

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

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS
AWARDED TO KUON-TV, LINCOLN, NEBRASKA,
FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2020**

REPORT NO. AST2112-2213

September 26, 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 KUON-TV'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 KUON-TV, Lincoln, Nebraska, for the Period July 1, 2018 through June 30, 2020

What We Found

Based on our audit results, KUON-TV:

- Reported NFFS totaling \$19,040,730 of which \$72,000 was ineligible in accordance with CPB's Guidelines, resulting in Community Service Grant (CSG) overpayments of \$9,106; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Act; except that it did not provide advance notice to the public for committee meetings of the licensee's governing board involving public broadcasting business.

KUON-TV complied with CPB requirements except for overstating NFFS by \$72,000 and not providing advance notice to the public of its governing board's committee meetings.

In response to the draft report, station management did not agree that any revenue reported as NFFS was ineligible or that advance notice was required for any of its Board of Regent's committee meetings. CPB management will make the final determination on our findings and recommendations.

What We Recommend

We recommend that CPB management require KUON-TV to:

- repay the \$9,106 of CSG overpayments;
- ensure that ineligible payments are not reported as NFFS on its AFRs; and
- fully comply with Act requirements to provide reasonable advance notices for its governing board's committee meetings that discussed public broadcasting.



Corporation
for Public
Broadcasting

Office of the Inspector General

Date: September 26, 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

Subject: Audit of Community Service and Other Grants Awarded to KUON-TV, Lincoln,
Nebraska, for the period July 1, 2018 through June 30, 2020, Report No.
AST2112-2213

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 KUON-TV, licensed to the University of Nebraska. The grants reviewed included television Community Service grants (CSG), Interconnection, Distance Service, Universal Service, and the Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants for the period July 1, 2018 through June 30, 2020.

Our objectives were to determine whether KUON-TV: a) claimed Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB's Financial Reporting Guidelines (Guidelines); b) complied with the Communications Act (Act) and CPB's certification requirements; and c) expended CPB grant funds in accordance with grant requirements.

Based on our audit, KUON-TV complied with CPB grant and Act requirements, except for:

- overstating NFFS totaling \$72,000, resulting in CSG overpayments of \$9,106 (reported as funds put to better use); and
- not fully complying with Act and CPB requirements to provide advance notice of its governing board committee meetings.

We recommend that CPB management require KUON-TV to take corrective actions to:

- repay CSG overpayments of \$9,106;
- ensure that ineligible payments are not reported as NFFS on its AFRs; and
- fully comply with Act requirements to provide reasonable advance notices for its governing board committee meetings.

In response to the draft report, KUON-TV officials advised us that they did not agree that the station overstated NFFS and further stated in their written response to our draft that they disagreed that KUON-TV was not in compliance with the Act advance notice of open meetings requirements. The station's response is summarized after each finding and the complete response is presented as Exhibit E.

Based on KUON-TV officials' response to the draft audit report, we consider recommendations one through three unresolved and open pending CPB's final management decisions resolving our audit findings and recommendations.

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 conducted our audit in accordance with *Government Auditing Standards* for attestation examination engagements. Our scope and methodology are discussed in Exhibit D.

BACKGROUND

KUON-TV, located in Lincoln, Nebraska, is licensed to the University of Nebraska by the Federal Telecommunications Commission. The day-to-day operations of the station are conducted by Nebraska Public Media (NPM). NPM is a joint undertaking of the Board of Regents of the University of Nebraska and the State of Nebraska Educational Telecommunications Commission (the Commission). Through a long-standing agreement between NPM and the University of Nebraska, KUON-TV operates as the flagship station for NPM.

KUON-TV is a full-service television station broadcasting on local digital channel 12. In addition to PBS national programming, KUON-TV airs community public affairs shows, Nebraska history and culture programs, and educational programs. Financial information related to KUON-TV activities is included in the University of Nebraska Television Department financial statements.

As further background on related parties, NPM management is responsible for the operations of CSG grantees KUON-TV and Nebraska Network (licensed to the Commission) and comprise the NPM television network.¹ As noted in both the Commission and the University of Nebraska Television Department's audited financial statements, the University's television department serves as the primary production arm of the NPM Television Network, while the Commission's primary responsibility is transmission. The Commission annually transfers its CSG funds to the television department and these funds are included in KUON-TV's audited financial statements and AFRs as CSG revenues and expenses related to the transferred CSG funds. See Exhibit B footnotes.

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.

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 separately calculated 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

¹ The Commission is the licensee of eight public television stations included in the NPM television network and is also the licensee of the Nebraska Public Media Radio Network and recipient of a CPB radio CSG.

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 KUON-TV on its FYs 2017 and 2018 AFRs to determine the amount of the TV CSG funds the station received in FYs 2019 and 2020.

As shown in Exhibit A, KUON-TV received CSG, Interconnection, Universal Service Support, Distance Service, and other grant funds totaling \$3,143,261 for FYs 2019 and 2020 from CPB. The station reported NFFS of \$8,893,259 in FY 2019 and \$10,147,471 in FY 2020 as shown in Exhibit C. The audited financial statements for the two FYs we audited reported total revenues of \$16,340,987 in FY 2019 and \$17,440,082 in FY 2020. The station's fiscal years begin July 1 and end June 30.

RESULTS OF REVIEW

In our opinion, KUON-TV complied with CPB requirements except for the specific requirements as summarized below for FY's 2019 and 2020 grant reporting periods as examined in Exhibits B and C.

