has a variable interest rate of USD-LIBOR-BBA with a designated maturity of one month plus 200 basis points (2.00%). Interest payments are due in arrears on the first of the month through maturity with outstanding principal and interest due in full upon maturity. On October 13, 2016 the line of credit was amended to extend the maturity date to November 13, 2019. As of June 30, 2019 and 2018, there was no amount outstanding on this line of credit.

As of June 30, 2019, future maturities of long-term debt are as follows:

Years ending June 30:	
2020	$ 464,144
2021	478,987
2022	493,706
2023	508,874
2024	524,089
Thereafter	4,819,382
	7,289,182
Less: unamortized debt costs	(41,949)
	7,247,233
Less: current portion	(464,144)
Long-term note payable obligation	**$ 6,783,089**

The Corporation's long-term debt agreements require compliance with certain financial and nonfinancial covenants. As of June 30, 2019 and 2018, the Corporation was in compliance with those covenants.

Interest expense related to notes payable was approximately $468,000 and $502,000 for the years ended June 30, 2019 and 2018, respectively. The amounts are included in unrestricted general and administrative expenses in the consolidated statements of activities.

9 – Commitments and Contingencies

Lease Commitments

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, 2019, future minimum rental commitments under noncancelable operating are as follows:

Years ending June 30:		
2020	$	418,548
2021		421,482
2022		434,127
2023		447,151
2024		460,565
Thereafter		1,958,931
Total minimum lease payments	**$**	**4,140,804**

The rental expense was approximately $472,000 and $480,000 for the years ended June 30, 2019 and 2018, 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.

10 – RESTRICTIONS ON NET ASSETS

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

	2019	2018
Split-interest agreements	$ 93,472	$ 87,140
Net appreciation on endowment assets	300,203	366,533
Pledges for future operations	4,392,921	1,575,743
Total temporarily restricted net assets	**$ 4,786,596**	**$ 2,029,416**
National Endowment for the Arts	$ 750,000	$ 750,000
Educational Programming	250,000	250,000
Total permanently restricted net assets	**$ 1,000,000**	**$ 1,000,000**
Total donor restricted net assets	**$ 5,786,596**	**$ 3,029,416**

The changes in endowment assets for the years ended June 30, 2019 and 2018 are summarized below:

Endowment assets at June 30, 2017	$ 1,402,472
Net change in unrealized gains/losses	(35,939)
Dividend and interest income	31,995
Endowment assets appropriated for spending	(31,995)
Endowment assets at June 30, 2018	**1,366,533**
Net change in unrealized gains/losses	(66,330)
Dividend and interest income	34,203
Endowment assets appropriated for spending	(34,203)
Endowment assets at June 30, 2019	**$ 1,300,203**

11 – 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, 2019 and 2018, the Corporation made discretionary contributions equaling 4% of compensation for qualifying employees. For the years ended June 30, 2019 and 2018, the Corporation contributed approximately $246,000 and $244,000, respectively, in discretionary contributions. Additionally, the Corporation incurred approximately $55,000 and $50,000 in expenses related to the Plan for the years ended June 30, 2019 and 2018, respectively.

12 – SUBSEQUENT EVENTS

The Corporation has evaluated all events and transactions that occurred after June 30, 2019 through October 22, 2019, the date these financial statements were available to be issued. During this period, there were no significant subsequent events other than those noted below.

Effective July 17, 2019, the line of credit limit was increased to $3,000,000.

Effective September 30, 2019, the variable interest rate on the line of credit was reduced to an interest rate of USD-LIBOR-BBA with a designated maturity of one month plus 185 basis points.

ADDITIONAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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

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, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements. We issued our report thereon dated October 22, 2019, which contained an unmodified opinion on the financial statements as a whole.

The statement of activities by broadcast entity are presented for the purpose of additional analysis and are not a required part of the 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 financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

BAKER TILLY VIRCHOW KRAUS, LLP
Plano, Texas
October 22, 2019

NORTH TEXAS PUBLIC BROADCASTING, INC.

Consolidated Statements of Activities and Changes in Net Assets by Broadcast Entity

For the Year Ended June 30, 2019

	Television	Radio	Total
Revenues, Gains, and Other Support			
Membership contributions	$ 10,665,809	$ 11,680,397	$ 22,346,206
Underwriting	651,026	3,975,572	4,626,598
Community service grants	1,646,420	626,118	2,272,538
Texas HUB Collaborative	-	574,153	574,153
Special events	121,480	183,372	304,852
In-kind contributions	306,841	576,437	883,278
Other support	327,919	22,643	350,562
Total revenues, gains, and other support	**13,719,495**	**17,638,692**	**31,358,187**
Expenses and Losses			
Program services:			
Technical services	321,692	610,140	931,832
Broadcasting	3,669,171	-	3,669,171
Radio	-	4,633,738	4,633,738
Content services	1,941,908	3,623,220	5,565,128
Total program services	5,932,771	8,867,098	14,799,869
Support services:			
General and administrative	1,270,355	1,905,534	3,175,889
Communications and marketing	197,996	335,258	533,254
In-kind expenses	89,905	429,384	519,289
Total support services	1,558,256	2,670,176	4,228,432
Fundraising costs:			
Membership development	1,587,173	1,826,532	3,413,705
Major gifts and foundations	275,363	355,044	630,407
Corporate development	509,778	764,666	1,274,444
In-kind expenses	216,916	149,008	365,924
Total fundraising costs	2,589,230	3,095,250	5,684,480
Depreciation and amortization	543,137	362,092	905,229
Total operating expenses	**10,623,394**	**14,994,616**	**25,618,010**
Change in Net Assets from Operating Activities	**3,096,101**	**2,644,076**	**5,740,177**
Changes in Net Assets from Non-Operating Activities			
Investment return, net	1,217,367	-	1,217,367
Change in value of split-interest agreements	6,332	-	6,332
Gain (loss) on retirement assets	14,797	22,195	36,992
Interest income	19,169	28,752	47,921
Interest expense	-	(528,639)	(528,639)
Unrealized gain on interest rate swaps	-	(356,464)	(356,464)
Change in net assets from non-operating activities	**1,257,665**	**(834,156)**	**423,509**
CHANGE IN NET ASSETS	**$ 4,353,766**	**$ 1,809,920**	**$ 6,163,686**