

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

**AUDIT OF COMMUNITY SERVICE AND OTHER SELECTED GRANTS
AT NASHVILLE PUBLIC TELEVISION, INC., WNPT-TV,
NASHVILLE, TENNESSE
FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2015**

REPORT NO. AST1608-1701

January 31, 2017

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Report in Brief

Background

Nashville Public Television, WNPT-TV (WNPT) is a public station that received over \$2 million in grants from the Corporation for Public Broadcasting (CPB) during our two year audit period. We audited the station's 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) and other grant 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 (Act), as amended. The amount of NFFS a station reports to CPB affects the amount of CSG funding the station receives.

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

[Listing of OIG Reports](#)

Audit of Community Service and Other Selected Grants at Nashville Public Television, Inc., WNPT-TV, Nashville, Tennessee for the Period July 1, 2013 through June 30, 2015.

What We Found

Our examination found that WNPT:

- reported NFFS in accordance with CPB's Financial Reporting Guidelines;
- expended and reported CPB funds in accordance with grant agreement requirements; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act.

What We Recommend

Based on our examination we had no findings or recommendations.



Corporation
for Public
Broadcasting

Office of Inspector General

Date: January 31, 2017

To: Jackie J. Livesay, Vice President, Compliance
Ted Krichels, Senior Vice President, System Development and Media Strategy
Debra Sanchez, Senior Vice President, Education and Children's Content
Operations

From: Mary Mitchelson, Inspector General 

Subject: Audit of Community Service and Other Selected Grants at Nashville Public
Television, Inc., WNPT-TV, Nashville, Tennessee for the Period July 1, 2013
through June 30, 2015, Report No. AST1603-1701

We have completed an audit of Nashville Public Television, Inc., WNPT-TV's compliance with Corporation for Public Broadcasting's (CPB) Communications Act Certification Requirements for Community Service Grants (Certification Requirements) and Other Selected Grants for the Period July 1, 2013 through June 30, 2015. We found that WNPT substantially complied with those requirements during the period of our review. Based upon the results of our examination, we had no findings or recommendations to report to CPB about WNPT's current compliance with requirements.

Enclosed please find our final report, which includes WNPT's response as Exhibit F. Because we did not have any findings or recommendations, we consider this report resolved and closed, and no further action is required by CPB.

We performed this examination based on the Office of Inspector General's (OIG) annual plan objective to audit multiple TV and/or radio stations. We conducted our examination in accordance with *Government Auditing Standards* for attestation examination engagements. Our scope and methodology is discussed in Exhibit E. We will post this report to the OIG's website as required by the Inspector General Act of 1978, as amended.

Please refer any public inquiries about this report to our website or our office.

cc: Lori Gilbert, Chair, Board of Directors
Bruce M. Ramer, Chair, Audit and Finance Committee
U.S. Senate Committee on Homeland Security and Governmental Affairs
House Committee on Oversight and Government Reform
U.S. Senate Committee on Commerce, Science and Transportation
House Energy and Commerce Committee

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EXECUTIVE SUMMARY

We have completed an examination of the Corporation for Public Broadcasting (CPB) Community Service (CSG) and other selected grants at Nashville Public Television, WNPT-TV (WNPT) for the period July 1, 2013 through June 30, 2015. Our objectives were to examine WNPT's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend grant 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).

Our examination found that WNPT:

- reported NFFS in accordance with CPB's Financial Reporting Guidelines;
- expended and reported CPB funds in accordance with grant agreement requirements; and
- complied with the Certification of Eligibility requirements and the statutory provisions of the Communications Act.

Based on our examination we had no findings or recommendations. WNPT's response to the draft report is presented in Exhibit F.

We performed this examination based on the Office of Inspector General's (OIG) annual plan objective to audit multiple TV and/or radio stations. We conducted our examination in accordance with *Government Auditing Standards* for attestation examination engagements. Our scope and methodology is discussed in Exhibit E.

BACKGROUND

Per its website, WNPT, Nashville's independent nonprofit PBS station, is operated by licensee Nashville Public Television, Inc. WNPT's mission is to inspire, educate, and engage its community through excellence in public media and through meaningful collaborations. WNPT's vision is to be an enduring, dynamic, and integral part of the community that uniquely enriches the lives of citizens in middle Tennessee and beyond. Its core values are respect for its audience, commitment to its community, diversity and balance of perspectives, accountability to its stakeholders and integrity in everything it does.

