

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

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS  
AWARDED TO SOUTH DAKOTA PUBLIC BROADCASTING  
AND KUSD-FM, VERMILLION, SOUTH DAKOTA,  
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2019**

**REPORT NO. ASJ2007-2109**

**August 20, 2021**



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

Send all inquiries to our office at (202) 879-9669 or email [OIGemail@cpb.org](mailto:OIGemail@cpb.org) or visit <https://cpboig.oversight.gov/>

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*Audit of Community Service and Other Grants Awarded to South Dakota Public Broadcasting (SDPB) and KUSD-FM, Vermillion, South Dakota, for the Period July 1, 2017 through June 30, 2019*

### What We Found

Based on our audit, SDPB was not compliant with the following CPB grant requirements. Specifically, SDPB:

**SDPB incurred \$24,300 in questioned costs, overstated NFFS by \$50,036, and did not fully comply with open meeting requirements.**

- incurred \$24,300 in questioned TV grant costs for radio-related activities;
- overstated NFFS by \$50,036 on the Fiscal Year 2018 and 2019 AFR's resulting in \$5,024 in TV and radio FY 2020 and 2021 grant overpayments; and
- did not fully comply with Act and General Provisions and Eligibility Criteria (General Provisions) requirements to provide seven-day advance notice of open meetings.

In response to the draft report, SDPB management agreed with the findings and had implemented corrective actions to address most of the recommendations to ensure future compliance. CPB management will make the final determination on our findings and recommendations.

### What We Recommend

We recommend that CPB management:

- recover the questioned costs of \$24,300;
- recover CSG overpayments of \$5,024; and
- require SDPB to identify the corrective actions it will take to ensure that radio CSG funds are spent on radio activities, NFFS reporting complies with CPB Guidelines, and seven-day advance notice is given for all open meetings.



Corporation  
for Public  
Broadcasting

Office of the Inspector General

Date: August 20, 2021

To: Jackie J. Livesay, Vice President, Compliance  
Michael Levy, Executive Vice President and Chief Operating Officer  
Kathy Merritt, Senior Vice President, Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General

Subject: Audit of Community Service and Other Grants Awarded to South Dakota  
Public Broadcasting and KUSD-FM, Vermillion, South Dakota, for the  
Period July 1, 2017 through June 30, 2019, Report No. ASJ2007-2109

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 to appropriate Congressional committees as required by the Inspector General Act of 1978, as amended. Please refer any public inquiries about this report to our website or our office.

Enclosure

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

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

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## **EXECUTIVE SUMMARY**

We have completed an audit of the Corporation for Public Broadcasting (CPB) grants awarded to South Dakota Public Broadcasting and KUSD-FM (SDPB), licensed to the South Dakota Board of Directors for Educational Telecommunications. The grants reviewed included radio and television Community Service grants (CSG), Interconnection, Distance Service, Universal Service, and Rural Radio grants for the period July 1, 2017 through June 30, 2019.

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

Based on our audit, SDPB complied with CPB grant and Act requirements, except for:

- \$24,300 of questioned CSG costs for radio-related activities paid with Fiscal Year (FY) 2018 and FY 2019 TV CSG and FY 2019 TV Distance Service Grant (DSG) funds;
- \$50,036 of overstated NFFS on the FYs 2018 - 2019 TV and radio AFRs resulting in \$5,024 in TV and radio FY 2020 and FY 2021 CSG overpayments, which are reported as funds put to better use; and
- the lack of full compliance with Communications Act and CPB requirements to provide seven-day advance notice of open meetings.

We recommend that CPB management:

- recover questioned costs of \$24,300;
- recover CSG overpayments of \$5,024; and
- require SDPB to identify corrective actions it will take to ensure that radio CSG funds are spent on radio activities, NFFS reporting complies with CPB Guidelines, and seven-day advance notice is given for all open meetings.

In response to the draft report, SDPB management agreed with our findings on questioned CSG costs for radio-related activities paid with TV grant funds, overstated NFFS that resulted in CSG award overpayments, and lack of seven days advance notice to the public for open Board of Director meetings. Based on SDPB management's response to the draft report, we consider recommendations 1, 2, 4, 5a, and 6 resolved but open pending CPB's final management decisions resolving the audit findings and acceptance of SDPB's corrective actions. The remaining recommendations were not specifically addressed in SDPB's response; as a result, we consider recommendations 3, 5b, 5c, and 5d unresolved pending CPB's final determination on our recommendations. SDPB's response is summarized after each finding and the complete response is presented in Exhibit F.

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

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

## **BACKGROUND**

### ***South Dakota Public Broadcasting***

SDPB is South Dakota's statewide public broadcasting network. SDPB is an agency of the South Dakota state government within the Bureau of Information and Telecommunications (BIT). SDPB and BIT maintain documentation of all CPB grant expenditures as well as revenue received from State appropriations. The licensee is the South Dakota Board of Directors for Educational Telecommunications. Board members are appointed by the Governor.

The Friends of South Dakota Public Broadcasting (Friends) support lifelong learning for all South Dakotans through advocacy, leadership, and fundraising on behalf of SDPB and KUSD-FM. Friends and its accounting contractor maintain documentation supporting fundraising from memberships, major gifts from individual donors, and endowments as well as underwriting revenue. SDPB's and Friends' combined statements of net position information and combined statements of revenues, expenses, and changes in net position were included as supplementary data in SDPB's 2018 and 2019 audited financial statements.

SDPB broadcasts more than 150 hours of local television programming each year and over 65 hours of educational children's television programming each week. The state network provides instructional programming for use in schools and public television for all of South Dakota on a seven day a week schedule. KUSD TV's studio production center in Vermillion is utilized for production of programs about South Dakota, student training, production of instructional television, and for satellite-delivered teleconferences.

SDPB Radio broadcasts can be found on 11 FM stations throughout South Dakota, including its flagship station, KUSD-FM, in Vermillion, SD. The primary objective of the radio broadcasting service is to provide programs of a general educational, informational, and cultural nature. Programming is provided 24 hours a day, seven days a week from KUSD-FM, National Public Radio and other program providers.

### ***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 (FYs) CSG amount. For example, CPB used the NFFS reported by SDPB and KUSD-FM on their FYs 2018 and 2019 AFRs to determine the amount of the TV and radio CSG funds the stations received in FYs 2020 and 2021.

As shown in Exhibit A, SDPB and KUSD-FM received CSG, Interconnection, Universal Service Support, Distance Service grant, and Rural Radio funds totaling \$3,333,780 for FYs 2018 and 2019 from CPB (\$2,909,515 for TV and \$424,265 for radio). The stations reported combined TV and radio NFFS of \$7,035,901 in FY 2018 and \$7,596,882 in FY 2019 as shown in Exhibit D. The audited financial statements for both stations for the two FYs we audited reported total revenues of \$10,423,567 in FY 2018 and \$10,197,863 in FY 2019. The stations' fiscal years begin July 1 and ends June 30.

### **RESULTS OF REVIEW**

In our opinion, except for the noncompliance issues described below, SDPB and KUSD-FM complied with the requirements in the following paragraph for the FYs 2018 and 2019 grant funds examined in Exhibits B, C, and D.

We examined SDPB's and KUSD-FM'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 SDPB's and KUSD-FM's compliance with AFR/NFFS reporting in accordance with CPB guidelines; Act requirements for open meetings, open financial records, Equal Employment Opportunity (EEO) reporting, and donor lists; and discrete accounting requirements. SDPB and KUSD-FM management are responsible for their assertions of compliance. Our



responsibility is to express an opinion on management's assertions about its compliance based on our examination.

We found SDPB and KUSD-FM complied with CPB grant and Act requirements, except for:

- \$24,300 of questioned costs for radio-related activities paid with Fiscal Year (FY) 2018 and FY 2019 TV CSG and FY 2019 TV DSG funds;
- \$50,036 of overstated NFFS on the FYs 2018 - 2019 TV and radio AFRs resulting in \$5,024 in TV and radio FY 2020 and FY 2021 CSG award overpayments, reported as funds put to better use; and
- the lack of full compliance with Communications Act and CPB requirements to provide adequate advance notice of open meetings.

