

**CORPORATION FOR PUBLIC BROADCASTING  
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF CPB GRANTS AWARDED TO THE  
VISION MAKER MEDIA, LINCOLN, NEBRASKA  
FOR THE PERIOD OCTOBER 1, 2010 – SEPTEMBER 30, 2013**

**AUDIT REPORT NO. APT1304-1406**

**September 10, 2014**



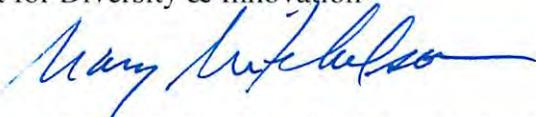
Corporation  
for Public  
Broadcasting

Office of Inspector General

Date: September 10, 2014

To: Jackie J. Livesay, Vice President, Compliance

cc: Joseph Tovares, Senior Vice President for Diversity & Innovation

From: Mary Mitchelson, Inspector General 

Subject: Audit of CPB Grants Awarded to Vision Maker Media, Lincoln Nebraska for the Period October 1, 2010 – September 30, 2013, Audit Report No. APT1304-1406

### SUMMARY

We have audited the accompanying financial grant reports (Exhibits C-E) for Vision Maker Media (VMM) for the three-year period ending September 30, 2013. The objectives of our audit were to determine whether: 1) financial reports fairly present Corporation for Public Broadcasting (CPB) grant revenues and expenditures; 2) costs were incurred in accordance with grant requirements; and 3) VMM complied with applicable provisions of the Public Broadcasting Act.

Based on our audit VMM complied with grant requirements and applicable provisions of the Public Broadcasting Act, except for the following matters:

- VMM did not accurately report cash needs when submitting grant payment requests, this resulted in VMM accumulating excessive CPB cash balances of \$790,258 as of September 30, 2013;<sup>1</sup>
- Questioned costs totaling \$276,905 for lack of documentation of actual expenditures on multiple production projects; and
- VMM's oversight of sub-agreement productions needs improvement to ensure projects are completed and properly closed-out to fully account for and use CPB funding.

We recommend that CPB officials: 1) enforce existing grant agreement terms and require VMM to manage cash request as required by the grant agreement; and 2) improve CPB's internal procedure for reviewing payment requests to ensure grantee requests comply with grant terms and grantee does not accumulate excess cash that exceed quarterly needs. We also recommend that CPB require VMM to: 3) refund \$276,905 in questioned costs, that are part of the excess

<sup>1</sup> As of April 30, 2014 VMM's cash balance has been reduced to \$ 675,439.

cash balances discussed above; and 4) improve its internal processes for monitoring production sub-agreements to ensure open projects are completed and properly closed-out, after review and acceptance of all programmatic and financial deliverables, and any unused funds are reprogrammed or returned to CPB.

We initiated this audit based on our Annual Plan. We performed our audit in accordance with *Government Auditing Standards* for financial audits. Our Scope and Methodology is discussed in Exhibit A.

In response to the draft report, VMM management stated that they were following guidance provided by a former CPB staff member regarding cash drawdowns, which resulted in excessive CPB cash balances. Regarding the questioned costs, VMM indicated that it planned to reprogram funds for an in-house project before the end of the grant period, extend the grant period for another project, and return any unused funds for other projects. VMM also stated that it had taken steps to improve its internal processes for monitoring production sub-agreements. VMM's comments on the report's findings are summarized following each finding and its complete written response is presented in Exhibit G.

Recommendations 1 and 2 were directed to CPB management and are unresolved, pending CPB's final management decision resolving the report's recommendations. Recommendations 3 and 4 were directed to VMM. Based on VMM's response, we consider recommendations 3 and 4 unresolved pending CPB's final management decision.

The findings and recommendations contained in this report do not necessarily represent CPB management's final position on these matters. CPB management will make a final management decision on the recommendations in this report in accordance with CPB's audit resolution procedures.

## **BACKGROUND**

VMM's Certificate of Incorporation states that VMM was incorporated in the State of Nebraska on February 20, 1976 as the Native American Public Telecommunications, Inc. (NAPT). The articles of incorporation were amended on August 4, 2012 to rename the organization as VMM effective January 1, 2013. VMM is located at the University of Nebraska in Lincoln and is housed in the Nebraska Educational Telecommunications (NET) building.

VMM's mission statement states that it was incorporated to promote the development of culturally diverse programming for public broadcasting by and about American Indians and Alaska Natives. The mission statement explains that VMM is a member of the National Minority Consortia (NMC), which collectively addresses the need for national public broadcast programming that reflects America's growing ethnic and cultural diversity. Other Consortia members serve the Asian American, Latino, African American, and indigenous Pacific Islanders populations. Primary funding for VMM and the other Consortia members is provided through annual grants from CPB. VMM's fiscal year (FY) 2013 annual financial statements reported total expenses of \$1,810,585 and total revenues of \$1,811,413 that included \$1,358,591 of CPB grant revenues.

VMM's mission statement further states that VMM works with Native producers to develop, produce and distribute educational telecommunications programs for all media including public television and public radio. VMM supports training to increase the number of American Indians and Alaska Natives producing quality public broadcasting programs. This includes advocacy efforts promoting increased control and use of information technologies and the policies to support this control by American Indians and Alaska Natives. In keeping with its mission, VMM facilitates getting the stories of the American Indians and Alaska Natives to national audiences by funding productions, training and education initiatives, broadcast services, and community outreach.

