



Corporation
for Public
Broadcasting

Office of the Inspector General

**Audit of Community Service and Other Grants Awarded to KSMQ-TV,
Licensed to KSMQ Public Service Media, Inc., Austin, Minnesota,
for the Period July 1, 2020 Through June 30, 2023**

REPORT NO. AST2316-2406

March 22, 2024



Report in Brief

*Audit of Community Service and Other Grants Awarded to KSMQ-TV,
Licensed to KSMQ Public Service Media, Inc., Austin, Minnesota,
for the Period July 1, 2020 Through June 30, 2023*

What We Found

Based on our audit, we found that KSMQ-TV did not fully comply with all Corporation for Public Broadcasting (CPB) requirements because KSMQ-TV:

- overstated Non-Federal Financial Support (NFFS) totaling \$87,996, resulting in Community Service Grant (CSG) overpayments of \$11,256 (reported as funds put to better use);
- incurred questioned costs of \$1,143 for lack of adequate support documentation;
- did not comply with Communications Act (Act) and CPB grant requirements to ensure required information is made available to the public for open and closed meetings and did not fully comply with its Community Advisory Board (CAB) responsibilities; and
- incorrectly reported the station's CSG expenditures for each fiscal year on its Annual Financial Report (AFR) Schedule E because the CSG expenditures were not reconciled to each CSG grant spending period.

In response to our draft report, KSMQ officials agreed with our findings and stated the comprehensive review provided insights into its operations. The station said it is committed to addressing the findings and implementing corrective actions to ensure compliance with CPB requirements. CPB management will make the final determination regarding our findings and recommendations.

What We Recommend

We recommend that CPB management require KSMQ-TV to:

- repay \$12,399 (\$11,256 in CSG overpayments and questioned costs of \$1,143);
- fully comply with Act and CPB grant requirements for open and closed meetings and CAB responsibilities;
- ensure its AFR Schedule E properly reports CPB expenditures; and
- identify the corrective actions and controls it will implement to ensure future compliance with CPB requirements for NFFS reporting requirements, allowable costs, Act and grant terms, and AFR Schedule E reporting.

Why We Performed This Audit

We performed this audit based on our annual audit plan.

Our objectives were to determine whether the station: a) claimed NFFS on their AFRs in accordance with CPB's Financial Reporting Guidelines; b) complied with the Act and CPB's certification requirements; and c) expended CPB grant funds in accordance with grant requirements.

This report contains the conclusions of the Office of the Inspector General. CPB will make the final decision on our findings and recommendations.

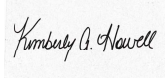


Corporation
for Public
Broadcasting

Office of the Inspector General

Date: March 22, 2024

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

From: Kimberly A. Howell, Inspector General  Digitally signed by
Kimberly Howell
Date: 2024.03.22
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Subject: Audit of Community Service and Other Grants Awarded to KSMQ-TV, Licensed to
KSMQ Public Service Media, Inc., Austin, Minnesota, for the Period July 1, 2020
Through June 30, 2023, Report No. AST2316-2406

Enclosed please find our final report which contains our findings and recommendations. The Corporation for Public Broadcasting (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](https://www.oversight.gov) and distribute it to the appropriate Congressional committees as required by the Inspector General Act of 1978, as amended. Please refer any public inquiries about this report to our website or our office.

Enclosure

cc: Laura Ross, Chair, CPB Board of Directors
Elizabeth Sembler, CPB Board of Directors, Audit and Finance Committee
U.S. Senate Committee on Homeland Security and Governmental Affairs
U.S. House of Representatives Committee on Oversight and Accountability
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 KSMQ-TV, licensed to KSMQ Public Media Service, Inc., Austin, Minnesota. The grants reviewed included Television Community Service grants (CSG), Interconnection, Universal Service Support, and the American Rescue Plan Act grants for the period July 1, 2020 through June 30, 2023.¹ We selected the station for audit based on press accounts of the removal of the prior CEO.

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

Based on our audit, we found that KSMQ-TV did not fully comply with all CPB requirements because KSMQ-TV:

- overstated NFFS totaling \$87,996, resulting in CSG overpayments of \$11,256 (reported as funds put to better use);
- incurred questioned costs of \$1,143 for lack of adequate support documentation;
- did not comply with Communications Act and grant requirements to ensure required information is made available to the public for open and closed meetings and did not fully comply with its Community Advisory board (CAB) responsibilities; and
- incorrectly reported the station's CSG expenditures for each fiscal year on its AFR Schedule E because the CSG expenditures were not reconciled to each CSG grant spending period.

We recommend that CPB management require KSMQ-TV to:

- repay \$12,399 (\$11,256 in CSG overpayments and questioned costs of \$1,143);
- fully comply with Act and grant requirements for open and closed meetings and CAB responsibilities;
- ensure its AFR Schedule E properly reports CPB expenditures; and
- identify the corrective actions and controls it will implement to ensure future compliance with CPB requirements for NFFS reporting requirements, allowable costs, Act and grant requirements and AFR Schedule E reporting.

In response to the draft report, station officials agreed with our findings and stated the comprehensive review provided insights into its operations, and that they are committed to addressing the findings and implementing corrective actions to ensure compliance with CPB requirements. KSMQ officials added that the station is developing a corrective action plan that

¹ We audited Act compliance for the period July 1, 2020 through November 2023.

they will implement promptly and transparently. The station's written response is summarized after each finding and the complete response is presented as Exhibit H.

Based on KSMQ officials' response to our draft audit report, we consider recommendations one, two, and four through seven resolved but open pending repayment of CSG grant overpayments and CPB's final management decisions resolving our audit findings and recommendations and acceptance of KSMQ's corrective actions. We consider recommendation three unresolved and open pending repayment of the questioned costs and CPB's acceptance of the station's corrective actions in its final management decision.

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

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

BACKGROUND

KSMQ-TV is a community public television station licensed to KSMQ Public Service Media, Inc. The station began in 1972 as an educational broadcast facility and developed into a professional television outlet that produces local programming and broadcasts PBS and other national programming to the region it serves.

In FY 2023, the independent public accountant (IPA) report on KSMQ-TV's internal controls over financial reporting identified significant deficiencies in:

- oversight of the financial reporting process;²
- written internal controls; and
- lack of back up for invoices supplied by the Chief Executive Officer (CEO).³

In addition, the IPA also reported under "*Other Matters*" items that required the board's attention relating to employee expense reimbursement policies, misuse of company vehicles, inadequate travel authorizations, hiring of outside producers, internal controls over equipment access, continuing education approvals, and timecard approvals and accuracy. The FY 2022 report also discussed board responsibilities regarding conflict of interest annual questionnaires. Many of

² The IPA also reported this deficiency in its report over KSMQ-TV's internal controls over financial reporting for FYs 2021 and 2022.

³ The IPA also reported this deficiency in its report over KSMQ-TV's internal controls over financial reporting for FY 2022.

these matters related to mismanagement by the prior CEO whose employment was terminated in 2023.

KSMQ-TV outsources its financial reporting, including annual reporting to CPB, payroll, and human resources services, to the National Educational Television Association (NETA) business center.⁴

CPB's Community Service Grant Program

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

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

The Incentive Rate of Return (IRR) is separately calculated for television and radio grantees. This is done by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all television grantees for the television IRR and by all radio grantees for the radio IRR. The IRR is then multiplied by each grantee's adjusted NFFS in various tiers to calculate the incentive award 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 the station on their FYs 2021 and 2022 AFRs to determine the amount of the TV CSG funds the station were awarded for FYs 2023 and 2024.

As shown in Exhibit A, KSMQ-TV received CSG, Interconnection, Universal Service Support, and other grant funds from CPB totaling \$2,889,172 for FYs 2021, 2022, and 2023. KSMQ-TV reported NFFS of \$4,095,105 for the three FYs (FY 2021, - \$1,216,521, FY 2022 - \$1,269,336 and FY 2023 - \$1,609,248) as shown in Exhibit D. Audited financial statements for the station reported total revenues of \$9,687,597 for the three years audited (FY 2021 - \$2,947,541, FY 2022 - \$2,627,136, and FY 2023 - \$4,112,920). The station's fiscal year begins on July 1st and ends on June 30.

RESULTS OF AUDIT

In our opinion, KSMQ-TV complied with CPB requirements except for the specific requirements as summarized below for the FY's 2021, 2022, and 2023 grant reporting periods as examined in Exhibits B, C, and D.

⁴ NETA provides accounting and human resource services to public media stations and specializes in CPB reporting.

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

Based on our audit, we found that KSMQ-TV did not fully comply with all CPB requirements because KSMQ-TV:

- overstated NFFS totaling \$87,996, resulting in CSG overpayments of \$11,256;
- incurred questioned costs of \$1,143 for lack of adequate support documentation;
- did not comply with Act and grant requirements to ensure required information is made available to the public for open and closed meetings and did not fully comply with its CAB responsibilities; and
- incorrectly reported the station's CSG expenditures for each fiscal year on its AFR Schedule E because the CSG expenditures were not reconciled to each CSG grant spending period.

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

FINDINGS AND RECOMMENDATIONS

I. Overstated NFFS

During our audit, we found \$87,996 in overstated NFFS as reported on KSMQ-TV's FY 2021 and 2022 AFRs as presented in the following table and itemized in Exhibit E. As a result, KSMQ-TV received CSG overpayments of \$11,256. We classified this amount as funds put to better use for reporting purposes because the funds overpaid to KSMQ-TV could have been distributed to other public television stations.

