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ABSTRACT

An audit of the financial transactions of the Corporation for Public Broadcasting (CPB) is presented. The report begins with brief reviews of CPB's history, its corporate organization, and its program goals and corporate functions. Following these, summary statements of the corporation's total revenues, grant and program expenses, and accumulated administrative costs are given. Observations on CPB's long-term lease liability and upon the policy of apportioning funds to CPB on a periodic rather than a lump-sum basis are offered. The last major section is devoted to detailed statements of net assets, changes in net assets for the fiscal year 1972, and notes to the statements. (PB)



**REPORT TO THE COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES**

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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**Financial Transactions Of The
Corporation For Public Broadcasting
For Fiscal Year 1972**

B-131935

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

MARCH 23, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-131935

The Honorable Harley O. Staggers
Chairman, Committee on Interstate
and Foreign Commerce
House of Representatives

Dear Mr. Chairman:

This is our report on the examination of financial transactions of the Corporation for Public Broadcasting for fiscal year 1972. Our review was made pursuant to your request of June 5, 1972.

As agreed with your office, the Corporation for Public Broadcasting was given the opportunity to comment on a draft report and their comments have been considered in this report.

As also agreed with your office, we are sending copies of this report to Congressman H. John Heinz III; the Director, Office of Management and Budget; the Secretary of the Treasury; the Secretary of Health, Education, and Welfare; and the President, Corporation for Public Broadcasting.

We believe that the contents of this report would be of interest to committees and other members of Congress. However, release of the report will be made only upon your agreement or upon public announcement by you concerning its contents.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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- IV Principal officials of the Corporation
for Public Broadcasting responsible for
the administration of matters discussed
in this report

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ABBREVIATIONS

- GAO General Accounting Office
GSA General Services Administration
NPR National Public Radio
PBS Public Broadcasting Service

COMPTROLLER GENERAL'S REPORT TO
THE COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES

FINANCIAL TRANSACTIONS OF THE
CORPORATION FOR PUBLIC BROADCASTING
FOR FISCAL YEAR 1972
B-131935

D I G E S T

WHY THE EXAMINATION WAS MADE

At the request of the chairman of the House Committee on Interstate and Foreign Commerce, the General Accounting Office (GAO) audited the financial transactions of the Corporation for Public Broadcasting for fiscal year 1972.

OPINION OF FINANCIAL STATEMENTS

In GAO's opinion, the Corporation's statement of net assets and the related statement of changes in net assets present fairly its financial position at June 30, 1972, and the changes in net assets for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. (See pp. 18 and 19.)

GAO believes, however, that a statement showing in more detail the results of the Corporation's operations should be provided in the future. Corporation officials have indicated that a more detailed financial presentation would be developed for fiscal year 1973. (See p. 16.)

OTHER MATTERS OF INTEREST

During 1972 the Corporation entered into a long-term lease with an option to purchase a building. In fiscal year 1972 the leasehold operation sustained a loss of \$452,000. Corporation officials estimate that a loss amounting to

between \$156,000 and \$179,000 will probably occur in fiscal year 1973 and that losses may continue until the lease expires or until the Corporation is able to divest itself of the leasehold. (See p. 9.)

The Government's general policy is to limit the advance of funds to recipient organizations to the minimum amounts needed and timed with the actual cash requirements of the organizations. However, Federal funds have been disbursed to the Corporation on a lump-sum basis, and interest income earned by the Corporation on funds in excess of immediate cash requirements serves to supplement its annual appropriation.

In view of the increasing Federal funding for public broadcasting and the Government-wide policy of periodic disbursement of Federal funds, GAO believes the practice of disbursing funds to the Corporation on a lump-sum basis should be reexamined. (See pp. 12 to 14.)

RECOMMENDATIONS OR SUGGESTIONS

This report contains no recommendations or suggestions.

AGENCY ACTIONS AND UNRESOLVED ISSUES

Corporation officials believe the Government-wide policy of periodic disbursement of Federal funds timed to correspond with the recipient's

actual needs does not and should not apply to the Corporation. (See p. 13.) Representatives of the executive branch generally stated that, because of the Corporation's unique nature, this is a matter of congressional policy. (See p. 13.)

MATTERS FOR CONSIDERATION
BY THE COMMITTEE

The Committee may wish to review the lump-sum disbursement practice during its deliberations on extending the current authorization for the Corporation. (See p. 14.)

