

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

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS  
AWARDED TO HAWAII PUBLIC TELEVISION FOUNDATION  
KHET AND KMEB  
HONOLULU, HAWAII  
FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2020**

**REPORT NO. AST2108-2202**

**December 1, 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 Hawaii Public Television Foundation'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 Community Service Grant (CSG) and other CPB 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/>

[Listing of OIG Reports](#)

*Audit of Community Service and Other Grants Awarded to Hawaii Public Television Foundation, KHET and KMEB, Honolulu, Hawaii for the Period July 1, 2018 through June 30, 2020*

### What We Found

Hawaii Public Television Foundation:

- reported NFFS in accordance with CPB's Guidelines
- expended and reported CPB funds in accordance with grant agreement requirements; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act.

**Hawaii Public Television Foundation complied with the CPB requirements reviewed during this audit.**

As a result, we had no findings and recommendations to report.

However, in the **Other Matters** section, we identified that Hawaii Public Television Foundation inaccurately reported expenditures on its AFR, Schedule E, related to the emergency stabilization funds for public media received from CPB included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Because this was a one-time grant in response to the pandemic, we made no recommendations.

In response to the draft report, station management indicated they were proud the draft report concluded Hawaii Public Television Foundation reported its NFFS in accordance with CPB Guidelines, expended and reported CPB funds in accordance with grant agreement requirements, and complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act. Station officials stated that they will continue to work diligently to ensure compliance with CPB requirements.

### What We Recommend

Based on Hawaii Public Television Foundation's compliance with CPB requirements, we made no recommendations and consider the report closed. No further action by CPB is required.

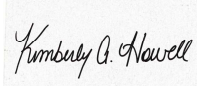


Corporation  
for Public  
Broadcasting

Office of the Inspector General

Date: December 1, 2021

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

From: Kimberly A. Howell, Inspector General  Digitally signed by  
Kimberly Howell  
Date: 2021.12.01  
13:42:08 -05'00'

Subject: Audit of Community Service and Other Grants Awarded to Hawaii Public  
Television Foundation, KHET and KMEB, Honolulu, Hawaii for the Period July  
1, 2018 through June 30, 2020, Report No. AST2108-2202

Enclosed please find our final report of Hawaii Public Television Foundation's compliance with CPB's Guidelines for reporting NFFS, requirements for expending and reporting CPB funds in accordance with grant agreements, and Certification of Eligibility requirements and the statutory provisions of the Communications Act. We found that Hawaii Public Television Foundation complied with these requirements during our review period. Based on the results of our audit, we had no findings or recommendations to report to CPB.

Because we did not have any findings or recommendations, we consider this report closed. No further action is required by CPB.

We will post this report to the Office of the Inspector General's website and to [Oversight.gov](https://oversight.gov) and will 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

## Table of Contents

Executive Summary .....	1
Background .....	1
Results of Audit .....	2
Other Matters .....	3
Exhibit A - CPB Grant Payments to PBS Hawaii .....	5
Exhibit B - PBS Hawaii Annual Financial Reports .....	6
Exhibit C - Summary of Non-Federal Financial Support .....	19
Exhibit D - Scope and Methodology .....	20
Exhibit E - PBS Hawaii's Management Response .....	21

## **EXECUTIVE SUMMARY**

We have completed an audit of the Corporation for Public Broadcasting (CPB) grants awarded to Hawaii Public Television Foundation (PBS Hawaii), also known as KHET and KMEB. The grants reviewed included television Community Service grants (CSG), Interconnection, Universal Service Support, Distance Service, emergency funding, and The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grants for the period July 1, 2018 through June 30, 2020.

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

Based on our audit, we found that PBS Hawaii:

- reported NFFS in accordance with CPB's Guidelines;
- expended and reported CSG and emergency funds in accordance with grant agreement requirements; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act.

As a result, we had no findings or recommendations. Because we did not have any recommendations, we consider this report closed. No further action is required by CPB.

However, in the **Other Matters** section of this report, we explain that PBS Hawaii inaccurately reported expenditures on its FY 2020 AFR, Schedule E, related to the CARES Act. CARES funds were not expended until FY 2021.

In response to the draft report, PBS Hawaii management indicated they were proud the draft report concluded PBS Hawaii reported its NFFS in accordance with CPB Guidelines, expended and reported CPB funds in accordance with grant agreement requirements, and complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act. Station officials stated that they will continue to work diligently to ensure compliance with CPB requirements. The station's written response is presented in Exhibit E.