KSMQ-TV made several reporting errors on its FYs 2021 and 2022 AFRs⁵ which resulted in overstated NFFS as itemized in the table.

⁵ We reviewed the underlying financial records for FY 2023 and found KSMQ-TV made corrections to address prior year reporting errors in the reports submitted to its IPA for attestation and to CPB. We confirmed these changes were made in the certified AFR for FY 2023.

Overstated NFFS and CSG Overpayments

Conditions	FY 2021	FY 2022	Total
Ineligible Passive Income	\$22,219	\$51,556	\$73,775
Ineligible In-Kind Contributions Local Ads	\$10,400	\$0	\$10,400
Ineligible Payments for Production Services (Exchange Transactions)	\$1,845	\$0	\$1,845
Ineligible Underwriting Contributions	\$0	\$560	\$560
Fair Market Value of High-End Premiums	\$0	\$1,416	\$1,416
Total Overstated NFFS	\$34,464	\$53,532	\$87,996
<i>Incentive Rate of Return</i>	0.1258278200	0.1292529330	
CSG overpayments	\$4,337	\$6,919	\$11,256

KSMQ-TV management agrees with our findings on the overstated NFFS and has implemented procedures with NETA to ensure KSMQ-TV's future AFR reporting compliance. KSMQ-TV addressed similar issues for its FY 2023 AFR and made corrections to properly exclude ineligible NFFS.⁶ Further discussion on our findings for each category of NFFS is presented below.

A. Ineligible Passive Income

The station claimed \$73,775 (FY 2021 \$22,219 and FY 2022 \$51,556) as NFFS from ineligible realized gains on investments that are excluded by CPB policy.

CPB Guidelines state:

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

L. Other Revenues may include: 1. gains on the sale of assets and realized and unrealized investment gains and losses; ...

CPB Guidelines FYs 2021 and 2022 - Part II, Section V – NFFS Excluded Revenues – L. Other Revenues.

NETA maintains an excel spreadsheet for tracking KSMQ-TV's investment activities and earnings which include monthly investment income from dividends as well as realized capital gains on investments. The income from the dividends and realized capital gain income are recorded monthly in one general ledger account. This general ledger account was the source for

⁶ NETA prepared KSMQ-TV's draft FY 2023 AFR and provided a copy to the OIG to show that the findings in prior years were addressed and would be correctly reported on KSMQ-TV's FY 2023 AFR. We confirmed that these changes were made on the final certified AFR.

reporting revenues on AFR Schedule A line 15. Passive Income: A. Interest and dividends. The dividends are allowable as NFFS on AFR Schedule A line 15.A. The realized capital gains should have been reported on AFR Schedule A line 16. B. Gains and losses on investments and excluded from NFFS.

NETA financial management said the general ledger account coding of the capital gains were not separately identified, did not flow to the correct AFR reporting line, and therefore were not excluded. NETA has established a new general ledger account for KSMQ-TV to record the dividends from the capital gains separately and has put procedures in place to properly exclude the ineligible gains on the AFR. The correction was made for KSMQ-TV's FY 2023 AFR reporting.

KSMQ-TV overstated FYs 2021 and 2022 NFFS by \$73,775 (\$22,219 in FY 2021 and \$51,556 in FY 2022) for ineligible income from realized gains on investments resulting in CSG overpayments of \$9,460. See Exhibit E.

B. Ineligible In-kind Contributions - Local Advertising

The station claimed as NFFS \$10,400 of in-kind local advertising revenue that was not received and was ineligible for NFFS. Further, the documentation to support the in-kind trade was inadequate.

CPB allows NFFS for certain in-kind trade contributions but requires that these contributions be adequately documented as to their valuation and fulfillment.

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

CSG recipients must obtain the documentation that meets the criteria below in paragraph C. Trade underwriting agreements or contracts may not be used to document the value of a contribution because they represent the donor's intent and are not evidence that the trade took place. ...

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

1. was prepared at the time the contribution is made;
2. is printed on the donor's business stationery or an invoice that prominently displays the donor's name, address, business logo, and contact information;
3. describes the contribution;
4. shows the date the contribution was provided to the CSG recipient;

5. identifies the fair market value of the contribution using a clearly measurable and objective valuation method (e.g. lawyer's hourly rate multiplied by the number of hours worked) pursuant to GAAP;
6. states the donor's intent to donate or trade the goods and/or services; and
7. includes the signature, name, and title of the donor or its representative.

To ensure that the necessary information is obtained from the donor, the CSG recipient may use these customizable templates, which consist of a cover letter explaining the documentation request and a form for the donor to complete.

CPB Guidelines FY 2021 - Part II, Section VII. NFFS In-kind Contributions, Paragraphs B and C.

KSMQ-TV had two annual in-kind trade underwriting contracts (November 1, 2019 – October 31, 2020 and November 1, 2020 – October 31, 2021) for \$10,400 each to trade spot underwriting on KSMQ-TV in exchange for receiving local advertising on a commercial radio station. Portions of each contract for the advertisements were to be provided during KSMQ-TV's FY 2021. In FY 2021 KSMQ-TV provided the underwriting to the commercial radio station but KSMQ-TV staff subsequently found during our audit that the commercial radio station did not provide the contracted advertising during the period it was supposed to run KSMQ-TV's advertisements.

Although the station received a certification from the donor that the trade was provided and valued at the donor rates, we noted that the certification for one of the trade years was provided before the fulfillment period had ended. The OIG then requested additional information, such as billing affidavits, showing that the advertisements ran on the commercial radio station to document that the in-kind contribution was actually received. When KSMQ-TV staff contacted the commercial station to obtain the additional documentation to support the donation, the station learned the advertisements for the FY 2021 period had not been fulfilled. The commercial station said it would subsequently honor the trade in the current period.

Because the station did not actually receive the local advertising as an in-kind trade, the revenue should not have been recognized as revenue nor claimed as NFFS. Further, we noted in our audit work that other underwriting trade certification documents using the CPB donation template were dated at the time of the trade agreement, not at the time of fulfillment. We requested additional documentation support on these trades and determined that these trades were received and therefore these in-kind trades were eligible for NFFS. KSMQ-TV management has a better understanding of the documentation support required to meet CPB NFFS eligibility for in-kind trades and said it will put corrective procedures in place to ensure it obtains the required documentation timely.

KSMQ-TV claimed \$10,400 as NFFS in FY 2021 for in-kind trade revenues that it did not receive which resulted in a FY 2023 CSG overpayment of \$1,309.

C. Ineligible Payments/Exchange Transactions

KSMQ-TV recorded \$1,845 in miscellaneous grant revenue in its general ledger and claimed it as NFFS on its AFR Schedule A line 9.1.B as Business and industry, grants, and contributions other than underwriting. This revenue was received from a local church for production services related to filming the church's religious services and broadcasting these services on KSMQ-TV.⁷ This revenue meets the definition of an exchange payment, not a contribution. The source was a religious institution, not a business. Moreover, the payment did not meet CPB's source criteria for payments, i.e., received from a state/local government or educational institution and the revenue was ineligible as NFFS.

CPB Guidelines classify revenues as either a contribution or payment for NFFS reporting purposes.

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

- B. Payment.** A payment is a reciprocal transfer of cash, goods and/or services (e.g. exchange transaction) and may be reported as NFFS, if it meets the criteria below.
1. **Recipient:** Public broadcasting entity or an organization that receives the revenue on its behalf.
 2. **Form:** The payment must be in the form of an appropriation or contract payment.
 3. **Source:** The payment must be made by a state⁸ or any educational institution.
 4. **Purpose.** The payment must be in exchange for services or materials with respect to the provision of educational or instructional television or radio programs.

CPB Guidelines FY 2021 – Part II, Section II Contributions vs. Payments.

The revenue from the church was originally coded as production revenues in the general ledger but the prior CEO said this revenue should be coded to miscellaneous grants and requested NETA to reclass it as such. The crosswalk from the general ledger miscellaneous grants account to the AFR reporting line showed this revenue reported under grants and other contributions, not as production revenues, or an exchange payment. The source criteria were not applied and the revenues were not properly excluded from NFFS.

⁷ This was a one-time production of Easter mass held in 2021 during the COVID pandemic.

⁸ State includes local governments, state agencies, the District of Columbia, U.S. territories, public schools, and Native American Tribes as defined in the applicable year's General Provisions.

The station claimed ineligible NFFS for exchange payments of \$1,845 in FY 2021, resulting in FY 2023 CSG overpayments of \$232.

D. Ineligible Underwriting Revenues – Print Advertisements

KSMQ-TV had underwriting contracts that also included advertising in its program guide. The station claimed the amount for the advertising value imputed as part of the entire contract and thereby overstated NFFS by \$560.

The Federal Communications Commission (FCC) regulations and the Act have certain requirements for allowable underwriting on public broadcasting.

The FCC⁹ and the Communications Act¹⁰ allow public broadcasting stations to broadcast underwriting credits which may also be referred to as sponsorships but prohibit them from broadcasting advertisements. Underwriting revenues are contributions to a CSG recipient primarily to support its programming or activities in exchange for underwriting credit.