We examined KUON-TV'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 KUON-TV's assertion of compliance with AFR/NFFS reporting in accordance with CPB guidelines; Act requirements for open meetings, open financial records, Equal Employment Opportunity (EEO) reporting, and donor lists; use of CPB funds; and discrete accounting requirements. KUON-TV management is responsible for their assertions of compliance. Our responsibility is to express an opinion on management's assertions about the station's compliance based on our examination.

We found KUON-TV complied with CPB grant and Act requirements except for:

- overstating NFFS totaling \$72,000, resulting in CSG overpayments of \$9,106 (reported as funds put to better use); and
- not fully complying with Act and CPB requirements to provide reasonable advance notices for governing board committee meetings.

Our audit was conducted in accordance with *Government Auditing Standards* for attestation examination engagements and, accordingly, included examining, on a test basis, evidence about KUON-TV'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. Our examination does not provide a legal determination on KUON-TV's compliance with specified requirements.

FINDINGS AND RECOMMENDATIONS

Overstated NFFS

Our audit found overstated NFFS totaling \$72,000 for FY 2019 and 2020 as presented in the following table. The station claimed revenues received under co-production agreements as contributions instead of payments. As a result, KUON-TV received CSG overpayments of \$9,106. We classified this amount as funds put to better use for reporting purposes because the funds paid to KUON-TV could have been distributed to other public broadcasting stations. KUON-TV officials disagreed with our interpretation of the agreements.

Overstated NFFS and CSG Overpayment Calculation

NFFS Categories	Overstated NFFS		
	FY 2019	FY 2020	Total
<i>Schedule A: Direct Revenues</i>			
Line 8.1.A Foundations and nonprofit associations, program and production underwriting	\$28,000	\$44,000	\$72,000
Total Overstated NFFS	\$28,000	\$44,000	\$72,000
FY's 2021 and 2022 IRRs	0.1239970296	0.1280476998	
Overpaid CSG Grant Funds	\$3,472	\$5,634	\$9,106

Specifically, we found that KUON-TV reported NFFS underwriting revenues of \$28,000 in FY 2019 and \$44,000 in FY 2020 received from ineligible sources. The station entered into agreements identified as co-production agreements with two non-profit organizations under which each non-profit organization (referred to as co-producer) agreed to monetarily compensate the station for services including materials, production services, and personnel provided under the agreement. The agreements also provided that the co-producer would own the copyright to the programs developed under the agreement and would retain full rights to “exploit” the programs.² Based on our review of the agreements and the value received by the co-producers (copyright and rights to “exploit”), we consider these revenues to be greater than nominal underwriting and to be payments under the agreements and not contributions. As explained in the criteria below, revenues received in the form of payments from non-profit organizations are not NFFS-eligible revenues.

CPB Guidelines, Part II, Section II. distinguish a payment from a contribution and identify eligible sources of payments.

... revenues are either a contribution or a payment and must meet recipient, form, source, and purpose criteria to be reported as NFFS. Contributions must be unconditionally provided to the CSG recipient. A payment, on the other hand, is a reciprocal transfer (i.e., an exchange transaction) of cash or other assets in which each party receives and

² The agreements include exceptions that the station shall also have some rights.

sacrifices approximately equal value. The universe of eligible sources for contributions is relatively large: any source except the federal government or another public broadcasting entity, while the universe of eligible sources for payments in exchange transactions is relatively small: the only eligible sources are state and local governments and educational institutions.

KUON-TV officials advised us that they do not consider the co-production agreements to be reciprocal agreements but rather contributions. They further advised us that their treatment of co-production agreements goes back many years (possibly the early 2000's) and that they believed the station had discussed their accounting for co-production agreements with CPB officials.

CPB's Guidelines classify revenues as either a contribution or payment for NFFS reporting purposes. As a result of reporting ineligible revenue from payments of \$28,000 on the FY 2019 AFR and \$44,000 on the FY 2020 AFR, KUON-TV was awarded excess CSG funds of \$3,472 in FY 2021 and \$5,634 in FY 2022 for a total overpayment of \$9,106.

Recommendations

We recommend that CPB management take the following actions:

- 1) recover \$9,106 in CSG overpayments; and
- 2) require KUON-TV to identify corrective actions it will implement to ensure that ineligible payments are not reported as NFFS revenues on its AFRs.

KUON-TV Management Response

KUON-TV officials did not agree with our finding. KUON-TV, informally responded that our above description adequately represented their position and did not provide an additional response to this finding.

OIG Review and Comment

As KUON-TV official's response to the draft report did not present any additional information regarding its disagreement with our finding for overstated NFFS, we have not changed our findings and recommendations. We consider recommendations one and two unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

Communications Act Noncompliance

Our audit found that KUON-TV was not fully compliant with Act requirements to provide advance notices of the licensee's Board of Regents' Audit, Risk, and Compliance Committee meetings where public broadcasting activities were discussed. Station officials did not agree with our finding arguing that the University's committee meetings did not meet the quorum requirements under state law and under CPB's Communications Act guidance.

Specifically, neither KUON-TV nor its licensee, the University of Nebraska Board of Regents, provided reasonable advance notice for three meetings held by the Audit, Risk, and Compliance Committee during our audit period and two meetings after our audit period. These five meetings included discussions of public broadcasting business and included actions that we would associate with a meeting: motions were made and votes were taken to approve minutes of previous meetings, approve audit reports issued, and approve risk assessments and audit plans. Information was also provided regarding external audit engagement letters for the University of Nebraska Television Department (KUON-TV) audit. The meetings were attended by the Committee Chair, Vice-Chair, and two additional committee members and attendees that usually included officials of the University of Nebraska. These meetings were held on August 2, 2018, September 26, 2019, June 25, 2020, August 13, 2020, and August 12, 2021.

