

**CORPORATION FOR PUBLIC BROADCASTING
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS
AWARDED TO NEW HAMPSHIRE PUBLIC BROADCASTING
DURHAM, NEW HAMPSHIRE
FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2021**

REPORT NO. AST2205-2209

July 21, 2022



Report in Brief

Why We Did This Audit

We performed this audit based on our Annual Plan to audit public television and radio stations.

Our objectives were to examine NHPB's certifications of compliance with Corporation for Public Broadcasting (CPB) grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines; b) expend grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act). The amount of NFFS a station reports to CPB affects the amount of CPB funding the station receives.

Send all inquiries to our office at (202) 879-9669 or email OIGemail@cpb.org or visit cpboig.oversight.gov

[Listing of OIG Reports](#)

Audit of Community Service and Other Grants Awarded to New Hampshire Public Broadcasting (NHPB), Durham, New Hampshire for the Period July 1, 2019 through June 30, 2021

What We Found

Based on our audit results, NHPB:

- Reported NFFS totaling \$7,800,773 of which \$19,275 was ineligible in accordance with CPB's Guidelines, resulting in Community Service Grant (CSG) overpayments of \$2,468; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act; except that it did not update its Diversity Statement annually.

NHPB complied with CPB requirements except for overstating NFFS by \$19,275 and not updating its Diversity Statement.

In response to the draft report, station management agreed with our findings and implemented corrective actions to ensure in the future they properly report NFFS and comply with CSG General Provisions and Eligibility Criteria requirements. CPB management will make the final determination on our findings and recommendations.

What We Recommend

We recommend that CPB management require NHPB to:

- repay the \$2,468 of CSG overpayments;
- comply with CPB CSG General Provisions and Eligibility Criteria for updating its Diversity Statement annually; and
- identify the corrective actions and controls it will implement to ensure future compliance with NFFS and CSG General Provisions and Eligibility Criteria requirements.

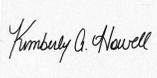


Corporation
for Public
Broadcasting

Office of the Inspector General

Date: July 21, 2022

To: Jackie J. Livesay, Deputy General Counsel and Vice President, Compliance
Kathy Merritt, Senior Vice President, Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General  Digitally signed by
Kimberly Howell
Date: 2022.07.21
15:38:46 -04'00'

Subject: Audit of Community Service and Other Grants Awarded to New Hampshire
Public Broadcasting, (NHPB), Durham, New Hampshire for the Period July 1,
2019 through June 30, 2021, Report No. AST2205-2209

Enclosed please find our final report which contains our findings and recommendations. CPB officials must make a final management decision on the findings and recommendations in accordance with established audit resolution procedures.

Accordingly, we request you provide us with a draft determination response to our findings and recommendations within 90 days of the final report. We will review your proposed actions and provide our feedback before you issue a final management decision to the grantee, which is due within 180 days of the final report. For corrective actions planned but not completed by the response date, please provide specific milestone dates so that we can track the implementation of corrective actions needed to close the audit recommendations.

We will post this report to the Office of the Inspector General's website and [Oversight.Gov](https://www.oversight.gov) and distribute it to the appropriate Congressional committees as required by the Inspector General Act of 1978, as amended. Please refer any public inquiries about this report to our website or our office.

Enclosure

cc: Bruce M. Ramer, Chair, CPB Board of Directors
Robert Mandell, Chair, Audit and Finance Committee, CPB Board of Directors
U.S. Senate Committee on Homeland Security and Governmental Affairs
U.S. House of Representatives Committee on Oversight and Government Reform
U.S. Senate Committee on Commerce, Science and Transportation
U.S. House of Representatives Energy and Commerce Committee
U.S. Senate Committee on Appropriations
U.S. Senate Labor-HHS-Education Appropriations Subcommittee

U.S. House of Representatives Committee on Appropriations
U.S. House of Representatives Labor-HHS-Education Appropriations Subcommittee

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EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) grants awarded to New Hampshire Public Broadcasting (NHPB). The grants reviewed included television Community Service grants (CSG), Interconnection, Digital Service, and Universal Service Support, as well as the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) funds for the period July 1, 2019 through June 30, 2021.

Our objectives were to examine NHPB's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act).