CPB Guidelines FY 2022 -Part II, Section VI NFFS: Underwriting Revenues.

Further, CPB policy excludes advertising revenues by policy.

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

J. Advertising Revenues. The Act does not prohibit public broadcasting stations from transmitting advertisements via the internet or other non-over-the-air broadcast media. The FCC defines an advertisement as “any message or other programming material which is broadcast or otherwise transmitted in exchange for any remuneration, and which is intended:

1. to promote any service, facility, or product offered by any person who is engaged in such offering for profit; ...

CPB considers the term “otherwise transmitted” to include messages that are distributed through any method other than an over-the-air broadcast, such as via the internet.

CPB Guidelines FY 2022 – Part II, Section V – NFFS Excluded Revenues.

J. Advertising Revenues.

Some of KSMQ-TV’s underwriting contracts for broadcast spots also included print advertising in its program guide. The value of the print advertisements was based on the station’s monthly

⁹ 37 C.F.R. §73.503(d) and §73.621(e)

¹⁰ 47 U.S.C. §399(b)

program guide rate card for various sizes (1/8 page to full page) advertisement. The rate card marketed rates to various underwriters as “Advertise in our program guide! Viewers use it repeatedly! Be seen many times! NOT just ONCE and for LESS!!” Although the station noted the print advertisements on select contracts had no additional charge, the underwriter received the value of the rate card and the print advertisements. This value was included as part of the total contract value and is not eligible for NFFS.

For the samples we selected, we valued the ineligible advertisements based on KSMQ-TV’s program guide rate card. The station and NETA have reviewed the current FY 2023 contracts and properly excluded \$3,815 in print advertisement revenues from NFFS when preparing the FY 2023 AFR.

The station claimed \$560 on its FY 2022 AFR as eligible NFFS underwriting contributions when these were ineligible advertisements. This results in a FY 2024 CSG overpayment of \$72.

E. Fair Market Value of High-End Premiums

We found that KSMQ-TV did not exclude the complete Fair Market Value (FMV) of high-end premium thank you gifts from membership revenues on AFR Schedule A, line 10.1. The station had understated the amount that should have been excluded by \$1,416 and resulted in overstated FY 2022 NFFS.

CPB requires that the FMV of high-end thank you gifts (premiums) should be deducted from membership revenues and NFFS.

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

K. Premiums. Premiums are thank-you gifts of significant value that CSG recipients often provide to donors in exchange for membership contributions. Therefore, the recipient must deduct the fair market value of the premium from the donation. The remainder may be reported as NFFS consistent with the IRS rules¹¹ that recognize the tax-deductible portion of donations involving premiums. Recipients must ensure that they comply with all IRS rules and regulations concerning these issues.

CPB Guidelines FY 2022 - Part II, Section V – NFFS Excluded Revenues. K. Premiums.

CPB also provides additional specific line item instructions.

10.1 NFFS Exclusion - Fair Market Value of high-end premiums that are not of insubstantial value.

¹¹ Charitable Contributions-Substantiation and Disclosure Requirements, IRS Publication 1771 (Rev.3.2016).

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

CPB Guidelines FY 2022 – Part III - AFR and FSR Line Item Instructions. Completing the AFR Schedule A - Direct Revenue. Line item 10.1.

The station ran reports from its membership system that showed the value of membership donations and the FMV of its premiums. As this report was generated subsequent to the prior year’s reporting, the report did not completely tie to the amount reported on the AFR. We also found the report listed some gift FMVs as zero or were valued at a nominal incorrect amount. We reviewed another recent station audit that provided the same thank you gifts to compare the values and determined an amount that should have been excluded for these thank you gifts. For other premiums we found similar items at the donation level for similar packages and took an average of those FMVs to determine a reasonable FMV. The net adjustment totaled \$1,416 and should have been reported on AFR Schedule A line 10.1. NFFS Exclusion - FMV of premiums that are not of insubstantial value.

NETA reviewed the reports for FY 2023 and adjusted the FMV exclusions to ensure the proper value had been reported and will establish additional review procedures for future reporting.

KSMQ-TV under-reported the FMV of high-end premium thank you gifts and overstated NFFS by \$1,416 in FY 2022, resulting in FY 2024 CSG overpayments of \$183.

* * * * *

To summarize, our findings on overstated NFFS for ineligible passive income, in-kind contributions, payments, underwriting contributions, and FMV premium exclusions KSMQ-TV overstated \$87,996 in NFFS on its AFRs (FY 2021 - \$34,464 and FY 2022 - \$53,532) resulting in CSG overpayments of \$11,256 (FY 2023 - \$4,337 and FY 2024 - \$6,919). See Exhibit E.

Recommendations:

We recommend that CPB management require KSMQ-TV to:

- 1) repay \$11,256 in CSG overpayments; and
- 2) identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements.

KSMQ-TV Management Response

In response to our draft report, station officials acknowledged the NFFS discrepancy that resulted in CSG overpayments of \$11,256. KSMQ officials stated they will conduct a thorough review of its financial reporting processes and implement measures to ensure future reporting is accurate and compliant. KSMQ's full response to the draft report is presented in Exhibit H.

OIG Review and Comment

Based on the station's response to our draft report, we consider recommendations one and two resolved but open pending repayment of the CSG overpayments, CPB's acceptance of KSMQ's corrective actions, and CPB's final management decision.

II. Questioned Costs

KSMQ-TV reported \$1,143 in FY 2022 CSG expenditures that we questioned for lack of adequate support documentation.

CPB CSG grants allow grant funds to be used for station expenditures and require grantees maintain adequate recordkeeping and documentation support.

B. Records and Documentation: Grantee must retain all CSG records, including documentation sufficient to substantiate its CSG Agreement and Certification of Eligibility, for no less than three years after the end of the Spending Period. However, CSG records must be retained for no less than 10 years, after commencement of any of the events below: ... CPB reserves the right to disallow any expenditures Grantee cannot support with appropriate documentation...

E. Expenditures and Discrepancies: Grantee's CSG expenditures must comply with the General Provisions. Failure to comply or provide appropriate documentation may result in CPB requiring Grantee to repay to CPB a portion or all the CSG funds it received.

CPB 2022 Television Community Service Grants General Provisions and Eligibility Criteria. Part I Section 3. Recordkeeping Requirements.

The station hired a new employee who relocated to the Austin area. According to staff, the prior CEO told this employee that the station would pay for moving expenses. The employee charged \$1,143 for what appears to be housing expenses in October 2021. The credit card statement charges were approved by the prior CEO. NETA requested invoice support for the monthly October 2021 credit card expenses which included this \$1,143 expense. The employee said they would provide the receipts to NETA as soon as possible. However, the receipts were never provided to NETA and the employee left the company abruptly after an incident with the CEO.

Station staff assumed the receipts may have been lost along with some other financial records¹² during some turmoil during the move to the station's new building.

We questioned \$1,143 in CSG expenditures because KSMQ-TV did not provide adequate documentation to support these costs for us to determine its allowability. Failure to comply or provide appropriate documentation may result in CPB requiring the station to repay these funds to CPB.

Recommendations:

We recommend that CPB management:

- 3) recover the unsupported CSG expenditure questioned costs of \$1,143; and
- 4) require the station to identify and implement controls to ensure future CSG expenditures are fully supported with adequate recordkeeping documentation.

KSMQ-TV Management Response

In response to our draft report, KSMQ officials stated that the questioned costs were attributed to lack of adequate documentation and recordkeeping practices and has implemented corrective procedures to improve its expense verification practices. KSMQ's full response to the draft report is presented in Exhibit H.

OIG Review and Comment

The station did not specifically address the repayment of the questioned costs therefore we consider recommendation three unresolved and open pending repayment of the questioned costs and CPB's final determination. We consider recommendation four resolved but open pending CPB's acceptance of KSMQ's corrective actions.

III. Act and CPB General Provisions Grant Requirements Noncompliance

Based on our review of KSMQ-TV's website, central office public files requested, and other supporting documentation reviewed for our audit period, we found that KSMQ-TV was not fully compliant with the Act and CPB grant requirements to ensure required information is made available to the public to:

- provide seven (7) days advance notice of Governing Board, Committees and Community Advisory Board (CAB) meetings; and

¹² In our testing of payroll charges applied to CSG grants we found that the station had also lost some timecards. We performed additional tests and reviewed payroll processing procedures with NETA to ensure payroll charges to CSG grants were supportable.

- document and make reasons for closed meetings available to the public within 10 days.

In addition, the station's CAB did not meet all of its required responsibilities. It did not advise the governing body on whether the station's programming and other significant policies are meeting the specialized educational and cultural needs of the communities served by the station nor did the CAB make recommendations it deemed appropriate to meet such needs.

We reviewed a total of 37 open and closed meetings during our audit fieldwork (34 open and 3 closed). In addition, during the 34 open meetings held for its board of directors, executive committee, and CAB, KSMQ-TV held 9 closed executive sessions as part of otherwise open meetings. We present a summary of our testing in the following table and discuss further under each compliance requirement. Exhibit F provides additional details.

