

TWIN CITIES PUBLIC TELEVISION, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2024 AND 2023



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**TWIN CITIES PUBLIC TELEVISION, INC.
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YEARS ENDED AUGUST 31, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Twin Cities Public Television, Inc.
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Twin Cities Public Television, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin Cities Public Television, Inc. as of August 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Twin Cities Public Television, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

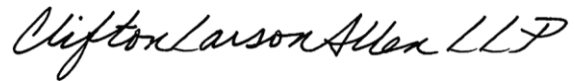
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Twin Cities Public Television, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Twin Cities Public Television, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Trustees
Twin Cities Public Television, Inc.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 11, 2024

TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

| | 2024 | 2023 |
|-----------------------------------|---------------|---------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 10,075,552 | \$ 15,658,302 |
| Accounts Receivable, Net | 286,286 | 1,004,627 |
| Prepaid Expenses and Other Assets | 1,185,314 | 797,723 |
| Sponsorship Receivable, Net | 219,973 | 220,193 |
| Pledges Receivable, Net | 92,441 | 163,358 |
| Grants Receivable, Net | 4,286,799 | 3,551,862 |
| Investments | 64,341,868 | 51,186,065 |
| Property and Equipment, Net | 18,294,173 | 18,035,553 |
| Right-of-Use Assets, Net | 578,723 | 778,723 |
| Total Assets | \$ 99,361,129 | \$ 91,396,406 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 1,248,278 | \$ 1,932,616 |
| Other Accrued Expenses | 3,099,977 | 3,297,623 |
| Deferred Revenue | 150,289 | 260,635 |
| Deferred Compensation | 1,068,528 | 1,030,726 |
| Lease Liability | 580,041 | 793,874 |
| Total Liabilities | 6,147,113 | 7,315,474 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Operating Fund | 2,164,814 | 1,951,844 |
| Property Fund | 19,967,106 | 19,709,167 |
| Board-Designated Fund | 50,537,748 | 45,095,181 |
| Total Without Donor Restrictions | 72,669,668 | 66,756,192 |
| With Donor Restrictions | 20,544,348 | 17,324,740 |
| Total Net Assets | 93,214,016 | 84,080,932 |
| Total Liabilities and Net Assets | \$ 99,361,129 | \$ 91,396,406 |

See accompanying Notes to Financial Statements.

TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

| | Without Donor Restrictions | | | With Donor Restrictions | Total |
|---|----------------------------|----------------------|----------------------|----------------------------|----------------------|
| | Operations | Property | Board- Designated | | |
| REVENUES, GAINS (LOSSES), AND OTHER SUPPORT | | | | | |
| Individual Contributions and Memberships | \$ 19,876,064 | \$ - | \$ 22,110 | \$ 19,898,174 | \$ 20,142,682 |
| Planned Giving, Principally Bequests | 278,100 | - | 929,600 | 1,207,700 | 1,260,517 |
| Foundation Contributions | 713,068 | - | - | 713,068 | 2,845,297 |
| Corporation Contributions | 55,710 | - | - | 55,710 | 123,688 |
| Sponsorship | 1,103,696 | - | - | 1,103,696 | 1,103,696 |
| Corporation for Public Broadcasting Grants and PBS Grants | 4,308,418 | - | - | 4,308,418 | 4,359,276 |
| State of Minnesota Grants | 2,721,994 | 95,704 | - | 2,817,698 | 3,809,114 |
| Federal Government Grants | 10,399,361 | - | - | 10,399,361 | 10,399,361 |
| Donated Goods, Facilities and Professional Services | 166,312 | - | - | 166,312 | 166,312 |
| Earned Income | 4,855,949 | - | - | 4,855,949 | 4,855,949 |
| Net Investment Income (Loss) | 415,788 | 1,035 | 5,838,505 | 6,255,328 | 8,639,722 |
| Other Income | 582,838 | (3,298) | - | 579,540 | 579,540 |
| Actuarial Adjustment Related to Split Interest Agreements | - | - | (21,655) | (21,655) | (21,655) |
| Total Revenues, Gains, (Losses) and Other Support Before Net Assets Released from Restrictions | 45,477,298 | 93,441 | 6,768,560 | 52,339,299 | 58,263,499 |
| Net Assets Released from Restrictions | 1,951,509 | 753,083 | - | (2,704,592) | - |
| Total Revenues, Gains (Losses), And Other Support | <u>47,428,807</u> | <u>846,524</u> | <u>6,768,560</u> | <u>55,043,891</u> | <u>58,263,499</u> |
| EXPENSES AND TRANSFERS OF NET ASSETS | | | | | |
| Program and Supporting Services: | | | | | |
| Programming and Production | 32,750,925 | 1,482,941 | - | 34,233,866 | 34,233,866 |
| Broadcasting | 2,891,575 | 120,034 | - | 3,011,609 | 3,011,609 |
| Program Information | 182,430 | 13,598 | - | 196,028 | 196,028 |
| Fund Raising | 6,281,236 | 403,081 | - | 6,684,317 | 6,684,317 |
| General and Management | 4,949,866 | 54,729 | - | 5,004,595 | 5,004,595 |
| Total Program and Supporting Services | <u>47,056,032</u> | <u>2,074,383</u> | <u>-</u> | <u>49,130,415</u> | <u>49,130,415</u> |
| CHANGE IN NET ASSETS BEFORE TRANSFERS OF NET ASSETS WITHOUT DONOR RESTRICTIONS | 372,775 | (1,227,859) | 6,768,560 | 5,913,476 | 9,133,084 |
| Transfer and Reclassification of Net Assets Without Donor Restrictions | (159,805) | 1,485,798 | (1,325,993) | - | - |
| CHANGE IN NET ASSETS | 212,970 | 257,939 | 5,442,567 | 5,913,476 | 9,133,084 |
| Net Assets - Beginning of Year | 1,951,844 | 19,709,167 | 45,095,181 | 66,756,192 | 84,080,932 |
| NET ASSETS - END OF YEAR | <u>\$ 2,164,814</u> | <u>\$ 19,967,106</u> | <u>\$ 50,537,748</u> | <u>\$ 72,669,668</u> | <u>\$ 93,214,016</u> |

See accompanying Notes to Financial Statements.

TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

| | Without Donor Restrictions | | | With Donor Restrictions | Total |
|---|----------------------------|----------------------|----------------------|----------------------------|----------------------|
| | Operations | Property | Board- Designated | | |
| REVENUES, GAINS (LOSSES), AND OTHER SUPPORT | | | | | |
| Individual Contributions and Memberships | \$ 19,379,203 | \$ - | \$ 26,456 | \$ 19,405,659 | \$ 19,892,513 |
| Planned Giving, Principally Bequests | 270,000 | - | 1,570,245 | 1,840,245 | 7,196,840 |
| Foundation Contributions | 858,710 | - | - | 858,710 | 2,482,900 |
| Corporation Contributions | 684,487 | - | - | 684,487 | 704,139 |
| Sponsorship | 1,112,273 | - | - | 1,112,273 | 1,112,273 |
| Corporation for Public Broadcasting Grants and PBS Grants | 3,969,017 | - | - | 3,969,017 | 4,421,225 |
| State of Minnesota Grants | 4,567,906 | - | - | 4,567,906 | 4,567,906 |
| Federal Government Grants | 10,777,017 | - | - | 10,777,017 | 10,777,017 |
| Donated Goods, Facilities and Professional Services | 100,179 | - | - | 100,179 | 100,179 |
| Other Contributions | 9,026 | - | - | 9,026 | 58,326 |
| Earned Income | 5,644,730 | - | - | 5,644,730 | 5,664,730 |
| Net Investment Income (Loss) | 125,886 | 588 | 3,031,367 | 3,157,841 | 4,286,215 |
| Gain on Forgiveness of Debt | - | - | 1,000,000 | 1,000,000 | 1,000,000 |
| Other Income | 562,673 | 9,026 | - | 571,699 | 571,699 |
| Actuarial Adjustment Related to Split Interest Agreements | - | - | (4,989) | (4,989) | (4,989) |
| Total Revenues, Gains (Losses), and Other Support Before | | | | | |
| Endowment Draw Transfer and Net Assets Released from Restrictions | 48,061,107 | 9,614 | 5,623,079 | 53,693,800 | 9,137,173 |
| Endowment Draw Transfer | 1,250,000 | - | (1,015,044) | 234,956 | - |
| Net Assets Released from Restrictions | 1,284,723 | 2,375,076 | - | 3,659,799 | (3,659,799) |
| Total Revenues, Gains (Losses), And Other Support | <u>50,595,830</u> | <u>2,384,690</u> | <u>4,608,035</u> | <u>57,588,555</u> | <u>5,242,418</u> |
| EXPENSES AND TRANSFERS OF NET ASSETS | | | | | |
| Program and Supporting Services: | | | | | |
| Programming and Production | 37,179,497 | 1,279,302 | - | 38,458,799 | 38,458,799 |
| Broadcasting | 2,676,141 | 86,180 | - | 2,762,321 | 2,762,321 |
| Program Information | 174,852 | 10,424 | - | 185,276 | 185,276 |
| Fund Raising | 5,621,071 | 316,502 | 79,800 | 6,017,373 | 6,017,373 |
| General and Management | 3,321,346 | 37,390 | - | 3,358,736 | 3,358,736 |
| Total Program and Supporting Services | <u>48,972,907</u> | <u>1,729,798</u> | <u>79,800</u> | <u>50,782,505</u> | <u>50,782,505</u> |
| CHANGE IN NET ASSETS BEFORE TRANSFERS OF NET ASSETS WITHOUT DONOR RESTRICTIONS | 1,622,923 | 654,892 | 4,528,235 | 6,806,050 | 5,242,418 |
| Transfer and Reclassification of Net Assets Without Donor Restrictions | (1,448,700) | 1,104,470 | (54,817) | (399,047) | 399,047 |
| CHANGE IN NET ASSETS | 174,223 | 1,759,362 | 4,473,418 | 6,407,003 | 5,641,465 |
| Net Assets - Beginning of Year | 1,777,621 | 17,949,805 | 40,621,763 | 60,349,189 | 11,683,275 |
| NET ASSETS - END OF YEAR | <u>\$ 1,951,844</u> | <u>\$ 19,709,167</u> | <u>\$ 45,095,181</u> | <u>\$ 66,756,192</u> | <u>\$ 17,324,740</u> |

See accompanying Notes to Financial Statements.

TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024

| | Program Services | | | | Supporting Services | | |
|---|----------------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | Programming and Production | Broadcasting | Program Information | Total | Fund Raising | General and Management | Total |
| Salaries, Payroll Taxes and Employee Benefits | \$ 12,531,653 | \$ 1,774,635 | \$ 154,491 | \$ 14,460,779 | \$ 4,038,940 | \$ 2,533,907 | \$ 21,033,626 |
| Program Acquisition | 4,862,059 | - | - | 4,862,059 | - | - | 4,862,059 |
| PBS and Regional Memberships | 105,364 | 11,559 | 1,301 | 118,224 | 37,733 | 6,617 | 162,574 |
| Legal Services | 7,617 | 947 | 166 | 8,730 | 3,092 | 247,565 | 259,387 |
| Accounting Services | - | - | - | - | - | 118,184 | 118,184 |
| Outside Services | 12,790,960 | 85,810 | 6,344 | 12,883,114 | 605,287 | 1,307,239 | 14,795,640 |
| Professional Fundraiser | 34,800 | - | - | 34,800 | - | - | 34,800 |
| Office Supplies | 22,225 | 2,776 | 330 | 25,331 | 13,428 | 3,302 | 42,061 |
| Postage | 249,443 | 33,487 | 2,325 | 285,255 | 181,436 | 70,587 | 537,278 |
| Telephone and Data Services | 55,395 | 37,211 | 586 | 93,192 | 17,007 | 2,982 | 113,181 |
| Occupancy | 514,328 | 152,108 | 5,687 | 672,123 | 189,445 | 143,371 | 1,004,939 |
| Operating Lease Expense | 15,993 | 126,533 | 197 | 142,723 | 5,728 | 1,004 | 149,455 |
| Printing and Publications | 274,017 | 50,414 | 2,262 | 326,693 | 280,506 | 66,812 | 674,011 |
| Recording Media | 14,350 | 51 | - | 14,401 | 249 | - | 14,650 |
| Other Program Costs | 94,083 | 136,471 | 43 | 230,597 | 30,340 | 1,178 | 262,115 |
| Advertising | 289,234 | 6,981 | 794 | 297,009 | 57,747 | 20,488 | 375,244 |
| Premiums | - | 47,610 | - | 47,610 | 232,449 | - | 280,059 |
| Rental and Maintenance of Equipment | 1,070,138 | 346,743 | 6,332 | 1,423,213 | 181,288 | 236,320 | 1,840,821 |
| Travel | 201,704 | 7,948 | 1,469 | 211,121 | 76,733 | 19,878 | 307,732 |
| Conferences and Meetings | 55,867 | 2,575 | 899 | 59,341 | 17,429 | 10,592 | 87,362 |
| Miscellaneous | 59,828 | 79,711 | 646 | 140,185 | 362,797 | 152,724 | 655,706 |
| Depreciation and Amortization | 984,808 | 108,039 | 12,156 | 1,105,003 | 352,683 | 61,845 | 1,519,531 |
| Total Expenses | <u>\$ 34,233,866</u> | <u>\$ 3,011,609</u> | <u>\$ 196,028</u> | <u>\$ 37,441,503</u> | <u>\$ 6,684,317</u> | <u>\$ 5,004,595</u> | <u>\$ 49,130,415</u> |