All other public business of KUON-TV was discussed at the Nebraska Educational Telecommunications Commission meetings. There were 13 public meetings of the Commission and its committees during our audit period. The station provided reasonable advance notice, at least seven days, for each of them.

The Act at 47 U.S.C. § 396 (k)(4) requires that stations make reasonable advance notice of open meetings to the public.

Funds may not be distributed pursuant to this subsection ... to the licensee or permittee of any public broadcast station, unless the governing body of any such organization, any committee of such governing body, or any advisory body of any such organization, holds open meetings preceded by reasonable notice to the public.

The Act at 47 U.S.C. § 397 (5) defines the term meeting as "...the deliberations of at least the number of members of a governing or advisory body, or any committee thereof, required to take action on behalf of such body or committee where such deliberations determine or result in the joint conduct or disposition of the governing or advisory body's business, or the committee's business, as the case may be, but only to the extent that such deliberations relate to public broadcasting."

CPB's compliance guidance included in its *Compliance 2019*³ document included the 47 U.S.C. § 397 (5) definition and required the following:

E. Notice of Open Meetings: The Act requires stations to provide the public with reasonable advance notice of an Open Meeting. Stations may satisfy that requirement by providing at least seven days' advance notice of an Open Meeting, including the time and place of the meeting, by:

- 1) Posting notice on the station website;
- 2) Broadcasting notice on-air between 6 a.m. and 11 p.m., as shown by the station's log;

³ This document was originally published in 2016 and is updated by CPB annually. The 2021 update is available on the CPB website.

- 3) Placing notice in the “Legal Notices” section of a local newspaper in general circulation in the station’s primary coverage area; or
- 4) Giving notice through a recorded announcement accessible on the station’s phone system.

By signing the 2019 and 2020 CSG agreements and certifications of eligibility, station and licensee officials agreed that meetings of the Grantee’s governing body and its committees are open to the public and that seven days’ advance notice would be given by posting notice on the station website.

KUON-TV officials disagreed with our finding and stated that our observations did not adequately take the circumstances of NPM’s organization and Nebraska law into account. Station officials explained that NPM operates KUON-TV pursuant to an agreement with the Board of Regents but is not in a position to dictate the operations of the Board of Regents. However, they expressed a commitment to ensure that all CSG requirements are met going forward.

Subsequent to our issuance of the draft report and following the exit conference, we located the Charter of the Audit, Risk and Compliance Committee (revised March 29, 2019). The Charter provides that, “The quorum for the committee will be a majority (3) of the members (5).” In response, the station maintained that the committee still only had four voting members attending, which was not a quorum of the full Board of Regents. The station cited guidance provided by Nebraska’s Attorney General, dated November 2020 relating to Nebraska’s open meetings law. This guidance states that a quorum is not met unless a quorum of the full Board attended the committee meeting. The station further stated that a quorum of the full Board of Regents was not in attendance at any of the Committee meetings.

While the station and the Board of Regents need to comply with state law, in order to receive CPB funding the station and licensee must also comply with the Act. If a committee of the Board of Regents conducts business that involves public broadcasting and sufficient members were present for their actions and discussion to have effect, the station must fulfill the requirements of the Act. Based on our evaluation of the five committee meeting minutes, public broadcasting matters were discussed and actions were taken by those present. While state law alone may support the station’s position for purposes of the Nebraska open meetings law that there cannot be a “meeting” if there is not a quorum of the full governing body, state law alone is not controlling for the purposes of compliance with the Act. The meetings involved discussions of matters related to the station, its operations, and public broadcasting, and resulted in votes and actions by the committee. Based on these facts, we concluded that each meeting falls within the definition of meeting under the Act and each should have complied with the Act by providing advance notice.

Neither KUON-TV or the Board of Regents provided reasonable advance notice of Board committee meetings. KUON-TV was not in full compliance with Act requirements during our audit period.

Recommendation

We recommend that CPB management require KUON-TV to identify the corrective actions they will implement to ensure:

- 3) the public receives reasonable advance notice of all upcoming governing board committee meetings discussing public broadcasting activities at least seven days in advance of the meeting.

KUON-TV Management Response

In their written response to our draft report, KUON-TV officials expressed their commitment to ensure compliance with CPB requirements. However, they stated our finding did not adequately consider the unique circumstances of NPM's relationship to the Board of Regents or Nebraska law, and that NPM operated KUON-TV pursuant to an agreement with the Board and could not dictate the operations of the Board.

Station officials stated Nebraska state law is controlling for purposes of meetings of the Board of Regents and Nebraska Attorney General guidance provides that a meeting does not occur unless a quorum of the full governing board is present. They also cited CPB's Act Compliance guidance that states the presence of a quorum is necessary in order for a gathering of a board or committee to constitute a meeting under the Act. They also asserted that Nebraska Attorney General guidance provides that under Nebraska's Open Meetings Act, a committee gathering does not meet the definition of a meeting unless a quorum of the full Board of Regents is present.

