Corporation for Public Broadcasting

What is NFFS?

Live Webinar Training
October 4, 2023
Presenters

Tim Bawcombe, Director, Television CSG Policy & Review
Ken Goulet, Senior Financial Review Specialist
Imad Khalid, Senior Financial Review Specialist
Sarah Downs, Project Coordinator
For radio and TV grantees:

- understand the definition of non-Federal financial support (NFFS)
- know the purpose and importance of reporting NFFS
- learn how to determine NFFS eligibility
- know where to find help
- meet your annual training requirement
Agenda

- Overview of Financial Reporting to CPB
- Overview of NFFS
- NFFS Exclusions
- NFFS Decision Charts
Audio issues?

- Ensure your computer has not gone into “sleep” mode.
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  - Join by phone
    1-301-715-8592
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  - Passcode: 15572206
Submitting Questions

- Press Q&A button towards the bottom center of your screen.
- Type question in field at bottom of screen.
- Hit send.
Agenda

• Overview of Financial Reporting to CPB
  – Financial reporting and compliance
  – Important documents
  – Where to find resources

• Overview of NFFS

• NFFS Exclusions

• NFFS Decision Charts
Financial Reporting

Why report?

- Communications Act requirement
- The non-federal financial support (NFFS) you report is used to calculate your CSG.
- Required before CPB releases your second CSG payment.
Financial Reporting

What financial reports?

• AFR: Annual Financial Report or
• FSR: Financial Summary Report
• AFS: audited financial statement or unaudited financial statement, if allowed
## AFR or FSR & AFS?

- All TV grantees are required to file AFR and submit AFS
- Radio grantees:

<table>
<thead>
<tr>
<th>Financial Form</th>
<th>Total Revenue</th>
<th>Financial Statements Required</th>
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<tbody>
<tr>
<td>FSR</td>
<td>&lt; $300,000</td>
<td>Audited or Unaudited</td>
</tr>
<tr>
<td>FSR</td>
<td>≥ $300,000</td>
<td>Audited</td>
</tr>
<tr>
<td>AFR</td>
<td>N/A</td>
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Where do you report?

• isis.cpb.org
AFR/FSR Filing Deadlines

When?

• Due 5 months after the end of your fiscal year

• Two extensions available:
  – 1\textsuperscript{st} extension is for 45 days
  – 2\textsuperscript{nd} extension is for 30 days

• Penalties apply for late filing.
Important Documents

Financial Reporting Guidelines

- Reporting requirements and independent accountant attestation, NFFS definition, line item instructions, updated annually

Principles of Accounting

- Guidance on CPB’s requirement to submit audited financial statements
Discrete Accounting

- Communications Act Requirement
- Included in the terms and conditions of your grant award for all CSG revenues and expenditures.

Discrete Accounting Defined

Grantees must use unique accounting codes for CSG revenues and expenses. 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 and expenses.
CSG Resources

cpb.org

Resource documents
Online webinars

Help Desk
Email: csg@cpb.org
Where to Find Resources
Website cpb.org
Where to Find Resources
Website cpb.org
Where to Find Resources
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Questions & Answers

Q & A

Test Your Knowledge

(Please enter your answers using the Poll feature within Zoom)
Question 1

Which of the following are reasons why financial reporting to CPB is required?

A. It is a Communications Act requirement.
B. The NFFS you report is used to calculate your CSG.
C. It is required for CPB to release your 2nd CSG payment.
D. All of the above
Question 1 - Answer

Which of the following is a reason why financial reporting to CPB is required?

A. It is a Communications Act requirement.
B. The NFFS you report is used to calculate your CSG.
C. It is required for CPB to release your 2\textsuperscript{nd} CSG payment.
D. All of the above
Question 2

Which of the following are not found in the Financial Reporting Guidelines?

A. AFR/FSR Line by Line Instructions
B. Audited Financial Statement Reporting Requirements
C. Recordkeeping Requirements
D. Discrete Accounting Requirements
E. NFFS Definition and Criteria
Question 2 - Answer

Which of the following are not found in the Financial Reporting Guidelines?