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

## **BACKGROUND**

PBS Hawaii is a nonprofit corporation organized under the laws of the State of Hawaii. The Foundation operates a non-commercial public television network with two transmitters and a

series of translators on Hawaii and Kauai. The Foundation is primarily funded by franchise fees from cable providers, grants from the Corporation for Public Broadcasting, and contributions from individuals and organizations in Hawaii.

The station's mission is to "advance learning and discovery through storytelling that profoundly touches lives." The station is focused on connecting and convening Hawaii's diverse citizens through local programming such as HIKI NŌ, the first and only weekly student news show with a statewide network of schools. During the pandemic, the station has utilized remote technology and online platforms to "gather" with individuals in the community to maintain engagement and provide access to resources and content.

### ***CPB's Community Service Grant Program***

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

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

The Incentive Rate of Return (IRR) is separately calculated for television and radio grantees. This is done by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all television grantees for the television IRR and by all radio grantees for the radio IRR. The IRR is then multiplied by each grantee's adjusted NFFS in various tiers to calculate the incentive award amount of its total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the fiscal year's (FY's) CSG amount. For example, CPB used the NFFS reported by PBS Hawaii on its FYs 2017 and 2018 AFRs to determine the amount of the TV CSG funds the station received in FYs 2019 and 2020.

As shown in Exhibit A, PBS Hawaii received CSG and other grant funds totaling \$3,005,431 (\$1,426,069 in FY 2019 and \$1,579,362 in FY 2020) from CPB. The station reported NFFS of \$13,883,225 (\$7,144,929 in FY 2019 and \$6,738,296 in FY 2020) as shown in Exhibit C. PBS Hawaii's audited financial statements for the two fiscal years we audited reported total support and revenues of \$17,529,202 (\$8,977,001 in FY 2019 and \$8,552,201 in FY 2020). PBS Hawaii's fiscal year begins July 1 and ends June 30.

## **RESULTS OF AUDIT**

In our opinion, PBS Hawaii has complied with the requirements in the following paragraph for the FYs 2019 and 2020 CSGs and other grants examined.

We examined PBS Hawaii management's assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; and c) AFR Signature Page. The CSG Certification of Eligibility includes PBS Hawaii's certification of compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Communications Act requirements for open meetings, open financial records, Community Advisory Board (CAB), Equal Employment Opportunity (EEO) reporting and donor lists; use of CPB funds; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

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

In our opinion, PBS Hawaii fully complied with the requirements for FYs 2019 and 2020 TV CSGs and emergency funding presented in Exhibit B.

## **OTHER MATTERS**

### **CARES ACT FUNDING MISREPORTED**

PBS Hawaii misreported expenditures related to the CARES Act funds received from CPB on its AFR. The station reported the CARES Act funds were fully expended in FY 2020. However, the funds were not expended until FY 2021. PBS Hawaii entered the expenditures on AFR Schedule E line 1.C as "Other CPB Funds." It overstated its FY 2020 CPB expenditures by \$200,000 but accurately reported total expenses on Schedule E in agreement with the audited financial statements.

The 2020 CPB Financial Reporting Guidelines provide instructions for completing Schedule E of the AFR.

### **PART III – AFR AND FSR LINE ITEM INSTRUCTIONS**

#### **Completing AFR Schedule E – Expenses Reporting CPB Grant Expenditures...**

##### **Line Item Instructions**

##### **Reporting Expenses by Functional Classification**

Report expenses exactly as they are reported in the audited financial statements.

Guidelines, Part III, Completing AFR Schedule A -Direct Revenues and Completing AFR Schedule E – Expenses (2020).

A station official stated that the station has historically matched CPB-related expenditures to CPB grant funding received in each fiscal year. The station official noted that the practice was incorrect.

PBS Hawaii's FY 2020 AFR did not accurately report the expenditures related to CARES Act funding. A station official stated that the station's FY 2021 AFR will correctly include the CARES Act expenditures on Schedule E. The CARES funds were a one-time grant awarded in response to the pandemic. As a result, we will not be making any recommendations.



**Exhibit A**

**CPB Grant Payments to PBS Hawaii  
July 1, 2018 – June 30, 2020**

<b>CPB Grants</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Totals<sup>1</sup></b>
<b>TV - CSG</b>			
Community Service	\$1,363,461	\$1,317,316	\$2,680,777
Interconnection	\$25,964	\$25,604	\$51,568
Distance Service	\$24,475	\$24,475	\$48,950
Universal Service Support	\$12,169	\$11,967	\$24,136
<b>Total TV - CSG</b>	<b>\$1,426,069</b>	<b>\$1,379,362</b>	<b>\$2,805,431</b>
<b>Other Grants</b>			
CARES Act Fiscal Stabilization–TV	\$0	\$200,000	\$200,000
<b>Total Other Grants</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Total All CPB Grants</b>	<b>\$1,426,069</b>	<b>\$1,579,362</b>	<b>\$3,005,431</b>

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<sup>1</sup> The station received \$10,000 in emergency funding from CPB in FY 2018.