Subsequent to our issuance of the draft report and following the exit conference, in response to our locating the Charter of the Audit, Risk and Compliance Committee of the University of Nebraska and the definition of a quorum in the Charter, station officials still believe under State law, "... that we are talking about a quorum of the entire Board of Regents. The Committee meeting cannot and should not be defined as a "Meeting" under the Act since it does not have 5 voting members. That is consistent with our previous position and consistent with the Attorney General outline." Station officials again referenced Section B.4.a under the "Public Bodies Which Are Covered" which states, "Subcommittees of the various bodies described earlier in §84-1409 are not public bodies under the Open Meetings Act unless a quorum of the public body attends a subcommittee meeting, or unless those subcommittees are holding hearings, making policy, or taking formal action on behalf of the parent body." Our committee meetings do not involve a quorum of the Board of Regents and therefore do not meet the definitions of a "meeting" nor "public body" under the Open Meetings Act."

OIG Review and Comment

Based on KUON-TV's response to the draft report the station has relied on Nebraska's Attorney General guidance that a meeting does not occur unless a quorum of the full governing board is present and CPB's Compliance guidance, dated June 1, 2021 that requires a quorum.

Our review of the Charter and the duties and responsibilities of the Audit Committee states, the committee has sole responsibility to:

1. The sole authority to appoint, compensate, retain, and oversee and terminate all independent auditors.
2. The sole authority to pre-approve all terms of and fees for audit services, ... performed for the University by any independent auditors.

Based on these duties and responsibilities, in our judgment the Audit Committee has sole authority to exercise essentially public functions related to audits for the University and a quorum of the Board of Regents would not be needed because these responsibilities have been vested with the Audit Committee. As a result, the Audit Committee would be subject to the State's open meeting requirements.

Further, we do not believe the subcommittee guidance referenced by the station, Section B.4.a under the "Public Bodies Which Are Covered," is applicable to the Audit Committee because it is not a subcommittee of another committee under the Attorney General guidelines and as a result are subject to the State's open meeting requirements.

After fully evaluating the station's response to the draft report, the positions conveyed in the exit conference, and the station's response to the Audit Committee charter, we have not changed our finding. We consider recommendation three unresolved and open pending CPB's final management decisions resolving our audit finding and recommendation.

CPB Grant Payments to KUON-TV
July 1, 2018 through June 30, 2020

CPB Grants	FY 2019	FY 2020	Totals
<i>Community Service Grants:</i>			
Community Service	\$1,356,147	\$1,422,887	\$2,779,034
Interconnection	\$25,825	\$27,656	\$53,481
Distance Service	\$24,475	\$24,475	\$48,950
Universal Service Support	\$30,793	\$31,003	\$61,796
<i>Total Community Service Grants</i>	\$1,437,240	\$1,506,021	\$2,943,261
<i>Other Grants:</i>			
CARES	\$0	\$200,000	\$200,000
<i>Total Other Grants</i>	\$0	\$200,000	\$200,000
Total All CPB Grants	\$1,437,240	\$1,706,021	\$3,143,261

**KUON-TV Annual Financial Reports
For the Fiscal Years Ending June 30, 2019 and 2020**

Schedule A
KUON-TV (1805)
Lincoln, NE

NFFS Excluded?

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



Source of Income

	2019 data	2020 data
1. Amounts provided directly by federal government agencies	\$44,000	\$5,490
A. Grants for facilities and other capital purposes	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$9,000	\$0
Variance greater than 25%.		
D. National Endowment for the Arts and Humanities	\$10,000	\$5,000
Variance greater than 25%.		
E. National Science Foundation	\$25,000	\$0
Variance greater than 25%.		
F. Other Federal Funds (specify)	\$0	\$490
Description	Amount	
Ready to Learn	\$490	
2. Amounts provided by Public Broadcasting Entities	\$6,252,765	\$6,628,562
A. CPB - Community Service Grants ¹	\$2,791,279	\$2,717,946
B. CPB - all other funds from CPB (e.g. RTL, ² Programming Grants)	\$426,185	\$829,667
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$286,393	\$292,821
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$5,000	\$26,660
Variance greater than 25%.		
F. Other PBE funds (specify)	\$2,743,908	\$2,761,468
Description	Amount	
NET Foundation for Radio	\$633,929	
Nebraska Educ Telecommunicaitons	\$2,064,680	
Vision Make Media	\$62,859	

1. (Schedule A, Line 2.A) For FY 2019 the \$2,791,279 total includes KUON-TV CSG funds of \$1,356,147 and \$1,435,132 in Nebraska Network CSG TV funds transferred by the Nebraska Educational Telecommunications Commission to the University Television Department to fund the television activities of the Nebraska Network. For FY 2020 the \$2,717,946 total includes KUON-TV CSG funds of \$1,422,887 and \$1,295,059 in Nebraska Network CSG TV funds.

2. (Schedule A, Line 2.B) For FY 2019 the \$426,185 total includes KUON-TV other CPB funds of \$79,974 and \$346,211 in Nebraska Network other CPB TV funds. For FY 2020 the \$829,667 total includes KUON-TV other CPB funds of \$282,677 and \$546,990 in Nebraska Network other CPB TV funds.