Community Service Grants

CPB awards annual Community Service Grants (CSGs) to public television and radio stations based on the amount of NFFS claimed by all stations on their AFRs. The CSG calculation process starts with separate amounts appropriated for the television and radio CSG pools adjusted by distance service grants and the amount of the base grants. The funds that remain are called the Incentive Grant Pools, one is for television and the other is for radio. The Incentive Rate of Return (IRR) is calculated by dividing the Incentive Grant Pools by the total amount of NFFS claimed by all television/radio stations. The IRR is then multiplied by the station's reported NFFS to calculate the incentive award amount for the station. There is a two-year lag between the reported NFFS and CPB's calculation of the fiscal years (FY)'s CSG amount. For

example, CPB used the NFFS claimed by WNPT on its FY 2013 AFR to determine the amount of the CSG the station received in FY 2015.

During our audit period, WNPT received \$2,054,637 from CPB for CSG and interconnection grants as itemized in Exhibit A. The station reported NFFS of \$3,924,554 in FY 2014 and \$3,585,773 in FY 2015 per Exhibits B and C. WNPT's audited financial statements reported operating revenues of \$6,294,750 in FY 2014 and \$5,887,209 in FY 2015. WNPT's fiscal year begins July 1 and ends on June 30.

Other CPB Grants

In addition to the CSG funding, WNPT received \$373,859 in CPB grants for Senior Health and Wellness, RTL Transmedia Demo Station, Next Door Neighbors-Phase III, American Graduate-Town Hall, Veterans Coming Home, and American Graduate Station (Round 2), which brings the total payments for all CPB grants to \$2,428,496 as shown in Exhibit A.

RESULTS OF AUDIT

In our opinion WNPT has complied with the requirements in the following paragraph for the FY 2014 and 2015 TV CSGs (Exhibits B and C) and the Next Door Neighbors Phase III project (Exhibit D).

We examined WNPT management's assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; c) AFR Signature Page; and, d) the Final and Interim Financial Reports for the other selected projects we examined. The CSG Certification of Eligibility includes WNPT's compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Communications Act requirements for open meetings, open financial records, Community Advisory Board (CAB), Equal Employment Opportunity (EEO) reporting, and donor lists; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

Our examination was conducted in accordance with the *Government Auditing Standards* for attestation engagements and, accordingly, included examining, on a test basis, evidence about WNPT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

**CPB Grant Payments to WNPT
July 1, 2013 – June 30, 2015**

CPB Grants	FY 2014	FY 2015	Total
Community Service Grants	\$932,006	\$1,085,159	\$2,017,165
Interconnection	\$17,841	\$19,631	\$37,472
Senior Health and Wellness	\$67,500	\$0	\$67,500
Next Door Neighbors-Phase III	\$120,000	\$40,000	\$160,000
Veterans Coming Home	\$11,250	\$13,750	\$25,000
RTL Transmedia Demo Stations	\$36,359	\$0	\$36,359
American Graduate Station (Round 2)	\$60,000	\$0	\$60,000
American Graduate Community Town Hall	\$25,000	\$0	\$25,000
Total Payments	\$1,269,956	\$1,158,540	\$2,428,496

Exhibit B

**WNPT Annual Financial Report
July 1, 2013 – June 30, 2015**

Line	Description	2014 Data	2015 Data
	Schedule A		
	Source of Income		
1	Amounts provided directly by federal government agencies	\$463,997	\$186,667
	A. Grants for facilities and other capital purposes (PTFP and others)	\$137,330	\$0
	F. Other Federal Funds (specify)	\$326,667	\$186,667
2	Amounts provided by Public Broadcasting Entities	\$1,379,387	\$1,288,485
	A. CPB - Community Service Grants	\$932,006	\$1,085,159
	B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$333,418	\$137,670
	C. PBS - all payments except copyright royalties and other pass-through payments.	\$66,297	\$20,656
	E. Public broadcasting stations - all payments	\$25,016	\$25,500
	F. Other PBE funds (specify)	\$22,650	\$19,500
3	Local boards and departments of education or other local government or agency sources	\$14,700	\$0
4	State boards and departments of education or other state government or agency sources	\$522,333	\$512,221
5	State colleges and universities	\$0	\$0
6	Other state-supported colleges and universities	\$0	\$0
7	Private colleges and universities	\$227,059	\$7,309
8	Foundations and nonprofit associations	\$757,549	\$505,795
9	Business and Industry	\$360,725	\$373,157
10	Memberships and subscriptions (net of membership bad debt expense)	\$1,672,462	\$1,812,784
	Form of Revenue		
14	Special fundraising activities	\$27,664	\$59,290
15	Passive income	\$3,298	\$15,119
16	Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$13,339	\$7,119
17	Endowment revenue	\$58,648	\$35,358
18	Capital fund contributions from individuals (see instructions)	\$144,596	\$85,653
19	Gifts and bequests from major individual donors	\$309,247	\$287,389
20	Other Direct Revenue	\$0	\$0
21	Total Revenue	\$5,991,708	\$5,198,008
	Adjustments to Revenue		
22	Federal revenue from line 1	\$463,997	\$186,667
23	Public broadcasting revenue from line 2	\$1,379,387	\$1,288,485
24	Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$47,319	\$22,322