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

## **FINDINGS AND RECOMMENDATIONS**

### **TV Grant Funds Improperly Used to Pay for Radio Activities**

SDPB applied \$24,300 in station radio expenses to the FYs 2018 and 2019 TV CSGs and the TV DSG, as shown in the table below.

#### ***Expenses Applied to TV CSGs That Were Allocable to Radio***

<b>Expense Description</b>	<b>FY 2018 TV CSG</b>	<b>FY 2019 TV CSG</b>	<b>FY 2019 TV DSG</b>	<b>Total</b>
Radio Equipment	\$13,293	\$0	\$0	\$13,293
Software	\$0	\$6,400	\$0	\$6,400
Tower Repairs <sup>1</sup>	\$3,583	\$0	\$0	\$3,583
Ethernet Switches <sup>2</sup>	\$0	\$0	\$1,024	\$1,024
<b>Totals</b>	<b>\$16,876</b>	<b>\$6,400</b>	<b>\$1,024</b>	<b>\$24,300</b>

Our audit of television CSG expenses identified that television funds were expended on radio activities in the following four expense categories.

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<sup>1</sup> Radio share per SDPB officials.

<sup>2</sup> Radio share per SDPB officials.

### *Radio Equipment Expense Applied to 2018 TV CSG*

SDPB was invoiced on August 24, 2017, for \$13,293 for equipment described as “Flexstar HDE-200 Exporter” and “Flexstar HDI-200 Importer.” Although the “State of South Dakota Voucher” used to code the expense to the appropriate account and source identified the equipment as “RADIO Program Export,” SDPB coded the expense as an “Engineering TV Network” expense and applied it to the 2018 TV CSG grant.

We researched the uses of the invoiced equipment and found that Flexstar Importer and Exporter were radio equipment. We brought this transaction to the attention of the SDPB accountant who consulted with the SDPB Director of Engineering. SDPB officials agreed this equipment was radio equipment and should not be charged to the TV CSG.

### *Software Expense Applied to the 2019 TV CSG*

SDPB was invoiced on August 1, 2018, for \$6,400 for 1 AVFLEX (Audio Vault Flex). SDPB applied the expense to the 2019 TV CSG. However, our research of the software manufacturer’s promotional material indicated the software was used for radio and not television. We brought this item to SDPB’s accountant’s attention. The accountant consulted with the Director of Engineering and determined that the software was used exclusively for radio application. SDPB agreed that this charge should not be applied to the TV CSG.

### *Tower Repairs Expense Applied to the 2018 TV CSG*

SDPB was invoiced for \$10,390 on December 20, 2017, for tower repairs on a tower near Rapid City, SD. SDPB applied the entire amount to the TV CSG. However, the utility bills for the Rapid City location were split 66 percent to TV and 34 percent to radio. We asked the accountant whether the Rapid City tower was used for both radio and TV. The accountant consulted with the Director of Engineering and advised us that 66 percent of the \$10,390 (\$6,807) should be applied to the TV CSG and 34 percent (\$3,583) was allocable to radio; the \$3,583 should not have been applied to the TV CSG. SDPB agreed that 34 percent of the cost (\$3,583) of these tower repairs should have been charged to radio.

### *Ethernet Switches Expense Applied to the 2019 DSG*

SDPB was invoiced on June 11, 2019, for \$10,242 for ethernet switches. SDPB applied the entire amount to the 2019 TV DSG. We asked SDPB’s accountant whether any of these switches were used to support radio. SDPB’s accountant consulted with the Director of Engineering who advised that 10 percent of the total (\$1,024) was applicable to radio. SDPB officials agreed with this allocation.

CPB’s grant requirements and the Act address the use of CSG funds. Specifically, the FYs 2018 and 2019 Television Community Service Grants, General Provisions and Eligibility Criteria Section 10. Use of CSG Funds provides that “... CSG funds

distributed ... may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming (47 U.S.C. § 396(k)(7)).”

Further, Section (k)(7) of the Act provides that “The funds distributed pursuant to paragraph (k)(3)(A)(ii)(I) and (iii)(I) may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming.” Paragraph (k)(3)(A)(ii)(I) provides for distribution of funds among licensees and permittees of public television stations. Paragraph (k)(3)(A)(iii)(I) provides for distribution of funds among licensees and permittees of public radio stations.

Pursuant to all of the above provisions, CSG TV grant funds should be used for purposes related primarily to the production or acquisition of television programming and should not be used to fund radio activities.

According to SDPB’s accountant, SDPB’s process during our audit period required the staff of the department making the purchase to indicate the department to which the purchase should be coded. The accountant believed the miscoding related to the Flexstar equipment, software, and ethernet switches were isolated instances. The accountant said department directors are now going to assist in determining whether purchases are related to a CPB TV or radio grant.

Regarding the tower repairs, the accountant said that in the past, SDPB had not allocated tower repair expenses or other appropriate expenses to TV and radio in a manner similar to their methodology for distributing electricity expenses. The accountant believed this would be appropriate. However, our audit found the electricity allocation methodology was not documented. The accountant said the Director of Engineering is currently performing an updated analysis of the allocation of electrical costs at locations which support both TV and radio.

To summarize, FY 2018 TV CSG funding of \$16,876, FY 2019 TV CSG funding of \$6,400, and FY 2019 TV DSG funding of \$1,024 were expended on radio activities that were not related to the production or acquisition of television programming. As a result, we have questioned \$24,300 in television CPB expenditures charged to these three grants.

### ***Recommendations:***

We recommend that CPB management take the following actions:

- 1) recover \$24,300 in radio-related costs that were applied to the TV CSG and DSG;
- 2) require SDPB to identify corrective actions it will take to ensure that in the future only TV-related costs are applied to the TV CSG; and
- 3) require SDPB to document and retain allocation methodologies used to distribute costs between TV or radio activities.

### ***SDPB Management Response***

In response to our draft report, SDPB management agreed with our findings on the questioned purchases. SDPB said the Director of Engineering and the Finance Manager will both review expenditures associated with CPB grants. The allocations between TV and radio for tower repairs will also be matched to the allocations used for electrical expenditures on each of the towers. The station will also distribute the cost to conduct the independent audit between TV and radio.

### ***OIG Review and Comment***

Based on SDPB's response to the draft report, we consider recommendations 1 and 2 resolved but open, pending CPB's final management decision resolving the audit findings and acceptance of SDPB's corrective actions completed to close the recommendations. SDPB did not specifically address the retention of documentation of allocation methodologies in its comments, therefore we consider recommendation 3 unresolved and open pending CPB's management decision resolving the recommendation.

### **Overstated NFFS**

We found overstated NFFS totaling \$50,036 for FYs 2018 and 2019, which resulted in CSG overpayments of \$5,024. The following table summarizes our specific results. We classified the overpayments as funds put to better use for reporting purposes because the funds awarded to SDPB and KUSD-FM could have been distributed to other public broadcasting entities. Each category of NFFS overstatement is discussed in more detail following the table.

#### ***Overstated NFFS and CSG Overpayment Calculation***

NFFS Categories	Overstated TV NFFS		Overstated Radio NFFS		Total
	FY 2018	FY 2019	FY 2018	FY 2019	
<b><i>Schedule A: Direct Revenues</i></b>					
Ineligible Endowment Revenue	\$9,803	\$2,264	\$3,096	\$2,264	\$17,427
Misclassification of Appropriations from the Licensee	\$8,502	\$8,527	\$0	\$0	\$17,029
Ineligible or Unsupported Program and Production Underwriting	\$2,000 <sup>3</sup>	\$700	\$7,500 <sup>4</sup>	\$1,355	\$11,555
Unsupported Gifts and Bequests from Major Donors	\$0	\$4,025	\$0	\$0	\$4,025
<b>Overstated NFFS</b>	<b>\$20,305</b>	<b>\$15,516</b>	<b>\$10,596</b>	<b>\$3,619</b>	<b>\$50,036</b>
FY's 2020 and 2021 IRRs	0.117998662	0.123997030	0.050096779	0.047804095	
<b>Overpaid CSG Grant Funds</b>	<b>\$2,396</b>	<b>\$1,924</b>	<b>\$531</b>	<b>\$173</b>	<b>\$5,024</b>

<sup>3</sup> This amount represents ineligible web magazine revenue that was reported as eligible TV revenue.