A. AFR/FSR Line by Line Instructions
B. Audited Financial Statement Reporting Requirements
C. Recordkeeping Requirements
D. Discrete Accounting Requirements
E. NFFS Definition and Criteria
Question 3

Which of the following is **correct** regarding the AFR/FSR filing due date?

A. The AFR/FSR is due by May 31.
B. Penalties do not apply.
C. 1\textsuperscript{st} extension requires justification \& approval by CPB.
D. 2\textsuperscript{nd} extension requires justification \& approval by CPB.
Which of the following is correct regarding the AFR/FSR filing due date?

A. The AFR/FSR is due by May 31.
B. Penalties do not apply.
C. 1\textsuperscript{st} extension requires justification & approval by CPB.
D. 2\textsuperscript{nd} extension requires justification & approval by CPB.
Question 4

Which of the following can be found on the CPB website under the resources section for Community Service Grants?

A. Reporting Requirements
B. Compliance
C. Additional Documents and Resources
D. Training
E. All of the above
Question 4 - Answer

Which of the following can be found on the CPB website under the resources section for Community Service Grants?

A. Reporting Requirements
B. Compliance
C. Additional Documents and Resources
D. Training
E. All the above
Question 5

A radio station is required to submit an FSR and has total revenue of $500K and NFFS of $275K. What financial statements are required?

A. Audited Financial Statements since NFFS is below $300K.
B. Audited or Unaudited Financial Statements since NFFS is below $300K.
C. Audited Financial Statements since revenue is above $300K.
A radio station is required to submit an FSR and has total revenue of $500K and NFFS of $275K. What financial statements are required?

A. Audited Financial Statements since NFFS is below $300K.
B. Audited or Unaudited Financial Statements since NFFS is below $300K.
C. Audited Financial Statements since revenue is above $300K.
Press Q&A button towards the bottom center of your screen.

Type question in field at bottom of screen.

Hit send.
Agenda

- Overview of Financial Reporting to CPB
- Overview of NFFS
  - Definition and purpose of NFFS
  - NFFS Criteria
- NFFS Exclusions
- NFFS Decision Charts
NFFS is the total of direct revenue and the fair value of property and services received as either a *contribution* or a *payment*, which meets specific criteria as to: recipient, form, source, and purpose.
Purpose of NFFS

- Determine Grantee’s CSG program eligibility
- Factor in calculating incentive portion of CSG
- Part of the legal justification for CPB’s federal appropriation
NFFS Criteria

• Recipient
• Form
• Source
• Purpose
NFFS: The Recipient Criterion

- Public broadcasting entity, or an organization that receives the revenue on its behalf
- Same for both contributions and payments
NFFS: The Form Criterion

• Contributions
  – Grants
  – Gifts or donations of cash, property, or services
  – Bequests
  – Appropriations from licensee (institutional stations)

• Payments
  – Cash, property, or services in exchange for materials and services related to public broadcasting services
NFFS: The Source Criterion

• **Contributions** may be from any source **except**:
  – The federal government or
  – Public broadcasting entities.

• **Payments** must be from:
  – State and local government agencies or
  – Educational institutions.
Contributions

Ineligible
- Federal Government
- Public Broadcasting Entities

Eligible
- State & Local Government Agencies
- Not for profits & Foundations
- For Profit Entities
- Individuals
- Public & Private Colleges & Universities
NFFS: The Source Criterion

Payments

Ineligible
- Federal Government
- Public Broadcasting Entities
- For Profit Entities
- Individuals
- Not for profits & foundations that are not educational inst

Eligible
- State & Local Government Agencies
- Educational Institutions
Paycheck Protections Program (PPP) funds from Federal Government are excluded from NFFS

- AFR filers report:
  - Funds recognized as revenue in Schedule A, Line 1F
  - Funds expended as “all non-CPB funds” in Schedule E

- FSR Filers report:
  - Funds recognized as revenue in Part 1, Line 1
  - Funds expended as “all non-CPB funds” in Part 2 Expenses
NFFS: Stabilization Grants

- **Stabilization Grants** for public media distributed by CPB from CARES Act and American Rescue Plan Act funding are excluded from NFFS

  - AFR filers report:
    - Funds recognized as revenue in Schedule A, Line 2B
    - Funds expended as “other CPB funds” in Schedule E

