



September 12, 2022

VIA ELECTRONIC MAIL

Mr. Peter A. Frid
President & CEO
New Hampshire Public Broadcasting
268 Mast Road
Durham, NH 03824-4601

Dear Mr. Frid,

RE: Audit of Community Service and Other Grants Awarded to New Hampshire Public Broadcasting (NHPB), Durham, New Hampshire, from July 1, 2019, through June 30, 2021, (Report No. AST2205-2209)

The Corporation for Public Broadcasting (CPB) awarded \$2.79 million in grants, including community service grants (CSGs), CARES Act stabilization funds, and American Rescue Plan Act stabilization funds to New Hampshire Public Broadcasting (NHPB), licensee of WENH-TV, over a two-year period. The audit report referenced above concluded that NHPB generally complied with its CSG Certification of Eligibility, the numerous provisions in the Communications Act of 1934, 47 U.S.C. §396, et sec. (Communications Act), CPB's Financial Reporting Guidelines (Guidelines) concerning non-federal financial support (NFFS), and the terms of its CSG with two exceptions. Namely, that NHPB overstated its NFFS and did not fully comply with CPB's requirements for annually updating its diversity statement.

The specific findings and CPB's determinations for NHPB follow.

I. Recommendations 1 and 2: Overstated NFFS

The audit found that NHPB overstated NFFS resulting in a CSG overpayment of \$2,468 as detailed below.

Incorrect Premiums Offset Against Membership

CPB's Guidelines¹ require stations to exclude from NFFS the fair market value (FMV) of high-end premiums that are not of insubstantial value. The audit found that the station did not exclude the correct amount of premiums from the NFFS on their fiscal

¹ FY 2020 Guidelines Part III, Line 10 – Membership and Subscriptions (net of write-offs).

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year (FY) 2020 AFR as required, resulting in a CSG overpayment of \$2,468. NHPB agreed with the finding and stated that a database anomaly excluded donated tickets from its total FMV of high-end premiums². The same error did not occur in FY 2021. We agree with the audit finding and NHPB must return the resulting CSG overpayment to CPB.

CPB adopted the CSG Non-compliance Policy to encourage grantees to comply with the applicable provisions governing their CSG and the Communications Act. Failure to comply with these requirements which results in a CSG overpayment subjects the recipient to a ten percent penalty of the amount of the overpayment, in addition to refunding the overpayment. Therefore, we are assessing a penalty of \$247 based on the overpayment.

The audit also recommended that CPB require NHPB to identify the corrective actions it will implement to ensure future compliance with CPB's NFFS and annual financial report (AFR) reporting requirements. Based on the representations in the station's June 20, 2022 correspondence, CPB requires no additional documentation on the corrective actions implemented by NHPB.

Action: NHPB must return the \$2,468 CSG overpayment, which CPB will recover through an adjustment to its FY 2023 CSG award, and it must provide the \$247 penalty to CPB within 45 days of the date of this correspondence.

II. Recommendations 3 and 4: General Provisions and Eligibility Criteria Noncompliance

The audit found NHPB did not fully comply with CPB's CSG General Provisions and Eligibility Criteria (General Provisions) requirements, as detailed below.

Diversity Statement

The Communications Act requires CPB to support diverse non-commercial educational content for unserved and underserved audiences. CPB's goal, therefore, is to support stations in providing a wide variety of educational, informational, and cultural content that addresses the following elements of diversity: gender, age, race, ethnicity, culture, religion, national origin, and economic status. Towards this end, CPB's General Provisions require³ grantees to annually review and make any necessary revisions to their diversity goals, annually review them with the station's governing board or licensee official and post their diversity statement on their website or make it available at their central office.

The audit found NHPB did not fully comply with the CPB CSG General Provisions because it did not annually review its diversity statement and goals with its governing board or licensee official and did not annually update its diversity statement. Consequently, the audit recommends that CPB require NHPB to fully comply with the requirements by annually reviewing its diversity goals and making the updated

² Correspondence from NHPB to CPB's Office of Inspector General dated June 20, 2022 (June correspondence).

³ CPB FY 2021 Television CSG General Provisions, Part I, Section 5 Diversity Statement.

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statement available to the public. It also asked NHPB to identify the corrective actions and controls it will implement to ensure its future compliance with the same.

NHPB management confirmed the finding, stated that the NHPB Board approved its most recent diversity policy and that it has posted the policy to the nhpbs.org website⁴.

Further, the station explained that staff turnover and the challenges posed by the pandemic led to the noncompliance. NHPB also indicated that it had instituted a new policy to annually review its Diversity and Inclusion Policy, evaluate prior year goals, set a plan for each fiscal year, and present for review and approval the materials at the annual meeting of the NHPB Board of Directors.

We agree with the finding. Based on the representations in the station's June correspondence detailing the corrective actions and controls NHPB will implement to ensure its future compliance, CPB requires no additional documentation.

CPB's Non-compliance Policy provides for a penalty of \$1,000 for each requirement in the General Provisions that grantee does not comply with. Given that NHPB promptly addressed the issue, received board approval of the updated diversity policy, posted the same to their station website, and established a new policy for annual review of its diversity statement, we will reduce the penalty by fifty percent for a total of \$500.

Action: NHPB must provide \$500 in penalties for these non-compliance issues within 45 days of the date of this correspondence.

CPB will recover the CSG overpayment of \$2,468 through deductions to the stations' NFFS used to calculate its FY2023 CSG, and we will alert the station when we make those adjustments. Within 45 days of the date of this correspondence, please forward a check in the amount of \$747 for the non-compliance penalties, payable to CPB, to the attention of Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within 30 days of the date of this letter. Otherwise, CPB will consider these determinations final and NHPB must comply with the actions set forth above. CPB reserves the right to take any other action it deems appropriate until these issues are resolved to CPB's satisfaction.

Kind regards,

Jackie J. Livesay

Jackie J. Livesay
Deputy General Counsel & Vice President, Compliance

⁴ June correspondence.

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CC: VIA ELECTRONIC MAIL

Jeffery D. Gilbert, Chair, Board of Directors, NHPB
Michael Levy, Executive Vice President & Chief Operating Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB
Kimberly Howell, Inspector General, CPB
William J. Richardson, III, Senior Director & Deputy Inspector General, CPB
Kathy Merritt, Senior Vice President, Journalism & CSG Services, CPB
Katherine Arno, Vice President, Community Service Grants and Station Initiatives, CPB
Nick Stromann, Vice President, Controller, CPB
Tim Bawcombe, Director, Television CSG Policy & Review, CPB
Forrest Lillibridge, Director, Grants Administration, CPB
Pat Saks, Director, Business & Administration, CPB