

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

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS
AWARDED TO VALLEY PBS, KVPT-TV,
LICENSED TO VALLEY PUBLIC TELEVISION, INC.
FRESNO, CALIFORNIA
FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2021**

REPORT NO. AST2114-2303

JANUARY 26, 2023



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 Valley PBS, KVPT-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.

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Audit of Community Service and Other Grants Awarded to Valley PBS, KVPT-TV, Licensed to Valley Public Television, Inc., Fresno, California, for the Period July 1, 2019 through June 30, 2021

What We Found

Based on our audit, Valley PBS, KVPT-TV was not compliant with CPB grant and Communications Act requirements because it:

\$1,684,901 of overstated NFFS resulted in \$214,340 of potential Community Service Grant overpayments.

- materially overstated NFFS totaling \$1,684,901, which resulted in potential CSG overpayments of \$214,340; and
- did not comply with requirements for making its audited financial statements; Employment Statistical Report and hiring information; and Diversity Statement available to the public, as well as discrete accounting and harassment training requirements.

Valley PBS disagreed that it overstated NFFS for ineligible exchange transactions and ineligible sources of funds. They also addressed corrective actions on discrete accounting, diversity and harassment training, but did not comment on the other findings. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB management:

- recover \$214,340 of CSG overpayments;
- require Valley PBS to fully comply with Act requirements for open financial records, Employment Statistical Reports, and accurately reporting hiring information;
- require Valley PBS to comply with General Provisions for Diversity Statement; harassment prevention training, and discrete accounting; and
- require Valley PBS to identify the corrective actions it will implement to ensure future compliance.

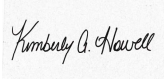


Corporation
for Public
Broadcasting

Office of the Inspector General

Date: January 26, 2023

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

From: Kimberly A. Howell, Inspector General  Digitally signed by
Kimberly Howell
Date: 2023.01.26
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Subject: Audit of Community Service and Other Grants Awarded to Valley PBS, KVPT-TV, Licensed to Valley Public Television, Fresno, California, for the Period July 1, 2019 through June 30, 2021, Report No. AST2114-2303

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 that you provide us with a draft written 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 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: Laura Ross, Chair, CPB Board of Directors, Audit and Finance Committee
Ruby Calvert, Vice Chair, CPB Board of Directors, Audit and Finance Committee
Liz Sembler, CPB Board of Directors, Audit and Finance Committee
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 Valley PBS, KVPT-TV (Valley PBS), licensed to Valley Public Television, Inc. The grants reviewed included Television Community Service grants (CSG); Interconnection; Universal Service Support; Coronavirus Aid, Relief, and Economic Security Act (CARES Act); and American Rescue Plan Act grants for the period July 1, 2019 through June 30, 2021. Our objectives were to examine Valley PBS' 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).

Based on our audit, Valley PBS was not compliant with CPB grant and Communications Act requirements because it:

- materially overstated NFFS totaling \$1,684,901, which resulted in potential CSG overpayments of \$214,340 that we reported as funds put to better use;
- did not comply with Act requirements for:
 - posting its annual financial statements audit to its website;
 - making its Employment Statistical Report available to the public; and
 - reporting accurate hiring information to CPB;
- did not comply with General Provisions and Eligibility (General Provisions) requirements for:
 - maintaining and updating its Diversity Statement;
 - conducting annual harassment prevention training; and
 - discrete accounting of CSG grant expenditures.

We recommend that CPB:

- recover \$214,340 of CSG overpayments;
- require Valley PBS to fully comply with Act requirements for open financial records and reporting accurate employment and hiring information to CPB, and making its employment statistical report available to the public;
- require Valley PBS to comply with General Provisions requirements to make its current Diversity Statement available to the public; conduct harassment prevention training, and discretely account for CSG expenditures; and
- require Valley PBS to identify the corrective actions it will implement to ensure future compliance with Act and General Provisions requirements.

In its response, Valley PBS stated that “it’s important to establish that KVPT has worked through some tough times over the past five years, not even considering the effects of the pandemic on

operations. A high amount of leadership turnover, dwindling governing board representation and, quite frankly, inexperienced staff in key positions, all contributed to a Valley PBS that needed help and rebuilding.” Valley PBS also stated that the current management team is taking corrective measures in standards and practices and has made progress in some key areas, such as diversity and harassment prevention training. Further, after coming on board in May of 2021 the new management team felt the need to improve its accounting and moved its accounting services to NETA Business Services.

Regarding specific findings, Valley PBS’ response disagreed with two of the five categories of overstated NFFS, (i.e., ineligible exchange transactions of \$866,181 and ineligible contribution sources of \$582,435). A more extensive discussion of their disagreements are presented following each finding. In addition, its response addressed corrective actions taken for discrete accounting (including tracking presenting fees), Diversity Statement, and harassment training. The response did not address overstated NFFS for membership and in-kind contribution documentation, posting its audited financial statements on its website, and making its Employment Statistical Report available to the public.

Based on the station’s response to the draft report, we consider all five recommendations unresolved pending CPB’s final management decision resolving the audit findings. The station’s written response is summarized after each finding and the complete response is presented in Exhibit E.

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

Valley PBS is a public broadcasting station owned by Valley Public Television, Inc., the licensee. According to notes in the Valley PBS financial statement audit, Valley PBS’ purpose is to enrich the lives of Central Valley residents through programs and services that foster citizenship, celebrate culture, encourage exploration, and leverage the joy of learning and the power of diverse perspectives. The station is supported primarily through individual contributions, corporate underwriting, and grants supporting programming, local productions, and educational outreach services.

According to its website, Valley PBS has been committed to enriching the lives of Valley residents through a combination of educational and entertaining programming and solid community outreach and service. Valley PBS is the Central Valley’s only community licensed public television station. The station’s vision is to be the Valley’s Preschool, Classroom, Stage for the Arts, and Lens for Exploration, pointing citizens of all ages to destinations where their interests will be served, their spirits lifted, and their voices and perspectives heard.

Further, Valley PBS locally produces and presents content about important and compelling stories of our times. According to Sierra News Online, in June 2022, Valley PBS received four Emmy awards associated with the California Creek Fire film, “Afterburn: The Creek Fire Documentary,” its PBS syndicated travel series “Outside Beyond the Lens,” and its original agricultural series, "American Grown: My Job Depends on Ag."

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 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 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 Valley PBS on its 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, CPB awarded Valley PBS a total of \$2,659,985 for FYs 2020 and 2021 in CSG, Interconnection, Universal Service Support, and other grant funds. The station reported NFFS of \$3,244,961 in FY 2020 and \$3,197,104 in FY 2021 as shown in Exhibit C. The audited financial statements for the two FYs we audited reported total revenues of \$4,994,901 in FY 2020 and \$5,153,422 in FY 2021. The station’s fiscal years begin July 1 and end June 30.

AUDIT RESULTS

In our opinion, Valley PBS did not comply with the Television Community Service Grants General Provisions and Eligibility Criteria (General Provisions) requirements as summarized in the following paragraph for the FYs 2020 and 2021 grants examined in the AFRs presented in Exhibit B.

We examined Valley PBS 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 Valley PBS’ certification of 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, we found that Valley PBS was not compliant with CPB grant and Act requirements because it:

- materially overstated NFFS totaling \$1,684,901, which resulted in potential CSG overpayments of \$214,340 that we reported as funds put to better use;
- did not fully comply with Act requirements for open financial records and Equal Employment Opportunity (EEO) employment reporting; and
- did not comply with General Provisions (2020 and 2021) requirements for maintaining and updating its diversity statement, conducting annual harassment prevention training, and discrete accounting of CSG expenditures.

Our audit was conducted in accordance with the *Government Auditing Standards* for attestation examination engagements and, accordingly, included examining, on a test basis, evidence about Valley PBS’ compliance with CPB 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 Valley PBS’ compliance with specified requirements.

