Twin Cities Public Television, Inc. and Subsidiary

Consolidated Financial Statements
and Supplementary Information

August 31, 2021 and 2020

Independent Auditors' Report

To the Board of Trustees of
Twin Cities Public Television, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Twin Cities Public Television, Inc. and Subsidiary (collectively referred to as TPT), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 auditor considers 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 consolidated financial position of TPT as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 and 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Minneapolis, Minnesota
November 17, 2021

	2021	2020
Assets		
Cash and cash equivalents	$ 7,361,502	$ 10,076,125
Accounts receivable	766,835	848,769
Prepaid expenses and other assets	651,324	603,003
Pledges receivable, net	135,026	242,145
Grants receivable, net	4,780,478	13,911,919
Leveraged loan receivable	6,392,800	6,392,800
Investments	50,867,855	31,541,639
Property and equipment, net	18,457,419	18,712,004
Total assets	$ 89,413,239	$ 82,328,404
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,055,398	$ 797,390
Other accrued expenses	3,209,765	3,161,612
Deferred revenue	297,757	497,243
Deferred compensation	1,340,066	1,257,438
Loans and note payable, net of debt issuance costs	10,010,602	13,042,510
Total liabilities	15,913,588	18,756,193
Net Assets		
Without donor restrictions:		
Operating fund	1,567,774	1,403,876
Property fund	16,165,838	16,454,278
Board designated fund	40,865,625	30,215,482
Total without donor restrictions	58,599,237	48,073,636
With donor restrictions	14,900,414	15,498,575
Total net assets	73,499,651	63,572,211
Total liabilities and net assets	$ 89,413,239	$ 82,328,404

See notes to consolidated financial statements

Twin Cities Public Television, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended August 31, 2021 with Comparative Totals for 2020

	Without Donor Restrictions						
	Operating	Property	Board Designated	Total	With Donor Restrictions	2021 Total	2020 Total
Revenues, Gains, (Losses) and Other Support							
Individual contributions and memberships	$ 17,847,294		$ 22,274	$ 17,869,568	$ 117,000	$ 17,986,568	$ 16,568,341
Planned giving, principally bequests	149,840		1,322,824	1,472,664	8,976,903	10,449,567	2,012,572
Foundation contributions	766,680			766,680	1,647,162	2,413,842	4,167,756
Corporation contributions	91,836			91,836	1,538,837	1,630,673	1,441,385
Sponsorship	1,501,678			1,501,678		1,501,678	1,394,920
Corporation for Public Broadcasting grants and PBS grants	3,757,146		878,778	4,635,924	1,249,561	5,885,485	5,650,559
State of Minnesota grants	258,333			258,333	611,363	869,696	847,478
Federal government grants					1,204,777	1,204,777	1,110,191
Donated goods, facilities and professional services	37,355			37,355		37,355	70,001
Other contributions	160,075			160,075	29,000	189,075	166,178
Earned income	3,097,512			3,097,512		3,097,512	2,440,750
Net investment income	21,724	$ 210,163	4,030,863	4,262,750	1,062,615	5,325,365	2,624,794
Loss on disposal of property and equipment		(251,605)		(251,605)		(251,605)	
Loss on property held for sale							(105,000)
Gain on forgiveness of debt	3,118,300			3,118,300		3,118,300	
Other income	333,076			333,076		333,076	650,118
Actuarial adjustment related to split interest agreements			(13,283)	(13,283)		(13,283)	(13,821)
Total revenues, gains, (losses) and other support before endowment draw transfer and net assets released from restrictions	31,140,849	(41,442)	6,241,456	37,340,863	16,437,218	53,778,081	39,026,222
Endowment draw transfer	850,000		(850,000)				
Net assets released from restrictions	16,981,308	159,071		17,140,379	(17,140,379)		
Total revenues, gains, (losses) and other support	48,972,157	117,629	5,391,456	54,481,242	(703,161)	53,778,081	39,026,222
Expenses and Transfers of Net Assets							
Program and supporting services:							
Programming and production	29,223,216	1,314,153		30,537,369		30,537,369	33,301,086
Broadcasting	1,805,957	205,067		2,011,024		2,011,024	1,980,531
Program information	560,969	22,170		583,139		583,139	471,887
Fund raising	5,759,902	183,440		5,943,342		5,943,342	6,018,494
General and management	4,636,242	139,525		4,775,767		4,775,767	4,033,981
Total program and supporting services	41,986,286	1,864,355		43,850,641		43,850,641	45,805,979
Change in net assets before transfers of net assets without donor restrictions	6,985,871	(1,746,726)	5,391,456	10,630,601	(703,161)	9,927,440	(6,779,757)
Transfer and reclassification of net assets without donor restrictions	(6,821,973)	1,458,286	5,258,687	(105,000)	105,000		
Change in net assets	163,898	(288,440)	10,650,143	10,525,601	(598,161)	9,927,440	(6,779,757)
Net Assets, Beginning	1,403,876	16,454,278	30,215,482	48,073,636	15,498,575	63,572,211	70,351,968
Net Assets, Ending	$ 1,567,774	$ 16,165,838	$ 40,865,625	$ 58,599,237	$ 14,900,414	$ 73,499,651	$ 63,572,211

