



Corporation
for Public
Broadcasting

July 9, 2024

VIA ELECTRONIC MAIL: scott.woelfel@asu.edu

Scott Woelfel
General Manager
Arizona PBS
555 N. Central Avenue
Suite 500
Phoenix, AZ 85004

RE: Audit of Community Service and Other Grants Awarded to KAET-TV (Arizona PBS), Licensed to the Arizona Board of Regents for Arizona State University, Phoenix, Arizona for the Period July 1, 2020 through June 30, 2022, Report No. AST2308-2407

Dear Scott Woelfel:

The Corporation for Public Broadcasting (“CPB”) awarded \$4.5 million in grants, including television and radio Community Service Grants (“CSG”); Interconnection Grants; Universal Service Support Grants; Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”)¹ funds; American Rescue Plan Act (“ARPA”); and Ready to Learn Grant funds to the Arizona Board of Regents for Arizona State University, licensee of Arizona PBS, over a two-year period. The audit report referenced above concluded that Arizona PBS complied with its CSG Certification of Eligibility, the numerous provisions in the Communications Act of 1934, 47 U.S.C. §396, et seq. (“Act”), CPB’s Financial Reporting Guidelines (Guidelines) concerning non-federal financial support (“NFFS”), and the terms of the CSG Television General Provisions and Eligibility Criteria (“General Provisions”) with several exceptions. Namely, that Arizona PBS overstated its NFFS, expended television Interconnection Grant funds outside of the spending period, did not provide seven days advance notice to the public for meetings of the Community Advisory Board (“CAB”), failed to post current CPB annual financial reports (“AFR”) and audited financial statements (“AFS”) on the station’s website, did not make its Employment Statistical Report available to the public, inaccurately reported information on its AFR, and did not fully comply with CPB recordkeeping requirements and financial reporting requirements of Generally Accepted Accounting Principles (“GAAP”).

¹ The \$4.5 million does not include \$200,00 of CARES Act funds as they were awarded to the station prior to the audit. However, the audit included CARES Act funds spent during the audit period.

Scott Woelfel, General Manager
Arizona PBS

The specific findings and CPB's determinations for Arizona PBS follow.²

I. Overstated NFFS

The audit found that Arizona PBS overstated FY 2021 NFFS, resulting in a FY 2023 CSG overpayment of \$159,920. For FY 2022, the audit offset findings for overstated NFFS against understated NFFS, resulting in no CSG overpayment in FY 2024 based on this adjustment.

The details are set forth below.

A. Premium Offsets Against Membership Contributions

The Guidelines require stations deduct the “fair market value of the premium from the donation and the remainder may be reported as NFFS, consistent with IRS rules.”³ Premiums are thank-you gifts of significant value that CSG recipients often provide to donors in exchange for membership contributions. The audit found that Arizona PBS did not exclude premiums from the NFFS reported on its FY 2021 AFR as required by CPB Guidelines, resulting in a FY 2023 CSG overpayment of \$69,986.

The audit recommended CPB require Arizona PBS to repay the CSG overpayments and identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting. The station staff explained that they were not aware of this requirement. As a result, the audit recommended CPB require Arizona PBS to review the fair market value of substantial premiums in the prior two-year period (FY 2019 and FY 2020) to identify potential NFFS overstatements and recover any CSG overpayments identified. The station and we agree with the finding and recommended actions.

CPB adopted the CSG Non-compliance Policy to encourage stations to comply with the requirements in the Communications Act and CPB’s General Provisions. Failure to comply with these applicable provisions governing a station’s CSG, 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 payment. Accordingly, a penalty of \$6,998 is assessed against Arizona PBS for the CSG overpayment.

Action: Arizona PBS must return the \$69,986 CSG overpayment to CPB which CPB will recover through an adjustment to the station’s FY 2025 CSG award. Within forty-five days of this correspondence, Arizona PBS must provide CPB with the \$6,998 CSG overstatement penalty and the corrective actions and controls it will implement to ensure future compliance with the CPB NFFS premium offset reporting requirements. In addition, within this period, the station must review its membership

² This determination letter summarizes a more detailed audit report previously provided to Arizona PBS. Accordingly, this letter should be considered with such audit report and the details it contains.