CHAPTER 1

INTRODUCTION

The Corporation for Public Broadcasting was authorized by title II of the Public Broadcasting Act of 1967 (Public Law 90-129) after the January 1967 Carnegie Commission on Educational Television¹ report on public broadcasting recommended that a private, nonprofit Corporation be established to assist in the development of public television in the United States.

Section 396(1)(1) of the act provides that the accounts of the Corporation must be audited annually by an independent certified public accountant. The Corporation has retained the firm of Price Waterhouse & Co. to conduct the annual audit.

The act also authorizes the General Accounting Office (GAO) to audit, in accordance with the principles and procedures applicable to commercial corporate transactions, the financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of the Corporation's activities and directs that a report on the results of the audit shall contain such comments and information as the Comptroller General deems appropriate.

This report presents the results of GAO's initial audit of the Corporation's activities.

CORPORATE ORGANIZATION

The Corporation's Board of Directors consists of 15 members appointed by the President by and with the advice and consent of the Senate for staggered terms of 6 years. No

¹The Carnegie Commission on Educational Television was sponsored and financed by the Carnegie Corporation of New York. Its purpose was to conduct a broadly conceived study of non-commercial television and recommend lines along which non-commercial television might most usefully develop during the years ahead.

member can serve in excess of two consecutive terms of 6 years each. A list of the Board members is included as appendix III.

The bylaws adopted by the Board on April 26, 1968, give the Board authority to manage the property, affairs, and business of the Corporation and authorize several standing and special committees to provide policy and guidance for corporate functions.

As of June 30, 1972, the Corporation had about 70 full-time employees. Certain other positions are filled only when special projects arise. A list of Corporation officials responsible for the activities discussed in this report is included as appendix IV.

The Corporation has offices in Washington, D.C., and New York City. Officials in the Washington office, among other things, execute and monitor the grant programs and provide Federal liaison. The business manager in New York City maintains all corporate accounting and financial records and handles most financial transactions and reports.

PROGRAM GOALS AND CORPORATE FUNCTIONS

The 1967 act sets forth the following goals for the Corporation and specifies that they apply to noncommercial educational television or radio programs and broadcast systems or stations:

- To facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse sources, will be made available to noncommercial educational television or radio broadcast stations, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.
- To assist in the establishment and development of one or more systems of interconnection to be used for the distribution of educational television or radio programs so that all noncommercial educational television or radio broadcast stations that wish to may broadcast the programs at times chosen by the stations.

- To assist in the establishment and development of one or more systems of noncommercial educational television or radio broadcast stations throughout the United States.
- To carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the noncommercial educational television or radio broadcast systems and local stations from interference with or control of program content or other activities.

The Corporation classifies its activities into five functional areas--television programs and distribution; radio programs and distribution; planning, research, and evaluation; development and support through community service grants; and administration.

The Corporation considers one of its primary functions to be the support of television and radio program production and distribution. Because the act of 1967 precludes the Corporation from owning or operating program production facilities, contracts and/or grants are made to program production centers and public broadcasting stations and others to produce, acquire, and distribute noncommercial programs.

The Corporation has assisted the public broadcasting industry to increase its technical capability by participating in negotiations with the American Telephone and Telegraph Co. for favorable rates for transmission lines to carry both public television and radio productions. It also has been instrumental in the creation of, and has provided virtually all the financial support for, two private, independent, nonprofit corporations--the Public Broadcasting Service (PBS) and National Public Radio (NPR).

PBS was incorporated in 1969 and NPR was incorporated in 1970 to provide interconnection facilities for television and radio, respectively. Both PBS and NPR schedule and distribute national programs to public broadcasting stations, and each manages a national library of programs for the use of all public broadcasting stations.

NPR produces and distributes its own program material. PBS obtains programs for distribution from national production

centers affiliated with stations, from independent national production centers, and from State or regional networks and others. PBS also provides program and scheduling information to the stations and to the public and conducts research to determine what types of programs best meet local station needs. As of August 1972 there were 223 public television stations and 572 public radio stations.

The Corporation also makes community service grants to help establish, develop, or upgrade public broadcasting licenses. The grants provide supplemental financing so that licensees can undertake community service activities not ordinarily possible within their budgets. Activities financed include (1) local program production, (2) certain personnel costs for management or operating purposes, (3) development activities, (4) program promotion, and (5) limited program-related capital expenditures.

