



April 21, 2016

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Ms. Enid Vazquez-Pereira
General Manager
Spanish American Civic Association for Equality, Inc.
WLCH-FM
453 S. Lime St., Suite D
Lancaster, PA 17602

RE: Audit of CPB Radio Restricted Fund Expenditures, Communications Act, Transparency, and Discrete Accounting Requirements at Selected Grantees for Fiscal Year 2014 - Report No. ACR1506-1508, dated September 29, 2015

Dear Ms. Vazquez-Pereira:

Congratulations on receiving an audit with minimal discrepancies! This audit was extensive, covering five subject areas, and we applaud the Spanish American Civic Association for Equality, Inc. (WLCH) management's commitment to compliance, which made this happen.

The Corporation for Public Broadcasting's (CPB) Office of the Inspector General (OIG) audited not just WLCH, but nine other stations that received the Community Service Grants referenced above. We are also pleased to highlight the fact that the OIG found that all ten stations properly spent CPB restricted funds on national programming and related activities and generally complied with the Act, transparency and discrete accounting requirements, with some exceptions.

The specific audit objectives were to determine whether these grantees:

- (a) spent restricted CSG funds on national programming;
- (b) discretely accounted for CSG revenues and expenditures in their accounting systems;
- (c) complied with the Communications Act (Act) requirements for open meetings, open financial records, Community Advisory Board (CAB), equal employment opportunity reporting, and donor lists and political activities prohibitions; and

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- (d) complied with website transparency requirements in the General Provisions and Eligibility Criteria (General Provisions).

Below are the OIG's findings that involve WLCH, followed by CPB's determinations.

I. OIG Recommendations 1 and 2: Advance Meeting & Quarterly On-air Notices (Communications Act)

The OIG found that WLCH did not meet the Communications Act requirements concerning open meetings by failing to provide advance notice of committee meetings and quarterly on-air announcements¹. WLCH reported to the OIG that it developed a corrective plan to meet this requirement².

CPB Determination: With regard to quarterly on-air announcements, CPB is revising its CSG Requirements and anticipates removing this provision. Therefore, CPB considers this matter resolved and closed.

After issuing the audit report, the OIG advised CPB that WLCH had broadcast advance notice of its board, board committee and CAB meetings. Accordingly CPB considers this issue resolved and closed.

Action: No further action is required of WLCH.

II. Recommendations 1 and 2: CAB Responsibilities (Communications Act)

The OIG found that WLCH was unable to provide documentation proving that its CAB advised its governing body whether WLCH's programming is meeting the educational and cultural needs of the communities it serves³, pursuant to the CSG Requirements.

CPB Determination: In discussing this issue with WLCH's general manager, she explained to CPB that the CAB's president provides updates to WLCH on their activities. The update includes in general whether, in the CAB's opinion, the station's programming meets the educational and cultural needs of the communities it serves. Neither the Communications Act nor CPB requires that CABs provide this notification in writing or in a formal manner. Therefore CPB accepts the general manager's representation and believes that this requirement may be met without a formal approach to compliance. As a result, CPB considers this matter resolved and closed.

¹ Communications Act Certification Requirements for Community Service Grant Recipients, May 2015 (CSG Requirements).

² Exhibit M of the audit report.

³ Page 5 of the audit report.

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Action: No further action is required of WLCH.

III. OIG Recommendation 3: Audited Financial Statements (General Provisions)

The OIG found that WLCH did not meet the requirements in the Transparency section of the General Provisions, by failing to post its current year audited financial statements⁴. WLCH had posted its 2013 audited financial statements, but explained that its website's design did not allow it to post later financial statements⁵. The station indicated it is updating its website to allow it to post these documents⁶.

CPB Determination: We are currently reviewing this and other requirements in the General Provisions and anticipate removing it, since a similar provision is required by the Communications Act. Considering this, the fact that WLCH has less than \$500,000 in non-federal financial support, and that WLCH has already hired consultants to update its website to allow it to post its audited financial statements, CPB considers this matter resolved and closed.

Action: No further action is required of WLCH.

IV. OIG Recommendation: Open Meeting Notices (General Provisions)

The OIG found that WLCH failed to provide advance notice of its CAB and/or governing board committee meetings on its website⁷ pursuant to the Transparency section of the General Provisions.

CPB Determination: As mentioned above, we are currently reviewing this section of the General Provisions and anticipate removing this requirement, since a similar provision is required by the Communications Act. Therefore CPB considers this matter closed and resolved.

Action: No further action is required of WLCH.

V. OIG Recommendation: Form 990 (General Provisions)

The OIG found that WLCH posted most of the nine required items on its website pursuant to the General Provisions. The item it failed to include was its Internal Revenue Service Form 990. In fact, the OIG found that WLCH had posted its Form 990

⁴ Page 10 of the audit report.

⁵ Exhibit M of the audit report.

⁶ Exhibit M of the audit report.

⁷ Page 11 of the audit report.

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for 2012 but was unable to update its website to include later documents⁸. WLCH indicated it is in process of re-designing its website to allow it to correct this issue⁹.

CPB Determination: We are currently reviewing the Transparency requirements in the General Provisions and anticipate removing this requirement in an effort to ensure that they are reasonable and not burdensome for the stations as the Internal Revenue Service already requires that all entities filing a Form 990 make a copy available for public inspection. Therefore CPB considers this matter closed and resolved.

Action: No further action is required of WLCH.

We appreciate the work that WLCH does in support of public media. Well done!

Kind regards,



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

CC: VIA ELECTRONIC MAIL

Carlos Graupera, President, Spanish American Civic Association for Equality, Inc.
Mary Mitchelson, Inspector General, CPB
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Nick Stromann, Vice President, Controller, CPB
Katherine Arno, Director, TV CSG Policy and Review, CPB
Nadine Feaster, Director, Grants Administration, CPB
Andrew Charnik, Director, Radio CSG Policy and Administration, CPB

⁸ Page 11 of the audit report.

⁹ Exhibit M of the audit report.