³ Guidelines, FY 2021 – Part II - NFFS, Section V, NFFS: Excluded Revenues and Part III – AFR and FSR Line-Item Instructions, Schedule A – Direct Revenue, 10.1 NFFS Exclusion – Fair Market Value of high-end premiums that are not of insubstantial value.

contributions reported as NFFS for FYs 2019 and 2020, and report to CPB any contributions that were not reduced by the fair market value of the related premiums. Any resulting CSG overstatement identified must be returned to CPB and may subject Arizona PBS to penalties in accordance with CPB's Non-compliance Policy

B. Ineligible Purpose

The Guidelines allow contributions to be reported as NFFS if they meet several requirements, including that the funds be provided for the station's use.⁴ The audit found Arizona PBS reported a contribution that was not intended for the station's use as NFFS in its FY 2021 AFR, which resulted in a FY 2023 CSG overpayment of \$49,073.

When Arizona State University (ASU) Foundation recognized this error in 2022, a journal reclassification entry was made to reduce the station's NFFS for an equal amount in its FY 2022 AFR. Since the audit found other FY 2022 overstated NFFS (see paragraphs C through G below), it offset those overstatements by this amount, resulting in no FY 2024 CSG overpayment. While this leaves a balance of understated FY 2022 NFFS, this amount cannot be used to claim additional CSG funds, because CPB awards all CSG funds available at the beginning of the fiscal year.

The audit recommended CPB require Arizona PBS to repay the FY 2023 CSG overpayment and identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting. Arizona PBS agreed with the finding and is reviewing protocols to prevent similar misreporting occurrences in the future. We agree with the finding and recommended action and in accordance with CPB's CSG Non-compliance Policy, we will assess a penalty of \$4,907 on the CSG overpayment.

Action: Arizona PBS must return \$49,073 in CSG funds, which CPB will recover through an adjustment to the station's FY 2025 CSG award. Within forty-five days of the date of this correspondence, Arizona PBS must provide CPB with the \$4,907 CSG overpayment penalty and the corrective actions and controls it will implement to ensure future compliance with the CPB financial reporting requirements related to the eligible purpose criteria.

C. Endowments – Unrealized and Realized Gains

The Guidelines provide that contributions to a grantee's endowment principal, as well as interest and dividends earned on that principal, can be reported as NFFS. Realized and unrealized gains and endowment distributions cannot be reported as NFFS.⁵ Arizona PBS staff indicated they were not aware of this requirement and reported ineligible realized and unrealized gains/losses on endowment funds as membership revenue, overstating its FY 2021 and 2022 NFFS. The misreported 2021 NFFS resulted in an FY 2023 CSG

⁴ Guidelines, FY 2021 – Part II. NFFS, II. Contribution vs. Payment, A. Contribution.

⁵ Guidelines, FYs 2021 and 2022 – Part III AFR and FSR Line Item Instructions, Schedule A- Direct Revenue, Line 17 – Endowment Revenue.

overpayment of \$38,470. The audit offset the overstated FY 2022 NFFS against the understated FY 2022 NFFS for Ineligible Purpose, paragraph B above, resulting in no CSG overpayment in FY 2024.

The audit recommended that CPB recover the FY 2023 CSG overpayment of \$38,470 and require Arizona PBS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting. Arizona PBS agreed with the finding and is developing and implementing specific processes to ensure compliance with CPB NFFS reporting requirements. We agree with the finding and recommended action and in accordance with CPB's CSG Non-compliance Policy, we will assess a penalty of \$3,847 on the CSG overpayment.

Action: Arizona PBS must return the \$38,470 CSG overpayment, which CPB will recover through an adjustment to the station's FY 2025 CSG award. Within forty-five days of the date of this correspondence, Arizona PBS must provide CPB with the CSG overpayment penalty of \$3,847 and the corrective actions and controls it will implement to ensure compliance with CPB NFFS reporting requirements.

D. Ineligible Exchange Transactions

The Guidelines provide that a state or educational institution are the only eligible sources for exchange transaction revenues reported as NFFS.⁶ The audit found that Arizona PBS reported as FY 2022 NFFS the gross contribution for a charitable gift annuity as NFFS instead of the net amount. It should have excluded the value of a fixed annuity payout that accrues to the donor. The audit offset the overstated FY 2022 NFFS against the understated FY 2022 NFFS for Ineligible Purpose, paragraph B above, resulting in no CSG overpayment in FY 2024.