VMM records show that in the past 10 years, VMM has awarded approximately \$5.3 million to independent producers for television productions. This resulted in approximately 65.5 hours of programming for national public television. During this period VMM has screened films at over 217 community events worldwide, with over 16,000 people in attendance, and provided training to more than 90 emerging filmmakers. Since 1990, VMM has used CPB grants to fund independent productions in order to provide independent producers increased access to the public television system and bring innovative programming to the American people. The most recent CPB grants awarded to VMM included separate operations and production components, as follows:

<u>Grant Number</u>	<u>Fiscal Year</u>	<u>Operations Grant</u>	<u>Production Grant</u>	<u>Total</u>
13574	2011	\$657,045	\$852,500	\$1,509,545
14410	2012	\$745,545	\$755,000	\$1,500,545
14667	2013	\$656,411	\$702,180	\$1,358,591
	<b>Totals</b>	<b>\$2,059,001</b>	<b>\$2,309,680</b>	<b>\$4,368,681</b>

According to the grant agreement terms, the operations funds must be committed by VMM within the FY of the CPB grant award; however, the production grant funds are available to VMM for longer periods. The FY 2011 production funds must be committed by September 30, 2014, while the FY2012 and 2013 production funds are available to be committed by VMM until September 30, 2015 and September 30, 2016, respectively.

During our audit period, October 1, 2010 through September 30, 2013, CPB paid VMM a total of \$3,785,405 as presented in Exhibit B. Interim and final financial reports for these grant agreements are presented in Exhibits C-E

### RESULTS OF REVIEW

In our opinion, except for the matters discussed below, the financial reports presented in Exhibits C-E fairly present the results of VMM activities in conformity with CPB grant agreement terms and the applicable provisions of the Public Broadcasting Act for the three-year period ending September 30, 2013.

We have audited the accompanying VMM financial reports of revenues and expenses (Exhibits C-E) for the three-year period ending September 30, 2013. These reports are the responsibility of VMM management. Our responsibility is to express an opinion on these financial reports based on our audit.

We conducted our audit in accordance with *Government Auditing Standards* for financial audits and auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial reports to determine compliance with the grant agreement requirements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial reports. We believe that our audit provides a reasonable basis for our opinion.

The accompanying VMM financial reports were prepared for the purpose of complying with the grant agreements between CPB and VMM, as described in CPB's grant agreements, and are not intended to be a complete presentation of VMM's revenues and expenses.

Based upon our audit we found:

- VMM did not accurately report cash needs when submitting grant payment requests, this resulted in VMM accumulating excessive CPB cash balances of \$790,258 as of September 30, 2013;<sup>2</sup>
- Questioned costs totaling \$276,905 for lack of documentation of actual expenditures on multiple production projects; and
- VMM's oversight of sub-agreement productions needs improvement to ensure projects are completed and properly closed-out to fully account for and use CPB funding.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial report submitted to CPB, we considered VMM's internal control over financial reporting to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial report provided to CPB but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of VMM's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial reports will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a

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<sup>2</sup> As of April 30, 2014 VMM's cash balance has been reduced to \$675,439.

combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any internal control deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether VMM's financial report is free from material misstatements, we performed tests of its compliance with certain provision of law and grant agreement requirements, noncompliance with which could have a direct and material effect on the determination of financial report amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

## **FINDINGS AND RECOMMENDATIONS**

### **Requesting CPB Grant Funds in Accordance with Grant Agreement Terms**

Our review of VMM expenditures and funds requested for reimbursement found that cash requests were not made in accordance with the grant agreement for the production grants. As a result, VMM had accumulated excessive CPB funds over the last seven years. As of September 30, 2013 VMM had excessive CPB funds on hand totaling \$790,258, as follows:

#### **CPB Cash Balances**

<b>Fiscal Year</b>	<b>Amount</b>
2013	\$165,893
2012	\$342,277
2011	\$124,860
2007-2010	\$157,228
<b>Total</b>	<b>\$790,258</b>

VMM's agreement with CPB limited VMM's grant drawdowns a follows:

Quarterly payments shall be made upon CPB receipt and approval of the appropriate Payment Request Form. That the form should only include NAPT's unreimbursed actual cash payments for Production since the last quarterly payment, NAPT's estimate of its anticipated actual cash third-party payments to cover Production funding based on actual contractual commitments for next calendar quarter, less the amount remaining from the Initial Production Payment and any unspent funds from prior quarterly payments. The request should not include the full amount of the contract commitment.

CPB's FY 2011, FY 2012 and FY 2013 grant agreements, Attachment C, Section 1(b).

During our audit, VMM officials stated that there was a large balance of CPB cash on hand because they misunderstood when cash should have been requested from CPB under the grant agreement terms. They requested cash when a production contract was signed, because a commitment had been made. They said that they were repeatedly told by the former CPB program staff that if all the funds had been committed at the end of the agreement commitment date, a cash request should be submitted for the remaining balance. They said they were told that CPB could not pay out the remaining funds after that date. We were not able to confirm VMM's understanding of CPB's oral guidance because of CPB personnel turnover.

During our fieldwork, VMM officials said they now understand that cash requests should be based on deliverables and anticipated payments for the next quarter less any unspent funds previously requested after reviewing the audit reports of other minority consortium members. Finally, they said the remaining FY 2013 and FY 2014 funds would be requested in accordance with the grant agreement terms.

Our review of VMM's FY 2013 payment requests found that VMM is following the grant requirements to drawdown the remaining funds available under the FY 2013 and FY 2014 grants. It will begin to drawdown the remaining funds only after the current fund balances have been liquidated and will request only the funds needed to pay anticipated quarterly needs.

#### ***Recommendations:***

We recommend that CPB officials:

- 1) enforce existing grant agreement terms and require VMM to maintain cash-on-hand balances at the minimum level required by the agreements; and
- 2) improve CPB's procedure for reviewing payment requests to ensure that grantee requests comply with grant terms and maintain only the allowed cash on hand balances.

#### ***VMM's Response***

VMM's response to this finding stated that it appears that VMM is to only request funds for those expenses already incurred. Any funds remaining at the end of the quarter because of late deliverables appear to be considered excess drawdowns from CPB and not within the contract requirements. VMM further explained that the agreements VMM has with its sub-recipients are legally binding and require payment upon receipt and acceptance of the deliverables. Payments to its sub-recipients are not contingent on first receiving reimbursement from CPB. VMM pointed out that to avoid accumulating excess cash due to unexpended funds at the end of the quarter, it would have to make all payments to its producers from VMM funds, and then request reimbursement from CPB the quarter following the payments to the producers.

