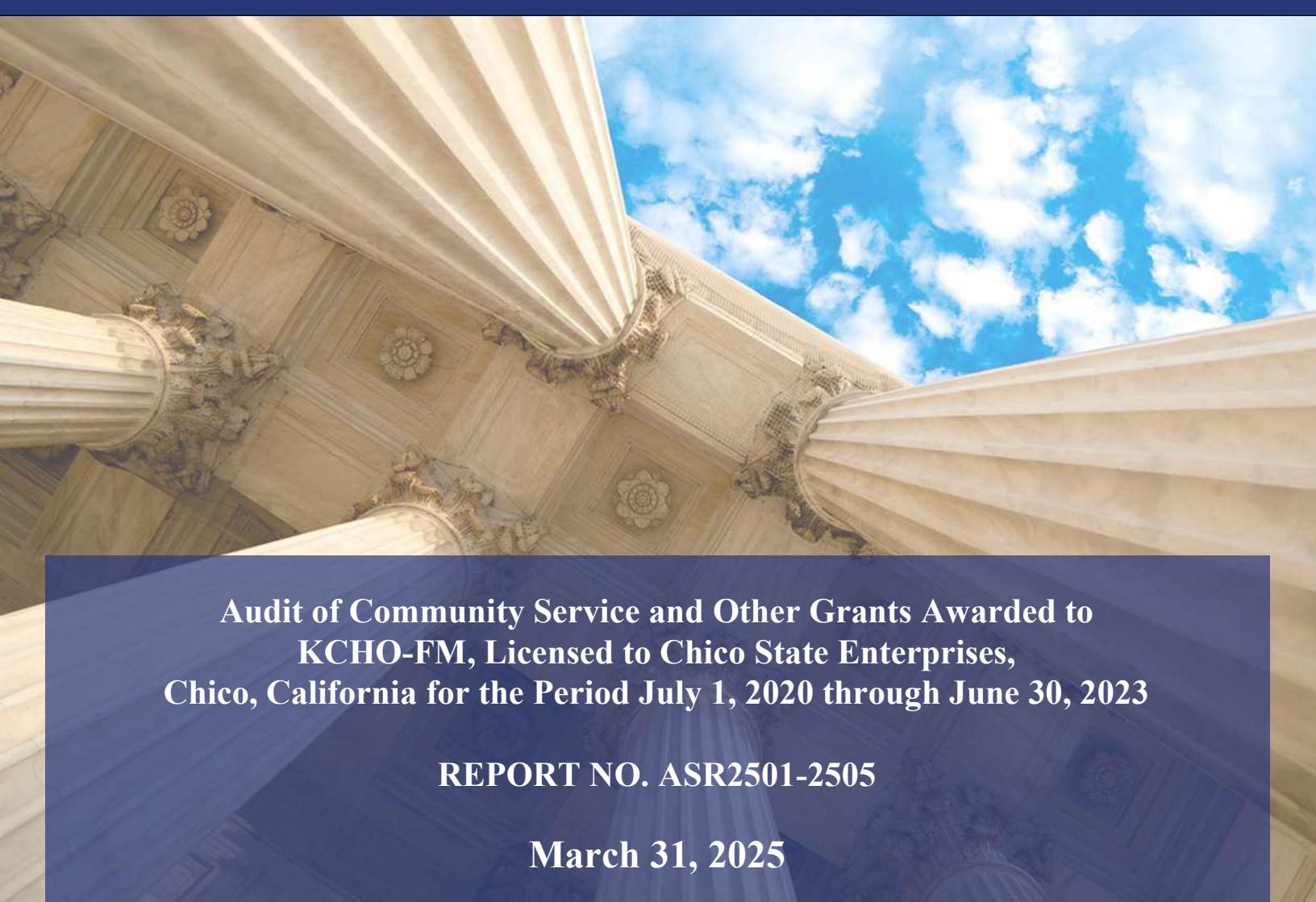




Corporation
for Public
Broadcasting

Office of the Inspector General



**Audit of Community Service and Other Grants Awarded to
KCHO-FM, Licensed to Chico State Enterprises,
Chico, California for the Period July 1, 2020 through June 30, 2023**

REPORT NO. ASR2501-2505

March 31, 2025

cpboig.oversight.gov
Email: oigemail@cpb.org



Report in Brief

*Audit of Community Service and Other Grants Awarded To KCHO-FM,
Licensed to Chico State Enterprises, Chico, California
For The Period July 1, 2020 Through June 30, 2023*

What We Found

We found that KCHO-FM (North State Public Radio, or NSPR) was not compliant with CPB grant and Communications Act requirements because it:

- overstated NFFS totaling \$91,155 for FY 2021, which resulted in potential Community Service Grant (CSG) overpayments of \$4,886 that we reported as funds put to better use;
- overstated NFFS totaling \$9,912 for FY 2022, which may subject NSPR to penalties;
- reported \$2,072 in allocated CSG questioned costs, based upon \$16,885 in unsupported NSPR costs;
- did not maintain accounting records sufficient to facilitate an audit of its reported indirect administrative support, premium offsets, and major donor NFFS transactions (scope limitations);
- did not comply with Act, CPB Financial Reporting Guidelines (Guidelines), and Radio CSG General Provisions and Eligibility (General Provisions) requirements for completing its required annual audit and posting its AFR to its website, and;
- did not comply with General Provisions requirements for discrete accounting of CSG revenues and expenses within NSPR's accounting recordkeeping. NSPR expenses were commingled with Capital Public Radio (CPR) and KHSU-FM expenses using the same account codes, which also included non-CSG expenses.

In response to our draft report, CPR management stated they take these findings seriously and acknowledged that unacceptable deficiencies and poor practices occurred in the past. Under new management and leadership, it has taken swift corrective actions and implemented internal controls to prevent such noncompliance in the future. CPB management will make the final determination regarding our findings and recommendations.

What We Recommend

We recommend that CPB management:

- require NSPR to repay 2023 CSG overpayments of \$4,886 for overstated NFFS;
- require NSPR to repay \$2,072 in 2023 allocated CSG questioned costs;
- assess penalties for overstated NFFS, questioned costs, inadequate recordkeeping for indirect administrative support, premium offsets, major donor NFFS reporting, AFR reporting, discrete accounting requirements, and timely auditing requirements and;
- if CPR and its affiliated stations (NSPR and KHSU) seek reinstatement to the CSG program, CPB should require CPR to specify what internal controls have been implemented to ensure compliance with grant and Act requirements and monitor to ensure those controls have been implemented.

Why We Performed This Audit

We selected this station for audit because of press reports that identified prior mismanagement at the station's management agent, a California State University Chancellor's internal audit, and CPB's concerns.

Our objectives were to determine whether NSPR: a) claimed NFFS on its 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.



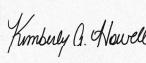
Corporation
for Public
Broadcasting

Office of the Inspector General

Date: March 31, 2025

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: 2025.03.31
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Subject: Audit of Community Service and Other Grants Awarded To KCHO-FM,
Licensed to Chico State Enterprises, Chico, California, for the Period July 1, 2020
Through June 30, 2023, Report No. ASR2501-2505

Enclosed please find our final report which contains our findings and recommendations. CPB officials must make a final management decision on the findings and recommendations in accordance with established audit resolution procedures.

Accordingly, we request that you provide us with a draft written response to our findings and recommendations within 90 days of the final report. We will review your proposed actions and provide our feedback before you issue a final management decision to the grantee, which is due within 180 days of the final report. For corrective actions planned but not completed by the response date, please provide specific milestone dates so that we can track the implementation of corrective actions needed to close the audit recommendations.

We will post this report to the Office of the Inspector General's website and [Oversight.gov](#) and distribute it to the appropriate Congressional committees as required by the Inspector General Act of 1978, as amended. Please refer any public inquiries about this report to our website or our office.

Enclosure

cc: Ruby Calvert, 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 KCHO-FM (North State Public Radio, or NSPR), licensed to Chico State Enterprises, Chico, California. The grants reviewed included Radio Community Service grants (CSG) and the American Rescue Plan Act grants for the period July 1, 2020 through June 30, 2023. We selected this station for audit because of press reports that identified prior mismanagement at the station's management agent, a California State University Chancellor's internal audit, and CPB's concerns.

Our objectives were to determine whether NSPR a) claimed Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expended grant funds in accordance with grant agreement requirements; and c) complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934. The scope of our audit covered the period from July 1, 2020, through June 30, 2023, which included NSPR's three fiscal years (FY) ending June 30, 2021, 2022 and 2023. We also reviewed FY 2024 activity to assess FY 2024 controls.

We found that NSPR was not compliant with CPB grant and Communications Act requirements because it:

- overstated NFFS totaling \$91,155 for FY 2021, which resulted in 2023 CSG overpayments of \$4,886 that we reported as funds put to better use;
- overstated NFFS totaling \$9,912¹ for FY 2022, which may subject NSPR to penalties;
- reported \$2,072 in allocated CSG questioned costs, based upon \$16,885 in unsupported NSPR costs;²
- did not maintain accounting records sufficient to facilitate an audit of its reported indirect administrative support, premium offsets, and major donor NFFS transactions (scope limitations);
- did not comply with Act, Guidelines, and Radio CSG General Provisions and Eligibility (General Provisions) requirements for completing its required annual audit and posting its AFR to its website, and;
- did not comply with General Provisions requirements for discrete accounting of CSG revenues and expenses within NSPR's accounting recordkeeping. NSPR expenses were commingled with Capital Public Radio (CPR) and KHSU-FM (KHSU) expenses using the same account codes, which also included non-CSG expenses.

We recommend that CPB management:

- require NSPR to repay 2023 CSG overpayments of \$4,886 for overstated NFFS;
- require NSPR to repay \$2,072 in allocated CSG questioned costs;

¹ CPB did not release NSPR's CSG grant funds for FY 2024 and officially removed NSPR from the CSG program in October 2024.

