

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

**AUDIT OF COMMUNITY SERVICE GRANTS
AWARDED TO WEST VIRGINIA PUBLIC BROADCASTING
CHARLESTON, WEST VIRGINIA
FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2018**

REPORT NO. ASJ1901-1904

June 28, 2019



Report in Brief

Background

We performed this audit based on our annual audit plan to audit public television and radio stations.

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

This report contains the views of the OIG. CPB will make the final decision on our findings and recommendations.

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Audit of Community Service Grants Awarded to West Virginia Public Broadcasting, Charleston West Virginia, for the Period July 1, 2016 through June 30, 2018

What We Found

WVPB overstated NFFS on its FYs 2017 and 2018 AFRs by \$1,140,705 because it:

Overstated NFFS resulted in excess CSG payments of \$103,557 (\$48,754 FY 2019 and potentially \$54,803 in FY 2020).

- reported \$605,135 of unsupported NFFS;
- did not exclude the Fair Market Value (FMV) of premiums provided to donors;
- improperly reported exchange income, federal funds, and funds received from public broadcasting entities as NFFS;
- claimed more appropriated funds as NFFS than it received from the State of West Virginia; and
- erroneously claimed radio funds as TV NFFS.

Our audit also found questionable salary costs of \$61,568 for lack of time records under the American Graduate grant and that WVPB did not fully comply with CPB discrete accounting requirements.

The station agreed with our findings and implemented corrective actions to ensure proper NFFS reporting in the future. These actions included revising accounting procedures to improve the accuracy of AFR reporting and make it a priority to comply with CPB NFFS reporting and other grant requirements. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB take the following actions:

- recover potential CSG overpayment of \$103,557;
- determine the reasonableness or recover undocumented labor expenses of \$61,568;
- require WVPB to discretely account for CPB grant funds; and
- require WVPB to identify the corrective actions and controls it will implement to ensure future compliance.



Corporation
for Public
Broadcasting

Office of Inspector General

Date: June 28, 2019

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: 
William J. Richardson III, Acting Inspector General

Subject: Audit of Community Service Grants Awarded to West Virginia Public
Broadcasting, Charleston, West Virginia, for the Period July 1, 2016 through June
30, 2018, Report No. ASJ1901-1904

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 distribute to 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: Bruce M. Ramer, Chair, CPB Board of Directors
Liz Sembler, Chair, Audit and Finance Committee, CPB Board of Directors
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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EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) Community Service grants (CSG), Interconnection, and Universal Service Support grants awarded to the West Virginia Public Broadcasting's TV and FM stations (WVPB) for the period July 1, 2016 through June 30, 2018. Our objectives were to examine WVPB'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).

Based on our audit, WVPB complied with CPB grant and Act requirements, except for the following:

- overstated NFFS by \$1,140,705 resulting in potential CSG overpayments of \$103,557;
- claimed undocumented salary costs under the American Graduate grant resulting in questioned CPB costs of \$61,568; and
- did not discretely account for CPB grant funds in its accounting system as required.

We have reported the CSG overpayments as funds put to better use and recommend that CPB: 1) recover the potential CSG overpayment of \$103,557; 2) determine reasonableness or recover questioned undocumented salary costs of \$61,568 claimed under the American Graduate grant; 3) ensure WVPB discretely accounts for CSG expenditures and other CPB grants funds in accordance with grant requirements; and 4) require WVPB to identify corrective actions and controls it will implement to ensure future compliance with NFFS reporting and grant recordkeeping requirements.

In response to the draft report, WVPB management agreed with our findings and recommendations and indicated it has implemented corrective actions to ensure accurate NFFS reporting and will make it a priority to comply with CPB NFFS and other grant reporting requirements in the future. WVPB's written response to the draft report is presented in Exhibit H.

This report presents the conclusions of the Office of Inspector General (OIG) and the findings do not necessarily represent CPB's final position on the issues. While we have made recommendations that are appropriate to resolve the findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures. Based on WVPB's response to the draft report, we considered recommendations one through four and six resolved but open pending the receipt of CPB's final management decision that accepts WVPB's corrective actions and agrees to recover the CSG overpayments. Recommendation five is unresolved and open pending receipt of CPB's management decision on this recommendation.

We performed this audit based on the OIG's annual audit plan objective to audit multiple TV and/or radio stations. We conducted our audit in accordance with *Government Auditing*

Standards for attestation examination engagements. Our scope and methodology are discussed in Exhibit G.

BACKGROUND

According to its website the mission of WVPB is to educate, inform, and inspire by telling West Virginia's story. WVPB is governed by the West Virginia Educational Broadcasting Authority (the Authority). Two nonprofit organizations raise money on behalf of WVPB: the WVPB Foundation, and the Friends of WVPB.

The Authority is a component unit of the State of West Virginia. It was established by the State of West Virginia in 1963 as a public benefit corporation on behalf of noncommercial educational radio, television, and related media. The Authority is the governing body of WVPB that sets policy and oversees budgets and ensures WVPB remains a vital resource for education, news, public affairs, emergency services, and economic development. Its board, appointed by the governor of West Virginia and ratified by the state's senate, holds the licenses for all WVPB television and radio stations. The Authority supervises and operates WVPB's three public TV and nine public radio stations.

The WVPB Foundation (the Foundation) was formed in 1992 as a non-profit corporation. It was organized exclusively for charitable and educational purposes to receive, hold, disperse, and invest Authority grants, bequests, and other contributions. It also manages the WVPB endowment fund.

The Friends of West Virginia Public Broadcasting, Inc., a charitable 501 (c)(3) organization, supports and promotes WVPB. The Friends board members serve as WVPB ambassadors to their communities. On behalf of WVPB, Friends solicits and manages donations provided by individuals and companies located in the stations' television and radio coverage area.

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 in part 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 and radio stations. The IRR is then multiplied by each 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 WVPB on its FY 2017 AFRs to determine the amount of the CSG funds the station received in FY 2019.

As shown in Exhibit A, during our audit period CPB awarded WVPB CSG, Interconnection, and Universal Service Support Grant funds totaling \$2,774,375 for FYs 2017 and 2018 (\$2,271,312 for TV and \$503,063 for FM). The station reported combined TV and radio NFFS of \$7,883,362 in FY 2017 and \$7,327,560 in FY 2018 as presented in Exhibit D. WVPB's audited financial statements for the two fiscal years audited reported total revenues of \$10,664,320 in FY 2017 and \$10,301,391 in FY 2018. WVPB's fiscal year begins July 1 and ends June 30.