#### ***OIG Review and Comments***

Recommendations 1 and 2 are directed to CPB to improve its oversight of grantees' cash management practices. These recommendations are unresolved pending CPB's final management decisions resolving these recommendations. Additionally, based on VMM's response to this finding, CPB should clarify its cash drawdown requirements to VMM. During

our audit fieldwork, VMM explained it understood the cash drawdown requirements. However, VMM's response to the draft report now interprets the cash drawdowns provisions of the grant to require it to request cash reimbursement after it has already paid its sub-recipients on a cost reimbursement basis. VMM's understanding is contrary to the quarterly estimated payments methodology provided under the grant agreement terms.

### **Questioned Costs and Oversight of Production Sub-agreements**

Our audit identified questioned costs totaling \$276,855 for lack of documentation of actual expenditures for multiple production projects. This included one in-house project (\$214,250), three inactive carry-over sub-agreement projects from FYs 2008-2009 (\$60,400), and one closed sub-agreement project that had not spent all the grant funds provided (\$2,255). In each instance we determined that these costs have been reported to CPB as an expense, but were not actually spent by VMM on the in-house project or by the sub-recipients. As a result, we have questioned \$276,855. Our review of the monitoring of production sub-agreements found that VMM's processes need to improve to ensure unused sub-recipient funds are reprogrammed timely or returned to CPB.

#### ***In-house Project***

Our review of the expenses reported to CPB for grant #14410 showed that VMM fully reported the \$215,000 budget for the Growing Native production; however only \$750 of the budget was actually spent. Growing Native is a series being developed and managed in-house. CPB funded \$315,000 of the total project's budget of \$1,084,515 over multiple fiscal years, CPB grant #13574 (\$100,000) and #14410 (\$215,000). As of September 30, 2013, VMM had spent only \$100,750 against the two grants. Since the total budget has been reported as an expense, we have questioned the unspent funds of \$214,250 for this project

Currently, the project is delayed and does not have a producer under contract to complete this production. As an in-house production VMM can expense only actual costs incurred, as opposed to fully expensing an executed sub-agreement with an independent producer at the time the agreement was signed. The remaining \$214,250 (\$215,000 - \$750) in budgeted funds can be claimed as expenses by VMM when they are incurred, as long as they are incurred during the grant period. Funds can be obligated under this agreement until September 30, 2014.

VMM's grant agreement with CPB provides:

Actual Costs. NAPT agrees that all CPB Funding provided to NAPT under this Agreement is provided on a cost-reimbursement basis only, and that NAPT shall charge CPB only actual costs incurred in performance of this Agreement, up to the amounts reflected in the Twenty-Four Month Activities Budget and/or Twelve Month Activities Budget (as applicable), or any revision thereof consistent with Section III (6). In no event shall the rates charged exceed the appropriate allocation of regular compensation on an accurate time-sharing basis.

CPB's FY 2012 grant agreement with VMM Section IV, 7.

VMM officials stated that the VMM board approved the expenditures and the commitment of \$215,000 was recorded as an expense for this project. Officials said that commitments for internal projects were posted to the accounting records in the same manner as commitments to projects of independent producers, expensing the commitment and recording the payable. VMM officials said their discussions with CPB indicated that they could re-obligate these funds to other projects within the grant agreement time period.

### ***Inactive Carry-over Sub-agreements***

Our review of uncompleted carry-over VMM production sub-agreements, for the period FYs 2008 - 2009, found that five production grants remain open beyond their grant agreement periods, per Exhibit F. VMM's schedule of open grants shows that VMM entered into sub-agreements totaling \$334,770. This amount was reported as expenses to CPB and was fully reimbursed by CPB. VMM paid \$262,202 to the producers and had a remaining balance on its books totaling \$72,569 (\$12,169 for projects with recent activity within the last 10 months and \$60,400 for the three inactive projects). There has been no action on the three inactive projects since 2011 or earlier. At this stage we could not determine when and if the three inactive productions will ever be completed. As a result, we have questioned the \$60,400 in unused project funds

VMM's production sub-agreement and amendments have a "Schedule of Deliverables" section that provides the final dates that the productions should be completed. These dates are listed in Exhibit F, along with the remaining funds available to the producers. Exhibit F also shows payment information and how long some of these grants have been inactive. The oldest inactive project's last payment date was July 2009. VMM has \$20,400 cash-on-hand as the remaining portion of this project's budget that has not been invoiced by the sub-grantee. During our fieldwork we saw no documented evidence that VMM was actively monitoring these sub-agreements to ensure their completion.

During our fieldwork, VMM officials stated that they are requesting term extensions on their agreements with CPB before proceeding on amending their producers' sub-agreements.

### ***Close-out of Production Sub-agreements***

Our review of five closed sub-agreements found that on one agreement the sub-grantee had not spent the full grant budget and had unused funds of \$565 still on hand. On subsequent follow-up with the sub-grantee by VMM to collect these funds, the sub-grantee submitted a revised final report and remitted a check for \$2,255 in unused project funds. Because VMM had reported these expenses to CPB and had been reimbursed by CPB, we have questioned \$2,255 in unused funds.

VMM's grant agreement requires it to return de-obligated funds to CPB unless CPB agrees otherwise.

Any Program funded hereunder shall be subject to proportional de-obligation of funds in the event that the project is completed under budget, unless CPB written consent to the contrary is obtained.

CPB's FY 2011 grant agreement with VMM Section 13(a).

Our review found that VMM's oversight of this sub-agreement did not review and compare the sub-grantee's final financial report of expenses to the budget to determine whether any unspent funds should be returned to VMM. It is important that VMM review final production costs. Without accurate production cost information VMM would not know its actual total production costs for future project planning or be able to properly manage any unused CPB funds under the agreement terms to either reprogram the funds or de-obligate them and return them to CPB.

In response to our preliminary findings, VMM stated that it paid some producers without receiving and approving the financial deliverable. It would work with the producers to obtain final financial reports. Additionally, it would set up new procedures to track all program and financial deliverables to ensure complete information is obtained from the producers before closing the projects.