² CSG questioned costs were calculated based on an allocation of total questioned costs.

- assess penalties for overstated NFFS, questioned costs, inadequate recordkeeping for indirect administrative support, premium offsets, major donor NFFS reporting, AFR reporting, discrete accounting requirements, and timely auditing requirements; and
- if CPR and its affiliated stations (NSPR and KHSU) seek reinstatement to the CSG program, CPB should require CPR to specify what internal controls have been implemented to ensure compliance with grant and Act requirements and monitor to ensure those controls have been implemented.

In response to our draft report, CPR management stated they took these findings seriously and acknowledged that unacceptable deficiencies and poor practices occurred in the past. Under new management and leadership, it has taken swift corrective actions and implemented internal controls to prevent such noncompliance in the future. CPR's response discussed broad based corrective actions in accounting practices (discrete accounting, supporting documentation, and donor records), transactions (compliance with CPB requirements for premiums and indirect administrative support, payment authorizations, and in-kind donations) and public notice (advance notice of open meetings and posting financial information to the station's website). The station's written response is summarized after each finding and the complete response is presented as Exhibit K.

Based on CPR's response to our draft audit report, we consider all seven recommendations unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

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

Beginning in FY 2024, California State University, Sacramento (Sacramento State) assumed responsibility for CPR's financial accounting and reporting (including NSPR's). Since then, we have identified improvements in internal controls related to NSPR's financial oversight and reporting as discussed under **Other Matters**.

BACKGROUND

NSPR is a nonprofit, non-commercial radio station managed and operated under a Public Service Operating Agreement (PSOA) between Chico State Enterprises and Capital Public Radio, Inc. (CPR), a nonprofit auxiliary organization of Sacramento State, which licensed and managed several other nonprofit, non-commercial radio stations. According to the PSOA, "Licensee and (CPR) have a unique opportunity to enhance the impact of public media in Northern California through a collaboration that will provide listeners of NSPR with enhanced local reporting in Chico, Redding, and the other communities served by NSPR."³

³ PSOA page 2, paragraph 1.

California State University Chancellor's Audit

In 2021, the former Sacramento State Chief Financial Officer noticed irregularities in the quarterly reports submitted to the University by CPR's former General Manager and requested that an audit be conducted by the California State University (CSU) Chancellor's Office. The audit was conducted between February and July 2023, and a report was issued in September 2023. The objectives of the audit were "to confirm compliance with regulatory requirements for the establishment and governance of auxiliary organizations; ascertain the effectiveness of operational, administrative, and financial controls for the activities conducted by Capital Public Radio, Inc. (CPR)".⁴ The audit report's Executive Summary included the following:

"Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for CPR as of the end of fieldwork on April 21, 2023, were unlikely to provide reasonable assurance that risks were being managed, and objectives were met. Additional follow-up was performed through July 2023 to further clarify the noted issues.

During our audit, we encountered scope limitations that affected our review, primarily due to the unavailability of key financial records and a lack of historical knowledge and information within CPR management. Despite the scope limitations, we conducted the audit procedures we deemed feasible. Upon being informed of the preliminary results of the review and due to the limitations, we encountered, campus management decided to engage an independent auditing firm to perform a more focused review of CPR's financial operations and follow up on our audit results."⁵

Forensic Examination

After the Chancellor's audit was issued, Sacramento State engaged an Independent Public Accountant (IPA) to conduct a forensic examination of the activities at CPR. The final report was completed and issued in August 2024. Their report's Executive Summary included the following:

"[The IPA] examined expenditures and disbursements to determine if there is evidence of personal benefit to (name deleted) Subject #1. Our investigation included interviews with individuals involved in CPR finances, financial analysis, and a review of documents provided by CPR. As detailed within this report, [the IPA] determined that a total of \$460,831.93 in unsupported payments were either directly disbursed to (name deleted) Subject #1, or Subject #1 made purchases via credit card that were subsequently paid by CPR without corresponding evidence of expense reports and/or receipts."⁶

"An additional \$307,493.41 in unsupported payments made by CPR to [Credit Card Company #1, or Company #1] may have been related to purchases incurred by Subject #1; however, the statements and supporting documentation were not available or could not be located."⁷

⁴CSU Chancellor's Audit Report 22-37, page 1, paragraph 1.

⁵CPR CSU Chancellor's Audit Report 22-37, page 1, paragraphs 2-3.

⁶CPR IPA Forensic Report 8-14-24, page 4, paragraph 3.

⁷CPR IPA Forensic Report 8-14-24, page 4, paragraph 4.

FY 2023 and FY 2024 Financial Audits

The IPA also was engaged to complete CPR's required annual audit for the 2023 fiscal year. The final report was completed and issued on September 24, 2024, more than seven months after CPB's required submission date of February 13, 2024. This report included a Disclaimer of Opinion, based upon the following:

“Because of inadequacies in Capital Public Radio, Inc.’s accounting records, we were unable to form an opinion regarding the amounts recorded as expenses from cash transactions in the accompanying statement of activities and functional expenses (stated at \$24,854,499). We were also unable to verify donor restricted gifts were used and spent within the donor restrictions.”⁸

The FY 2024 final report was completed and issued on October 24, 2024. This report included a Qualified Opinion, based upon the following:

“In our opinion, except for the effects of valuing an asset at appraisal value, as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Public Radio, Inc. as of June 30, 2024, and the results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.”⁹

We note that we also encountered scope limitations similar to those encountered by the IPA and CSU auditors. These scope limitations included a lack of key supporting financial information (indirect administrative support (IAS), premium offsets, and major donors), particularly for FY 2021 and FY 2022, as well as a lack of historical financial knowledge due to staff turnover in key positions. This report includes findings highlighting the scope limitations in certain areas.

CPB Actions

With the initiation of this audit, CPB withheld the release of the FY 2024 CSG grant funds pending completion of this audit and the related work being conducted by Sacramento State and the transfer of the station’s accounting function to the University. In October 2024, CPB provided NSPR with notice that it had been removed from the Radio Community Service Grant Program effective September 30, 2024. The letter also provided guidance and conditions for NSPR to be considered for re-entry into the CSG program.

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

⁸ CPR IPA FY 2023 Audited Financial Statements, 9-24-24, page 3, paragraph 3.

⁹ CPR IPA Audited Financial Statements, 10-24-24, page 1, paragraph 2.

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 its FY 2021 AFR to determine the amount of the TV CSG funds the station was awarded for FY 2023.

As shown in Exhibit A, NSPR received CSG Radio Restricted, Unrestricted and other grant funds from CPB totaling \$784,407 for FYs 2021, 2022, and 2023. NSPR reported total NFFS of \$4,475,166 for the three FYs (FY 2021 - \$1,793,561; FY 2022 - \$1,545,553; and FY 2023 - \$1,136,052) as shown in Exhibit D. Stand-alone audited financial statements for NSPR for FYs 2021 and 2022 and the combined statement for CPR, NSPR, and KHSU-FM for FY 2023 reported total operating revenues for NSPR of \$5,010,299 for the three years audited (FY 2021 - \$1,793,532; FY 2022 - \$1,545,553; and FY 2023 - \$1,671,214). The station's fiscal year begins on July 1 and ends on June 30.

RESULTS OF AUDIT

In our opinion, NSPR did not comply with specific requirements as summarized in the following paragraph for the FYs 2021, 2022 and 2023 grant reporting as examined in Exhibits A, B, C, D, E, F, and G. We reviewed management's assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; and c) AFR Signature Page. The CSG Certification of Eligibility includes NSPR's compliance with AFR/NFFS reporting in accordance with CPB General Provisions; Act requirements for open meetings, open financial records, equal employment opportunity (EEO) reporting and donor lists; use of CPB funds; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

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

- overstated NFFS totaling \$91,155 for FY 2021, which resulted in 2023 CSG overpayments of \$4,886 that we reported as funds put to better use;
- overstated NFFS totaling \$9,912 for FY 2022, which may subject NSPR to penalties;
- reported \$2,072 in allocated CSG questioned costs, based upon \$16,885 in unsupported NSPR costs;
- did not maintain accounting records sufficient to facilitate an audit of its reported indirect administrative support, premium offsets, and major donor NFFS transactions (scope limitations);
- did not comply with Act requirements for completing its required annual audit and posting its AFR to its website, and;
- did not comply with General Provisions requirements for discrete accounting of CSG revenues and expenses within NSPR's accounting recordkeeping. NSPR expenses were commingled with Capital Public Radio (CPR) and KHSU expenses using the same account codes, which also included non-CSG expenses.

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

FINDINGS AND RECOMMENDATIONS

I. OVERSTATED AND MISREPORTED NFFS

Our audit testing found net overstated NFFS totaling \$101,067 for the three fiscal years audited. The FY 2021 overstatement totaled \$91,155 and resulted in CSG overpayments of \$4,886 as presented in the following table. We classified the net overpayments as funds put to better use for reporting purposes because the funds overpaid to NSPR could have been distributed to other public broadcasting entities. We also experienced scope limitations related to lack of membership information, premium offsets, and indirect administrative support documentation that prevented us from identifying additional overstated NFFS.

FY 2021 Overstated NFFS and CSG Overpayment Calculation

Condition	FY 2021
Unsupported Business Underwriting Transactions	\$84,734
Unsupported Vehicle Auction Transactions	\$0
Unsupported Membership Transactions	\$6,421
Total Overstated NFFS	\$91,155
Incentive Rate of Return	0.053601532
CSG Overpayment	\$4,886

The balance of the NFFS overstatements totaling \$9,912 is presented in the following table of FY 2022 overstatements. Because NSPR did not receive CSG funding for FYs 2024 and 2025 based upon their FY 2022 and 2023 reporting,¹⁰ no repayment will be required, but NSPR may still be subject to penalties for AFR misreporting.