RESULTS OF REVIEW

In our opinion, except for the noncompliance issues described below, WVPB complied with the requirements in the following paragraph for the FYs 2017 and 2018 grants examined in Exhibits B, C, E, and F.

We reviewed WVPB management's assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; and c) AFR Signature Page. The CSG Certification of Eligibility includes WVPB's compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Act requirements for open meetings, open financial records, equal employment opportunity (EEO) reporting and donor lists; discrete accounting requirements; and other non-CSG requirements. WVPB's management is responsible for their assertions. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

Our audit was conducted in accordance with the *Government Auditing Standards* for attestation examination engagements and, accordingly, included examining, on a test basis, evidence about WVPB'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. However, it does not provide a legal determination on WVPB's compliance with specified requirements.

Our examination found the following issues of noncompliance with NFFS financial report, CPB grant agreement, and Act and eligibility requirements:

- overstated NFFS by \$1,140,705 resulting in potential CSG overpayments of \$103,557 (\$48,754 in FY 2019 and potential CSG overpayments of approximately \$54,803 in FY 2020); and
- claimed undocumented salary costs under the American Graduate grant resulting in questioned CPB costs of \$61,568; and
- did not discretely account for CPB CSG expenditures and other CPB grant funds in its accounting system as required.

We reported the CSG overpayments as funds put to better use for reporting purposes.

FINDINGS AND RECOMMENDATIONS

I. Overstated NFFS

Our audit found \$1,140,705 in overstated NFFS (\$544,302 in FY 2017 and \$596,403 in FY 2018) reported on WVPB's AFRs. As a result, CPB made CSG overpayments of \$48,754 to WVPB in FY 2019 and potential overpayments of \$54,803 in FY 2020, resulting in total potential overpayments of \$103,557. We classified the overpayments as funds put to better use for reporting purposes, because the funds overpaid to WVPB could have been distributed to other public broadcasting entities. The following table itemizes the findings identified during our audit.

Overstated NFFS

NFFS Categories	Overstated Radio NFFS		Overstated TV NFFS		Total
	FY 2017	FY 2018	FY 2017	FY 2018	
<i>Schedule A: Direct Revenues</i>					
Unsupported NFFS	\$96,999	\$122,444	\$137,427	\$248,265	\$605,135
High-end Premiums Not Offset Against Membership	57,657	53,097	57,657	53,097	221,508
Ineligible Exchange Payments	67,000	67,000	12,400		146,400
Federal Funds Claimed as NFFS	30,700	26,250	5,000	21,250	83,200
Unearned State Appropriated Funds	17,570	0	32,629	0	50,199
Funds Received from Public Broadcasting Entities	29,263			5,000	34,263
Radio Funds Erroneously Claimed as TV NFFS	(36,445)		36,445		0
Net Overstated NFFS	\$262,744	\$268,791	\$281,558	\$327,612	\$1,140,705
Overpaid CSG Grant Funds	\$13,696	\$14,011	\$35,058	\$40,792	\$103,557

Overpayments that resulted from the FY 2017 overstated NFFS were calculated using the TV/FM FY 2019 IRRs. The CSG overpayments resulting from the FY 2018 overstated NFFS were also calculated using the FY 2019 IRRs because the FY 2020 IRRs were not yet available.

Unsupported NFFS

WVPB could not provide supporting documentation for \$605,135 of NFFS claimed on its FY 2017 and FY 2018 TV and FM AFRs. Details follow:

Unsupported NFFS Categories	Overstated NFFS				Total
	Radio		TV		
	FY 2017	FY 2018	FY 2017	FY 2018	
Membership	\$96,999		\$133,427		\$230,426
Interest and Dividends on Endowment funds		\$81,336		\$244,006	325,342
Pass-through Royalties		41,108		4,259	45,367
Underwriting (Duplicate Claim)			4,000		4,000
Total Overstated NFFS	\$96,999	\$122,444	\$137,427	\$248,265	\$605,135

Membership

The station's Development department records membership receipts into its database and deposits the funds into a financial institution on a daily basis. This deposit information is provided to WVPB's accounting department. At the end of each month the accounting department reconciles its information to the daily deposits and records it in the station's

financial records (general ledgers). Ultimately the membership information is reported on the station's audited financial statements.

The station's general ledgers and the Development department's records both showed the FY 2017 membership receipts totaled \$1,930,312. However, the TV and radio AFRs reported that WVPB received a total of \$2,160,738 in membership receipts, a difference of \$230,426. WVPB could not provide any supporting evidence or explain how it over reported \$230,426 of membership on its AFRs that was not recorded on its general ledgers. As result, we determined this amount was ineligible for NFFS.

Interest and Dividends on Endowment Funds, Royalties, and Underwriting

WVPB recorded in its financial statements and claimed as NFFS interest and dividends on endowment funds, pass-through royalties, and underwriting that it could not support with documentation. For example, the station's FY 2018 financial statements reported interest and dividends of \$466,780 that was allocated between its TV and radio AFRs. However, the only support the station provided for this amount were journal entries prepared by its independent public accountant (IPA) that were not traceable to endowment fund bank statements. These statements showed FY 2018 interest and dividends earned totaling \$141,438 that we accepted. We consider the remaining \$325,342 unsupported and ineligible as NFFS (\$466,780 - \$141,438).

Similarly, WVPB claimed \$49,581 of pass-through royalties on its FY 2018 AFRs (\$8,473 on its TV AFR and \$41,108 on its radio AFR). These amounts were recorded in the station's general ledgers. However, WVPB personnel could support only \$4,214 of the TV royalties with documentation from PBS explaining why the royalties were received and a check copy to evidence receipt of the funds. WVPB personnel indicated the remaining \$4,259 of TV royalties and the \$41,108 of radio royalties were received but they could not locate supporting documents for these amounts. As a result, we determined that \$45,367 of royalties were unsupported and ineligible NFFS (\$4,259 + \$41,108).

The \$4,000 of duplicate underwriting was supported by an underwriting agreement that WVPB had claimed on line 7 of its FY 2017 AFR agreement. However, it appears that because of an inadvertent error WVPB also claimed this same agreement as a trade in Schedule C of the same AFR.