The audit recommends that CPB require Arizona PBS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting regarding exchange transactions from ineligible sources. Arizona PBS agreed with the finding and said it will review its financial reporting processes and implement measures to ensure accurate reporting. We agree with the finding and recommended action.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the corrective actions and controls it will implement to ensure compliance with CPB NFFS reporting requirements concerning exchange transactions.

⁶ Guidelines, FY 2022 – Part II: NFFS, II. Contribution vs. Payment, B. Payment. (2022).

E. Ineligible Contribution – Double Counting Contributions

The Guidelines require that contribution revenues meet the form criteria to be eligible as NFFS.⁷ The audit found that Arizona PBS double counted grant revenues resulting in overstated NFFS in FY 2021 and FY 2022. The FY 2021 NFFS overstatement resulted in an FY 2023 CSG overpayment of \$2,391. The audit offset the overstated FY 2022 NFFS against the understated FY 2022 NFFS for Ineligible Purpose, paragraph B above, resulting in no CSG overpayment in FY 2024.

The audit recommended that CPB require Arizona PBS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting. Arizona PBS agreed with the finding and agreed to review its financial reporting processes and implement measures to ensure accurate reporting going forward. We agree with the finding, considering the documentation Arizona PBS must provide CPB pursuant to Section V, GAAP Compliance, we will not require separate documentation. However, in accordance with CPB's CSG Non-compliance Policy, we will assess a penalty of \$239 on the CSG overpayment.

Action: Arizona PBS must return \$2,391 in CSG funds, which CPB will recover through an adjustment to the station's FY 2025 CSG award. Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the CSG overpayment penalty of \$239.

F. Lack of Documentation

The General Provisions require grantees comply with the recordkeeping requirements and maintain such records as CPB may in its discretion require to facilitate an effective audit.⁸ The audit found that Arizona PBS did not have adequate documentation to support revenue reported as NFFS totaling \$6,713 in FY 2022. The audit offset the overstated FY 2022 NFFS against the understated FY 2022 NFFS for Ineligible Purpose, paragraph B above, resulting in no CSG overpayment in FY 2024.

Because of this error, the audit recommended that CPB require Arizona PBS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting, documentation, and CSG recordkeeping requirements. Arizona PBS agreed with the finding and stated that they are committed to having new processes and controls fully implemented by the end of FY 2024 to ensure accurate reporting.⁹ We agree with the finding and recommended action.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide CPB with documentation of its corrective actions and controls to ensure compliance with CPB's documentation requirements.

⁷ Guidelines, FYs 2021 and 2022 – Part II: NFFS, II. Contribution vs. Payment, A. Contribution.

⁸ TV CSG General Provisions, FY 2022, Part I. CSG Program, Section 3 Recordkeeping Requirements.

⁹ Exhibit E of the audit report.

G. Indirect Administrative Support

The Guidelines provide a standard method and instructions for calculating indirect administrative support (“IAS”).¹⁰ The audit found that Arizona PBS’s IAS calculation underreported operating expenses, depreciation expenses, and amortization expenses, resulting in overstated NFFS totaling \$2,618 for FY 2022. The audit offset this overstatement against the understated FY 2022 NFFS for Ineligible Purpose, paragraph B above, resulting in no CSG overpayment in FY 2024.

The audit recommended that CPB require Arizona PBS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting and IAS standard method calculation. Arizona PBS agreed with the finding and acknowledged the misreported items within the IAS calculation. We agree with the finding; however, considering the amount involved and the overall amount of IAS, we trust that the station understands the issues and we will not require any documentation.

Action: No further action is required.

II. *Questioned Costs*

The General Provisions state that the television Interconnection Grant (“IC”) is provided to support public television stations’ interconnection expenses. Each IC award has a one-year spending period which is from October 1, 2021, through September 30, 2022, for the FY 2022 IC.¹¹ The audit found that Arizona PBS did not spend \$32,908 of the grant funds within the allowed term.

Accordingly, it recommended CPB recover these funds and require the station to identify and implement corrective actions to ensure that it spends CPB grants during the allowed period. Arizona PBS agreed with the finding and stated they are developing and documenting processes to ensure proper controls are in place. We agree with the audit finding and recommended action.

In accordance with the CSG Non-compliance Policy, failure to comply with a requirement in the General Provisions subjects the CSG recipient to a \$1,000 penalty for each instance of non-compliance. Therefore, we are assessing a penalty of \$1,000. Considering the penalty and the loss of grant funds, we trust that Arizona PBS understands the spending requirements and we will not require the station provide CPB with documentation of its corrective actions.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must return to CPB the \$32,908 in unspent television IC grant funds and the \$1,000 non-compliance penalty.