  - FSR filers report:
    - Funds recognized as revenue in Part 1, Line 2
    - Funds expended as “other CPB funds” in Part 2 Expenses
NFFS: Next Generation Warning System

• **Website:** CPB.org/grants

• **Next Generation Warning System (NGWS) Grants** awarded by CPB are from FEMA funding and are excluded from NFFS
  
  – AFR filers report:
    • Funds recognized as revenue in Schedule A, Line 2B
    • Funds expended as “other CPB funds” in Schedule E

  – FSR filers report:
    • Funds recognized as revenue in Part 1, Line 2
    • Funds expended as “other CPB funds” in Part 2 Expenses
Contributions must be for:
- Construction or operation of a non-commercial, educational broadcast station, or
- Production, acquisition, distribution, or dissemination of educational television or radio programs and related activities.

Payments must be in exchange for:
- Cash, goods and/or services the CSG recipient received, in exchange for services or materials with respect to the provision, of educational or instructional television or radio programs.
## NFFS Criteria Summary

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Questions & Answers

Q & A

Test Your Knowledge

(Please enter your answers using the Poll feature within Zoom)
Question 6

Which of the following statements are true?

A. All revenues in a station’s AFS qualify as NFFS.
B. The four NFFS criteria are Recipient, Form, Source and Purpose.
C. Revenue needs to meet only one NFFS criteria to be eligible as NFFS.
D. CPB can add additional restrictions to NFFS.
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C. Revenue needs to meet only one NFFS criteria to be eligible as NFFS.
D. CPB can add additional restrictions to NFFS.
A TV station received grants from CPB, Sesame Workshop, a state gov’t agency, for-profit entity and a university (licensee of another public broadcasting station) for production of an educational TV series for which underwriting credit was provided. Which statements are correct?

A. All grants for the purpose of production and distribution of educational television are NFFS eligible.
B. Grants from CPB and Sesame Workshop are NFFS ineligible.
C. Grants from state gov’t agency, for-profit entity and university are NFFS eligible.
D. Both B and C
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D. Both B and C
A Radio station received payments from a local government and local business for studio space rental and audio production for private use. Which statements are correct?

A. Payment from the local government is NFFS eligible and private business is NFFS ineligible.

B. Payments from both sources are NFFS ineligible.

C. Payments from both sources are NFFS eligible.
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B. Payments from both sources are NFFS ineligible.

C. Payments from both sources are NFFS eligible.
• Press Q&A button towards the bottom center of your screen.
• Type question in field at bottom of screen.
• Hit send.
• Overview of Financial Reporting to CPB
• Overview of NFFS
• NFFS Exclusions
  – Direct Revenues Exclusions
  – In-Kind Contributions Exclusions
  – Source Criterion Exception
• NFFS Decision Charts
NFFS Exclusions: Direct Revenues

• Federal funds (e.g. CARES ACT, ARPA, PPP and NGWS funds)
• Funds from CPB (e.g. Stabilization funds) and other PBEs
• Quid Pro Quo contributions — high-end premiums
• Funds derived from subsidiary enterprises unrelated to public broadcasting
• Spectrum auction/FCC repack related revenues
• Presenting station fees
NFFS Exclusions: Direct Revenues

• Capital Funds (TV CSG grantees only)
• Gains from sale of property & equipment
• Realized & unrealized investment gains & losses
• Rental revenues
• Advertising
• Refunds and rebates
• Unrelated Business Income (UBI)
NFFS Eligibility: In-Kind Contributions

- To be eligible as NFFS, in-kind contributions must:
  - be reported as revenues in your financial statements
  - meet the 4 NFFS criteria
  - meet CPB’s valuation & documentation criteria
  - not be excluded by policy
• Certain in-kind contributions are NFFS-ineligible:
  – Third party production payments
  – Contributions in quid pro quo transactions
  – Non-professional donated services
  – Miscellaneous Electronic Items—prerecorded compact discs, records, tapes, cassettes, and film libraries
  – Fundraising related in-kind contributions
• Certain in-kind contributions are NFFS-ineligible:
  – Promotional items
  – Local productions
  – Nationally distributed programs
  – Program supplements
  – ITV or educational radio outside the allowable scope of approved activities
  – TV CSG grantees only – in-kind contributions of capital assets
Valuation Criteria: In-Kind Contributions

• Generally Accepted Accounting Principles (GAAP) require recording all contributed support at FMV.
  