FY 2022 NFFS Overstatement

Condition	FY 2022
Unsupported Business Underwriting Transactions	\$0
Unsupported Vehicle Auction Transactions	\$9,912
Unsupported Membership Transactions	\$0
Overstated NFFS	\$9,912

¹⁰ CPR and its affiliated stations (KHSU and NSPR) were removed from the CSG program by CPB in October 2024.

Unsupported Business Underwriting Transaction

We tested NSPR's business underwriting activities for the three years audited and identified overstated NFFS totaling \$84,734 in FY 2021. Specifically, in testing two transactions totaling \$88,187, we found that one, for \$84,734, was ineligible because CPR did not have the supporting documentation required by CPB guidelines to evidence the transaction. CPR could not provide any support for this transaction beyond the journal entry that recorded it initially. The overstated NFFS resulted in CSG overpayment of \$4,542.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- A. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.
- 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:
 1. when litigation or an audit begins before the expiration of the three-year period; and
 2. when CPB requests otherwise in writing.

Radio CSG General Provisions and Eligibility Criteria, FY 2021, Section 3, Recordkeeping Requirements.

The FY 2021 transaction was part of CPR's year-end closing, and the previous CPR general manager was serving as both the CEO and CFO at that time. Current CPR staff advised that, as part of the closing process, previous staff made adjusting entries to ensure that the account balances reconciled to the balances included in the financial statements.

NSPR overstated underwriting revenues totaling \$84,733, which resulted in CSG overpayments of \$4,542.

Unsupported Vehicle Auction Transaction

We tested NSPR's vehicle donation program for the three years audited and identified overstated NFFS totaling \$9,912. Specifically, in testing three FY 2022 transactions totaling \$26,012, we found that one transaction, for \$9,912, was ineligible because CPR did not have the supporting documentation required by CPB guidelines to evidence the transaction. CPR could not provide any support for this transaction beyond the journal entry that recorded it initially. Since CPB withdrew NSPR from the CSG grant program for FYs 2024 and 2025, no CSG overpayments occurred.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- A. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.
- 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
 1. when litigation or an audit begins before the expiration of the three-year period; and
 2. when CPB requests otherwise in writing.

Radio CSG General Provisions and Eligibility Criteria, FY 2022, Section 3, Recordkeeping Requirements.

CPB's Financial Reporting Guidelines include the following:

Line 14 - Special fundraising activities (net)

This line represents the net revenue earned from special fundraising activities. It is determined automatically by subtracting Line 14B from Line 14A. Only net special fundraising revenues (the gross special fundraising revenues less all direct, third-party expenses for the event) are eligible as NFFS. If direct special fundraising expenses are greater than gross special fundraising revenues, the loss will not affect NFFS... Typical special fundraising activities include: vehicle donation programs, gaming activities, performances, benefits, dances, lectures, dinners, art exhibits, workshops, film festivals, tournaments, wine tasting parties and travel tours, etc.

Financial Reporting Guidelines FY 2022, Part III, Schedule D, Line 14 instructions

This FY 2022 transaction was part of CPR's year-end closing. Current CPR staff advised that, as part of the closing process, previous staff made adjusting entries to ensure that their account balances reconciled to the balances included in their financial statements. There was no actual support for the transactions themselves.

NSPR overstated FY 2022 NFFS totaling \$9,912 for vehicle auction revenues, which could result in penalties.

Unsupported Membership Transaction

Our testing of membership revenues for the three-year audit period identified \$6,421 in overstated NFFS. Specifically, in testing nine FY 2021 transactions totaling \$150,542, we found that \$6,421 was ineligible because NSPR did not have the supporting documentation required by CPB guidelines to evidence the transaction. This overstatement resulted in a CSG overpayment of \$344.

Initially, we reviewed the nine NSPR membership transactions in our sample and questioned five due to lack of documentation on membership status. Eventually, CPR was able to provide some form of membership status documentation for most of the transactions selected. However, there was one transaction, for \$6,421, which we continue to question because we did not receive any support for it.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- A. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.
- 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:
 1. when litigation or an audit begins before the expiration of the three-year period; and
 2. when CPB requests otherwise in writing.

Radio CSG General Provisions and Eligibility Criteria, FY 2021, Section 3, Recordkeeping Requirements.

CPR did not keep source membership documentation that identified NSPR members and the donation status of all of their donors. The donation management software they used required them to download the donor information and keep it on file to satisfy the record retention requirement. However, prior to our audit, they had not been downloading the supporting documentation on a regular basis. As was noted, after we requested the source membership information and initially questioned membership transactions because of the lack of it, CPR was able to retrieve missing documentation for NSPR. For the one transaction we cited, supporting documentation was not available.

NSPR overstated membership revenues totaling \$6,421, which resulted in CSG overpayments of \$344.

Fair Market Value of High-End Premiums – Scope Limitation

NSPR reported \$11,860, including \$10,567 in FY 2021, \$0 in FY 2022, and \$1,293 in FY 2023 as exclusions for the Fair Market Value (FMV) of high-end premium thank-you gifts. We were unable to determine the proper exclusion amount because the station could not produce adequate documentation of the FMV of the thank-you gifts for reporting on AFR Schedule A, line 10.1.

The lack of documentation created a scope limitation and prevented us from attesting to the accuracy of NFFS membership revenues reported to CPB.

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.

Financial Reporting Guidelines FYs 2021-2023, 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.

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).

Financial Reporting Guidelines FYs 2021-2023, Part III – AFR and FSR Line Item Instructions.
Completing the AFR Schedule A - Direct Revenue. Line item 10.1.

CPR provided us with a listing on behalf of NSPR of FY 2021 and FY 2022 premiums from their membership database vendor. However, the listing included low-cost or token items considered insubstantial and did not match the amount for the thank you gift premium exclusions reported on AFR line 10.1, NFFS exclusion – FMV of Premiums. Due to staff turnover the current staff were unable to run reports from the vendor to adequately calculate the FMV of the premiums that CPB requires to be reported on AFR line 10.1 and excluded from membership NFFS for the periods audited.

Our scope was limited in evaluating the accuracy of FMV premium exclusions reporting during our audit period. NSPR may be subject to penalties under CPB’s Non-Compliance Policy.

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

Indirect Administrative Support Reporting - Scope Limitation

NSPR claimed \$209,506 in Indirect Administrative Support (IAS) NFFS on Schedule B, Line 5 in its FY 2021 AFR, \$297,589 in its FY 2022 AFR, and \$0 in its FY 2023 AFR. We were unable to determine the accuracy of this reporting because the worksheet provided by CPR on behalf of NSPR to support the entries did not match the actual amounts reported. This lack of supporting documentation created a scope limitation and prevented us from identifying the accuracy of IAS NFFS revenues reported to CPB.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- A. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.

Radio CSG General Provisions and Eligibility Criteria, FY 2021-2023, Part I, Section 3, Recordkeeping Requirements

CPB's Financial Reporting Guidelines include the following:

Completing AFR Schedule B – Indirect Administrative Support

Worksheet: Standard Method

CSG recipients must use the Standard Method to report IAS.¹²

To calculate IAS using the standard method, follow the five steps below, completing Schedule E before Schedule B.

- Step 1: Compute the Rate...
- Step 2: Identify the Base...
- Step 3: Apply the Rate to the Base...
- Step 4: Compute Occupancy Value...
- Step 5: Deduct Fees Paid to the Licensee...

Schedule B Summary (Tab 3):

Line 1 Total support activity benefiting station

This line will automatically display the total indirect support reported in Schedule B Tab 1 "Determine Indirect Administrative Support".

Line 2 Occupancy value

¹². Exemption: State Licensees with prior approval from CPB may use the Grantee-Developed method form to report IAS.

This line will automatically display the occupancy values reported in Line 3 Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.

Schedule B Tab 2 “Determine Occupancy Values”.

Enter any fees paid to the licensee for overhead recovery, assessment, use fees or management fees etc.

Line 4 Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements

Any excess of the values reported on lines 1 and 2 above that are greater than the values recognized as indirect administrative support revenues in the audited financial statements. Grantees cannot claim more NFFS than that is recognized as indirect administrative support revenues in the audited financial statements. If the indirect administrative support revenue per the audited financial statements is greater than the sum of lines 1 and 2 above, this may cause a reconciling item for Schedule F.

Line 5 Total indirect administrative support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)

This line reports the value that will be claimed as NFFS from indirect administrative support. This line will automatically calculate the total indirect administrative support as the sum of values reported on lines 1 and 2 above, less amounts reported on lines 3 and 4 above. This line is also forwarded to Line 2 of the Summary of Nonfederal Financial Support.

Line 6 Please enter an institutional type code for your licensee.

Select appropriate licensee donor code from the dropdown menu or list and finally save Schedule B as completed.

Financial Reporting Guidelines FY 2021-2023, Part II, Schedule B, Indirect Administrative Support

The support we received for FY 2021 IAS included other CPR-managed stations, and we were unable to segregate the portion applicable to NSPR general ledger. For FY 2022, CPR provided a worksheet as documentation for their calculation of IAS based upon the Standard Method prescribed by CPB. However, the worksheet they provided showed a different amount (\$251,372) than the amounts reported on the AFR. Furthermore, while we were able to verify some items included in their worksheet (the information reported on the University’s financial statement audit), we were unable to verify any of the items included in their Line 3 deductions (the information reported on the NSPR audited financial statements). CPR chose not to report any IAS for NSPR on its FY 2023 AFR.

Our scope was limited in evaluating IAS during our audit period and we could not attest to the accuracy of the IAS reported on the AFR Schedule B. NSPR may be subject to penalties under CPB’s Non-Compliance Policy.

Recommendations

We recommend that CPB management:

- 1) recover \$4,886 in 2023 CSG overpayments, and;
- 2) assess penalties for the overstated NFFS reported in FY 2022, inadequate recordkeeping for premium offsets, and indirect administrative support.
- 3) If CPR and its affiliated stations seek reinstatement to the CSG program, CPB should require NSPR to specify what internal controls have been implemented to ensure compliance with NFFS reporting compliance and monitor its AFR reporting to ensure corrective actions have been fully implemented.

