CORPORATION FOR PUBLIC BROADCASTING

OFFICE OF INSPECTOR GENERAL

EVALUATION OF WLRN-TV/FM'S RESTATEMENT OF ITS UNDERWRITING REVENUE SPLIT BETWEEN TELEVISION AND RADIO FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2015

REPORT NO. ESJ1708-1710

September 29, 2017

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Office of Inspector General
Corporation for Public Broadcasting

Report No. ESJ1708-1710
September 29, 2017

Report in Brief

Why We Did This Audit

We performed this limited scope evaluation in response to a Corporation for Public Broadcasting (CPB) request to review WLRN's restatement of underwriting revenues for fiscal years (FYs) 2008 through 2015 that WLRN submitted to CPB in February 2017.

The objective of our review was to determine the accuracy of the restated underwriting revenue split between TV and radio for the period July 1, 2007 through June 30, 2015 based on reconciling restated underwriting to Friends' general ledgers. We performed this limited scope evaluation to provide CPB with an assessment of the restated revenues, give CPB a basis to recoup excess CSG funds paid to WLRN, and provide WLRN with an understanding of its liability to prepare its FY 2016 Annual Financial Reports (AFR).

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

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

Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split Between Television and Radio for the Period July 1, 2007 through June 30, 2015

What We Found

Our evaluation confirmed the accuracy of WLRN's restated underwriting revenue split between TV and radio. WLRN overstated TV underwriting revenues by $9,477,139, and understated radio underwriting revenues by the same amount.

Inaccurate reporting of underwriting resulted in CSG overpayments of $1,128,247.

We found WLRN's misreporting resulted in it receiving $1,128,247 in TV CSG funds it was not entitled to receive. Had WLRN correctly reported underwriting, WLRN would have received a smaller TV CSG and CPB would have distributed the remaining funds to other public TV stations. WLRN would have also received a larger radio CSG award. However, no radio CSG funds are now available to reimburse WLRN based upon its understated radio revenues.

In response to our draft report, WLRN agreed it misreported underwriting revenue but contended the proper remedy would be to repay $544,700, the difference between the TV CSG overpayments and the radio CSG it would have received if it had properly reported its radio underwriting. WLRN also disagreed that penalties are appropriate. WLRN's response is generally responsive to our third recommendation.

What We Recommend

That CPB:

- recover TV CSG overpayment of $1,128,247;
- apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy; and
- require WLRN to identify the corrective actions and controls it will implement to ensure future compliance.

Corporation
for Public
Broadcasting

Office of Inspector General

Date: September 29, 2017

To: Jackie J. Livesay, Vice President, Compliance
Ted Krichels, Senior Vice President, System Development and Media Strategy
Kathy Merritt, Senior Vice President, Journalism and Radio

From: Mary Mitchelson, Inspector General Mary Mitchelson

Subject: Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split Between Television and Radio for the Period July 1, 2007 through June 30, 2015, Report No. ESJ1708-1710

Enclosed please find our final report, which contains our findings and recommendations. CPB officials must make a final management decision on the findings and recommendations in accordance with established audit resolution procedures.

Accordingly, we request that you provide us with a draft written response to our findings and recommendations within 90 days of the final report. We will review your proposed actions and provide our feedback before you issue a final management decision to the grantee, which is due within 180 days of the final report. For corrective actions planned but not completed by the response date, please provide specific milestone dates so that we can track the implementation of corrective actions needed to close the audit recommendations.

We will post this report to the Office of Inspector General's website and appropriate congressional committees 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.

Enclosure

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

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

We initiated this limited scope evaluation in response to a request by Corporation for Public Broadcasting (CPB) officials to review the restatement of underwriting revenues for fiscal years (FYs) 2008 through 2015 that WLRN-TV/FM (WLRN) submitted to CPB in February 2017. In this restatement, WLRN identified over $9 million in underwriting revenues that it had overreported for television (TV) and correspondingly underreported for radio as Non-Federal Financial Support (NFFS). CPB calculates its Community Service Grant (CSG) award amounts based on reported NFFS. The School Board of Miami-Dade County, Florida (School Board) is the licensee of WLRN. The Friends of WLRN Inc. (Friends) is a nonprofit corporation that handles WLRN's fundraising activities and provided the underwriting revenue information that WLRN reported to CPB.

The objective of our review was to determine the accuracy of the restated underwriting revenue split between TV and radio for the period July 1, 2007 through June 30, 2015 based on reconciling restated underwriting to Friends' general ledgers. We performed this limited scope evaluation to provide CPB with an assessment of the restated revenues, give CPB a basis to recoup excess CSG funds paid to WLRN, and provide WLRN with an understanding of its liability to prepare its FY 2016 Annual Financial Reports (AFR). Receipt of WLRN's FY 2016 AFRs will enable CPB to include WLRN's NFFS information in CPB's calculation of FY 2018 CSG award amounts.

Our evaluation confirmed the accuracy of the restated underwriting revenue split between TV and radio for the period July 1, 2007 through June 30, 2015, presented in Exhibit A. Based on these corrected revenues WLRN:

- overstated NFFS TV underwriting revenues by $9,477,139; and
- understated NFFS radio underwriting revenues by $9,477,139.

We found that these corrections resulted in WLRN receiving $1,128,247 in TV CSG payments, as calculated in Exhibit B, that it was not entitled to receive. That amount should have been distributed to other public broadcasting TV stations during the eight-year period of this review and should be repaid to CPB.

No CSG funds are available to reimburse WLRN for its understated radio revenues. CPB has distributed all the radio CSG funds that Congress appropriated for FYs 2008 through 2015, and the TV CSG funds that WLRN must return to CPB will retain their character as TV CSG funds, unavailable for redistribution as radio CSG funds.

We recommend CPB management take the following actions to:

1) recover TV CSG overpayments of $1,128,247;
2) apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy; and
3) require WLRN to identify the corrective actions and controls it will implement to ensure future compliance, to include at a minimum:

a) obtain a certification from Friends that the financial information on the annual supplemental schedule provided to WLRN agrees with Friends' financial records, particularly the split between TV and radio revenues;
b) require School Board officials preparing WLRN's financial statements and AFRs to reconcile revenues and expenses to both the Friends' and School Board's general ledgers; and
c) require that the attestation examination conducted of WLRN's AFRs include testing to ensure the Friends' reported revenues and expenses comply with CPB's Financial Reporting Guidelines.