See accompanying Notes to Financial Statements.

**TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023**

| | Program Services | | | | Supporting Services | | |
|---|----------------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | Programming and Production | Broadcasting | Program Information | Total | Fund Raising | General and Management | Total |
| Salaries, Payroll Taxes and Employee Benefits | \$ 15,993,380 | \$ 1,534,831 | \$ 145,484 | \$ 17,673,695 | \$ 3,049,084 | \$ 2,065,230 | \$ 22,788,009 |
| Program Acquisition | 5,270,668 | 863 | - | 5,271,531 | 4,212 | - | 5,275,743 |
| PBS and Regional Memberships | 103,327 | 9,478 | 1,147 | 113,952 | 34,809 | 4,112 | 152,873 |
| Legal Services | 145,544 | - | - | 145,544 | 153,520 | 24,230 | 323,294 |
| Accounting Services | - | - | - | - | - | 90,293 | 90,293 |
| Outside Services | 13,030,466 | 74,889 | 3,696 | 13,109,051 | 421,167 | 636,132 | 14,166,350 |
| Professional Fundraiser | 49,600 | 73,801 | - | 123,401 | 361,063 | - | 484,464 |
| Office Supplies | 19,512 | 1,778 | 293 | 21,583 | 8,404 | 3,614 | 33,601 |
| Postage | 208,337 | 31,769 | 4,195 | 244,301 | 162,788 | 60,962 | 468,051 |
| Telephone and Data Services | 41,580 | 35,265 | 375 | 77,220 | 11,422 | 1,427 | 90,069 |
| Occupancy | 525,275 | 155,405 | 4,796 | 685,476 | 246,614 | 17,876 | 949,966 |
| Operating Lease Expense | 16,679 | 150,335 | 185 | 167,199 | 5,619 | 664 | 173,482 |
| Printing and Publications | 238,368 | 57,018 | 4,287 | 299,673 | 298,844 | 61,506 | 660,023 |
| Recording Media | 5,384 | - | - | 5,384 | - | - | 5,384 |
| Other Program Costs | 170,463 | 97,607 | 109 | 268,179 | 39,785 | 4,445 | 312,409 |
| Advertising | 372,735 | 9,998 | 2,320 | 385,053 | 54,093 | 31,729 | 470,875 |
| Premiums | - | 50,467 | - | 50,467 | 246,415 | - | 296,882 |
| Rental and Maintenance of Equipment | 943,677 | 303,610 | 4,892 | 1,252,179 | 129,821 | 222,809 | 1,604,809 |
| Travel | 240,264 | 6,626 | 1,329 | 248,219 | 55,318 | 10,873 | 314,410 |
| Conferences and Meetings | 40,074 | 1,998 | 964 | 43,036 | 16,794 | 10,040 | 69,870 |
| Miscellaneous | 104,562 | 80,458 | 786 | 185,806 | 401,299 | 75,427 | 662,532 |
| Depreciation and Amortization | 938,904 | 86,125 | 10,418 | 1,035,447 | 316,302 | 37,367 | 1,389,116 |
| Total Expenses | <u>\$ 38,458,799</u> | <u>\$ 2,762,321</u> | <u>\$ 185,276</u> | <u>\$ 41,406,396</u> | <u>\$ 6,017,373</u> | <u>\$ 3,358,736</u> | <u>\$ 50,782,505</u> |

See accompanying Notes to Financial Statements.

TWIN CITIES PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2024 AND 2023

| | 2024 | 2023 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 9,133,084 | \$ 12,048,468 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| Depreciation | 1,519,531 | 1,389,116 |
| Net Realized and Unrealized Gains from Investments | (8,257,970) | (3,008,962) |
| Loss on Disposal of Property and Equipment | 7,947 | 1,885 |
| Gain on Forgiveness of Debt | - | (1,000,000) |
| Change in Operating Assets: | | |
| Accounts Receivable | 718,341 | (6,682) |
| Prepaid Expenses and Other Assets | (387,591) | 3,303,506 |
| Sponsorship Receivable | 220 | (64,649) |
| Pledges Receivable | 70,917 | (143,358) |
| Grants Receivable | (734,937) | (761,014) |
| Operating Lease, Right-of-Use Asset | 200,000 | (778,723) |
| Change in Operating Liabilities: | | |
| Accounts Payable | (684,338) | 1,020,433 |
| Other Accrued Expenses | (197,646) | 1,081,888 |
| Deferred Revenue | (110,346) | 141,458 |
| Deferred Compensation | 37,802 | (33,690) |
| Operating Lease Liabilities | (213,833) | 793,874 |
| Contributions Restricted for Long-Term Investment | (52,817) | (3,856,595) |
| Net Cash Provided by Operating Activities | 1,048,364 | 10,126,955 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Property and Equipment | (1,786,098) | (1,875,954) |
| Purchases of Investments | (58,657,861) | (13,731,399) |
| Sale of Investments | 53,760,028 | 8,840,253 |
| Net Cash Used by Investing Activities | (6,683,931) | (6,767,100) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions Received Restricted for Long-Term Investment | 52,817 | 3,856,595 |
| NET INCREASE (DECREASE) IN CASH | (5,582,750) | 7,216,450 |
| Cash and Cash Equivalents - Beginning of Year | 15,658,302 | 8,441,852 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 10,075,552 | \$ 15,658,302 |

See accompanying Notes to Financial Statements.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of Twin Cities Public Television, Inc. (collectively referred to as TPT) is to "enrich lives and strengthen our community through the power of media." As one of the nation's leading public media organizations, TPT uses television, interactive media and community engagement to advance education, culture and citizenship. For over 50 years, TPT has been recognized for its innovation and creativity with numerous awards, including Peabody awards and national and regional Emmys. Based in St. Paul, Minnesota, TPT is one of the highest rated Public Broadcasting Service (PBS) affiliates in the nation. TPT's particular areas of focus include: the educational readiness of children; engaging a new generation in the power of public media; and being the preferred media partner for organizations that align with our mission to enrich lives and strengthen community.