CPR Management Response on Behalf of NSPR

In response to our draft report, CPR management stated that they took these findings seriously and acknowledged that unacceptable deficiencies and poor practices have occurred in the past. Under new management and leadership, it has taken swift corrective actions and implemented internal controls to prevent such deficiencies in compliance and reporting from occurring in the future. Since they contracted out their accounting to Sacramento State, there had been a notable improvement in financial practices and reporting, and that the Sacramento State Accounting Services group had made significant progress in addressing many of the issues identified in the report.

Specifically, their response highlighted discrete accounting for revenues and expenditures for all three of the licensees they managed to address the discrete accounting issues noted throughout the report. They also highlighted financial process improvements, including implementing controls requiring support for all journal entries, account reconciliations, and batch transactions, as well as updated processes to document and maintain donation records, comply with CPB guidelines on premiums and indirect administrative support, and properly manage and report in-kind donations. The station's complete written response is presented as Exhibit I.

OIG Review and Comment

Our review of the station's response found that it primarily focused on corrective actions taken without any specific discussion of the control techniques implemented and did not comment on the two recommendations. As a result, we consider the three recommendations unresolved and open pending CPB's final management determination resolving these recommendations.

II. QUESTIONED COSTS – Scope Limitation

We tested 16 NSPR expense transactions totaling \$247,336 from FYs 2021, 2022, and 2023. Based on the results of our audit work, we questioned all five of the NSPR FY 2022 expense transactions we reviewed, totaling \$16,885. These expenses included year-end transactions without any support and other unsupported expenses. Because CPR did not use discrete accounting for NSPR's expenses, we calculated questioned costs by using an allocation of CSG revenues to total AFR expenses as reported for each of the fiscal years cited. We calculated \$2,072 in potential CSG questioned costs, as shown below.

The lack of discrete accounting for NSPR's CSG expenses and the commingling of NSPR CSG expenses with CPR and KHSU expenses created a scope limitation to effectively audit CSG expenses. The matter of the comingling of CSG expenses in the same account codes for the three licensees (CPR, NSPR, and KHSU) is discussed further under the discrete accounting compliance finding.

Questioned Costs and CSG Estimated Questioned Costs Calculation

Condition	FY 2021	FY 2022	FY 2023
Unsupported Expenses	\$0	\$10,604	\$0
Unsupported Year-End Transactions	\$0	\$6,281	\$0
Total Questioned Costs	\$0	\$16,885	\$0
CSG Expenditure Percentage ¹³	15.480%	12.270%	12.110%
CPB Estimated Questioned Costs	\$0	\$2,072	\$0

Unsupported Expenses & Year-End Transactions

We identified three unsupported expense transactions totaling \$10,604 in FY 2022. Two transactions (\$5,038 and \$4,787) were related to part-time employee payrolls for which we did not receive support. The other transaction (\$778) was for a bank fee that was reclassified, which also had no support.

We also identified two transactions totaling \$6,281 in FY 2022 transactions related to year-end accounting closeouts. These journal entries were created to reconcile year end balances against the audited financial statement balances. However, these entries were made solely to match the information being reported on NSPR's audited financial statements, and there was no independent documentation supporting them.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- A. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.
- 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:
 - 1. when litigation or an audit begins before the expiration of the three-year period; and
 - 2. when CPB requests otherwise in writing.

¹³ See Exhibit F for calculation of CSG percentage.

- 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.

In the event of an improper expenditure or any discrepancies or inaccuracies in CSG expenditures, whether reported by Grantee, discovered during an audit or otherwise, CPB may, in its discretion, reduce Grantee's CSG. In the event of a CSG reduction, CPB may decide whether to recover the overpayment immediately or by reducing the current or future CSG awards. If CPB requires Grantee to return all or part of the overpayment, CPB will notify Grantee in writing of the action it intends to take.

Radio CSG General Provisions and Eligibility Criteria, FY 2022, Part I, Section 3,
Recordkeeping Requirements

Pursuant to the Communications Act, CSG funds distributed "... may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming" (47 U.S.C. § 396(k)(7)).

CSGs are divided into unrestricted and restricted amounts, each subject to the different spending constraints set forth below. However, both the unrestricted and restricted CSG amounts must be used to support Grantee's ability to expand the quality and scope of services it provides to the community it serves.

- A. Unrestricted CSG: Unrestricted CSG expenditures must fall into one of seven categories, which include salaries and benefits for personnel engaged in those activities as shown in Exhibit B, attached hereto and incorporated herein by reference. Grantee may not use any of the unrestricted CSG to cover salaries and benefits for Full-time or Full-time Equivalent Employees used to satisfy Grantee's Staffing Requirements, Section 5.
- B. Restricted CSG: Restricted CSG funds must be used as specified in Section 396(k)(3)(A)(iii) of the Communications Act, which provides that the funds are "solely to be used for acquiring or producing programming that is to be distributed nationally and is designed to serve the needs of a national audience."

Expenditures from the restricted portion of the CSG must fall into one of the following four categories:

1. Production Expenditures...
2. Program and Content Acquisition Expenditures...
3. Distribution Expenditures...
4. Promotion Expenditures...

Radio CSG General Provisions and Eligibility Criteria 2022, Part I, Section 12,
Permitted CSG Expenditures: Restricted and Unrestricted

Exhibit B- Unrestricted CSG Expenditures

CSG expenditures must fall into one of seven categories listed below:

1. Programming, Production, and Services...
2. Broadcasting, Transmission, and Distribution...
3. Program Information and Promotion...
4. Fundraising and Membership Development...
5. Underwriting and Grant Solicitation...
6. Management and General...
7. Purchase, Rehabilitation, or Improvement of Capital Assets...

Radio CSG General Provisions and Eligibility Criteria, FY 2022, Part II, Exhibit B, Unrestricted CSG Expenditures

There were multiple contributing factors for the expenditure noncompliance. First, as was previously mentioned, according to the IPA report “Certain individuals associated with CapRadio partook in activities that were not in the best interest of CapRadio and, due to a lack of an internal control framework, the activities were not identified in a timely manner.”¹⁴ Second, for the FY 2021 and FY 2022 years, CPR had poor internal controls over accounting because the former General Manager was still serving as both CEO and CFO in FY 2021 and part of FY 2022 and directed the accounting activity for both years. Third, the lack of discrete accounting for CSG restricted and unrestricted expenditures created a scope limitation to verify the actual use of CSG funds. Fourth, CPR proved to be incapable of managing and maintaining both their own and NSPR’s financial records, and Sacramento State had to take over responsibility for CPR’s accounting in October 2023.

The extent of the lack of documentation to support CSG expenses found in our audits of NSPR, CPR, and KHSU coupled with the lack of discrete accounting for the three licensees’ expenses (CSG and non-CSG expenses) prevents us from attesting to the accuracy of the AFRs submitted to CPB for these three licensees. Further, this noncompliance with grant requirements may result in CPB assessing penalties in addition to requiring NSPR to repay the questioned CSG costs of \$2,072 to CPB.

Recommendations

We recommend that:

- 4) CPB require NSPR to repay the \$2,072 in allocated CSG questioned costs.
- 5) If CPR and its affiliated stations seek reinstatement to the CSG program, CPB should require CPR to specify what internal controls have been implemented to ensure that future NSPR CSG expenditures are authorized and fully supported with adequate recordkeeping documentation and monitor to ensure those controls have been implemented.

CPR Management Response on Behalf of NSPR

In response to our draft report, as previously referenced in the NFFS finding, CPR management acknowledged the deficiencies and poor practices during our audit period. CPR’s response highlighted changes made to the expenditure approval process, implementing strict controls for financial transactions including documentation, separation of duties, delegation of authority,

¹⁴ CPR’s Independent Auditor’s Report on Internal Control, FY 2023, 9-24-2024, page 3, paragraph 3.

and new payment authorization processes. They also noted their implementation of discrete accounting for each licensee they managed and the engagement of a new third-party financial auditor (IPA). The station's complete written response is presented as Exhibit I.

OIG Review and Comment

Our review of the station's response found that it primarily focused on corrective actions taken without any specific discussion of the control techniques implemented and did not comment on the two recommendations. As a result, we consider the two recommendations unresolved and open pending CPB's final management determination resolving these recommendations.

III. ACT AND CPB GENERAL PROVISIONS GRANT REQUIREMENTS NONCOMPLIANCE

Open Financial Records

We found that NSPR was not fully compliant with Act, Guidelines, and General Provisions requirements for making open financial records available to the public. On our review date, March 13, 2024, none of their AFRs were posted to their website, and this remained the case at the time of our second review on September 5, 2024. Also, the separate FY 2023 financial statement audit for NSPR had not been issued as of the completion of the OIG audit.¹⁵

The Act provides:

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

The Act, 47 U.S.C. Section 396 (k)(5).

CPB's Guidelines include the following:

CSG recipients must submit their annual financial statements to CPB. Those that file an AFR must provide CPB with their annual comparative audited financial statements. Radio recipients must provide CPB with their comparative audited financial statements unless they have total station revenues of less than \$300,000.

Financial Reporting Guidelines, FY 2023, Part I, Section I, Financial Statements, A. Overview

CPB General Provisions include the following:

B. Documents for Public Inspection: Website Posting Required: At a minimum, each Grantee must post the following for public inspection on its station website...

4. The most recent financial records (audited or unaudited financial statements and the AFR or FSR) as required by Section 2(C), Communications Act Requirements.

¹⁵ CPR's FY 2023 and FY 2024 audited financial statements included supplementary information for NSPR, but the IPA's audit opinion did not include the supplementary information.

Radio CSG General Provisions and Eligibility Criteria, FY 2023, Section 9. Transparency.