Our audit found that NHPB complied with CPB requirements except for:

- overstated NFFS by \$19,275, resulting in CSG overpayments of \$2,468, reported as funds put to better use; and
- not fully complying with CSG General Provisions and Eligibility Criteria for annually updating its Diversity Statement.

We recommend that CPB management require NHPB to:

- repay the \$2,468 of CSG overpayments;
- comply with CPB CSG General Provisions and Eligibility Criteria for annually updating its Diversity Statement; and
- identify the corrective actions and controls it will implement to ensure future compliance with NFFS and CSG General Provisions and Eligibility Criteria requirements.

In response to the draft report, station management agreed with our findings and implemented corrective actions to ensure in the future they properly report NFFS and annually update their Diversity Statement. CPB management will make the final determination on our findings and recommendations.

Based on the station's response to the draft report, we consider recommendations one through four resolved but open pending CPB's final management decisions resolving the audit findings, recovery of the CSG overpayment and acceptance of NHPB's corrective actions.

This report presents the conclusions of the Office of the Inspector General (OIG) and the findings do not necessarily represent CPB's final position on the issues. While we have made recommendations that are appropriate to resolve the findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures.

We performed this examination based on the Office of the Inspector General's (OIG) annual plan objective to audit multiple TV and/or radio stations. We conducted our examination in accordance with *Government Auditing Standards* for attestation examination engagements. Our scope and methodology are discussed in Exhibit D.

BACKGROUND

NHPB's financial statement audit explains that the station is a 501(c)(3) multi-media, educational non-profit organization governed by a Board of Directors. As the only statewide, locally owned, and operated PBS member station, its five transmitters carry the station's five channels to 98 percent of the state and beyond. Annually over 200,000 students benefit from NHPB's free educational services, and hundreds of thousands of online visitors access information and interactive content. The station receives no state funding and is supported by 22,000 members. Its studios are located just outside the University of New Hampshire campus in Durham, New Hampshire.

The same financial statement audit also explains that NHPB has been a leader in innovation for the PBS system to cut backroom expenses by outsourcing business and programming functions. For example, NHPB entered into a service agreement with WGBH, which provides the station services in the areas of broadcast technology and membership. This enables NHPB to focus on relevant local services and content production valued by its viewers.

CPB's Community Service Grant Program

The Act provides that specific percentages of the appropriated funds CPB receives annually from the United States Treasury must be allocated and distributed to licensees and permittees of public TV and radio stations. After funds are designated as either TV or radio funds, the funds are placed in the appropriate CSG grant pool for distribution to eligible stations. TV funds can be distributed only to TV stations and radio funds must go to radio stations.

Each year CPB awards CSG grants to public TV and radio stations based in part on the amount of NFFS claimed by all stations on their AFRs. The CSG calculation process starts with separate amounts appropriated for the TV and radio CSG pools adjusted by base grants and supplemental grants. The funds that remain are called the Incentive Grant Pools; one is for TV and the other is for radio.

The Incentive Rate of Return (IRR) is calculated separately for television and radio grantees. This is done by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all television grantees for the television IRR and by all radio grantees for the radio IRR. The IRR is then multiplied by each grantee's adjusted NFFS in various tiers to calculate the incentive award amount of its total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the fiscal year's (FY's) CSG amount. For example, CPB used the NFFS reported by NHPB on their FYs 2018 and 2019 AFRs to determine the amount of the TV CSG funds the station received in FYs 2020 and 2021.

As shown in Exhibit A, NHPB received CSG, Interconnection, Digital Service, Universal Service Support grant, and CARES Act and ARPA funds totaling \$2,791,808 for FYs 2020 and 2021 from CPB. The NHPB reported NFFS of \$3,595,240 in FY 2020 and \$4,205,533 in FY 2021 as shown in Exhibit C. NHPB's audited financial statements for the two FYs we audited reported total operating revenues of \$6,057,044 in FY 2020 and \$6,512,841 in FY 2021. NHPB's fiscal year begins July 1 and ends June 30.

RESULTS OF AUDIT

In our opinion, except for noncompliance issues described below, NHPB complied with the requirements in the following paragraph for the FYs 2020 and 2021 CSG reporting as examined in Exhibits B and C. We reviewed NHPB management’s assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; and c) AFR Signature Page. The CSG Certification of Eligibility includes NHPB’s compliance with AFR/NFFS reporting in accordance with CPB’s Guidelines; Communications Act requirements for open meetings, open financial records, Community Advisory Board (CAB), Equal Employment Opportunity (EEO) reporting, and donor lists; use of CPB funds; and discrete accounting requirements. Our responsibility is to express an opinion on management’s assertions about its compliance based on our examination.