Net Asset Classifications

For the purposes of financial reporting, TPT classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of TPT are classified in the accompanying financial statements in the categories that follow:

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by action of TPT and/or the passage of time or maintained permanently by TPT. Generally, the donors of assets held in perpetuity permit TPT to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

TPT classifies its net assets without donor restrictions in three funds: Operating fund (undesignated), Property fund (undesignated) and Board-Designated fund.

Operating

Consists of contributions, grants and other revenues available for the operations of TPT and to account for the expenses related to the general operations of TPT.

Property

Consists of buildings, building improvements and equipment owned by TPT.

Board-Designated

Consists of assets designated by TPT's board of trustees to fund specific unrestricted operational activities of TPT and to assure the long-term financial health of the organization. The board retains control over these resources and may, at its discretion, subsequently use them for other purposes. TPT's board has designated funds for the following purposes:

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Asset Classifications (Continued)

Board-Designated (Continued)

Board-Designated Endowment Fund (\$30,494,536 and \$26,020,212 as of August 31, 2024 and 2023, respectively): Each fiscal year, a recommendation for an annual draw to support operations is made to the board by TPT's management. The draw amount is based on a five-year average and is not to exceed 5% of the board-designated endowment fund balance; this amount is then transferred to the operating fund throughout the year. Other requests for use of these funds are permitted after a recommendation by management and subsequent approval by the board. The draw rate for fiscal year 2024 and 2023 was -0-% and 4.2%, respectively.

Property Acquisition Designated Fund (\$1,974,263 and \$425,387 as of August 31, 2024 and 2023, respectively): This fund consists of assets designated by the board which can be made available to acquire new property and equipment. Spending from this fund requires board approval.

Working Capital Fund (\$14,582,969 and \$15,073,909 as of August 31, 2024 and 2023, respectively): This fund provides TPT a funding mechanism to fund opportunities that arise outside of the normal operating plan and also serves as a reserve to cover short-term budget deficits. This fund also included the note payable in prior year described in Note 9, whose proceeds were used in the liquidation of the defined benefit pension plan. Spending from this fund requires board approval.

National Program Development Fund (\$-0- and \$323,741 as of August 31, 2024 and 2023, respectively): This fund provides a revolving development fund to make investments in national production opportunities. Borrowing from this fund can be authorized by the President or CFO and must be repaid in 24 months.

Response Initiatives Fund (\$3,485,980 and \$3,251,901 as of August 31, 2024 and 2023, respectively). This fund was created to develop new programming or services that meet critical emerging needs in our community, or to invest in the infrastructure needed to provide these services. Spending from this fund requires board approval.

Revenues from sources other than contributions and grants are generally reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Income earned on donor-restricted funds is initially classified as net assets with donor restrictions and is reclassified as net assets without donor restrictions when expenses are incurred for their intended purpose.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Asset Classifications (Continued)

Unconditional contributions and grants, including planned giving, foundation and corporate contributions and other promises to give, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the two classes of net assets. Contributions or grants that include a measurable barrier, or those for which TPT has limited discretion over how the contribution should be spent, and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met, in accordance with donor restrictions. Amounts received prior to conditions being met are reported as deferred revenue in the statements of financial position. TPT's federal grants, including Corporation for Public Broadcasting grants and PBS grants, are considered conditional upon the spending of the grant funds for their restricted purposes; thus, the revenue is recognized in the year the eligible expenses are incurred.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue within net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenue within net assets with donor restrictions; the restrictions are released at the time grant conditions are met.

In absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce net assets with donor restrictions.

Gains and losses on investments of endowment funds created by a board designation of funds without donor restrictions are classified as changes in net assets without donor restrictions.

Cash and Cash Equivalents

TPT considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables consist of sponsorship receivable, pledges receivable, and grants receivable. Receivables are stated at the amount management expects to collect from outstanding balances. Based on historical collections experience and management's evaluation of receivables at the end of each year, TPT has determined that no allowance for doubtful accounts is necessary. Bad debts are written-off when deemed uncollectible. Recoveries of receivables previously written-off are recorded when received. Receivables are generally unsecured. Receivables are considered delinquent if payment or payment arrangements are not made by the due date. Delinquent accounts are not charged a service fee.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Receivables (Continued)

Conditional pledges and grants are recorded as revenue when the condition has been met. TPT had conditional grants outstanding of \$21,437,970 and \$27,476,713 as of August 31, 2024 and 2023, respectively, whereby, the conditions will be met upon incurring certain qualifying expenditures.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property and equipment are recorded at fair value at the date of contribution. All property and equipment in excess of \$3,000 with estimated lives greater than one year are capitalized. Expenditures for repairs and maintenance which do not improve efficiency or extend economic life of the asset are expensed as incurred.

Depreciation is computed on the straight-line method over the estimated useful lives as follows:

| | |
|-----------------------------------|----------------|
| Building | 15 to 50 Years |
| Tower and transmitter equipment | 10 to 20 Years |
| Production equipment and fixtures | 3 to 15 Years |
| Office furniture and equipment | 3 to 10 Years |

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent The Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that The Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, The Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Impairment of Long-Lived Assets

TPT reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Deferred Revenue

A liability is recorded when payment for goods and/or services is received before it has been earned.

Individual Contributions and Memberships

Membership contributions and other contributions received from individuals are recognized upon receipt as the remaining performance obligations associated with the membership are de minimus.

Sponsorship

Contributions received for underwriting, either on air, online or print form, are recorded as sponsorship revenue when the relevant barriers to recognition are met, which is typically in the period in which the underwriting spot occurs.

Donated Goods, Facilities and Professional Services

Donated goods, facilities and professional services are recognized as revenue within net assets without donor restrictions when received and an equal amount of expense is recognized in various expense categories on the statement of activities. Donated goods, facilities and professional services are recognized at fair value at the date donated.

Earned Income

Earned income includes various production and content activities, as well as royalty payments received. Production activity is recognized as revenue as the performance obligation(s) are satisfied over the contract period.