### ***Recommendations***

We recommend that CPB officials require VMM to:

- 3) refund the \$276,905 in questioned CPB grant funds; and
- 4) improve its internal processes for monitoring production sub-agreements to ensure open projects are completed or terminated when completion is no longer feasible and projects are closed only after all final deliverables (both programmatic and financial) have been properly reviewed and accepted, including recovery of any unused funds to be reprogrammed or returned to CPB.

### ***VMM's Response***

In response to recommendation number 3, VMM stated that it will repay the \$2,255 questioned for unused project funds under the closed production sub-agreement. Further, it received authorization from CPB senior management to re-obligate the questioned \$214,250 remaining on the in-house *Growing Native* project to other projects prior to the expiration of the grant on September 30, 2014. Finally, regarding the \$60,400 questioned for inactive carry-over projects, VMM said the status of these projects was reviewed by both VMM's Executive Director and CPB staff. Some projects will be completed and one project will be de-obligated. The de-obligated funds will be repaid to CPB.

In response to recommendation 4, VMM stated that it had taken steps to improve the internal processes for monitoring production sub-agreements. The oversight responsibilities for financial and program deliverables had been reassigned to the Executive Director and the Business Manager.

### *OIG Review and Comments*

Based on VMM's response we consider recommendations 3 and 4 unresolved pending CPB's final management decision on these recommendations.

Specifically on recommendation 3, CPB needs to obtain evidence from VMM that the \$214,250 questioned for the *Growing Native* project has been re-obligated to other projects. CPB should obtain copies of the executed sub-agreements to verify the agreements were finalized by September 30, 2014. Further, regarding the \$60,400 questioned for inactive carry-over projects, CPB needs to obtain evidence from VMM that the three projects have been extended, finalized and closed-out, or the unused funds were de-obligated and repaid to CPB.

Regarding recommendation 4, while reassigning oversight responsibilities may be adequate corrective actions, without more information on how VMM will carry-out those responsibilities we cannot resolve this recommendation. VMM's current "Procedure for Managing Contracts" does not specifically address the recovery of any unused funds from producers or the de-obligation and reprogramming of unused funds. CPB should obtain a better understanding of how this oversight will ensure projects are closed out timely and unused funds can be de-obligated and either reprogrammed or paid back to CPB.

## SCOPE AND METHODOLOGY

We performed an audit to determine whether VMM: (1) accurately reported grant revenues and expenses to CPB; (2) expended grant funds in accordance with CPB grant agreement terms; and (3) complied with applicable provisions of the Public Broadcasting Act. The scope of the audit included reviews and tests of the costs claimed by VMM on active CPB production and operations grants during the period October 1, 2010 – September 30, 2013. Final and interim reports submitted to CPB as of September 30, 2013 are provided in Exhibits C through E.

In conducting our audit, we reviewed CPB's grant files and discussed the award and administration of the grants with CPB officials from the offices of Diversity and Innovation, Business Affairs, and Television and Digital Video Content. At VMM, we discussed the agreements with financial, production, and management officials. We also reconciled the financial data maintained by VMM in its accounting records by grant to the expenses it reported to CPB.

We tested the allowability and accuracy of grant expenditures that VMM claimed by performing financial reconciliations and comparisons to underlying accounting records and the audited financial statements to verify transactions recorded in the general ledger and reported to CPB on payment requests. We also evaluated compliance with the grant agreement terms, in part, by testing a judgmental sample of 101 expenditures for the grants reviewed, valued at \$935,511 to supporting documentation maintained by VMM. The transactions tested included a variety of expenditure types such as, payroll, travel, producer contracts, and consulting fees. We also judgmentally selected twenty sub-agreements (productions, acquisition, and other activities) for review that included carry-over FY 2010 activities. Finally, we reviewed documents available to the public under the Public Broadcasting Act.

We gained an understanding of internal controls over the preparation of the grant reports, cash receipts, and payment authorizations to plan our substantive testing. Also, to obtain reasonable assurance that financial reports submitted to CPB were free of material misstatements, we performed tests of compliance with certain provisions of law and grant agreement requirements, when noncompliance could have a direct and material effect on the grant report amounts. Furthermore, to assist in our audit planning and to assure we could rely on the work performed by VMM's independent public accountant (IPA), we discussed and reviewed the IPA's internal control and fraud risk assessment working papers, as well as, VMM's financial statement.

We conducted our fieldwork from March 2014 through April 2014 and performed our audit in accordance with the *Government Auditing Standards* for financial audits.

**Schedule of CPB Payments to VMM  
October 1, 2010 - September 30, 2013**

<b>Payment Date</b>	<b>Grant Agreement No.</b>	<b>Amount</b>
<b>FY 2011 Grant</b>		
12/22/2010	13574	\$607,352
11/1/2011	13574	197,114
1/31/2012	13574	65,705
9/21/2012	13574	371,111
12/14/2012	13574	268,264
<b>Subtotal</b>		<b>\$1,509,545</b>
<b>FY 2012 Grant</b>		
1/9/2012	14410	685,425
9/28/2012	14410	186,166
12/17/2012	14410	96,955
6/13/2013	14410	55,000
9/5/2013	14410	486,000
<b>Subtotal</b>		<b>\$1,509,545</b>
<b>FY 2013 Grant</b>		
3/1/2013	14667	569,392
8/6/2013	14667	196,923
<b>Subtotal</b>		<b>\$766,315</b>
<b>Grand Total</b>		<b>\$3,785,405</b>