Communications Act and CPB Grant Requirements Noncompliance

Combined Meeting Summary	Total	Percent
Total meetings	37	
Open meetings	34	
Closed Meeting – not subject to open meetings advance notice	3	
<i>Advance Notice Noncompliant</i>	23	68%
Closed Meeting or Session	12	
<i>Closed meeting reasons not documented - Noncompliant</i>	1	8%
<i>Explanation for closed meeting notice to public within 10 days not provided - Noncompliant</i>	8	67%

A. Noncompliance with Open Meetings – Advance Notice

KSMQ-TV did not provide the public with the required 7-day advance notice for public meetings of the Board, Committees, and CAB, for 23 of 34 (68 percent) meetings held during our audit period. See Exhibit F.

The Act, 47 U.S.C. Section 396 (k)(4), requires that stations provide the public with reasonable advance notice of open meetings. Specifically:

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

Further, CPB's Communications Act Compliance guidance clarify that stations may satisfy the reasonable notice requirement by doing the following:

Stations may satisfy that requirement by providing at least seven days' advance notice of an Open Meeting, including the time and place of the meeting, by:

1. Posting notice on the station website;
2. Broadcasting notice on-air between 6 a.m. and 11 p.m., as shown by the station's log;
3. 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.

CPB's Communications Act Compliance guidance, 1. Open Meetings, E. Notice of Open Meetings (June 2021). CPB Television CSG General Provisions, Section 2.A. Open Meetings.

Station management did not post 7-day advance notices on its website or document other allowable means of providing the public open meeting notices for its executive board committee or CAB from the beginning of our audit period until November 2023. Station management said they were not aware that notices were required for the board committee and CAB meetings and did not have internal controls in place to ensure compliance. Further, the station was not consistent in posting the required advance notice for its governing board meetings. The station acknowledged it should have been posting the advance notices and has established additional procedures to ensure required notice is given for all of its meetings.

KSMQ-TV was not in full compliance with Act and CPB General Provisions and compliance guidance grant requirements during our audit period and may be subject to penalties under CPB's CSG Noncompliance policy.

B. Documenting Reasons for Closed Meetings and Making Reasons Available to the Public Within 10 Days

Explanations for closed meetings or closed sessions were not made available to the public on the station's website or at its central office. The reasons for the closed meetings were not made available to the public within CPB's required 10-day notice period for 8 of the 12 (67 percent) closed meetings held. In addition, for one of the twelve closed meetings, the station did not document the reasons for the closed meeting. See Exhibit F.

The Act and CPB's Communications Act Compliance guidance identify when stations may close a meeting:

When may a meeting be closed? The Act allows stations to hold Closed Meetings, or to close an Open Meeting, when discussing any of the following:

1. matters concerning individual employees;
2. proprietary information;
3. litigation and other matters requiring confidential advice of counsel;
4. commercial or financial information obtained from a person on a privileged or confidential basis; or
5. the purchase of property or services, if the premature disclosure of the transaction would compromise the station's business interests. §396(k)

CPB's Communications Act Compliance guidance, 2. Closed Meetings, B. When may a meeting be closed? (June 2021).

In addition, the Act requires that stations document the reason(s) for closed meetings and make the reason(s) available to the public within a reasonable time after the closed meeting. CPB's Communications Act Compliance and grant requirements further require that these reasons be made available to the public within 10 days of the closed meeting.

C. Closed Meeting Documentation: The Act requires stations to document and make available to the public the specific reason(s) for closing a meeting within a reasonable time after the meeting. CPB also requires that the written statement be made available for inspection, either at the CSG recipient's central office or posted on its station website, within 10 days after each closed meeting.

CPB's Communications Act Compliance guidance, 2. Closed Meetings, C. Closed Meeting Documentation (June 2021). CPB Television CSG General Provisions, Section 2.B. Closed Meetings.

Station management was not aware of all of the Act and CPB grant requirements associated with closed meetings. KSMQ-TV management did not have established procedures (internal controls) for providing the public with the reasons for closed meetings within the 10 days of the closed meeting as required. Current station management said that the reasons were documented and available at the home office upon request. We found that documentation for 4 of the 12 closed meetings may have been available within the 10 days as a written statement explaining the reasons for the closed meeting or minutes from the meetings had been created within 10 days of the closed sessions. However, for the other 8 meetings, the documents were either not created within the 10-day period, or the minutes had not been approved by the board. Therefore, we could not verify that the reasons for the closed sessions were approved and were available to the public for inspection in the time frame required.

KSMQ-TV maintained minutes for the executive committee closed meetings and included allowable reasons for all the closed meetings except for one. For this meeting, station management said that it was not sure that board held an official meeting and considered it as an information session the board held with an employment attorney. However, our audit found that

the subsequent governing board meeting minutes noted that an executive session was held and approved the related minutes.

Station management stated that all meetings are generally open except its executive committee meetings. KSMQ-TV's current management has implemented new procedures to ensure the station is fully compliant with CPB and Act requirements. We found in our subsequent reviews of the station's website in December 2023 that the station made the reasons for the closed meetings or closed sessions available to the public within the required 10-day period and is now compliant with CPB grant and Act requirements.

KSMQ-TV was not in full compliance with Act and CPB grant requirements during our audit period and may be subject to penalties under CPB's CSG Noncompliance policy.

C. CAB Responsibilities

The station's CAB did not fully meet its CAB responsibilities because it did not advise and make recommendations to the governing body on whether the station's programming and significant policies are meeting the specialized educational and cultural needs of the communities served by the station.

CPB's Communications Act Compliance guidance directs that the stations establish a CAB and identify the roles and responsibilities of the CAB. It provides:

CAB's Responsibilities: A CAB may establish and follow its own schedule and agenda. The CAB's structure and composition, including the number of members, their terms and method of appointment and removal, should be established by the station's governing body. The CAB's responsibilities include:

1. the right to review the station's programming goals;
2. the right to review the service provided by the station;
3. the right to review significant policy decisions rendered by the station; and
4. the obligation to advise the governing body on whether the station's programming and other significant policies are meeting the specialized educational and cultural needs of the communities served by the station, and to make recommendations the CAB deems appropriate to meet such needs.

CPB's Communications Act Compliance guidance 4. Community Advisory Board, E.4 CAB's Responsibilities (June 2021). CPB Television CSG General Provisions, Section 2.D.2. CAB.

The station has a CAB referred to as its Regional Advisory Committee. The CAB meets with station management and reviews and provides feedback on station programming and services. Station management had not established a formal process (internal controls) to communicate this information to the governing body. Review of board minutes for the audit period did not

indicate that CAB feedback was provided to the governing body. Further we found in our discussions with staff and the interim CEO that they were not aware of how this feedback was provided in the past.

We also spoke with the CAB chairman who was not aware of how the board was informed of its feedback but agreed it should be. We also provided him with a copy of CPB's Act Compliance guidance. The CAB chairman stated that "while I believe our CAB has been adhering to the underlying intent of providing community feedback on programming, as I read these compliance requirements, I agree there are a few small tweaks we (the CAB or KSMQ) can/will make to better align."

Station management said it is establishing a formal process to report to the governing board on CAB activities to ensure that the CAB meets its obligation to advise and make recommendations to the governing body.

KSMQ-TV was not in full compliance with Act and CPB Grant requirements for CAB responsibilities during our audit period and may be subject to penalties under CPB's CSG Noncompliance policy.

Recommendations:

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

- 5) the public receives reasonable advance notice of all upcoming governing board, committee, and CAB meetings discussing public broadcasting activities at least seven days in advance of the meeting; documents and provides the public with the reasons for holding closed meetings; and makes that information available to the public within 10 days of the closed meeting; and
- 6) the CAB fulfills all of its obligations under the Act and grant to annually provide the Board of Directors with feedback on the station.

KSMQ-TV Management Response

In response to our draft report, KSMQ officials acknowledged its failure to fully comply with Act requirements for public access to meeting information and its CAB responsibilities. They stated they recognized the significance of these obligations in fostering transparency and community engagement. The station has implemented corrective actions including providing training to staff members regarding compliance with CPB requirements and statutory obligations. KSMQ's full response to our draft report is presented in Exhibit H.

OIG Review and Comment

Based on the station's response to our draft report, prior discussions with station management regarding its noncompliance, and the proposed corrective actions, we consider recommendations five and six resolved but open pending CPB's final determination on our findings and recommendations and CPB's acceptance of the station's corrective actions.

IV. Incorrect AFR Schedule E – CSG Expenditure Reporting

KSMQ-TV's FY 2021 and FY 2022 AFR Schedule E incorrectly reported CSG expenditures because the station reported only up to the current fiscal year grant amount. The general ledger contains expenses related to both the prior year grant and current year grant spending periods. The station underreported \$4,494 in CSG expenditures in FY 2021 and overreported \$11,316 in FY 2022. KSMQ-TV reconciled its FY 2023 AFR Schedule E to the proper CSG grants after we identified this issue and then they properly reported all CSG grant expenditures on the FY 2023 AFR.¹³

CPB requires that CPB grant funded expenditures are specifically identified and reported on the station's AFR Schedule E.

Reporting Expenses by Functional Classification

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

Use the following functional classifications for reporting expenses on Schedule E:

PROGRAM SERVICES

Line 1 - Programming and production

Line 2 - Broadcasting and engineering

Line 3 - Program information and promotion

SUPPORT SERVICES

Line 4 - Management and general

Line 5 - Fund raising and membership development

Line 6 - Underwriting and grant solicitation

Line 7 - Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)

Line 8 - Total Expenses (sum of lines 1 to 7) must agree with audited financial statements

¹³ The station would have underreported FY 2023 CSG expenditures on its AFR Schedule E by over \$167,000 if it had not reconciled each grant year to its general ledger.