Exhibit B (Continued)

**WNPT Annual Financial Report
July 1, 2013 – June 30, 2015**

Line	Description	2014 Data	2015 Data
25	Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
26	Other automatic subtractions from total revenue	\$479,204	\$434,600
27	Total Direct Nonfederal Financial Support	\$3,621,801	\$3,265,934
	Schedule C		
1	PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0	\$0
	D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0	\$0
2	GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$302,753	\$311,836
	A. Annual rental value of space (studios, offices, or tower facilities)	\$302,753	\$311,836
	C. Station operating expenses	\$0	\$0
	D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0
3	OTHER SERVICES (must be eligible as NFFS)	\$0	\$0
C	C. Local advertising	\$0	\$0
4	Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$302,753	\$311,836
5	IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$40,072	\$31,195
	B. Exchange Transactions	\$9,425	\$8,800
	D. Fundraising related activities	\$19,589	\$22,395
	G. Program supplements	\$0	\$0
	I. Promotional items	\$0	\$0
	M. Other	\$11,058	\$0
6	Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$342,825	\$343,031
	Schedule D		
3	Equipment (must be eligible as NFFS)	\$0	\$8,003
6	Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to line 3b. of the Summary of Nonfederal Financial Support.	\$0	\$8,003
7	IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$4,215	\$0
8	Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$4,215	\$8,003

Exhibit B (Continued)

**WNPT Annual Financial Report
July 1, 2013 – June 30, 2015**

Line	Description	2014 Data	2015 Data
	Schedule E		
	PROGRAM SERVICES		
1	Programming and production	\$3,054,810	\$2,940,407
	A. TV CSG	\$861,373	\$932,006
	B. TV Interconnection	\$0	\$0
	C. Other CPB Funds	\$202,770	\$85,871
	D. All non-CPB Funds	\$1,990,667	\$1,922,530
2	Broadcasting and engineering	\$1,129,946	\$1,160,292
	A. TV CSG	\$0	\$0
	B. TV Interconnection	\$16,078	\$19,631
	C. Other CPB Funds	\$41,067	\$8,805
	D. All non-CPB Funds	\$1,072,801	\$1,131,856
3	Program information and promotion	\$335,755	\$250,530
	A. TV CSG	\$0	\$0
	B. TV Interconnection	\$0	\$0
	C. Other CPB Funds	\$6,489	\$901
	D. All non-CPB Funds	\$329,266	\$249,629
	SUPPORT SERVICES		
4	Management and general	\$814,747	\$772,973
	A. TV CSG	\$0	\$0
	B. TV Interconnection	\$0	\$0
	C. Other CPB Funds	\$0	\$1,934
	D. All non-CPB Funds	\$814,747	\$771,039
5	Fund raising and membership development	\$899,352	\$937,523
	A. TV CSG	\$0	\$0
	B. TV Interconnection	\$0	\$0
	C. Other CPB Funds	\$0	\$103
	D. All non-CPB Funds	\$899,352	\$937,420
8	Total Expenses (sum of lines 1 to 7) must agree with audited financial statements		
	A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$6,234,610	\$6,061,725
	B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$861,373	\$932,006
	C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$16,078	\$19,631
	D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$250,326	\$97,614
	E. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$5,106,833	\$5,012,474
	INVESTMENT IN CAPITAL ASSETS		
9	Total capital assets purchased or donated	\$438,279	\$166,464
10	Total expenses and investment in capital assets (sum of lines 8 and 9)	\$6,672,889	\$6,228,189

**WNPT Summary of Non-Federal Financial Support
For the periods ending June 30, 2014 and 2015
Certification by Head of Grantee and Independent Accountant's Report**

Line	Description	FY 2014	FY 2015	Total
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$3,621,801	\$3,265,934	\$6,887,735
2	In-Kind Contributions (Schedule C)	\$302,753	\$311,836	\$614,589
3	In-Kind Contributions (Schedule D)	\$0	\$8,003	\$8,003
4	Total Non-Federal Financial Support	\$3,924,554	\$3,585,773	\$7,510,327