¹⁰ Guidelines, FY 2022 – Part III AFR and FSR Line Item Instructions, Completing AFR Schedule B – Indirect Administrative Support, Worksheet: Standard Method, Step 2: Identify the Base.

¹¹ TV CSG, General Provisions and Eligibility Criteria, FY 2022, Part III. TV-IC.

III. Communications Act and CPB General Provisions Noncompliance

A. Open Financial Records - AFR and AFS not Posted to Website

The Communications Act requires stations to make available to the public their annual financial and audit reports and other financial information they are required to provide to CPB. CPB also requires that each CSG recipient post its most recent AFR and AFS on its station website.¹² The audit found that during its field work, Arizona PBS had posted its 2021 financial reports but not those for 2022. The audit recommended that CPB require Arizona PBS to identify the corrective actions and controls it will implement to ensure its most recent AFR and AFS are posted to the station's website.

Arizona PBS agreed that its FY 2022 AFS should have been posted and corrected this issue during the audit field work. It delayed posting its FY 2022 AFR as it recognized the document needed to be updated to reflect issues identified during the audit, subject to CPB's review. We agree with the finding. In accordance with CPB's CSG Non-compliance Policy, stations are subject to a penalty of \$5,000 for failure to comply with a category in the Communications Act. Given that Arizona PBS promptly corrected the issue during the audit period, CPB will assess a reduced penalty of \$2,500. Since Arizona PBS posted its AFS while the fieldwork was ongoing and considering the penalty, we trust that the station understands the requirements and will not require documentation of its corrective actions.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the \$2,500 Communications Act penalty.

B. Advance Notice of Meetings

The Communications Act requires grantees to provide the public with reasonable advance notice (at least seven days) of their open meetings which include, but are not limited to, open governing body meetings, open governing body committee meetings, and community advisory board ("CAB") meetings (collectively "open meeting(s)"). The prerequisites for a "meeting" include the presence of a quorum; and deliberations that determine or result in the joint conduct or disposition of business relating to public broadcasting¹³ where station business is discussed. Grantees may select one or more of the following four methods to satisfy the notice requirement: posting advance notice of the meeting's date, time, and place on its station's website, broadcasting notices on-air between 6 a.m. and 11 p.m., placing notice in the Legal Notices section of a local newspaper, and giving notice through a recorded announcement accessible on a station's phone system.¹⁴

¹² CPB's Communications Act Compliance requirements, 3. E. The Public's Access to Financial Information (June 2021).

¹³ CPB's Communications Act Compliance Guidance, 1. Open Meetings, C. Prerequisites for a "Meeting" (June 2021).

¹⁴ CPB's Communications Act Compliance Guidance, 1. Open Meetings, E. Notice of Open Meetings (June 2021) and Television General Provisions, Section 2.A Open Meetings.

Stations licensed to a state agency are not required by the Communications Act to do so, although Arizona PBS maintained a voluntary-type Community Advisory Board (“CAB”) which was dissolved in April 2022. While the CAB requirements in the Communications Act would not apply as the board was voluntary, because the audit found that station business was discussed at three of those meetings, Arizona PBS should have provided advance notice to the public for those meetings. Station staff indicated they were not aware of the notice requirement for meetings. The audit recommends Arizona PBS to identify the corrective actions and controls it will implement if the new general manager reinstates the CAB, to ensure the public receives reasonable advance notice of all upcoming CAB meetings at least seven days in advance of the meeting.

Arizona PBS agreed with the finding. However, because the CAB was dissolved in 2022 and has not been reinstated, we will not require this documentation.

In accordance with CPB’s CSG Non-compliance Policy, stations are subject to a penalty of \$5,000 for failure to comply with a category in the Communications Act. Given the station provided the required advanced notice for its other meetings and dissolved its voluntary CAB in 2022, we will not require that it provide CPB with documentation of its corrective actions and will reduce the penalty to \$2,500.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the \$2,500 Communications Act penalty.