FINDINGS AND RECOMMENDATIONS

I. NFFS REPORTING

Our audit testing found net overstated NFFS totaling \$1,684,901 for FYs 2020 and 2021. We consider this a material misstatement¹ of reported NFFS for these two periods. This overstatement will result in potential CSG overpayments of \$214,340 as itemized in the following table. We classified the net overpayments as funds put to better use for reporting purposes because the funds overpaid to Valley PBS could have been distributed to other public broadcasting entities.

Overstated NFFS and CSG Overpayment Calculation

Condition	FY 2020	FY 2021	Totals
Ineligible Exchange Transactions	\$367,851	\$498,330	\$866,181
Ineligible Sources	\$441,685	\$140,750	\$582,435
Incorrect Premiums Offset Against Membership	\$187,191	(\$6,369)	\$180,822
Unsupported In-Kind Trades	\$44,200	\$1,655	\$45,855
Ineligible Presenting Fees	\$9,608	\$0	\$9,608
Net Under/Overstated NFFS	\$1,050,535	\$634,366	\$1,684,901
IRR	.1280476998	.1258278200	
CSG Potential Overpayment	\$134,519	\$79,821	\$214,340

¹ This amount represents a 26 percent overstatement of NFFS for the audit period (\$1,684,901/\$6,442,065). Total reported NFFS is presented in Exhibit C.

Ineligible Exchange Transactions

Our testing identified \$866,181 in NFFS in-kind services for ad program grants that Valley PBS received from Advertiser A (AA).² We determined these grants were exchange transactions which are ineligible as NFFS. Further, Valley PBS did not obtain the required documentation to support its in-kind contributions from AA, i.e., the services and value received in accordance with CPB requirements.

As background, our research of AA stage one ad program grants³ found that it is an in-kind program that gives nonprofits \$10,000 per month in free advertising on its ad program platform (\$40,000 of free advertising for users qualifying to receive the AA stage two ad program). The platform is a subscription service designed to help businesses and companies manage certain details of their advertising campaigns through an online portal. The service's primary purpose is to place client advertisements in front of the right customers.

This free advertising allows AA to collect data about how consumers use devices, apps, and services. They use various web tracking technologies, i.e., IP address tracking, cookies, and other techniques used in the ad tracking industry to collect data and learn more about the people clicking on a nonprofit's website. This data ranges from their browsing behavior, related e-mail and informational videos, location history, platform searches, online purchases, and more. Basically, anything that is connected to the platform is likely used to collect data on user activity and preferences.

With all the data AA gathers – across its platforms, services, products, and devices – it can build a detailed advertising profile, including the gender, age range, job industry, and interest of people clicking on Valley PBS' website. This data helps AA target advertising to provide ads to users that align with their personal tastes. The grantor uses this data to help advertisers and third parties identify people for targeted ads in the grantor's products, on partners' websites and in mobile apps. In other words, AA collects data, provides it to advertisers and advertisers pay for these services.

Valley PBS started using AA stage one ad program grants in 2013 and was upgraded to its stage two program grants status in 2014. This upgraded grant allows Valley PBS to receive up to \$40,000 monthly in free grant ads from AA. Beginning in 2016, AA's stage two ad program was no longer offered to non-profit organizations. However, Valley PBS was allowed to continue using the stage two ad program under a grandfathering option. Valley PBS personnel further explained they signed up for the AA stage one ad program online but could not provide any documentation describing the provisions or requirements of the ad program grant.

Because AA receives value from the information gathered from users of the Valley PBS website in exchange for their in-kind contribution, such revenues do not qualify to be reported as NFFS under CPB's guidelines. AA uses the information collected from Valley PBS users to assist

² For reporting purposes, we identified the grant provider as Advertiser A because the services were expensed to advertising.

³ Search of third party (consultant) internet sites on how Advertiser A ad grants operate because Advertiser A web sources provide only limited information available to explain how these grants work or how it calculates the value of their in-kind contributions for nonprofit organizations.

paying ad customers in targeting their paid ads. This is how the AA monetizes user information which makes the grant program an exchange transaction.

In January 2018, AA put in place a number of performance-related policies to ensure nonprofits used its ad grant accounts properly and regularly. It began suspending accounts that were not compliant on a monthly basis. The grantor's stage two ad program compliance requirements included:

- a click through rate of one percent;
- must have billed or maintained \$9,900 for two months in a six-month period to become eligible;
- limit the cost per click or click through rate to a \$2 cap;
- setup conversion tracking and successfully track at least one conversion; and
- must bill more than \$10,000 monthly.

AA's imposition of these minimum compliance requirements to remain in the program further supports our exchange transaction determination.

Further, Valley PBS claimed these AA stage one and two ad programs grants as in-kind contributions without obtaining the necessary documentation from AA as required by the CPB Guidelines. CPB requires: this information should have been prepared and obtained at the time of the contribution; a description of the contribution; the date of the contribution; the fair market value of the contribution using a clearly measurable and objective valuation method; with the signatures; and name and title of the donor's representative.

Valley PBS personnel explained they entered an unwritten agreement with AA that does not clearly identify the method for valuing the grantor's stage one and stage two ad programs services claimed as in-kind contributions. Valley PBS' attempt to retroactively obtain this documentation from AA was not successful. A discussion between Valley PBS and an AA representative indicated that a certification of the value of donated services was not available from the grantor.

Finally, our research found that the cost per click was deducted monthly from the \$40,000 limit for the AA stage two ad program until the \$40,000 limit was reached and the ad service was stopped. Based on our review of the monthly charges, the ad service continued to be charged beyond the \$40,000 limit. Further, our research identified that any unused monthly charges below the \$40,000 level could not be carried over to the subsequent month.

While we already found that the entire amount reported as NFFS for the AA ad program grants was ineligible as an exchange transaction, we also noted that the amounts reported for the AA ad program grants exceeded the \$40,000 monthly limit established by AA. In FY 2021 Valley PBS reported \$498,330 for AA's in-kind services, which would have resulted in an overstatement of \$18,429⁴ for the fiscal year. Similarly, in FY 2020 Valley PBS claimed \$2,423 in excess of the \$40,000 monthly total limit established by AA for two months during the fiscal year.

⁴ In one month during FY 2021 Valley PBS did not reach the \$40,000 limit available from AA. This amount totaled \$99 and was included in the \$18,429 reported in excess of grantor's limitations.

CPB Guidelines prescribe the types of in-kind contributions that are ineligible for NFFS. These include:

X. Other In-kind Contributions Excluded from NFFS

Below are other in-kind contributions that may not be reported as NFFS

A. Exchange Transaction(s).

CPB Financial Reporting Guidelines, (Guidelines) Part II. NFFS, X. Other In-kind Contributions Excluded from NFFS (2020 and 2021).

During the audit we also found that Valley PBS did not obtain the minimum documentation required by CPB for claiming the grant as an in-kind contribution.

CPB allows certain in-kind contributions as NFFS and requires specific documentation to support these contributions, which include specific documentation such as:

C. Documentation. The CSG recipient must have documentation from the donor that:

1. was prepared at the time the contribution is made;
2. is printed on the donor's business stationery or an invoice that prominently displays the donor's name, address, business logo, and contact information;
3. describes the contribution;
4. shows the date the contribution was provided to the CSG recipient;
5. identifies the fair market value of the contribution using a clearly measurable and objective valuation method (e.g., lawyer's hourly rate multiplied by the number of hours worked) pursuant to GAAP;
6. states the donor's intent to donate or trade the goods and/or services; and
7. includes the signature, name, and title of the donor or its representative.

CPB Guidelines, Part II – NFFS, VII. NFFS: In-Kind Contributions, C. Documentation (2020 and 2021).