<sup>4</sup> This amount includes \$2,000 of ineligible web magazine revenue and \$5,500 of unsupported radio underwriting revenue.

### ***Ineligible Endowment Revenue***

SDPB and KUSD-FM reported a total of \$199,709 on lines 17.B (Interest and Dividends) of its FYs 2018 and 2019 AFRs. Our sample of \$167,557 of the \$199,709 included \$150,130 of reportable interest and dividends and \$17,427 in ineligible distributions as itemized in the following table.

#### ***Sampled Transactions Schedule A, Line 17.B***

	<b>FY 2018 TV</b>	<b>FY 2018 Radio</b>	<b>FY 2019 TV</b>	<b>FY 2019 Radio</b>	<b>Total</b>
Reported on AFR	\$30,348	\$9,583	\$63,813	\$63,813	\$167,557
Interest and Dividends	\$20,545	\$6,487	\$61,549	\$61,549	\$150,130
<b>Overstated NFFS</b>	<b>\$9,803</b>	<b>\$3,096</b>	<b>\$2,264</b>	<b>\$2,264</b>	<b>\$17,427</b>

CPB Guidelines provide that only contributions to endowment principal, as well as interest and dividends from endowments are eligible NFFS; the remainder, including realized and unrealized gains and endowment distributions are not. Specifically, CPB's Guidelines provide the following instructions for reporting endowment revenue.

#### **Line 17 - Endowment Revenue**

Report all contributions to endowment fund principal regardless of source or form of the amounts contributed. Also, report passive (interest and dividends) derived from endowment funds and realized and unrealized gains or losses from investments held by endowment funds.

##### **A. Contributions on endowment principle**

Use this line to report contributions to endowment principle.

##### **B. Interest and Dividends on endowment funds**

Use this line to report interest and dividends earned on endowment funds.

##### **C. Realized net investment gains and losses on endowment funds**

Use this line to report realized net investment gains and losses on endowment funds... The revenue on Line 17C will forward to Line 27 and will be automatically excluded from NFFS.

##### **D. Unrealized net investment gains and losses on endowment funds**

Use this line to report unrealized net investment gains and losses on endowment funds.... The revenue reported on Line 17D will forward to Line 27 and will be automatically excluded from NFFS.”

CPB Guidelines, Part III AFR and FSR line-item instructions for Schedule A, line 17.

The grantee official responsible for preparing the AFRs advised that the amounts reported on the AFRs included distributions from the endowment to SDPB and KUSD-FM and that the distributions were erroneously reported because they were shown as revenue in the audited financial statements.

To summarize, the \$17,427 of overstated FYs 2018 and 2019 NFFS resulted in \$1,701 of FY 2020 and 2021 TV and radio CSG awards to which SDPB and KUSD-FM were not entitled.

### ***Misclassification of Appropriations from the Licensee***

On its 2018 and 2019 TV AFRs SDPB reported \$17,029 of appropriated revenue from the State of South Dakota that was used to support KUSD-FM's public radio activities.

#### ***FY 2018 Misclassification of Appropriations - \$8,502***

SDPB reported \$8,502 of appropriated revenue from the State of South Dakota on Schedule A, Line 4 of its FY 2018 TV AFR that was used to support KUSD's public radio function. This included:

- \$6,344 for tower inspection expenses that were allocable to the radio function. On September 1, 2017, SDPB was invoiced \$7,930 for tower inspection at the Faith, SD location. SDPB allocated the entire amount to TV. Based on a study done by the Engineering Department, electric bills for the Faith location were allocated 80 percent to radio and 20 percent to TV. SDPB officials agreed that using the electric bills would also be a reasonable allocation of the tower inspection expenses. (80 percent of \$7,930 is \$6,344.)

We noted that only a summary of the study was available for review. SDPB's accountant advised us the study was done several years ago, however we could not determine the date of the study. Further, the summary provided for our review did not indicate the methodology used to conduct the study, the period covered, or the source of documents used to calculate the allocations. SDPB officials advised us that the study would be updated.

- \$1,000 for the cost of the independent audit of SDPB's 2017 financial statement. The total amount paid was \$5,000. SDPB allocated the entire amount to TV. Based on the percentage of appropriated general funds spent on radio in FY 2018, 20 percent or \$1,000 should have been allocated to radio. SDPB officials agreed.
- \$1,158 for rent of 415 Main Street, Rapid City, SD, the location of the SDPB Black Hills Studio. The studio broadcasts statewide radio programs and also supports smaller scale live and pre-recorded television programs. According to SDPB officials, 50 percent should have been allocated to TV and 50 percent to radio based on the number of TV and radio employees at the location. However, this allocation basis was not documented for our audit period. Based on SDPB's statement that the allocation should have been 50 percent TV and 50 percent

radio, the amount that should have been allocated to TV was \$10,422 (50 percent of \$20,844). The difference between what was allocated to TV (\$11,580) and what should have been allocated to TV (\$10,422) is \$1,158.

*FY 2019 Misclassification of Appropriations - \$8,527*

SDPB reported \$8,527 of appropriated revenue from the State of South Dakota on Schedule A, Line 4 of its FY 2019 TV AFR that was used to support SDPB's radio function. This included:

- \$6,547 for a signal processor that was sold to KESD-FM, Lake Preston, SD. This processor was used to support KUSD-FM's radio activities.
- \$1,980 for the cost of the independent audit of SDPB's 2018 financial statement. The total amount paid was \$9,000. SDPB allocated the entire amount to TV. Based on the percentage of appropriated general funds spent on radio in FY 2018, SDPB officials agreed that 22 percent or \$1,980 should have been allocated to KUSD-FM radio activities.

FYs 2018 and 2019 Guidelines, Section 2.3.2 specifies that the purpose of NFFS contributions "must be for the construction or operation of a noncommercial, educational public broadcast station or the production, acquisition, distribution, or dissemination of educational television or radio programs and related activities." Because the revenue in question was reported by SDPB on the TV AFRs, it should have been spent on television activities. Appropriated revenues spent on radio activities should have been reported on the radio AFR.

The combination of the coding errors and the past practice of not allocating costs in a manner similar to their methodology for distributing electricity expenses between TV and radio activities led to the misclassification of appropriations being reported on the TV AFRs.

As a result of SDPB reporting \$17,029 in appropriations used for KUSD-FM on the FYs 2018 and 2019 TV AFR's, SDPB received excess TV CSG funds totaling \$2,061.

*Ineligible or Unsupported Program and Production Underwriting*

SDPB reported \$11,555 of underwriting as NFFS on its FY 2018 and 2019 TV and radio AFRs that was not eligible NFFS or was not supported by adequate evidence e.g., an invoice or a payment received. Friends maintains the accounting and associated documentation for underwriting activities.

*Ineligible FY 2018 TV and Radio Underwriting - \$4,000*

SDPB included \$13,660 in NFFS on Schedule A, line 8.1.A of its FY 2018 TV AFR and KUSD-FM included \$4,340 in NFFS on Schedule A, line 8.1.A of its FY 2018 radio AFR. These transactions were adequately supported except for \$4,000 of NFFS-

ineligible web magazine underwriting (\$2,000 each for TV and radio). The SDPB accountant advised that SDPB and KUSD-FM's practice is to report web magazine revenue on AFR Schedule A, line 8.2.E as NFFS-ineligible revenue.

*FY 2019 TV Unsupported Underwriting - \$700*

SDPB included \$19,200 in NFFS on Schedule A, line 7.1.A of its FY 2019 TV AFR. This transaction was supported by a contract dated June 29, 2018, requiring SDPB to provide 143 TV spots in return for revenue of \$18,500. SDPB invoiced the underwriter for \$18,500 on September 30, 2018. Payment was received by SDPB on November 16, 2018. The \$700 (\$19,200 - \$18,500) difference reported as underwriting revenue was not supported by evidentiary documentation, e.g., a contract, invoice, or documentation that a payment was received.