Reporting CPB Grant Expenditures

For each functional expense category on Lines 1 through 7, grantees must indicate the CPB and non-CPB funds used under the following categories...

For TV Grantees:

A. TV CSG

B. TV Interconnection

C. Other CPB Funds

D. All non-CPB Funds

Note: CPB Stabilization Grant (CARES Act and American Rescue Plan Act funding) expenditures must be reported as “Other CPB Funds” expended

CPB Guidelines, Part III - AFR and FSR Line Item Instructions Completing AFR Schedule E - Expenses. Line Item Instructions. Reporting CPB Grant Expenditures.

KSMQ-TV did not reconcile its annual CSG grant by CPB’s fiscal year grant spending period or have other internal controls in place to ensure annual CSG expenditures were accurately reported on its AFR Schedule E. The station’s AFR Schedule E reported expenditures from its discrete CSG general ledger accounts up to the current year’s CSG amount but the actual expenditures in the station’s FY general ledger covered more than one CSG grant.

The revenues were correctly reported for each grant on AFR Schedule A. The station’s fiscal year begins (July 1) before the CPB CSG fiscal year (October 1) award is received and its spending period begins. KSMQ-TV reported the CSG expenses as if all were incurred against the current fiscal year’s grant when in fact some expenses related to the prior grant year.

KSMQ-TV’s discrete general ledger accounting for CSG expenses showed expenses were incurred within allowable grant spending periods. The amounts on AFR Schedule E should be reported for each grant even if the amount is more than the current year grant amount because the grants have a two-year spending period that overlaps with up to three KSMQ-TV’s FYs.

We spoke with NETA about this reconciliation and the need to true up/reconcile each grant and report correctly on the AFR Schedule E. The NETA financial manager stated that generally stations try to spend the CSG funds from the October 1 grant start date through the station’s fiscal year end June 30. Therefore, the revenues for each CSG grant FY and related expenditures would all be incurred in the same fiscal year as the station.

Because KSMQ-TV did not reconcile the grant spending periods with the actual general ledger expenses, the AFR Schedule E did not show an accurate report of CPB CSG expenditures in FY 2021 and FY 2022.

Recommendation:

- 7) We recommend that CPB require KSMQ-TV to identify and implement corrective actions to comply with CPB AFR Schedule E reporting and reconcile its annual CSG grants to its accounting records.

KSMQ-TV Management Response

In response to the draft report, station officials stated they recognized the importance of accurate reporting CSG expenditures to CPB and acknowledged the need for improvement in its reconciliation processes. KSMQ said it is establishing and documenting its internal accounting controls and mechanisms to correctly reconcile and report CPB grant expenditures. KSMQ's full response to our draft report is presented in Exhibit H.

OIG Review and Comment

Based on the station's response to our draft report, we consider recommendation seven resolved but open pending CPB's final determination and acceptance of KSMQ's corrective actions.

Exhibit A**CPB Grant Payments to KSMQ-TV
July 1, 2020 through June 30, 2023**

CPB Grants	FY 2021	FY 2022	FY 2023	Totals
Community Service Grants & Supplemental Grants				
Community Service	\$706,287	\$724,348	\$723,072	\$2,153,707
Interconnection	\$13,359	\$13,312	\$13,010	\$39,681
Universal Service Support	\$70,819	\$73,781	\$75,261	\$219,861
Total Community Service Grants	\$790,465	\$811,441	\$811,343	\$2,413,249
American Rescue Plan Act	\$475,923	\$0	\$0	\$475,923
Total All CPB Grant Payments	\$1,266,388	\$811,441	\$811,343	\$2,889,172

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Schedule A
KSMQ-TV (1794)
Austin, MN

NFFS Excluded?

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



Source of Income

	2021 data	2022 data
1. Amounts provided directly by federal government agencies	\$131,722	\$131,722
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)	\$131,722	\$131,722
Description	Amount	
PPP Loan Round 2	\$131,722	
2. Amounts provided by Public Broadcasting Entities	\$1,342,226	\$841,957
A. CPB - Community Service Grants	\$706,287	\$724,348
B. CPB - all other funds from CPB	\$560,101	\$87,093
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$75,838	\$30,516
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	\$7,000	\$5,800
3.1 NFFS Eligible	\$7,000	\$5,800
A. Program and production underwriting	\$7,000	\$5,800
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
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0

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D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$539,085	\$1,127,904
4.1 NFFS Eligible	\$512,877	\$619,178
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$512,877	\$619,178
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	\$26,208	\$508,726
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)	\$26,208	\$26,208
E. Other income ineligible for NFFS inclusion	\$0	\$482,518
Description	Amount	
appropriation bond	\$482,518	
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
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

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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	\$3,550	\$14,447
7.1 NFFS Eligible	\$3,550	\$14,447
Variance greater than 25%.		
A. Program and production underwriting	\$3,550	\$14,447
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$11,248	\$17,847

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8.1 NFFS Eligible	\$11,248	\$17,847
Variance greater than 25%.		
A. Program and production underwriting	\$11,248	\$16,347
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$0	\$1,500
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	\$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
9. Business and Industry	\$128,525	\$149,423
9.1 NFFS Eligible	\$114,138	\$135,823
A. Program and production underwriting	\$111,793	\$135,823
B. Grants and contributions other than underwriting	\$2,345	\$0
Variance greater than 25%.		
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$14,387	\$13,600
A. Rental income	\$9,587	\$9,600
B. Fees for services	\$4,800	\$4,000
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
10. Memberships and subscriptions (net of membership bad debt expense)	\$130,445	\$120,373
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$27,000	\$8,654

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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)	\$2,525	\$0
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	2021 data	2022 data
10.3 Total number of contributors.	1,406	1,148

Variance greater than 25%.

11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
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	2021 data	2022 data
11.1 Total number of Friends contributors.	0	0

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

	2021 data	2022 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)	\$0	\$0
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A. Gross special fundraising revenues	\$0	\$0
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B. Direct special fundraising expenses	\$0	\$0
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15. Passive income	\$78,336	\$78,418
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A. Interest and dividends (other than on endowment funds)	\$42,386	\$78,418
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Variance greater than 25%.

B. Royalties	\$0	\$0
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C. PBS or NPR pass-through copyright royalties	\$35,950	\$0
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Variance greater than 25%.

16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$165,808	\$-175,757
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A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
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B. Realized gains/losses on investments (other than endowment funds)	\$88	\$0
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Variance greater than 25%.

C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$165,720	\$-175,757
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Variance greater than 25%.

17. Endowment revenue		\$0	\$0
A. Contributions to endowment principal		\$0	\$0
B. Interest and dividends on endowment funds		\$0	\$0
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")		\$0	\$0
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")		\$0	\$0
18. Capital fund contributions from individuals (see instructions)		\$10,144	\$10,000
A. Facilities and equipment (except funds received from federal or public broadcasting sources)		\$10,144	\$10,000
B. Other		\$0	\$0
19. Gifts and bequests from major individual donors		\$16,405	\$15,415
19.1 Total number of major individual donors	2021 data 2022 data	6 8	
20. Other Direct Revenue		\$746	\$3,097
Description	Amount		
DVD sales	\$97		
Exclusion Description	Amount		
Sale of premiums	\$97		
sale of asset	\$3,000		
Exclusion Description	Amount		
sale of asset	\$3,000		
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)		\$2,565,240	\$2,340,646

Adjustments to Revenue

	2021 data	2022 data
23. Federal revenue from line 1.	\$131,722	\$131,722
24. Public broadcasting revenue from line 2.	\$1,342,226	\$841,957

Variance greater than 25%.

25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$36,352	\$36,208
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$746	\$3,097

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Variance greater than 25%.

27. Other automatic subtractions from total revenue	\$209,720	\$329,015
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	\$88	\$0

Variance greater than 25%.

E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$165,720	\$-175,757
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Variance greater than 25%.

F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$9,587	\$9,600
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$4,800	\$4,000
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	\$482,518
K. FMV of high-end premiums (Line 10.1)	\$27,000	\$8,654

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)	\$2,525	\$0
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Variance greater than 25%.

M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$844,474	\$998,647

Comments

Comment	Name	Date	Status
	Neal Kittredge-Boles	3/16/2023	Comment for CPB
	Neal Kittredge-Boles	3/16/2023	Comment for CPB
	Neal Kittredge-Boles	3/16/2023	Comment for CPB
increase from State for a grant for Production	Neal Kittredge-Boles	3/16/2023	Comment for CPB
PPP Round 2	Neal Kittredge-Boles	3/16/2023	Comment for CPB
The \$482,518 is what was received in FY22 as part of the \$15 million "appropriation bond" the Minnesota legislature approved for the Minnesota Public Television Association back in 2019. KSMQ's share	Neal Kittredge-Boles	3/16/2023	Comment for CPB

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Comment	Name	Date	Status
of the MPTA appropriation is \$2.2 million.			
this was the FY22 loss on unrealized gains	Neal Kittredge-Boles	3/16/2023	Comment for CPB
Schedule B WorkSheet KSMQ-TV (1794) Austin , MN			

Comments

Comment	Name	Date	Status
Occupancy List			
KSMQ-TV (1794)			
Austin , MN			

Schedule B Totals	Type of Occupancy Location	Value
KSMQ-TV (1794)		
Austin , MN		

	2021 data	2022 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			
KSMQ-TV (1794)			
Austin , MN			

	2021 data	Donor Code	2022 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0		\$0
A. Legal	\$0		\$0
B. Accounting and/or auditing	\$0		\$0
C. Engineering	\$0		\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0		\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$285,310		\$183,894
A. Annual rental value of space (studios, offices, or tower facilities)	PB \$176,130	OT	\$176,130
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$0
C. Station operating expenses	BS \$7,764	BS	\$7,764
D. Other (see specific line item instructions in Guidelines before completing)	BS \$181,416		\$0

Variance greater than 25%.

