



April 21, 2016

VIA ELECTRONIC MAIL AND HARD COPY TO FOLLOW

Mr. Craig Kopp
General Manager
Nathan B. Stubblefield Foundation
WMNF-FM
1210 East Martin Luther King Boulevard
Tampa, FL 33603-4417

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 Mr. Kopp:

The Corporation for Public Broadcasting's (CPB) Office of the Inspector General (OIG) completed its audit reference above of the Nathan B. Stubblefield Foundation (WMNF) and nine other stations that received the Community Service Grants (CSG). The OIG's objectives were to determine whether these grantees: (a) spent CSG restricted 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 (d) complied with website transparency requirements in the General Provisions and Eligibility Criteria (General Provisions).

CPB is pleased to note that the OIG found that WMNF and the other 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.

Below are the OIG findings that involve WMNF and CPB's determinations.

I. OIG Recommendations 1 and 2: Communications Act & General Provisions

The OIG found that WMNF did not meet the requirements of the Communications Act and/or the General Provisions. Each finding is addressed below.

A. Open Meetings

1. On-air Announcements: The OIG found that WMNF failed to make quarterly on-air announcements¹. WMNF has provided evidence that it is now making these announcements, as shown by the logs it provided to the OIG. The OIG considers

¹ Page 6 of the audit report.

this issue resolved but open pending CPB receipt of documentation evidencing WMNF's compliance.

CPB Determination: We are currently reviewing the notice requirements in the CSG Requirements² and anticipate removing this requirement. Therefore, CPB considers this matter closed and resolved, and will not require additional action by WMNF.

Action: No further action is required.

2. Closed Meeting Documentation: Stations are required to document the reasons for closing an open meeting³. After the audit report's release, the OIG advised CPB that WMNF did not have this documentation for four different closed meetings.

CPB Determination: Stations that fail to comply with the Communications Act requirements are assessed a penalty of \$5,000 pursuant to CPB's CSG Non-compliance Policy. While WMNF failed in four instances to comply with the documentation requirement, it did comply with the other open meeting requirements and promptly corrected the issue. Therefore, CPB believes that a reduced penalty of \$2,500 is appropriate.

Action: CPB requires that WMNF pay the \$2,500 penalty to CPB within 60 days of the date of this correspondence.

- B. AFR: The OIG found that WMNF failed to make its AFR available to the public⁴ pursuant to the CSG Requirements. The OIG notes that to meet this requirement, WMNF has posted a copy of its AFR⁵ on its website.

CPB Determination: Although CPB does not require stations to post their AFRs to their websites, it is one way of meeting this requirement. CPB reviewed WMNF's website and confirms that the AFR has been posted. The requirement that stations make their AFRs available is a long-standing one that CPB expects stations to know and comply with. To encourage compliance CPB assesses penalties against stations that fail to meet the requirements in the Communications Act and the General Provisions⁶. Because WMNF has met a majority of the requirements for open financial records and in light of the quick action WMNF took to correct the findings, CPB will assess a reduced penalty of \$2,500.

Action: WMNF must pay the \$2,500 penalty to CPB within 60 days of the date of this correspondence.

² Communications Act Certification Requirements for Community Service Grant Recipients, May 2015.

³ Section II of the CSG Requirements.

⁴ Page 6 of the audit report.

⁵ Page 7 of the audit report.

⁶ CSG Non-compliance Policy, effective January 1, 2016. The penalties and application are essentially the same as those in effect at the time of the audit.

- C. Instructions: The OIG found that WMNF did not post instructions on its website explaining how the general public may obtain a copy of its AFR.

CPB Determination: We are currently reviewing the notice requirements in the CSG Requirements⁷ and anticipate removing this requirement in an effort to ensure that they are consistent, reasonable, and not unduly duplicative or burdensome for the stations. As a result, it would be unfair to assess a non-compliance penalty or require WMNF to take further action.

Action: No further action is required of WMNF.

- D. CAB: The OIG found that WMNF did not hold a CAB meeting in 2014; however, the station manager employed in early 2015, has recruited new CAB members who met in April 2015 before receiving notice of this audit⁸. WMNF provided the OIG with screen shots of the CAB meeting that has created a compliance book and meets quarterly to address compliance issues. The OIG considers this matter open, pending CPB's receipt of documentation that the corrective actions have been implemented.

CPB Determination: The Communications Act⁹ requires that CABs meet regularly, but it does not provide a specific number of meetings that must be held annually. Because WMNF's had met in 2015 and scheduled additional CAB meetings for the remainder of that year, prior to the OIG's audit, CPB does not believe it would be appropriate to impose a penalty for non-compliance. Therefore CPB considers this matter resolved and closed.

Action: No further action is required of WMNF.

II. OIG Recommendation 6: Discrete Accounting

The General Provisions require that stations use unique accounting codes to identify CPB funds – revenues and expenses, restricted and unrestricted. This allows an auditor to track those funds within the CSG recipient's accounting system. The OIG found that WMNF correctly spent its CSG funds and applied discrete accounting codes to track revenues, but not expenses. The OIG recognized that WMNF had addressed this issue and recommends CPB obtain documentation evidencing these discrete accounting codes for expenses.