C. CPB Employment Statistical Report

The Act requires stations with six or more full-time employees to file annually with CPB their Employment Statistical Report¹⁵ and make it available for public inspection at its central office and at each other location where there are six or more employees.¹⁶ The audit found that Arizona PBS did not have this document posted on its website nor did it provide the auditors with a copy of the Report when they requested it during the audit fieldwork. Although the audit remarked that the station did not have “policies and procedures” in place to address this requirement, neither the Communications Act nor CPB requires the station adopt written policies and procedures to be compliant with this requirement. Further, the audit recommended CPB require Arizona PBS to identify the corrective actions it will implement to ensure the CPB Employment Statistical Report is made available to the public.

Arizona PBS agreed with the finding and posted the most recent CPB Employment Statistical Report to the station website. We agree with the finding and as the audit recommends, require Arizona PBS to provide CPB its corrective actions to ensure CPB’s Employment Statistical Report is made available to the public.

In accordance with CPB’s CSG Non-compliance Policy, stations are subject to a penalty

¹⁵ Section 6 of the Station Activity Survey.

¹⁶ CPB’s Communications Act Compliance Guidance, 5.B. Employment Statistical Report (June 2021) and Television General Provisions, Section 2. E. Employment Statistical Report.

of \$5,000 for failure to comply with a category in the Communications Act. Given that Arizona PBS corrected the issue by updating its website, CPB will assess a reduced penalty of \$2,500.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the \$2,500 Communications Act penalty and the corrective actions and controls it will implement to ensure its CPB Employment Statistical Report is made available to the public.

IV. AFR Reporting

The audit found that Arizona PBS misclassified revenues on its Schedule A and expenditures on its Schedule E of the AFR.

A. Misclassified Revenues

The Guidelines provide AFR line-item instructions for reporting revenues from memberships and subscriptions (net of write-offs) and gifts and bequests from major individual donors.¹⁷

The audit found Arizona PBS misclassified several types of revenues on Schedule A, with most of the misstatements related to the misclassification of revenues between “Memberships and Subscriptions” and “Gifts and Bequests from Major Donors” on the AFRs. Misclassifying revenues had no additional impact on NFFS, but the audit recommended that CPB require Arizona PBS to identify and implement corrective actions and controls it will implement to ensure compliance with CPB AFR reporting requirements for Schedule A.

Arizona PBS agreed with the finding and advised that they have employed enhanced procedures to ensure compliance with AFR reporting requirements that were implemented beginning with its FY 2023 AFR. We agree with the finding and with the enhanced procedures that Arizona PBS represented it will implement. Therefore, we will not require additional documentation of its corrective actions. Because the misclassifications have no impact on NFFS beyond that addressed in Section I, Overstated NFFS, CPB will not assess a penalty.

Action: No further action is required.

B. Underreported Expenditures

The Guidelines provide AFR line-item instructions for reporting total expenses in grantee’s audited financial statements for the reporting year.¹⁸

¹⁷ Guidelines, FY 2022 – Part III AFR and FSR Line Item Instructions, Completing AFR Schedule A, Lines 10 & 19.

¹⁸ Guidelines, FY 2022 – Part III AFR and FSR Line Item Instructions, Completing AFR Schedule E – Expenses.

The audit found that Arizona PBS underreported total station expenditures by \$17,237 on its FY 2022 AFR Schedule E. The audit recommended that CPB require Arizona PBS to identify and implement corrective actions to ensure compliance with CPB AFR reporting requirements for Schedule E.

Arizona PBS indicated that the error was administrative in nature, confirmed it had procedures in place to properly report expenditures on its AFR and added another level of review with the Central Finance Department. We agree with the finding and considering the nature of the error and the additional review that Arizona PBS adopted, we will not require additional documentation of its corrective actions. Because the misreporting had no impact on NFFS beyond that addressed in Section I, Overstated NFFS, CPB will not assess a penalty.

Action: No further action is required.

V. GAAP Compliance

The audit found, based on review of the station's AFS and AFR reporting, two issues where CPB CSG and underwriting revenues were not being recognized in accordance with GAAP and its AFS.

A. CPB CSG Revenues

Arizona PBS' licensee follows the updated Financial Accounting Standards Board ("FASB") pronouncements which provide that contributions received shall be recognized as revenues in the period received.¹⁹ Grants provided to the station by a non-profit, including CPB, are considered contributions.²⁰ The audit found that Arizona PBS did not recognize CSG grant funds as contributions at the time they were received. Instead, it treated them as exchange transactions and recorded them as revenues when the station expensed them.

The audit recommended that CPB require Arizona PBS identify and implement corrective actions to comply with financial reporting requirements of GAAP.