See notes to consolidated financial statements

Twin Cities Public Television, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended August 31, 2020

	Without Donor Restrictions					
	Operating	Property	Board Designated	Total	With Donor Restrictions	Total
Revenues, Gains, (Losses) and Other Support						
Individual contributions and memberships	$ 16,546,216		$ 10,420	$ 16,556,636	$ 11,705	$ 16,568,341
Planned giving, principally bequests	212,100		1,800,472	2,012,572		2,012,572
Foundation contributions	925,081			925,081	3,242,675	4,167,756
Corporation contributions	49,016			49,016	1,392,369	1,441,385
Sponsorship	1,394,920			1,394,920		1,394,920
Corporation for Public Broadcasting grants and PBS grants	3,579,916		200,000	3,779,916	1,870,643	5,650,559
State of Minnesota grants	258,333			258,333	589,145	847,478
Federal government grants					1,110,191	1,110,191
Donated goods, facilities and professional services	70,001			70,001		70,001
Other contributions	149,978			149,978	16,200	166,178
Earned income	2,440,750			2,440,750		2,440,750
Net investment income	62,636	$ 165,734	2,311,112	2,539,482	85,312	2,624,794
Loss on property held for sale			(105,000)	(105,000)		(105,000)
Other income	650,118			650,118		650,118
Actuarial adjustment related to split interest agreements			(13,821)	(13,821)		(13,821)
Total revenues, gains, (losses) and other support before endowment draw transfer and net assets released from restrictions	26,339,065	165,734	4,203,183	30,707,982	8,318,240	39,026,222
Endowment draw transfer	774,996		(774,996)			
Net assets released from restrictions	20,363,355	95,704	85,312	20,544,371	(20,544,371)	
Total revenues, gains, (losses) and other support	47,477,416	261,438	3,513,499	51,252,353	(12,226,131)	39,026,222
Expenses and Transfers of Net Assets						
Program and supporting services:						
Programming and production	31,927,088	1,373,998		33,301,086		33,301,086
Broadcasting	1,795,900	184,631		1,980,531		1,980,531
Program information	453,849	18,038		471,887		471,887
Fund raising	5,837,766	180,728		6,018,494		6,018,494
General and management	3,961,277	72,704		4,033,981		4,033,981
Total program and supporting services	43,975,880	1,830,099		45,805,979		45,805,979
Change in net assets before transfers of net assets without donor restrictions	3,501,536	(1,568,661)	3,513,499	5,446,374	(12,226,131)	(6,779,757)
Transfer and reclassification of net assets without donor restrictions	(3,531,761)	248,746	3,273,015	(10,000)	10,000	
Change in net assets	(30,225)	(1,319,915)	6,786,514	5,436,374	(12,216,131)	(6,779,757)
Net Assets, Beginning	1,434,101	17,774,193	23,428,968	42,637,262	27,714,706	70,351,968
Net Assets, Ending	$ 1,403,876	$ 16,454,278	$ 30,215,482	$ 48,073,636	$ 15,498,575	$ 63,572,211

See notes to consolidated financial statements

Twin Cities Public Television, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended August 31, 2021 with Comparative Totals for 2020