  – Donor determines value.
  
  – Do not base FMV on underwriting credits traded.
Documentation Criteria: In-Kind Contributions

• **Donor certification letter/invoice/appraisals or CPB’s template can be used.**
  – Descriptions & date(s) of in-kind donations
  – FMV of donation & method of valuation (e.g. lawyer’s hourly rate x hours worked) (per GAAP)
  – Intent to donate/trade the goods or services
  – Signature of the donor

• **Trade underwriting agreements are not acceptable.**
In-Kind Donations
Certification of Goods and Services Delivered

The donor identified below has provided the following goods and/or services as an in-kind donation to ________ (insert station name), on the date and as specified below.

Donor
Address:
City: State: Zip:
Telephone/Email:

1. Date of the donation:
   (If the donation is made in several installments, the donor may either provide a single certification after providing the last installment, or an individual certification with each installment.)

2. Please itemize the goods and/or services donated below:

3. Please identify the market value of the donation at the time of the donation:

4. Please identify the method used to calculate the market value of the donation.
   (Attach any documentation necessary to confirm the value of the donation. For example, if donating legal/professional services, identify the standard hourly rate, and number of hours worked.)

The donor represents and warrants that the above donation was delivered as described.

Donor Name: ____________________________
Title: ____________________________
Signature: ____________________________
Date: ____________________________
Source Criterion Exception & Exclusion: Institutional Stations

- In-kind contributions from your licensee are ineligible as NFFS.
- However, an institutional station can include as NFFS the following:
  - Direct revenues
    - Appropriations from your licensee
    - Expenses incurred or absorbed by your licensee specifically for your station
  - Indirect administrative support (IAS)
Questions & Answers

Q & A

Test Your Knowledge

(Please enter your answers using the Poll feature within Zoom)
Question 9

A TV station received the following direct revenues. Which revenue items are ineligible as NFFS?

A. Funds provided to the station by University in exchange for studio and facilities use.
B. Funds from subsidiary enterprise related to public broadcasting.
C. Funds received for production services and presenting station fees.
D. Funds received through capital campaign for facilities and equipment.
Question 9 - Answer

A TV station received the following direct revenues. Which revenue items are ineligible as NFFS?

A. Funds provided to the station by University in exchange for studio and facilities use.
B. Funds from subsidiary enterprise related to public broadcasting.
C. Funds received for production services and presenting station fees.
D. Funds received through capital campaign for facilities and equipment.
Which of the following in-kind contributions received are eligible as NFFS? (Assume the 4 NFFS criteria are all met.)

A. Fundraising related in-kind contributions
B. Accounting and audit services
C. Local advertising in exchange for production services
D. Program supplements
E. Local Productions
Question 10 - Answer

Which of the following in-kind contributions received are eligible as NFFS? (Assume the 4 NFFS criteria are all met.)

A. Fundraising related in-kind contributions
B. Accounting and audit services
C. Local advertising in exchange for production services
D. Program supplements
E. Local Productions
Press Q&A button towards the bottom center of your screen.

Type question in field at bottom of screen.

Hit send.
NFFS Decision Charts

• NFFS Decision Charts
  – copies provided in folder
**NFFS Revenue Decision**

**Revenue**
Recipient: PBE or an organization that receives the revenue on its behalf

**Contributions**
- Unconditional transfer of cash or other assets in a voluntary nonreciprocal transfer?
  - YES → **Contributions**
    - Form: Gifts, grants, bequests, donations, appropriations
    - NFFS?
  - NO → NO

**Payments?**
- Reciprocal transfer or exchange transaction of cash or other assets of approximately equal value?
  - YES → **Payments**
    - Form: Appropriation or contract payment in exchange for specific materials or services related to public broadcasting
    - NFFS?
  - NO → NO