CPR was responsible for posting the AFRs to NSPR's website. CPR staff stated that the AFRs had not been posted to the website because there was concern about the AFR's accuracy after allegations of station mismanagement. Also, while unaudited NSPR schedules were included in CPR's FY 2023 audited financial statements, separate, stand-alone financial statements for NSPR had not been created as of the completion of the OIG audit.

NSPR was not compliant with CPB's General Provisions requirements for open financial records on the date of our reviews and may be subject to penalties under CPB's Non-Compliance Policy.

Discrete Accounting

CPR did not discretely account for NSPR's CSG grant funds despite certifying that it used discrete accounting for its CSG grant agreements. The three licensees' revenues and expenses were all commingled in the same CPR accounting code accounts. This created a scope limitation to effectively audit CSG expenses.

CPR certified in the NSPR CSG grant agreements that it used the following discrete accounts for revenues and expenses in FY 2021 and FY 2022.

FYs 2021 and 2022 Account Codes

Account Title	Account Number
Unrestricted Revenues	11-4305-600
Restricted Revenues	12-4305-600
Unrestricted Expenses	11-6000-100
Restricted Expenses	12-6000-100

These were the exact same account numbers used by CPR to track its CSG revenues and expenses, so NSPR's CSG revenues and expenses were commingled within CPR's accounting codes. A similar finding was found in auditing KHSU's discrete accounting records. The three licensees' expenses were all commingled in the same CPR accounting codes.

For FY 2023, CPR's General Manager certified using the following accounts on behalf of NSPR.

FY 2023 Account Codes

Account Title	Account Number
Unrestricted Revenues	14-4305-600
Restricted Revenues	12-4305-600
Unrestricted Expenses	14-6000-100
Restricted Expenses	12-6000-100

For FYs 2021 and 2022, CPR did not deposit NSPR's CSG funds into the 11-4305-600 account as was certified. Instead, the funds were deposited into a different account, 11-4305-700. Also, the funds deposited were not separated into restricted and unrestricted accounts. Instead, all of NSPR's restricted and unrestricted CSG grant proceeds (\$184,182 in FY 2021 and \$189,352 in FY 2022) were deposited into the 11-4305-700 account. For FY 2023, all the proceeds (\$187,164), both restricted and unrestricted, were deposited into the 14-4305-600 account.

On the expense side, NSPR's CSG expenses were commingled with CPR's expenses in the 11-6000-100 account in FY's 2021 and FY 2022, but the separate 14-6000-100 account was used for FY 2023. Further, Account 11-6000-100 was also used to account for both CPR and KHSU expenses. Finally, Account 12-6000-100, which was supposed to be used for restricted expenses, was never created or utilized at all.¹⁶

Sacramento State is now responsible for putting together the financial statements after they assumed responsibility for the accounting in October 2023, however, they elected not to utilize discrete accounting because of the uncertainty associated with NSPR receiving future CSG grants.

CPB's Radio CSG General Provisions include the following:

- D. Discrete Accounting Requirement: During the Spending Period, Grantee must be compliant with the Discrete Accounting Requirement.

Radio CSG General Provisions and Eligibility Criteria, FY 2021-2023, Part I Section 3, Recordkeeping Requirements

CPB's Radio Community Services Grant Agreement(s) and Certification of Eligibility, to which NSPR certified compliance, include the following:

D. Discrete Accounting

Grantee must use unique accounting codes for CSG revenues and expenses – restricted and unrestricted. Specifically, Grantee's accounting systems must be able to generate a report showing CSG revenues and how they were expended, using unique accounting codes. These accounts may not include non-CSG revenues or expenses.

Radio Community Services Grant Agreement(s) and Certification of Eligibility, FY 2021-2023, Section V, Selected General Provision Requirements

CPB expenditure guidelines also require grantees to comply with the recordkeeping requirements set forth below:

- 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.

Radio CSG General Provisions and Eligibility Criteria, FY 2023, Part I, Section 3, Recordkeeping Requirements

For FY 2021 and FY 2022, CPR had poor internal controls over accounting because the former General Manager was still serving as both CEO and CFO in FY 2021 and part of FY 2022 and

¹⁶ While restricted CSG expenditures were not discretely accounted for, our analysis of program billings for FYS 2021- 2023 exceeded the restricted CSG grant award of \$129,598 for the fiscal years so we did not question restricted expenditures. However, we did identify the lack of discrete accounting of CSG expenditures as a scope limitation in our questioned cost finding.

directed the accounting activity for both years. For FY 2023, even though Sacramento State was responsible for putting together the financial statements after it assumed responsibility for the accounting in October 2023, they elected not to pursue discrete accounting because of the uncertainty associated with CPR receiving future CSG grants.

NSPR's noncompliance with discrete accounting requirement as certified to CPB may subject it to financial penalties.

AFR Reporting – Schedule A - Major Donor Reporting

CPR did not report any major donor revenue on behalf of NSPR in Schedule A, Line 19 in the FY 2021, 2022, and 2023 AFRs even though it appeared the station received major donations. We were unable to determine the accuracy of this reporting due to the errors and adjustments included in CPR's general ledger. The errors and adjustments prevented us from identifying the accuracy of NFFS revenues reported to CPB for major donors.

CPR created accounts titled "Major Giving - Chico" (11-4125-700), "Major Giving – NSPR Membership" (14-4125-300) and "Membership – NSPR Planned Gifts" (14-4145-300) to account for large NSPR contributions. The first two accounts showed no net activity. The third account had three major contributions (\$20,000, \$74,032, and \$21,691) in FY 2023, but these were not recorded as major donor contributions on the AFR. They were reported as membership contributions.

CPB General Provisions require grantees to comply with the recordkeeping requirements set forth below:

- B. Recordkeeping, Certification, and Audit Requirements: The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. § 396(l)(3)(B), (C), & (D)). Additional information related to recordkeeping is found in the Principles of Accounting.

Radio CSG General Provisions and Eligibility Criteria, FY 2021-2023, Part I, Section 3, Recordkeeping Requirements

CPB's Financial Reporting Guidelines include the following instructions:

Line 19 - Gifts and Bequests from Major Individual Donors

Use this line to report gifts and bequests from major individual donors, including estates, trusts, etc. For eligible gifts and bequests, use this line rather than Lines 10, 11, or 17 but use Line 18 rather than this line when the gift meets the definition of Line 18.

Major individual donors are herein defined as any individual donor who contributes an amount, in aggregate, equal to or greater than \$1,000 for the reporting year. For example, donor Jane Doe gives two \$500 gifts in the same fiscal year; Jane Doe has contributed \$1,000 for the reporting year and is a major donor.

Additional Specific Line Instructions:

19.1 - Total number of major individual donors

This line must be completed if Line 19 is greater than \$0.

Use this line to report the number of unduplicated major individual donors providing the revenue reported on Line 19.

Financial Reporting Guidelines, FYs 2021-2023, Part III, Schedule A, Line 19 instructions

CPR did not accurately track NSPR's major donor transactions. Also, for FY's 2021 and 2022, some NSPR major donor contributions may have been commingled with CPR's membership revenues.

We were unable to fully evaluate the major donor contributions during our audit period. NSPR may be subject to penalties under CPB's Non-Compliance Policy.

Recommendations

We recommend that:

- 6) CPB assess penalties for NSPR's noncompliance with Act and CPB requirements for completing their annual financial audit, posting AFRs to its website, the lack of discrete accounting, and major donor reporting.
- 7) If CPR and its affiliated stations seek reinstatement to the CSG program, CPB should require NSPR to specify what internal controls have been implemented to ensure NSPR's compliance with Act and CPB grant requirements and monitor compliance for open financial information, discrete accounting, and major donor reporting compliance to ensure internal controls have been fully implemented.

CPR Management Response on Behalf of NSPR

In response to our draft report, CPR management acknowledged the deficiencies and poor practices and have implemented corrective actions indicating that they now make the required financial information available on its website and addressed discrete accounting requirements. The station's complete written response is presented as Exhibit I.

OIG Review and Comment

Our review of the station's response found that it primarily focused on corrective actions taken without any specific discussion of the control techniques implemented and did not comment on the two recommendations. As a result, we consider the three recommendations unresolved and open pending CPB's final management determination resolving these recommendations.

OTHER MATTERS

Review of FY 2024 Transactions

Given the transfer of accounting responsibility for CPR to Sacramento State, we tested 50 revenue transactions and 10 expenditure transactions recorded between July 2023 and February 2024 to evaluate whether these transactions: 1) were adequately documented; and 2) would have been allowable under CSG NFFS and expenditure guidelines. The transactions tested included five revenue transactions for NSPR. We found that all 50 revenue transactions were adequately supported and allowable under CPB's NFFS guidelines, without exception. We also found that all 10 expenditure transactions were adequately supported and allowable under CPB expense guidelines, again without exception. Based on this limited testing, we concluded that CPR had made progress in implementing the University's controls to ensure revenues were handled in accordance with CPB guidelines and expenditures incurred were allowable under CPB guidelines.