Advertising Expenses

TPT expenses advertising as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to one or more programs or supporting functions of TPT. Operational unit expenses are allocated to the functional categories using time and labor allocations. The total percentages of the functional activity for operational units are then used to allocate any department expenses that support the employees of TPT, like building services, information technology and building depreciation.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

The Internal Revenue Service has determined that TPT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. TPT is also exempt from state income taxes. TPT does pay income taxes on business income which is generated by business activities not substantially related to the exempt purpose of TPT and regularly carried on by TPT.

TPT follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by TPT for uncertain tax positions as of August 31, 2024 and 2023. TPT's tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

The Organization has adopted Accounting Standards Updated (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have an impact on the Organization's financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following table reflects TPT's financial assets available for general expenditure at August 31, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets whose use is limited by loan and other agreements. Other financial assets that are excluded from this measure of liquidity include endowments, accumulated earnings restricted by donors or TPT's board of directors or assets held for or by others, and annuity reserves.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

| | 2024 | 2023 |
|--|---------------|---------------|
| Financial Assets: | | |
| Cash and Cash Equivalents | \$ 10,075,552 | \$ 15,658,302 |
| Accounts Receivable | 286,286 | 1,004,627 |
| Grants Receivable for Fiscal 2024 and 2023, Respectively | 4,286,799 | 3,551,862 |
| Endowment Draw for Fiscal 2024 and 2023, Respectively | - | 1,300,000 |
| Pledges Receivable Due Within One Year (Without Donor Restrictions) | 92,441 | 56,118 |
| Sponsorship Receivable Due Within One Year (Without Donor Restrictions) | 219,973 | 220,194 |
| Nonendowment Related Investments | 438,670 | 18,446 |
| Total | \$ 15,399,721 | \$ 21,809,549 |

Cash in excess of daily requirements is typically invested in short-term, liquid securities. TPT also has an unsecured \$4,000,000 line of credit (see Note 8) available to meet unanticipated cash needs. TPT has board-designated endowment funds, which are not included in the table above, of \$30,494,536 and \$26,020,212 at August 31, 2024 and 2023, respectively, which could also be made available at the direction of the board.

NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS FAIR VALUE HIERARCHY

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS FAIR VALUE HIERARCHY
(CONTINUED)**

Fair Value Hierarchy (Continued)

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Valuation Techniques and Inputs

Level 1 – Level 1 assets include money market funds and mutual funds for which quoted prices are readily available.

Level 2 – Level 2 assets include investments in money market funds and mutual funds for which quoted prices are not readily available. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

There have been no changes in the techniques and inputs used as of August 31, 2024 and 2023.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While TPT believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investments in alternative investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value. TPT has estimated the fair value of these funds by using the net asset value provided by the investee.

The following table presents information about TPT's assets measured at fair value on a recurring basis as of August 31, 2024:

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS FAIR VALUE HIERARCHY
(CONTINUED)**

Valuation Techniques and Inputs (Continued)

| | Total | 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) |
| ASSETS | | | | |
| Mutual Funds: | | | | |
| U.S. Equities | \$ 26,141,950 | \$ 26,141,950 | \$ - | \$ - |
| U.S. Fixed Income | 13,959,149 | 13,959,149 | - | - |
| U.S. Target Allocation | 413,057 | 413,057 | - | - |
| U.S. Real Estate | 2,077,428 | 2,077,428 | - | - |
| Global Equities | 11,358,532 | 11,358,532 | - | - |
| Emerging Markets Equities | 3,701,428 | 3,701,428 | - | - |
| Hedge Fund/Alternative | - | - | - | - |
| Commodity | 1,160,480 | 1,160,480 | - | - |
| Assets By Valuation Hierarchy | <u>\$ 58,812,024</u> | <u>\$ 58,812,024</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash and Money Market | \$ 623,818 | | | |
| Investments Measured at NAV | 4,897,006 | | | |
| Investment Held at Cost | 9,020 | | | |
| Total Investments | <u>\$ 64,341,868</u> | | | |

In the table above, assets held at Level 1 include TPT's investments held for its 457(b) plan totaling \$1,068,528 for the year ending August 31, 2024.

The following table presents information about TPT's assets measured at fair value on a recurring basis as of August 31, 2023:

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS FAIR VALUE HIERARCHY (CONTINUED)

Valuation Techniques and Inputs (Continued)

| | Total | 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) |
| ASSETS | | | | |
| Mutual Funds: | | | | |
| U.S. Equities | \$ 18,758,349 | \$ 18,758,349 | \$ - | \$ - |
| U.S. Fixed Income | 14,841,991 | 14,841,991 | - | - |
| U.S. Target Allocation | 411,946 | 411,946 | - | - |
| U.S. Real Estate | 13,840 | 13,840 | - | - |
| Global Equities | 12,229,665 | 12,229,665 | - | - |
| Emerging Markets Equities | 14,222 | 14,222 | - | - |
| Hedge Fund/Alternative | - | - | - | - |
| Assets By Valuation Hierarchy | <u>\$ 46,270,013</u> | <u>\$ 46,270,013</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash and Money Market | \$ 130,011 | | | |
| Investments Measured at NAV | 4,773,627 | | | |
| Investment Held at Cost | 12,414 | | | |
| Total Investments | <u>\$ 51,186,065</u> | | | |

In the table above, assets held at Level 1 include TPT's investments held for its 457(b) plan totaling \$1,030,726 for the year ending August 31, 2023.

TPT uses the net asset value (NAV) as a practical expedient to determine fair value of all underlying investments which (a) do not have a readily determinable fair value; and (b) are in investment companies or similar entities that report their investment assets at fair values.

