



# Report in Brief

## Why We Did This Audit

We performed this examination based on our Annual Plan to audit a number of public television and radio stations.

Our objectives were to examine Friends of KEXP's (KEXP) certifications of compliance with Corporation for Public Broadcasting (CPB) grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines; b) expend Community Service Grant (CSG) funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act). The amount of NFFS a station reports to CPB affects the amount of CPB funding the station receives.

Send all inquiries to our office at (202) 879-9669 or email [OIGemail@cpb.org](mailto:OIGemail@cpb.org) or visit [www.cpb.org/oig](http://www.cpb.org/oig)

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*Audit of Community Service Grants Awarded to Friends of KEXP, Seattle, Washington for the Period January 1, 2017 through December 31, 2018*

## What We Found

The station over and understated NFFS in both fiscal years (FY) with a net overstatement of \$20,359 in FY 2017 and \$31,968 in FY 2018.

**Overstated NFFS resulted in CSG overpayments of \$2,662.**

We also found the station did not fully comply with: (a) Act requirements for open and closed Board and Board committee meetings and (b) the General Provisions and Eligibility requirement for annual harassment prevention training.

The station agreed with our findings except for the finding that some components of sponsorship agreements be treated as exchange transactions and ineligible as NFFS. The station argued that the entire sponsorship agreement be treated as contributions.

The station agreed to take corrective actions on our recommendations to ensure future compliance.

CPB management will make the final determination on our findings and recommendations.

## What We Recommend

That CPB take the following actions:

- recover \$2,662 of excess CSG payments made to KEXP based on the NFFS reported on its FY 2017 and FY 2018 AFRs; and
- identify KEXP's corrective actions to ensure future compliance with NFFS reporting, open and closed meeting requirements, and annual harassment prevention training requirements.