Valley PBS claimed AA stage two ad program grant payments totaling \$866,181 as NFFS which resulted in potential CSG overpayments of \$109,806.

Ineligible Contribution Sources

Valley PBS claimed NFFS totaling \$582,435 from ineligible sources because it reported revenues from the federal government (\$575,435) on AFR Schedule A lines 3.1A and 3.1B and special event revenues (\$7,000) from another public broadcasting entity on Line 14A in error. CPB's Guidelines require that revenues received from ineligible sources be excluded from NFFS.

A summary of ineligible amounts follows:

Analysis of Funds Received from Ineligible Sources

Funding Sources	FY 2020	FY 2021	Total
U.S. Department of Education:			
School District #1	\$327,022	\$120,000	\$447,022
School District #2	\$74,663	\$0	\$74,663
School District #3	\$12,000	\$14,500	\$26,500
School District #4	\$7,500	\$0	\$7,500
<i>Subtotal Education Funds</i>	<i>\$421,185</i>	<i>\$134,500</i>	<i>\$555,685</i>
CARES Act Federal Funds:			
School District #5	\$0	\$6,250	\$6,250
School District #6	\$13,500	\$0	\$13,500
<i>Subtotal CARES Act Funds</i>	<i>\$13,500</i>	<i>\$6,250</i>	<i>\$19,750</i>
Subtotal of All Federal Funds	\$434,685	\$140,750	\$575,435
Public Broadcasting Entity	\$7,000	\$0	\$7,000
Total	\$441,685	\$140,750	\$582,435

Revenues Received from the Federal Government Sources

Valley PBS reported NFFS of \$621,649 associated with contractual payments received from local school districts for Ready to Learn (RTL) Parent Engagement workshops to be delivered during FY 2020 and FY 2021. The majority of these funds were from ineligible sources, i.e., the federal government. Officials at four school districts confirmed that the RTL contracts for their districts, totaling \$555,685, were funded by the U.S. Department of Education (DOED). In addition, officials at School Districts 5 and 6 verified that RTL contracts for their districts, totaling \$19,750, were funded by the CARES Act. The source of payments or contributions funded by DOED, and the CARES Act are federal funds and ineligible as NFFS according to CPB Guidelines.

Revenues Received from a Public Broadcasting Entity

Valley PBS also reported \$7,000 received from a minority consortium grantee as NFFS. The minority consortium is a public broadcasting entity that develops, produces, acquires, and distributes commercial, educational, and cultural media and it primarily receives its funding from CPB. Underwriting revenue received from other public broadcasting entities, such as the minority consortium, is ineligible as NFFS according to CPB Guidelines.

The criterion for such exclusions is addressed in Part II - Section II. Of the Guidelines for FY 2020 and FY 2021 which state:

Revenues are either a contribution or a payment, and must meet the recipient, form, source, and purpose criteria below to be reported as NFFS.

- A. **Contribution.** A contribution is a gift, grant, bequest, donation or appropriation (i.e., the form criterion). For a contribution to be reported as NFFS, it must meet the following criteria.

1. **Recipient.** The contribution must be unconditionally provided to the CSG recipient. This includes contributions made indirectly, if Constructively Received.
2. **Source.** The contribution may be from any source except the United States, any agency or instrumentality of the United States (i.e. the federal government), or a public broadcasting entity.

Funds are considered federal if they are provided by the federal government or any agency or instrumentality of the federal government to:

- i. the CSG recipient directly or indirectly, if Constructively Received; and
- ii. a non-federal organization that, in turn, provides the funds to a CSG recipient, with the stipulation that the funds retain their federal character when passed to other parties; ¹⁴ (footnote 14 is in the Guidelines) ⁵

Part II – Section V. Excluded Revenues of the Guidelines further highlights the exclusions of revenues that may not be reported as NFFS.

Revenues from any of the sources below may not be reported as NFFS...

B. Federal funds

Based on our audit, we found that Valley PBS lacks adequate policies and procedures to identify the original sources of funds received from boards of education or state agencies to determine whether funds originated from federal agencies or other ineligible sources. Station officials stated that various errors occurred because of staff turnover. New staff members were hired in the membership, development, and accounting departments. These hirings followed significant layoffs that occurred in March 2020 because of the financial hardships associated with the COVID 19 pandemic. In addition, a Valley PBS official stated that three different CFO's or accounting officers were involved in the accounting for revenues and recorded contributions differently.

The overstated NFFS totaling \$582,435 resulted in potential CSG overpayments of \$74,267.

^{5 14} Federal funds rarely lose their federal character, even when they pass through an intermediary organization to a CSG recipient. To lose their federal character, federal funds must be provided to the original recipient without any restrictions on their use, and the original recipient cannot be required to report back to the provider for any reason. If there are any questions as to whether the funds are federal, please contact the appropriator or grantor. When revenues provided to the CSG recipient are from federal and non-federal sources, the non-federal portion may be reported as NFFS.

Overstated Membership Revenues

Valley PBS overstated membership NFFS by \$187,191 on its FY 2020 AFR and understated membership NFFS reported on its FY 2021 AFR by \$6,369. For both fiscal years Valley PBS had a net overstatement in NFFS of \$180,822 (\$187,191 - \$6,369) because it incorrectly reported high-end premiums provided to members in exchange for their contributions.

Specifically, we found in FY 2020 that Valley PBS did not accurately report its high-end premiums as required by CPB Guidelines. The Guidelines require grantees to exclude high-end premiums from their membership revenues reported to CPB based on IRS guidelines for identifying high-end premiums.

After we discussed the inaccurate FY 2020 premium reporting with Valley PBS officials, they attempted to correct the error by reporting all premiums on Line 10.1 of their FY 2021 AFR, including those of insubstantial value. (Line 10.1 excludes high value premiums from NFFS.) CPB Guidelines do not require that insubstantial premiums to be reported on AFR line 10.1 because they are eligible NFFS. As a result, the reporting of the insubstantial premiums resulted in underreported NFFS of \$6,369 for FY 2021.

The CPB Guidelines provide information on reporting high-end premiums as follows;

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 & lodging, gourmet foods & wines, tickets to performances, dinners or other events).

The IRS issues guidance on charitable contributions, including disclosure statements that must be provided to donors in instances where the premium is not of insubstantial value. The contribution portion that is deductible for federal income tax purposes is limited to the excess of the payment over the fair market value of the premium provided by the charitable organization. **For CPB’s purposes the portion of the payment that is not considered a contribution by the IRS may not be included as NFFS.** CPB expects that all grantees are compliant with IRS rules and regulations on these matters. However, CPB does not provide guidance beyond that provided by the IRS. Questions about compliance with these provisions should be addressed to your IPA or other tax practitioner or directly to the IRS. The method by which grantees track this information in order to be compliant is also the responsibility of each CSG grantee.

CPB Guidelines, Part III – AFR and FSR Line-Item Instructions, Schedule A – Direct Revenue, Line 10 – Memberships and subscriptions (net of write-offs), Line 10.1 NFFS Exclusion – Fair Market Value of high-end premiums that are not of insubstantial value. (2020 and 2021).

Valley PBS staff explained that they attempted to use a formula to identify its high-end premiums. As explained to us, the station reported a premium if the fair market value was a significant percentage of the donated amount as opposed to the IRS guidance. Valley PBS also stated that inexperienced staff incorrectly applied the formula.

Because the station had already submitted its FY 2021 AFR, it cannot retroactively adjust its unreported membership NFFS of \$6,369. For reporting purposes, we offset the \$6,369 understatement against other categories of ineligible NFFS for FY 2021. The net effect is overstated membership revenues of \$180,822 for both fiscal years that results in a net CSG overpayment of \$23,168.