*FY 2018 Radio Unsupported Underwriting - \$5,500*

KUSD-FM included \$21,250 in NFFS on Schedule A, line 9.1.A of its FY 2018 radio AFR. The contract between SDPB and the underwriter was dated October 17, 2017; SDPB invoiced the underwriter for a total of \$15,750 in FY 2018 and received 3 payments of \$5,250 for a total of \$15,750. SDPB did not provide evidentiary documentation that the remaining \$5,500 reported was invoiced in FY 2018 or that a payment was received.

*FY 2019 Radio Unsupported Underwriting - \$1,355*

KUSD-FM included \$13,040 in NFFS on Schedule A, line 9.1.A of its FY 2019 radio AFR. The contract between SDPB and the underwriter was dated September 26, 2018; SDPB invoiced the underwriter a total of \$11,865 for the "In the Moment" radio programs and received payments of \$11,865. SDPB did not provide evidentiary documentation such as an invoice and evidence of payment received to support the remaining \$1,355 reported as NFFS.

Part II., Section XIII of CPB's FY 2019 Guidelines "NFFS from Interrelated Organizations Must Meet NFFS Criteria" provides that revenue from interrelated organizations must meet the source, form, and purpose criteria for the CSG recipient to report it as NFFS. Common interrelated organizations include Friends groups. Regardless of whether the CSG recipient's financial statements are consolidated with the related organization, the recipient needs to obtain the required documentation to support the revenue reported as NFFS.

The FY 2018 Guidelines, Part I, Section 2.8, "NFFS Support from Financially Interrelated Organizations," similarly require "Revenues attributable to interrelated organizations that are consolidated or combined with the grantee for financial statement purposes are treated no differently than all other revenues in consolidation. In other words, to be included as NFFS all revenues must meet the same criteria throughout these Guidelines."



As discussed in our Background section, Friends negotiated underwriting agreements on behalf of SDPB and KUSD-FM, maintained supporting documentation, and reported underwriting revenues received to SDPB. Friends officials said their policy was to recognize revenue at the time the donor is invoiced, usually early in the agreement term or quarterly. Our testing of underwriting found that, with the exception of the four transactions identified in this report, Friends recognized revenue at the time of invoicing for the purpose of reporting revenue on its audited financial statements. The SDPB accountant reported NFFS revenues that agreed with the SDPB and Friends audited financial statements.

As a result of \$11,555 of unsupported underwriting reported on the FYs 2018 and 2019 TV and radio AFR's, CPB awarded excess TV CSG funds and radio CSG funds of \$746.

### ***Unsupported Gifts and Bequests from Major Donors***

Our audit of major donors identified \$4,025 in overstated NFFS revenues. Specifically, SDPB included donations from a group of 19 donors totaling \$103,978 on its FY 2019 TV AFR, Schedule A, line 19, "Gifts and Bequests from Major Donors." Friends maintains the accounting records and associated documentation for these donations. The Friends General Ledger Transactions Report – Detail, for the period July 1, 2018 through June 30, 2019, provided transaction detail for \$160,923 of Major Donor gifts and bequests. Although the general ledger report did not identify whether the contributions were related to TV, radio, or both, this information was available on a detailed supplementary report.

A spreadsheet provided to us by SDPB distributed the donations between TV and radio, but the TV donations totaled only \$100,653. Additionally, the spreadsheet listing included a \$700 "plug figure." Therefore, the detailed listing supported only \$99,953 (\$100,653 less \$700) of TV gifts and bequests from major donors. The remaining TV donations reported of \$4,025 (\$103,978 less \$99,953) were not supported by the spreadsheet.

CPB's Financial Reporting Guidelines for FY 2019 included the following instructions for Schedule A, line 19: "Use this line to report gifts and bequests from major donors, including estates, trusts, etc.... Major individual donors are herein defined as any individual donor who contributes an amount, in aggregate, equal to or greater than \$1,000 for the reporting year ...."

The Friends General Ledger Transactions Report was not fully supported by the spreadsheet provided by SDPB. Based on this information, we identified \$4,025 of unsupported NFFS on the FY 2019 TV AFR, that resulted in a FY 2021 TV CSG overpayment of \$499.

### ***Recommendations:***

We recommend that CPB management take the following actions:

- 4) recover \$5,024 in TV and radio CSG overpayments; and
- 5) require SDPB to identify corrective actions it will implement to ensure that:
  - a. endowment revenues are reported in accordance with CPB Guidelines;
  - b. appropriated revenues are reported consistent with spending on TV and radio activities;
  - c. underwriting and major gifts are supported as revenues received in the Friends accounting records; and
  - d. all allocation methodologies used to claim NFFS are documented and retained and include an explanation of how bases of allocations were determined, periods covered by any studies, and source documents used.

### ***SDPB Management Response***

In response to our draft report, SDPB management agreed with our findings on the overstatement of NFFS. As of January 2021, Friends processes endowment gifts in accordance with CPB guidelines. Friends shares full financial data for NFFS allocation with the SDPB Network accounting team.

### ***OIG Review and Comment***

Based on SDPB's response to the draft report, we consider recommendations 4 and 5a resolved but open pending CPB's final management decision resolving the audit findings and acceptance of SDPB's corrective actions to close the recommendations. SDPB did not specifically address the reporting of appropriated revenues, accounting for underwriting and major gifts, and retention of documentation of allocation methodologies in its comments, therefore we consider recommendations 5b, c, and d unresolved and open pending CPB management decision resolving the recommendations.

### **Communications Act**

We found that SDPB and KUSD-FM were not fully compliant with Act requirements for open meeting advance notice requirements. SDPB did not provide seven-day advance notice for all public meetings of the Board of Directors. Specifically, we found that for 3 of 6 meetings reviewed during our audit period, seven-day advance notice for the meeting was not provided, including 1 of 2 FY 2018 meetings and 2 of 4 FY 2019 meetings. For two of the 3 meetings that did not meet requirements, SDPB provided six-days advance notice. For the remaining meeting (December 19, 2017), we were unable to determine that any notice was given.

To determine whether SDPB was currently compliant with the seven-day advance notice requirement, we reviewed advance notice provided for the three FY 2021 Board meetings. Seven-day advance notice was provided for two of the three. For the

remaining meeting (October 2, 2020), notice was provided on September 26, 2020, six days before the meeting.

The Act requires stations to provide the public with reasonable advance notice of an Open Meeting (47 U.S.C. §396(k)(4)). CPB further defines reasonable notice as seven days advance notice in its Television CSG General Provisions and Eligibility Criteria and Radio CSG General Provisions and Eligibility Criteria, “In addition, CPB requires Grantees to give at least seven days advance notice of meetings, including time and place, by:

- 1) posting notice on its station website;
- 2) broadcasting notice on-air between 6 a.m. and 11 p.m., as shown by the station’s log;
- 3) placing notice in the “Legal Notices” section of a local newspaper in general circulation in the station’s primary coverage area; or
- 4) giving notice through a recorded announcement accessible on the station’s phone system.”

Board procedures dated April 17, 2009, did not address how or when the public would be provided advance notice of meetings. SDPB officials indicated that SDPB was aware of the seven-day requirement and that human error contributed to the lack of seven-day advance notice for the meetings in question.

As a result, SDPB and KUSD-FM were not fully compliant with Act and CPB requirements for advance meeting notice requirements during our audit period and the current fiscal year 2021.

***Recommendation:***

We recommend that CPB management require SDPB and KUSD-FM to identify the corrective actions they will implement to ensure:

- 6) the public receives reasonable advance notice of upcoming meetings of the station at least seven days in advance of the meeting.

***SDPB Management Response***

In response to our draft report, SDPB management acknowledged that it did not provide the public at least seven days advance notice of open meetings. SDPB identified a number of actions that it intended to take going forward, including posting a press release on the stations’ website a minimum of 2 weeks before the scheduled meeting and running promotional TV and radio announcements between 7 a.m. and 11 p.m. central time, a minimum of 8 days prior to the meeting.

### ***OIG Review and Comment***

Based on SDPB's response to the draft report, we consider recommendation 6 resolved but open pending CPB's final management decision resolving the audit findings and receipt of corrective actions completed to close the recommendations.