CPB Guidelines, Section 2.1, The CSG Program and Financial Reporting to CPB state that, "Activities that are not reported as revenue in a grantee's audited financial statements cannot be reported on the AFR/FSR and are not eligible as NFFS." For this reason, we determined that \$230,426 of unsupported membership not recorded in the station's financial records was ineligible NFFS.

The remaining \$374,709 (\$325,342 + \$45,367 + \$4,000) of unsupported NFFS, recorded in the station's financial records and reported in the station's FYs 2017 and 2018 AFRs, were not supported with receipt documentation describing the nature of the revenues to verify eligibility. We determined these revenues were ineligible NFFS for lack of documentation, per CPB's FY 2017 TV and radio Community Service Grant General Provisions and Eligibility Criteria (General Provisions), Section 3.

The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG (47 U.S.C. 396(1)(3)(B), (C), & (D)). Grantees must maintain such records as CPB may in its discretion require to facilitate an effective audit.

General Provisions, Section 3, Recordkeeping Requirements, Paragraph A.

The \$605,135 of unsupported NFFS claimed in FYs 2017 and 2018 resulted in \$59,463 of TV and radio CSG overpayments (\$22,168 in FY 2019 and \$37,295 of potential overpayments in FY 2020).

High-End Premiums Not Offset Against Membership

The NFFS WVPB reported in FYs 2017 and 2018 did not exclude the fair market value (FMV) of membership high-end premiums provided to donors as required by CPB Guidelines. WVPB's records indicate that during FYs 2017 and 2018, the station provided donors "thank you gifts" (high-end premiums) with FMVs totaling \$221,508.

WVPB personnel believed the station provided only insubstantial premiums to donors and were unaware that high-end premiums were provided to donors when completing the FY 2017 AFR. We informed them of the requirement to deduct the FMV of the high-end premiums the station provided to donors before they submitted their FY 2018 AFR. However, WVPB personnel did not calculate the actual FMV of high-end premiums provided to TV and radio donors in FY 2018. Instead they estimated the FMV of premiums to be \$10,000, which they deducted on line 10.1 of their AFRs (\$5,000 on the TV AFR and \$5,000 on the radio AFR). However, they needed to deduct an additional \$53,097 on both FY 2018 AFRs.

CPB Guidelines require stations to exclude from NFFS the FMV of high-end premiums that are not of insubstantial value. The Guidelines state:

Grantees frequently provide "thank you gifts" (a.k.a. "premiums") in exchange for membership contributions. The Internal Revenue Service describes a quid pro quo contribution as a payment a donor makes to a charity partly as a contribution and partly for goods or services (i.e., premiums). Thank you gifts may be anything of value from low-end premiums (e.g., coffee mugs and tee shirts bearing the stations call letters, name and/or brand) to high-end premiums (e.g. boxed set CDs or DVDs, coffee-table books, travel and lodging, gourmet foods & wines, tickets to performances, dinners or other events).

What do you need to do for AFR purposes? ... if the financial statements present membership revenues at their gross value (i.e. unadjusted for the non-contribution portion), you must enter the non-contribution amount on Line 10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value.

CPB Guidelines Line 10 – Membership and Subscriptions (net of write-offs).

The \$221,508 in overstated NFFS that we identified resulted in \$19,564 of TV and radio CSG overpayments (\$10,185 in FY 2019 and potential CSG overpayments of \$9,379 in FY 2020).

Ineligible Exchange Payments

WVPB reported payments of \$146,400 on its FYs 2017 and 2018 TV and radio AFRs that did not meet the form, source, and purpose criteria for NFFS prescribed by the Guidelines (i.e., services related to public broadcasting). WVPB believed these payments fulfilled a public broadcasting purpose and were eligible to be reported as NFFS. The ineligible payments included:

Ineligible Exchange Payments

Source of Payment	Radio Fiscal Year		TV Fiscal Year		Totals
	2017	2018	2017	2018	
Local Universities	\$67,000	\$67,000			\$134,000
Health Education and Research Institute			\$5,000		\$5,000
Local School			\$2,000		\$2,000
WV Division of Culture and History			\$5,400		\$5,400
Totals	\$67,000	\$67,000	\$12,400	\$0	\$146,400

Two local universities paid WVPB \$89,000 (\$44,000 and \$45,000 respectively) during FYs 2017 and 2018 to operate a news bureau at or near each university. These payments also required WVPB to provide each university with a station employee to serve both the radio and television reporting needs of each bureau and as an adjunct professor on campus. For example, the memorandum of understanding between WVPB and one these universities explained that, “WVPB will establish a news bureau ... with the understanding that the Bureau’s one (1) employee will serve both the radio and television reporting needs of ... [WVPB] and an adjunct broadcast faculty”

While both universities are an eligible source for payments because they are degree granting institutions, only the universities’ payments for operating the news bureaus satisfy the form and purpose criteria required by CPB Guidelines to be eligible NFFS. When we informed WVPB officials that the payments for providing an adjunct professor do not serve a public broadcasting purpose and are ineligible for NFFS purposes, they indicated that station’s employees performed adjunct professorial duties thirty percent of the time. However, WVPB did not provide a reasonable methodology to show how it established that amount of time.

After WVPB responded to the draft report, it provided documentation to evidence that its employee at one university devoted 50 percent of her time as an adjunct professor and her remaining time was devoted to the news bureau. As a result, we accepted \$22,000 of the \$44,000 WVPB received from this university for the operation of the news bureau and questioned the remaining \$22,000 attributable to the employee’s adjunct duties. In total, we questioned \$67,000 (\$45,000 paid by one university and \$22,000 paid by the second).

WVPB personnel could not locate the agreements it entered into with the health education and research institute and a local school. As a result, we could not verify the reason for these payments. However, WVPB personnel explained the \$5,000 payment from the health

education and research institute reimbursed the station for producing a video that did not air on public television. Similarly, the \$2,000 payment from the local school reimbursed WVPB for providing training to the school's teachers on the use of the station's Learning Media Resources. Nothing produced by this payment was aired on public television and as such did not meet the public broadcasting purpose requirement.

The agreement between the station and the WV Division of Culture and History showed the \$5,400 payment was not for a public broadcasting purpose but for providing training to students via the internet. This training was intended to enable the students to produce art projects that focused on science, technology, engineering, and math. Because this training did not serve a public broadcasting purpose it should not have been claimed as NFFS.