In response to the draft report, WLRN agreed it misreported underwriting revenue but contended repaying $1,128,247 is a double penalty. WLRN suggested the proper remedy would be repaying $544,700, the difference between the $1,128,247 and the $583,547 that WLRN would have received if it properly reported radio underwriting. The station asserted that repaying the full amount of TV CSG it improperly received would likely result in significant cutbacks in the services it provides. WLRN also disagreed that penalties are appropriate. WLRN's response was generally responsive to our third recommendation. We summarize WLRN's response after our findings and recommendations and present its complete response as Exhibit D.

This report presents the conclusions of the Office of Inspector General (OIG) and the findings reported do not necessarily represent CPB's final position on these issues. While we have made recommendations that we believe would be appropriate to resolve these findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures. Based on WLRN's response to the draft report, we consider recommendations 1 through 3 unresolved pending CPB's final management decision.

For FYs 2008 through 2013, we did not: a) evaluate WLRN's preparation of the AFRs submitted to CPB; b) conduct detailed tests of underwriting agreements; or c) verify compliance with other requirements under CPB's Television and Radio CSGs or the General Provisions and Eligibility Criteria. Had we performed additional audit procedures, other matters may have come to our attention. However, we are currently auditing these requirements, as well as the AFRs, for FYs 2014 and 2015. We will present the results of that audit in a separate report.

Additionally, we did not include FY 2016 in our evaluation because WLRN's FY 2016 AFRs have not yet been submitted to CPB. WRLN and Friends' officials stated that the completion of the Friends' FY 2016 annual financial statement audit, which was needed to complete the station's FY 2016 AFR, was delayed pending an estimation of Friends' liability to WLRN for the misreporting of TV revenues from FYs 2008 through 2015. Friends' financial statement audit was issued on July 5, 2017.

We performed our limited scope evaluation in accordance with the 2012 *Quality Standards for Inspection and Evaluation* established by the Council of the Inspectors General on Integrity and Efficiency. Our scope and methodology is discussed in Exhibit C.

BACKGROUND

WLRN is a public radio and TV station in South Florida. Per its website, WLRN radio began broadcasting in 1948 as a non-profit, non-commercial broadcast station licensed to the School Board. It is the oldest FM station in South Florida. WLRN-TV, also licensed to the School Board, followed in 1955. WLRN also provides media support to Miami-Dade County Public Schools whose 320 schools have an enrollment of over 319,000 students.

WLRN TV and radio receive financial support from several sources including their licensee, grants from CPB, and revenue from Friends, a Florida nonprofit corporation that was incorporated in 1974 to support and enhance the program services of WLRN. During 2009, Friends reactivated an affiliated nonprofit corporation, South Florida Public Media Company (SFPM), to support WLRN news activities. SFPM's financial statements are consolidated with Friends' financials in accordance with generally accepted accounting principles.

Friends has its own Board of Directors (which includes the station general manager and, at times, has included a representative from the School Board). Friends has its own employees and through SFPM employs reporters that support WLRN's news activities. Friends handles the station's fundraising activities including membership, underwriting, and major gifts. Friends initially receives the funds it raises, pays its operating costs from these funds, and a portion of WLRN's production, broadcasting, and other operating costs. Friends also annually provides WLRN with supplemental schedules of its financial information (TV and radio activities) so that the station can prepare its financial statements and file separate TV and radio AFRs with CPB.

The School Board also provides financial support to the station by paying some of its expenses directly, as well as providing indirect administrative support. Station employees are School Board employees, and the School Board maintains the official accounting records for the station. During FYs 2008 through 2015, the station prepared its own financial statements and AFRs. These AFRs reported WLRN's NFFS, the revenue information that CPB used to calculate the amount of the CSGs it awarded to the station.

Friends has been included in WLRN's financial statements as a blended component unit, as required by the Governmental Accounting Standards Board. Friends and the station both undergo separate annual financial statement audits conducted by different independent public accountants (IPAs). Friends contracted for its own audit, a consolidated report of all its activities that does not separate TV and radio activities. WLRN used a consultant to prepare separate financial statements and AFRs for its TV and radio station activities. WLRN did not prepare combined financial statements as Friends did, and the station used the information from supplemental schedules Friends gave it to report its TV and radio revenue splits in its AFRs. The School Board contracted for a financial statement audit of the station's separate TV and radio statements, as well as an attestation examination on the separate AFRs submitted to CPB for TV and radio.

Basis for Review

In February 2017, WLRN notified CPB it had discovered that the Friends' Chief Financial Officer (CFO) had incorrectly reported underwriting revenue to WLRN since FY 2008. For eight years, WLRN misreported a material amount of radio underwriting revenues as TV revenues. The misreporting was brought to light when WLRN's new IPA, conducting the FY 2016 financial statement audit, made inquiries of the station, Friends' CFO, and Friends' IPA about the underwriting split between TV and radio.

After discovering the misreporting, Friends restated its TV and radio underwriting based on the revenues recorded in its general ledgers. Additionally, Friends hired a forensic accountant to perform a limited procedures review to identify whether there were any financial irregularities related to the preparation of the supplemental schedules provided to WLRN for the years ending December 31, 2008 through December 31, 2015. The forensic accountant's report was issued on February 13, 2017. Based on all of this information, CPB asked OIG to conduct an audit.

CPB's Community Service Grant Program

The Communications Act of 1934 (Act) provides that specific percentages of the appropriated funds CPB receives annually from the United States Treasury must be allocated and distributed to licensees and permittees of public TV and radio stations. After funds are designated as either TV or radio funds, they are placed in the appropriate CSG grant pool for distribution to eligible stations. TV funds can be distributed only to TV stations and radio funds must go to radio stations.

CPB awards annual CSG grants to public TV 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 TV and radio CSG pools adjusted by base grants and supplemental grants. The funds that remain are called the Incentive Grant Pools; one is for TV and the other is for radio.

The Incentive Rate of Return (IRR) is calculated by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all TV/radio stations. The IRR is then multiplied by the station's total amount of adjusted NFFS to calculate the incentive award amount of the station's total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the FY's CSG amount. For example, CPB used the NFFS claimed by WLRN on its FY 2014 AFR to determine the amount of the CSG the station received in FY 2016.