ASU Financial staff agreed with the finding and indicated that going forward, it will recognize CSG revenues as contributions in the fiscal year received. We agree with the finding and recommended action.

Stations are subject to a penalty of \$1,000 for failure to comply with a category in the General Provisions pursuant to CPB's Non-compliance Policy. Considering the GAAP noncompliance finding did not create NFFS overreporting nor a CSG overpayment, CPB will assess a reduced penalty of \$500.

¹⁹ FASB's Accounting Standards Update 2018-08 (June 2018), page 11, paragraph 958-605-25-2.

²⁰ FASB's Accounting Standards Update 2018-08 (June 2018), page 7.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the \$500 penalty and the corrective actions it will implement to ensure compliance with financial reporting requirements of GAAP.

B. Underwriting Revenues

Arizona PBS's financial statements indicate that they are prepared using the accrual basis of accounting with underwriting revenue recognized in the period the related agreement is executed.²¹ In practice, the audit found that Arizona PBS did not follow this method and recognized underwriting revenues when they were received.

The audit recommended that CPB require Arizona PBS to identify and implement corrective actions to comply with financial reporting requirements of GAAP.

Arizona PBS agreed with the finding and stated that they are developing and implementing processes in close partnership with the Central Finance Department and the station's external auditors to ensure underwriting revenues are reported consistent with GAAP. We agree with the finding and recommended action.

Stations are subject to a penalty of \$1,000 for failure to comply with a category in the General Provisions pursuant to CPB's Non-compliance Policy. Considering the GAAP noncompliance finding did not create NFFS overreporting nor a CSG overpayment, CPB will assess a reduced penalty of \$500.

Action: Within forty-five days of the date of this correspondence, Arizona PBS must provide to CPB the \$500 penalty and documentation identifying the corrective actions it will implement to ensure compliance with GAAP financial reporting requirements.

CPB will recover \$159,920 in FY 2023 CSG overpayments and the potential FY 2021 and FY 2022 CSG overpayments per the potential NFFS overstatements related to the FMV of substantial premiums in the prior two-year period (FY 2019 and FY 2020) through a deduction to Arizona PBS' FY 2025 CSG award and will alert the station when the adjustment is made. Within forty-five days of the date of this correspondence, Arizona PBS must forward a check in the amount of \$58,399 (summarized in the table below) payable to CPB to Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129, and send the required documentation to the Director of Television CSG Policy and Review, at csg@cpb.org.

²¹ Arizona PBS Financial Statements and Supplementary Information, Years Ended June 30, 2022 and 2021. Note 1 Summary of Significant Accounting Policies, Measurement Focus, Basis of Accounting and Financial Statements and Revenue Recognition.

Scott Woelfel, General Manager
 Arizona PBS

Provision	Reduction to FY 2025 CSG	Return of Grant Funds	Penalties
<i>Section I</i>			
Premium Offsets Against Membership Revenue (A)	\$69,986		\$6,998
Ineligible Purpose (B)	\$49,073		\$4,907
Endowments (C)	\$38,470		\$3,847
Ineligible Contribution (D)	\$2,391		\$239
<i>Section II</i>			
Questioned Costs		\$32,908	\$1,000
<i>Section III</i>			
Open Financial Records (A)			\$2,500
Advance Notice of Meetings (B)			\$2,500
CPB Employment Statistical Report			\$2,500
<i>Section IV</i>			
CPB CSG Revenues (A)			\$500
Underwriting Revenues (B)			\$500
Total	\$159,920	\$32,908	\$25,491

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within thirty days of the date of this letter either in hard copy to the undersigned or by email to ogc@cpb.org. Otherwise, CPB will consider these determinations final, and Arizona PBS 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

Scott Woelfel, General Manager
Arizona PBS

CC: VIA ELECTRONIC MAIL

Cecilia Mata, Chair, Board of Regents, Arizona State University
Michael Levy, Executive Vice President & Chief Operating Officer, CPB
Evan Slavitt, Senior Vice President & General Counsel, CPB
Nick Stromann, Interim CFO, Controller, 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
Katherine Arno, Vice President, Community Service Grants and Station Initiatives, CPB
Pat Saks, Vice President, Radio & Journalism Operations, CPB
Tim Bawcombe, Director, Television CSG Policy and Review
Forrest Lillibridge, Director, Grants Administration, CPB