Exhibit D

**Next Door Neighbors - Phase III
WNPT Final Financial Report
July 1, 2013 through June 30, 2015**

Revenue	Budget	Total CPB Actual
Corporation for Public Broadcasting	\$192,303	\$160,000
Total Revenue Next Door Neighbor Phase III	\$192,303	\$160,000
Expense		
Documentaries/Content		
Freelance - Translators, Host	\$1,000	\$500
Online Edit Suite	\$40,000	\$59,006
Field Production	\$19,200	\$20,500
Supplies	\$1,000	\$15
Artwork/graphics/printing	\$2,400	\$323
Meals	\$500	\$75
Captioning	\$400	\$280
Advertising	\$4,000	\$0
Video tape	\$2,400	\$613
Documentaries/Content Subtotal	\$70,900	\$81,313
Storyteller Training		
Equipment for distribution to schools	\$1,600	\$1,666
Supplies	\$300	\$287
Mileage	\$289	\$0
Storyteller Training Subtotal	\$2,189	\$1,953
Station Training		
Conference registration	\$1,258	\$800
Travel - airfare	\$470	\$0
Travel - hotel	\$1,125	\$577
Meals	\$190	\$114
Ground transportation	\$328	\$283
Station Training Subtotal	\$3,371	\$1,774

Exhibit D (Continued)

**Next Door Neighbors - Phase III
WNPT Final Financial Report
July 1, 2013 through June 30, 2015**

Revenue	Budget	Total CPB Actual
Literacy Training and Community Engagement		
DVD Duplication	\$1,000	\$510
Food & Hospitality	\$200	\$224
Books for distribution	\$8,000	\$8,000
Freelance	\$3,000	\$3,050
Mileage	\$300	\$2
Literacy Training and Community Engagement Subtotal	\$12,500	\$11,786
Personnel		
Producer	\$27,615	\$36,321
Executive Producer	\$13,999	\$11,951
Editor	\$8,108	\$2,169
Videographer	\$3,954	\$2,009
Director Of Media Relations/Online Strategies	\$2,486	\$1,259
Web Designer	\$5,633	\$7,082
Director of Education	\$6,103	\$6,292
Community Engagement Mgr Director of Content	\$9,138	\$5,591
Director of Brand Mgmt/Creative Services	\$3,529	\$0
President and CEO/Station Training	\$1,813	\$1,911
Senior Designer	\$1,150	\$993
VO Talent	\$0	\$112
Storyteller Trainer	\$19,813	\$19,787
Personnel Subtotal	\$103,341	\$95,477
Total Expenses Next Door Neighbor Phase III	\$192,303	\$192,303

Scope and Methodology

We performed an attestation examination to determine WNPT's compliance with CPB Financial Reporting Guidelines, provisions of the Communications Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by the station on its AFRs and the final financial report submitted for the Next Door Neighbor Phase III grant reconciled to audited financial statements for the FYs ending June 30, 2014 and June 30, 2015; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of NFFS claimed on WNPT's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting and grant agreements and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions totaling \$1,861,251 of the \$7,510,327 WNPT reported in FY 2014 and FY 2015.

We reviewed the allowability of the \$1,983,311 (100%) of expenses charged to WNPT's CSG and \$145,163 (75%) of the \$192,303 Next Door Neighbor Phase III grant expenses. We reviewed supporting documentation, including employee timesheets, vendor invoices, purchase orders, and other documentation for judgmentally selected transactions. In testing certain non-payroll expenses charged to the Next Door Neighbor grant (i.e., \$59,006 in edit suite expenses and \$20,500 in field production services), we employed alternative procedures to determine the reasonableness of the cost reported, because WNPT did not retain documentation on how the billing rates for these services (equipment and editing facilities) were determined in 2010.

We reviewed policies, records, and documents supporting the station's compliance with the Act's requirements to provide advance notice of public meetings, make financial and EEO information available to the public, carryout CAB responsibilities, and safeguard donor list information. We also reviewed WNPT's website to determine its compliance with CPB's transparency requirements. Our procedures included interviewing station officials and its independent public accountant.

We gained an understanding of internal controls over the preparation of the AFRs, cash receipts, and cash disbursements. We also gained an understanding of WNPT's policies and procedures for compliance with certification of eligibility requirements, Act requirements, and CPB grant agreement terms for allowable costs. We used this information to assess risks and plan the nature and extent of our testing to conclude on our objectives.

We conducted fieldwork from August 22, 2016 through October 10, 2016. Our examination was performed in accordance with the *Government Auditing Standards* for attestation examinations.

Nashville Public Television
161 Rains Avenue
Nashville, Tennessee 37203
Tel 615-259-9325
Fax 615-248-6120
www.wnpt.org

Exhibit F



December 21, 2016

Ms. Mary Mitchelson
Inspector General
401 Ninth Street, NW
Washington, DC 20004-2129

Dear Ms. Mitchelson:

We have reviewed the draft audit report of CPB grants awarded to Nashville Public Television.

We would like to thank you for your detailed efforts and are pleased with the results.

Wishing you a happy and healthy 2017.

Sincerely,

A handwritten signature in blue ink that reads 'Beth Curley'.

Beth Curley,
President & CEO

A handwritten signature in blue ink that reads 'Kathy McElroy'.

Kathy McElroy,
VP & CFO