Based on our audit, NHPB complied with CPB grant and Act requirements, except it overstated NFFS by \$19,275 resulting in CSG overpayments of \$2,468 and did not fully comply with CSG General Provisions and Eligibility Criteria for updating its Diversity Statement annually. We have reported the CSG overpayments as funds put to better use.

Our audit was conducted in accordance with the *Government Auditing Standards* for attestation engagements and, accordingly, included examining, on a test basis, evidence about NHPB’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. However, it does not provide a legal determination on NHPB’s compliance with specified requirements.

FINDINGS AND RECOMMENDATIONS

I. Overstated NFFS

Our audit found overstated NFFS totaling \$19,275 for FY 2020, which resulted in CSG overpayments of \$2,468. The overpayment was the result of incorrect premium offsets against membership revenues. We classified these overpayments as funds put to better use for reporting purposes because the funds could have been distributed to other public broadcasting stations. The calculation of the overpayment amount is presented in the following table.

Overstated NFFS and CSG Overpayment

Condition	Overstated NFFS		Totals
	FY 2020	FY 2021	
Incorrect Premiums Offset Against Membership	\$19,275	\$0	\$19,275
Total Overstated NFFS	\$19,275	\$0	\$19,275
IRR FY 2022	12.80476998%		
<i>FY 2022 CSG Overpayment</i>	<i>\$2,468</i>	<i>\$0</i>	<i>\$2,468</i>

Specifically, we found that NHPB did not exclude the correct amount of premiums from the NFFS on their FY 2020 AFR as required by CPB Guidelines. NHPB reported that it provided donors “thank you gifts” (a.k.a. “premiums”) with fair market values (FMVs) totaling \$256,567 and \$197,943 on its FYs 2020 and 2021 AFRs, respectively. As required by CPB Guidelines, NHPB entered these amounts on line 10.1 of both AFRs to exclude the premiums from the NFFS reported to CPB. However, the station’s records indicated that it should have reported \$275,842 on its FY 2020 AFR line 10.1 instead \$256,567. As a result, the station overstated its FY 2020 NFFS by \$19,275 (\$275,842 - \$256,567).

Discussions with NHPB personnel disclosed they did not report the FMV of premiums valued at \$19,275 because the premiums were tickets donated to the station. Because the cost to the station for the donated tickets was \$0, NHPB considered the tickets to be premiums of insubstantial value. However, CPB Guidelines require NHPB to deduct the FMV of these premiums which totaled \$19,275 on Line 10.1 of its FY 2020 AFR.

CPB Guidelines require stations to exclude from NFFS the FMV of high-end premiums that are not of insubstantial value. The Guidelines state:

Grantees frequently provide “thank-you gifts” (a.k.a. “premiums”) in exchange for membership contributions. The Internal Revenue Service describes a quid pro quo contribution as a payment a donor makes to a charity partly as a contribution and partly for goods or services (i.e. premiums). Thank-you gifts may be anything of value from low-end premiums (e.g. coffee mugs and tee-shirts bearing the stations call letters, name and/or brand) to high-end premiums (e.g. boxed set CDs or DVDs, coffee-table books, travel and lodging, and tickets to performances, dinners or other events).

What do you need to do for AFR purposes? If the financial statements present membership revenues on a net basis (i.e. the contribution portion only), report the same amount on Line 10 (i.e. it is unnecessary to make any further adjustment). However, if the financial statements present membership revenue at their gross value (i.e., unadjusted for the non-contribution portion), you must enter the non-contribution portion on Line 10.1 NFFS Exclusion – Fair market value of the premiums that are not of insubstantial value.

CPB FY 2020 Guidelines Part III, Line 10 – Membership and Subscriptions (net of write-offs).

NHPB should have deducted the FMV of the donated premiums, which totaled \$19,275, on Line 10.1 of its FY 2020 AFR. The \$19,275 of overstated FY 2020 NFFS resulted in a FY 2022 CSG overpayment of \$2,468.