Exhibit A

CPB Payments to North State Public Radio

CPB Grants	FY 2021	FY 2022	FY 2023	Totals
Community Service Grants & Supplemental Grants				
Unrestricted	\$117,401	\$120,860	\$119,546	\$357,807
Restricted	\$43,357	\$43,822	\$42,419	\$129,598
Rural Service	\$23,424	\$24,670	\$25,199	\$73,293
Total Community Service Grants	\$184,182	\$189,352	\$187,164	\$560,698
American Rescue Plan Act	\$223,709	\$0	\$0	\$223,709
Total All CPB Grant Payments	\$407,891	\$189,352	\$187,164	\$784,407

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Schedule A
KCHO-FM (1292)
Chico , CA

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 and indirectly by federal government agencies	\$90,020	\$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)	\$90,020	\$0
Variance greater than 25%.		
2. Amounts provided by Public Broadcasting Entities	\$407,891	\$189,352
A. CPB - Community Service Grants	\$184,182	\$189,352
B. CPB - all other funds from CPB	\$223,709	\$0
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	\$0	\$0
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$9,224	\$5,810
3.1 NFFS Eligible	\$9,224	\$5,810
Variance greater than 25%.		
A. Program and production underwriting	\$1,005	\$5,810
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$8,219	\$0
Variance greater than 25%.		
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
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	\$0	\$0
4.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$285,000	\$289,716
5.1 NFFS Eligible	\$285,000	\$289,716
A. Program and production underwriting	\$0	\$4,716
B. Grants and contributions other than underwriting	\$285,000	\$285,000
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 (TV only)	\$0	\$0

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campaign (Radio only)		
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
6.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$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	\$54,214	\$42,807
8.1 NFFS Eligible	\$54,214	\$42,807
A. Program and production underwriting	\$3,599	\$18,057
Variance greater than 25%.		
B. Grants and contributions other than underwriting	\$50,615	\$24,750
Variance greater than 25%.		
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
8.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0

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C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
9. Business and Industry	\$257,634	\$181,431
9.1 NFFS Eligible	\$257,634	\$181,431
Variance greater than 25%.		
A. Program and production underwriting	\$157,881	\$181,431
B. Grants and contributions other than underwriting	\$99,753	\$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	\$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
10. Memberships and subscriptions (net of membership bad debt expense)	\$331,148	\$458,439
Variance greater than 25%.		
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$10,567	\$0
Variance greater than 25%.		
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
10.3 Total number of contributors.	2021 data 3,004	2022 data 2,879
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1 Total number of Friends contributors.	2021 data 0	2022 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

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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
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$57,591	\$37,131
A. Gross special fundraising revenues	\$82,742	\$60,212
Variance greater than 25%.		
B. Direct special fundraising expenses	\$25,151	\$23,081
15. Passive income	\$0	\$1,358
A. Interest and dividends (other than on endowment funds)	\$0	\$0
B. Royalties	\$0	\$1,358
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)	\$7,761	\$-992
A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$7,761	\$-992
Variance greater than 25%.		
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
17. Endowment revenue	\$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)	\$42,527	\$0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$42,527	\$0
Variance greater than 25%.		
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$0	\$0
2021 data 2022 data		
19.1 Total number of major individual donors	0	0
20. Other Direct Revenue	\$0	\$0
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
A. Proceeds from sale in spectrum auction	\$0	\$0
B. Interest and dividends earned on spectrum auction related revenue	\$0	\$0
C. Payments from spectrum auction speculators	\$0	\$0
D. Channel sharing and spectrum leases revenues	\$0	\$0

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E. Spectrum repacking funds	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$1,568,161	\$1,228,133
<hr/>		
Adjustments to Revenue	2021 data	2022 data
23. Federal revenue from line 1.	\$90,020	\$0
<hr/>		
Variance greater than 25%.		
24. Public broadcasting revenue from line 2.	\$407,891	\$189,352
<hr/>		
Variance greater than 25%.		
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
27. Other automatic subtractions from total revenue	\$43,479	\$22,089
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	\$25,151	\$23,081
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$7,761	\$-992
<hr/>		
Variance greater than 25%.		
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$0
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$0	\$0
K. FMV of high-end premiums (Line 10.1)	\$10,567	\$0
<hr/>		
Variance greater than 25%.		
L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$0	\$0
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$1,026,771	\$1,016,692
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Comments

Comment	Name	Date	Status
Schedule B WorkSheet KCHO-FM (1292) Chico , CA			

2021

2022

Step 1 - Compute the Rate -
Licensee Indirect Costs/Licensee

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	2021	2022
Direct Costs		
Institutional Support (Enter this amount here only if station benefits from Institutional Support.)	\$1,421,881,000	\$1,409,504
Variance greater than 25%.		
AFS page or "n/a"	35	N/A
Physical Plant Support (Enter this amount here only if station benefits from Physical Plant Support.)	\$1,023,948,000	\$899,188
Variance greater than 25%.		
AFS page or "n/a"	35	N/A
Licensee Indirect Costs	\$2,445,829,000	\$2,308,692
Variance greater than 25%.		
Licensee Direct Costs		
Total Operating expenses	\$12,098,085,000	\$11,674,059
Variance greater than 25%.		
AFS page or "n/a"	35	N/A
Less: Institutional Support (Enter this amount whether or not the station benefits from Institutional Support.)	\$1,421,881,000	\$1,409,504
Variance greater than 25%.		
AFS page or "n/a"	35	N/A
Less: Physical Plant Support (Enter this amount whether or not the station benefits from Physical Plant Support.)	\$1,023,948,000	\$899,188
Variance greater than 25%.		
AFS page or "n/a"	35	N/A
Licensee's Direct Costs (= Total operating expenses minus both Institutional Support and Physical Plant Support)	\$9,652,256,000	\$9,365,367
Variance greater than 25%.		
Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	%25.339454	%24.651378
Step 2 - Identify the Base (Station's Net Direct Expenses)		
Station's Total Operating Expenses (from Schedule E, Line 8)	\$1,189,960	\$1,543,149
Variance greater than 25%.		
Less: Depreciation and Amortization - from station's AFS (if applicable)	\$0	\$0
AFS page or "n/a"	n/a	N/A
In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	\$15,864	\$19,831
Variance greater than 25%.		
AFS page or "n/a"	4	N/A

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	2021	2022
Indirect Administrative Support (if included in station's total expenses) - per AFS	\$209,506	\$297,589
Variance greater than 25%.		
AFS page or "n/a"	4	N/A
Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	\$0	\$0
AFS page or "n/a"	n/a	N/A
Expenses not supported by licensee - per AFS (Example: expenses of consolidated entities like Friends Groups, foundations, and component units (if applicable))	\$0	\$0
AFS page or "n/a"	n/a	N/A
Station's Net Direct Expenses	\$964,590	\$1,225,729
Variance greater than 25%.		
Step 3: Apply the Rate to the Base (= total support activity benefiting the station)	\$244,422	\$302,159
Upload the licensee's audited financial statement only, [NOTE: Only PDF files are allowed for upload.]	View Document	1292_KCHO_BWA_fy22.pdf
Comments		
Comment	Name	Date
Occupancy List KCHO-FM (1292) Chico , CA		
Type of Occupancy Location		
Schedule B Totals KCHO-FM (1292) Chico , CA		Value
		2021 data
1. Total support activity benefiting station		\$244,422
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,		\$34,916
		2022 data
		\$302,159
		\$0
		\$0
		\$4,570
Variance greater than 25%.		
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$209,506	\$297,589
Variance greater than 25%.		
6. Please enter an institutional type code for your licensee.	SU	SU
Comments		
Comment	Name	Date
Schedule C KCHO-FM (1292) Chico , CA		
		Status
		2021 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$622	2022 data
A. Legal	\$0	\$0
B. Accounting and/or auditing	\$0	\$0
C. Engineering	\$0	\$0
		Donor Code

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	2021 data	Donor Code		2022 data
D, Other professionals (see specific line item instructions in Guidelines before completing)	BS \$622			\$0
Variance greater than 25%.				
2, GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$7,812			\$16,046
A, Annual rental value of space (studios, offices, or tower facilities)	\$0			\$0
B, Annual value of land used for locating a station-owned transmission tower	\$0			\$0
C, Station operating expenses	BS \$7,812		BS	\$16,046
D, Other (see specific line item instructions in Guidelines before completing)	\$0			\$0
3, OTHER SERVICES (must be eligible as NFFS)	\$1,790			\$2,785
A, ITV or educational radio	\$0			\$0
B, State public broadcasting agencies	\$0			\$0
C, Local advertising	BS \$1,790		BS	\$2,785
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	\$10,224			\$18,831
Variance greater than 25%.				
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$5,640			\$1,000
A, Compact discs, records, tapes and cassettes	\$0			\$0
B, Exchange transactions	\$0			\$0
C, Federal or public broadcasting sources	PB \$4,550		PB	\$1,000
D, Fundraising related activities	BS \$1,090			\$0
Variance greater than 25%.				
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-kind contributions recognized as revenue in the AFS.	\$15,864			\$19,831
Variance greater than 25%.				
Comments				
Comment	Name	Date	Status	
Schedule D KCHO-FM (1292) Chico , CA				
	2021 data	Donor Code		2022 data
1. Land (must be eligible as NFFS)	\$			\$0

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	2021 data	Donor Code	2022 data
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			
KCHO-FM (1292)			
Chico , CA			
EXPENSES (Operating and non-operating)			
PROGRAM SERVICES			
1. Programming and production	\$706,883		\$1,061,605
A. Restricted Radio CSG	\$43,357		\$43,822
B. Unrestricted Radio CSG	\$140,825		\$120,860
C. Other CPB Funds	\$223,709		\$0
D. All non-CPB Funds	\$298,992		\$896,923
2. Broadcasting and engineering	\$177,994		\$107,714
A. Restricted Radio CSG	\$0		\$0
B. Unrestricted Radio CSG	\$0		\$0
C. Other CPB Funds	\$0		\$0
D. All non-CPB Funds	\$177,994		\$107,714
3. Program information and promotion	\$34,749		\$0
A. Restricted Radio CSG	\$0		\$0
B. Unrestricted Radio CSG	\$0		\$0
C. Other CPB Funds	\$0		\$0
D. All non-CPB Funds	\$34,749		\$0
SUPPORT SERVICES			
4. Management and general	\$157,702		\$224,758
A. Restricted Radio CSG	\$0		\$0
B. Unrestricted Radio CSG	\$0		\$0
C. Other CPB Funds	\$0		\$0
D. All non-CPB Funds	\$157,702		\$224,758
5. Fund raising and membership development	\$75,455		\$85,106
A. Restricted Radio CSG	\$0		\$0