**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

Schedule A  
Hawaii Public Television (1748)  
Honolulu , HI

**NFFS Excluded?**

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



**Source of Income**

	2019 data	2020 data
1. Amounts provided directly by federal government agencies	\$0	\$0
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)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$1,488,664	\$1,596,862
A. CPB - Community Service Grants	\$1,363,461	\$1,317,316
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$62,608	\$262,046
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$62,595	\$10,000
Variance greater than 25%.		
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$0	\$7,500
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

**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

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	\$0	\$0
4.1 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
4.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$0	\$0
5.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
5.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
6. Other state-supported colleges and universities	\$0	\$0
6.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
6.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible		

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
	\$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	\$1,456,452	\$965,284
8.1 NFFS Eligible	\$1,342,265	\$829,367
Variance greater than 25%.		
A. Program and production underwriting	\$1,062,493	\$438,580
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$279,772	\$390,787
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	\$114,187	\$135,917
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)	\$114,187	\$135,917
E. Other income ineligible for NFFS inclusion	\$0	\$0
9. Business and Industry	\$3,842,765	\$3,579,247
9.1 NFFS Eligible	\$3,832,765	\$3,579,247
A. Program and production underwriting	\$332,414	\$109,250
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$3,500,351	\$3,469,997

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020			
—	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	\$10,000	\$0
Variance greater than 25%.			
—	A. Rental income	\$0	\$0
—	B. Fees for services	\$0	\$0
—	C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
—	D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$10,000	\$0
Variance greater than 25%.			
—	E. Other income ineligible for NFFS inclusion	\$0	\$0
—	10. Memberships and subscriptions (net of membership bad debt expense)	\$1,276,634	\$1,343,292
—	10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$53,859	\$69,559
Variance greater than 25%.			
—	10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$1,633
		<u>2019 data</u>	<u>2020 data</u>
—	10.3 Total number of contributors.	12,394	12,169
—	11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
		<u>2019 data</u>	<u>2020 data</u>
—	11.1 Total number of Friends contributors.	0	0
—	12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
—	A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
—	B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
—	C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
—	D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
<b>Form of Revenue</b>		<b>2019 data</b>	<b>2020 data</b>
—	13. Auction revenue (see instructions for Line 13)		

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
	\$0	\$0
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$0	\$0
A. Gross special fundraising revenues	\$0	\$0
B. Direct special fundraising expenses	\$0	\$0
15. Passive income	\$41,076	\$52,832
A. Interest and dividends (other than on endowment funds)	\$40,824	\$45,464
B. Royalties	\$252	\$280
C. PBS or NPR pass-through copyright royalties	\$0	\$7,088
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$0
A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$0	\$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
17. Endowment revenue	\$408,106	\$447,400
A. Contributions to endowment principal	\$119,674	\$303,935
Variance greater than 25%.		
B. Interest and dividends on endowment funds	\$130,370	\$136,898
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$3,589	\$22,124
Variance greater than 25%.		
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$154,473	\$-15,557
Variance greater than 25%.		
18. Capital fund contributions from individuals (see instructions)	\$7,000	\$5,000
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$7,000	\$5,000
Variance greater than 25%.		
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$456,004	\$563,917

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
	2019 data	2020 data
19.1 Total number of major individual donors	161	217
20. Other Direct Revenue	\$300	\$0
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
A. Proceeds from sale in spectrum auction	\$0	\$0
B. Interest and dividends earned on spectrum auction related revenue	\$0	\$0
C. Payments from spectrum auction speculators	\$0	\$0
D. Channel sharing and spectrum leases revenues	\$0	\$0
E. Spectrum repacking funds	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$8,977,001	\$8,553,834
<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>2019 data</b>	<b>2020 data</b>
23. Federal revenue from line 1.	\$0	\$0
24. Public broadcasting revenue from line 2.	\$1,488,664	\$1,596,862
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$131,187	\$140,917
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$300	\$0
Variance greater than 25%.		
27. Other automatic subtractions from total revenue	\$211,921	\$77,759
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	\$0
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$158,062	\$6,567
Variance greater than 25%.		
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$0
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0



**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$0	\$0
K. FMV of high-end premiums (Line 10.1)	\$53,859	\$69,559
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	\$1,633
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
28. <b>Total Direct Nonfederal Financial Support</b> (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$7,144,929	\$6,738,296

