



Corporation
for Public
Broadcasting

August 17, 2023

VIA ELECTRONIC MAIL

Ms. Paula Lallo
Station Manager
KSHI-FM
P.O. Box 339
Zuni, NM 87327

Dear Ms. Lallo,

RE: Evaluation of KSHI-FM, Zuni Communications Authority, Compliance with Selected Communications Act, Diversity, and Transparency Requirements (Report No. ECR2305-2306)

The evaluation referenced above concluded that KSHI-FM (KSHI) was compliant with two and partially compliant with one of eight select requirements in the Communications Act of 1932, 47 U.S.C. §396, et sec. (Communications Act), and in the General Provisions and Eligibility Criteria (General Provisions) governing the 2023 community service grant awarded it by the Corporation for Public Broadcasting (CPB).

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

I. Posting Current Financial Information

The Communications Act requires stations to make available to the public their annual financial and audit reports they are required to provide to CPB¹. CPB finds stations compliant if they post their most recent unaudited financial statement and annual financial summary report (FSR) on their website. With CPB's approval, stations may post their required information on a website shared by other public broadcasting entities².

KSHI posts required transparency information on its own website and an external website shared by other public broadcasting entities. The evaluation found that KSHI had not posted its most recent unaudited financial statement and FSR on its website or on the external website. KSHI immediately posted the FSR on both websites when the issue was brought to its attention during the evaluation. KSHI had not yet posted the unaudited financial statement although KSHI's action to correct this issue and commitment to compliance was detailed in its correspondence³. The report recommended that CPB require KSHI to identify the controls it will adopt to avoid this error in the future.

¹ General Provisions, Section 2 (C), Open Financial Records.

² General Provisions, Section 9 (A), Public Inspection of Documents and Website Posting.

³ Exhibit D of the audit report.

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KSHI must post its most recent unaudited financial statement and identify the corrective actions and controls it will implement to ensure future compliance with Act and CPB requirements for open financial records.

Action: KSHI must post its unaudited financial statement and provide CPB with documentation of its control procedures to ensure its most recent unaudited financial statement is posted on the station website within 45 days of the date of this correspondence.

II. Board Members List

CPB requires stations to post the members of their governing body on their website⁴. If a station does not have its own website, it may, with CPB's approval, post their required information on a website shared by other public broadcasting entities⁵. The report found that KSHI did not post the members of its governing body on the KSHI website but had posted the information on an external website shared by other public broadcasting entities. While the evaluation was underway, KSHI also added the governing body list to its station website.

Action: No further action is required of KSHI.

III. 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, the General Provisions for the applicable years, requires grantees to annually review their diversity goals and any revisions thereto with their governing board or licensee, and maintain on its website or at its central office a diversity statement that reflects on the elements of diversity that are important to its public media work, the extent to which staff and governance reflect such diversity, the progress made to increase its diversity in the last two to three years, and diversity plans for the coming year⁶.

The evaluation found that KSHI had not reviewed the statement with the governing body, reported the extent to which its staff and governance reflect such diversity, the progress it made to increase its diversity in the last few years, or the plans for the upcoming year. Consequently, the audit report recommended that CPB require KSHI to update its Diversity Statement to meet the requirements. KSHI promptly corrected these issues before the evaluation's completion. In its correspondence⁷, KSHI explained that it updated its Diversity Statement and created an annual plan for maintaining compliance with the provision and meets monthly to review the statement with its board.

CPB is currently reviewing the Diversity Statement requirement. Considering this, we require no additional action.

Action: No further action is required of KSHI.

⁴ General Provisions, Section 9 (B), Documents for Public Inspection: Website Posting Required.

⁵ General Provisions, Section 9 (A), Public Inspection of Documents and Website Posting.

⁶ General Provisions, Section 8, Diversity Statement.

⁷ Exhibit D of the audit report.

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IV. CSG Non-compliance Policy

CPB adopted the CSG Non-compliance Policy to encourage grantees to comply with the applicable provisions governing their CSG and the Communications Act. Stations are subject to a penalty of \$5,000 for failure to comply with a category in the Communications Act and a penalty of \$1,000 for failure to comply with a category in the General Provisions.

Considering the prompt action taken by KSHI to post its FSR on its website, post its unaudited financial statement on the public broadcasting entities' shared website as permitted by CPB, and agreement to post the same on its own website, we will assess a reduced Communications Act penalty of \$1,000 for the open financial records non-compliance.

Because KSHI had posted its governing body information on a public broadcasting entity's shared website as permitted by CPB and, during the audit, posted the same on the KSHI website, CPB will not assess a penalty.

Since Diversity Statement requirements are under review, CPB will not assess a penalty.

Action: KSHI must provide the \$1,000 penalty to CPB for its non-compliance with the Communications Act, within 45 days of the date of this correspondence. Accordingly, please forward a check payable to CPB to 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 KSHI 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

CC: VIA ELECTRONIC MAIL
Arden Kucate, Licensee Official, KSHI-FM
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, Radio, Journalism & CSG Services, CPB
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Nick Stromann, Vice President, Controller, CPB
Andrew Charnik, Director, Radio CSG Policy & Administration, CPB
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