**Production Grant No. 13574**  
**Final Financial Report Submitted to CPB**  
**As of September 30, 2012**

Description	Approved Budget	Actual	Variance
<b>REVENUE</b>			
CPB - Operations	657,045	657,045	\$0
CPB - Production 2011	852,500	584,236	(268,264)
NAPT CPB ancillary	20,000	20,000	0
Media Archival Project proposal	20,000	0	(20,000)
Media Archival Project - cancelled	(20,000)	0	20,000
Other Income - (Emma Bowen grant cancelled)	4,000	5,494	1,494
Media Sales	76,000	162,523	86,523
Interest Earned - on cash accounts	15,505	10,595	(4,910)
Interest Earned - on CPB cash balance		482	482
Web Underwriting	2,500	22,220	19,720
Friends of NAPT donations	4,900	2,955	(1,945)
VisionMaker 2011 Film Festival	12,000	25,224	13,224
In-kind donations	60,000	47,579	(12,421)
<b>TOTAL REVENUE</b>	<b>\$1,704,450</b>	<b>\$1,538,354</b>	<b>(166,096)</b>
<b>EXPENSES</b>			
<b>Personnel</b>			
Executive Dir.	84,800	83,352	(1,448)
Asst. Dir	45,600	45,440	(160)
Bus & Projects Mgr	51,000	50,104	(896)
Dir of Mktg	44,000	43,887	(113)
Production Contracts/Acctg Asst	34,400	34,709	309
Office Asst	12,400	12,319	(81)
Project Coordinator & Archival Specialist	24,000	22,672	(1,328)
Interactive Media Specialist	38,100	37,527	(573)
Student summer Intership (EB contract cancelled)	4,000	4,000	0
Student Workers (5 to 10 pt time)	33,000	33,533	533
Fringe Benefits	89,000	81,203	(7,797)
Univ payroll admin fees	36,000	36,299	299
<b>Subtotal Personnel</b>	<b>496,300</b>	<b>485,045</b>	<b>(11,255)</b>
<b>Contracted Services</b>			
Development	40,000	45,739	5,739
<b>Subtotal Contracted Services</b>	<b>40,000</b>	<b>45,739</b>	<b>5,739</b>

Exhibit C (continued)

Production Grant No. 13574  
 Final Financial Report Submitted to CPB  
 As of September 30, 2012

Description	Approved Budget	Actual	Variance
<b>Professional Services</b>			
Audit	6,600	6,600	0
Legal Expenses	5,000	4,163	(838)
Web & computer technical support	12,000	11,152	(848)
<b>Subtotal Professional Services</b>	<b>23,600</b>	<b>21,914</b>	<b>(1,686)</b>
<b>Travel</b>			
Staff Travel	26,250	24,730	(1,520)
Board Travel	15,000	17,245	2,245
<b>Subtotal Travel</b>	<b>41,250</b>	<b>41,975</b>	<b>725</b>
<b>Office Expenses</b>			
Telephone	7,700	7,385	(315)
Postage	3,100	3,339	239
Office Supplies	5,600	4,538	(1,062)
Copying/Printing	2,000	2,294	294
Computer Expense	10,000	9,438	(562)
Office Insurance	4,000	3,369	(631)
Office Rent	8,100	8,100	0
Office Equip./Maintenance	3,000	3,240	240
Dues and Memberships	4,300	4,623	323
Subscriptions / Manuals	1,500	1,223	(277)
Staff Training	1,000	996	(4)
Miscellaneous	500	390	(110)
<b>Subtotal Office Expenses</b>	<b>50,800</b>	<b>48,934</b>	<b>(1,866)</b>
<b>Promotion</b>			
Marketing, Promo & Dev & Fundraising	36,900	39,146	2,246
VisionMaker Film Festival	12,000	22,151	10,151
Google Grant ads and trade outs	60,000	69,049	9,049
<b>Subtotal Promotion</b>	<b>108,900</b>	<b>130,346</b>	<b>21,446</b>
<b>Media Distribution</b>			
Royalties/Ancillary	40,000	64,039	24,039
Fulfillment (manf,dubs,cvrs, mo chrgs)	29,700	49,108	19,408
Postage/phone/copies/supplies/misc.	1,400	1,233	(167)
<b>Subtotal Media Distribution</b>	<b>71,100</b>	<b>114,381</b>	<b>43,281</b>
<b>Subtotal Operations &amp; Other Program Costs</b>	<b>831,950</b>	<b>888,334</b>	<b>56,384</b>

Exhibit C (continued)

Production Grant No. 13574  
 Final Financial Report Submitted to CPB  
 As of September 30, 2012

Description	Approved Budget	Actual	Variance
<b>Production</b>			
Production Fund	701,000	701,933	933
Post Production	11,500	12,100	600
Acquisitions & Packaging	20,000	18,949	(1,051)
<b>Subtotal Production</b>	<b>732,500</b>	<b>732,982</b>	<b>482</b>
<b>National Broadcast</b>			
Marketing & Promotion	20,000	20,059	59
Multimedia Ins	6,000	5,235	(765)
Web Development - PBS educ component	9,900	9,261	(639)
Web Content Development - PBS educ component	12,000	11,294	(706)
Outreach/Station Relations	20,000	22,456	2,456
Carriage Subscription	2,500	2,470	(30)
<b>Subtotal National Broadcast</b>	<b>70,400</b>	<b>70,775</b>	<b>375</b>
<b>Other Media Production costs</b>			
Media Archival Project	20,000	0	(20,000)
Less cancellation of Media Archival Project	(20,000)	0	20,000
Legal - producer contract negotiations	5,200	4,725	(475)
Producer Development	16,500	16,615	115
RFP panel	8,500	7,183	(1,317)
Fellowship Program	15,000	16,000	1,000
Production supplies	1,200	1,395	195
Production shipping	2,000	1,849	(151)
Production Travel & meeting expense	20,000	20,096	96
Production phone - conf calls, long distance	1,200	1,420	220
<b>Subtotal Other Media Production Costs</b>	<b>69,600</b>	<b>69,283</b>	<b>(317)</b>
<b>Subtotal Production Expenses</b>	<b>872,500</b>	<b>873,040</b>	<b>540</b>
<b>Total Production Expenses with interest</b>	<b>\$872,500</b>	<b>\$872,982</b>	<b>\$482</b>
<b>Total Budgeted and Actual Expenses</b>	<b>\$1,704,450</b>	<b>\$1,761,316</b>	<b>\$56,866</b>