**KUON-TV Annual Financial Reports
For the Fiscal Years Ending June 30, 2019 and 2020**

—	3. Local boards and departments of education or other local government or agency sources	\$6,342	\$23,336
—	3.1 NFFS Eligible	\$6,342	\$23,336
Variance greater than 25%.			
—	A. Program and production underwriting	\$6,040	\$23,312
Variance greater than 25%.			
—	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)	\$302	\$24
	Description	Amount	
	Educ / Instructional Sales	\$24	
Variance greater than 25%.			
—	3.2 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
—	4. State boards and departments of education or other state government or agency sources	\$220,286	\$207,499
—	4.1 NFFS Eligible	\$213,067	\$195,100
—	A. Program and production underwriting	\$213,067	\$194,770
—	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

**KUON-TV Annual Financial Reports
For the Fiscal Years Ending June 30, 2019 and 2020**

<p>— F. Other income eligible as NFFS (specify)</p> <p style="padding-left: 40px;">Description Educ / Instructional Sales</p> <p>— 4.2 NFFS Ineligible</p> <p>Variance greater than 25%.</p> <p style="padding-left: 40px;">A. Rental income</p> <p>— B. Fees for services</p> <p>Variance greater than 25%.</p> <p style="padding-left: 40px;">C. Licensing fees (not royalties – see instructions for Line 15)</p> <p>— D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)</p> <p>— E. Other income ineligible for NFFS inclusion</p> <p>Variance greater than 25%.</p> <p style="padding-left: 40px;">5. State colleges and universities</p> <p>— 5.1 NFFS Eligible</p> <p>— A. Program and production underwriting</p> <p>Variance greater than 25%.</p> <p style="padding-left: 40px;">B. Grants and contributions other than underwriting</p> <p>— C. Appropriations from the licensee</p> <p>— D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)</p> <p>— E. Gifts and grants received through a capital campaign but not for facilities and equipment</p> <p>— F. Other income eligible as NFFS (specify)</p> <p style="padding-left: 40px;">Description Educ / Instructional Sales</p> <p>— 5.2 NFFS Ineligible</p> <p>Variance greater than 25%.</p>	<p>\$0</p> <p>\$7,219</p> <p>\$0</p> <p>\$7,129</p> <p>\$0</p> <p>\$0</p> <p>\$90</p> <p>\$2,188,465</p> <p>\$2,167,147</p> <p>\$58,853</p> <p>\$0</p> <p>\$2,108,272</p> <p>\$0</p> <p>\$0</p> <p>\$22</p> <p>\$21,318</p>	<p>\$330</p> <p>\$12,399</p> <p>\$0</p> <p>\$12,399</p> <p>\$0</p> <p>\$0</p> <p>\$0</p> <p>\$2,107,266</p> <p>\$2,092,005</p> <p>\$13,380</p> <p>\$0</p> <p>\$2,077,950</p> <p>\$0</p> <p>\$0</p> <p>\$675</p> <p>\$15,261</p>
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—	A. Rental income	\$0	\$0
—	B. Fees for services	\$21,318	\$15,261
Variance greater than 25%.			
—	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
—	6. Other state-supported colleges and universities	\$156	\$1,840
—	6.1 NFFS Eligible	\$156	\$1,840
Variance greater than 25%.			
—	A. Program and production underwriting	\$0	\$1,840
—	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)	\$156	\$0
Variance greater than 25%.			
—	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	\$69,900	\$840
—	7.1 NFFS Eligible	\$69,900	\$840
Variance greater than 25%.			

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—	A. Program and production underwriting	\$69,900	\$840
	Variance greater than 25%.		
—	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	\$526,840	\$487,855
—	8.1 NFFS Eligible	\$519,005	\$482,770
—	A. Program and production underwriting	\$207,724	\$263,521
	Variance greater than 25%.		
—	B. Grants and contributions other than underwriting	\$311,281	\$219,249
	Variance greater than 25%.		
—	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	\$7,835	\$5,085
	Variance greater than 25%.		
—	A. Rental income	\$0	\$0

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B. Fees for services	\$7,525	\$4,216
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Variance greater than 25%.

C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
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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
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E. Other income ineligible for NFFS inclusion	\$310	\$869
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Description	Amount
Educ / Instructional Sales	\$869

Variance greater than 25%.

9. Business and Industry	\$1,215,121	\$631,682
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9.1 NFFS Eligible	\$687,342	\$331,728
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Variance greater than 25%.

A. Program and production underwriting	\$679,817	\$326,729
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Variance greater than 25%.

B. Grants and contributions other than underwriting	\$7,525	\$4,999
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Variance greater than 25%.

C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
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D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
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E. Other income eligible as NFFS (specify)	\$0	\$0
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9.2 NFFS Ineligible	\$527,779	\$299,954
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Variance greater than 25%.

A. Rental income	\$0	\$0
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B. Fees for services	\$494,448	\$273,225
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Variance greater than 25%.

C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
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D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital	\$0	\$0
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campaign (TV only)		
E. Other income ineligible for NFFS inclusion	\$33,331	\$26,729
Description	Amount	
Educ / Instructional Sales	\$26,729	
10. Memberships and subscriptions (net of membership bad debt expense)	\$2,750,023	\$2,792,053
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$316,071	\$297,149
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)	\$48,285	\$3,916
10.3 Total number of contributors.	<u>2019 data</u> 28,055	<u>2020 data</u> 28,339
Variance greater than 25%.		
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1 Total number of Friends contributors.	<u>2019 data</u> 0	<u>2020 data</u> 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	<u>2019 data</u>	<u>2020 data</u>
13. Auction revenue (see instructions for Line 13)	\$0	\$0
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$0	\$23,256
A. Gross special fundraising revenues	\$0	\$32,916
B. Direct special fundraising expenses	\$0	\$9,660
15. Passive income	\$683,286	\$610,344
A. Interest and dividends (other than on endowment funds)	\$677,581	\$609,624
B. Royalties	\$564	\$720

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Variance greater than 25%.