**Comments**

Comment	Name	Date	Status
Schedule B WorkSheet Hawaii Public Television (1748) Honolulu , HI			

**Comments**

Comment	Name	Date	Status
Occupancy List Hawaii Public Television (1748) Honolulu , HI			

	Type of Occupancy	Location	Value
Schedule B Totals Hawaii Public Television (1748) Honolulu , HI			
	2019 data		2020 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 Hawaii Public Television (1748) Honolulu , HI			

	2019 data	Donor Code	2020 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$		\$0

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
	2019 data	2020 data
	Donor Code	
A. Legal	\$	\$0
B. Accounting and/or auditing	\$	\$0
C. Engineering	\$	\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$	\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$	\$0
A. Annual rental value of space (studios, offices, or tower facilities)	\$	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$	\$0
C. Station operating expenses	\$	\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$	\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$	\$0
A. ITV or educational radio	\$	\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$	\$0
C. Local advertising	\$	\$0
D. National advertising	\$	\$0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$	\$0
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$	\$0
A. Compact discs, records, tapes and cassettes	\$	\$0
B. Exchange transactions	\$	\$0
C. Federal or public broadcasting sources	\$	\$0
D. Fundraising related activities	\$	\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$	\$0
F. Local productions	\$	\$0
G. Program supplements	\$	\$0
H. Programs that are nationally distributed	\$	\$0
I. Promotional items	\$	\$0
J. Regional organization allocations of program services	\$	\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$	\$0
L. Services that would not need to be purchased if not donated	\$	\$0
M. Other	\$	\$0

**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

	2019 data	Donor Code	2020 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.	\$		\$0
<b>Comments</b>			
<b>Comment</b>	<b>Name</b>	<b>Date</b>	<b>Status</b>
<b>Schedule D</b> <b>Hawaii Public Television (1748)</b> <b>Honolulu , HI</b>			
	2019 data	Donor Code	2020 data
1. Land (must be eligible as NFFS)	\$		\$0
2. Building (must be eligible as NFFS)	\$		\$0
3. Equipment (must be eligible as NFFS)	\$		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$		\$0
5. Other (specify) (must be eligible as NFFS)	\$		\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$		\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
a) Exchange transactions	\$		\$0
b) Federal or public broadcasting sources	\$		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$		\$0
d) Other (specify)	\$		\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$		\$0
<b>Comments</b>			
<b>Comment</b>	<b>Name</b>	<b>Date</b>	<b>Status</b>
<b>Schedule E</b> <b>Hawaii Public Television (1748)</b> <b>Honolulu , HI</b>			
<b>EXPENSES</b>			
(Operating and non-operating)			
<b>PROGRAM SERVICES</b>		<b>2019 data</b>	<b>2020 data</b>
1. Programming and production		\$3,920,861	\$3,771,698
A. TV CSG		\$1,133,854	\$1,084,054
B. TV Interconnection		\$25,964	\$25,604
C. Other CPB Funds		\$36,644	\$236,442
D. All non-CPB Funds		\$2,724,399	\$2,425,598
2. Broadcasting and engineering		\$1,695,547	\$1,676,714

PBS Hawaii Annual Financial Reports Years Ending June 30, 2019 and 2020		
<b>PROGRAM SERVICES</b>	<b>2019 data</b>	<b>2020 data</b>
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$10,000	\$0
D. All non-CPB Funds	\$1,685,547	\$1,676,714
3. Program information and promotion	\$566,135	\$644,195
A. TV CSG	\$229,607	\$233,262
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$336,528	\$410,933
<b>SUPPORT SERVICES</b>	<b>2019 data</b>	<b>2020 data</b>
4. Management and general	\$1,343,246	\$1,209,407
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,343,246	\$1,209,407
5. Fund raising and membership development	\$806,908	\$736,859
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$806,908	\$736,859
6. Underwriting and grant solicitation	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
<b>8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements</b>	<b>\$8,332,697</b>	<b>\$8,038,873</b>
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$1,363,461	\$1,317,316

**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

**PROGRAM SERVICES**

	2019 data	2020 data
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$25,964	\$25,604
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$46,644	\$236,442
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$6,896,628	\$6,459,511

**INVESTMENT IN CAPITAL ASSETS**

Cost of capital assets purchased or donated

	2019 data	2020 data
9. Total capital assets purchased or donated	\$241,870	\$267,910
9a. Land and buildings	\$0	\$0
9b. Equipment	\$241,870	\$267,910
9c. All other	\$0	\$0
<b>10. Total expenses and investment in capital assets</b> (Sum of lines 8 and 9)	<b>\$8,574,567</b>	<b>\$8,306,783</b>