**Exhibit A****CPB Grant Payments to SDPB & KUSD-FM  
July 1, 2017 – June 30, 2019**

<b>CPB Grants</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Totals</b>
<b>TV-CSG</b>			
Community Service	\$1,071,434	\$1,124,743	\$2,196,177
Interconnection	\$20,444	\$21,418	\$41,862
Distance Service	\$243,087	\$244,750	\$487,837
Universal Service Support	\$92,510	\$91,129	\$183,639
<b>Total TV – CSG</b>	<b>\$1,427,475</b>	<b>\$1,482,040</b>	<b>\$2,909,515</b>
<b>Radio – CSG</b>			
Unrestricted Community Service	\$136,099	\$141,472	\$277,571
Restricted Community Service	\$48,393	\$51,086	\$99,479
Rural Radio	\$23,572	\$23,643	\$47,215
<b>Total Radio – CSG</b>	<b>\$208,064</b>	<b>\$216,201</b>	<b>\$424,265</b>
<b>Total All CPB Grants</b>	<b>\$1,635,539</b>	<b>\$1,698,241</b>	<b>\$3,333,780</b>

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Schedule A  
South Dakota Public Television (1857)  
Vermillion, SD

### NFFS Excluded?

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



### Source of Income

	2018 data	2019 data
1. Amounts provided directly by federal government agencies	\$58,659	\$56,013
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)	\$58,659	\$56,013
Description	Amount	
FAA - tower revenue	\$800	
FBI - tower revenue	\$28,803	
Department of Homeland Security - tower revenue	\$11,044	
IRS - tower revenue	\$3,375	
NOAA - tower revenue	\$11,991	
2. Amounts provided by Public Broadcasting Entities	\$1,489,298	\$1,498,127
A. CPB - Community Service Grants	\$1,071,434	\$1,124,743
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$356,041	\$357,297
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$61,793	\$8,587
Variance greater than 25%.		
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$30	\$7,500
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	\$0	\$0
3.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0

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—	D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
—	E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
—	F. Other income eligible as NFFS (specify)	\$0	\$0
—	3.2 NFFS Ineligible	\$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	\$3,383,750	\$3,362,292
—	4.1 NFFS Eligible	\$3,367,576	\$3,336,414
—	A. Program and production underwriting	\$2,991	\$21,500
Variance greater than 25%.			
—	B. Grants and contributions other than underwriting	\$21,500	\$9,285
Variance greater than 25%.			
—	C. Appropriations from the licensee	\$3,343,085	\$3,305,629
—	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	\$16,174	\$25,878
Variance greater than 25%.			
—	A. Rental income	\$0	\$0
—	B. Fees for services	\$16,174	\$25,878
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

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5. State colleges and universities	\$23,325	\$21,000
5.1 NFFS Eligible	\$22,950	\$21,000
A. Program and production underwriting	\$22,950	\$21,000
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
5.2 NFFS Ineligible	\$375	\$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)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$375	\$0
Variance greater than 25%.		
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		



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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	\$19,200
7.1 NFFS Eligible	\$0	\$19,200
A. Program and production underwriting	\$0	\$19,200
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$252,450	\$92,731
8.1 NFFS Eligible	\$97,200	\$86,706
A. Program and production underwriting	\$89,043	\$51,378
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$8,157	\$35,328
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	\$155,250	\$6,025
Variance greater than 25%.		
A. Rental income	\$0	\$0

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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)	\$152,250	\$0
Variance greater than 25%.		
E. Other income ineligible for NFFS inclusion	\$3,000	\$6,025
Description	Amount	
Web sales	\$4,000	
Magazine sales	\$2,025	
Variance greater than 25%.		
9. Business and Industry	\$583,769	\$553,079
9.1 NFFS Eligible	\$378,718	\$377,822
A. Program and production underwriting	\$377,173	\$375,102
B. Grants and contributions other than underwriting	\$1,545	\$2,720
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
9.2 NFFS Ineligible	\$205,051	\$175,257
A. Rental income	\$185,301	\$169,641
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)	\$19,750	\$0
Variance greater than 25%.		
E. Other income ineligible for NFFS inclusion	\$0	\$5,616
Description	Amount	
Magazine sales	\$5,616	
10. Memberships and subscriptions (net of membership bad debt expense)	\$0	\$0
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$133,210	\$96,173
Variance greater than 25%.		

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10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
	2018 data	2019 data
10.3 Total number of contributors.	0	0
11. Revenue from Friends groups less any revenue included on line 10	\$1,006,028	\$1,018,798
	2018 data	2019 data
11.1 Total number of Friends contributors.	8,037	7,769
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
<b>Form of Revenue</b>	2018 data	2019 data
13. Auction revenue (see instructions for Line 13)	\$0	\$0
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$20,092	\$12,350
A. Gross special fundraising revenues	\$20,092	\$18,130
B. Direct special fundraising expenses	\$0	\$5,780
15. Passive income	\$936	\$3,115
A. Interest and dividends (other than on endowment funds)	\$884	\$2,909
Variance greater than 25%.		
B. Royalties	\$52	\$206
Variance greater than 25%.		
C. PBS or NPR pass-through copyright royalties	\$0	\$0
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$628	\$2,064
A. Gains from sales of property and equipment (do not report losses)	\$628	\$2,064
Variance greater than 25%.		
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	\$0	\$0

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endowment funds)			
17. Endowment revenue		\$273,886	\$336,820
A. Contributions to endowment principal		\$32,237	\$180,609
Variance greater than 25%.			
B. Interest and dividends on endowment funds		\$49,139	\$67,526
Variance greater than 25%.			
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")		\$0	\$0
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")		\$192,510	\$88,685
Variance greater than 25%.			
18. Capital fund contributions from individuals (see instructions)		\$46,603	\$193,435
A. Facilities and equipment (except funds received from federal or public broadcasting sources)		\$43,369	\$193,435
Variance greater than 25%.			
B. Other		\$3,234	\$0
Variance greater than 25%.			
19. Gifts and bequests from major individual donors		\$114,285	\$130,292
	<b>2018 data</b>	<b>2019 data</b>	
19.1 Total number of major individual donors	87	43	
20. Other Direct Revenue		\$603,400	\$25,143
<b>Description</b>	<b>Amount</b>		
Premium sales and misc	\$990		
<b>Exclusion Description</b>	<b>Amount</b>		
Sale of premiums	\$990		
Video duplication	\$24,153		
<b>Exclusion Description</b>	<b>Amount</b>		
Production, taping, or other broadcast related activities	\$24,153		
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

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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)	\$7,857,109	\$7,330,239
<a href="#">Click here to view all NFFS Eligible revenue on Lines 3 through 9.</a>		
<a href="#">Click here to view all NFFS Ineligible revenue on Lines 3 through 9.</a>		
<b>Adjustments to Revenue</b>	<b>2018 data</b>	<b>2019 data</b>
23. Federal revenue from line 1.	\$58,659	\$56,013
24. Public broadcasting revenue from line 2.	\$1,489,298	\$1,498,127
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$215,369	\$193,435
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$603,399	\$25,143
Variance greater than 25%.		
27. Other automatic subtractions from total revenue	\$531,198	\$399,862
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$5,780
C. Gains from sales of property and equipment – line 16a	\$628	\$2,064
Variance greater than 25%.		
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	\$192,510	\$88,685
Variance greater than 25%.		
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$185,301	\$169,641
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$16,174	\$25,878
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)	\$3,375	\$11,641
Variance greater than 25%.		
K. FMV of high-end premiums (Line 10.1)	\$133,210	\$96,173

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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)	\$0	\$0
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
<b>28. Total Direct Nonfederal Financial Support</b> (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	<b>\$4,959,186</b>	<b>\$5,157,659</b>

**Comments**

Comment	Name	Date	Status
Schedule B Worksheet South Dakota Public Television (1857) Vermillion, SD			

**Comments**

Comment	Name	Date	Status
Occupancy List South Dakota Public Television (1857) Vermillion, SD			

	Type of Occupancy	Location	Value
<b>Schedule B Totals</b>			
<b>South Dakota Public Television (1857)</b>			
<b>Vermillion, SD</b>			
		<b>2018 data</b>	<b>2019 data</b>
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 South Dakota Public Television (1857) Vermillion, SD			

		<b>2018 data</b>	<b>Donor Code</b>	<b>2019 data</b>
1. PROFESSIONAL SERVICES (must be eligible as NFFS)		\$13,073		\$11,394
A. Legal	LG	\$1,530		\$0

Variance greater than 25%.