C. PBS or NPR pass-through copyright royalties	\$5,141	\$0
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Variance greater than 25%.

16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$298,514	\$22,072
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A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
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B. Realized gains/losses on investments (other than endowment funds)	\$69,030	\$48,420
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Variance greater than 25%.

C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$229,484	\$-26,348
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Variance greater than 25%.

17. Endowment revenue	\$298,240	\$1,207,041
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A. Contributions to endowment principal	\$245,863	\$1,299,887
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Variance greater than 25%.

B. Interest and dividends on endowment funds	\$151,320	\$196,749
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Variance greater than 25%.

C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
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D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$-98,943	\$-289,595
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Variance greater than 25%.

18. Capital fund contributions from individuals (see instructions)	\$0	\$0
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A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0
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B. Other	\$0	\$0
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19. Gifts and bequests from major individual donors	\$590,617	\$1,423,192
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	<u>2019 data</u>	<u>2020 data</u>
19.1 Total number of major individual donors	188	176

Variance greater than 25%.

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20. Other Direct Revenue	\$4,700	\$3,966
Description	Amount	
Memorial Income	\$2,434	
Sales Tax Collection Fee	\$163	
A/R Adjustments	\$-5	
Non-Major Bequests	\$624	
Awards Revenue	\$750	
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
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	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$15,149,255	\$16,185,954

Adjustments to Revenue

	2019 data	2020 data
23. Federal revenue from line 1.	\$44,000	\$5,490
Variance greater than 25%.		
24. Public broadcasting revenue from line 2.	\$6,252,765	\$6,628,562
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
27. Other automatic subtractions from total revenue	\$1,128,078	\$375,901
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$9,660
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$69,030	\$48,420
Variance greater than 25%.		
E. Unrealized investment and actuarial gains/losses	\$229,484	\$-26,348

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(other than endowment funds) – line 16c

Variance greater than 25%.

F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$ -98,943	\$ -289,595
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Variance greater than 25%.

G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$0
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H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$530,420	\$305,101
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Variance greater than 25%.

I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
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J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$33,731	\$27,598
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K. FMV of high-end premiums (Line 10.1)	\$316,071	\$297,149
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L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$48,285	\$3,916
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Variance greater than 25%.

M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
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N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
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28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$7,724,412	\$9,176,001
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Comments

Comment	Name	Date	Status
Schedule B WorkSheet			
KUON-TV (1805)			
Lincoln, NE			

	2019	2020
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Step 1 - Compute the Rate - Licensee Indirect Costs/Licensee Direct Costs

Institutional Support (Enter this amount here only if station benefits from Institutional Support.)	\$	\$128,393,000
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AFS page or "n/a"		66
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Physical Plant Support (Enter this amount here only if station benefits from Physical Plant Support.)	\$	\$0
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	2019	2020
AFS page or "n/a"		n/a
Licensee Indirect Costs	\$	\$128,393,000
Licensee Direct Costs		
Total Operating expenses	\$	\$2,132,610,000
AFS page or "n/a"		66
Less: Institutional Support (Enter this amount whether or not the station benefits from Institutional Support.)	\$	\$128,393,000
AFS page or "n/a"		66
Less: Physical Plant Support (Enter this amount whether or not the station benefits from Physical Plant Support.)	\$	\$113,510,000
AFS page or "n/a"		66
Licensee's Direct Costs (= Total operating expenses minus both Institutional Support and Physical Plant Support)	\$	\$1,890,707,000
Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	%	%6.790740
Step 2 - Identify the Base (Station's Net Direct Expenses)		
Station's Total Operating Expenses (from Schedule E, Line 8)	\$	\$14,592,916
Less: Depreciation and Amortization - from station's AFS (if applicable)	\$	\$260,297
AFS page or "n/a"		11
In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	\$	\$106,809
AFS page or "n/a"		n/a
Indirect Administrative Support (if included in station's total expenses) - per AFS	\$	\$1,147,319
AFS page or "n/a"		9
Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	\$	\$0
AFS page or "n/a"		n/a
Expenses not supported by licensee - per AFS (Example: expenses of consolidated entities like Friends Groups, foundations, and component units (if applicable))	\$	\$0
AFS page or "n/a"		n/a

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	2019	2020
Station's Net Direct Expenses	\$	\$13,078,491

Step 3: Apply the Rate to the Base (= total support activity benefiting the station)	\$	\$888,126
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Upload the licensee's audited financial statement only. [NOTE: Only PDF files are allowed for upload.]

1805_KUON_BWA_fy20.pdf

Comments

Comment	Name	Date	Status
Occupancy List KUON-TV (1805) Lincoln, NE			

Type of Occupancy Location	Value
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**Schedule B Totals
KUON-TV (1805)
Lincoln, NE**

	2019 data	2020 data
1. Total support activity benefiting station	\$1,122,135	\$888,126
2. Occupancy value	0	\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$0	\$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$1,122,135	\$888,126
6. Please enter an institutional type code for your licensee.	SU	SU

Comments

Comment	Name	Date	Status
Schedule C KUON-TV (1805) Lincoln, NE			

	2019 data	Donor Code	2020 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0		\$0
A. Legal	\$0		\$0
B. Accounting and/or auditing	\$0		\$0
C. Engineering	\$0		\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0		\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$10,000		\$0
A. Annual rental value of space (studios, offices, or tower facilities)	BS \$10,000		\$0