The Act, 47 U.S.C 397(9), sets the form, source, and purpose that contributions and payments must satisfy to be eligible as NFFS. As described in the Guidelines, revenues eligible as NFFS take the form of either a contribution or a payment. More specifically, the Guidelines state:

With the exception of the recipient criteria (see Sec. 2.3), the criteria for contributions are not the same as the criteria for payments.... A **contribution** is an unconditional transfer of cash or other assets ... in a voluntary nonreciprocal transfer from one entity to another.... A **payment**, on the other hand, is a reciprocal transfer (i.e., an *exchange transaction*) of cash or other assets in which each party receives and sacrifices approximately equal value.

Guidelines Section 2.2, Contributions vs. Payments.

The Guidelines also establish the form, source, and purpose criteria for contract payments. To satisfy the form and purpose criteria specified in the Guidelines, payments must be in exchange for specific materials related to public broadcasting. Likewise, the Guidelines also define the eligible "Source" criteria for contributions and payments as follows:

Source – The universe of eligible sources for contributions is relatively large: any source except the federal government or another public broadcasting entity, while the universe of eligible sources for payments in exchange transactions is relatively small: only eligible sources are state and local governments and educational institutions. Educational institutions are defined as degree-granting institutions.

Purpose – However, for a **payment** in an exchange transaction to be eligible as NFFS the payment must be in exchange for educational or instructional television or radio programs. In other words, a qualifying source must pay the grantee to provide a service directly related to producing, developing, or delivering educational or instructional programming. Payments for non-broadcast activities ... are not eligible as NFFS.

Guidelines, Section 2.3.1 Statutory Definition – The Law, and Section 2.3.2 Interpretations.

Because the payments described above, totaling \$146,400, did not satisfy the form, source, and purpose required by the CPB Guidelines, the payments were ineligible NFFS and resulted

in \$8,529 of TV and radio CSG overpayments (\$5,037 in FY 2019 and \$3,492 of potential overpayments in FY 2020).

Federal Funds Claimed as NFFS

WVPB did not exclude federal funds totaling \$83,200 from the NFFS it reported to CPB in FYs 2017 and 2018 as required by CPB's Guidelines. Instead, WVPB reported these federal funds on line 8.1, Foundation and nonprofit association, on the TV and Radio AFRs it submitted to CPB.

WVPB received most of the federal funds (\$70,700) in grants from the WV Humanities Council. The grant agreements between the Council and WVPB state that, "Federal funds are being awarded under a program of the National Endowment for the Humanities that is identified as 45.129 in the Catalogue of Federal Domestic Assistance...." The station also received an additional \$12,500 of federal funds from the Appalachian Regional Commission for an Innovators Grant. The Appalachian Regional Commission is a federal state partnership created by federal law and receiving federal funds. WVPB personnel indicated they were unaware these grants provided federal funds.

Federal Funds Claimed as NFFS

Grantor Agency	FY 2017		FY 2018		Totals
	FM	TV	FM	TV	
WV Humanities Council	\$30,700	\$5,000	\$20,000	\$15,000	\$70,700
Appalachian Regional Commission	\$0	\$0	\$6,250	\$6,250	\$12,500
Totals	\$30,700	\$5,000	\$26,250	\$21,250	\$83,200

CPB's Guidelines, Section 2.3.3, provide that "By definition, the Act excludes all federal funds from being included as non-Federal financial support or 'NFFS'". These same Guidelines, Section 5, Completing AFR Schedule A – Direct Revenue, Line Item Instructions explain that federal funds are ineligible for NFFS. More specifically, these guidelines state in part that:

Line 1 - Amounts provided directly by federal government agencies

Federal funds are reported on this line and will be forwarded to Line 23 to be excluded from NFFS. It is the grantees responsibility to properly identify all federal funds it receives, both directly and indirectly and to report them on the AFR.

Specific Line Instructions: ...

D. National Endowment for the Arts and Humanities

Use this line to enter funds received from the National Endowment for the Arts and Humanities....

F. Other Federal Funds (specify)

Use this line to enter funds received that originate from federal sources other than those listed in Lines 1A – 1E.

CPB Guidelines Section 5, Line 1 Amounts provided by federal government agencies.

The \$83,200 in federal funds that WVPB did not exclude from NFFS resulted in TV and radio CSG overpayments totaling \$6,237 (\$2,223 in FY 2019 and potential CSG overpayments of \$4,014 in FY 2020).

Unearned State Appropriated Funds

WVPB's FY 2017 TV and radio AFRs reported \$50,199 more appropriated funds as NFFS than it received from the State of West Virginia. This occurred because WVPB used the amount budgeted in the State's appropriation to complete its AFR instead of the station's audited financial statements and its general ledgers that recorded the actual amounts received from the state.

During FY 2017 WVPB received an appropriation totaling \$4,647,677 from the state. The station's radio AFR included \$1,611,289 of the \$4,647,677 on line 4C, Appropriations from the licensee, and \$3,036,463 reported on line 4C of its TV AFR. However, our audit of the state appropriated funds claimed by the station disclosed that only \$4,597,478 in appropriation revenues had been booked, leaving the balance of reported NFFS of \$50,199 as ineligible since it had not been expended. The state required that appropriated funds be used for the following specific purposes.

State Appropriated Funds

Expenses	Amount
Personnel Services and Employee Benefits (<i>payroll</i>)	\$4,275,602
Current Expenses	20,146
Mountain stage	300,000
Capital Outlays and Maintenance	10,000
BRIM Premiums (<i>insurance</i>)	41,929
Total	\$4,647,677

Discussions with WVPB personnel and our review of the state's budget disclosed that the appropriation provided was not earned as revenue until expenses were incurred. For example, the station reports expenses to the state as incurred and West Virginia reimburses the station for these expenses. We reviewed WVPB's documentation showing the amounts expended for each expense category included in the appropriation. We also reviewed the station's audited financial statements and general ledgers to confirm the amounts expended for each expense category.

Our review found that during FY 2017, WVPB expended enough funds to earn the total amount appropriated by the state for each expense category except for Personnel Services and Employee Benefits. The station expended only \$4,225,403 for Personnel Services and Employee Benefits and therefore received only this amount from the state for this expense category. Because WVPB expended and received \$50,199 less than appropriated for Personnel Services (\$4,275,602 - \$4,225,403), we determined this \$50,199 difference was ineligible for NFFS.