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	2018 data	Donor Code	2019 data
B. Accounting and/or auditing	SG \$11,543	SG	\$11,394
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)	\$122,643		\$128,783
A. Annual rental value of space (studios, offices, or tower facilities)	SG \$65,283	SU	\$65,283
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$0
C. Station operating expenses	SU \$53,155	SU	\$53,155
D. Other (see specific line item instructions in Guidelines before completing)	BS \$4,205	BS	\$10,345
<b>Description</b>	<b>Amount</b>		
Friends - business trade	\$10,345		
3. OTHER SERVICES (must be eligible as NFFS)	\$0		\$0
A. ITV or educational radio	\$0		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0		\$0
C. Local advertising	\$0		\$0
D. National advertising	\$0		\$0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$135,716		\$140,177
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$0
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		\$0
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	\$0		\$0

**South Dakota Public Broadcasting Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

	2018 data	Donor Code	2019 data
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.	\$135,716		\$140,177

## Comments

Comment	Name	Date	Status
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**Schedule D**  
**South Dakota Public Television (1857)**  
**Vermillion, SD**

	2018 data	Donor Code	2019 data
1. Land (must be eligible as NFFS)	\$		\$0
2. Building (must be eligible as NFFS)	\$		\$0
3. Equipment (must be eligible as NFFS)	\$		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$		\$0
5. Other (specify) (must be eligible as NFFS)	\$		\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$		\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
a) Exchange transactions	\$		\$0
b) Federal or public broadcasting sources	\$		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$		\$0
d) Other (specify)	\$		\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$		\$0

## Comments

Comment	Name	Date	Status
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**Schedule E**  
**South Dakota Public Television (1857)**  
**Vermillion, SD**

**EXPENSES**

(Operating and non-operating)

**PROGRAM SERVICES**

	2018 data	2019 data
1. Programming and production	\$3,689,631	\$3,575,473
A. TV CSG	\$741,308	\$621,580
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$268,014	\$163,997
D. All non-CPB Funds	\$2,680,309	\$2,789,896



**South Dakota Public Broadcasting Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

<b>PROGRAM SERVICES</b>	<b>2018 data</b>	<b>2019 data</b>
2. Broadcasting and engineering	\$1,925,561	\$1,802,545
A. TV CSG	\$299,809	\$466,299
B. TV Interconnection	\$13,445	\$28,416
C. Other CPB Funds	\$153,637	\$35,431
D. All non-CPB Funds	\$1,458,670	\$1,272,399
3. Program information and promotion	\$409,276	\$412,845
A. TV CSG	\$108,192	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$7,156	\$0
D. All non-CPB Funds	\$293,928	\$412,845
<b>SUPPORT SERVICES</b>	<b>2018 data</b>	<b>2019 data</b>
4. Management and general	\$536,442	\$771,590
A. TV CSG	\$0	\$15,607
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$536,442	\$755,983
5. Fund raising and membership development	\$423,940	\$265,521
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$423,940	\$265,521
6. Underwriting and grant solicitation	\$105,682	\$116,029
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$105,682	\$116,029
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$959,585	\$843,204
A. TV CSG	\$172,317	\$174,238
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$210,234	\$180,718
D. All non-CPB Funds	\$577,034	\$488,248

## South Dakota Public Broadcasting Annual Financial Report For the periods ending June 30, 2018 and June 30, 2019

**PROGRAM SERVICES****8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements**

	2018 data	2019 data
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$1,321,626	\$1,277,724
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$13,445	\$28,416
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$639,041	\$380,146
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$6,076,005	\$6,100,921

**INVESTMENT IN CAPITAL ASSETS**

Cost of capital assets purchased or donated

	2018 data	2019 data
9. Total capital assets purchased or donated	\$217,648	\$28,801
9a. Land and buildings	\$0	\$0
9b. Equipment	\$217,648	\$28,801
9c. All other	\$0	\$0
<b>10. Total expenses and investment in capital assets</b> (Sum of lines 8 and 9)	<b>\$8,267,765</b>	<b>\$7,816,008</b>

**Additional Information**

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

	2018 data	2019 data
11. Total expenses (direct only)	\$7,914,401	\$7,647,030
12. Total expenses (indirect and in-kind)	\$135,716	\$140,177
13. Investment in capital assets (direct only)	\$217,648	\$28,801
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

**Comments**

Comment	Name	Date	Status
Includes: SDPB TV \$262,617.99 SDPB pension \$186,805.35 Friends \$354,207.92 Less 1/2 elimination of \$64,084.80 - \$32,042.40	Deborah Larson	11/21/2019	Comment for CPB

**Schedule F**  
**South Dakota Public Television (1857)**  
**Vermillion, SD**

**Note:**This grantee is joined with [KUSD-FM](#)

2019 data

**1. Data from AFR**

a. Schedule A, Line 22	\$10,001,742
b. Schedule B, Line 5	

## South Dakota Public Broadcasting Annual Financial Report For the periods ending June 30, 2018 and June 30, 2019

	\$0
c. Schedule C, Line 6	\$196,121
d. Schedule D, Line 8	\$0
e. Total from AFR	\$10,197,863

### 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

2019 data

### 2. GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

a. Charges for services	\$0
b. Operating grants and contributions	\$8,885,006
c. Capital grants and contributions	\$395,456
d. Other revenues	\$917,401
e. Total From AFS, lines 2a-2d	\$10,197,863

### Reconciliation

2019 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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## KUSD-FM Annual Financial Report

### For the periods ending June 30, 2018 and June 30, 2019

Schedule A  
KUSD-FM (1606)  
Vermillion, SD

#### NFFS Excluded?

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



### Source of Income

	2018 data	2019 data
1. Amounts provided directly by federal government agencies	\$18,524	\$17,688
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)	\$18,524	\$17,688
Description	Amount	
FBI - tower revenue	\$17,688	
2. Amounts provided by Public Broadcasting Entities	\$208,064	\$216,201
A. CPB - Community Service Grants	\$184,492	\$192,558
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$23,572	\$23,643
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	\$0	\$0
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$0	\$0
3.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
3.2 NFFS Ineligible	\$0	\$0

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

—	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	\$871,111	\$927,438
—	4.1 NFFS Eligible	\$871,111	\$927,438
—	A. Program and production underwriting	\$13,000	\$14,900
—	B. Grants and contributions other than underwriting	\$0	\$0
—	C. Appropriations from the licensee	\$858,111	\$912,538
—	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	\$7,469	\$2,500
—	5.1 NFFS Eligible	\$7,094	\$2,500
Variance greater than 25%.			
—	A. Program and production underwriting	\$7,094	\$2,500
Variance greater than 25%.			
—	B. Grants and contributions other than underwriting	\$0	\$0
—	C. Appropriations from the licensee	\$0	\$0
—	D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital	\$0	\$0

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

campaign (Radio only)		
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$375	\$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)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$375	\$0
Variance greater than 25%.		
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	\$3,000	\$3,000
7.1 NFFS Eligible	\$3,000	\$3,000

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

—	A. Program and production underwriting	\$3,000	\$3,000
—	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
—	7.2 NFFS Ineligible	\$0	\$0
—	A. Rental income	\$0	\$0
—	B. Fees for services	\$0	\$0
—	C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
—	D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
—	E. Other income ineligible for NFFS inclusion	\$0	\$0
—	8. Foundations and nonprofit associations	\$229,011	\$115,627
—	8.1 NFFS Eligible	\$226,011	\$113,602
—	Variance greater than 25%.		
—	A. Program and production underwriting	\$68,338	\$80,472
—	B. Grants and contributions other than underwriting	\$5,423	\$33,130
—	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)	\$152,250	\$0
—	Variance greater than 25%.		
—	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	\$3,000	\$2,025
—	Variance greater than 25%.		
—	A. Rental income	\$0	\$0
—	B. Fees for services	\$0	\$0