Unsupported In-kind Trades

On its FY 2020 and FY 2021 AFRs, Valley PBS claimed NFFS totaling \$88,555 for seven in-kind trades. We found that five of these trades, totaling \$45,855, were ineligible because Valley PBS did not have the supporting documentation required by CPB Guidelines to evidence the trades.

Specifically, we found that:

- for four of the five exceptions only the trade agreements were available to evidence the trade. CPB Guidelines prohibit using the trade agreements for this purpose.
- one donor certified completion of the trade before providing services.

CPB Guidelines Part II – Section VII. Defines in-kind contributions and provides additional documentation requirements that stations must fulfill for the contributions to be eligible for NFFS.

In-kind contributions are contributions other than cash (such as property, professional services, materials, supplies and the use of assets), a donor provides to a CSG recipient, if they are reported on the recipient's audited financial statement as a contribution⁶ and they are not excluded by CPB policy. The recipient may report them as NFFS at their fair market value at the time the contribution was made consistent with GAAP.⁷...

- B. Underwriting Trades. An underwriting trade exists when a donor contributes goods and/or services, i.e. something other than cash, to a station in exchange for underwriting credit. Underwriting credits may either be made on-air or online. The CSG recipient may report the fair market value of those goods and/or services as NFFS...

CSG recipients must obtain the documentation that meets the criteria below in paragraph C. Trade underwriting agreements or contracts may not be used to

⁶ Statement of Financial Accounting Standards 116, paragraph 9.

⁷ Accounting Standards Codification (ASC) paragraph 958-605.

document the value of a contribution because they represent the donor's intent and are not evidence that the trade took place...

C. Documentation. The CSG recipient must have documentation from the donor that:

1. was prepared at the time the contribution is made;
2. is printed on the donor's business stationery or an invoice that prominently displays the donor's name, address, business logo, and contact information;
3. describes the contribution;
4. shows the date the contribution was provided to the CSG recipient;
5. identifies the fair market value of the contribution using a clearly measurable and objective valuation method (e.g. lawyer's hourly rate multiplied by the number of hours worked) pursuant to GAAP;
6. states the donor's intent to donate or trade the goods and/or services; and
7. includes the signature, name, and title of the donor or its representative.

Valley PBS stated that its inexperienced staff were not familiar with the requirements that donors must provide evidence to document the actual delivery of the in-kind donations. Further, the station also lacked documented procedures for processing in-kind donations. Finally, oversight controls were insufficient for reviewing in-kind revenues to ensure in-kind contributions were properly documented for reporting as NFFS on the AFR.

The ineligible NFFS of \$45,855 (\$44,200 in FY 2020 and \$1,655 for FY 2021) attributable to five unsupported in-kind trades resulted in potential CSG overpayments of \$5,868.

Ineligible Presenting Fees Claimed as NFFS

Valley PBS claimed \$9,608 as NFFS on its FY 2020 AFR for ineligible presenting fees associated with Season 1 of its nationally distributed series, "Outside Beyond the Lens." All funding for Season 1 of "Outside Beyond the Lens" was paid from contributions and claimed as NFFS when episodes aired. American Public Television (APT) fees and related cost estimates for nationwide distribution were included in the production budgets.

The Season 1 expenses included \$2,950 paid to APT for presenting fees for nationwide distribution. Valley PBS also identified \$6,658 in expenditures for quality control, audio, digital storage, and additional captioning services that were incurred to meet APT standards for Season 1 of "Outside Beyond the Lens." We also identified \$8,820 in expenditures for presenting fees for Season 2 of "Outside Beyond the Lens." These expenditures occurred in FY 2022 and Valley PBS agrees to exclude these amounts from amounts claimed NFFS for FY 2022.

CPB Guidelines state that presenting fees may not be reported as NFFS. It also defines presenting station fees:

A presenting station fee is the fee often charged by an independent program producer to introduce a program into distribution among public broadcasters. The fee may be charged directly to and paid directly by the independent producer or retained by the public broadcasting entity from assets that it solicited or received from third-party underwriters on the producer's behalf. For clarification, the fee that a station receives or retains when introducing a program into public broadcasting distribution is a payment.

CPB Guidelines, Part II – NFFS, V. NFFS: Excluded Revenue, F. Presenting Fees (2020).

Based on our audit testing, we found that Valley PBS lacked controls to periodically review production expenditures for exclusion of presenting fees when reporting eligible NFFS revenues.

This \$9,608 of overstated NFFS for Season 1 resulted in CSG overpayments of \$1,230. Further, the station agreed to not report presenting fees for Season 2 on its FY 2022 AFR.

Recommendations:

We recommend that CPB management require Valley PBS to:

- 1) repay \$214,340 in CSG overpayments;
- 2) identify the AA revenues reported as NFFS for the prior two fiscal years to recover related CSG overpayments;
- 3) identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements, including documenting its in-kind agreements and verifying the funding sources associated with local productions and workshops; and
- 4) exclude \$8,820 for presenting fees that were paid in FY 2022, along with any additional presenting fees that were incurred and reported as NFFS on the FY 2022 AFR.

Valley PBS Management Response:

In response to the draft report, Valley PBS management disagreed with two components of overstated NFFS representing \$1,448,616 of the \$1,684,901 (86 percent) of the NFFS overstatements identified in our report. These components of overstated NFFS were ineligible exchange transactions and ineligible contribution sources. Valley PBS' response also addressed corrective actions to account for presenting fees as they produce more content for APT and other distributors. Valley PBS' complete response to the draft report is presented in Exhibit E.

Ineligible Exchange Transactions

Valley PBS management disagreed that advertising grants received from AA were ineligible exchange transactions, rather than NFFS eligible in-kind ad services. Specifically, they stated that "what makes this somewhat confusing for us, is that this service has been approved for reimbursement before at the desk audit level. During the two prior years (2019 & 2020), these transactions were cleared by the CPB Desk Review of the AFR with similar documentation. We

have provided the correspondence between KVPT and CPB. ... Using these prior approvals as precedent, KVPT continued to record and document these transactions in the same manner.”

Further, they responded that Current, the news site for “People in Public Media” recently had a sponsored post from a consultant that described the benefits of the in-kind advertising grants and how they manage the grant for another public broadcasting client. The post urged organizations to get the \$120,000 in in-kind advertisement benefits.

Ineligible Contribution Sources

Valley PBS’ response stated that the revenues received from the school districts were considered payments, not contributions. They argued that payments from public schools as defined in the General Provisions are eligible as NFFS. Further, they said that KVPT did not receive funds directly from the federal agency nor did the school districts stipulate that the funds needed to retain their federal character. Valley PBS stated that the contracts associated with the payments were with school districts and there was no indication that the specific fund sources were federal funds. They indicated that there were no reporting requirements that are usually present with federal funds.

OIG Review and Comment:

Based on our review of Valley PBS’ response to the draft report and the additional documentation recently provided to us, we have not changed our audit findings and recommendations. During our audit fieldwork the station did not specifically comment on these audit findings or provide us with the email correspondence regarding the 2019 and 2020 AFR desk reviews.

Ineligible Exchange Transactions

Valley PBS stated that the in-kind ad grants were cleared by CPB desk reviews for FYs 2019 and 2020 based on similar documentation. However, our follow-up work found that the desk review of the FY2020 AFR merely accepted the ad grant based on Valley PBSs’ assertion that it was a grant that qualified as NFFS. Valley PBS did not provide CPB with the trade agreement between the advertiser and Valley PBS or what information the advertiser received in exchange for using their internet links for the desk review team to fully assess the nature of these in-kind services. Further, the final determination of eligibility is not limited to the CPB desk review. CPB’s Financial Reporting Guidelines provide that the determination of compliance with a station’s CSG Agreement and Certification of Eligibility to CPB is subject to audit by CPB’s Inspector General and others.