We prorated the ineligible \$50,199 between TV and radio using the same ratios used by WVPB to prepare its AFRs. Based on these ratios we determined that \$17,570 of the NFFS reported on the station's radio AFR and \$32,629 reported on its TV AFR were ineligible.

Guidelines, Section 1, The CSG Program and Financial Reporting to CPB state that:

The AFR and in some instances the Annual Financial Summary Report (FSR) are used to collect a CSG grantee's revenue and expense information in a standardized format for one fiscal year. Grantees are required to report ALL revenue and expense information and reconcile those values with their audited financial statements. The ultimate objective of the AFR/FSR is to identify which revenues reported in the annual audit qualify as non-Federal financial support (NFFS). In order to qualify as NFFS, revenue must satisfy specific criteria outlined in the Act, as well as additional policy restrictions implemented by action of CPB's Board of Directors.

As discussed in Section 1 the AFR or FSR are the means by which grantees report NFFS. An AFR or FSR must reflect the balances reported in a grantee's audited financial statements, which are then subjected to the NFFS criteria to determine if they are eligible to be included as NFFS. Activities that are not reported as revenue in a grantee's audited financial statements cannot be reported on the AFR/FSR and are not eligible as NFFS.

Guidelines, Section 2, Non-Federal Financial Support, 2.1 Introduction.

The overreported NFFS appropriations totaling \$50,199 resulted in TV and radio TV CSG overpayments of \$4,979 in FY 2019.

Funds Received from Public Broadcasting Entities

Our audit identified \$34,263 in revenues received from public broadcasting entities that were erroneously reported as NFFS, including some that were funded by CPB. WVPB officials reported these revenues as NFFS on Line 8, Foundations and nonprofit associations, on its FY 2017 radio AFR and on Line 9, Business and Industry of its 2018 TV AFR. The ineligible NFFS revenues reported by WVPB included the following:

Public Broadcasting Revenues Reported as NFFS

Revenue Description	Amount
MOU between a public broadcasting station and WVPB funded by a CPB grant	\$12,927
Funds provided by a public broadcasting producer under a Letter of Agreement	16,336
Funds from a public broadcasting station to conduct a writer's contest	5,000
Total	\$34,263

Guidelines, Section 5, Completing AFR Schedule A – Direct Revenue, Line Item Instructions explain that funds received from public broadcasting entities are ineligible for NFFS. More specifically these guidelines state in part that:

Line 2 - Amounts provided by Public Broadcasting Entities

Public Broadcasting funds are reported on this line and will be forwarded to line 24 to be automatically excluded from NFFS.

Specific Line Instructions:

B. CPB – all other funds from CPB (e.g., DDF, RTL, Programming Grants)

Use this line to report all non-CSG funds received from CPB including digital grants and production grants....

F. Other PBE funds (specify)

Use this line to report all funds received that originate from public broadcasting sources other than those listed in Line 2A – 2E

CPB Guidelines Section 5, Line 2, Amounts provided by Public Broadcasting Entities.

Reporting the \$34,263 received from public broadcasting entities as NFFS resulted in TV and radio CSG overpayments totaling \$2,148 (\$1,525 in FY 2019 and potential CSG overpayments of \$623 in FY 2020).

Radio Funds Erroneously Claimed as TV NFFS

WVPB erroneously reported \$36,445 of radio NFFS as TV NFFS, which improperly increased the TV CSG revenue the station received from CPB. WVPB personnel explained that they did not realize claiming radio NFFS as TV NFFS would result in an erroneous increase of the CSG grant received from CPB.

During FY 2017, WVPB received a \$50,000 grant from a foundation that required the station to produce TV and radio deliverables. However, the grant did not specify how much of the grant revenue should be for TV and radio, and the station claimed the entire \$50,000 received under this grant as TV revenue. We informed WVPB personnel they overstated the station's FY 2017 TV NFFS because a portion should have been claimed as radio NFFS. In FY 2018, the station received an additional grant from the same foundation, and it allocated 50 percent of this new grant revenue to TV and the remainder to radio. Using this same logic, we determined \$25,000 of the FY 2017 TV revenue that should have been claimed as radio NFFS was ineligible.

The station's financial records also showed that during FY 2017 it received \$20,640 of interest and dividends on its TV endowment principal and \$11,445 of interest and dividends on the radio endowment principal. However, WVPB reported the entire \$32,085 (\$20,640 + \$11,445) as TV NFFS. As a result, we determined the \$11,445 of radio revenue erroneously reported as TV revenue was ineligible.

In total, WVPB erroneously reported \$36,445 (\$25,000 + \$11,445) of radio NFFS revenue as TV revenue on its FY 2017 AFR. As a result, the station overstated TV NFFS by \$36,445, which resulted in CSG TV overpayments of \$4,538. The station cannot retroactively report the radio revenue it did not include on its FY 2017 radio AFR or claim the underpaid CSG funds that resulted from underreporting of radio NFFS. Instead, we offset the understated radio funds against other ineligible radio NFFS.

Recommendations:

We recommend that CPB management take the following actions:

- 1) recover CSG overpayment of \$103,557 based upon overstated NFFS; and
- 2) require WVPB to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting requirements.

WVPB TV/FM Response

In response to the draft report, WVPB management agreed with all our findings concerning overstated NFFS. Station management indicated they have been in a transition for last five years and experienced a major staffing reduction during that time. Several things were brought to their attention and complying with CPB Guidelines as well as eligibility requirements will be a priority.

Station management indicated WVPB has a very complex bookkeeping system that incorporates State, Friends, and Foundation recordkeeping. The records for each of these entities are further broken down in TV, Radio, and Administration. In some instances, WVPB managers were unable to reconcile AFR amounts to the eight different trial balances used by these entities. To improve future AFR reporting, they are updating the station's accounting software, and will use crosswalk spreadsheets presently being used by other CPB grantees to improve future AFR reporting.

OIG Review and Comment

Regarding recommendations one and two, WVPB's proposed correction actions are responsive to our recommendations. As a result, we considered both recommendations resolved but open pending the receipt of CPB's final management decision that accepts WVPB's corrective actions and agrees to recover the \$103,557 in potential CSG overpayments.