The Corporation also conducts research programs and carries on projects for talent development.

FUNDING AND EXPENDITURES FROM INCEPTION

In March 1968, before receiving its first Federal appropriation, the Corporation received a \$1 million grant from the Columbia Broadcasting System, Inc.

In October 1968 the Congress approved a \$5 million appropriation for general corporate grants and administration to be available until expended. Following intervening increases in Federal appropriations, the Congress authorized \$30 million for fiscal year 1972.

Starting in fiscal year 1971 the Congress also authorized \$3 million to match contributions from non-Federal sources, such as the Ford Foundation; the Mobil Oil Corporation; and International Business Machines, Inc. Authorized Federal matching funds were later increased to \$5 million for each year after 1971.

Total corporate revenues from all sources amounted to about \$95 million from inception through June 30, 1972.

	<u>Amount</u>
	(millions)
Federal appropriations:	
General funds	\$70.0
Matching funds	8.0
Grants and awards:	
Federal	.9
Non-Federal	14.7
Interest income	<u>1.4</u>
 Total revenues	 <u>\$95.0</u>

Total grant and program expenses amounted to about \$83.3 million from inception through June 30, 1972.

	<u>Amount</u>
	(millions)
Television programs and distribution	\$54.7
Radio programs and distribution	4.7
Planning, research, and evaluation	.4
Development and support activities	<u>23.5</u>
Total	<u>\$83.3</u>

Accumulated administrative costs at June 30, 1972, amounted to about \$7.5 million, as follows:

	<u>Amount</u>
	(millions)
Salaries and employee benefits	\$3.4
Board of Directors	.1
Consultants and professional services	1.1
Logistical support	<u>2.9</u>
Total	<u>\$7.5</u>

Net assets available to the Corporation on June 30, 1972, amounted to about \$4.2 million.

CHAPTER 2

OBSERVATIONS ON CERTAIN FINANCIAL ACTIVITIES

We believe that the following two items which relate to the financial operations and condition of the Corporation are of sufficient materiality to warrant separate discussion.

LONG-TERM LEASE LIABILITY

In March 1971 the Corporation's Board of Directors authorized the officers of the Corporation to negotiate a long-term lease for an office building being constructed at 2025 M Street NW. in Washington, D.C. The office building was to be a central location for public broadcasting organizations headquartered in the Washington metropolitan area.

On July 23, 1971, Corporation officials signed a lease agreement which was to continue in force until November 1978 for the entire rentable area of this building. During fiscal year 1972, this leasehold operation resulted in a \$452,000 loss to the Corporation. Corporation officials estimate that a loss of between \$156,000 and \$179,000 will probably occur in fiscal year 1973 and that losses may continue until the lease expires or until the Corporation is able to divest itself of the leasehold.

The lease agreement specifically provided that the Corporation could sublet portions of the building to the National Association of Educational Broadcasters, the National Educational Television, NPR, PBS, and the Washington Educational Telecommunications Association but that the Corporation would at all times be responsible for paying rent and meeting all other obligations of the lease.

The lease agreement provided for a total annual payment of \$861,317 which was made up of \$771,317 in annual rent plus \$90,000 for garage facilities. The Corporation was obligated to pay building operating expenses--such as real estate taxes, electricity, and water and trash removal--of about \$389,000 a year. The lease agreement also provided the Corporation with two options upon expiration of the lease in 1978--renewing the lease or purchasing the building.

The proposed move to centralize Washington-based public broadcasting entities did not materialize.

At the September 1971 Board meeting, Corporation officials advised the Board that \$2 million would be required to move the largest prospective tenant into the building and that, although the Ford Foundation had been asked to assist with this cost, no decision had been received at the time of the meeting. The Board was also advised that space requirements precluded the Corporation from moving its offices into the building as originally planned and that the timing of the move of other prospective tenants into the building depended on resolution of the question of the one tenant's moving costs and its ability to meet them.

At the November 1971 Board meeting, Corporation officials advised the Board that the plans for joint occupancy of the building had been abandoned and that the largest prospective tenant's financial position did not allow it to meet its obligations under the lease. The Board was also advised that efforts were being made to sublease the premises but that the Corporation might have to sustain an annual loss of up to \$200,000. Board members asked if it were possible for the Corporation to occupy part of the building and were advised that the work necessary to prepare the building for Corporation occupancy appeared to require too great an investment.