Recommendations:

We recommend that CPB management take the following actions:

- 1) recover the \$2,468 CSG overpayment; and

- 2) require NHPB management to identify corrective actions it will implement to ensure future compliance with CPB AFR reporting requirements.

NHPB Management Response

In response to the draft report, NHPB management conceded that it overstated NFFS for FY 2020, because a database anomaly resulted in the omission of donated tickets from the exclusion. They also added that the same error did not occur in FY 2021. They explained the template used to calculate the exclusion did not properly account for the possibility of no cost premiums. Station management further stated that Membership has been instructed to assign FMV to the cost if no cost figure is available. They also said that the template used to calculate the exclusion has been modified to properly exclude the value should any premium come through with a zero cost. Along with updating the template, staff will participate in annual NFFS Training.

OIG Review and Comment

Based on NHPB's response to the draft report, we consider recommendations one and two resolved but open pending CPB's final management decision, recovery of the \$2,468 overpayment and acceptance of the NHPB's corrective actions.

II. General Provisions and Eligibility Noncompliance

NHPB did not fully comply with the CPB CSG General Provisions and Eligibility requirements because it did not annually review with its governing board and update its diversity statement. At the time we initiated this audit during October 2021, the station's 2018 diversity statement was posted on its website. NHPB personnel explained they inadvertently did not update its diversity statement for 2019 and 2020 because when its prior business manager of many years left the station, that item was not included on their to do list. They also indicated that they were working to update its 2021 and 2022 reports. They said they now better understand the compliance requirements for the diversity report and will make the diversity report available in the future.

CPB's TV CSG General Provisions and Eligibility Provisions state that:

The Communications Act requires CPB to support diverse non-commercial educational content for unserved and underserved audiences. CPB's goal, therefore, is to support stations in providing a wide variety of educational, informational, and cultural content that addresses the following elements of diversity: gender, age, race, ethnicity, culture, religion, national origin, and economic status. Grantees should engage in practices designed to reflect the diversity of populations they serve. In support of these objectives, Grantees must comply with the following:

- A. **Annual Review:** Annually review and make any necessary revisions to station's established diversity goal for its workforce, management, and boards, including community advisory boards and governing boards having governance responsibilities specific to or limited to broadcast stations.

B. Diversity Statement: Undertake the following to achieve Grantee’s diversity goal:

1. Annually review with the station’s governing board or Licensee Official:
 - a. the diversity goal and any revisions thereto, and
 - b. practices designed to fulfill the station’s commitment to diversity and to meet the applicable FCC guidelines (47 C.F.R. §73.2080).

2. Maintain on its website or make available at its central office a diversity statement (approximately 500 words) that reflects on the following points, reviewing and updating the same annually with station management:
 - a. the elements of diversity that Grantee finds important to its public media work;
 - b. the extent to which Grantee’s staff and governance reflect such diversity,
 - c. the progress Grantee has made to increase its diversity in the last two to three years; and
 - d. Grantee’s diversity plans for the coming year.

CPB FY 2021 TV CSG General Provisions and Eligibility Requirements, Part I, Section 5 Diversity Statement.

Our audit found that NHPB was not in compliance with CPB diversity statement requirements during our audit period and at the time of our fieldwork.

Recommendations:

We recommend that CPB management require NHPB to:

- 3) fully comply with CPB General Provisions and Eligibility requirements to annually review its diversity goals and make the updated statement available to the public; and

- 4) identify the corrective actions and controls it will implement to ensure future compliance with CPB General Provisions and Eligibility requirements.

NHPB Management Response

In response to the draft report, NHPB management confirmed our finding regarding updating its Diversity Statement and indicated the NHPB Board approved diversity policy has been posted to the nhpbs.org website. They also stated that staff turnover and the challenges posed by the pandemic caused the error with compliance over the past few years.

NHPB management said it has instituted a new policy whereby the Diversity and Inclusion Policy will be reviewed annually. It will evaluate prior year goals and set a plan for each fiscal year and present these materials at the Annual Meeting of the NHPB Board of Directors. At the Annual Meeting, the Board of Directors will review, edit if necessary, and approve the new fiscal year plan. The approved policy and plan will be posted to the nhpbs.org website.

OIG Review and Comment

Based on NHPB's response to the draft report, we consider recommendations three and four resolved, but open pending CPB's final management decision and acceptance of NHPB's corrective actions.