II. CPB Grant Funds Not Discretely Accounted For

Our audit of WVPB's grant recordkeeping found the station did not fully comply with CSG discrete accounting requirements and the American Graduate and Sustainability grants recordkeeping were commingled with other funds and did not satisfy CPB's recordkeeping requirements to maintain accounts related to the grant to verify funds received and costs incurred to permit an effective audit. These conditions occurred because WVPB attempted to discretely account for these grant funds through the state's accounting system. However, they subsequently determined the state's system could not discretely report the grant revenues and expenditures.

While WVPB discretely accounted for the receipt of the TV and FM CSG funds, and the expenditure of FM CSG funds, it did not discretely account for TV CSG expenditures. Instead, WVPB used several accounts to record these funds in its financial records. We needed to rely on WVPB personnel to identify the accounts used for these expenses.

CPB awarded WVPB Sustainability grant No. 34570-MS for \$47,300 during May of 2017 and American Graduate Phase Three Grant No. 34690-EDU for \$179,022 during January of 2018.

During FY 2017 and 2018, CPB also awarded WVPB TV CSG funds totaling \$2,271,312 and \$503,063 of FM CSG funds. CPB required WVPB to separately account for the funds it provided for each of these grants.

At the time of our audit, WVPB had expended \$46,729 of the Sustainability grant funds, and CPB de-obligated the unused \$571. As of December 31, 2018, the station expended \$87,528 of the American Graduate grant funds. We found that the revenue and expenditures for these two grants were commingled with other non-CPB revenue and expenditures and did not satisfy CPB's grant requirements to discretely account for grant funds. Because the Sustainability grant had relatively few transactions, we were able to identify the revenue and expenses recorded in the station's financial records. We were also able to identify the revenue provided by CPB for the limited number of equipment and travel expenses charged to the American Graduate grant, totaling \$25,960. We were unable to do this for the \$61,568 of labor expenses charged to the American Graduate grant. See the next finding regarding American Graduate Salary Charges for more details on this issue.

CPB's TV and Radio General Provisions and Eligibility Criteria require discrete accounting for all CSG grant funds. These provisions state:

Discrete Accounting Requirement: The use of unique accounting codes by CSG recipients to identify CSG funds — both revenues and expenses, restricted and unrestricted — so that both CPB and an auditor can discretely track those funds within the recipient's accounting system.

Community Service Grants General Provisions and Eligibility Criteria, Part II. Definitions Paragraph S.

Section 7 of the Sustainability grant agreement and the CPB Terms and Conditions for Television, Radio and Other Media Production Grants, November 2015 Edition, Section 4G, that was incorporated as requirement in the American Graduate grant agreement, both require that:

A grantee...must keep books, records, and accounts relating to the Grant and the Grant Project sufficient to:

- (a) enable CPB to verify all direct costs, overhead, and administrative allocations;
- (b) allow CPB, by examination of grantees general ledger and other records, to account for the Grant Project level of activities in sufficient detail to enable an audit to verify the investment of CPB funds in the approved expenses of the Grant Project;
- (c) disclose fully the amount and use of the proceeds of the Grant, the Total Project Cost, and the amount and nature of any portion of the Total Project Cost supplied by sources other than CPB....
- (e) permit an effective audit.

Because we were able to verify the expenditures for the Sustainability grant to contract documents and proof of payment information, we accepted the costs claimed under this grant. Similarly, we accepted the costs for the equipment purchased under the American Graduate grant. We also accepted the CSG funds because, with assistance from WVPB personnel, we were able to identify them within the station's accounting system. However, in the future

WVPB needs to comply with CPB's recordkeeping requirements to provide the required accountability and permit an effective audit.

Recommendations:

We recommend that CPB management take the following actions:

- 3) ensure WVPB discretely accounts for CSG expenditures and other CPB grant funds in accordance with grant requirements; and
- 4) require WVPB to identify the corrective actions and controls it will implement to ensure future compliance with grant recordkeeping requirements.

WVPB TV/FM Response

In response to the draft report, WVPB management agreed with our discrete accounting findings and indicated that immediately they "will create a written policy on accounting for the revenues and expenses related to any monies coming from CPB and assign discrete account and subaccount numbers for such."

OIG Review and Comment

WVPB's proposed correction actions in response to recommendations three and four satisfy the intent of our recommendations. As a result, we considered both recommendations resolved but open pending the receipt of CPB's final management decision that accepts WVPB's corrective actions.

III. Questionable American Graduate Salary Charges

The American Graduate grant required WVPB to incur labor expenses and purchase equipment to complete the grant deliverables. At the time of our audit, WVPB reported to CPB that it had spent \$87,528 (\$61,568 on salary expenses and \$25,960 for equipment and travel). Our review of the salary expenses disclosed that WVPB did not maintain timesheets or other contemporaneous recordkeeping documents to record actual labor charges to this grant as required by the grant agreement and CPB's term and conditions. WVPB personnel indicated they were unaware of the need for timesheets or labor distribution records

WVPB personnel disclosed they claimed salary expenses for the American Graduate grant based on the CPB grant budget. For example, WVPB calculated the expenses it claimed each quarter by dividing the amount budgeted in the grant agreement for each salary category by the eight quarters in the grant term; e.g., the \$28,938 budgeted for the content producer was divided by the eight quarters to calculate the \$3,617 claimed for each quarter. Thus, the salary amounts claimed do not appear to represent actual work performed under the grant. Without timesheets or other contemporaneous records, we were unable to validate and accept the amounts claimed for salary. We were able to validate the equipment purchases by reviewing documentation evidencing the purchase and receipt of these items.

Section 7 of the Sustainability grant agreement and the CPB Terms and Conditions for Television, Radio and Other Media Production Grants, November 2015 Edition, Section 4G, that was incorporated as a requirement in the American Graduate grant agreement, both require that;

A grantee...must keep books, records, and accounts relating to the Grant and the Grant Project sufficient to:

- (d) substantiate labor costs with timesheets or other relatively contemporaneous record-keeping documents, consistent with the representation of those costs within the budget of the Grant....
- (e) Permit an effective audit.