	2021							
	Program Services				Supporting Services			
	Programming and Production	Broadcasting	Program Information	Total	Fund Raising	General and Management	2021 Total	2020 Total
Salaries, payroll taxes and employee benefits	$ 12,306,330	$ 1,102,240	$ 376,356	$ 13,784,926	$ 3,183,337	$ 3,713,848	$ 20,682,111	$ 20,750,989
Program acquisition	4,341,167			4,341,167			4,341,167	4,289,403
PBS and regional memberships	104,949	3,097	3,646	111,692	31,497	28,384	171,573	172,435
Legal services	41,411	421	421	42,253	2,106	72,925	117,284	27,543
Accounting services						74,929	74,929	75,096
Outside services	10,535,357	148,781	73,651	10,757,789	403,227	289,254	11,450,270	13,193,897
Professional fundraiser	68,500			68,500	353,217		421,717	677,965
Office supplies	30,554	969	1,075	32,598	10,933	7,243	50,774	16,410
Postage	15,454	617	36	16,107	375,824	5,234	397,165	414,707
Telephone and data services	24,782	36,473	489	61,744	5,090	2,508	69,342	85,311
Occupancy	397,014	249,477	12,189	658,680	100,829	139,972	899,481	1,012,121
Printing and publications	105,294	137	55,224	160,655	374,074	37,023	571,752	545,281
Recording media	7,735			7,735	1,055	30	8,820	11,006
Other program costs	331,763	229	59	332,051	48,905	2,592	383,548	365,000
Advertising	169,651		13,895	183,546	54,686	19,622	257,854	211,130
Premiums	30,928			30,928	434,356		465,284	382,508
Rental and maintenance of equipment	667,122	262,638	20,635	950,395	82,564	137,293	1,170,252	1,015,630
Travel	15,205	73	75	15,353	13,082	514	28,949	282,861
Conferences and meetings	22,388	507	827	23,722	5,560	7,590	36,872	5,109
Miscellaneous	311,109	298	2,391	313,798	279,560	97,282	690,640	670,861
Depreciation and amortization	1,010,656	205,067	22,170	1,237,893	183,440	139,524	1,560,857	1,600,716
Total expenses	$ 30,537,369	$ 2,011,024	$ 583,139	$ 33,131,532	$ 5,943,342	$ 4,775,767	$ 43,850,641	$ 45,805,979

See notes to consolidated financial statements

Twin Cities Public Television, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended August 31, 2020

	Program Services				Supporting Services		
	Programming and Production	Broadcasting	Program Information	Total	Fund Raising	General and Management	Total
Salaries, payroll taxes and employee benefits	$ 12,622,855	$ 1,132,705	$ 322,795	$ 14,078,355	$ 3,297,325	$ 3,375,309	$ 20,750,989
Program acquisition	4,289,403			4,289,403			4,289,403
PBS and regional memberships	106,355	8,442	3,154	117,951	29,508	24,976	172,435
Legal services	17,176		354	17,530		10,013	27,543
Accounting services	7,510			7,510	22,529	45,057	75,096
Outside services	12,815,697	9,296	30,713	12,855,706	232,926	105,265	13,193,897
Professional fundraiser	75,280	373	102	75,755	601,629	581	677,965
Office supplies	15,947	817	828	17,592	(10,749)	9,567	16,410
Postage	21,115	699	146	21,960	387,984	4,763	414,707
Telephone and data services	24,413	53,018	440	77,871	4,868	2,572	85,311
Occupancy	463,093	301,151	8,532	772,776	97,168	142,177	1,012,121
Printing and publications	85,337	611	47,688	133,636	382,475	29,170	545,281
Recording media	9,471	26	139	9,636	1,165	205	11,006
Other program costs	309,537	87	47	309,671	53,154	2,175	365,000
Advertising	159,073		14,246	173,319	26,168	11,643	211,130
Premiums	36,978			36,978	345,530		382,508
Rental and maintenance of equipment	536,161	288,803	22,840	847,804	81,643	86,183	1,015,630
Travel	224,316	1,187	826	226,329	42,226	14,306	282,861
Conferences and meetings	1,889	(1,547)	(150)	192	3,359	1,558	5,109
Miscellaneous	334,866	232	1,149	336,247	238,858	95,756	670,861
Depreciation and amortization	1,144,614	184,631	18,038	1,347,283	180,728	72,705	1,600,716
Total expenses	$ 33,301,086	$ 1,980,531	$ 471,887	$ 35,753,504	$ 6,018,494	$ 4,033,981	$ 45,805,979