Our audit testing found that grants were ineligible exchanges because the advertiser (AA) benefitted financially from the grants awarded to Valley PBS. The advertiser’s grant allowed it to gather information on consumers that accessed the ads. The advertiser used this data to help its paid advertisers and other third parties to identify people for targeted advertising. Finally, Valley PBS did not obtain the required documentation to support the in-kind contributions it received from AA.

Ineligible Contribution Sources

Valley PBS stated that the revenues received from school districts were payments, rather than contributions, and that there was no indication that the federal government was a funding source. We acknowledge that the revenues from the school districts were payments, but payments made with federal funds, and they are not eligible to be claimed as NFFS. These payments were made for Ready to Learn Parent Engagement workshops. Ready to Learn is a known U.S. Department of Education federal program, so it is reasonable to assume that the workshops could be partially funded with federal funds. In this instance, the referenced school districts confirmed that the majority of the payments were from federal sources, Title 1 Department of Education or CARES Act funds. CPB's criteria for payments requires that if there are any questions as to whether the funds are federal, the grantee should contact the grantor (school districts) to determine the source of the payments.

Overstated Membership Revenues, Unsupported In-kind Trades, Ineligible Presenting Fees

Valley PBS' response to the draft report did not present any additional information regarding these findings on overstated NFFS. While the station acknowledged they would now be able to track presenting fees, they did not indicate how they would ensure presenting fees were excluded from future NFFS reporting.

Based on our review of the draft response, we consider recommendations one through four unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

II. ACT AND CPB TRANSPARENCY COMPLIANCE

Based on our audit, we found that Valley PBS did not comply with Act or CPB transparency requirements to:

- post the audited financial statements to the station's website;
- meet public reporting requirements for employment statistics;
- annually review and update its Diversity Statement;
- ensure all staff completed harassment prevention training; and
- discretely account for CSG expenses.

Not Posting Current Financial Information

Valley PBS did not fully comply with the open financial records requirements because it did not post its FY 2021 audited financial statements (AFS) on its website in a timely fashion. The FY 2021 financial statement audit was delayed but completed on April 15, 2022. However, the AFS for FY 2021 was not posted when we reviewed the Valley PBS website on May 31, 2022. The Annual Financial Report (AFR) for FY 2021 was submitted and being reviewed by CPB at

that time, pending CPB's acceptance of the AFR.⁸ The audited financial statements were subsequently posted to the station's website as of June 10, 2022.

The Act provides that:

Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation pursuant to subsection (1)(3)(B).

Act, Subpart D – Corporation for Public Broadcasting, Sec. 396(k)(5) Financing Restrictions, [47 U.S.C. 396]

Regarding the public's access to financial information:

CPB also requires that each CSG recipient post the following documents on its station website:

1. its most recent audited financial statement or un-audited statement for stations exempt from providing audited financial statements; and
2. its most recent annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable).

CPB's Communications Act Compliance requirements, 3. Open Financial Records, E. The Public's Access to Financial Information. (June 2021).

Valley PBS officials stated they did not have an information technology expert available to update their website at the time that the financial statements were finalized. Since April, the station has been interviewing multiple candidates for an information technology position. As of May 31, 2022, the person previously responsible for maintaining the website agreed to return on a contractual basis to maintain the website. The AFS was posted to the website as of June 10, 2022. As a result of the delay, the public lacked detailed information about Valley PBS' financial status for FY 2021 on a timely basis.

CPB's Employment Statistics Reporting Not Available to the Public

Valley PBS did not post its annual CPB Employment Statistical Report, the Station Activity Survey (SAS), Employment Section 6 report, on its website and the station did not provide us with a copy of the SAS report from its records when requested. Valley PBS included the required employment statistical information in its annual SAS reports submitted to CPB, but the information was not made available to the public on its website or available at its central office when we inquired about its availability during our fieldwork.

Further, in its FY 2020 SAS reporting, Valley PBS understated not only the number of job vacancies that it filled but also the sources utilized for referring and filling the vacancies. For

⁸ During our fieldwork we learned that Valley PBS had submitted a request to CPB to revise their FY 2021 AFR.

FY 2020, Valley PBS reported that it hired 7 full-time staff; however, a review of employment and training records indicated that 44 staff were hired during FY 2020.

CPB's guidance states:

Access to the Employment Statistical Report: The Act requires that stations make their Employment Statistical Report available for review by the general public at their central offices and at every location with six or more employees.

CPB's Communications Act Compliance requirements, 5. CPB Employment Statistical Report, C. (June 2021).

The Communications Act provides:

(B) A licensee or permittee of any public broadcast station with more than five full-time employees is required to file annually with the Corporation a statistical report, consistent with reports required by Commission regulation, identifying by race and sex the number of employees in each of the following full-time and part-time job categories:

- (i) Officials and managers.
- (ii) Professionals.
- (iii) Technicians.
- (iv) Semiskilled operatives.
- (v) Skilled craft persons.
- (vi) Clerical and office personnel.
- (vii) Unskilled operatives.
- (viii) Service workers.

(C) In addition, such report shall state the number of job openings occurring during the course of the year. Where the job openings were filled in accordance with the regulations described in subparagraph (A) (i), the report shall so certify, and where the job openings were not filled in accordance with such regulations, the report shall contain a statement providing reasons therefor. The statistical report shall be available to the public at the central office and at every location where more than five full-time employees are regularly assigned to work.

Act, Subpart D – Corporation for Public Broadcasting, Sec. 396, 47 U.S.C. §396(k) Financing Restrictions, (11)(B) and (C).

Valley PBS stated that employment information was not retrieved from its records when requested by the OIG because inexperienced staff were responsible for completing the Employment Statistical Report. Further, the staff were not familiar with CPB's requirement to make this information available to the public, either on its website or when requested. As a result, the public was not made aware of the accurate numbers of employees employed by race and sex for the various categories of officials and staff.

Further, hiring information provided to CPB was not accurately reported. In response to this finding, a Valley PBS official stated that most of the hirings during FY 2020 were for teachers working part-time on the station's Ready to Learn parent workshop activities that were held onsite at local school districts during the pandemic.

Diversity Statement Not Current

Valley PBS' Diversity Statement, dated September 2018, has not been updated annually and station management did not annually review its diversity goal with its Board of Directors for inclusion in its annual Diversity Statement required by CPB. While the station did annually revise the recruiting and diversity goals for its workforce, management, and boards, including the community advisory boards and governing boards, this information was not included in its CPB Diversity Statement. The station's Diversity Statement did not reflect current diversity goals or progress towards those goals as required by CPB's CSG grant terms.

CPB's General Provisions provide that the station must:

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.

FY 2020 and FY 2021 General Provisions, Part I. CSG Program, Section 5. Diversity Statement.

A Valley PBS official stated that the number of Board members decreased and there were an insufficient number to serve on the Diversity Committee which prevented the maintenance and updating of the Diversity Statement. Further, this condition coupled with the turnover of various

station officials during FY 2020 and FY 2021 contributed to the Diversity Statement not being kept current. The station has recently increased the number of Board members and is currently in the process of updating its Diversity Statement.

Harassment Prevention Training Not Completed by Employees

Valley PBS did not provide harassment prevention training to all staff as CPB requires despite certifying its compliance with this requirement in both its FY 2021 and FY 2022 CSG grant agreements. We found that 22 officers and employees who were available to complete harassment prevention training in FY 2020 did not attend training. We also found that 10 employees that worked during FY 2020 terminated their employment before the training classes were held. Twenty additional employees did not complete harassment prevention training in FY 2020 because they were hired after the training classes were conducted. Five employees did not attend the training in FY 2021. Information was not available regarding interns that worked at the station. CPB requires that all CSG grant recipients provide harassment prevention training to its officers, employees, and interns. Further, CPB requires that stations certify annual completion of this training prior to the award of each new CSG.