Without timesheets or other contemporaneous records, we could not accept the \$61,658 claimed for salary expenses under the American Graduate grant and questioned these charges for lack of documentation. We acknowledge that WVPB did complete some of the deliverables for this grant, but we could not attest to the accuracy of the salary charges reported to complete those deliverables without documentation evidencing the hours worked on this project.

Recommendations

We recommend that CPB management take the following actions:

- 5) determine reasonableness or recover questioned undocumented salary expenses of \$61,568 claimed under the American Graduate grant; and
- 6) require WVPB to identify the corrective actions and controls it will implement to ensure future compliance with CPB labor timekeeping requirements.

WVPB TV/FM Response

In response to recommendation six, WVPB management explained they were unaware they were required to keep timesheets related to time spent on the American Graduate program. As a result of the audit they have begun keeping documentation of time spent on the project. WVPB's response did not address recommendation five it was directed to CPB.

OIG Review and Comment

WVPB's proposed correction actions in response to recommendation six satisfies the intent of our recommendation. As a result, we considered recommendation six resolved but open pending the receipt of CPB's final management decision accepting WVPB's corrective actions. Recommendation five is unresolved and open pending receipt of CPB's management decision on this recommendation.

**CPB Grant Payments to WVPB
July 1, 2016 – June 30, 2018**

CPB Grants	FY 2017	FY 2018	Totals
WVPB - TV			
Community Service	\$960,655	\$1,082,377	\$2,043,032
Interconnection	\$18,167	\$20,653	\$38,820
Distance Service	\$24,475	\$24,308	\$48,783
Universal Service Support	\$70,749	\$69,928	\$140,677
WVPB-TV Totals	\$1,074,046	\$1,197,266	\$2,271,312
WVPB - FM			
Unrestricted Community Service	\$179,627	\$191,870	\$371,497
Restricted Community Service	\$63,343	\$68,223	\$131,566
WVPB-FM Totals	\$242,970	\$260,093	\$503,063

Total CPB payments received in both FYs was \$2,774,375 (\$2,271,312 + \$503,063).

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
Schedule A		
1. Amounts provided directly by federal government agencies	\$0	\$0
A. Grants for facilities and other capital purposes (PTFP and others)	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$320,482	\$443,468
A. CPB - Community Service Grants	\$242,970	\$260,093
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$0	\$18,364
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$77,512	\$74,627
E. Public broadcasting stations - all payments	\$0	\$15,000
F. Other PBE funds (specify)	\$0	\$75,384
3. Local boards and departments of education or other local government or agency sources	\$0	\$0
3.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
3.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$1,611,289	\$1,296,171
4.1 NFFS Eligible	\$1,611,289	\$1,296,171
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
C. Appropriations from the licensee	\$1,611,289	\$1,296,171
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$89,000	\$89,000
5.1 NFFS Eligible	\$89,000	\$89,000
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$89,000	\$89,000
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
6. Other state-supported colleges and universities	\$0	\$0
6.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
6.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$277,069	\$326,696
8.1 NFFS Eligible	\$277,069	\$312,008
A. Program and production underwriting	\$204,605	\$191,258
B. Grants and contributions other than underwriting	\$72,464	\$120,750
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
8.2 NFFS Ineligible	\$0	\$14,688
A. Rental income	\$0	\$14,688
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
9. Business and Industry	\$578,122	\$570,701
9.1 NFFS Eligible	\$291,754	\$312,895
A. Program and production underwriting	\$291,754	\$312,895
B. Grants and contributions other than underwriting	\$0	\$0
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$286,368	\$257,806
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$286,368	\$257,806
10. Memberships and subscriptions (net of membership bad debt expense)	\$789,452	\$1,009,312
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$0	\$5,000
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
10.3 Total number of contributors. 2017 data 7,485 2018 data 6,530		
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1 Total number of Friends contributors. 2017 data 0 2018 data 0		
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue		
13. Auction revenue (see instructions for Line 13)	\$0	\$0
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$0	\$0
A. Gross special fundraising revenues	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
B. Direct special fundraising expenses	\$0	\$0
15. Passive income	\$0	\$41,108
A. Interest and dividends (other than on endowment funds)	\$0	\$0
B. Royalties	\$0	\$0
C. PBS or NPR pass-through copyright royalties	\$0	\$41,108
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	
A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$0	\$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
17. Endowment revenue	\$0	\$129,126
A. Contributions to endowment principal	\$0	\$12,431
B. Interest and dividends on endowment funds	\$0	\$116,695
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
18. Capital fund contributions from individuals (see instructions)	\$0	\$0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$378,979	\$0
19.1 Total number of major individual donors FY 2017 data FY 2018 data 124 0		
20. Other Direct Revenue	\$0	\$0
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$4,044,393	\$3,905,582
Adjustments to Revenue		
23. Federal revenue from line 1.	\$0	\$0
24. Public broadcasting revenue from line 2.	\$320,482	\$443,468
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
27. Other automatic subtractions from total revenue	\$286,368	\$277,494
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$0
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	\$0
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$14,688
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$0
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$286,368	\$257,806
K. FMV of high-end premiums (Line 10.1)	\$0	\$5,000
L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$0	\$0
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$3,437,543	\$3,184,620
Schedule C		
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0	\$0
A. Legal	\$0	\$0
B. Accounting and/or auditing	\$0	\$0
C. Engineering	\$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)	\$127,032	\$189,588
A. Annual rental value of space (studios, offices, or tower facilities)	\$0	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0	\$0
C. Station operating expenses	\$127,032	\$189,588
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$69,229	\$0
A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0	\$0
C. Local advertising	\$69,229	\$0
D. National 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	\$196,261	\$189,588
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0	\$0
A. Compact discs, records, tapes and cassettes	\$0	\$0
B. Exchange transactions	\$0	\$0