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PROGRAM SERVICES	2021 data	2022 data
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$75,455	\$85,106
6. Underwriting and grant solicitation	\$37,177	\$63,966
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$37,177	\$63,966
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$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	\$1,189,960	\$1,543,149
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$43,357	\$43,822
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$140,825	\$120,860
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$223,709	\$0
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$782,069	\$1,378,467

INVESTMENT IN CAPITAL ASSETS
Cost of capital assets purchased or donated

	2021 data	2022 data
9. Total capital assets purchased or donated	\$0	\$3,000
9a. Land and buildings	\$0	\$0
9b. Equipment	\$0	\$3,000
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$1,189,960	\$1,546,149

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)	\$964,590	\$1,225,729
12. Total expenses (indirect and in-kind)	\$225,370	\$317,420
13. Investment in capital assets (direct only)	\$0	\$3,000
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

Comments

Comment	Name	Date	Status
Schedule F KCHO-FM (1292) Chico , CA			

2022 data

1. Data from AFR	
a. Schedule A, Line 22	\$1,228,133
b. Schedule B, Line 5	\$297,589
c. Schedule C, Line 6	\$19,831

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d. Schedule D, Line 8	\$0
e. Total from AFR	\$1,545,553

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	\$1,545,553
b. Total support and revenue - with donor restrictions	\$0
c. Total support and revenue - other	\$0
d. Total from AFS, lines 2a-2c	\$1,545,553

Reconciliation

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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Note: Review of FY 2023 AFR was still in progress at CPB at completion of OIG audit

Schedule A
KCHO-FM (1292)
Chico , CA

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 and indirectly by federal government agencies	\$0	\$0
A. Grants for facilities and other capital purposes	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$189,352	\$187,164
A. CPB - Community Service Grants	\$189,352	\$187,164
B. CPB - all other funds from CPB	\$0	\$0
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$0	\$0
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$5,810	\$6,185
3.1 NFFS Eligible	\$5,810	\$6,185
A. Program and production underwriting	\$5,810	\$6,185
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
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$0	\$91,925
4.1 NFFS Eligible	\$0	\$91,925
A. Program and production underwriting	\$0	\$10,425
B. Grants and contributions other than underwriting	\$0	\$81,500
C. Appropriations from the licensee	\$0	\$0

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Note: Review of FY 2023 AFR was still in progress at CPB at completion of OIG audit

D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$289,716	\$16,815
5.1 NFFS Eligible	\$289,716	\$16,815
A. Program and production underwriting	\$4,716	\$16,815
B. Grants and contributions other than underwriting	\$285,000	\$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
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	\$0	\$0

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campaign (TV only)		
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$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	\$42,807	\$127,658
8.1 NFFS Eligible	\$42,807	\$127,658
A. Program and production underwriting	\$18,057	\$22,546
B. Grants and contributions other than underwriting	\$24,750	\$105,112
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	\$181,431	\$130,519
9.1 NFFS Eligible	\$181,431	\$130,519
A. Program and production underwriting	\$181,431	\$130,519
B. Grants and contributions other than underwriting	\$0	\$0
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

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9.2 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
10. Memberships and subscriptions (net of membership bad debt expense)	\$458,439	\$500,546
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$0	\$1,293
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
	2022 data	2023 data
10.3 Total number of contributors.	2,879	3,101
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
	2022 data	2023 data
11.1 Total number of Friends contributors.	0	0
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue		
13. Auction revenue (see instructions for Line 13)	2022 data	2023 data
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$37,131	\$57,461
A. Gross special fundraising revenues	\$60,212	\$75,240
B. Direct special fundraising expenses	\$23,081	\$17,779
15. Passive income	\$1,358	\$0
A. Interest and dividends (other than on endowment funds)	\$0	\$0
B. Royalties	\$1,358	\$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)	\$-992	\$0
A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$-992	\$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
17. Endowment revenue	\$0	\$0
A. Contributions to endowment principal	\$0	\$0

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B. Interest and dividends on endowment funds	\$0	\$0
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
18. Capital fund contributions from individuals (see instructions)	\$0	\$0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$0	\$0
2022 data 2023 data		
19.1 Total number of major individual donors	0	0
20. Other Direct Revenue	\$0	\$0
Line 21, Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
A. Proceeds from sale in spectrum auction	\$0	\$0
B. Interest and dividends earned on spectrum auction related revenue	\$0	\$0
C. Payments from spectrum auction speculators	\$0	\$0
D. Channel sharing and spectrum leases revenues	\$0	\$0
E. Spectrum repacking funds	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$1,228,133	\$1,136,052
Click here to view all NFFS Eligible revenue on Lines 3 through 9.		
Click here to view all NFFS Ineligible revenue on Lines 3 through 9.		
Adjustments to Revenue	2022 data	2023 data
23. Federal revenue from line 1.	\$0	\$0
24. Public broadcasting revenue from line 2.	\$189,352	\$187,164
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
27. Other automatic subtractions from total revenue	\$22,089	\$19,072
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	\$23,081	\$17,779
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$-992	\$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$0
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$0	\$0
K. FMV of high-end premiums (Line 10.1)	\$0	\$1,293

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L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$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)	\$1,016,692	\$929,816

Comments

Comment	Name	Date	Status
Schedule B WorkSheet KCHO-FM (1292) Chico , CA			
		2022	2023
Step 1 - Compute the Rate - Licensee Indirect Costs/Licensee Direct Costs			
Institutional Support (Enter this amount here only if station benefits from Institutional Support.)	\$1,409,504		\$0
AFS page or "n/a"	N/A		
Physical Plant Support (Enter this amount here only if station benefits from Physical Plant Support.)	\$899,188		\$0
AFS page or "n/a"	N/A		
Licensee Indirect Costs	\$2,308,692		\$0
Licensee Direct Costs			
Total Operating expenses	\$11,674,059		\$0
AFS page or "n/a"	N/A		
Less: Institutional Support (Enter this amount whether or not the station benefits from Institutional Support.)	\$1,409,504		\$0
AFS page or "n/a"	N/A		
Less: Physical Plant Support (Enter this amount whether or not the station benefits from Physical Plant Support.)	\$899,188		\$0
AFS page or "n/a"	N/A		
Licensee's Direct Costs (= Total operating expenses minus both Institutional Support and Physical Plant Support)	\$9,365,367		\$0
Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	%24.651378		%0.000000
Step 2 - Identify the Base (Station's Net Direct Expenses)			
Station's Total Operating Expenses (from Schedule E, Line 8)	\$1,543,149		\$1,546,138
Less: Depreciation and Amortization - from station's AFS (if applicable)	\$0		\$0
AFS page or "n/a"	N/A		
In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	\$19,831		\$0
AFS page or "n/a"	N/A		
Indirect Administrative Support (if included in station's total expenses) -per AFS	\$297,589		\$0
AFS page or "n/a"	N/A		
Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	\$0		\$0
AFS page or "n/a"	N/A		

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	2022	2023
Expenses not supported by licensee - per AFS (Example: expenses of consolidated entities like Friends Groups, foundations, and component units (if applicable)*)	\$0	\$0
AFS page or "n/a"	N/A	
Station's Net Direct Expenses	\$1,225,729	\$0
Step 3: Apply the Rate to the Base (= total support activity benefiting the station)	\$302,159	\$0
Upload the licensee's audited financial statement only. [NOTE: Only PDF files are allowed for upload.]		
Comments		
Comment	Name	Date
Occupancy List KCHO-FM (1292) Chico , CA		
Schedule B Totals KCHO-FM (1292) Chico , CA	Type of Occupancy Location	Value
1. Total support activity benefiting station	\$302,159	\$0
2. Occupancy value	0	\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements,	\$4,570	\$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$297,589	\$0
6. Please enter an institutional type code for your licensee,		SU
Comments		
Comment	Name	Date
Schedule C KCHO-FM (1292) Chico , CA		
	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)	\$16,046	\$0
A. Annual rental value of space (studios, offices, or tower facilities)	\$0	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0	\$0
C. Station operating expenses	BS \$16,046	\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$2,785	\$0
A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies	\$0	\$0
C. Local advertising	BS \$2,785	\$0
D. National advertising	\$0	\$0

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	2022 data	Donor Code	2023 data
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$18,831		\$0
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$1,000		\$0
A. Compact discs, records, tapes and cassettes	\$0		\$0
B. Exchange transactions	\$0		\$0
C. Federal or public broadcasting sources	PB	\$1,000	\$0
D. Fundraising related activities	\$0		\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$0		\$0
F. Local productions	\$0		\$0
G. Program supplements	\$0		\$0
H. Programs that are nationally distributed	\$0		\$0
I. Promotional items	\$0		\$0
J. Regional organization allocations of program services	\$0		\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0		\$0
L. Services that would not need to be purchased if not donated	\$0		\$0
M. Other	\$0		\$0
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.	\$19,831		\$0

Comments

Comment	Name	Date	Status
Schedule D KCHO-FM (1292) Chico , CA			

	2022 data	Donor Code	2023 data
1. Land (must be eligible as NFFS)	\$0		\$0
2. Building (must be eligible as NFFS)	\$0		\$0
3. Equipment (must be eligible as NFFS)	\$0		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$0		\$0
5. Other (specify) (must be eligible as NFFS)	\$0		\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$0		\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$0
a) Exchange transactions	\$0		\$0
b) Federal or public broadcasting sources	\$0		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0		\$0
d) Other (specify)	\$0		\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$0		\$0

Comments

Comment	Name	Date	Status
Schedule E KCHO-FM (1292) Chico , CA			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

2022 data 2023 data

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PROGRAM SERVICES	2022 data	2023 data
1. Programming and production	\$1,061,605	\$780,896
A. Restricted Radio CSG	\$43,822	\$42,419
B. Unrestricted Radio CSG	\$120,860	\$144,745
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$896,923	\$593,732
2. Broadcasting and engineering	\$107,714	\$274,445
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$107,714	\$274,445
3. Program information and promotion	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
SUPPORT SERVICES	2022 data	2023 data
4. Management and general	\$224,758	\$378,568
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$224,758	\$378,568
5. Fund raising and membership development	\$85,106	\$88,224
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$85,106	\$88,224
6. Underwriting and grant solicitation	\$63,966	\$24,005
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$63,966	\$24,005
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$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	\$1,543,149	\$1,546,138
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$43,822	\$42,419
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$120,860	\$144,745
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$0	\$0