**Additional Information**

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

	2019 data	2020 data
11. Total expenses (direct only)	\$8,332,697	\$8,038,873
12. Total expenses (indirect and in-kind)	\$0	\$0
13. Investment in capital assets (direct only)	\$241,870	\$267,910
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

**Comments**

Comment	Name	Date	Status
Schedule F Hawaii Public Television (1748) Honolulu , HI			

2020 data

**1. Data from AFR**

a. Schedule A, Line 22	\$8,553,834
b. Schedule B, Line 5	\$0
c. Schedule C, Line 6	\$0
d. Schedule D, Line 8	\$0
e. Total from AFR	\$8,553,834

**Choose Reporting Model**

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

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

2020 data

**2. FASB**

**PBS Hawaii Annual Financial Reports  
Years Ending June 30, 2019 and 2020**

a. Total support and revenue - without donor restrictions	\$7,638,012
b. Total support and revenue - with donor restrictions	\$914,189
c. Total support and revenue - other	\$0
d. Total from AFS, lines 2a-2c	\$8,552,201

**Reconciliation**

2020 data

3. Difference (line 1 minus line 2)	\$1,633
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$1,633

Description	Amount
Bad Debt	\$1,633

Comments

Comment	Name	Date	Status
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**Exhibit C**

**Summary of Non-Federal Financial Support  
For the Years Ending June 30, 2019 and 2020  
Certified by Head of Grantee and Independent Accountant's Report**

<b>AFR Line</b>	<b>Hawaii Public Television</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Totals</b>
	<i><b>Summary of Non-Federal Financial Support:</b></i>			
1	Direct Revenue (Schedule A)	\$7,144,929	\$6,738,296	\$13,883,225
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
3	In-kind-Contributions			
	3a. In-Kind Contributions (Schedule C)	\$0	\$0	\$0
	3b. In-Kind Contributions (Schedule D)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
4	<b>Total Non-Federal Financial Support</b>	<b>\$7,144,929</b>	<b>\$6,738,296</b>	<b>\$13,883,225</b>

## **Scope and Methodology**

We performed an attestation examination to determine PBS Hawaii'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; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of NFFS claimed on PBS Hawaii's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledgers) and the audited financial statements for the fiscal years ending June 30, 2019 and June 30, 2020. We reviewed underwriting and grant agreements and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported by the station totaling \$4,405,758 of the \$7,144,929 (62 percent) reported in FY 2019 and \$4,071,222 of the \$6,738,296 (60 percent) reported in FY 2020.

We reviewed the allowability of expenses PBS Hawaii charged to the FYs 2019 and 2020 CSGs received from CPB. We also reviewed the expenses PBS Hawaii charged to the emergency grant received for the Kilauea volcano eruption in Hawaii. To determine whether PBS Hawaii incurred CSG expenditures in accordance with grant terms, we reviewed \$2,680,425 of the \$2,805,431 (96 percent) in CSG expenses incurred during our audit period. We also reviewed \$10,000 of the \$10,000 (100 percent) charged to the emergency grant. For all grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions.

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

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of PBS Hawaii'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 May 5, 2021 through August 25, 2021. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.



November 1, 2021

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

**RE: Audit of Community Service and Other Grants Awarded to Hawai'i Public Television Foundation (KHET AND KMEB) Honolulu, Hawai'i for the Period July 1, 2018 Through June 30, 2020, Report No. AST2108-XXXX**

Dear Mr. Richardson:

Aloha and thank you for this opportunity to respond to the Office of Inspector General Draft Audit Report in the above referenced matter. We are grateful for all of the hard work your staff put into the audit of the Hawai'i Public Television Foundation in these unprecedented times. Throughout the audit, our staff learned much from the process, and we are a stronger organization as a result.

We are very proud the Draft Report contained no recommendations regarding our organization and concluded the Hawai'i Public Television Foundation: reported NFFS in accordance with CPB's Guidelines; expended and reported CPB funds in accordance with grant agreement requirements; and complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act.

We will continue to work diligently to ensure we comply with all of CPB's requirements. We believe the audit result is reflective of our commitment to be careful stewards of our donors' funds and the diligent work of the PBS Hawai'i staff. As we noted on our website, the values our organization endeavors to uphold include: Kūlia I Ka Nu'u (striving for excellence); Kuleana (responsibility for the collective good), and Mālama (protection and care).

We take our mission, values, and responsibilities very seriously. We believe the Draft Report recognizes our efforts.

Again, we thank you for this opportunity and the work you do for the public broadcasting community.

Sincerely,



**Ron Mizutani**  
President & CEO, PBS Hawai'i