See notes to consolidated financial statements

Twin Cities Public Television, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended August 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 9,927,440	$ (6,779,757)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,474,465	1,514,324
Amortization of debt issuance costs	86,392	86,392
Net realized and unrealized gains on investments	(4,996,518)	(2,228,262)
Loss on property held for sale		105,000
Loss on disposal of property and equipment	251,605	
Gain on forgiveness of debt	(3,118,300)	
Change in operating assets and liabilities:		
Accounts receivable	81,934	(151,467)
Prepaid expenses and other assets	(48,321)	2,789,709
Pledges receivable	107,119	209,137
Grants receivable	9,131,441	13,057,838
Accounts payable	241,691	(397,627)
Other accrued expenses	48,153	785,866
Deferred revenue	(199,486)	122,291
Deferred compensation	82,628	40,509
Contributions restricted for long-term investment	(9,215,042)	
Net cash flows from operating activities	3,855,201	9,153,953
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,455,168)	(232,552)
Proceeds from property held for sale		1,335,000
Purchases of investments	(21,576,979)	(22,583,918)
Sale of investments	7,247,281	14,573,441
Net cash flows from investing activities	(15,784,866)	(6,908,029)
Cash Flows From Financing Activities		
Proceeds on issuance of note payable		3,118,300
Contributions received restricted for long-term investment	9,215,042	
Net cash flows from financing activities	9,215,042	3,118,300
Net change in cash and cash equivalents	(2,714,623)	5,364,224
Cash and Cash Equivalents, Beginning	10,076,125	4,711,901
Cash and Cash Equivalents, Ending	$ 7,361,502	$ 10,076,125
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 116,432	$ 116,432
Noncash Investing and Financing Activities		
Property and equipment acquired through accounts payable	$ 16,317	

See notes to consolidated financial statements

1. Significant Accounting Policies

The mission of Twin Cities Public Television, Inc. and Subsidiary (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, reaching over 3 million people each month through multiple broadcast and online channels. TPT's particular areas of focus include: the educational readiness of children; serving the needs and unleashing the potential of America's aging population; 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.

Basis of Consolidation

In fiscal 2015, a new 501(c)(3) corporation, Twin Cities Public Media Commons (TCPMC), was created to be operated exclusively for charitable and educational purposes, and exclusively for the benefit of, to support the functions of, and to assist in carrying out the purposes of TPT. The consolidated financial statements include the activities of TPT and TCPMC. All intercompany transactions and accounts have been eliminated in the consolidated financial statements.

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 consolidated 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:

Board Designated Endowment Fund ($24,196,458 and $20,782,850 as of August 31, 2021 and 2020, 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 three year average and is not to exceed 5 percent 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 2021 and 2020 was 4.2 percent and 4.4 percent, respectively.

Property Acquisition Designated Fund ($1,397,629 as of August 31, 2021 and 2020): 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 ($10,492,049 and $6,002,475 as of August 31, 2021 and 2020, 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 includes the Note Payable 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 ($411,657 and $388,759 as of August 31, 2021 and 2020, 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.

Campaign Fund ($170,754 as of August 31, 2021 and 2020): This fund is the remaining value of a capital campaign initiative that was used to renew and renovate TPT's 25 year-old facility while also strengthening our connection to the communities we serve. The renovation of our building was completed in December 2015.

Management Fund ($0 and $1,273,015 as of August 31, 2021 and 2020, respectively): This fund was created to advance TPT's strategic initiatives and pursue revenue-generating activity that is beyond current strategies. This fund was closed in 2021 and the remaining balance was transferred to the Working Capital Fund.

Response Initiatives Fund ($4,197,078 and $200,000 as of August 31, 2021 and 2020, 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.

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 such long-lived assets are placed in service.

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 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.

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

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.

Leveraged Loan Receivable

The leveraged loan receivable relates to the New Markets Tax Credit Program (NMTCP) financing structure, is due from unrelated financial institutions, and has payment schedules timed to coincide with payments due under the TCPMC leveraged loans payable.

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 consolidated statement of activities. Certain categories of expenses are attributable to one or more program 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.

Income Taxes

The Internal Revenue Service has determined that TPT and TCPMC are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. TPT and TCPMC are 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 and TCPMC follow 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 and TCPMC for uncertain tax positions as of August 31, 2021 and 2020. 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.

New Accounting Pronouncement Adopted in Current Year

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers.* This accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. TPT adopted this guidance beginning September 1, 2020 utilizing the modified retrospective method of adoption, and the adoption of this standard did not have a material impact on the TPT's consolidated financial statements for the year ended August 31, 2021. TPT has provided expanded disclosures pertaining to revenue recognition within Note 1.

New Accounting Pronouncements Not Yet Effective

In February 2016, FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. The ASU is effective for fiscal years beginning after December 15, 2021 (fiscal year 2023). Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. TPT is assessing the impact this standard will have on its consolidated financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (fiscal year 2022). Early adoption is permitted. TPT is currently assessing the effect that this standard will have on its consolidated financial statements.