None of the original prospective tenants except NPR are occupying the building. NPR occupies the entire second floor and part of the first floor of the eight-story building; the General Services Administration (GSA) subleases the top six floors. The Corporation has negotiated contracts with the Diplomat Parking Corporation to maintain and operate the basement parking facilities and with the Braedon Companies to manage the building and act as leasing agent for about 2,000 square feet of prime ground-level space and about 4,000 square feet of basement storage space which are not yet rented.

The Corporation's liability for rental payments started in November 1971, but rental income did not begin until January 1972. Corporation financial records show the following results of the leasehold operation for fiscal year 1972:

	<u>Amount</u>
Rental income:	
GSA--Partial occupancy	\$ 81,774
NPR (reduced rate because full maintenance was not available)	20,037
Diplomat Parking (garage)	<u>38,400</u>
Total	140,211
Expenses:	
Rental, including garage	\$518,968
Operating costs	<u>90,111</u>
	609,079
Less costs reimbursed by GSA	<u>16,959</u>
Net costs to operate	<u>592,120</u>
Net operating loss	<u>\$451,909</u>

In November 1972 Corporation officials estimated that operating costs for the leasehold operation in fiscal year 1973 would be about \$1,194,000 and that income would be between \$1,015,000 and \$1,038,000, depending on whether the unoccupied space could be rented. The estimated loss for fiscal year 1973, therefore, would be between \$156,000 and \$179,000.

On November 16, 1972, the Corporation was required by the United States District Court for the District of Columbia to pay to the lessor of the building rentals and operating costs previously in dispute. Corporation officials estimate these costs will amount to \$155,000. This matter is discussed as note 5 in the Corporation's financial statements.

We were advised by the Corporation's legal counsel and its general services officer that the Corporation has tried to divest itself of the leasehold of 2025 M Street but has thus far been unsuccessful.

t

FEDERAL FUNDS SHOULD BE APPORTIONED
ON A PERIODIC BASIS

The Government's general policy is to limit the advance of funds to recipient organizations to the minimum amounts needed and timed with the actual cash requirements of the organizations. Federal funds have been disbursed to the Corporation, however, on a lump-sum basis, and the interest income earned by the Corporation on funds in excess of immediate cash requirements supplements its annual appropriation.

Corporation appropriations are provided in Departments of Labor and Health, Education, and Welfare and other agencies appropriations acts. After the annual appropriation bill is enacted, the Corporation submits a request for funds to the Secretary of Health, Education, and Welfare. A Treasury check payable to the Corporation for the appropriated amount, with the exception of matching funds, is then drawn and forwarded to the Corporation.

The Corporation generally disburses funds to its grantees in periodic payments. Cash in excess of the Corporation's immediate needs is deposited in income-producing investments. Certificates of deposit with the various banks were initially used, but in January 1970, the Corporation entered into a repurchase agreement with one bank for short-term U.S. Government securities.

We analyzed the Corporation's cash availability and investments for the period July 1, 1970, to September 30, 1972. The Corporation had available an average monthly cash balance of \$9.9 million, of which an average of \$9.8 million was invested in interest-bearing securities.

From inception through June 30, 1972, the Corporation earned interest income, substantially from invested Federal funds, as follows:

<u>Fiscal year</u>	<u>Amount</u>
1968	\$ 13,352
1969	193,465
1970	251,252
1971	234,660
1972	<u>693,936</u>
	<u>\$1,386,665</u>

The Federal Government's general policy on cash advances to such organizations as State and local governments and other public and private organizations is described in Treasury Department Circular No. 1075 (revised), dated April 10, 1969, which states that such advances be limited to the minimum amounts needed and be timed to be in accord with the actual cash requirements of the organizations.

Corporation officials take the position that the Government-wide policy of timing cash advances to correspond with recipients' actual needs, as set forth in Circular 1075, does not apply to the Corporation because this circular relates to disbursement of funds to grantee and/or loan organizations rather than to organizations receiving direct appropriations. In addition, Corporation officials believe that, because the enabling legislation established a Corporation "which will not be an agency or establishment of the United States Government," general policies relating to disbursing Federal funds do not apply.