The following table lists the alternative investments in which NAV was utilized as the practical expedient for estimating fair value by major category as of August 31, 2024 and 2023:

| Asset Class: | 2024 Fair Value | 2023 Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period | Remaining Investment Period |
|---------------------|---------------------|---------------------|----------------------|--|--------------------------|-----------------------------|
| Private Equity (1) | \$ 1,776,377 | \$ 1,634,313 | \$ 60,000 | Not Redeemable | N/A | N/A |
| Private Equity (1) | 1,369,374 | 1,265,835 | 123,340 | Not Redeemable | N/A | 17 months |
| Private Equity (1) | 1,119,059 | 976,087 | 563,534 | Not Redeemable | N/A | 28 months |
| Private Equity (1) | 451,534 | 463,065 | - | Not Redeemable | N/A | N/A |
| Private Equity (1) | 180,662 | 150,068 | - | Not Redeemable | N/A | N/A |
| Global Equities (3) | - | 284,259 | - | Quarterly | 60 days | N/A |
| Total | <u>\$ 4,897,006</u> | <u>\$ 4,773,627</u> | | | | |

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

**NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS FAIR VALUE HIERARCHY
(CONTINUED)**

Valuation Techniques and Inputs (Continued)

Following are the investment strategies for the investments held at NAV as a practical expedient:

- (1) This category is a type of mutual fund or ETF that invests heavily in securities of varying asset classes.
- (2) Domestic public funds or corporate bonds that provide equity-like returns.
- (3) International funds or corporate bonds that provide equity-like returns.
- (4) International funds are invested in investment grade fixed income securities of US and foreign governments.
- (5) Hedge funds/alternative is a pooled investment fund that trades in relatively liquid assets.

Investments, in general, are subject to various risks, including credit, custodial, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Through TPT's investments in alternative investments, TPT is indirectly involved in investment activities such as securities lending, trading in futures and forward contracts and other derivative products. Derivatives are used to adjust portfolio risk exposure or enhance returns. While these instruments may contain varying degrees of risk, TPT's risk with respect to such transactions is limited to its capital balance in each investment.

Net investment income (loss) consists of the following for the years ended August 31:

| | 2024 | 2023 |
|--|--------------|--------------|
| Interest and Dividends, Net | \$ 1,407,664 | \$ 1,277,254 |
| Net Realized and Unrealized Gains (Losses) | 7,232,058 | 3,008,961 |
| Total | \$ 8,639,722 | \$ 4,286,215 |

NOTE 4 RESTRICTIONS AND LIMITATIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at August 31:

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 4 RESTRICTIONS AND LIMITATIONS ON NET ASSETS (CONTINUED)

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Time or Purpose Restrictions: | | |
| Project Support | \$ 2,753,190 | \$ 231,217 |
| Capital and Equipment Purchases | 50,000 | 2,118,003 |
| Next Avenue | - | 79,927 |
| Future Operations (Time Restricted) | 574,840 | 166,485 |
| Endowment Funds (Accumulated Earnings) | 2,532,295 | 147,902 |
| Total Time or Purpose Restrictions | <u>5,910,325</u> | <u>2,743,534</u> |
| Endowment Fund (to Be Held in Perpetuity) | 14,634,023 | 14,581,206 |
| Net Assets with Donor Restrictions | <u>\$ 20,544,348</u> | <u>\$ 17,324,740</u> |

NOTE 5 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows for the years ended August 31:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|---------------------|---------------------|
| Purpose Restrictions: | | |
| Project Support | \$ 1,741,582 | \$ 635,900 |
| Capital and Equipment Purchases | 753,083 | 2,375,076 |
| Next Avenue | 79,927 | 275,490 |
| Endowment | - | 234,956 |
| Future Operations (Time Restricted) | 130,000 | 373,333 |
| Total | <u>\$ 2,704,592</u> | <u>\$ 3,894,755</u> |

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|----------------------|----------------------|
| Land | \$ 370,000 | \$ 370,000 |
| Building | 25,893,081 | 25,893,081 |
| Tower and Transmitter Equipment | 3,997,841 | 3,399,937 |
| Production Equipment and Fixtures | 8,890,079 | 8,485,676 |
| Computer Equipment | 3,233,302 | 2,463,935 |
| Office Furniture and Equipment | 1,632,740 | 1,632,741 |
| Work in Process | 1,124,950 | 1,196,874 |
| Total | <u>45,141,993</u> | <u>43,442,244</u> |
| Less: Accumulated Depreciation | (26,847,820) | (25,406,691) |
| Total | <u>\$ 18,294,173</u> | <u>\$ 18,035,553</u> |

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 7 LINE OF CREDIT

TPT has a \$4,000,000 line of credit agreement with Bremer Bank which expires on May 8, 2025 and carries an interest rate of the bank's index rate plus 1.75 percentage points. There was no balance outstanding at August 31, 2024 and 2023 under this agreement. The line is collateralized by certain assets of TPT and requires TPT to meet certain financial covenants.

NOTE 8 LEASES

TPT has various noncancelable lease arrangements for equipment which expire at various dates from fiscal year 2024 to fiscal year 2029. TPT does not have any leases that are classified as finance leases and does not have any material office space subleases.

All lease agreements for the year ended August 30, 2023, are accounted for under Accounting Standards Codification (ASC) Topic 842.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based on an index or rate. Any variable lease payments are determined based on actual expenses incurred by the lessor, passed to the Organization on a periodic basis, and expensed as incurred.

For leases that contain an option to extend for an additional period, management evaluated whether it is reasonably certain that TPT would, in fact, extend the lease. If TPT was not reasonably certain that a lease would be extended, the additional term was not included in the determination of the lease liability and right-of-use asset. If TPT was reasonably certain that a lease would be extended, the additional term was included in the determination of the lease liability and right-of-use asset.

Operating and variable lease expense in the Statement of Activities, which is included in the "Lease Expense" in the Statement of Functional Expenses, for the years ended August 31:

| Lease Costs: | 2024 | 2023 |
|-----------------------|-------------------|-------------------|
| Operating Lease Costs | \$ 140,089 | \$ 173,483 |
| Variable Lease Costs | 9,363 | - |
| Total Lease Costs | <u>\$ 149,452</u> | <u>\$ 173,483</u> |

The following table provides TPT's right of use assets and lease liabilities for the years ended August 31:

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 8 LEASES (CONTINUED)

| | | |
|----------------------|-------------------|-------------------|
| Right-of-Use Assets: | 2024 | 2023 |
| Operating Leases | <u>\$ 578,723</u> | <u>\$ 778,723</u> |
| Total | <u>\$ 578,723</u> | <u>\$ 778,723</u> |
| Lease Liabilities: | | |
| Current: | | |
| Operating Leases | \$ 121,274 | \$ 131,783 |
| Noncurrent: | | |
| Operating Leases | <u>458,767</u> | <u>662,091</u> |
| Total | <u>\$ 580,041</u> | <u>\$ 793,874</u> |