<u>RESULTS OF REVIEW</u>

The objective of this review was to determine the accuracy of the restated underwriting revenue split between TV and radio for the period July 1, 2007 through June 30, 2015. Our procedures were limited to tracing underwriting reported in Exhibit A to the Friends' general ledger and interviewing WLRN and Friends' current and former officials, Friends' IPA, Friends' forensic accountant, and WLRN's IPAs.

Our evaluation confirmed the accuracy of the restated underwriting revenue split between TV and radio as recorded in Friends' general ledgers for FYs 2008 through 2015, presented in Exhibit A. WLRN overstated NFFS TV underwriting revenues by $9,477,139 and understated NFFS radio underwriting in the same amount. This misreporting resulted in WLRN receiving $1,128,247 in TV CSG payments, as calculated in Exhibit B, that it was not entitled to receive. That amount should have been distributed to other public broadcasting TV stations during the pertinent FYs and should be repaid to CPB. We have classified the $1,128,247 as funds put to better use for reporting purposes under the Inspector General Act of 1978, as amended.

No CSG funds are available to reimburse WLRN for its understated radio revenues. CPB distributes its radio CSG funds annually to qualified radio grantees. Should there be any funds available at the end of the FY, CPB carries them forward for distribution in the new FY. Thus, no radio CSG funds remain for FYs 2008 through 2015.

Further, TV CSG refunds cannot be used for radio CSGs. The Act establishes the percentages of CPB's yearly appropriation that are to be dedicated to TV CSGs and to radio CSGs, and CPB treats any refunds it receives as maintaining their original designation as TV or radio CSG funds. Therefore, per CPB policy and practices, it will not redistribute TV CSG refunds to cover radio CSG underpayments. For that reason, WLRN also may not offset its radio underpayments against its TV overpayments but must refund the full amount of the TV CSG overpayments.

We performed our limited scope evaluation in accordance with the 2012 *Quality Standards for Inspection and Evaluation* established by the Council of the Inspectors General on Integrity and Efficiency. Our scope and methodology is discussed in Exhibit C.

FINDING AND RECOMMENDATIONS

Based on our limited scope review of Friends' general ledgers and discussions with appropriate WLRN and Friends' officials, we confirmed the accuracy of the February 2017 restated underwriting revenue splits between TV and radio. The AFRs WLRN submitted for FYs 2008 through 2015 overstated NFFS TV underwriting revenues by $9,477,139 and understated radio underwriting revenues by a corresponding amount. We provide details in Exhibit A.

We found that the overreporting of TV underwriting revenues resulted in WLRN receiving $1,128,247 in TV CSG funds that it was not entitled to receive, as presented in Exhibit B. Had WLRN correctly reported its NFFS, WLRN TV would have received a smaller CSG and CPB would have distributed the remaining funds to other public TV stations. WLRN would have also received a larger radio CSG award.

CPB Guidelines address accounting and reporting requirements in relevant part as follows:

> The audited financial statements serve as the basis for the revenue and expense information reported in the AFR/FSR. Revenues and financial activities that are not recognized as revenue in the audited financial statements cannot be reported as revenue in the corresponding AFR/FSR.

> When completing an AFR/FSR, one of the final steps is to manually reconcile the revenue total reported in the AFR/FSR with the revenue reported in the audited financial statements….

3.1 Audited Financial Statement Overview.

> Each distinct CSG grantee is required to file an individual AFR or FSR that reflects the revenue and expense activity attributable to the operations of the station. As to the audited financial statements, however, joint licensees who hold the licenses for two or more CSG grantees are permitted to prepare and submit audited financial statements that combine the financial information for all or some of their grantees into one statement (i.e., one balance sheet, one revenue and expense statement, etc.). Yet, the joint licensee is required to maintain separate accounts for each grantee that will allow the grantee to prepare its individual AFR or FSR, and to facilitate an effective audit of each distinct grantee's revenues and expenses, including an audit of each grantee's CPB CSG funds.

3.1.2 Audited Financial Statements for Joint Licensees.

> Grantees must secure the services of an independent auditor/accountant (IA) to conduct the examination of the grantee's financial statements in accordance with Generally Accepted Auditing Standards…. The Independent Accountant is also required to examine the AFR/FSR and issue a written conclusion about the reliability of the amounts reported in the AFR as non-federal financial support (NFFS)…. The NFFS examination should include tests of … Support and revenue for qualification of NFFS under the source, form, purpose and recipient criteria delineated in these Guidelines….

3.4.1 Auditor Responsibilities.

Since approximately FY 2010, WLRN's financial statements and AFRs had been prepared by a consultant working for the station. WLRN's FY 2016 financial statements and AFRs are currently being prepared by School Board accounting officials.

In preparing its FYs 2008 through 2015 AFRs, WLRN used the supplemental schedules prepared and provided by the Friends' CFO and other financial information it received from the School Board to prepare its separate financial statements, one for TV and one for radio, as well as its separate TV and radio AFRs. However, neither WLRN's consultant nor WLRN's IPA reconciled the TV and radio underwriting revenues to the Friends' audited consolidated financial statements or the underlying revenue split provided on the supplemental schedules that identified the separate totals for TV and radio, as prescribed by CPB. Had this process been in place, the overreporting of TV revenues could have been avoided. However, the consultant advised us that she had never been given access to Friends' accounting records.

WLRN did not detect the misreporting when preparing its TV and radio AFRs due to a lack of adequate internal controls. WLRN did not reconcile the AFRs to the underlying financial records (general ledger) of Friends, which would be the equivalent of following CPB's prescribed guidance to reconcile the AFR to the audited financial statements.

WLRN's annual financial statement audits also did not detect the misreporting. It came to light only when WLRN's newly engaged IPA asked the Friends' IPA to provide the 2016 audited splits for TV and radio.

WLRN's previous IPA (FYs 2013 through 2015) had relied on the Friends' financial statement audit, which was a consolidated financial statement that did not present or verify the revenue split between TV and radio. The Friends' IPA was engaged to audit only Friends' consolidated financial statements, not to audit the split between TV and radio revenues or how this information was subsequently reported on WLRN's AFRs.

WLRN's IPA was engaged to audit WLRN's separate financial statements of its TV and radio activities, as well as to conduct an attestation examination of the TV and radio AFRs submitted to CPB. Our discussions with WLRN's IPA firm that performed the past three (FYs 2013 through 2015) annual financial statement audits disclosed it never talked to the Friends' IPA to understand what, if any, testing had been performed on the TV and radio underwriting split.