Because of the unique nature of the Corporation, we discussed this matter with representatives of the Office of Management and Budget, the Department of the Treasury, and the Department of Health, Education, and Welfare to determine whether funds could be disbursed to the Corporation in a manner which would be more in keeping with the Government's general policy. These officials generally took the position that this is a matter of congressional policy and indicated that they would be bound by the wishes of the Congress.

Conclusion

Federal funding for public broadcasting has increased from \$5 million in fiscal year 1969 to \$35 million in fiscal

year 1973, and interest income earned by the Corporation could significantly supplement annual appropriations in future years if the Corporation continues to receive Federal funds on a lump-sum basis. In view of the Government-wide policy of periodic disbursement of Federal funds, we believe that the practice of disbursing funds on a lump-sum basis should be reexamined.

Matter for consideration
by the Committee

The Committee may wish to review the lump-sum disbursement practice during its deliberations on extending the current authorization for the Corporation.

CHAPTER 3

SCOPE OF EXAMINATION

Our examination of the Corporation's statement of net assets as of June 30, 1972, and the related statement of changes in net assets was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

As provided by section 396(1)(1)(A) of title II of the Public Broadcasting Act of 1967, the Corporation employs a firm of certified public accountants to audit its accounts and financial statements for each fiscal year. Our audit included observations and tests of the firm's audit work.

CHAPTER 4

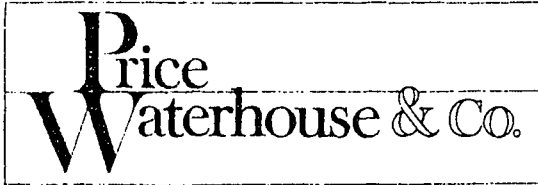
OPINION OF FINANCIAL STATEMENTS

In our opinion, the Corporation's statement of net assets and the related statement of changes in net assets present fairly its financial position at June 30, 1972, and the changes in net assets for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GAO believes, however, that a statement showing in more detail the results of the Corporation's operations should be provided in the future. Corporation officials have indicated that a more detailed financial presentation would be developed for fiscal year 1973.

A copy of the fiscal year 1972 audit report of the certified public accounting firm, which includes the Corporation's financial statements and the firm's opinion on them, is included as appendix I.

APPENDIX I



SIXTY BROAD STREET, NEW YORK, NEW YORK 10004 · 212-422-6200

August 11, 1972

To the Board of Directors of
Corporation for Public Broadcasting

In our opinion, the accompanying statement of net assets and the related statement of changes in net assets present fairly the financial position of Corporation for Public Broadcasting at June 30, 1972 and the changes in net assets for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including confirmation of the cash and securities owned at June 30, 1972 by correspondence with the depositaries.

Price Waterhouse & Co.

APPENDIX I

CORPORATION FOR PUBLIC BROADCASTING
(Note 1)

STATEMENT OF NET ASSETS

	June 30,	
	1 9 7 2	1 9 7 1
Assets:		
Cash	\$ 343,646	\$ 236,050
Federal securities held under repurchase agreement with bank	3,500,000	3,500,000
Grants receivable	2,751,658	2,072,242
Advances on grants and other receivables	993,081	507,002
Prepaid expenses and deposits	94,606	84,693
	<u>7,682,991</u>	<u>6,399,987</u>
Liabilities:		
Accounts payable and accrued liabilities	206,991	626,450
Grants payable	2,971,011	1,829,481
Deferred grant income (Note 2)	274,159	438,058
	<u>3,452,161</u>	<u>2,893,989</u>
Net assets (Notes 2 and 4)	<u>\$4,230,830</u>	<u>\$3,505,998</u>

APPENDIX I

CORPORATION FOR PUBLIC BROADCASTING
(Note 1)

STATEMENT OF CHANGES IN NET ASSETS

	<u>Year ended June 30,</u>	
	<u>1 9 7 2</u>	<u>1 9 7 1</u>
Financial resources were provided by:-		
Federal appropriation	\$35,000,000	\$23,000,000
Grants and contracts:		
Federal	224,762	711,087
Nonfederal	5,601,340	5,112,735
Interest income	693,936	234,660
	41,520,038	29,058,482
Financial resources were used for:		
Programs and activities (Note 2)	38,152,211	25,811,483
Administrative support (Note 3)	2,642,995	2,237,101
	40,795,206	28,048,584
Increase in net assets	724,832	1,009,898
Net assets at beginning of year	3,505,998	2,496,100
Net assets at end of year (Notes 2 and 4)	\$ 4,230,830	\$ 3,505,998

APPENDIX I

CORPORATION FOR PUBLIC BROADCASTING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1972

NOTE 1:

The Corporation is a nonprofit entity organized under Title II of the Public Broadcasting Act of 1967 providing financial and other support for noncommercial broadcasting. The Corporation is exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation as defined in Section 509(a) thereof.