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	2019 data	Donor Code	2020 data
Variance greater than 25%.			
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$0
C. Station operating expenses	\$0		\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$0		\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$36,712		\$83,344
A. ITV or educational radio	\$0		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0		\$0
C. Local advertising	BS \$18,500	BS	\$19,295
D. National advertising	BS \$18,212	BS	\$64,049
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	\$46,712		\$83,344
Variance greater than 25%.			
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$22,885		\$23,465
A. Compact discs, records, tapes and cassettes	\$0		\$0
B. Exchange transactions	\$0		\$0
C. Federal or public broadcasting sources	\$0		\$0
D. Fundraising related activities	BS \$13,885	BS	\$12,965
E. ITV or educational radio outside the allowable scope of approved activities	\$0		\$0
F. Local productions	BS \$9,000	BS	\$10,000
G. Program supplements	\$0		\$0
H. Programs that are nationally distributed	\$0		\$0
I. Promotional items	\$0		\$0
J. Regional organization allocations of program services	\$0		\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0		\$0
L. Services that would not need to be purchased if not donated	\$0		\$0
M. Other	\$0	BS	\$500
Description Local Advertising / Postponed	Amount \$500		
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.	\$69,597		\$106,809

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Variance greater than 25%.

Comments

Comment	Name	Date	Status
Schedule D			
KUON-TV (1805)			
Lincoln, NE			

	2019 data	Donor Code	2020 data
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			
KUON-TV (1805)			
Lincoln, NE			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2019 data	2020 data
1. Programming and production	\$9,611,650	\$9,310,719
A. TV CSG ³	\$2,212,611	\$2,610,303
B. TV Interconnection ⁴	\$48,754	\$53,154
C. Other CPB Funds ⁵	\$370,239	\$374,871

3. (Schedule E, Line 1.A) For FY 2019 the \$2,212,611 total includes KUON-TV expenses of \$1,118,829 and \$1,093,782 in Nebraska Network TV expenses. For FY 2020 the \$2,610,303 total includes KUON-TV expenses of \$1,356,147 and \$1,254,156 in Nebraska Network TV expenses.
4. (Schedule E, Line 1.B) For FY 2019 the \$48,754 total includes KUON-TV expenses of \$24,309 and \$24,445 in Nebraska Network TV expenses. Due to an inadvertent error, the KUON-TV costs exceeded incurred costs by \$2,961 (see footnote 5). For FY 2020 the \$53,154 total includes KUON-TV expenses of \$25,825 and \$27,329 in Nebraska Network TV expenses.
5. (Schedule E, Line 1.C) For FY 2019 the \$370,239 total includes KUON-TV expenses of \$52,346, that was \$2,961 less than the actual expenses incurred by the station for these activities, and \$317,893 in Nebraska Network TV expenses. For FY 2020 the \$374,871 total includes KUON-TV expenses of \$55,268 and \$319,603 in Nebraska Network TV expenses.

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PROGRAM SERVICES	2019 data	2020 data
D. All non-CPB Funds	\$6,980,046	\$6,272,391
2. Broadcasting and engineering	\$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
3. Program information and promotion	\$644,551	\$714,946
A. TV CSG ⁶	\$48,053	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$596,498	\$714,946
SUPPORT SERVICES	2019 data	2020 data
4. Management and general	\$3,691,261	\$3,630,337
A. TV CSG ⁷	\$139,296	\$180,976
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$3,551,965	\$3,449,361
5. Fund raising and membership development	\$1,004,692	\$936,914
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,004,692	\$936,914
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

6. (Schedule E, Line 3.A) This line only reports FY 2019 expenditures for the Nebraska Network of \$48,053 against its FY 2018 TV CSG.

7. (Schedule E, Line 4.A) This line only reports Nebraska Network expenditures in FY 2019 of \$139,296 against its FY 2018 TV CSG and in FY 2020 \$180,976 against its FY 2019 TV CSG.

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PROGRAM SERVICES	2019 data	2020 data
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	\$14,952,154	\$14,592,916
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$2,399,960	\$2,791,279
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$48,754	\$53,154
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$370,239	\$374,871
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$12,133,201	\$11,373,612

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2019 data	2020 data
9. Total capital assets purchased or donated	\$139,022	\$418,381
9a. Land and buildings	\$0	\$0
9b. Equipment	\$139,022	\$418,381
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$15,091,176	\$15,011,297

Additional Information

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

	2019 data	2020 data
11. Total expenses (direct only)	\$13,760,422	\$13,338,788
12. Total expenses (indirect and in-kind)	\$1,191,732	\$1,254,128
13. Investment in capital assets (direct only)	\$139,022	\$418,381
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

Comments

Comment	Name	Date	Status
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Schedule F
KUON-TV (1805)
Lincoln, NE

1. Data from AFR

	2020 data
a. Schedule A, Line 22	\$16,185,954
b. Schedule B, Line 5	\$888,126
c. Schedule C, Line 6	\$106,809

**KUON-TV Annual Financial Reports
For the Fiscal Years Ending June 30, 2019 and 2020**

d. Schedule D, Line 8	\$0
e. Total from AFR	\$17,180,889

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

2020 data

2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only

a. Operating revenues	\$12,561,111
b. Non-operating revenues	\$3,485,280
c. Other revenue	\$1,393,691
d. Capital grants, gifts and appropriations (if not included above)	\$0
e. Total From AFS, lines 2a-2d	\$17,440,082