3. OTHER SERVICES (must be eligible as NFFS)	\$86,737	\$86,795
A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies	\$0	\$0

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	2021 data	Donor Code	2022 data
C. Local advertising	BS \$86,737	BS	\$86,795
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	\$372,047		\$270,689
Variance greater than 25%.			
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$10,254		\$15,801
A. Compact discs, records, tapes and cassettes	\$0		\$0
B. Exchange transactions	\$0		\$0
C. Federal or public broadcasting sources	\$0		\$0
D. Fundraising related activities	BS \$7,943	BS	\$15,801
E. ITV or educational radio outside the allowable scope of approved activities	\$0		\$0
F. Local productions	\$0		\$0
G. Program supplements	\$0		\$0
H. Programs that are nationally distributed	\$0		\$0
I. Promotional items	\$0		\$0
J. Regional organization allocations of program services	\$0		\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0		\$0
L. Services that would not need to be purchased if not donated	\$0		\$0
M. Other	BS \$2,311		\$0
Variance greater than 25%.			
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$382,301		\$286,490
Variance greater than 25%.			
Comments			
Comment	Name	Date	Status
Schedule D			
KSMQ-TV (1794)			
Austin , MN			
	2021 data	Donor Code	2022 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

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	2021 data	Donor Code	2022 data
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 KSMQ-TV (1794) Austin , MN			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2021 data	2022 data
1. Programming and production	\$734,890	\$868,998
A. TV CSG	\$408,403	\$415,289
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$27,615	\$39,574
D. All non-CPB Funds	\$298,872	\$414,135
2. Broadcasting and engineering	\$610,871	\$537,852
A. TV CSG	\$215,683	\$226,632
B. TV Interconnection	\$13,359	\$13,312
C. Other CPB Funds	\$43,204	\$40,071
D. All non-CPB Funds	\$338,625	\$257,837
3. Program information and promotion	\$115,569	\$126,540
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$115,569	\$126,540

SUPPORT SERVICES

	2021 data	2022 data
4. Management and general	\$567,786	\$758,529
A. TV CSG	\$82,201	\$82,427
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$485,585	\$676,102
5. Fund raising and membership development	\$120,618	\$218,876
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$120,618	\$218,876
6. Underwriting and grant solicitation	\$90,396	\$93,623

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SUPPORT SERVICES		2021 data	2022 data
A. TV CSG		\$0	\$0
B. TV Interconnection		\$0	\$0
C. Other CPB Funds		\$0	\$0
D. All non-CPB Funds		\$90,396	\$93,623
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)		\$0	\$0
A. TV CSG		\$0	\$0
B. TV Interconnection		\$0	\$0
C. Other CPB Funds		\$0	\$0
D. All non-CPB Funds		\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements		\$2,240,130	\$2,604,418
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)		\$706,287	\$724,348
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)		\$13,359	\$13,312
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)		\$70,819	\$79,645
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)		\$1,449,665	\$1,787,113
INVESTMENT IN CAPITAL ASSETS			
Cost of capital assets purchased or donated			
		2021 data	2022 data
9. Total capital assets purchased or donated		\$46,197	\$482,517
9a. Land and buildings		\$0	\$0
9b. Equipment		\$46,197	\$482,517
9c. All other		\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)		\$2,286,327	\$3,086,935
Additional Information			
(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)			
		2021 data	2022 data
11. Total expenses (direct only)		\$1,857,829	\$2,223,124
12. Total expenses (indirect and in-kind)		\$382,301	\$381,294
13. Investment in capital assets (direct only)		\$46,197	\$482,517
14. Investment in capital assets (indirect and in-kind)		\$0	\$0
Comments			
Comment	Name	Date	Status
USSG Grant	Neal Kittredge-Boles	3/16/2023	Comment for CPB
\$34,204-USSG grant \$5,864-American Rescue Stabilization Grant- depreciation expense	Neal Kittredge-Boles	3/16/2023	Comment for CPB
Schedule F KSMQ-TV (1794) Austin , MN			
2022 data			
1. Data from AFR			

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a. Schedule A, Line 22	\$2,340,646
b. Schedule B, Line 5	\$0
c. Schedule C, Line 6	\$286,490
d. Schedule D, Line 8	\$0
e. Total from AFR	\$2,627,136

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

2022 data

2. FASB

a. Total support and revenue - without donor restrictions	\$2,627,136
b. Total support and revenue - with donor restrictions	\$0
c. Total support and revenue - other	\$0
d. Total from AFS, lines 2a-2c	\$2,627,136

Reconciliation

2022 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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Schedule A
KSMQ-TV (1794)
Austin, MN

NFFS Excluded?

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



Source of Income

	2022 data	2023 data
1. Amounts provided directly by federal government agencies	\$131,722	\$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)	\$131,722	\$0
2. Amounts provided by Public Broadcasting Entities	\$841,957	\$835,600
A. CPB - Community Service Grants	\$724,348	\$723,072
B. CPB - all other funds from CPB	\$87,093	\$88,271
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	\$30,516	\$24,257
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$5,800	\$6,760
3.1 NFFS Eligible	\$5,800	\$6,760
A. Program and production underwriting	\$5,800	\$960
B. Grants and contributions other than underwriting	\$0	\$5,800
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
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	\$1,127,904	\$2,247,200
4.1 NFFS Eligible	\$619,178	\$723,076

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—	A. Program and production underwriting	\$0	\$0
—	B. Grants and contributions other than underwriting	\$619,178	\$723,076
—	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	\$508,726	\$1,524,124
—	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)	\$26,208	\$26,208
—	E. Other income ineligible for NFFS inclusion	\$482,518	\$1,497,916
	Description Amount		
	State of MN appropriation bond \$1,497,916		
—	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
—	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

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—	E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0 \$0
—	F. Other income eligible as NFFS (specify)	\$0 \$0
—	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	\$14,447 \$8,109
—	7.1 NFFS Eligible	\$14,447 \$8,109
—	A. Program and production underwriting	\$14,447 \$8,109
—	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	\$17,847 \$33,751
—	8.1 NFFS Eligible	\$17,847 \$31,446
—	A. Program and production underwriting	\$16,347 \$21,696
—	B. Grants and contributions other than underwriting	\$1,500 \$9,750
—	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	\$0 \$2,305
—	A. Rental income	\$0 \$0
—	B. Fees for services	\$0 \$2,305
—	C. Licensing fees (not royalties – see instructions for Line 15)	\$0 \$0

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	D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
	E. Other income ineligible for NFFS inclusion	\$0	\$0
9.	Business and Industry	\$149,423	\$184,930
9.1	NFFS Eligible	\$135,823	\$158,070
A.	Program and production underwriting	\$135,823	\$141,870
B.	Grants and contributions other than underwriting	\$0	\$16,200
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	\$13,600	\$26,860
A.	Rental income	\$9,600	\$9,600
B.	Fees for services	\$4,000	\$7,260
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	\$10,000
E.	Other income ineligible for NFFS inclusion	\$0	\$0
10.	Memberships and subscriptions (net of membership bad debt expense)	\$120,373	\$106,548
10.1	NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$8,654	\$6,681
10.2	NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
10.3	Total number of contributors.	2022 data 1,148	2023 data 1,120
11.	Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1	Total number of Friends contributors.	2022 data 0	2023 data 0
12.	Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A.	Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B.	NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C.	NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D.	NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue		2022 data	2023 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)	\$0	\$0

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A. Gross special fundraising revenues	\$0	\$0
B. Direct special fundraising expenses	\$0	\$0
15. Passive income	\$78,418	\$22,486
A. Interest and dividends (other than on endowment funds)	\$78,418	\$22,486
B. Royalties	\$0	\$0
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)	\$-175,757	\$55,104
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	\$-9,929
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$-175,757	\$65,033
17. Endowment revenue	\$0	\$0
A. Contributions to endowment principal	\$0	\$0
B. Interest and dividends on endowment funds	\$0	\$0
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
18. Capital fund contributions from individuals (see instructions)	\$10,000	\$30,000
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$10,000	\$30,000
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$15,415	\$14,796
	2022 data	2023 data
19.1 Total number of major individual donors	8	8
20. Other Direct Revenue	\$3,097	\$4,241
Description	Amount	
sale of assets	\$4,241	
Exclusion Description	Amount	
Refunds, rebates, reimbursements and insurance proceeds	\$4,241	
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)	\$2,340,646	\$3,549,525