CPB's General Provisions provide that:

- A. **Annual Harassment Prevention training:** To ensure that CPB-supported public media stations train their personnel to recognize, avoid and report workplace discrimination, including harassment, CPB requires annual harassment prevention training for all officers, employees, and interns of each station as a condition of Grantee's CSG eligibility. Grantees may satisfy this requirement through either of the following training options:
 - 1. An interactive online harassment prevention training service, available free of charge through CPB...
 - 2. A comparable harassment prevention training program of Grantee's choice.

2020 and 2021 Television Community Service Grants General Provisions and Eligibility Criteria, Part I., CSG Program, Section 8, Training Requirements.

A station official attributed the significant turnover and hiring, particularly during FY 2020, contributed to this condition. Further, she indicated that many of the untrained staff were part-time employees. Finally, the station indicated that the harassment and bias prevention training program offered by CPB was not consistently available during our audit period and, when requested, CPB was unable to retroactively identify those that completed the CPB-sponsored training. As a result, not all staff received harassment prevention training. After discussion with Valley PBS officials, the station implemented a procedure to ensure that all staff and new employees attend training.

Discrete Accounting Not Used for CSG Expenses

Valley PBS did not discretely account for CPB expenditures separately as required by grant requirements. Valley PBS certified that it utilized a discrete account for CSG revenues in its grant but acknowledged that CSG expenses are accounted for in the PBS National Program Service account. For FY 2020, PBS expenses exceeded CSG grant revenue by \$62,910. However, for FY 2021, CSG grant revenues exceeded PBS expenses by \$31,997.

CPB's Discrete Accounting Requirements state:

Discrete accounting is required for all CSG-related and Television Interconnection grants, as stated in their respective General Provisions and Eligibility Criteria.

Discrete accounting requires a unique code that identifies CSG funds — both revenues and expenses, ... so that both CPB and the auditor can discretely track those funds within the accounting system.

CPB's General Provisions include:

Discrete Accounting Requirement: Grantees must use unique accounting codes for CSG revenues and expenses. Specifically, Grantee's accounting systems must be able to generate a report showing CSG revenues and how those funds were expended, using unique accounting codes. Those accounts may not include non-CSG revenues or expenses.

CPB FY 2021 General Provisions, Part IV. Definitions. J. Discrete Accounting Requirement.

Valley PBS accounted for all CSG expenses in Valley PBS' account entitled the PBS – National Program Service account, but officials were unaware that the discrete accounts should not include additional expenses that were not funded by the CSG. Discrete accounting is necessary to ensure that CSG revenues are expended for allowable activities and within the one-year or two-year time limitations provided in the CSG agreements. Without discrete accounting, OIG cannot independently attest to what CPB funds were expended on and when the two-year CSG funds were spent.

Recommendations:

We recommend that CPB management require Valley PBS to:

5) identify the corrective actions and internal controls it will implement to ensure continuing compliance with Act and CPB requirements addressing:

- a. posting the audited financial statements on a timely basis;
- b. maintaining accurate EEO employment and hiring statistics for public information;
- c. maintaining a current Diversity Statement;
- d. providing harassment prevention training for employees and interns; and
- e. discretely accounting for its CSG expenditures.

Valley PBS Management Response:

In response to our draft report, Valley PBS stated that progress was being made in some key areas, such as diversity and harassment prevention training. The station also explained how they had accounted for CSG expenditures in the PBS dues account and how NETA would now be able to identify the funds spent from the CSG specifically. The station's response did not specifically comment on how that would ensure that the audited financial statements were timely posted to its website or how they would make its Employment Statistical Report available to the public.

Diversity Statement and Harassment Training

Valley PBS's response stated that the Board has reformed its Diversity Committee to re-engage on any aspect of business with new members' ideas and has recommitted to defining the committee's mission statement and purpose. In addition, the management team has instituted new policies for harassment prevention training, such as having all employees complete their training within the first month of employment.

Discrete Accounting Not Used for CSG Expenses

Valley PBS's response stated that "in the past the station used an Account, Department, and Class Code to identify funds received from CPB and expended. Usually, the funds expended from the CSG went to pay the station's PBS dues. Often, the CSG is not enough to cover the dues, so funds from other sources finish paying the dues. With NETA, they will be able to identify funds spent from CSG specifically."

OIG Review and Comment:

Based on our review of Valley PBS' response to the draft report we have not changed our findings and recommendations. During our audit fieldwork the station did not formally comment on the Act and transparency audit findings or in response to our written Preliminary Observations.

While the station's response broadly discussed diversity, harassment training, and discrete accounting we are unclear what controls or procedures will be implemented to ensure:

- the Diversity Statement is annually updated, measures progress towards diversity goals, and is reviewed with the Board;
- new employees receive harassment training; and
- a discrete account has been established in NETA's system to track CSG expenditures.

We consider recommendation five unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

**CPB Grant Payments to Valley PBS, KVPT-TV
July 1, 2019 – June 30, 2021**

CPB Grants	FY 2020	FY 2021	Total
TV – CSG			
Community Service	\$1,003,543	\$953,226	\$1,956,769
Interconnection	\$19,505	\$18,030	\$37,535
Universal Service Support	\$18,782	\$18,882	\$37,664
Total TV CSG Payments	\$1,041,830	\$990,138	\$2,031,968
Other Grants:			
Cares Act	\$200,000	\$0	\$200,000
American Rescue Plan Act	\$0	\$428,017	\$428,017
Total All CPB Grants	\$1,241,830	\$1,418,155	\$2,659,985

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

Schedule A
KVPT-TV (1712)
Fresno, CA

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	\$300,000	\$312,503
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)	\$300,000	\$312,503
Description	Amount	
PPP Loan Forgiveness	\$297,503	
NPS	\$15,000	
2. Amounts provided by Public Broadcasting Entities	\$1,243,830	\$1,431,599
A. CPB - Community Service Grants	\$1,023,048	\$953,226
B. CPB - all other funds from CPB (e.g. RTL, Programming Grants)	\$218,782	\$464,929
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$2,000	\$13,444
Variance greater than 25%.		
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$524,399	\$451,225
3.1 NFFS Eligible	\$524,399	\$451,225
A. Program and production underwriting	\$38,500	\$424,225
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$485,899	\$27,000
Variance greater than 25%.		
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

**Valley PBS, KVPT-TV Annual Financial Reports
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—	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	\$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	\$9,000	\$10,000
—	4.1 NFFS Eligible	\$9,000	\$10,000
—	A. Program and production underwriting	\$9,000	\$10,000
—	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	\$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
—	5. State colleges and universities	\$0	\$0
—	5.1 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

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

5.2 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
6. Other state-supported colleges and universities	\$0	\$0
6.1 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
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	\$9,500
7.1 NFFS Eligible	\$0	\$9,500
A. Program and production underwriting	\$0	\$9,500
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

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

—	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	\$208,960	\$87,500
—	8.1 NFFS Eligible	\$114,960	\$87,500
—	A. Program and production underwriting	\$13,300	\$87,500
Variance greater than 25%.			
—	B. Grants and contributions other than underwriting	\$101,660	\$0
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	\$94,000	\$0
Variance greater than 25%.			
—	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)	\$94,000	\$0
Variance greater than 25%.			
—	E. Other income ineligible for NFFS inclusion	\$0	\$0
—	9. Business and Industry	\$633,007	\$511,815
—	9.1 NFFS Eligible	\$628,973	\$509,715
—	A. Program and production underwriting	\$628,973	\$465,826
Variance greater than 25%.			
—	B. Grants and contributions other than underwriting	\$0	\$43,889
—	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