NOTE 2:

Grants awarded to the Corporation for joint or restricted projects are reflected in income to the extent of the grantors' participations in expenses incurred for such projects. The unexpended balances of these grant awards are required to be returned to the grantors in the event such balances are not expended or committed for the purposes of the grants.

Programs and activities undertaken by the Corporation during the year are summarized as follows:

	<u>Total</u>	<u>Corporation's participation (restricted net assets)</u>	<u>Grantors' participations (deferred grant income)</u>
Unexpended budget at beginning of year	\$ 1,733,597	\$ 1,295,539	\$ 438,058
Approved budget	37,549,287	32,855,048	4,694,239
	<u>39,282,884</u>	<u>34,150,587</u>	<u>5,132,297</u>
Programs and activities	38,152,211	33,364,358	4,787,853
Release of prior year's budget commitments	259,371	189,086	70,285
	<u>38,411,582</u>	<u>33,553,444</u>	<u>4,858,138</u>
Unexpended budget at end of year	<u>\$ 871,302</u>	<u>\$ 597,143</u>	<u>\$ 274,159</u>

NOTE 3:

The Corporation has consistently followed the policy of expensing purchases of office equipment and fixtures in the year of acquisition. Such purchases, which are included in administrative support, amounted to \$32,000 (1971 - \$99,000).

NOTE 4:

The Corporation has a long-term lease on office premises expiring November 30, 1978 for which the annual rental, exclusive of operating expenses and real estate taxes, is \$861,000. Substantially all of the premises are sublet at an amount which covers the principal portion of the Corporation's expenses relating thereto.

The Corporation is a defendant in two legal actions. In the opinion of management and legal counsel, the liability, if any, resulting from such actions will not be material.

NOTE 5 - EVENT (UNAUDITED) SUBSEQUENT TO THE DATE
OF INDEPENDENT ACCOUNTANTS' OPINION:

With regard to one of the two legal actions referred to in Note 4 above, on November 16, 1972 a summary judgment was granted by the United States District Court for the District of Columbia providing that the Corporation was required to pay rentals and other operating costs previously in dispute with the lessor. The Corporation estimates that the rentals and other operating costs pertaining to its long-term lease of office premises as described in the summary judgment aggregate \$155,000.

APPENDIX II

NINETY-SECOND CONGRESS

HARLEY O. STAGGERS, W. VA., CHAIRMAN

TORBERT H. MACDONALD, MASS. WILLIAM L. SPRINGER, ILL.
JOHN JARMAN, OKLA. SAMUEL L. DEVINE, OHIO
JOHN E. MOSS, CALIF. ANCHER NELSEN, MINN.
JOHN D. DINGELL, MICH. HASTINGS KEITH, MASS.
PAUL G. ROGERS, FLA. JAMES T. BROYHILL, N.C.
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J. J. PICKLE, TEX. TIM LEE CARTER, KY.
FRED B. ROONEY, PA. CLARENCE J. BROWN, OHIO
JOHN M. MURPHY, N.Y. DAN KUYKENDALL, TENN.
DAVID E. SATTERFIELD III, VA. JOE SKUBITZ, KANS.
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RAY BLANTON, TENN. JAMES F. HASTINGS, N.Y.
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RICHARDSON PREYER, N.C. JOHN Y. MCCOLLISTER, NEBR.
BRYTRAM L. PODELL, N.Y. RICHARD G. SHOUP, MONT.
HENRY HELSTOSKI, N.J.
JAMES W. SYMINGTON, MO.
CHARLES J. CARNEY, OHIO
RALPH H. METCALFE, ILL.
GOODLOE E. BYRON, MD.
WILLIAM R. ROY, KANS.

W. E. WILLIAMSON, CLERK

Congress of the United States
House of Representatives
Committee on Interstate and Foreign Commerce
Room 2125, Rayburn House Office Building
Washington, D.C. 20515

June 5, 1972

Honorable Elmer B. Staats
Comptroller General of the
United States
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Staats:

On Thursday of last week (June 1) the House of Representatives considered and passed H.R. 13918, a bill which, among other things, authorizes the appropriation of funds for fiscal years 1973 and 1974 for the Corporation for Public Broadcasting.