**CPB Grant Payments to NHPB
July 1, 2019 through June 30, 2021**

CPB Grants	FY 2020	FY 2021	Totals
Community Service Grants			
Community Service	\$895,598	\$962,743	\$1,858,341
Interconnection	\$17,407	\$18,210	\$35,617
Distance Service	\$24,475	\$26,700	\$51,175
Universal Service Support	\$34,561	\$34,943	\$69,504
Total Community Service Grants	\$972,041	\$1,042,596	\$2,014,637
Other Grants			
CARES Act Fiscal Stabilization	\$260,205	\$0	\$260,205
American Rescue Plan Act	\$0	\$516,966	\$516,966
Total Other Grants	\$260,205	\$516,966	\$777,171
Total All Grants	\$1,232,246	\$1,559,562	\$2,791,808

NHPB Annual Financial Reports For the Fiscal Years Ending June 30, 2020 and 2021

Schedule A
New Hampshire Network (1808)
Durham, NH

NFFS Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



Source of Income

	2020 data	2021 data
1. Amounts provided directly by federal government agencies	\$67,311	\$68,175
A. Grants for facilities and other capital purposes	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$67,311	\$68,175
Description	Amount	
Tower rentals	\$68,175	
2. Amounts provided by Public Broadcasting Entities	\$1,315,762	\$1,104,178
A. CPB - Community Service Grants	\$895,598	\$962,743
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$336,648	\$79,853
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$10,000	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$73,516	\$61,582
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$25,666	\$25,601
3.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
3.2 NFFS Ineligible	\$25,666	\$25,601
A. Rental income	\$25,666	\$25,601
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0

**NHPB Annual Financial Reports
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D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$21,602	\$9,142
4.1 NFFS Eligible	\$10,000	\$0
A. Program and production underwriting	\$10,000	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$11,602	\$9,142
A. Rental income	\$11,602	\$9,142
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$101,060	\$35,737
5.1 NFFS Eligible	\$9,250	\$0
A. Program and production underwriting	\$9,250	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$91,810	\$35,737
A. Rental income	\$91,810	\$35,737
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0

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6. Other state-supported colleges and universities	\$0	\$900
6.1 NFFS Eligible	\$0	\$900
A. Program and production underwriting	\$0	\$900
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
6.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$152,748	\$476,692
8.1 NFFS Eligible	\$148,325	\$472,497

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A. Program and production underwriting	\$55,825	\$39,913
B. Grants and contributions other than underwriting	\$92,500	\$432,584
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
8.2 NFFS Ineligible	\$4,423	\$4,195
A. Rental income	\$4,423	\$4,195
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
9. Business and Industry	\$923,431	\$910,788
9.1 NFFS Eligible	\$251,782	\$253,945
A. Program and production underwriting	\$241,782	\$173,406
B. Grants and contributions other than underwriting	\$10,000	\$80,539
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$671,649	\$656,843
A. Rental income	\$671,649	\$639,368
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$17,475
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
10. Memberships and subscriptions (net of membership bad debt expense)	\$2,927,500	\$2,909,784
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$256,567	\$197,943
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
10.3 Total number of contributors.	20,740	21,202

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11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
	<u>2020 data</u>	<u>2021 data</u>
11.1 Total number of Friends contributors.	0	0
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue	2020 data	2021 data
13. Auction revenue (see instructions for Line 13)	\$213,466	\$259,459
A. Gross auction revenue	\$222,622	\$272,499
B. Direct auction expenses	\$9,156	\$13,040
14. Special fundraising activities (see instructions for Line 14)	\$56,173	\$123,365
A. Gross special fundraising revenues	\$101,488	\$147,071
B. Direct special fundraising expenses	\$45,315	\$23,706
15. Passive income	\$54,014	\$139,597
A. Interest and dividends (other than on endowment funds)	\$38,717	\$29,472
B. Royalties	\$0	\$0
C. PBS or NPR pass-through copyright royalties	\$15,297	\$110,125
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$100,713	\$482,392
A. Gains from sales of property and equipment (do not report losses)	\$5,112	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$-3,530	\$282,168
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$99,131	\$200,224
17. Endowment revenue	\$100,391	\$463,489
A. Contributions to endowment principal	\$0	\$0
B. Interest and dividends on endowment funds	\$0	\$0
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$100,391	\$463,489
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
18. Capital fund contributions from individuals (see instructions)	\$18,000	\$22,000
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$18,000	\$22,000
B. Other		