**Production Grant No. 14410**  
**Final Financial Report Submitted to CPB**  
**As of September 30, 2013**

Description	Approved Budget	Actual	Variance
<b>REVENUE</b>			
CPB Contract Funding - Production	\$755,000	\$755,000	\$0
NAPT CPB ancillary	15,000	15,000	0
Interest earned on cash balance	0	226	226
<i>Subtotal CPB Production Fund Revenue</i>	<b>770,000</b>	<b>770,226</b>	<b>226</b>
<b>Non-CPB program revenue</b>			
Education Program Grants SBF	50,000	53,250	3,250
Media Archival project proposal	8,000	0	(8,000)
<i>Subtotal Non-CPB Production Revenue</i>	<b>58,000</b>	<b>53,250</b>	<b>(4,750)</b>
<b>VisionMaker Biennial Film Festival</b>	<b>0</b>	<b>29,437</b>	<b>29,437</b>
<b>CPB Contract Funding-Operations Production support (\$374,596)</b>	<b>754,545</b>	<b>754,545</b>	<b>0</b>
Other Grants	0	5,000	5,000
Other Income	0	4,683	4,683
Media Sales	78,000	143,969	65,969
Interest Earned	9,000	9,899	899
Creative Services	4,004	4,591	587
Web Underwriting	2,500	4,150	1,650
Friends of NAPT donations	7,996	14,224	6,228
In-kind donations	50,000	83,871	33,871
<b>Subtotal CPB Operations &amp; Earned Inc. Revenue</b>	<b>906,045</b>	<b>1,024,931</b>	<b>118,886</b>
<b>TOTAL REVENUE</b>	<b>1,734,045</b>	<b>1,877,858</b>	<b>143,799</b>
<b>EXPENSES</b>			
<b>Personnel- Operating</b>			
Executive Director	42,950	42,927	(23)
Business Manager	51,400	51,319	(81)
Marketing Director	22,650	22,580	(70)
Production Contracts/Accounting Asst	14,000	13,802	(198)
Office Assistant @ .5 FTE	8,496	9,168	672
Proj Coord & Archival Specialist	2,510	1,287	(1,223)
Interactive Media Specialist	778	778	(0)
Benefits	49,190	44,368	(4,822)
UNL payroll administrative fees	17,464	17,590	126

Exhibit D (continued)

Production Grant No. 14410  
 Final Financial Report Submitted to CPB  
 As of September 30, 2013

Description	Approved Budget	Actual	Variance
<i>Subtotal Personnel</i>	209,438	203,817	(5,621)
<b>Consultants &amp; Professional Services</b>			
Development	5,000	5,731	731
Audit	7,000	6,930	(70)
Legal Expenses	5,000	4,236	(764)
Web design services	25,000	26,500	1,500
<i>Subtotal Contracted Services</i>	42,000	43,397	1,397
<b>Technical Services and support</b>	12,000	11,144	(856)
<b>Travel</b>			
Staff Travel	28,000	28,497	497
Board Travel	18,000	15,680	(2,320)
<i>Subtotal Travel</i>	46,000	44,177	(1,823)
<b>Promotion</b>			
Mrktg, Promo & Dev & Fundraising	18,811	21,470	2,659
<i>Subtotal Promotion</i>	18,811	21,470	2,659
<b>Office Expenses</b>			
Telephone	7,700	6,499	(1,201)
Postage	2,800	3,340	540
Office Supplies	5,600	6,039	439
Copying/Printing	1,000	1,064	64
Computer Expense	10,000	10,430	430
Office Insurance	4,000	3,369	(631)
Office Rent	8,100	8,100	0
Office Equip./Maintenance	3,000	2,614	(386)
Dues and Memberships	5,500	5,354	(146)
Subscriptions / Manuals	1,500	1,423	(77)
Staff Training	2,000	1,704	(296)
Miscellaneous	500	453	(47)
<i>Subtotal Administrative</i>	51,700	50,389	(1,311)
<b>Total Operations CPB portion \$362,953</b>	<b>379,949</b>	<b>374,394</b>	<b>(5,555)</b>
<b>CPB Production Activities</b>			
Awards & Licensing Agreements	732,500	732,726	226
Web Content Development	22,500	21,835	(665)
Fellowship Program	15,000	15,665	665
<i>Subtotal Production Funding</i>	770,000	770,226	226

Exhibit D (continued)

Production Grant No. 14410  
Final Financial Report Submitted to CPB  
As of September 30, 2013

Description	Approved Budget	Actual	Variance
<b>Production</b>			
<b>Personnel- Production</b>			
Executive Director	34,360	34,337	(24)
Assistant Director	43,920	43,863	(57)
Marketing Director	22,650	22,580	(70)
Production Contracts/Accounting Asst	21,000	20,703	(297)
Proj Coord & Archival Specialist	22,590	20,666	(1,924)
Interactive Media Specialist	38,122	38,116	(6)
Student Workers	33,000	28,034	(4,966)
Benefits	40,937	39,916	(1,021)
UNL payroll & benefits admin fee	19,243	18,560	(683)
<b>Subtotal Production Payroll</b>	<b>275,822</b>	<b>266,774</b>	<b>(9,049)</b>
<b>Production Support</b>			
Producer Development	20,000	22,480	2,480
Marketing & Promotion	10,200	11,651	1,451
Multimedia Ins/other post prod costs	5,500	2,967	(2,533)
Legal-awards & licensing	5,200	3,284	(1,916)
RFP panel	8,400	9,052	652
Production Travel & meeting expense	21,500	19,018	(2,482)
Production phone,supplies, shipping	4,200	3,996	(204)
<b>Subtotal Production Support</b>	<b>75,000</b>	<b>72,446</b>	<b>(2,554)</b>
<b>Subtotal Program payroll &amp; production support</b>	<b>350,822</b>	<b>339,220</b>	<b>(11,602)</b>
<b>Community Engagement</b>			
<b>Payroll, taxes &amp; benefits</b>			
Executive Dir 10%	8,590	8,590	0
Asst. Dir. 10%	4,880	4,880	0
Benefits	3,527	3,527	0
UNL payroll & benefits admin fee	1,273	1,273	0
Station Relations/Community Engagement	20,000	23,319	3,319
Carriage Subscription	2,500	3,000	500
<b>Subtotal Community Engagement</b>	<b>40,770</b>	<b>44,589</b>	<b>3,819</b>
<b>Subtotal CPB Production fund support</b>	<b>1,161,592</b>	<b>1,154,036</b>	<b>(7,557)</b>
<b>Other Projects (non CPB funding)</b>			
Educ Content Development-other	50,000	41,780	(8,220)
Media Archival Project	8,000	0	(8,000)