The WLRN audit report stated that the Friends' consolidated financial statements had been audited by the Friends' IPA, and WLRN's IPA relied on the Friends' auditor's work without testing the validity of the supplemental schedules presenting the TV and radio underwriting split. Specifically, the WLRN's FY 2015 and 2014 audit report stated:

> We did not audit the financial statements of Friends of WLRN…. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely on the report of the other auditors.

The WLRN's IPA indicated to us that it did not review the support for the Friends' supplemental schedule of revenues or any backup on the splits. As a result, the supplemental schedules on TV and radio revenues provided by Friends were not audited by either WLRN's or Friends' IPAs.

Friends has agreed to pay certain amounts that WLRN must repay CPB. On July 5, 2017, Friends' IPA issued its FY 2016 annual report on the consolidated financial statements and for the first time provided a supplementary schedule (Combined Statement of Activities) for TV and radio activities. The report noted in the Related Party Transactions section that Friends had a liability of $963,750 to WLRN for incorrectly reporting TV revenues. The $164,497 difference between the $1,128,247 liabilities we calculated and the $963,750 identified in Friends' IPA's report is primarily because the IPA's liability calculation did not include the excess underwriting revenues WLRN reported on its FY 2015 AFR and the resulting CSG overpayments in FY 2017.

Recommendations

We recommend CPB management take the following actions to:

1) recover TV CSG overpayment of $1,128,247;
2) apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy; and

3) require WLRN to identify the corrective actions and controls it will implement to ensure future compliance, to include at a minimum:

    a) obtain a certification from Friends that the financial information on the annual supplemental schedule provided to WLRN agrees with Friends' financial records, particularly the split between TV and radio revenues;
    b) require School Board officials preparing WLRN's financial statements and AFRs to reconcile revenues and expenses to both the Friends' and School Board's general ledgers; and
    c) require that the attestation examination conducted of WLRN's AFRs include testing to ensure the Friends' reported revenues and expenses comply with CPB's Financial Reporting Guidelines.

WLRN's Response

In response to recommendation one, WLRN agreed it misreported the full amount of the questioned underwriting revenue as TV NFFS instead of radio. However, WLRN questioned the CSG overpayment amount to be repaid and contended that requiring the repayment of $1,128,247 would result in a double penalty. WLRN asserted the proper remedy would be for it to repay $544,700, the difference between the $1,128,247 overpaid for TV and the $583,547 in radio CSG funds it would have received had it properly reported its underwriting revenue.

WLRN's response also discussed the impact of having to repay the full amount of TV CSG it improperly received and the likely cutback its services that would result. WLRN expressed its hope that CPB management could agree on a repayment plan that would ease potential service cuts.

Further, in its response, Friends explained that it informed the School Board and CPB about the potential reporting errors immediately after learning of the errors and has voluntarily agreed to repay amounts owed to CPB as a direct result of the erroneous information it provided. However, Friends contended that the use of the inaccurate information in the CPB grant application does not shift responsibility for the errors to Friends.

Finally, Friends stated that its agreement to repay amounts owed to CPB by WLRN is limited to $963,000. Friends asserted it is not responsible for the additional $165,000 that CPB paid to WLRN in FY 2017 because this additional CSG money was awarded by CPB after the error in underwriting splits became known.

In response to recommendation two, WLRN disagreed that penalties are appropriate for several reasons. First, WLRN explained that it detected the reporting mistakes and voluntarily corrected the errant underwriting allocation. Second, WLRN stated it does not have independent records to verify what Friends reported to the station and relied on independent accounting professionals to prepare and certify to the accuracy of its AFRs. However, these professionals were denied access to all of Friends' accounting records, and WLRN did not have the ability to compel Friends to release the information. Therefore, WLRN said it had no choice but to rely on the veracity of the documentation it was provided. Finally, WLRN said it was reasonable to rely on

Friends, which provided inaccurate and incomplete information to WLRN. As such, WLRN asserted that imposing penalties would seem to be punishment for good faith reliance on the records provided by Friends when WLRN was unable to act otherwise.

In response to recommendation three, WLRN agreed to take corrective actions and stated that it will work with Friends to ensure WLRN and its auditors have access to all relevant information, which will be verified by an IPA. WLRN stated that it has also already adopted additional internal controls to ensure future underwriting is properly reported and has enhanced processes to ensure the WLRN and Friends' auditors communicate as needed to complete accurate AFRs.

Further, WLRN said it will work with its licensee, the School Board, to implement several corrective actions that will be included in a fundraising service contract that it is currently negotiating with Friends. Among others, these corrective actions will include requiring Friends to provide annual audited financial statements that include combined revenues and expenses for FM and TV, as well as supporting schedules and/or back-up, including a detailed trial balance that agrees with the audited financial statements. Also, the Friends' IPA and Friends' staff must be available to answer questions from the School Board's staff and IPA to timely complete accurate AFRs. WLRN believes the implementation of these actions will adequately ensure the information required by CPB is submitted accurately and on a timely basis.

Regarding past AFR preparation practices, Friends' response stated that the WLRN consultant who prepared the AFR was never hired nor engaged by Friends. Instead, the consultant worked for WLRN, and Friends only processed and paid the invoices for her services when requested by WLRN.

OIG Review and Comment

Based on WLRN's response to the draft report, we consider recommendation one and two unresolved pending CPB's final management decision. Regarding recommendation three, while we agree with all the corrective actions outlined in WLRN's response, we are still unclear whether WLRN's IPA or Friends' IPA will attest to whether Friends' record keeping and reporting to WLRN complies with CPB Financial Reporting Guidelines. As a result, we also consider recommendation three unresolved.

Regarding recommendation one, we do not agree with WLRN's assertion that requiring repayment of $1,128,247 represents a double penalty. That is the amount of TV funds that was not available to distribute to other TV grant recipients based on WLRN's misreporting. For the underreported radio revenues, all available radio CSG funds were fully distributed by CPB over the eight-year period and are not available now to reimburse WLRN. We find nothing in WLRN's response that provides a basis to revise our position on this matter.