2. Liquidity and Availability

The following table reflects TPT's financial assets available for general expenditure at August 31, 2021 and 2020. 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 and accumulated earnings restricted by donors or TPT's Board of Directors or assets held for or by others and annuity reserves.

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 7,361,502	$ 10,076,125
Accounts receivable	766,835	848,769
Grants receivable for fiscal 2022 and 2021, respectively	4,780,478	13,911,919
Endowment draw for fiscal 2022 and 2021, respectively	1,100,000	850,000
Contributions receivable due within one year (without donor restrictions)	105,026	179,689
Nonendowment related investments	1,012,414	1,012,414
Total	$ 15,126,255	$ 26,878,916

Cash in excess of daily requirements is typically invested in short-term, liquid securities. TPT also has an unsecured $1,000,000 line of credit (see Note 9) available to meet unanticipated cash needs. TPT has Board Designated Endowment Funds, which are not included in the table above, of $24,196,458 and $20,782,850 at August 31, 2021 and 2020, respectively, which could also be made available at the direction of the Board.

3. Fair Value Measurements and Investments

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.

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 mutual funds for which quoted prices are readily available.

Level 2 - Level 2 assets include investments in money market 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, 2021 and 2020.

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, 2021:

	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 15,148,939		$ 15,148,939	$ -
Mutual funds:				
U.S. equities	14,520,942	$ 14,520,942		
U.S. fixed income	4,355,573	4,355,573		
U.S. target allocation	372,236	372,236		
U.S. real estate	66,393	66,393		
Global equities	7,665,543	7,665,543		
Emerging markets equities	2,379,050	2,379,050		
Subtotal assets by valuation hierarchy	44,508,676	$ 29,359,737	$ 15,148,939	$ -
Assets measured using NAV:				
Emerging markets funds	2,660,220			
U.S. funds	2,550,883			
Global fund	3,769,990			
Subtotal assets measured using NAV	8,981,093			
Total assets at fair value	$ 53,489,769			

Total assets at fair value consist of the following at August 31, 2021:

Investments per the statement of financial position	$ 50,867,855
Other investments (at cost)	(12,414)
Money market funds in cash and cash equivalents	2,634,328
	$ 53,489,769

The following table presents information about TPT's assets measured at fair value on a recurring basis as of August 31, 2020:

	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 18,144,442		$ 18,144,442	$ -
Mutual funds:				
U.S. equities	6,476,801	$ 6,476,801		
U.S. fixed income	3,705,649	3,705,649		
U.S. target allocation	356,529	356,529		
U.S. real estate	54,393	54,393		
Global equities	2,525,446	2,525,446		
Emerging markets equities	1,006,850	1,006,850		
Subtotal assets by valuation hierarchy	32,270,110	$ 14,125,668	$ 18,144,442	$ -
Assets measured using NAV:				
Emerging markets funds	664,118			
U.S. funds	2,469,238			
Global fund	1,160,007			
Subtotal assets measured using NAV	4,293,363			
Total assets at fair value	$ 36,563,474			

Total assets at fair value consist of the following at August 31, 2020:

Investments per the statement of financial position	$ 31,541,639
Other investments (at cost)	(12,414)
Money market funds in cash and cash equivalents	5,034,249
	$ 36,563,474

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, 2021 and 2020:

	2021 Fair Value	2020 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Life (Years)
Asset Class:						
Emerging markets funds (1)	$ 1,365,991	$ 602,834	$ 372,000	Not redeemable	n/a	30 month
Emerging markets funds (1)	746,581	61,284	535,955	Quarterly	n/a	3 year
Emerging markets funds (1)	547,648		975,000	Not redeemable	n/a	6 year
U.S. funds (2)	1,472,011	1,221,921		Quarterly	45 days	n/a
U.S. funds (2)	1,078,872	1,247,317		Quarterly	60 days	n/a
Global fund(3)	1,663,420	1,160,007		Quarterly	60 days	n/a
Global fund(3)	2,106,570			Bi-monthly	5 days	n/a
Total	$ 8,981,093	$ 4,293,363				

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 is 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.