Exhibit D (continued)

Production Grant No. 14410  
 Final Financial Report Submitted to CPB  
 As of September 30, 2013

Description	Approved Budget	Actual	Variance
Creative Services Production expenses	2,500	758	(1,743)
Google Grant ads, trades & underwriting	50,000	88,021	38,021
<b><i>Subtotal Other funded projects</i></b>	<b>110,500</b>	<b>130,558</b>	<b>20,058</b>
<b>Media Distribution</b>			
Office Assist. 12% FTE	3,125	3,125	0
Benefits	602	602	0
Adm fee	277	277	0
Royalties/Ancillary	43,000	56,084	13,084
Fulfillment (manf,dubs,cvrs, mo chrgs)	33,600	40,500	6,900
Postage/phone/copies/supplies/misc.	1,400	801	(599)
<b><i>Subtotal Video Distribution</i></b>	<b>82,004</b>	<b>101,389</b>	<b>19,385</b>
<b>Subtotal Other Projects (non CPB funding)</b>	<b>192,504</b>	<b>231,947</b>	<b>39,443</b>
<b>Total Budgeted and Actual Expenses</b>	<b>\$1,734,045</b>	<b>\$1,760,377</b>	<b>\$26,332</b>

**Production Grant No. 14667**  
**Interim Financial Report Submitted to CPB**  
**As of September 30, 2013**

Description	Amended 2013 Budget	Actual	Variance
<b>Revenue</b>			
CPB (24 mo \$702,180; 12 mo. \$656,411)	\$1,358,591	\$766,315	\$592,276
Vision Maker Media CPB ancillary	52,700	52,700	0
Interest earned on cash balance	200	486	(286)
<b><i>Subtotal CPB Revenue</i></b>	<b>1,411,491</b>	<b>819,501</b>	<b>591,990</b>
<b>BUDGETED 12-month activities expenses</b>			
<b>Expenses</b>			
<b>Personnel- Operating</b>			
Executive Director	88,100	86,631	1,469
Business Manager	52,750	52,569	181
Assistant Director	49,651	49,785	(134)
Marketing Director	29,294	30,168	(874)
Production Contracts/Accounting Asst	35,400	35,299	101
Office Assistant	22,475	24,723	(2,248)
Project Coordinator	20,208	20,476	(268)
Interactive Media Specialist	39,650	39,866	(216)
Student workers	20,000	18,282	1,718
Benefits	98,625	91,616	7,009
UNL payroll administrative fees	40,446	36,947	3,499
<b><i>Subtotal Personnel</i></b>	<b>496,599</b>	<b>486,361</b>	<b>10,238</b>
<b>Consultants &amp; Professional Services</b>			
Development	9,000	10,746	(1,746)
Station Relations/Community Engagement	15,000	17,754	(2,754)
Media Archives Services	6,804	6,804	0
Audit	8,000	7,170	830
Legal Expenses	9,200	9,447	(247)
<b><i>Subtotal Services</i></b>	<b>48,004</b>	<b>51,922</b>	<b>(3,918)</b>
<b>Technical Services and Support</b>			
Web & IT technical serv. & support	10,800	11,767	(967)
Carriage subscription	2,500	2,470	30
<b><i>Subtotal Tech Services &amp; Support</i></b>	<b>13,300</b>	<b>14,237</b>	<b>(937)</b>
<b>Travel</b>			

Exhibit E (continued)

Production Grant No. 14667  
Interim Financial Report Submitted to CPB  
As of September 30, 2013

Description	Amended 2013 Budget	Actual	Variance
Staff Travel	5,000	5,805	(805)
Board Travel	10,000	13,210	(3,210)
Producer Travel & Meetings	10,294	11,257	(963)
<b>Subtotal Travel</b>	<b>25,294</b>	<b>30,273</b>	<b>(4,979)</b>
<b>Promotion</b>			
Marketing	14,000	16,799	(2,799)
<b>Subtotal Promotion</b>	<b>14,000</b>	<b>16,799</b>	<b>(2,799)</b>
<b>Production Support</b>			
Producer Support	5,000	4,922	78
RFP	5,000	5,426	(426)
<b>Subtotal Production Support</b>	<b>10,000</b>	<b>10,348</b>	<b>(348)</b>
<b>Office Expenses</b>			
Insurance	9,300	8,604	696
Office Rent	9,600	9,600	0
Office Equip./Maintenance	7,500	8,077	(577)
Telephone	7,000	8,018	(1,018)
Postage & Shipping	4,000	3,996	4
Office & Production Supplies	4,914	4,299	616
Copying & Printing	900	1,169	(269)
Dues and Memberships	2,500	2,025	475
Subscriptions / Manuals	1,000	959	41
Archiving Materials	2,000	1,940	60
Miscellaneous	500	418	82
<b>Subtotal Office Expenses</b>	<b>49,214</b>	<b>49,103</b>	<b>111</b>
<b>Total Operations &amp; Other Program Costs</b>	<b>656,411</b>	<b>659,042</b>	<b>(2,631)</b>
<b>Board travel overage</b>			1,210
			(880)
<b>CPB Production Activities</b>			
Awards & Licensing Agreements-CPB	687,180	356,246	330,934
Awards & Licensing Agreements-Other	52,900	52,900	0
Internship Program	15,000	12,335	2,665