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For the Fiscal Years Ending June 30, 2020 and 2021**

		\$0	\$0
19. Gifts and bequests from major individual donors		\$181,297	\$201,820
	<u>2020 data</u> <u>2021 data</u>		
19.1 Total number of major individual donors	133 254		
20. Other Direct Revenue		\$163,764	\$13,257
Description		Amount	
Sales of program materials		\$26	
Exclusion Description	Amount		
Sale or rental of program transcripts or recording for other than public performance including private use	\$26		
Advertising		\$13,231	
Exclusion Description	Amount		
Revenue from non-broadcast activities that fail to meet exception criteria	\$13,231		
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases		\$1,130,390	\$204,289
A. Proceeds from sale in spectrum auction		\$0	\$0
B. Interest and dividends earned on spectrum auction related revenue		\$0	\$0
C. Payments from spectrum auction speculators		\$0	\$0
D. Channel sharing and spectrum leases revenues		\$0	\$0
E. Spectrum repacking funds		\$1,130,390	\$204,289
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)		\$7,607,759	\$7,487,411
Adjustments to Revenue			
		2020 data	2021 data
23. Federal revenue from line 1.		\$67,311	\$68,175
24. Public broadcasting revenue from line 2.		\$1,315,762	\$1,104,178
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)		\$18,000	\$22,000
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria		\$163,764	\$13,257
27. Other automatic subtractions from total revenue		\$2,447,682	\$2,116,377
A. Auction expenses – limited to the lesser of lines 13a or 13b		\$9,156	\$13,040
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b		\$45,315	\$23,706
C. Gains from sales of property and equipment – line 16a		\$5,112	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b		\$-3,530	\$282,168
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c		\$99,131	\$200,224

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—	F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$100,391	\$463,489
—	G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$805,150	\$714,043
—	H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0
—	I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$17,475
—	J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$0	\$0
—	K. FMV of high-end premiums (Line 10.1)	\$256,567	\$197,943
—	L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$0	\$0
—	M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
—	N. Proceeds from spectrum auction and related revenues from line 21.	\$1,130,390	\$204,289
—	28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$3,595,240	\$4,163,424

Comments

Comment	Name	Date	Status
Schedule B WorkSheet			
New Hampshire Network (1808)			
Durham, NH			

Comments

Comment	Name	Date	Status
Occupancy List			
New Hampshire Network (1808)			
Durham, NH			

	Type of Occupancy	Location	Value
Schedule B Totals			
New Hampshire Network (1808)			
Durham, NH			

	2020 data	2021 data
1. Total support activity benefiting station	\$	\$0
2. Occupancy value		\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$	\$0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$	\$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$	\$0
6. Please enter an institutional type code for your licensee.		

Comments

Comment	Name	Date	Status
Schedule C			
New Hampshire Network (1808)			
Durham, NH			

	2020 data	Donor Code	2021 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$		\$6,249

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For the Fiscal Years Ending June 30, 2020 and 2021**

	2020 data	Donor Code	2021 data
A. Legal	\$	BS	\$6,249
B. Accounting and/or auditing	\$		\$0
C. Engineering	\$		\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$		\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$		\$3,000
A. Annual rental value of space (studios, offices, or tower facilities)	\$		\$0
B. Annual value of land used for locating a station-owned transmission tower	\$		\$0
C. Station operating expenses	\$	BS	\$3,000
D. Other (see specific line item instructions in Guidelines before completing)	\$		\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$		\$32,860
A. ITV or educational radio	\$		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$		\$0
C. Local advertising	\$	BS	\$32,860
D. National advertising	\$		\$0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$		\$42,109
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$184,964
A. Compact discs, records, tapes and cassettes	\$		\$0
B. Exchange transactions	\$		\$0
C. Federal or public broadcasting sources	\$		\$0
D. Fundraising related activities	\$	BS	\$153,463
E. ITV or educational radio outside the allowable scope of approved activities	\$		\$0
F. Local productions	\$		\$0
G. Program supplements	\$		\$0
H. Programs that are nationally distributed	\$		\$0
I. Promotional items	\$		\$0
J. Regional organization allocations of program services	\$		\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$		\$0
L. Services that would not need to be purchased if not donated	\$		\$0
M. Other	\$	BS	\$31,501
Description	Amount		
In-kinds lacking sufficient support	\$31,501		
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$		\$227,073