Concerning Friends' claim that it is not responsible to pay the additional $165,000[1] of CSG funds CPB paid to WLRN after Friends' CFO disclosed the misreporting to Friends' board in January 2017, we offer a clarifying comment. CPB made its initial FY 2017 CSG payment (70

[1] The actual amount discussed in our report is $164,497.

percent of the 2017 CSG grants) based on the FY 2015 AFRs that WLRN submitted on March 2, 2016 using the erroneous unaudited supplemental schedule provided by Friends. CPB made the FY 2017 initial payments in December 2016 totaling $1,195,042 ($736,251 TV and $458,791 radio). Thus, both actions – WLRN's submission of the erroneous AFRs and CPB's payment of CSGs based on them – occurred well before WLRN and Friends discovered the misreporting and brought it to the attention of CPB.

Regarding recommendation two, we do not agree with WLRN's claim that penalties are not appropriate because it voluntarily disclosed the reporting error to CPB and that it needed to rely on Friends, which provided WLRN inaccurate information. CPB should assess appropriate penalties given the egregious nature of the misreporting over multiple years. WLRN was responsible to ensure that the information from Friends was accurate and to conduct the necessary due diligence to ensure accurate reporting of NFFS to CPB. CPB requires that grantees certify the accuracy of their AFRs when they submit them, and it is significant that WLRN did so for each of the eight years in question.

Regarding recommendation three, WLRN's corrective actions are generally responsive to recommendations 3a and 3b and will improve financial reporting. Concerning recommendation 3c, we remain unclear whether WLRN's IPA or Friends' IPA will attest to whether Friends record keeping and reporting to WLRN complies with CPB Financial Reporting Guidelines. Both the School Board and Friends will be responsible to ensure their financial recordkeeping meets CPB requirements and financial information is accurately reported to CPB. As a result, we consider recommendation three unresolved pending CPB's final management decision.

Regarding WLRN's discussion of the impact on its services if it must repay the full amount of TV CSG it improperly received, these are matters that CPB management will consider during the audit resolution process.

Finally, we removed any reference to the hiring of WLRN's consultant in the body of the report.

Exhibit A

WLRN's RESTATED UNDERWRITING REVENUE SPLIT - TELEVISION

Fiscal Year	As Reported to MDCPS	Actual	Difference
FY 2015	$1,352,639	$126,683	$1,225,956
FY 2014	$1,054,436	$149,246	$905,190
FY 2013	$1,087,212	$83,990	$1,003,222
FY 2012	$1,550,934	$79,359	$1,471,575
FY 2011	$1,326,746	$67,653	$1,259,093
FY 2010	$1,289,754	$40,104	$1,249,650
FY 2009	$1,360,881	$74,026	$1,286,855
FY 2008	$1,140,141	$64,543	$1,075,598
Total			**$9,477,139**

WLRN's RESTATED UNDERWRITING REVENUE SPLIT – RADIO

Fiscal Year	As Reported to MDCPS	Actual	Difference
FY 2015	$2,465,184	$3,691,140	($1,225,956)
FY 2014	$2,924,232	$3,829,422	($905,190)
FY 2013	$2,435,669	$3,438,891	($1,003,222)
FY 2012	$1,693,901	$3,165,476	($1,471,575)
FY 2011	$2,004,989	$3,264,082	($1,259,093)
FY 2010	$1,686,110	$2,935,760	($1,249,650)
FY 2009	$1,546,847	$2,833,702	($1,286,855)
FY 2008	$1,783,298	$2,858,896	($1,075,598)
Total			**($9,477,139)**

MDCPS = Miami-Dade County Public Schools (School Board)

Exhibit B

OIG Calculation of TV CSG Overpayments FY 2008 - FY 2015

AFR Reporting Year	CSG Award Year	TV IRR	Over-Reported Television Underwriting Revenues	CSG Funds Overpaid Due to Over-Reported Underwriting
2015	2017	0.1195376348	$1,225,956	$165,842
2014	2016	0.1321933376	905,190	119,660
2013	2015	0.1348083776	1,003,222	135,243
2012	2014	0.121999	1,471,575	179,531
2011	2013	0.114430	1,259,093	144,078
2010	2012	0.114860	1,249,650	143,535
2009	2011	0.108054	1,286,855	139,050
2008	2010	0.094188	1,075,598	101,308
Totals			**$9,477,139**	**$1,128,247**

Note: Applying the 2015 IRR to the $1,225,956 over-reported that year resulted in a $146,548 CSG overpayment. However, CPB provided a Program Differentiation Incentive (PDI) to secondary grantees in designated multi-provider markets during these years. WLRN received PDI multipliers on its reported NFFS during this time, which increased the incentive grant portion of its CSG. After adjusting the FY 2015 NFFS to eliminate the over-reported underwriting, WLRN's eligible NFFS fell below the $4 million PDI threshold. Consequently, $19,294 of its PDI was eliminated and resulted in total overpaid CSG funds of $165,842 ($146,548 + $19,294).

Scope and Methodology

We performed a limited scope evaluation of WLRN's restatement of underwriting revenue split between TV and radio for FYs 2008 through 2015, the period July 1, 2007 through June 30, 2015. We traced the restated underwriting revenues to the Friends of WLRN, Inc.'s general ledger revenue accounts for TV and radio for our review period.

We reviewed the unaudited supplemental schedules prepared by the Friends' CFO and used by WLRN to prepare the FYs 2008 through 2015 AFRs, as well as the corrected supplemental schedules for the same period. We reviewed the forensic accountant's report dated February 13, 2017. We also reviewed the Friends' audited financial statements for FYs 2014 and 2015 and trial balances for this same period.

Additionally, we interviewed officials at WLRN, Friends, the School Board, Friends' IPA, Friends' forensic accountant, the former Friends' CFO, and WLRN's two IPAs who conducted audit work for FYs 2013 through 2016.

We did not perform any substantive tests of the underlying documentation supporting individual underwriting agreements with donors for the period FYs 2008 through 2013. We did not evaluate the preparation of the AFR or test compliance with other requirements under CPB's Television and Radio Community Service Grant or the General Provisions and Eligibility Criteria as part of this review. Had we performed additional audit procedures other matters may have come to our attention. However, we are currently auditing these requirements, as well as the AFRs for FYs 2014 and 2015. We will present the results of that audit in a separate report.

We performed our fieldwork from March 13, 2017 through July 21, 2017. Our evaluation was performed in accordance with the 2012 *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors Generals on Integrity and Efficiency.

WLRN Public Media

Exhibit D

September 22, 2017

Mr. William J. Richardson III
Deputy Inspector General
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004-2129

SUBJECT: Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split Between Television and Radio, For the Period July 1, 2007 Through June 30, 2015 Draft Report No. ESJ1708-XXXX

Dear Mr. Richardson,

Thank you for this opportunity to respond to the Office of Inspector General's Draft Audit Report in the matter indicated above. We appreciate the professionalism of your audit team as we work through the audit process.