The Corporation is a private, non-profit corporation established pursuant to the Public Broadcasting Act of 1967 (Public Law 90-129). During its existence the Corporation has been principally funded with monies appropriated by the Federal Government. Section 396(1)(1) of the Act (47 U.S.C. 396(1)) provides that the accounts of the Corporation must be audited annually by independent accountants having certain prescribed qualifications. That section also authorizes an audit of the financial transactions of the Corporation by the General Accounting Office for any fiscal year during which Federal funds are available to finance any portion of the Corporation's activities.

During House consideration of H.R. 13918, I was informed that no audit of the Corporation has ever been conducted by the General Accounting Office. In view of the substantial amounts of Federal funds being appropriated to the Corporation, I believe that an audit of the Corporation's financial transactions by the General Accounting Office is desirable. Accordingly,

APPENDIX II

Page 2
Mr. Staats
June 5, 1972

I request that the General Accounting Office conduct an audit of the financial transactions of the Corporation for Public Broadcasting for fiscal year 1972.

Sincerely yours,


HARLEY O. STAGERS, *Ch.*
CHAIRMAN

HOS:al

APPENDIX III

MEMBERS OF THE BOARD DIRECTORS
OF THE CORPORATION FOR PUBLIC BROADCASTING
AS OF NOVEMBER 3, 1972

	<u>Term expires</u>
Dr. Gloria L. Anderson Associate Professor and Chairman Chemistry Department Morris Brown College Atlanta, Georgia 30314	3-26-78
Mr. Robert S. Benjamin Chairman United Artists Corporation 729 Seventh Avenue New York, New York 10019	3-26-74
Mr. Theodore W. Braun Chairman Braun and Company 625 South Kingsley Drive Los Angeles, California 90005	3-26-78
Mr. Albert L. Cole 256 Round Hill Road Greenwich, Connecticut 06830	3-26-74
The Honorable Thomas B. Curtis Encyclopaedia Britannica 425 North Michigan Chicago, Illinois 60611	3-26-76
Mr. Neal B. Freeman Vice President King Features Syndicate, Inc. 235 East 45th Street New York, New York 10017	3-26-78
Mr. Michael A. Gammino, Jr. President Columbus National Bank 33 Weybossett Street Providence, Rhode Island 01901	3-26-78

APPENDIX III

	<u>Term expires</u>
Mr. Joseph D. Hughes Vice President Richard K. Mellon & Sons Mellon Square Pittsburgh, Pennsylvania 15230	3-26-78
Dr. James R. Killian, Jr. Massachusetts Institute of Technology 77 Massachusetts Avenue Cambridge, Massachusetts 02138	3-26-74
Mr. Thomas W. Moore President Tomorrow Entertainment, Inc. 777 Third Avenue New York, New York 10017	3-26-76
Mr. Frank Pace, Jr. President International Executive Service Corps 545 Madison Avenue New York, New York 10022	3-26-74
Mr. Frank E. Schooley Director of Broadcasting WILL-AM-FM-TV 227 Gregory Hall Urbana, Illinois 61801	3-26-76
Mr. Jack Valenti President Motion Picture Association of America 1600 I Street NW. Washington, D.C. 20006	3-26-74
Mr. Jack Wrather Chairman of the Board Wrather Corporation 270 N. Canon Drive Beverly Hills, California 90210	3-26-76
Vacancy	3-26-76

APPENDIX IV

PRINCIPAL OFFICIALS OF
THE CORPORATION FOR PUBLIC BROADCASTING
RESPONSIBLE FOR THE ADMINISTRATION OF MATTERS
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
PRESIDENT:		
Henry Loomis	Oct. 1972	Present
John Golden (acting)	Sept. 1972	Oct. 1972
John Macy	Feb. 1969	Sept. 1972
VICE PRESIDENT-FINANCE/TREASURER (note a):		
John Golden (acting)	Sept. 1972	Present
Ralph Nicholson	Apr. 1969	Aug. 1972
BUSINESS MANAGER:		
Richard Clavell	Nov. 1968	Present

^aThe duties and responsibilities of this position were divided between the acting vice president-finance/treasurer and the business manager during the period that the Corporation was considering a successor.