Comments

**NHPB Annual Financial Reports
For the Fiscal Years Ending June 30, 2020 and 2021**

Comment	Name	Date	Status
Schedule D			
New Hampshire Network (1808)			
Durham, NH			
		2020 data	2021 data
		Donor Code	
1. Land (must be eligible as NFFS)		\$	\$0
2. Building (must be eligible as NFFS)		\$	\$0
3. Equipment (must be eligible as NFFS)		\$	\$0
4. Vehicle(s) (must be eligible as NFFS)		\$	\$0
5. Other (specify) (must be eligible as NFFS)		\$	\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support		\$	\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS		\$	\$0
a) Exchange transactions		\$	\$0
b) Federal or public broadcasting sources		\$	\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment		\$	\$0
d) Other (specify)		\$	\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.		\$	\$0

Comments

Comment	Name	Date	Status
Schedule E			
New Hampshire Network (1808)			
Durham, NH			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2020 data	2021 data
1. Programming and production	\$2,070,229	\$1,990,331
A. TV CSG	\$895,598	\$962,743
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$260,205	\$0
D. All non-CPB Funds	\$914,426	\$1,027,588
2. Broadcasting and engineering	\$1,529,679	\$1,429,856
A. TV CSG	\$0	\$0
B. TV Interconnection	\$17,407	\$18,210
C. Other CPB Funds	\$59,036	\$61,643
D. All non-CPB Funds	\$1,453,236	\$1,350,003
3. Program information and promotion	\$66,012	\$119,761
A. TV CSG	\$0	\$0

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	2020 data	2021 data
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$66,012	\$119,761
SUPPORT SERVICES	2020 data	2021 data
4. Management and general	\$814,796	\$819,158
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$814,796	\$819,158
5. Fund raising and membership development	\$1,555,844	\$1,749,228
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,555,844	\$1,749,228
6. Underwriting and grant solicitation	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$6,036,560	\$6,108,334
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$895,598	\$962,743
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$17,407	\$18,210
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$319,241	\$61,643
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$4,804,314	\$5,065,738
INVESTMENT IN CAPITAL ASSETS		
Cost of capital assets purchased or donated		
	2020 data	2021 data
9. Total capital assets purchased or donated	\$1,127,872	\$190,308
9a. Land and buildings	\$0	\$0

NHPB Annual Financial Reports For the Fiscal Years Ending June 30, 2020 and 2021

	2020 data	2021 data
9b. Equipment	\$1,127,872	\$163,389
9c. All other	\$0	\$26,919
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$7,164,432	\$6,298,642

Additional Information

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2020 data	2021 data
11. Total expenses (direct only)	\$6,036,560	\$5,881,261
12. Total expenses (indirect and in-kind)	\$0	\$227,073
13. Investment in capital assets (direct only)	\$1,127,872	\$190,308
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

Comments

Comment	Name	Date	Status
Schedule F			
New Hampshire Network (1808)			
Durham, NH			

2021 data

1. Data from AFR

a. Schedule A, Line 22	\$7,487,411
b. Schedule B, Line 5	\$0
c. Schedule C, Line 6	\$227,073
d. Schedule D, Line 8	\$0
e. Total from AFR	\$7,714,484

Choose Reporting Model

You **must** choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.

- FASB
 GASB Model A proprietary enterprise-fund financial statements with business-type activities only
 GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

2021 data

2. FASB

a. Total support and revenue - without donor restrictions	\$7,052,078
b. Total support and revenue - with donor restrictions	\$662,406
c. Total support and revenue - other	\$0
d. Total from AFS, lines 2a-2c	\$7,714,484

Reconciliation

2021 data

3. Difference (line 1 minus line 2)	\$0
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$0

Comments

Comment	Name	Date	Status
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**NHPB Summary of Non-Federal Financial Support
For the Years Ending June 30, 2020 and 2021
Certified by Head of Grantee and Independent Accountant's Report**