As the Draft Audit Report details, WLRN-TV and WLRN-FM (collectively "WLRN") submitted restated underwriting revenue statements to the Corporation for Public Broadcasting ("CPB") to correct a misallocation of Non-Federal Financial Support ("NFFS") between WLRN-TV and WLRN-FM. The Draft Audit Report confirms WLRN's restatement, which overstated television NFFS in the form of underwriting revenues for WLRN-TV by $9,477,139 and understated radio underwriting revenue NFFS for WLRN-FM by the same amount. The Draft Audit Report notes that the misstatement of NFFS for WLRN-TV resulted in an overpayment of $1,128,247 in television community service grant ("CSG") funds. The Draft Audit Report makes several recommendations based on this finding.

For your convenience, a response is provided for each recommendation in the Draft Audit Report.

OIG Draft Audit Report Recommendation 1: that CPB management recover the TV CSG overpayment of $1,128,247.

> WLRN has always acknowledged the full amount of questioned underwriting revenue was misreported as television NFFS instead of radio NFFS. However, WLRN questions the CSG overpayment amount to be repaid to CPB. The Draft Audit Report does not dispute that the misreported underwriting revenue would have properly qualified as NFFS for WLRN-FM if it had been properly attributed. If correctly attributed to WLRN-FM, the misreported revenue would have qualified WLRN-FM for radio CSG funds based on CPB's radio incentive rate of return ("IRR") as fully detailed in CPB's CSG General Provisions and Eligibility Criteria for each year. Thus, WLRN suggests that the proper remedy in this case would be for WLRN to repay the difference between the amount it received in television CSG funds and the amount it would have received in radio CSG funds if the underwriting revenue had been properly attributed to WLRN-FM.

Using CPB's IRR for CSG Fiscal Years 2008-2015, we calculated that WLRN-FM would have qualified for a total of $583,547 in radio CSG funds. Complete details of this calculation are attached hereto as Attachment A. As WLRN-FM would have qualified for $583,547 in CSG funds, WLRN submits that it would be more equitable and appropriate to repay CPB $544,700, which is the total difference between the amount of questioned TV CSG funds and the amount WLRN believes it would have received in radio CSG funds over the same period.

Further, while the Friends of WLRN ("Friends") has voluntarily agreed to pay the amount to be returned to CPB because of the misreported TV underwriting, requiring the repayment of the entire $1,128,247 would lead to an effective double penalty for WLRN. Certainly, WLRN agrees it should not have received a higher CSG amount than that for which it is qualified. However, the Draft Audit Report acknowledges WLRN-FM would have been qualified for additional radio CSG funds based on the misreported underwriting NFFS. Therefore, requiring the repayment of the $1,128,247 would result in a repayment amount higher than the total funds both WLRN-TV and WLRN-FM were jointly qualified to receive in CSG funds. It would also deny WLRN-FM radio CSG funds for which it was eligible.

A penalty of over a million dollars would be catastrophic to the services provided by WLRN and would likely result in significant cutbacks, even if payment is made by Friends, as such funds would otherwise be used for WLRN's benefit. While a repayment of $544,700 will certainly not be easy for WLRN, vital services would not be affected to the same extent. WLRN would also certainly hope that CPB management and WLRN could agree on a repayment plan that would ease service cuts and allow WLRN to prospectively repay the appropriate CSG overpayment over time.

OIG Draft Audit Report Recommendation 2: that CPB management apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy.

WLRN disagrees that additional punitive penalties are appropriate in this case. While there is no excuse for the misallocation, WLRN detected the reporting mistakes and voluntarily corrected the errant underwriting revenue allocation. WLRN has also already adopted additional internal control processes to ensure future underwriting revenue are properly reported for WLRN-TV or WLRN-FM. Further, WLRN will adopt enhanced processes to ensure that WLRN's and Friends' auditors communicate with each other as needed to complete an accurate Annual Financial Report ("AFR").

WLRN and its licensee, The School Board of Miami-Dade County, Florida, relied on information provided by Friends' Chief Financial Officer and the external auditors' assertion as to correctness of the information provided to CPB on WLRN's AFRs. While the attached response to the Draft Audit Report from Friends[1] points out that Friends is not the grantee for CPB funds and states Friends "...raises funds and provides support for the operations of WLRN....", it should be noted that as the entity responsible for raising funds for WLRN, WLRN must rely on Friends' accounting

[1] WLRN is attaching the response letter to the Draft Audit Report written by Friends hereto as Attachment B. The letter from Friends was written without input from or agreement by WLRN or The School Board. Statements and opinions expressed in the letter from Friends are solely those of Friends.

records in its preparation of documentation for CPB. WLRN does not have independent records to verify what is reported to WLRN by Friends. While a reconciliation of Friends' general ledger and financial statements would have detected the misallocation of underwriting revenue, the documentation was completely in the possession of Friends, not WLRN.

Further, WLRN also relied on independent accounting professionals in the preparation of its AFRs, who, as the Draft Audit Report notes, these professionals were denied access to all of Friends' accounting records. As an independent organization, WLRN did not have the ability to compel Friends to release the information, and as such WLRN could only rely on the veracity of the documentation that was provided. Further, as the timeline attached hereto as Attachment C demonstrates, it was only because of inquiries made to Friends by the The School Board's newly-hired independent auditor, that the misallocation of underwriting revenue was uncovered. Going forward, as part of the enhanced processes noted above, WLRN will work with Friends to ensure WLRN and its auditors have access to all relevant documentation and such data are verified by an independent public accountant.

Additionally, in making their certifications to CPB, WLRN management relied upon independent professional accountants who had certified the accuracy of the information on the errant AFRs. In this case, WLRN management followed CPB's requirement that independent public accountants certify the accuracy of the financial information reported to CPB. It seems arbitrary to now additionally punish WLRN for following CPB protocols to rely on independent accounting professionals' certification. Imposing an additional punishment on WLRN creates a precedent that CPB grantees may be penalized for relying on their independent accountants' professional certification, effectively rendering such certifications irrelevant.