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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	\$3,000	\$2,025
<b>Description</b>	<b>Amount</b>	
Magazine underwriting sales	\$2,025	
Variance greater than 25%.		
9. Business and Industry	\$268,139	\$227,231
9.1 NFFS Eligible	\$209,623	\$168,044
A. Program and production underwriting	\$188,720	\$167,994
B. Grants and contributions other than underwriting	\$1,153	\$50
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	\$19,750	\$0
Variance greater than 25%.		
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$58,516	\$59,187
A. Rental income	\$58,516	\$53,571
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	\$5,616
<b>Description</b>	<b>Amount</b>	
Magazine underwriting sales	\$5,616	
10. Memberships and subscriptions (net of membership bad debt expense)	\$0	\$0
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$20,779	\$36,127
Variance greater than 25%.		
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to	\$0	\$0



**KUSD-FM Annual Financial Report**  
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pledges, underwriting, and membership (unless netted elsewhere in Schedule A)

	2018 data	2019 data
10.3 Total number of contributors.	0	0

11. Revenue from Friends groups less any revenue included on line 10	\$456,447	\$530,938
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	2018 data	2019 data
11.1 Total number of Friends contributors.	2,679	2,530

12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
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A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
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B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
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C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
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D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
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### Form of Revenue

	2018 data	2019 data
13. Auction revenue (see instructions for Line 13)	\$0	\$0

A. Gross auction revenue	\$0	\$0
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B. Direct auction expenses	\$0	\$0
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14. Special fundraising activities (see instructions for Line 14)	\$4,244	\$7,276
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A. Gross special fundraising revenues	\$13,970	\$13,056
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B. Direct special fundraising expenses	\$9,726	\$5,780
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Variance greater than 25%.

15. Passive income	\$6,151	\$2,801
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A. Interest and dividends (other than on endowment funds)	\$816	\$2,801
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Variance greater than 25%.

B. Royalties	\$5,335	\$0
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Variance greater than 25%.

C. PBS or NPR pass-through copyright royalties	\$0	\$0
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16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$628	\$2,064
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A. Gains from sales of property and equipment (do not report losses)	\$628	\$2,064
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Variance greater than 25%.

**KUSD-FM Annual Financial Report**  
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—	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	\$86,490	\$336,820
—	A. Contributions to endowment principal	\$10,180	\$180,609
	Variance greater than 25%.		
—	B. Interest and dividends on endowment funds	\$15,518	\$67,526
	Variance greater than 25%.		
—	C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
—	D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$60,792	\$88,685
	Variance greater than 25%.		
—	18. Capital fund contributions from individuals (see instructions)	\$44,836	\$193,435
—	A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$43,370	\$193,435
	Variance greater than 25%.		
—	B. Other	\$1,466	\$0
	Variance greater than 25%.		
	19. Gifts and bequests from major individual donors	\$58,120	\$82,060
		<b>2018 data</b>	<b>2019 data</b>
—	19.1 Total number of major individual donors	53	26
	Variance greater than 25%.		
	20. Other Direct Revenue	\$109,339	\$644
	<b>Description</b>	<b>Amount</b>	
	Premium sales	\$644	
	<b>Exclusion Description</b>	<b>Amount</b>	
	Sale of premiums	\$644	
—	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

**KUSD-FM Annual Financial Report**  
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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)	\$2,381,299	\$2,671,503
<a href="#">Click here to view all NFFS Eligible revenue on Lines 3 through 9.</a>		
<a href="#">Click here to view all NFFS Ineligible revenue on Lines 3 through 9.</a>		
<b>Adjustments to Revenue</b>	<b>2018 data</b>	<b>2019 data</b>
23. Federal revenue from line 1.	\$18,524	\$17,688
24. Public broadcasting revenue from line 2.	\$208,064	\$216,201
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$109,339	\$644
Variance greater than 25%.		
27. Other automatic subtractions from total revenue	\$153,816	\$193,868
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	\$9,726	\$5,780
Variance greater than 25%.		
C. Gains from sales of property and equipment – line 16a	\$628	\$2,064
Variance greater than 25%.		
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	\$60,792	\$88,685
Variance greater than 25%.		
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$58,516	\$53,571
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0

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J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$3,375	\$7,641
Variance greater than 25%.		
K. FMV of high-end premiums (Line 10.1)	\$20,779	\$36,127
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)	\$0	\$0
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
<b>28. Total Direct Nonfederal Financial Support</b> (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	<b>\$1,891,556</b>	<b>\$2,243,102</b>

**Comments**

Comment	Name	Date	Status
Schedule B WorkSheet KUSD-FM (1606) Vermillion, SD			

**Comments**

Comment	Name	Date	Status
Occupancy List KUSD-FM (1606) Vermillion, SD			

	Type of Occupancy	Location	Value
Schedule B Totals KUSD-FM (1606) Vermillion, SD			

	2018 data	2019 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 KUSD-FM (1606) Vermillion, SD			

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

	2018 data	Donor Code	2019 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$7,336		\$6,501
A. Legal	LG \$483		\$0
Variance greater than 25%.			
B. Accounting and/or auditing	SG \$6,853	SG	\$6,501
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)	\$42,107		\$49,443
A. Annual rental value of space (studios, offices, or tower facilities)	SU \$16,826	SU	\$16,826
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$0
C. Station operating expenses	SU \$16,786	SU	\$16,786
D. Other (see specific line item instructions in Guidelines before completing)	BS \$8,495	BS	\$15,831
Description	Amount		
Friends - business trade	\$15,831		
3. OTHER SERVICES (must be eligible as NFFS)	\$0		\$0
A. ITV or educational radio	\$0		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0		\$0
C. Local advertising	\$0		\$0
D. National advertising	\$0		\$0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$49,443		\$55,944
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$0
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		\$0
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

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

	2018 data	Donor Code	2019 data
K. State PB agency allocations other than those allowed on line 3(b)	\$0		\$0
L. Services that would not need to be purchased if not donated	\$0		\$0
M. Other	\$0		\$0
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.	\$49,443		\$55,944

**Comments**

Comment	Name	Date	Status
Schedule D KUSD-FM (1606) Vermillion, SD			

	2018 data	Donor Code	2019 data
1. Land (must be eligible as NFFS)	\$		\$0
2. Building (must be eligible as NFFS)	\$		\$0
3. Equipment (must be eligible as NFFS)	\$		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$		\$0
5. Other (specify) (must be eligible as NFFS)	\$		\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$		\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
a) Exchange transactions	\$		\$0
b) Federal or public broadcasting sources	\$		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$		\$0
d) Other (specify)	\$		\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$		\$0

**Comments**

Comment	Name	Date	Status
Schedule E KUSD-FM (1606) Vermillion, SD			

**EXPENSES**

(Operating and non-operating)

**PROGRAM SERVICES**

	2018 data	2019 data
1. Programming and production	\$1,587,560	\$1,513,879

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

<b>PROGRAM SERVICES</b>	<b>2018 data</b>	<b>2019 data</b>
A. Restricted Radio CSG	\$63,401	\$51,086
B. Unrestricted Radio CSG	\$195,716	\$83,281
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,328,443	\$1,379,512
2. Broadcasting and engineering	\$314,927	\$314,031
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$314,927	\$314,031
3. Program information and promotion	\$83,881	\$78,580
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$83,881	\$78,580
<b>SUPPORT SERVICES</b>	<b>2018 data</b>	<b>2019 data</b>
4. Management and general	\$143,974	\$290,839
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$143,974	\$290,839
5. Fund raising and membership development	\$119,628	\$218,701
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$119,628	\$218,701
6. Underwriting and grant solicitation	\$54,442	\$62,478
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$54,442	\$62,478
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$136,357	\$132,135

**KUSD-FM Annual Financial Report**  
**For the periods ending June 30, 2018 and June 30, 2019**

**PROGRAM SERVICES**

	2018 data	2019 data
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$19,712	\$19,712
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$116,645	\$112,423
<b>8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements</b>	<b>\$2,440,769</b>	<b>\$2,610,643</b>
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$63,401	\$51,086
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$215,428	\$102,993
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$0	\$0
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$2,161,940	\$2,456,564