The following table provides quantitative information concerning TPT's leases for the year ending August 31, 2024:

| | | |
|--|------------|------------|
| Other Information: | 2024 | 2023 |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: | | |
| Operating Cash Flows from Operating Leases | \$ 153,926 | \$ 158,331 |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | - | 922,322 |
| Weighted-Average Remaining Lease Term: | | |
| Operating Leases | 4.9 Years | 5.7 Years |
| Weighted-Average Discount Rate: | | |
| Operating Leases | 3.51% | 3.51% |

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2024, are as follows:

| | |
|------------------------------------|-------------------|
| <u>Year Ending June 30,</u> | <u>Operating</u> |
| 2025 | \$ 139,191 |
| 2026 | 122,740 |
| 2027 | 122,740 |
| 2028 | 122,740 |
| 2029 | <u>122,740</u> |
| Total Lease Payments | 630,151 |
| Less: Interest | <u>(50,110)</u> |
| Present Value of Lease Liabilities | <u>\$ 580,041</u> |

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 9 GROUND LEASE

In October 2014, TPT entered into a Ground Lease with the City of St. Paul, Minnesota (City) to lease the land owned by TPT, as well as the building, for \$-0- over a term of 30 years, which is considered to be 125% of the useful life of the building, as required. In addition, the City entered into a Lease/Use Agreement to operate the premises for the purpose of providing a broadcasting studio, media center, office headquarters and related facilities for public television for \$-0-. The Lease/Use Agreement may not exceed 50% of the useful life of the building under State Statute; therefore, the original term is 12 years with an optional 12 year renewal, followed by a 6 year renewal. The Lease/Use Agreement renewal must be approved by the City.

In the event the first 12 year renewal is declined by the City and the City determines by City Council action that the premises are no longer usable or needed to carry out the State Program, then, the City shall sell the City's interest in the premises, on the conditions that such sale is for fair market value upon terms authorized by law and approved by the Commissioner of Minnesota Management and Budget (MMB). The City shall not sell its interest in the premises until it has first offered to sell its interest in the premises to Ground Lessor (TPT).

In the event of a sale of the City's interest in the premises (a Sale) to Ground Lessor or a third party, after deducting the City's reasonable and customary costs incurred in such Sale, the net proceeds of such Sale must be applied as follows: (i) first, to pay to the Commission of MMB the amount of State Grant Proceeds actually disbursed and used to better the premises in accordance with the Grant Agreement, less any payments that have been made pursuant to Section 2.08.B of the Grant Agreement; (ii) second, to pay in full any approved and outstanding public or private debt incurred to acquire or better the City's interest in the premises; (iii) third, to pay to Ground Lessor the value of the City's interest in the premises; (iv) fourth, to pay to Ground Lessor, Lessee and any other interested public or private entities holding Priority Private Debt, other than such entity that has already received the full amount of its contribution, the amount of money contributed initially and subsequently by each to the acquisition or betterment of the premises; and (v) fifth, any excess over those amounts must be divided in proportion to the shares contributed initially.

TWIN CITIES PUBLIC TELEVISION, INC.
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NOTE 10 EMPLOYEE BENEFIT PLANS

401(k) Plan

TPT adopted a 401(k) employee savings plan. The plan is designed to encourage eligible employees to develop a long-term savings program. The plan allows eligible employees to contribute pre-tax compensation up to the annual IRS limitations. Employees who are not classified as "Talent" are eligible to contribute to the Plan pursuant to a salary reduction election with TPT. Employees are automatically enrolled under the Qualified Automatic Contribution Arrangement (QACA) on the first day of the month following 30 days of their hire date unless they have made an election to opt out of the program per IRS requirements. TPT will match 100% of elective deferral contributions that are not over 1% of pay, plus 50% of elective deferral contributions which are over 1% but are not over 6% of pay. QACA matching contributions shall be made for all persons who are active at any time during that payroll period. TPT contributed \$523,406 and \$569,241 to the plan for the years ended August 31, 2024 and 2023, respectively.

Deferred Compensation Plan

In 2006, TPT established a deferred compensation plan in accordance with Internal Revenue Code section 457(b) for eligible employees. The plan permits these eligible employees to defer a portion of their salary to future years. There were no employer contributions to this plan during the years ended August 31, 2024 and 2023.

NOTE 11 SPLIT INTEREST AGREEMENTS

TPT has arrangements with donors classified as charitable gift annuities. In general, under these arrangements, TPT receives a gift from a donor in which it has a remainder interest and agrees to pay the donor stipulated amounts over the life of the donor. The arrangement may cover one or more lives. TPT invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by TPT as net assets with or without donor restrictions, based on the intent of the gift.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of TPT. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered and age of the donor. TPT used interest rates ranging from 1.0% to 7.0% in making the calculations for the years ended August 31, 2024 and 2023. The actuarial liability related to split interest agreements amounted to \$237,037 and \$164,196 at August 31, 2024 and 2023, respectively, and is included in other accrued expenses on the statements of financial position. There was a charitable gift annuity received for \$250,000 from one donor during the year ended August 31, 2024. There were no charitable gift annuities received during the year ended August 31, 2023.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 COMMITMENTS AND CONTINGENCIES

Programming Fees

In connection with TPT's membership in Public Broadcasting Service (PBS), TPT is committed to paying programming fees annually. The total programming fee commitment outstanding at August 31, 2023 is \$1,711,162, which includes \$953,393 for FY23 dues and \$757,769 of the total estimated commitment of \$4,546,611 for FY24 dues. The total programming fee commitment outstanding at August 31, 2024 is \$936,380 for FY25 dues.

Grant Contingency Disclosure

The continuation of funding from federal and other sources is contingent upon availability of funds and project performance. The funds are awarded annually based either upon receipt and approval of a program application or upon completion of a performance review. In addition, expenditures made under federal grants are subject to review and audit by the grantor agencies.

Legal

TPT is subject to asserted and unasserted claims encountered in the normal course of its operations. In the opinion of management and legal counsel, disposition of these matters will not have a material effect on TPT's financial condition or results of operations.

NOTE 13 CONCENTRATIONS

Financial instruments that potentially subject TPT to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, other investments and accounts receivable. Cash and cash equivalents in excess of federally insured limits is subject to the usual risks of balances in excess of those limits. The majority of TPT's cash and cash equivalents is on deposit with three banks. Investments are diversified in order to limit credit risk. Investments are generally placed in a variety of managed funds administered by different investment managers in order to limit credit risk. In addition, TPT receives a substantial amount of support from state and federal agencies which are subject to audit by the governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on TPT's programs and activities.