Reconciliation

2020 data

3. Difference (line 1 minus line 2)	\$-259,193
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$-259,193

Description	Amount
Indirect Administrative Support Excluded	\$-259,193

Comments

Comment	Name	Date	Status
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KUON-TV
Summary of Non-Federal Financial Support
For the Years Ending June 30, 2019 and 2020
Certified by Head of Grantee and Independent Accountant's Report

Line	Description	FY 2019	FY 2020	Totals
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$7,724,412	\$9,176,001	\$16,900,413
2	Indirect Administrative (Schedule B)	\$1,122,135	\$888,126	\$2,010,261
3	In-kind-Contributions			
	In-Kind Contributions (Schedule C)	\$46,712	\$83,344	\$130,056
	In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$8,893,259	\$10,147,471	\$19,040,730

Scope and Methodology

We performed an attestation examination to determine KUON-TV's compliance with CPB Guidelines, provisions of the Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by the grantee on its AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2019, and June 30, 2020; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of the NFFS claimed on KUON-TV's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting and grant agreements and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$2,106,273 of the \$8,893,259 reported in FY 2019 and \$2,714,073 of the \$10,147,471 reported in FY 2020.

We reviewed the allowability of expenses KUON-TV charged to the CSGs received from CPB during FYs 2019 and 2020. To determine whether the station incurred CSG expenditures in accordance with grant terms, we reviewed \$2,615,581 of the \$2,632,724 in CSG expenses incurred by the station during our audit period. For all the 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, make financial and EEO information available to the public, and safeguard donor lists. We also reviewed KUON-TV's website to determine its compliance with CPB's transparency requirements. Our procedures included interviewing station officials and the station's 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 the station's policies and procedures for compliance with certification of eligibility requirements, 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 August 5, 2021, through May 23, 2022. We performed our audit in accordance with the *Government Auditing Standards* for attestation examinations.



1800 N. 33rd St.
Lincoln, NE 68503
402.472.3611
FAX 402.472.1785

STATE OF NEBRASKA

CHAIR: Nicholas Baxter, Omaha
VICE-CHAIR: Paul Turman, Lincoln

COMMISSIONERS:
Dorothy Anderson, Lincoln
Dr. Matt Blomstedt, Lincoln

Darrin Good, Lincoln
Marilyn Hadley, Kearney
Patricia Kircher, Omaha

Heath Mello, Omaha
Clay Smith, Lincoln

August 3, 2022

Debra S. Jacobson
Acting Deputy Inspector General
401 Ninth Street, NW
Washington DC 20004-2129

Dear Debra Jacobson,

The Nebraska Educational Telecommunications Commission (the “Commission”) is committed to ensuring compliance with all community service grant terms and will continue to work with KUON’s governing board, the University of Nebraska Board of Regents (“Board of Regents”), to ensure all stations in the Nebraska Public Media network comply with CPB’s requirements.

However, we feel the preliminary observations do not adequately take the circumstances of Nebraska Public Media’s organization and Nebraska law into account. As you are aware, the Commission holds the broadcast license for all stations in the Nebraska Public Media network except for KUON-TV, which is licensed to the Board of Regents. The Commission operates KUON-TV pursuant to an operation agreement. The Board of Regents is independent of the Commission and the Commission is not in a position to dictate the operations of the Board of Regents. However, the Commission, as the operator of the stations in the Nebraska Public Media Network, is committed to greater communication between the bodies to ensure all CSG requirements are met going forward.

While we certainly understand the auditor observation that the University of Nebraska Board of Regents Audit, Risk, and Compliance Committee held sessions that appear to be meetings due to activities taking place, Nebraska state law, which is controlling for purposes of meetings of the Board of Regents, appears to preclude these committee sessions from qualifying as a meeting under CPB’s Certification Guidelines.

As noted, the CPB’s Certification Act Compliance 2021 (“C2021”) document states, “In order for a gathering of board, committee, or CAB members to constitute a meeting under the Act, the following are necessary: (1) the presence of a quorum; and (2) deliberations that determine or result in the joint conduct or disposition of business relating to public broadcasting.” While CPB defines deliberations in the C2021 document, it does not define what constitutes a quorum.

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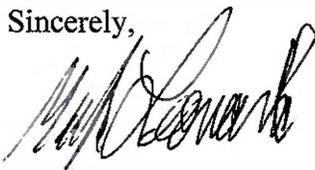
Heath Mello, Omaha
Clay Smith, Lincoln

As the preliminary observation document pointed out, the Audit, Compliance and Risk Committee does not have written rules or bylaws that define what constitutes a committee quorum. During our discussions with the auditor, though, the Commission provided the auditor with an opinion from the Board of Regents Secretary that concluded under Nebraska's Open Meetings Act, the definition of quorum is not met at a committee gathering unless a quorum of the full Board is present.

Therefore, if a quorum of the full Board of Regents is not present at gathering of the Audit, Compliance and Risk Committee, under Nebraska law, a quorum is not present. It therefore follows, if a quorum is not legally present, the gathering does not constitute a meeting under CPB's definition of meeting in the C2021 document. If a gathering does not constitute a meeting, the open meeting requirements do not apply.

If this finding is contained in the upcoming Draft Audit Report, we would request the OIG cite the authority it is using to dispute the Board of Regent's interpretation of the controlling Nebraska Open Meetings Act definition of a quorum under Nebraska law. As noted above, the Commission is not in a position to force the Board of Regents to alter their interpretation of Nebraska's Open Meetings Act. We are committed, though, to furthering an open dialogue with the Board of Regents about ensuring CPB compliance.

Sincerely,



Mark Leonard
CEO/General Manager
Nebraska Public Media