**INVESTMENT IN CAPITAL ASSETS**

Cost of capital assets purchased or donated

	2018 data	2019 data
9. Total capital assets purchased or donated	\$161,288	\$0
9a. Land and buildings	\$0	\$0
9b. Equipment	\$161,288	\$0
9c. All other	\$0	\$0
<b>10. Total expenses and investment in capital assets (Sum of lines 8 and 9)</b>	<b>\$2,602,057</b>	<b>\$2,610,643</b>

**Additional Information**

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

	2018 data	2019 data
11. Total expenses (direct only)	\$2,391,326	\$2,554,700
12. Total expenses (indirect and in-kind)	\$49,443	\$55,943
13. Investment in capital assets (direct only)	\$161,288	\$0
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

**Comments**

Comment	Name	Date	Status
Includes: 1/2 of the elimination of \$64,082.80 SDPB Radio - \$86,152.37 Friends - Radio - \$174,460.61 Pension - \$62,268.45 Less 1/2 elimination of \$64,084.80 (rent paid by SDPB to Friends.-\$32,042.40	Deborah Larson	11/21/2019	Comment for CPB

**Schedule F**  
**KUSD-FM (1606)**  
**Vermillion, SD**



## KUSD-FM Annual Financial Report

### For the periods ending June 30, 2018 and June 30, 2019

**Note:**

This grantee is joined with [South Dakota Public Television](#)

2019 data

**1. Data from AFR**

a. Schedule A, Line 22	\$10,001,742
b. Schedule B, Line 5	\$0
c. Schedule C, Line 6	\$196,121
d. Schedule D, Line 8	\$0
e. Total from AFR	\$10,197,863

**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

2019 data

**2. GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities**

a. Charges for services	\$0
b. Operating grants and contributions	\$8,885,006
c. Capital grants and contributions	\$395,456
d. Other revenues	\$917,401
e. Total From AFS, lines 2a-2d	\$10,197,863

**Reconciliation**

2019 data

<b>3. Difference (line 1 minus line 2)</b>	<b>\$0</b>
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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**Exhibit D**

**SDPB & KUSD-FM**  
**Summary of Non-Federal Financial Support**  
**For the Years Ending June 30, 2018 and 2019**  
**Certified by Head of Grantee and Independent Accountant's Report**

<b>AFR Line</b>	<b>SDPB Description</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Totals</b>
	<i><b>Summary of Non-Federal Financial Support:</b></i>			
1	Direct Revenue (Schedule A)	\$4,959,186	\$5,157,659	\$10,116,845
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
3	In-kind-Contributions			
	3a. In-Kind Contributions (Schedule C)	\$135,716	\$140,177	\$275,893
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	<b>Total Non-Federal Financial Support</b>	<b>\$5,094,902</b>	<b>\$5,297,836</b>	<b>\$10,392,738</b>

<b>AFR Line</b>	<b>KUSD-FM Description</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Totals</b>
	<i><b>Summary of Non-Federal Financial Support:</b></i>			
1	Direct Revenue (Schedule A)	\$1,891,556	\$2,243,102	\$4,134,658
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
3	In-Kind Contributions			
	3a. In-Kind Contributions (Schedule C)	\$49,443	\$55,944	\$105,387
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	<b>Total Non-Federal Financial Support</b>	<b>\$1,940,999</b>	<b>\$2,299,046</b>	<b>\$4,240,045</b>

*NFFS reported in FY18 was \$7,035,901 and in FY19 was \$7,596,882. The 2-year total was \$14,632,783.*

## **SCOPE AND METHODOLOGY**

We performed an attestation examination to determine SDPB's and KUSD's compliance with CPB Financial Reporting Guidelines, provisions of the Communications Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by both stations on their AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2018 and June 30, 2019; grant certifications of compliance with Act requirements; and certifications on their financial reports submitted to CPB.

We tested the allowability of the NFFS claimed on SDPB's and KUSD-FM's AFRs by performing financial reconciliations and comparisons to both stations' underlying accounting records (general ledgers) and the audited financial statements. We reviewed underwriting and grant agreements and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported by both stations totaling \$557,807 of the \$7,035,901 reported in FY 2018 and \$1,087,932 of the \$7,596,882 reported in FY 2019.

We reviewed the allowability of expenses SDPB and KUSD-FM charged to the CSGs received from CPB during FYs 2018 and 2019. To determine whether SDPB and KUSD-FM incurred CSG expenditures in accordance with grant terms, we reviewed \$1,545,899 of the \$3,316,375 in CSG expenses incurred by both stations during our audit period. For all the grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions.

We reviewed policies, records, and documents supporting the stations' 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 SDPB's and KUSD-FM's website to determine their compliance with CPB's transparency requirements. Our procedures included interviewing station officials and the stations' independent public accountant.

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

We conducted fieldwork from July 21, 2020 through April 29, 2021. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.



**SDPB**  
South Dakota  
Public Broadcasting

**Exhibit F**

555 N. Dakota Street • P.O. Box 5000 • Vermillion, SD 57069-5000  
(605) 677-5861 or (800) 456-0766 FAX (605) 677-5010  
[www.SDPB.org](http://www.SDPB.org)

August 5, 2021

William J. Richardson III  
Deputy Inspector General  
CPB  
401 Ninth Street, NW  
Washington, DC 20005-2129

Dear Mr. Richardson III,

Re: Audit of Community Service and Other Grants Awarded to South Dakota Public Broadcasting and KUSD-FM, Vermilion, South Dakota for the Period July 1, 2017 through June 30, 2019, Report No. ASJ2007-XXXX

SDPB agrees with the audit findings on the questioned purchases. SDPB believes that the additional checks and balances that have been implemented for the distribution of CPB funding will resolve any issues noted in the finding. The Director of Engineering and the Finance Manager will now both review expenditures associated with CPB grants. The allocations between TV and Radio for tower repairs will also now be matched to the allocations utilized for electrical expenditures on each of the towers. SDPB will also utilize an allocation for the independent auditor.

Friends of SDPB also agrees with the audit findings on overstatement of NFFS. As of January 2021, Friends of SDPB adjusted the way endowment gifts are processed. All gifts are processed in accordance with CPB guidelines. All gifts are coded into the database when received and the funds are transferred on the first of the month following into the endowment account from our cash account. Each gift is transferred individually with notes on which donor made the transfer. Friends shares full financial data for NFFS allocation with the SDPB Network accounting team. The Friends of SDPB staff was newly hired during the measured period. As staff has become more seasoned and familiar with the Friends accounting procedures and coding of gifts, they have improved this process. Friends is confident that if audited today, they would be fully compliant with any accounting issues.

SDPB also acknowledges failure to comply with 7-day advanced open meeting requirements. SDPB has implemented the following procedures to ensure compliance going forward. When meetings are scheduled for the South Dakota Board of Directors for Educational Telecommunications – our governing body – SDPB will publicize the open meetings by notifying the public of the date, time, and location(s) of the meetings thus:

1. Creating a press release and posting it on our website at [SDPB.org](http://SDPB.org) a minimum of 2 weeks before the scheduled meeting.
2. Distributing the press release to media organizations and other organizations and institutions that request notification a minimum of two weeks prior to the meeting.

3. Publication of details about the meeting in the monthly SDPB Magazine in the month that the meeting is scheduled to take place – provided that offers a minimum of 7 (seven) days' notice. If the meeting is scheduled early in a month (prior to the 7<sup>th</sup>) notification will be published in the magazine published the month prior to the meeting. The magazine is distributed to members and made available to the public at libraries and other institutions.
4. Promotional announcements on SDPB's television and radio networks scheduled to air a minimum of 8 days prior to the date of the meeting between 7 a.m. and 11 p.m. Central Time.
5. Notification via appropriate social media a minimum of 7 days prior to scheduled meetings.

SDPB has developed a worksheet that contains a checklist to ensure that all steps are followed. The worksheet and proof of performance (on-air affidavits, printed screen captures, copy of press release and printed notification as published in magazine) will be collected and placed in the SDPB Public File located at our primary studios located on the campus of the University of South Dakota, 555 N. Dakota St., Vermillion, SD, 57069. The file is open for public inspection during regular business hours.

It will be the responsibility of the Director of Programming and Communications to oversee this process.

I hope we have addressed the key issues raised in your audit findings. Please don't hesitate to reach out if you have further questions or comments.

Sincerely,



Julie Overgaard

Executive Director, SDPB