NOTE 14 ENDOWMENT

TPT's endowment consists of individual funds established primarily to provide annual operating support and to serve as a reserve to ensure the long term stability of the organization. Its endowment includes both donor restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 14 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The board of trustees of TPT has interpreted the Minnesota enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing TPT to appropriate for expenditure or accumulate so much of an endowment fund as TPT determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless designated otherwise by the donor, the assets added to the endowment are recorded in net assets without donor restrictions. See Note 1 for further information on net asset classification.

The remaining portion of the fund, which consists of earnings and gains/losses from the investment of such funds net of expenditures, is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TPT in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, TPT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of TPT and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of TPT
- (7) The investment policy of TPT

Endowment net asset composition by type of fund consists of the following as of August 31, 2024:

| <u>August 31, 2024</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
| Donor-Restricted Endowment Funds | \$ - | \$ 17,166,318 | \$ 17,166,318 |
| Board-Designated Endowment Funds | 30,494,122 | - | 30,494,122 |
| Total | <u>\$ 30,494,122</u> | <u>\$ 17,166,318</u> | <u>\$ 47,660,440</u> |

Endowment net asset composition by type of fund consists of the following as of August 31, 2023:

| <u>August 31, 2023</u> | | | |
|----------------------------------|----------------------|----------------------|----------------------|
| Donor-Restricted Endowment Funds | \$ - | \$ 14,729,108 | \$ 14,729,108 |
| Board-Designated Endowment Funds | 26,020,212 | - | 26,020,212 |
| Total | <u>\$ 26,020,212</u> | <u>\$ 14,729,108</u> | <u>\$ 40,749,320</u> |

Changes in endowment net assets for the year ended August 31, 2024 are as follows:

TWIN CITIES PUBLIC TELEVISION, INC.
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NOTE 14 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

| <u>August 31, 2024</u> | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| Endowment Net Assets - Beginning of Year | \$ 26,020,212 | \$ 14,729,108 | \$ 40,749,320 |
| Investment Return: | | | |
| Investment Income | 3,132,545 | 2,039,243 | 5,171,788 |
| Net Appreciation, Realized and Unrealized | 411,310 | 345,150 | 756,460 |
| Total Investment Return | <u>3,543,855</u> | <u>2,384,393</u> | <u>5,928,248</u> |
| Contributions | 951,710 | 52,817 | 1,004,527 |
| Actuarial Adjustment Related to Split Interest Agreements | <u>(21,655)</u> | <u>-</u> | <u>(21,655)</u> |
| Endowment Net Assets - End of Year | <u>\$ 30,494,122</u> | <u>\$ 17,166,318</u> | <u>\$ 47,660,440</u> |

Changes in endowment net assets for the year ended August 31, 2023 are as follows:

| <u>August 31, 2023</u> | | | |
|--|----------------------|----------------------|----------------------|
| Endowment Net Assets - Beginning of Year | \$ 24,097,431 | \$ 9,605,049 | \$ 33,702,480 |
| Investment Return: | | | |
| Investment Income | 1,292,099 | 821,205 | 2,113,304 |
| Net Depreciation, Realized and Unrealized | 428,061 | 307,169 | 735,230 |
| Total Investment Return | <u>1,720,160</u> | <u>1,128,374</u> | <u>2,848,534</u> |
| Contributions | 1,596,700 | 3,856,595 | 5,453,295 |
| Appropriation of Endowment Assets for Expenditure | (1,015,044) | (234,956) | (1,250,000) |
| Named Endowment Transfer | (374,046) | 374,046 | - |
| Actuarial Adjustment Related to Split Interest Agreements | <u>(4,989)</u> | <u>-</u> | <u>(4,989)</u> |
| Endowment Net Assets - End of Year | <u>\$ 26,020,212</u> | <u>\$ 14,729,108</u> | <u>\$ 40,749,320</u> |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires TPT to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the governing board. At August 31, 2023, twelve donor-restricted endowment funds had a value of \$14,251,206 fair value of \$13,706,580 deficiency of \$544,626. At August 31, 2024, fourteen donor-restricted endowment funds had a value of \$14,634,023 fair value of \$16,784,352. At August 31, 2024, no deficiencies existed.

TWIN CITIES PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

TPT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that TPT must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the spending rate plus inflation over a market cycle, while assuming a moderate level of investment risk. TPT expects its endowment funds to equal or exceed the average return of appropriate capital market indices weighted by the asset allocation target percentages over rolling five-year periods. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

TPT's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to domestic and international equity, fixed income and a broadly diversified mix of absolute return strategies. This investment strategy provides TPT with a long-term asset mix that is most likely to meet TPT's long-term return goals with the appropriate level of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

TPT has a policy of annually appropriating for distribution no more than 5% of its endowment funds over a five year average. In establishing this policy, TPT considered the long-term expected return on its endowment. Accordingly, over the long term, TPT expects the current spending policy to allow its endowment to grow at an average rate that will exceed the annual distribution noted above. This is consistent with TPT's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 15 EARNED INCOME

Earned Income - in the following table, earned revenue is disaggregated by type of services provided as well as sources, consists of the following as of August 31:

| | <u>2024</u> | <u>2023</u> |
|-------------------------|---------------------|---------------------|
| Production Services | \$ 4,114,129 | \$ 4,761,980 |
| Licensing and Loyalties | 741,820 | 902,752 |
| Total | <u>\$ 4,855,949</u> | <u>\$ 5,664,732</u> |

More detailed information about the revenue recognition policies for the above significant other revenue sources follows:

Production Services - Production services revenue consists of production, creative design, and film services provided to other organizations. Production services are recognized as revenue as the performance obligation(s) are satisfied over the contract period.

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NOTE 15 EARNED INCOME (CONTINUED)

Licensing and Royalties – Licensing and royalties are generated from the distribution of media content within the US and worldwide. Licensing revenue primarily consists of content distributed via subscription video on demand, transactional video on demand, and program sales. Licensing and royalty revenue amounts are determined based on contractually specified amounts or percentages. Revenue from licensing is recognized at the point in time when the license period has started, all content assets have been delivered to the customer, and the usage has occurred, if applicable. Revenue from royalties is recognized over time as the customer receives the benefits over the period of the royalty term or as the subsequent sale or usage occurs for sales-based or usage-based royalties.

NOTE 16 SUBSEQUENT EVENTS

TPT has evaluated subsequent events through December 11, 2024, which is the date that the financial statements were approved and available to be issued.



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