	Description	FY 2020	FY 2021	Totals
1	Direct Revenue (Schedule A)	\$3,595,240	\$4,163,424	\$7,758,664
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
3	In-kind-Contributions			
	3a. In-Kind Contributions (Schedule C)	\$0	\$42,109	\$42,109
	3b. In-Kind Contributions (Schedule D)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
4	Total Non-Federal Financial Support	\$3,595,240	\$4,205,533	\$7,800,773

Scope and Methodology

We performed an attestation examination to determine NHPB's compliance with CPB Financial Reporting Guidelines, provisions of the Communications Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by station on its AFRs; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of NFFS claimed on NHPB's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledgers) and the audited financial statements for the fiscal years ending June 30, 2020 and June 30, 2021. We reviewed underwriting and grant agreements and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$352,436 of the \$3,595,240 NHPB reported in FY 2020 and \$574,886 of the \$4,205,533 reported in FY 2021.

We reviewed the allowability of expenses NHPB charged to the FYs 2020 and 2021 CSGs received from CPB. To determine whether NHPB incurred CSG expenditures in accordance with grant terms, we reviewed \$1,749,869 of the \$2,014,637 in CSG expenses incurred during our audit period. For all grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions.

We reviewed policies, records, and documents supporting the station's compliance with the Act's requirements to provide advance notice of public meetings, establish and monitor a CAB, make financial and EEO information available to the public, and safeguard donor lists. We also reviewed NHPB's website to determine its compliance with CPB's transparency requirements. Our procedures included interviewing station officials and the stations' independent public accountant.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of NHPB's policies and procedures for compliance with certification of eligibility requirements, Communications Act, and CPB grant agreement terms for allowable costs. We used this information to assess risks and plan the nature and extent of our testing to conclude on our objectives.

We conducted fieldwork from November 15, 2021 through April 20, 2022. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.



William Richardson III
Deputy Inspector
General Office of the Inspector General
Corporation for Public Broadcasting
401 Ninth Street NW
Washington, DC 20004-2129

June 20, 2022

Dear Mr. Richardson:

New Hampshire Public Broadcasting has received and reviewed the detailed findings of its CPB Certification of Compliance Audit for the period July 19, 2019 to June 30, 2021.

We appreciate the thoroughness with which your team approached the audit and confirm the findings and recommendations.

The findings indicate that NHPB overstated NFFS by \$19,275, resulting in CSG overpayments of \$2,468 and that it did not fully comply with annual updates of its Diversity Statement.

These items have been remedied as follows:

Regarding overstatement of NFFS, we concede this error for FY20. Although review of over 3100 premiums resulted in the exclusion of over \$257,000 in high value premiums, a database anomaly resulted in the omission of donated tickets from the exclusion. The same error did not occur in FY21. The template used to calculate the exclusion did not properly account for the possibility of no-cost premiums. Membership has been instructed to assign fair market value to the cost if no cost figure is available. The template used to calculate the exclusion has been modified to properly exclude the value should any premium come through with a zero cost.

Along with updating the template, staff will participate in annual NFFS training. They will also review internal practices for all NFFS reporting requirements to ensure that no over-statement occurs.

The CPB Audit also found that NHPB did not fully comply with annually updating its Diversity Statement.

At its core, NHPB is committed to Diversity, Equity, and Inclusion among its staff and all programming (on-air, online, in classrooms and communities). Management has participated in years-long training and community engagement activities devoted to ensuring these principals are integrated in all we do. The NHPB Board-approved diversity policy has been posted to the nhpbs.org website. Staff turnover and the challenges posed by the pandemic caused the error with compliance over the past few years.

NHPB management has instituted a new policy whereby the Diversity and Inclusion Policy will be reviewed annually. It will evaluate prior year goals and set a plan for each fiscal year and present these materials at the Annual Meeting of the NHPB Board of Directors. At the Annual Meeting, which takes



place in June at the end of the fiscal year, the Board of Directors will review, edit if necessary, and approve the new fiscal year plan.

The approved policy and plan will be posted to the nhpbs.org website.

<https://nhpbs.org/about/diversity.asp>

In addition, NHPB will institute annual Diversity, Equity and Inclusion training for its Board of Directors, Community Advisory Board members, and staff.

NHPB takes these issues seriously and will endeavor to remain in full compliance with CPB certification requirements now and into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter A. Frid". The signature is written in a cursive, somewhat stylized script.

Peter A. Frid
President and CEO
New Hampshire Public Broadcasting
pfrid@nhpbs.org