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

E. Other income eligible as NFFS (specify)	\$0	\$0				
— 9.2 NFFS Ineligible	\$4,034	\$2,100				
Variance greater than 25%.						
— A. Rental income	\$3,150	\$2,100				
Variance greater than 25%.						
— B. Fees for services	\$884	\$0				
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				
— 10. Memberships and subscriptions (net of membership bad debt expense)	\$1,179,218	\$1,389,532				
— 10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$37,831	\$183,501				
Variance greater than 25%.						
— 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)	\$36,614	\$22,969				
— 10.3 Total number of contributors.	<table border="0" style="display: inline-table; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">2020 data</th> <th style="text-align: left; border-bottom: 1px solid black;">2021 data</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">10,091</td> <td style="text-align: right;">10,406</td> </tr> </tbody> </table>	2020 data	2021 data	10,091	10,406	
2020 data	2021 data					
10,091	10,406					
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.	<table border="0" style="display: inline-table; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">2020 data</th> <th style="text-align: left; border-bottom: 1px solid black;">2021 data</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> </tbody> </table>	2020 data	2021 data	0	0	
2020 data	2021 data					
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)	\$0	\$0				
— A. Gross auction revenue	\$0	\$0				
— B. Direct auction expenses						

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

		\$0	\$0				
—	14. Special fundraising activities (see instructions for Line 14)	\$90,138	\$61,810				
—	A. Gross special fundraising revenues	\$105,273	\$61,874				
	Variance greater than 25%.						
—	B. Direct special fundraising expenses	\$15,135	\$64				
	Variance greater than 25%.						
—	15. Passive income	\$5,132	\$30,336				
—	A. Interest and dividends (other than on endowment funds)	\$2,781	\$11,984				
	Variance greater than 25%.						
—	B. Royalties	\$0	\$0				
—	C. PBS or NPR pass-through copyright royalties	\$2,351	\$18,352				
	Variance greater than 25%.						
—	16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$0				
—	A. Gains from sales of property and equipment (do not report losses)	\$0	\$0				
—	B. Realized gains/losses on investments (other than endowment funds)	\$0	\$0				
—	C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0				
—	17. Endowment revenue	\$50	\$0				
—	A. Contributions to endowment principal	\$50	\$0				
	Variance greater than 25%.						
—	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")	\$0	\$0				
—	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)	\$0	\$0				
—	A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0				
—	B. Other	\$0	\$0				
—	19. Gifts and bequests from major individual donors	\$312,785	\$353,971				
	<table border="0" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">2020 data</td> <td style="text-align: center; border-bottom: 1px solid black;">2021 data</td> </tr> <tr> <td style="text-align: center;">145</td> <td style="text-align: center;">126</td> </tr> </table>	2020 data	2021 data	145	126		
2020 data	2021 data						
145	126						
—	19.1 Total number of major individual donors						
—	20. Other Direct Revenue	\$496	\$1,582				

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

Description	Amount
Premium Sales	\$30
Exclusion Description	Amount
Sale of premiums	\$30
Credit card reward	\$1,875
Exclusion Description	Amount
Refunds, rebates, reimbursements and insurance proceeds	\$1,875
cobra reimb.	\$428
Exclusion Description	Amount
Refunds, rebates, reimbursements and insurance proceeds	\$428
Insurance refund	\$370
Exclusion Description	Amount
Refunds, rebates, reimbursements and insurance proceeds	\$370
Misc.	\$158
Exclusion Description	Amount
Refunds, rebates, reimbursements and insurance proceeds	\$158
Uncategorized	\$-1,279
Exclusion Description	Amount
Uncategorized/Reconcil. Discrep.	\$-1,279

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)	\$4,522,150	\$4,651,437

Adjustments to Revenue

	2020 data	2021 data
23. Federal revenue from line 1.	\$300,000	\$312,503
24. Public broadcasting revenue from line 2.	\$1,243,830	\$1,431,599
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$94,000	\$0

Variance greater than 25%.

26. Revenue on line 20 not meeting the source, form,

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

— purpose, or recipient criteria	\$496	\$1,582
Variance greater than 25%.		
— 27. Other automatic subtractions from total revenue	\$93,614	\$208,634
— 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	\$15,135	\$64
Variance greater than 25%.		
— C. Gains from sales of property and equipment – line 16a	\$0	\$0
— D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0
— E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
— F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
— G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$3,150	\$2,100
Variance greater than 25%.		
— H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$884	\$0
Variance greater than 25%.		
— I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
— 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)	\$37,831	\$183,501
Variance greater than 25%.		
— L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$36,614	\$22,969
Variance greater than 25%.		
— 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.	\$0	\$0
— 28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$2,790,210	\$2,697,119

Comments

Comment	Name	Date	Status
Schedule B WorkSheet			
KVPT-TV (1712)			
Fresno, CA			

Comments

Comment	Name	Date	Status
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**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

Occupancy List
KVPT-TV (1712)
Fresno, CA

Schedule B Totals KVPT-TV (1712) Fresno, CA	Type of Occupancy Location	Value	
		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 KVPT-TV (1712) Fresno, CA			

	2020 data	Donor Code	2021 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)	\$86,900		\$0
A. Annual rental value of space (studios, offices, or tower facilities)	\$0		\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$0
C. Station operating expenses	BS \$86,900		\$0
Variance greater than 25%.			
D. Other (see specific line item instructions in Guidelines before completing)	\$0		\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$367,851		\$499,985
A. ITV or educational radio	\$0		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0		\$0
C. Local advertising	BS \$367,851	BS	\$499,985
D. National advertising	\$0		\$0

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

	2020 data	Donor Code	2021 data
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	\$454,751		\$499,985
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$2,000
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	\$0	BS	\$2,000
E. ITV or educational radio outside the allowable scope of approved activities	\$0		\$0
F. Local productions	\$0		\$0
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	BS \$0		\$0
Variance greater than 25%.			
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.	\$454,751		\$501,985

Comments

Comment	Name	Date	Status
Schedule D KVPT-TV (1712) Fresno, CA			

	2020 data	Donor Code	2021 data
1. Land (must be eligible as NFFS)	\$0		\$0
2. Building (must be eligible as NFFS)	\$0		\$0
3. Equipment (must be eligible as NFFS)	\$0		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$0		\$0
5. Other (specify) (must be eligible as NFFS)	\$0		\$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		\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$18,000		\$0
a) Exchange transactions	\$0		\$0
b) Federal or public broadcasting sources	\$0		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	BS \$18,000		\$0

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

	2020 data	Donor Code	2021 data
Variance greater than 25%.			
d) Other (specify)	\$0		\$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.	\$18,000		\$0

Variance greater than 25%.

Comments

Comment	Name	Date	Status
Schedule E KVPT-TV (1712) Fresno, CA			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2020 data	2021 data
1. Programming and production	\$1,749,923	\$1,514,119
A. TV CSG	\$1,003,543	\$953,226
B. TV Interconnection	\$19,505	\$18,030
C. Other CPB Funds	\$218,782	\$446,899
D. All non-CPB Funds	\$508,093	\$95,964
2. Broadcasting and engineering	\$882,889	\$1,064,895
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$882,889	\$1,064,895
3. Program information and promotion	\$703,940	\$578,440
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$703,940	\$578,440

SUPPORT SERVICES

	2020 data	2021 data
4. Management and general	\$988,726	\$907,430
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$988,726	\$907,430
5. Fund raising and membership development	\$685,707	\$790,907

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

	2020 data	2021 data
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$685,707	\$790,907
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	\$5,011,185	\$4,855,791
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$1,003,543	\$953,226
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$19,505	\$18,030
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$218,782	\$446,899
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$3,769,355	\$3,437,636

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2020 data	2021 data
9. Total capital assets purchased or donated	\$123,919	\$124,110
9a. Land and buildings	\$101,852	\$600
9b. Equipment	\$22,067	\$123,510
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$5,135,104	\$4,979,901