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Adjustments to Revenue

	2022 data	2023 data
23. Federal revenue from line 1.	\$131,722	\$0
24. Public broadcasting revenue from line 2.	\$841,957	\$835,600
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$36,208	\$66,208
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$3,097	\$4,241
27. Other automatic subtractions from total revenue	\$329,015	\$1,578,866
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	\$-9,929
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$-175,757	\$65,033
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$9,600	\$9,600
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$4,000	\$9,565
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)	\$482,518	\$1,497,916
K. FMV of high-end premiums (Line 10.1)	\$8,654	\$6,681
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
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$998,647	\$1,064,610

Comments

Comment	Name	Date	Status
prior year was the PPP round 2 forgiveness. The station did not receive this in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Interconnect \$13,010 USSG \$75,261	Neal Kittredge-Boles	12/26/2023	Comment for CPB
City of Austin grant. Prior year it was in 3.a	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Small UW contract received in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
State of Minnesota operating grant \$258,333 FY23 State of Minnesota Legacy grant \$464,743 (this was an increase to prior year due to the station was allowed a rollover of unused grant from FY22 from the state)	Neal Kittredge-Boles	12/26/2023	Comment for CPB

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Comment	Name	Date	Status
The \$1,497,916 is what was received in FY23 as part of the \$15 million "appropriation bond" the Minnesota legislature approved for the Minnesota Public Television Association back in 2019. KSMQ's share of the MPTA appropriation is \$2.2 million.	Neal Kittredge-Boles	12/26/2023	Comment for CPB
a decrease due to two UW contracts were not renewed in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
increase in UW contracts in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
a \$3,500 grant was awarded in FY23 that had not been received in FY23. Also, the station secured sponsorships for the 50th Anniversary event in September 2022. This was a new event in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Production Services revenue \$1,750 new to FY23 and program guide underwriting \$555	Neal Kittredge-Boles	12/26/2023	Comment for CPB
\$4,000 Production Services + \$3,260 in program guide underwriting	Neal Kittredge-Boles	12/26/2023	Comment for CPB
naming rights in new facility	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Sponsorship revenue for the 50th Anniversary celebration held in September 2022.	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Prior year capital gains was included. This was noted in the CPB audit that just wrapped up. In FY23, this is only the interest and was reviewed by CPB prior to me submitting AFR	Neal Kittredge-Boles	12/26/2023	Comment for CPB
Naming rights for new facility by an individual	Neal Kittredge-Boles	12/26/2023	Comment for CPB
includes capital gains of \$24,374 + realized gains of (34,302)	Neal Kittredge-Boles	12/26/2023	Comment for CPB

Schedule B WorkSheet
KSMQ-TV (1794)
Austin , MN

Comments

Comment	Name	Date	Status
Occupancy List KSMQ-TV (1794) Austin , MN			

	Type of Occupancy Location	Value
Schedule B Totals KSMQ-TV (1794) Austin , MN		
	2022 data	2023 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	\$	\$0

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		2022 data	2023 data
of the Summary of Nonfederal Financial Support)			
6. Please enter an institutional type code for your licensee.			
Comments			
Comment	Name	Date	Status
Schedule C			
KSMQ-TV (1794)			
Austin , MN			
		2022 data	2023 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)		\$0	\$0
A. Legal		\$0	\$0
B. Accounting and/or auditing		\$0	\$0
C. Engineering		\$0	\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)		\$0	\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)		\$183,894	\$451,122
A. Annual rental value of space (studios, offices, or tower facilities)	OT	\$176,130	OT
B. Annual value of land used for locating a station-owned transmission tower		\$0	\$0
C. Station operating expenses	BS	\$7,764	\$0
D. Other (see specific line item instructions in Guidelines before completing)		\$0	\$0
3. OTHER SERVICES (must be eligible as NFFS)		\$86,795	\$93,516
A. ITV or educational radio		\$0	\$0
B. State public broadcasting agencies		\$0	\$0
C. Local advertising	BS	\$86,795	BS
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		\$270,689	\$544,638
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS		\$15,801	\$18,757
A. Compact discs, records, tapes and cassettes		\$0	\$0
B. Exchange transactions		\$0	\$0
C. Federal or public broadcasting sources		\$0	\$0
D. Fundraising related activities	BS	\$15,801	BS
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
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-		\$286,490	\$563,395

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2022 data Donor Code 2023 data

kind contributions recognized as revenue in the AFS.

Comments

Comment	Name	Date	Status
Riverland Community College \$176,130 City of Austin \$274,992. The City of Austin owns the new facility that KSMQ moved into in September 2022.	Neal Kittredge-Boles	12/26/2023	Comment for CPB
The City of Austin owns the new facility that KSMQ moved in September 2022. The increase in in-kind is what the City provided	Neal Kittredge-Boles	1/2/2024	Comment for CPB

Schedule D
KSMQ-TV (1794)
Austin , MN

	2022 data	Donor Code	2023 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 KSMQ-TV (1794) Austin , MN			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2022 data	2023 data
1. Programming and production	\$868,998	\$1,003,636
A. TV CSG	\$415,289	\$456,798
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$39,574	\$19,308
D. All non-CPB Funds	\$414,135	\$527,530
2. Broadcasting and engineering	\$537,852	\$578,568
A. TV CSG	\$226,632	\$321,606

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PROGRAM SERVICES	2022 data	2023 data
B. TV Interconnection	\$13,312	\$10,796
C. Other CPB Funds	\$40,071	\$5,864
D. All non-CPB Funds	\$257,837	\$240,302
3. Program information and promotion	\$126,540	\$136,174
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$126,540	\$136,174
SUPPORT SERVICES	2022 data	2023 data
4. Management and general	\$758,529	\$915,465
A. TV CSG	\$82,427	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$65,632
D. All non-CPB Funds	\$676,102	\$849,833
5. Fund raising and membership development	\$218,876	\$186,888
A. TV CSG	\$0	\$24,951
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$218,876	\$161,937
6. Underwriting and grant solicitation	\$93,623	\$104,335
A. TV CSG	\$0	\$72,389
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$93,623	\$31,946
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$2,604,418	\$2,925,066
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$724,348	\$875,744
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$13,312	\$10,796
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$79,645	\$90,804
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$1,787,113	\$1,947,722
INVESTMENT IN CAPITAL ASSETS Cost of capital assets purchased or donated	2022 data	2023 data
9. Total capital assets purchased or donated	\$482,517	\$1,943,312

**KSMQ-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2022 and 2023**

	2022 data	2023 data	
9a. Land and buildings	\$0	\$0	
9b. Equipment	\$482,517	\$1,943,312	
9c. All other	\$0	\$0	
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$3,086,935	\$4,868,378	
Additional Information (Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)			
	2022 data	2023 data	
11. Total expenses (direct only)	\$2,223,124	\$2,139,892	
12. Total expenses (indirect and in-kind)	\$381,294	\$785,174	
13. Investment in capital assets (direct only)	\$482,517	\$1,943,312	
14. Investment in capital assets (indirect and in-kind)	\$0	\$0	
Comments			
Comment	Name	Date	
Status			
The \$1,943,312 is what was purchased in FY23 as part of the \$15 million "appropriation bond" the Minnesota legislature approved for the Minnesota Public Television Association back in 2019. KSMQ's share of the MPTA appropriation is \$2.2 million.	Neal Kittredge-Boles	12/26/2023	Comment for CPB
USSG Grant	Neal Kittredge-Boles	12/26/2023	Comment for CPB
CPB-ARPA grant depreciation in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
includes in-kind from City of Austin in FY23	Neal Kittredge-Boles	12/26/2023	Comment for CPB
CPB-USSG Grant \$55,953 + CPB ARPA grant depreciation \$9,679	Neal Kittredge-Boles	12/26/2023	Comment for CPB
includes depreciation + inkind	Neal Kittredge-Boles	12/26/2023	Comment for CPB
CPB-IC FY23	Neal Kittredge-Boles	2/2/2024	Comment for CPB
FY22-CPB CSG \$69,779 FY23-CPB CSG \$251,827	Neal Kittredge-Boles	2/2/2024	Comment for CPB
CPB-CSG FY22-\$98,031 CPB-CSG FY23- \$358,767	Neal Kittredge-Boles	2/2/2024	Comment for CPB
FY23-CPB-CSG	Neal Kittredge-Boles	2/2/2024	Comment for CPB
FY23-CPB-CSG	Neal Kittredge-Boles	2/2/2024	Comment for CPB
Schedule F KSMQ-TV (1794) Austin , MN			
		2023 data	
1. Data from AFR			
a. Schedule A, Line 22		\$3,549,525	
b. Schedule B, Line 5		\$0	
c. Schedule C, Line 6		\$563,395	
d. Schedule D, Line 8		\$0	
e. Total from AFR		\$4,112,920	
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			

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will be lost.