Exhibit E (continued)

Production Grant No. 14667  
Interim Financial Report Submitted to CPB  
As of September 30, 2013

Description	Amended 2013 Budget	Actual	Variance
<i>Subtotal Production Funding</i>	755,080	421,481	333,599
<b>Total Budgeted and Actual Expenses</b>	<b>\$1,411,491</b>	<b>\$1,080,523</b>	<b>\$330,968</b>

**Schedule of Open FY 2008 - FY 2009 Sub-Agreements  
As of May, 8, 2014**

<b>Production Title</b>	<b>Sub-Grant/ Amended Term Dates</b>	<b>Budget</b>	<b>CPB Funding Amount</b>	<b>Payment Date</b>	<b>CPB Funded Payments</b>	<b>Remaining CPB Funds</b>
<i>Recent Activity:</i>						
LaDonna Harris: Indian 101	1/29/09-11/30/13	\$242,500	\$68,000	3/5/2009	\$27,200	
				11/11/2009	\$20,400	
				3/18/2010	\$6,800	
				10/16/2013	\$3,400	
				<b>Total:</b>	<b>\$57,800</b>	\$10,200
The Medicine Game	9/15/10-5/15/13	\$120,658	\$48,770	10/1/2010	\$15,748	
				2/14/2011	\$3,937	
				3/11/2011	\$7,874	
				3/30/2012	\$3,937	
				1/11/2013	\$9,400	
				8/8/2013	\$5,906	
				<b>Total:</b>	<b>\$46,802</b>	\$1,969
	<b>Total Recent Activity</b>					<b>\$12,169</b>
<i>Inactive Projects:</i>						
Losing Ground	1/15/09-12/31/12	\$401,588	\$68,000	3/24/2009	\$27,200	
				7/20/2009	\$20,400	\$20,400
				<b>Total:</b>	<b>\$47,600</b>	
Warrior Women	2/1/10-3/31/14	\$399,640	\$100,000	3/26/2010	\$40,000	
				6/23/2011	\$30,000	\$30,000
				<b>Total:</b>	<b>\$70,000</b>	
Injunuity	3/1/10-12/31/13	\$126,040	\$50,000	3/3/2010	\$20,000	
				9/8/2010	\$15,000	
				4/21/2011	\$5,000	\$10,000
				<b>Total:</b>	<b>\$40,000</b>	
	<b>Total Inactive Projects</b>					<b>\$60,400</b>
<b>Total Projects</b>		<b>\$1,290,426</b>	<b>\$334,770</b>		<b>\$262,202</b>	<b>\$72,569</b>

*Source: Exhibit information provided by VMM officials.*



Exhibit G

VISION MAKER  
M E D I A

August 20, 2014

Mary Mitchelson  
Inspector General  
Corporation for Public Broadcasting  
401 Ninth St., NW  
Washington, DC 20004-2129

Re: Response to Draft Audit Report Number APT1304.

Dear Ms. Mitchelson:

Vision Maker Media was following procedures for cash draws as directed by prior CPB staff. At the end of the term of each CPB production contract we were told that if all production funds were committed to sub-recipients (signed contracts), that we were to request the remaining funds that were committed to be paid upon receipt of deliverables for each open sub-recipient production contract.

This finding states that cash payments may only be requested for unreimbursed expenses. The cash requests during the period of the CPB contract contain an estimate of cash needed to make payments to sub-recipients per their contract with Vision Maker Media upon receipt and approval of their deliverables due during the following quarter.

Response to Recommendation

1. Based on this finding it appears that Vision Maker Media is to only request funds for those expenses already incurred. Any funds remaining at the end of the quarter because of late deliverables, appear to be considered excess draws not within the contract requirements. The contracts Vision Maker Media has with sub-recipients are legally binding and require payment upon receipt of acceptance of deliverables and are not contingent on first receiving cash from CPB. To avoid this situation of unexpended funds at the end of the quarter, Vision Maker would have to make all payments to producers from Vision Maker funds, and then request reimbursement from CPB the quarter following the payments to the producers.

1800 N. 33rd Street  
Lincoln, NE 68503-1409

p: 402.472.3522  
f: 402.472.8675

[www.VisionMakerMedia.org](http://www.VisionMakerMedia.org)

Response to Finding "Questioned Costs and Oversight of Production Sub-agreements"  
Vision Maker Media follows Generally Accepted Accounting Principles, recording revenue when notified of the award, and expenses when committed. Accruals are posted when a commitment is made (contract is signed). VMM followed the same procedures with In-house projects.

Inactive Carry-over Sub-agreements (\$60,400) have been reviewed by the VMM Executive Director and CPB staff as to whether they are near completion, or are to be de-obligated. Close-out of Production Sub-agreements review found one agreement for which the entire amount of the budget was not spent, and the final financial reports had not been reviewed.  
Response to the Recommendations

3. Vision Maker Media will repay \$2,255 unused project funds from the one sub-grantee. On June 4, 2014, we received the authorization from CPB senior management to reobligate the \$214,253.04 remaining (unspent as of 9/30/13) for the internal project, *Growing Native*, prior to September 30, 2014. The \$60,400 is being closed out, with the permission from CPB staff. Some projects will be completed, and at least one will be de-obligated and repaid to CPB.

4. VMM has taken steps to improve its internal processes for monitoring production sub-agreements. Oversight responsibilities for financial and program deliverables have been reassigned to the Executive Director and the Business Manager.

Sincerely,



Shirley K. Sneve  
Executive Director

cc: William J. Richardson III, Deputy Inspector General  
Joseph Tovaes, Sr. Vice president for Diversity & Innovations, CPB  
Jackie Livesay, Vice president, CPB  
Lynda M. Clarke, Sr. Director, TV Programming Projects, CPB  
Mary Ann Koehler, Business Manager, Vision Maker Media  
Brian Bull, Chair, Vision Maker Media Board of Directors  
Randal P. Hansen, Treasurer, Vision Maker Media Board of Directors  
Tom Grafton, Grafton & Assoc. CPA