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)	\$4,556,434	\$4,353,806
12. Total expenses (indirect and in-kind)	\$454,751	\$501,985
13. Investment in capital assets (direct only)	\$105,919	\$124,110
14. Investment in capital assets (indirect and in-kind)	\$18,000	\$0

**Valley PBS, KVPT-TV Annual Financial Reports
For the Years Ending June 30, 2020 and 2021**

Comments

Comment	Name	Date	Status
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Schedule F
KVPT-TV (1712)
Fresno, CA

2021 data

1. Data from AFR

a. Schedule A, Line 22	\$4,651,437
b. Schedule B, Line 5	\$0
c. Schedule C, Line 6	\$501,985
d. Schedule D, Line 8	\$0
e. Total from AFR	\$5,153,422

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	\$5,191,187
b. Total support and revenue - with donor restrictions	\$-37,765
c. Total support and revenue - other	\$0
d. Total from AFS, lines 2a-2c	\$5,153,422

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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**Valley PBS, KVPT-TV
 Summary of Non-Federal Financial Support
 For the Years Ending June 30, 2020 and 2021
 Certified by Head of the Grantee and Independent Accountant's Report**

AFR Line	Valley PBS, KVPT-TV Description	FY 2020	FY 2021	Totals
1	Direct Revenue (Schedule A)	\$2,790,210	\$2,697,119	\$5,487,329
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
3	In-kind Contributions			
	3a. In-Kind Contributions (Schedule C)	\$454,751	\$499,985	\$954,736
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$3,244,961	\$3,197,104	\$6,442,065

Scope and Methodology

We performed an attestation examination to determine Valley PBS' 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 the grantee on its AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2020, and June 30, 2021; 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 Valley PBS' AFRs by performing financial reconciliations and comparisons to the station's underlying accounting records (general ledgers) and the audited financial statements. We reviewed underwriting and grant agreements, contracts, and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$1,607,843 of the \$3,244,961 reported in FY 2020 and \$1,351,663 of the \$3,197,104 reported in FY 2021.

We reviewed the allowability of expenses Valley PBS charged to the CSGs received from CPB during FYs 2020 and 2021. To determine whether Valley PBS incurred CSG expenditures in accordance with grant terms, we reviewed all of the CSG expenses, totaling \$2,062,881, that were 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 also verified \$200,000 of the revenue incurred for the CARES Act and \$428,017 of the revenue received for the American Rescue Plan Act to the accounting records.

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 Valley PBS' website to determine its compliance with CPB's transparency requirements. We also reviewed the independent public accountant's (IPA) audit planning, internal controls, and attestation working papers for FY 2020. Our procedures included interviewing grantee officials.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of Valley PBS' 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 September 16, 2021, through September 7, 2022. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.

To: Bill Richardson, [REDACTED]

Please accept this letter as the official response to the audit findings report AST2114 by the CPB for KVPT VALLEY PBS.

Let me first start off by expressing our gratitude in working with our station to address these issues in such positive and professional matter. These kinds of projects are obviously stressful for station staff and take a great deal of time and effort for your team, but ultimately, will lead to what we all want, a better run organization whose mission is to serve our community.

I think it's important to establish that KVPT has worked through some tough times over the past 5 years, not even considering the effects of the pandemic on operations. A high amount of leadership turnover, dwindling governing board representation and, quite frankly, inexperienced staff in key positions, all contributed to a Valley PBS that needed help and rebuilding.

Today, almost two years into this rebuilding effort, I'm happy to report the following. First and foremost, a healthy and happy staff. Station morale is at an all-time high which is reflecting in the amount and quality of the work everyone is doing. Just as important, we've grown our governing board from 5 members in early 2021 to 14 now with new board leadership in place as well.

Our local programming is being recognized outside our market. Documentaries like *Silent Sacrifice* and series like *Outside Beyond the Lens* are now airing nationally on public television as well as being honored with Emmy Awards. Membership continues to grow and last year, we broke a 40-year station record for major giving. This last achievement is directly related to our community supporting the changes and improvements we've made. But we still have a lot of work to do.

With regards to our new team taking corrective measures in standards and practices in place before we came on board, we are happy to report progress and improvement in some key areas.

Our board has reformed our Diversity Committee to re-engage on this important aspect of any business with new members, ideas, and a recommitment to redefining the committee's mission statement and purpose.

Another critical change we've made is in our Harassment Training. The high station turnover in previous years and phasing out of the NAVEX system made staying current on this important training difficult. For reference, in FY2019, we had a 34.9% turnover rate, a 131.8% turnover rate in FY2020, and 81.4% turnover rate in 2021 (most of that happening between January and May of last year). With harassment training being a high station priority for our new management team, we've instituted new policies such as having all new employees complete their training within the first month of their employment.

After coming on board in May of 2021, both Nancy and I felt that a change in how we do accounting at the station was needed. That's why we made the switch to enhance our accuracy and transparency in financial reporting to include the move of our accounting services to NETA Business Services. NETA's

experience with public media is an invaluable asset to the station further enhanced by the fact that the NETA Senior Controller assigned to our station was once our Director of Finance in 2018 and prior to that had over 10 years' experience with KVPT.

Our switch to NETA for accounting services has improved the way we track station presenting fees. Going forward, for presenting fees, we will make a new account code for these expenses as we produce more content for APT and other distributors.

Obviously, the big point of concern for us was the finding on the NFFS Reporting regarding [REDACTED]. This is a critically important service for any business and one that helps KVPT with reaching our audience for programming, fund raising, and membership growth.

As we've stated before, and what makes this somewhat confusing for us, is that this service has been approved for reimbursement before at the desk audit level. During the two prior years (2019 & 2020), these transactions were cleared by the CPB Desk Review of the AFR with similar documentation. We have provided the correspondence between KVPT and CPB. This review was conducted by [REDACTED] and communications included [REDACTED] and [REDACTED]. Occasionally, [REDACTED] was included in the communications as well. Using these prior approvals as precedent, KVPT continued to record and document these transactions in the same manner.

Also, Current – the news site for “People in Public Media” recently had a sponsored post by [REDACTED] in which they describe the benefits of the [REDACTED] grant and how they manage the grant for their clients including [REDACTED]. They urge organizations to get the \$120,000 in free [REDACTED] advertisement benefits.

Regarding the findings on receiving funds from ineligible sources; From Federal Government Sources: The revenues received from the school districts are considered payments and not contributions. Payments from State “ includes local governments, state agencies, the District of Columbia, U.S. territories, **public schools**, and Native American Tribes as defined in the applicable year's General Provisions” are eligible for NFFS.

The revenue was a contract payment and payments were made by the school district. The contracts were with the school districts and there was no indication of the specific fund source and there were no reporting requirements that are usually present with federal funds. KVPT did not receive funds directly from the Federal Agency nor did the non-federal organization stipulate that the funds needed to retain their federal character.

And finally, regarding discrete accounting; In the past, the station had used an Account, Department, and Class code to identify funds received from CPB and expended. Usually, the funds from the CSG go to pay our PBS dues. Often, the CSG isn't enough to cover the dues, so funds from other sources finish paying the dues. With NETA, they will be able to identify the funds spent from CSG specifically.

Having stability in management, direction, and practices the station has achieved is showing positive results. Correcting the mistakes and practices of the past is something Nancy and I, along with our incredible Board of Directors, have been dedicated to since we've all come together.

VALLEY PBS RESPONSE LETTER TO CPB REGARDING AUDIT FINDINGS

Again, thank you for all the work, guidance and help all of you have contributed to this effort. We genuinely appreciate each of and look forward to working with you for years to come.



Jeff Aiello
President & CEO
Valley PBS - KVPT