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 consists of the following for the years ended August 31:

	2021	2020
Interest and dividends, net	$ 328,847	$ 396,532
Net realized and unrealized gains	4,996,518	2,228,262
Total	$ 5,325,365	$ 2,624,794

4. Restrictions and Limitations on Net Assets

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

	2021	2020
Time or purpose restrictions:		
Project support	$ 2,800,471	$ 13,682,679
Capital and equipment purchases	197,407	90,918
Pledges receivable, net		96,667
Next Avenue	324,196	355,151
Future operations (time restricted)	591,667	422,672
Endowment funds (accumulated earnings)	1,062,615	
Total time or purpose restrictions	4,976,356	14,648,087
Endowment fund (to be held in perpetuity)	9,924,058	850,488
Net assets with donor restrictions	$ 14,900,414	$ 15,498,575

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:

	2021	2020
Purpose restrictions:		
Project support	$ 16,125,893	$ 19,321,033
Capital and equipment purchases	159,071	95,704
Next Avenue	678,160	927,322
Endowment		85,312
Future operations (time restricted)	177,255	115,000
Total	$ 17,140,379	$ 20,544,371

6. Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises to give as follows at August 31:

	2021	2020
Pledges receivable, net	$ 135,026	$ 242,145
Grants receivable, net	4,780,478	13,911,919
Net pledges and grants receivable	$ 4,915,504	$ 14,154,064

Pledges and grants receivable are due in one year and are therefore not discounted at August 31, 2021 and 2020.

Conditional pledges and grants are recorded as revenue when the condition has been met. TPT had conditional grants outstanding of $23,626,589 and $2,690,561 as of August 31, 2021 and 2020, respectively, whereby, the conditions will be met upon incurring certain qualifying expenditures.

7. Property and Equipment

Property and equipment consist of the following at August 31:

	2021	2020
Land	$ 370,000	$ 370,000
Building	25,849,898	25,849,898
Tower and transmitter equipment	3,351,316	5,659,144
Production equipment and fixtures	7,932,752	7,770,094
Computer equipment	2,095,684	2,229,116
Office furniture and equipment	1,487,790	1,487,790
Work in process	146,861	
	41,234,301	43,366,042
Less accumulated depreciation	(22,776,882)	(24,654,038)
Total	$ 18,457,419	$ 18,712,004

8. Line of Credit

TPT has a $1,000,000 line of credit agreement with Bremer Bank which expires on May 11, 2022, and carries an interest rate of the bank's index rate plus 0.25 percentage points. There was no balance outstanding at August 31, 2021 and 2020 under this agreement. The line is collateralized by certain assets of TPT and requires TPT to meet certain financial covenants.

9. Loans and Notes Payable, Net

Loans and notes payable consist of the following at August 31, 2021 and 2020:

	2021	2020
Leveraged loan payable A	$ 6,392,800	$ 6,392,800
Leveraged loan payable B	2,632,200	2,632,200
Note payable	1,000,000	1,000,000
Paycheck Protection Program loan		3,118,300
	10,025,000	13,143,300
Debt issuance costs	(14,398)	(100,790)
Total	$ 10,010,602	$ 13,042,510

New Markets Tax Credit Program financing arrangements have provided $9,025,000 for the building renovation which took place in fiscal years 2015 and 2016. The arrangements provide federal tax incentives to the investing banks, in exchange for which TCPMC anticipates forgiveness of a portion of the outstanding principal balance remaining at the end of the initial seven-year interest-only period. There are two New Markets Tax Credit leveraged loans payable. Leveraged loan payable A for $6,392,800 and leveraged loan payable B for $2,632,200, both with interest only payments due quarterly at an annual rate of 1.2901 percent through 2021, then quarterly installments of $112,479, including interest and principal, through October 31, 2044, any unpaid principal balance and all accrued interest will be due and payable at the maturity date, subject to an early termination provision in October 2021, secured by real and personal property owned by TCPMC for building renovations with a book value of $12,332,678 at August 31, 2021.

In connection with the New Markets Tax Credit Program financing, TPT, acting as leverage lender, entered into a leveraged loan note receivable arrangement with an unrelated organization totaling $6,392,800 and bears an interest rate of 1.00 percent over a thirty year term. The repayment terms and the collateral on the note approximates the terms and the collateral of the New Markets Tax Credit notes payable. Interest income earned on the notes receivable is included in nonoperating investment income. TPT anticipates purchasing the security interest in the unrelated organization in seven years. This unrelated organization holds the note for leveraged loan payable A. After the purchase, TPT would own both the receivable and loan and they would cancel.

During the year ended August 31, 2018, TPT received funds in exchange for a note payable in the amount of $1,000,000. The proceeds received were used in the liquidation of the defined benefit pension plan. Interest on the note payable is 2.11 percent per annum calculated and due on an annual basis. The note payable is due on December 17, 2026.