While WLRN is ultimately the entity which certifies the accuracy of the information provided to CPB, WLRN was reasonably reliant on Friends, which provided inaccurate and incomplete information to WLRN, even after WLRN Independent Certified Public Accountant repeated requests for this information. As such, imposing additional penalties would seem to be a punishment for good faith reliance on records provided by a third party in sole possession of such documentation when WLRN was not in a position to act otherwise.

OIG Draft Audit Report Recommendation 3: that CPB management require WLRN to identify the corrective actions and controls it will implement to ensure future compliance, to include at a minimum: (a) obtain a certification from Friends that the financial information on the annual supplemental schedule provided to WLRN agrees with Friends' financial records, particularly the split between TV and radio revenues; (b) require School Board officials preparing WLRN's financial statements and AFRs to reconcile revenues and expenses to both the Friends' and School Board's general ledgers; and (c) require that the attestation examination conducted of WLRN's AFRs include testing to ensure the Friends' reported revenues and expenses comply with CPB's Financial Reporting Guidelines.

WLRN agrees with these recommendations and will work with its licensee, The School Board of Miami-Dade County, Florida, to implement several corrective actions that will be included in a fundraising services contract we are currently negotiating with Friends. The following corrective actions will ensure that both parties are compliant with CPB regulations and that WLRN has access to financial information created and kept by its fundraiser, in order to implement the safeguards recommended in the Draft Audit Report:

- Friends will annually provide by September 30th of each year, its audited financial statements, which will include the audited combining statements of revenues and expenses for WLRN-FM and WLRN-TV, segregated by line of business, as well as supporting schedules and /or back-up, including a detailed trial balance that agrees with the audited financial statements.
- The audited financial statements must be certified by an independent certified public accountant ("CPA") licensed by the State of Florida.
- Friends' independent auditor, as well as staff must be available to answer The School Board of Miami-Dade County, Florida's independent auditor/staff questions as needed to timely complete an accurate AFR, as required by CPB.
- The School Board of Miami-Dade County, Florida Chief Auditor and/or designee will continue to secure the services of an independent auditor to audit WLRN's financial statements in accordance with generally accepted accounting principles ("GAAP") and attest to the accurateness and reliability of amounts reported in the AFR.

WLRN believes that the implementation of these actions will adequately ensure that the required information by CPB is submitted accurately and on a timely basis.

Again, thank you for this opportunity to comment on the Draft Audit Report. We appreciate the hard work that has gone into this process. Please feel free to contact WLRN if you have any questions or would like further information.

Sincerely,

John LaBonia
General Manager
WLRN-TV & WLRN-FM

				Attachment A - Calculations		
Column1	**Column2**	**Column22**	**Column3**	**Column5**	**Column6**	**Column7**
AFR Reporting Year	CSG Award Year	IG Calculation of Overpaid TV CSG Funds	Amount of Misreported Underwriting Revenue	Radio IRR	Resulting Radio CSG Award Amount from Misreported Underwriting Revue After Applying Radio IRR	Difference Between TV CSG Amount and Radio CSG Amount
2015	2017	$165,842	$1,225,956	0.056593001	$69,381	$96,461
2014	2016	$119,660	$905,190	0.057691639	$52,222	$67,438
2013	2015	$135,243	$1,003,222	0.061540331	$61,739	$73,504
2012	2014	$179,531	$1,471,575	0.061146	$89,981	$89,550
2011	2013	$144,078	$1,259,093	0.061375	$77,277	$66,801
2010	2012	$143,535	$1,249,650	0.066119	$82,626	$60,909
2009	2011	$139,050	$1,286,855	0.064888	$83,501	$55,549
2008	2010	$101,308	$1,075,598	0.062124	$66,820	$34,488
					Total Difference	**$544,700**

Response to the Corporation for Public Broadcasting Office of Inspector General Draft Audit Report dated August 17, 2017 ("CPB Report")

9/20/17

Att: M-DCPS/WLRN

Friends of WLRN ("Friends") received a draft of the CPB Report from the Auditor of the Corporation for Public Broadcasting ("CPB") dated August 17, 2017. The Friends Board of Directors and Management reviewed the CPB Report and after consultation with its counsel - Shainis and Peltzman, we submit the following to WLRN/M-DCPS for inclusion in the response to CPB. A copy of this response has been sent to CPB.

Friends Prompt Action

Around January 19, 2017 and immediately upon receiving information about potential reporting errors between Friends, WLRN, M-DCPS and CPB, Friends informed WLRN, M-DCPS and CPB of the discrepancies. The errors related to the allocation of Friends' revenue and the reporting of the allocation to the CPB. Friends initiated a detailed discovery process to understand how the reporting error occurred and engaged with an independent CPA to complete a limited forensic analysis. Included amongst the corrective actions in response to the recommendations of the CPA, is an annual CPA audit of supplemental information, which segments radio and television operations as is derived from the annual audited statements of Friends. Additionally, Friends has collaborated with M-DCPS to integrate a communications effort for the development of the Annual Financial Report ("AFR") and CPB grant support. Friends also communicated with CPB auditors to understand additional areas for improvement. We note that, although we are committed, as always, to ensuring proper financial statement reporting, the purpose of the Friend's annual financial statements is to inform the Friend's Board, to comply with Friend's annual financial reporting obligations, and general public consumption, and was not and is not a basis for CPB AFR/Grant submission.

Clarifications and Corrections

Friends has noted that certain statements made in the report require clarification or correction for the official record.

Clarification: Friends does not apply for CPB grants. Friends raises funds and provides support for the operations of WLRN through various means including membership, underwriting and major gifts and administrative support. To that end and for ease of administration, Friends also pays a portion of WLRN invoices on its behalf.

Clarification: Friends' has voluntarily agreed to repay any amounts owed to CPB by WLRN/M-DCPS as a direct result of erroneous information provided by Friends to M-DCPS with regards to Friends' TV vs Radio underwriting revenue. Friends believes the use of inaccurate information in the application for CPB grants does not shift responsibility for the error from M-DCPS/WLRN to Friends.

Clarification: Friends maintains that it was incumbent upon M-DCPS/WLRN as the grantee to follow published guidelines of the CPB that require the information provided to CPB be validated to financial records. In this case, the station and M-DCPS were responsible for validation of all information used in the development of and leading to CPB grant submission.