**Other Income**
NFFS?
Contributions Decision Chart

**In-kind Contributions Excluded from NFFS**
- Quid pro quo exchange transactions
- Non-professional volunteer services
- Pre-recorded compact discs, records, tapes and cassettes
- Fundraising related activities
- ITV or educational radio outside the allowable scope of approved activities
- Local Productions
- Program supplements
- Programs that are nationally distributed
- Promotional items
- Regional Organization allocations of program services
- TV Grantees - Direct and in-kind contributions of capital assets
  
**Direct Revenues**
- FMV of high-end premiums

Flowchart:
1. Contributions
   - Meet SOURCE criterion? (NO → Not NFFS)
   - YES → Meet PURPOSE criterion?
     - NO → Not NFFS
     - YES → Excluded by POLICY?
       - NO → NFFS
       - YES → Not NFFS
Payments Criteria

Payments Excluded from NFFS
- Sales of premiums
- Sales of program guides
- Unrelated business income as reported on federal form 990T
- Revenue from ITV or educational radio outside the allowable scope of approved activities
- Spectrum auction revenues including interest & dividends earned and/or received
- Presenting Station fees

Payments

Meet SOURCE criterion?
- NO → Not NFFS
- YES → Meet PURPOSE Criterion?
  - NO → Not NFFS
  - YES → Excluded by POLICY?
    - NO
    - YES → Not NFFS
  
NFFS
Other Income Criteria

- **Passive Income**
  - Royalties, Interest & Dividends, Pass-through copyright royalties (PBS or NPR, NOT Datacast)?
  - NFFS

- **Sale of Property & Equipment**
  - Gains from sale or exchange of property/equipment used in operations?
  - Not NFFS

- **Gains & Losses on Investments**
  - Realized, unrealized, & actuarial gains/losses?
  - Not NFFS

- **Other**
  - Refunds, rebates, reimbursements, insurance proceeds? Income from for-profit subsidiary engaged in non-broadcast activities?
  - Not NFFS
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Questions & Answers

Q & A

Test Your Knowledge

(Please enter your answers using the Poll feature within Zoom)
Which of the following statements are incorrect?

A. In-kind local/national advertising is always eligible as NFFS.
B. Insurance reimbursement is NFFS eligible if it was for replacement of damaged equipment.
C. Revenue from sale of various station logo products are NFFS eligible.
D. All in-kind is NFFS eligible if proper documentation is obtained.
Question 11 - Answer

Which of the following statements are incorrect?

A. In-kind local/national advertising is always eligible as NFFS.
B. Insurance reimbursement is NFFS eligible if it was for replacement of damaged equipment.
C. Revenue from sale of various station logo products are NFFS eligible.
D. All in-kind is NFFS eligible if proper documentation is obtained.
A Radio station received the following revenue:

- Grant from Fred Rogers Productions of $20,000
- Underwriting from the station’s institutional licensee of $35,000
- Appropriation from Licensee:
  - Pass-through of CARES Act funds of $100,000
  - Expenses incurred on station’s behalf of $40,000
- Gifts for facilities and equipment of $150,000
- Local advertising In-kind contribution of $25,000 in exchange for station productions services with value of $15,000.

What is the correct total NFFS?

A. $85,000
B. $120,000
C. $235,000
D. $200,000
Answer (C) – Total NFFS is $235,000.

NFFS Eligible:
- Underwriting from University (licensee of station) $35,000
- Appropriation from licensee for expenses incurred on station’s behalf of $40,000
- Gift for facilities and equipment of $150,000
- Local advertising in-kind of $10,000

NFFS Ineligible:
- Grant from Fred Rogers Productions of $20,000
- Appropriation of pass-through CARES Act funds of $100,000
Submitting Questions

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Completed Agenda

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Completed Training Objectives

• understand the definition of non-Federal financial support (NFFS)
• know the purpose and importance of reporting NFFS
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• meet your annual training requirement
CSG Resources

**cpb.org**

Resource documents
Online webinars

**Help Desk**

Email: csg@cpb.org
Where to Find Resources
Website cpb.org

‘Jamming on the Job’ Podcast Gets Kids Into the Work Groove

Community Service Grants
CSG General Provisions, station guidelines and resources

Open Grants and RFPs
Prepare and submit an application, learn about terms and conditions
Where to Find Resources
Website cpb.org
Corporation for Public Broadcasting

What is NFFS?

Live Webinar Training
October 4, 2023