On April 9, 2020, TPT entered into a new loan facility with Bremer Bank, National Association under the government enacted Paycheck Protection Program (PPP), which is (part of the Coronavirus Aid, Relief and Economic Stability Act (CARES)) administered by the Small Business Administration (SBA). The Organization borrowed $3,118,300 under the loan facility. The loan carried a fixed interest rate of 1 percent and was to mature on April 9, 2022. No payments were required for the first six months. Subsequent regulations deferred payments until the date on which the amount of forgiveness is remitted to the lender or, if TPT fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. Borrowings under this facility were unsecured. Loans under the PPP have a loan forgiveness feature based on the level of payroll, rent and utilities costs over a twenty-four week period commencing on the date of the loan. The PPP loan was recorded as loan payable in the August 31, 2020 statement of financial position. On July 29, 2021, TPT received notification from the SBA that the loan had been fully forgiven. The $3,118,300 was recorded as a gain on forgiveness of debt in the August 31, 2021 statement of activities.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

10. Ground Lease

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 percent of the useful life of the building, as required. In addition, the City entered into a Lease/Use Agreement with TCPMC 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 percent 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. 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.

11. 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 after their hire date unless they have made an election to opt out of the program per IRS requirements. TPT will match 100 percent of elective deferral contributions that are not over 1 percent of pay, plus 50 percent of elective deferral contributions which are over 1 percent but are not over 6 percent of pay. QACA matching contributions shall be made for all persons who are active at any time during that payroll period. TPT contributed $495,913 and $511,118 to the plan for the years ended August 31, 2021 and 2020, 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 until future years. There were no employer contributions to this plan during the years ended August 31, 2021 and 2020.

12. 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 percent to 7.0 percent in making the calculations for the years ended August 31, 2021 and 2020. The actuarial liability related to split interest agreements amounted to $191,199 and $413,013 at August 31, 2021 and 2020, respectively, and is included in other accrued expenses on the statements of financial position. The gift value for the charitable gift annuities received during the years ended August 31, 2021 and 2020 was $0 and $35,214, respectively.

13. Commitments and Contingencies

Lease Commitment

TPT leases various equipment under noncancelable operating leases that expire between 2021 and 2025. Future minimum payments under these noncancelable operating lease agreements are as follows:

Years ending August 31:	
2022	$ 159,000
2023	161,000
2024	149,000
2025	18,000
Total	$ 487,000

Total expense related to these operating leases was $157,562 and $157,320 for the years ended August 31, 2021 and 2020, respectively.

Programming Fees

In connection with TPT's membership in PBS, TPT is committed to paying programming fees annually. The total programming fee commitment outstanding at August 31, 2021 is approximately $4,205,800.

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.

14. 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 the TPT's programs and activities.

15. 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 GAAP, 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.

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, 2021:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor restricted endowment funds		$ 10,986,673	$ 10,986,673
Board designated endowment funds	$ 24,196,458		24,196,458
Total endowment net assets	$ 24,196,458	$ 10,986,673	$ 35,183,131

Endowment net asset composition by type of fund consists of the following as of August 31, 2020:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor restricted endowment funds		$ 850,488	$ 850,488
Board designated endowment funds	$ 20,782,850		20,782,850
Total endowment net assets	$ 20,782,850	$ 850,488	$ 21,633,338

Changes in endowment net assets for the year ended August 31, 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets August 31, 2020	$ 20,782,850	$ 850,488	$ 21,633,338
Investment return:			
Investment income	1,006,392		1,006,392
Net appreciation, realized and unrealized	1,950,400	1,062,615	3,013,015
Total investment return	2,956,792	1,062,615	4,019,407
Contributions	1,345,099	9,073,570	10,418,669
Loss on property held for sale			
Transfer to project support	(25,000)		(25,000)
Appropriation of endowment assets for expenditure	(850,000)		(850,000)
Actuarial adjustment related to split interest agreements	(13,283)		(13,283)
Endowment net assets, August 31, 2021	$ 24,196,458	$ 10,986,673	$ 35,183,131

Changes in endowment net assets for the year ended August 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets August 31, 2019	$ 17,641,002	$ 850,488	$ 18,491,490
Investment return:			
Investment income	607,951		607,951
Net appreciation, realized and unrealized	1,616,822		1,616,822
Total investment return	2,224,773		2,224,773
Contributions	1,810,892		1,810,892
Loss on property held for sale	(105,000)		(105,000)
Appropriation of endowment assets for expenditure	(774,996)		(774,996)
Actuarial adjustment related to split interest agreements	(13,821)		(13,821)
Endowment net assets, August 31, 2020	$ 20,782,850	$ 850,488	$ 21,633,338

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 five percent of its endowment funds over a three 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.