CPB Determination: CPB agrees with the OIG's findings and WMNF must provide CPB with evidence that separate codes for CSG expenses have been added to its accounting system. Stations that certify their compliance with the General Provisions but are subsequently found non-compliant are assessed a penalty of \$1,000 for each non-compliant finding, pursuant to the CSG Non-compliance Policy¹⁰

Because WMNF had implemented a process to track revenues, and promptly adopted codes for expenses, CPB will assess a reduced penalty of \$500 against WMNF.

⁷ Communications Act Certification Requirements for Community Service Grant Recipients, May 2015.

⁸ Exhibit K.

⁹ Section IV of the CSG Requirements.

¹⁰ Although CPB revised this Policy effective January 1, 2016, the penalty amount and its application is essentially the same.

Mr. Craig Kopp
General Manager
WMNF-FM

Action: WMNF must provide the \$500 penalty and the documentation above to CPB within 60 days of the date of this correspondence.

The required documentation should be provided to Katherine Arno, Director, TV CSG Policy and Review at karno@cpb.org. Please make your check for the penalty of \$5,500 payable to CPB and forward to:

Nick Stromann
Vice President, Controller
Corporation for Public Broadcasting
401 Ninth Street NW
Washington, D.C. 20004-2129

If WMNF has any additional information concerning CPB's determinations that it requests CPB review, please forward the information in writing within 30 days of the date of this correspondence. Failing that, CPB will consider these determinations final and WMNF will be required to comply with the actions above. In the event it fails to comply with the required actions, CPB reserves the right to withhold the pending CSG payment and to take any other action CPB deems appropriate until these issues are resolved to CPB's satisfaction.

We appreciate the work that WMNF does in support of public media and trust that we can resolve these issues cooperatively.

Sincerely,



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

CC: VIA ELECTRONIC MAIL

Michael Bagby, Board President, WMNF-FM
Mary Mitchelson, Inspector General, CPB
William J. Richardson, Deputy Inspector General, CPB
Steven J. Altman, Executive Vice President and Chief Operating Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB
Ted Krichels, Senior Vice President, System Development & Media Strategy, CPB
Bruce Theriault, Senior Vice President, Journalism and Radio, CPB
Joyce MacDonald, Vice President, Journalism, CPB
Erika Pulley-Hayes, Vice President, Radio, CPB
Greg Schnirring, Vice President, Station Grants and Television Station Initiatives, CPB
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



May 18, 2016

Jackie J. Livesay
Assistant General Counsel & Vice President, Compliance
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, D.C. 20004-2129

Ms. Livesay,

We have received the audit finding of the Corporation for Public Broadcasting's Inspector General and have reviewed the judgements against WMNF.

WMNF would like to provide further information on Item 1B, AFR.

The OIG found that WMNF failed to make the AFR available to the public as required by the Communications Act. While it is true that we did not post the AFR on our website, which we do now, we did include on our website a message that said the public could request "any reports by contacting Cindy Relchard, Director of Finance and Administration (813) 238-8001 ext. 127 or cindy@wmnf.org."

We made the AFR available to the public. We did not clearly identify the CPB AFR as one of the documents that could be requested. However, we can find no such stipulation to do so in the Communications Act. We believe, on this matter, WMNF made a good faith effort to comply with the requirement to make financial records available to the public. We can find nothing in the Communications Act or General Provisions that states we must specifically declare what documents are available. We clearly understood the requirements for open financial records, however the language of that requirement is vague and we believed, at the time, that we were properly informing the public on how to view those financial records.

Please review our comments above and consider dropping the \$2500 penalty for Item 1B.

Thank you for this your consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Craig Kopp". The signature is written in a cursive style.

Craig Kopp

General Manager

Nathan B. Stubblefield Foundation/WMNF-FM

WMNF IS A 501 (C) (3) NON-PROFIT CHARITABLE ORGANIZATION. WMNF'S SOLICITATION CODE IS SC-00786. A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE WITHIN THE STATE, 1-800-435-7352. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL OR RECOMMENDATION BY THE STATE. 100 % OF EACH DONATION IS RECEIVED BY THE NATHAN B STUBBLEFIELD FOUNDATION (WMNF.)



Corporation
for Public
Broadcasting

June 22, 2016

VIA ELECTRONIC MAIL

Mr. Craig Kopp
General Manager
Nathan B. Stubblefield Foundation
WMNF-FM
1210 East Martin Luther King Boulevard
Tampa, FL 33603-4417

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 Mr. Kopp:

Thank you for your correspondence of May 18, 2016 and email of May 23, 2016 requesting that we reconsider the penalty that we assessed against WMNF for failing to make its annual financial report (AFR) available for review by the public, pursuant to the Communications Act.

Until our conversation on May 23rd, you explained that you were not clear about the reasons for the finding or the penalty. Following-up on your request, our Office of the Inspector General confirmed that your station, at the time of the audit, had included on its website notification that it would make “any reports” available upon request, by contacting your Director of Finance and Administration, whose name, telephone number and email address were listed. We accept this as evidence of your station’s compliance with the requirement, and therefore revise our earlier determination, eliminating the non-compliance finding and penalty. Accordingly, we consider the AFR matter closed and resolved, and no further action is required of WMNF. Our determinations and the required actions for the other findings remain unchanged.

We much appreciate your sending your Director of Finance and Administration to my recent presentation on compliance in New Orleans and your continued commitment to meeting the Communications Act and CPB’s compliance requirements.

Please let me know if you have any additional questions.

Kind regards,

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

CC: VIA ELECTRONIC MAIL

Michael Bagby, Board President, WMNF-FM
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