- Factual Errors to be corrected:
    - The objective of the Report as stated on page 1 was to determine the accuracy of the restated revenue split between TV and Radio. *To the extent the CPB audit went beyond this objective and made additional findings, the findings cannot be attributed to Friends since Friends was not responsible for the inputs or validation of input into the grant process.*
    - The report states on page 3 and again on page 6 that WLRN used a consultant "hired through Friends". *Since 2010 and as of this response, Friends has paid invoices totaling $116,000 on behalf of and presented to Friends by WLRN for its consultant* [redacted] *This process is similar to other items paid by Friends as part of its mission to provide economic support to WLRN but over which it has no direction or control.* [redacted] *has never been hired or engaged by Friends or through Friends, to perform any services on its behalf. She works for WLRN and Friends processes and pays the invoices for* [redacted] *when requested by WLRN.*
    - The report states on page 3 that WLRN reported the issue to CPB after it discovered the incorrectly reported revenue splits that had been supplied by the Friends former CFO. *In fact, the Friends' former CFO reported the error in the splits and Friends immediately notified WLRN and M-DCPS and contacted CPB to report the matter.*

Delineation of responsibility from agreement to repay:

- Friends believes its agreement to repay amounts owed to CPB by WLRN is limited to WLRN's reliance on the amounts of TV vs Radio underwriting revenue that was misreported in an unaudited schedule provided to M-DCPS for their audited financials and deemed to be the responsibility of Friends. The amount that Friends agreed to repay to CPB on WLRN's behalf was initially $963k. There is an additional 165k, identified as paid to WLRN by CPB in 2017. Friends believes it is not responsible for the additional amount (165K) as the additional money was granted by CPB and received by WLRN/M-DCPS after the error in the TV vs. Radio split was known.

- CPB grant input errors unrelated to the misreported TV underwriting fall solely within the responsibility of the grantee and Friends does not assume responsibility for any misreporting. Friends may agree to increase support to help WLRN with any shortfalls.
- Although the Friends' former CFO misreported information on the unaudited supplemental schedule, liability does not shift to Friends for M-DCPS/WLRN's reliance on unaudited information without validating the information. M-DCPS/WLRN has responsibility for validating information it is using to apply for grants in accordance with CPB guidelines (See Findings and Recommendations on page 6 paragraph 3.4.1 Auditor Responsibilities.)
- M-DCPS/WLRN and the WLRN consultant were familiar with the operation of WLRN TV and Radio and with the related underwriting revenues. The revenue splits for TV vs Radio underwriting were often misstated by 10x the actual revenue. For example, TV underwriting was restated from a reported \$1,352,000 to \$126,000 in 2015 and from \$1,054,000 to \$149,000 in 2014 (See CPB Draft report "Exhibit A" for all years restated). The overstating of TV revenues continued for 8 years without M-DCPS/WLRN identifying this. The splits information was never provided to the Friends' Board or management as it was not part of the Friends financial reporting.

Friends Board of Directors and Management regret the occurrence of this issue over the period in question. Immediately upon receiving information about the identified splits misreporting, Friends engaged in a detailed discovery process and initiated solutions with a CPA and with the support of CPB auditors. Friends continues to work with M-DCPS/WLRN to address CPB compliance.

Regards,

Dwight Hill
Board Chair – Friends of WLRN

Copy to: Corporation of Public Broadcasting
Friends of WLRN

Timeline of Events August 2016 - September 2017
Related to External Audit of WLRN and Friends for CPB Grants

August 24, 2016: The School Board awards a contract for external independent auditing services for WLRN TV and Radio and Direct Support Organizations to Cynthia Borders-Byrd, CPA LLC.

September 12, 2016: Ms. Borders-Byrd was provided notice of the Contract Award.

September 16, 2016: Chief Auditor Jose Montes de Oca introduced Ms. Borders-Byrd to WLRN General Manager John LaBonia and [redacted] (A) a Certified Public Accountant retained to assist WLRN in the preparation of its trial balance and to work with outside auditors.

September 28, 2016: Ms. Borders-Byrd began the audit fieldwork.

October 26, 2016: Ms. Borders-Byrd requested the audited financial statement split from Friends of WLRN. In response, [redacted] (A) emailed [redacted] (B) Chief Financial Officer of Friends, regarding the timing of the financial statement split. [redacted] (B) responded via email indicating the financial statement split should be available after November 14, 2016.

November 2, 2016: Ms. Borders-Byrd again requested the financial statement split from Friends via email.

November 14, 2016: Ms. Borders-Byrd emailed [redacted] (A) again regarding the status of Friends' financial numbers and documents. She then emailed Mr. LaBonia and [redacted] (B) requesting Friends' audited financial statement split.

November 29, 2016: The School Board filed a request for a 2nd extension with Corporation for Public Broadcasting ("CPB"), indicating that Friends represented that its certified financial statements should be available in mid-December for inclusion in the financial statements. The second and final extension was granted by CPB, to expire on February 13, 2017.

December 8, 2016: Ms. Borders-Byrd spoke with [redacted] (B) who indicated he should have the financial statements by December 30, 2016.

December 29, 2016: Ms. Borders-Byrd called [redacted] (B) and his voicemail indicated that he was out of office until January 4, 2017.

January 6, 2017: Ms. Borders-Byrd met with Michael Jalali, the Executive Director of Friends, and discussed the status of the audit and lack of response provided by [redacted] (B)

January 11, 2017: Ms. Borders-Byrd held a conference call with the external auditor for Friends, Andres of [redacted] LLC regarding the strategy to obtain Friends' certified financial statements so that she could wrap up the audit.

January 19, 2017: Ms. Borders-Byrd was notified by [redacted] that Friends discovered some issues with the statements that would delay its issuance from January 20th to January 23, 2017.

February 13, 2017: Friends forensic accountant, MBAF, CPAs and Advisors, issued a report for Fiscal Years 2008-2015, and provided a copy to representatives of the School Board.

Interim Period: The School Board contacted CPB to request permission to submit a modified report without the financial statements of Friends to mitigate penalties. CPB granted this request.

July 10, 2017: Friends provided Ms. Borders-Byrd with their complete certified financial statements, including the financial splits, for Fiscal Year 2016.

July 17, 2017: Ms. Borders-Byrd delivered the first draft of the WLRN financial statements, including the audited financial statements for Friends.

Interim Period: The School Board was involved in closing its annual financial statements and preparing the 2017 AFR for submission to the Florida Department of Education.

September 6, 2017: The School Board issued WLRN's financial statements, including Friends' financial statements, with an auditor's report date of September 6, 2017. The audit was completed and the AFR is being prepared for filing with the CPB by the School Board.