16. Subsequent Events

TPT has evaluated subsequent events through November 17, 2021, which is the date that the consolidated financial statements were approved and available to be issued.

Consolidating Statement of Financial Position
August 31, 2021

	TPT	TCPMC	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 7,153,183	$ 208,319		$ 7,361,502
Accounts receivable	766,835			766,835
Prepaid expenses and other assets	651,324			651,324
Pledges receivable	135,026			135,026
Grants receivable	4,780,478			4,780,478
Leveraged loan receivable	6,392,800			6,392,800
Investments	50,867,855			50,867,855
Property and equipment, net	6,124,740	12,332,679		18,457,419
Total assets	$ 76,872,241	$ 12,540,998		$ 89,413,239
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 1,055,398			$ 1,055,398
Other accrued expenses	3,209,765			3,209,765
Deferred revenue	297,757			297,757
Deferred compensation	1,340,066			1,340,066
Loans and note payable, net of debt issuance costs	1,000,000	$ 9,010,602		10,010,602
Total liabilities	6,902,986	9,010,602		15,913,588
Net Assets				
Without donor restrictions				
Operating fund	1,567,774			1,567,774
Property fund	12,635,442	3,530,396		16,165,838
Board designated fund	40,865,625			40,865,625
Total without donor restrictions	55,068,841	3,530,396		58,599,237
With donor restrictions	14,900,414			14,900,414
Total net assets	69,969,255	3,530,396		73,499,651
Total liabilities and net assets	$ 76,872,241	$ 12,540,998		$ 89,413,239

Twin Cities Public Television, Inc. and Subsidiary

Consolidating Statement of Activities
Year Ended August 31, 2021

	Twin Cities Public Television		Twin Cities Public Media Commons			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
Revenues, Gains, (Losses) and Other Support						
Individual contributions and memberships	$ 17,869,568	$ 117,000				$ 17,986,568
Planned giving, principally bequests	1,472,664	8,976,903				10,449,567
Foundation contributions	766,680	1,647,162				2,413,842
Corporation contributions	91,836	1,538,837				1,630,673
Sponsorship	1,501,678					1,501,678
Corporation for Public Broadcasting grants and PBS grants	4,635,924	1,249,561				5,885,485
State of Minnesota grants	258,333	611,363				869,696
Federal government grants		1,204,777				1,204,777
Donated goods and professional services	37,355					37,355
Other contributions	160,075	29,000				189,075
Earned income	3,097,512					3,097,512
Net investment income	4,262,750	1,062,615				5,325,365
Loss on disposal of property and equipment	(251,605)					(251,605)
Gain on forgiveness of debt	3,118,300					3,118,300
Other income	333,076		$ 250,000		$ (250,000)	333,076
Actuarial adjustment related to split interest agreements	(13,283)					(13,283)
Total revenues, gains, (losses) and other support before endowment draw transfer and net assets released from restrictions	37,340,863	16,437,218	250,000		(250,000)	53,778,081
Net assets released from restrictions	17,140,379	(17,140,379)				
Total revenues, gains, (losses) and other support	54,481,242	(703,161)	250,000		(250,000)	53,778,081
Expenses and Transfers of Net Assets						
Program and supporting services:						
Programming and production	29,997,500		694,744		(154,875)	30,537,369
Broadcasting	1,972,269		52,930		(14,175)	2,011,024
Program information	570,986		17,353		(5,200)	583,139
Fund raising	5,842,789		143,578		(43,025)	5,943,342
General and management	4,699,286		109,206		(32,725)	4,775,767
Total program and supporting services	43,082,830		1,017,811		(250,000)	43,850,641
Change in net assets before transfers of net assets without donor restrictions	11,398,412	(703,161)	(767,811)			9,927,440
Interfund/Intrafund transfers	(105,000)	105,000				
Change in net assets	11,293,412	(598,161)	(767,811)			9,927,440
Net Assets, Beginning	43,775,429	15,498,575	4,298,207			63,572,211
Net Assets, Ending	$ 55,068,841	$ 14,900,414	$ 3,530,396			$ 73,499,651