FASB

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

 Globe

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

2023 data

2. FASB

a. Total support and revenue - without donor restrictions

\$1,054,377

b. Total support and revenue - with donor restrictions

\$3,058,543

c. Total support and revenue - other

\$0

d. Total from AFS, lines 2a-2c

\$4,112,920

Reconciliation

2023 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

Exhibit D

KSMQ-TV
Summary of Non-Federal Financial Support
For the Fiscal Years Ending June 30, 2021, 2022 and 2023
Certified by Head of Grantee and Independent Accountant's Report

AFR Line	Summary of Non-Federal Financial Support	FY 2021	FY 2022	FY 2023	Total
1	Direct Revenue (Schedule A)	\$844,474	\$998,647	\$1,064,610	\$2,907,731
2	Indirect Administrative Support (Schedule B)	\$0	\$0	\$0	\$0
3	In-kind Contributions				
	Services and Other Assets (Schedule C)	\$372,047	\$270,689	\$544,638	\$1,187,374
	Property and Equipment (Schedule D)	\$0	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$1,216,521	\$1,269,336	\$1,609,248	\$4,095,105

Exhibit E

Overstated NFFS and CSG Overpayments

Conditions	Claimed on AFR Line	FY 2021	FY 2022	Total
<i>Ineligible Passive Income</i>				
Realized and Unrealized Gains on Investments	AFR A.15.A Dividends and Interest	\$22,219	\$51,556	\$73,775
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
<i>CSG overpayment</i>		\$2,796	\$6,664	\$9,460
<i>Ineligible In-Kind Contributions Local Ads</i>				
Radio Station Underwriter	AFR C.3.C Local Ads	\$10,400	\$0	\$10,400
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
<i>CSG overpayment</i>		\$1,309	\$0	\$1,309
<i>Ineligible Payments for Production Services</i>				
Religious Institution	AFR A. 9.1B	\$1,845	\$0	\$1,845
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
<i>CSG overpayment</i>		\$232	\$0	\$232
<i>Ineligible Underwriting Contributions</i>				
Print Advertisements Program Guide	AFR A 9.1A	\$0	\$560	\$560
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
<i>CSG overpayment</i>		\$0	\$72	\$72
<i>Fair Market Value of High-End Premiums</i>	AFR A 10	\$0	\$1,416	\$1,416
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
<i>CSG overpayment</i>		\$0	\$183	\$183
Total Overstated NFFS		\$34,464	\$53,532	\$87,996
<i>Incentive Rate of Return</i>		0.1258278200	0.1292529330	
Total CSG overpayments		\$4,337	\$6,919	\$11,256

Communications Act and Grant Noncompliance

Governing Board	Total	Percent Noncompliant
Total meetings	26	
Open meetings	24	
<i>Advance Notice Noncompliant</i>	<i>13</i>	<i>54%</i>
Closed Meeting or Session	8	
<i>Closed meeting Reasons Not documented - Noncompliant</i>	0	0%
<i>Explanation for reasons for closed meeting notice to public within 10 days not provided - Noncompliant</i>	5	63%
Executive Committee	Total	Percent Noncompliant
Total meetings	4	
Open meetings	3	
<i>Advance Notice Noncompliant</i>	3	100%
Closed Meeting or Session	4	
<i>Closed meeting Reasons Not documented - Noncompliant</i>	1	25%
<i>Explanation for reasons for closed meeting notice to public within 10 days not provided - Noncompliant</i>	3	75%
CAB	Total	Percent Noncompliant
Total meetings	7	
Open meetings	7	
<i>Advance Notice Noncompliant</i>	7	100%
Combined meeting Summary	Total	Percent Noncompliant
Total Governing, Executive and CAB meetings	37	
Open meetings	34	
Closed meeting not subject to 7-day advance notice	3	
<i>Advance Notice Noncompliant</i>	<i>23</i>	<i>68%</i>
Closed Meeting or Session	12	
<i>Closed meeting Reasons Not documented - Noncompliant</i>	<i>1</i>	<i>8%</i>
<i>Explanation for closed meeting notice to public within 10 days not provided - Noncompliant</i>	8	67%

Scope and Methodology

We performed an attestation examination to determine KSMQ-TV'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 the grantee on its AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2021, 2022 and 2023, grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of the NFFS claimed on the station's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting contracts, grant agreements, membership donations, high-end premium exclusions, in-kind support, and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$2,074,977 of the \$4,095,105 (51 percent) KSMQ-TV claimed on its FYs 2021, 2022 and 2023 AFRs.

We reviewed the allowability of expenses the stations charged to the CSGs and other grants received from CPB during FYs 2021, 2022 and 2023. To determine whether the station incurred CSG expenditures in accordance with grant terms, we reviewed \$816,028 of the \$2,413,249 (34 percent) in CSG grant expenses incurred by the stations during our audit period and \$364,543 of the \$475,923 (77 percent) American Rescue Plan Act grant for the assets purchased and depreciated against the grant funds. For all the grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions.

We reviewed policies, records, and documents supporting the station's compliance with the Act's requirements to provide advance notice of public meetings, make financial and EEO information available to the public, CAB, and safeguard donor lists. We also reviewed the station's websites to determine their compliance with CPB's transparency requirements. Our procedures included interviewing station management and staff, the governing board and CAB members, NETA financial and human resource managers, and the station's independent public accountant.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of the station's policies and procedures for compliance with certification of eligibility requirements, 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 objectives.

We conducted fieldwork from August 2023, through January 2024. We performed our audit in accordance with the *Government Auditing Standards* for attestation examinations.



Dear OIG,

We greatly appreciate the thorough audit conducted by the Office of the Inspector General (OIG) regarding the Corporation for Public Broadcasting (CPB) grants awarded to KSMQ-TV, Austin, Minnesota. The comprehensive review has provided invaluable insights into our operations, and we are committed to addressing the findings and implementing corrective actions to ensure compliance with CPB requirements.

Regarding the findings outlined in the draft report:

1. **Non-Federal Financial Support (NFFS) Overstatement:** We acknowledge the discrepancy identified in the reporting of NFFS totaling \$87,996, which resulted in overpayments of \$11,256 for Community Service Grants (CSG).
 - We will conduct a thorough review of our financial reporting processes and implement measures to ensure accurate and compliant reporting in the future.
 1. We have already begun to implement and document for our internal accounting controls, which should solve any issues with overstating funds in the future.
2. **Questioned Costs due to Lack of Documentation:** We understand the importance of maintaining adequate support documentation for all expenditures. The questioned costs of \$1,143 attributed to insufficient documentation highlight a need for improvement in our record-keeping practices.
 - This was past management's approval of a moving expense for an employee. Current procedures would no longer allow for this to happen.
 - We will insure accuracy and transparency in expenses by requiring all transactions are supported with the receipt and also verifying that the expense is directly coded to the correct account and that the expense is part of the budgeted amount for that account.
3. **Compliance with Communications Act Requirements and CAB Responsibilities:** We acknowledge our failure to fully comply with Communications Act requirements pertaining to public access to meeting information and our Community Advisory Board (CAB) responsibilities. We recognize the significance of these obligations in fostering transparency and community engagement.
 - The board will contact the station management within 24 hours of voting to enter into closed session. The station will promptly notify the webmaster to post that information on the website. The CAB issues are currently being resolved by securing the CPB information and regulations regarding the activities of the CAB and the timeliness of CAB meetings. The station manager has reviewed all of this with the Program manager. The CPB information will be shared with the CAB at their next meeting.

4. **Incorrect Reporting of CPB CSG Expenditures:** We recognize the importance of accurately reporting CPB CSG expenditures. The discrepancy identified in our reporting on AFR Schedule E underscores the need for improved reconciliation processes.
- We are establishing and documenting our internal accounting controls and mechanisms which will aid us in correctly reconciling grant expenditures to ensure alignment with CPB requirements and reporting guidelines.

In response to the audit findings, we are developing a comprehensive corrective action plan that includes:

- Conducting a thorough review of our financial reporting and record-keeping processes
- Implementing internal accounting controls.
- Implementing enhanced documentation procedures for expenditures
- Providing training to staff members on compliance with CPB requirements and statutory obligations
- Establishing regular reconciliation processes for grant expenditures
- Strengthening oversight mechanisms for CAB responsibilities and Communications Act compliance
- Continue to maintain communications with our CFO at NETA to ensuring accurate account and grant coding.

We are committed to implementing these corrective actions promptly and transparently. We value the partnership between KSMQ-TV and the CPB, and we remain dedicated to upholding the highest standards of integrity and accountability in our operations.

We appreciate being given the opportunity to address the audit findings and demonstrate our commitment to continuous improvement. Please do not hesitate to contact us if you require any further information or clarification regarding our response.

Thank you for your attention to this matter.

Sincerely,



KSMQ Board of Directors

KSMQ-TV

Contact CPB OIG

If you have information about fraud, waste, or abuse involving CPB funds, initiatives, or operations, please call, write, or e-mail the Office of the Inspector General or file a complaint through our website. Your report may be made anonymously.

Call: Inspector General Hotline
202-879-9728 or
800-599-2170

Email: oigemail@cpb.org

Write: Inspector General Hotline
Office of the Inspector General
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004-2129

Website: <https://cpboig.oversight.gov/hotline>



On October 1, 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) announced the official launch of [Oversight.gov](https://oversight.gov). This new website provides a “one stop shop” to follow the ongoing oversight work of all Inspectors General that publicly post reports.

The Corporation for Public Broadcasting, like the other OIGs, will continue to post reports to its own website. But with the launch of Oversight.gov, users can now sort, search, and filter the site’s database of public reports from all of CIGIE’s member OIGs to find reports of interest. In addition, the site features a user-friendly map to find reports based on geographic location, and contact information for each OIG’s whistleblower hotline. Users can receive notifications when new reports are added to the site by following CIGIE’s new Twitter account, [@OversightGov](https://twitter.com/OversightGov).