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PROGRAM SERVICES	2022 data	2023 data								
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$1,378,467	\$1,358,974								
INVESTMENT IN CAPITAL ASSETS										
Cost of capital assets purchased or donated										
	2022 data	2023 data								
9. Total capital assets purchased or donated	\$3,000	\$0								
9a. Land and buildings	\$0	\$0								
9b. Equipment	\$3,000	\$0								
9c. All other	\$0	\$0								
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$1,546,149	\$1,546,138								
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)	\$1,225,729	\$1,546,138								
12. Total expenses (indirect and in-kind)	\$317,420	\$0								
13. Investment in capital assets (direct only)	\$3,000	\$0								
14. Investment in capital assets (indirect and in-kind)	\$0	\$0								
Comments										
Comment	Name	Date								
Schedule F KCHO-FM (1292) Chico , CA										
2023 data										
1. Data from AFR										
a. Schedule A, Line 22	\$1,136,052									
b. Schedule B, Line 5	\$0									
c. Schedule C, Line 6	\$0									
d. Schedule D, Line 8	\$0									
e. Total from AFR	\$1,136,052									
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.										
<input checked="" type="radio"/> FASB	<input type="radio"/> GASB Model A proprietary enterprise-fund financial statements with business-type activities only	<input type="radio"/> 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	\$1,671,214									
b. Total support and revenue - with donor restrictions	\$0									
c. Total support and revenue - other	\$0									
d. Total from AFS, lines 2a-2c	\$1,671,214									
Reconciliation										
3. Difference (line 1 minus line 2)	\$-535,162									
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$-535,162									
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 30%;">Description</th> <th style="text-align: right; width: 70%;">Amount</th> </tr> </thead> <tbody> <tr> <td>pledges not accountable for NFFS</td> <td style="text-align: right;">\$-296,337</td> </tr> <tr> <td>Revenue Recognized for CPB in Prior year</td> <td style="text-align: right;">\$-203,500</td> </tr> <tr> <td>Trade not NFFS</td> <td style="text-align: right;">\$-35,325</td> </tr> </tbody> </table>			Description	Amount	pledges not accountable for NFFS	\$-296,337	Revenue Recognized for CPB in Prior year	\$-203,500	Trade not NFFS	\$-35,325
Description	Amount									
pledges not accountable for NFFS	\$-296,337									
Revenue Recognized for CPB in Prior year	\$-203,500									
Trade not NFFS	\$-35,325									
Comments										
Comment	Name	Date								

Exhibit D

Summary of North State Public Radio Non-Federal Financial Support

Line	Summary of Non-Federal Financial Support	FY 2021	FY 2022	FY 2023	Totals
1	Direct Revenue (Schedule A)	\$1,568,191	\$1,228,133	\$1,136,052	\$3,932,376
2	Indirect Administrative Support (Schedule B)	\$209,506	\$297,589	\$0	\$507,095
3	In-kind Contributions:				
	Services and Other Assets (Schedule C)	\$15,864	\$19,831	\$0	\$35,695
	Property and Equipment (Schedule D)	\$0	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$1,793,561	\$1,545,553	\$1,136,052	\$4,475,166

Exhibit E

NSPR Overstated NFFS and CSG Overpayments

Condition	Claimed on AFR Line	FY 2021
Unsupported Business Underwriting Transactions	A9.1	\$84,733
<i>Potential CSG Overpayment</i>		\$4,542
Unsupported Vehicle Auction Transactions	A14	\$0
<i>Potential CSG Overpayment</i>		\$0
Unsupported Membership Vehicle Auction Transactions	A10	\$6,421
<i>Potential CSG Overpayment</i>		\$344
Total Overstated NFFS		\$91,155
Incentive Rate of Return		0.053601532
CSG Potential Overpayment		\$4,886

Exhibit F

Misreported NFFS Calculation - Ineligible NFFS - NSPR

Condition	Claimed on AFR Line	FY 2022
Unsupported Business Underwriting Transactions	A9.1	\$0
Unsupported Vehicle Auction Transactions	A14	\$9,912
Unsupported Membership Vehicle Auction Transactions	A10	\$0
Total Misreported NFFS		\$9,912

Exhibit G

Capital Public Radio Estimated Questioned Costs and CSG Percentage

Condition	Claimed on AFR Line	FY 2021	FY 2022	FY 2023
Unsupported Expenses	E4	\$0	\$10,604	\$0
<i>Potential CSG Overpayment</i>		\$0	\$1,301	\$0
Unsupported Year-End Transactions	E4	\$0	\$6,281	\$0
<i>Potential CSG Overpayment</i>		\$0	\$771	\$0
Estimated Questioned Costs		\$0	\$16,885	\$0
CSG Expenditure Percentage ¹⁷		15.480%	12.270%	12.110%
CPB Estimated Questioned Costs		\$0	\$2,072	\$0

¹⁷The percentages were calculated by dividing NSPR's CSG revenues and equivalent CSG expenditures by NSPR's AFR total reported expenses. CSG revenues for NSPR for FYs 2021, 2022, and 2023 were \$184,182, \$189,352, and \$187,164, respectively, and NSPR's AFR total reported expenses were \$1,189,960, \$1,543,149, and \$1,546,138, respectively, resulting in the percentages indicated for each year. NSPR's AFR expenses for FY 2023 are preliminary. NSPR's FY 2023 financial statements and AFRs had not been approved by CPB as of November 30, 2024.

Exhibit H

Scope and Methodology

We performed an attestation examination to determine NSPR'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 testing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting contracts, grant agreements, membership donations, major donor contributions, auction and special event revenues and related expenses, in-kind support, and other documentation supporting revenues reported. We had a scope limitation for our evaluation of membership revenues, the FMV of high-end premiums that are required to be excluded from NFFS, and indirect administrative support. Specifically, we reviewed NFFS revenue transactions reported totaling \$723,034 of the \$4,475,166 (16.2 percent) NSPR claimed on its FYs 2021, 2022, and 2023 AFRs.

We reviewed the allowability of expenses the station charged to the CSGs received from CPB during FYs 2021, 2022, and 2023. To determine whether the station incurred CSG and other grant expenditures in accordance with grant terms, we reviewed \$247,336 of the \$2,733,109 (9.0 percent) in total expenses reported during our audit period. We were unable to segregate specific CSG expenses because NSPR did not discretely account for CSG revenues and expenses. This created a scope limitation to effectively audit CSG expenditures. 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 information available to the public, and safeguard donor lists. We also reviewed the station's website to determine their compliance with CPB's transparency requirements. Our procedures included interviewing CPR and NSPR station management and staff, Sacramento State staff, governing board members, 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 March through October 2024. We performed our audit in accordance with *Government Auditing Standards* for attestation examinations.

March 24, 2025

William J. Richardson III
Deputy Inspector General
Office of Inspector General
Corporation for Public Broadcasting

Dear Deputy Inspector General Richardson:

On behalf of NSPR, which is managed and operated by CapRadio, I would like to extend my gratitude to you and the OIG audit team for your time, professionalism, and diligence in working with us to identify the accounting and compliance deficiencies at our organization resulting from past practices in place under a former general manager who is currently at the center of a related law enforcement investigation regarding his role.

CapRadio takes these findings seriously, and the organization acknowledges that unacceptable deficiencies and poor practices occurred in the past. Under new management and leadership, we have taken swift corrective actions and implemented internal controls to prevent this failure in compliance and reporting from happening in the future.

After the release of the California State University (CSU) audit on September 27, 2023, which identified numerous accounting, recordkeeping, and oversight deficiencies, we immediately contracted out all financial accounting and reporting to our license holder, Sacramento State University. I would like to thank Sacramento State Accounting Services for its professionalism and expertise in supporting this audit and for facilitating the notable improvement of CapRadio's new financial practices and reporting since taking on this responsibility.

It is important to note the diligence with which we acted to address these deficiencies. Within one year of the CSU audit release, we submitted our actions for all 42 compliance recommendations. To that end, CapRadio and Sacramento State Accounting Services have made significant progress in addressing the issues you identified, including:

Accounting Practices

We now use accounting practices that are compliant with applicable GAAP, GASB, FASB, and CPB requirements; we have set up discrete accounting practices to separately track and record revenues and expenditures for CapRadio, NSPR, and

KHSU stations; we have controls in place that require supporting documentation for all journal entries, account reconciliation, and batch transactions; we have updated processes to document and retain donation records that comply with auditing requirements; and we have engaged a new third-party financial auditor.

Transactions

We have updated financial reporting practices to comply with all applicable CPB requirements related to premium offsets and indirect administrative support; we have implemented strict controls for financial transactions, including separation of duties, delegation of authority, and new payment authorization processes; and we have systems in place to properly manage and report “in-kind” donations as defined by CPB.

Public Notice

We now publish all Board of Directors and subcommittee meeting notices and agendas on CapRadio’s website, ensuring that we maintain proper notice to meet CPB and other applicable state regulatory requirements; we publicly post in-person and virtual attendance options, meeting minutes, and current board roster; and available financial documents are publicly posted and accessible via our website.

Thank you again for your time and collaboration on this audit. It is in the true spirit of transparency and integrity that these significant improvements and new practices have been realized. I would like to once more reinforce our commitment to remedying the issues identified in your findings, adhering to all accounting and compliance requirements moving forward, and continuing to deliver essential public service journalism to the communities we serve.

Respectfully submitted,

Frank Maranzino

Frank Maranzino
Interim President and General Manager
Capital Public Radio, Inc.