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
C. Federal or public broadcasting sources	\$0	\$0
D. Fundraising related activities	\$0	\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$0	\$0
F. Local productions	\$0	\$0
G. Program supplements	\$0	\$0
H. Programs that are nationally distributed	\$0	\$0
I. Promotional items	\$0	\$0
J. Regional organization allocations of program services	\$0	\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0	\$0
L. Services that would not need to be purchased if not donated	\$0	\$0
M. Other	\$0	\$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.	\$196,261	\$189,588
Schedule D		
1. Land (must be eligible as NFFS)	\$0	\$0
2. Building (must be eligible as NFFS)	\$0	\$0
3. Equipment (must be eligible as NFFS)	\$0	\$0
4. Vehicle(s) (must be eligible as NFFS)	\$0	\$0
5. Other (specify) (must be eligible as NFFS)	\$0	\$0
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	\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0	\$0
a) Exchange transactions	\$0	
b) Federal or public broadcasting sources	\$0	\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0	\$0
d) Other (specify)	\$0	\$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.	\$0	\$0
Schedule E		
1. Programming and production	\$1,951,032	\$1,927,191
A. Restricted Radio CSG	\$63,343	\$68,223
B. Unrestricted Radio CSG	\$179,627	\$191,870
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,708,062	\$1,667,098
2. Broadcasting and engineering	\$566,431	\$547,886

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$566,431	\$547,886
3. Program information and promotion	\$126,442	\$161,918
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$126,442	\$161,918
SUPPORT SERVICES		
4. Management and general	\$609,914	\$621,196
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$609,914	\$621,196
5. Fund raising and membership development	\$422,895	\$589,671
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$422,895	\$589,671
6. Underwriting and grant solicitation	\$139,042	\$175,069
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$139,042	\$175,069
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$3,815,756	\$4,022,931
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$63,343	\$68,223
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$179,627	\$191,870
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$0	\$0
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$3,572,786	\$3,762,838
INVESTMENT IN CAPITAL ASSETS		

Exhibit B (continued)

**WVPB – FM Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
9. Total capital assets purchased or donated	\$0	\$157,004
9a. Land and buildings	\$0	\$0
9b. Equipment	\$0	\$157,004
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$3,815,756	\$4,179,935
11. Total expenses (direct only)	\$3,815,756	\$4,022,931
12. Total expenses (indirect and in-kind)	\$0	\$0
13. Investment in capital assets (direct only)	\$0	\$157,004
14. Investment in capital assets (indirect and in-kind)	\$0	\$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	\$10,449,438	\$10,063,950
b. Schedule B, Line 5	\$0	\$0
c. Schedule C, Line 6	\$209,303	\$226,018
d. Schedule D, Line 8	\$0	\$0
e. Total from AFR	\$10,658,741	\$10,289,968
2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only		
a. Operating revenues	\$5,093,211	\$5,272,718
b. Non-operating revenues	\$1,321,517	\$1,751,603
c. Other revenue	\$4,244,013	\$0
d. Capital grants, gifts and appropriations (if not included above)	\$0	\$3,265,647
e. Total From AFS, lines 2a-2d	\$10,658,741	\$10,289,968
Reconciliation		
3. Difference (line 1 minus line 2)	\$0	\$0
4. If the amount on line 3 is not equal to \$0, click the “Add” button and list the reconciling items.	\$0	\$0

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
Schedule A		
1. Amounts provided directly by federal government agencies	\$561,916	\$123,401
A. Grants for facilities and other capital purposes (PTFP and others)	\$561,916	\$123,401
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$1,090,153	\$1,283,609
A. CPB - Community Service Grants	\$960,655	\$1,082,377
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$123,391	\$193,732
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$6,107	\$0
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$0	\$7,500
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$3,285,702	\$2,699,718
4.1 NFFS Eligible	\$3,036,463	\$2,324,299
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$3,036,463	\$2,324,299
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$249,239	\$375,419
A. Rental income	\$0	\$0
B. Fees for services	\$249,239	\$250,000
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$125,419
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$0	\$5,000
5.1 NFFS Eligible	\$0	\$5,000
A. Program and production underwriting	\$0	\$5,000
B. Grants and contributions other than underwriting	\$0	\$0

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
6. Other state-supported colleges and universities	\$0	\$0
7. Private colleges and universities	\$4,400	\$0
7.1 NFFS Eligible	\$4,400	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$4,400	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$112,972	\$137,646
8.1 NFFS Eligible	\$112,972	\$121,658
A. Program and production underwriting	\$44,797	\$35,458
B. Grants and contributions other than underwriting	\$68,175	\$86,200
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
8.2 NFFS Ineligible	\$0	\$15,988

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
A. Rental income	\$0	\$15,188
B. Fees for services	\$0	\$800
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
9. Business and Industry	\$325,510	\$514,489
9.1 NFFS Eligible	\$58,289	\$66,302
A. Program and production underwriting	\$58,289	\$61,302
B. Grants and contributions other than underwriting	\$0	\$5,000
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$267,221	\$448,187
A. Rental income	\$221,499	\$448,187
B. Fees for services	\$2,780	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$42,942	\$0
10. Memberships and subscriptions (net of membership bad debt expense)	\$676,234	\$1,008,812
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$0	\$5,000
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
10.3 Total number of contributors. 2017 data 2018 data 6,055 6,520		
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1 Total number of Friends contributors. 2017 data 2018 data 0 0		
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$1,625
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of their activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$1,625
Form of Revenue		

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
13. Auction revenue (see instructions for Line 13)	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$0	\$0
15. Passive income	\$0	\$8,473
A. Interest and dividends (other than on endowment funds)	\$0	\$0
B. Royalties	\$0	\$0
C. PBS or NPR pass-through copyright royalties	\$0	\$8,473
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$0
A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$0	\$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
17. Endowment revenue	\$32,085	\$375,595
A. Contributions to endowment principal	\$0	\$37,293
B. Interest and dividends on endowment funds	\$32,085	\$350,085
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	(\$11,783)
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$0	\$0
18. Capital fund contributions from individuals (see instructions)	\$0	\$0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0
B. Other	\$0	\$0
19. Gifts and bequests from major individual donors	\$316,073	\$0
19.1 Total number of major individual donors FY 2017 data FY 2018 data 99 0		
20. Other Direct Revenue	\$0	\$0
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$6,405,045	\$6,158,368
Adjustments to Revenue		
23. Federal revenue from line 1.	\$561,916	\$123,401
24. Public broadcasting revenue from line 2.	\$1,090,153	\$1,283,609
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$125,419
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
27. Other automatic subtractions from total revenue	\$516,460	\$709,017
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$0
C. Gains from sales of property and equipment – line 16a	\$0	\$0

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$0	(\$11,783)
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$221,499	\$463,375
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$252,019	\$250,800
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$42,942	\$0
K. FMV of high-end premiums (Line 10.1)	\$0	\$5,000
L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$0	\$0
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$1,625
N. Proceeds from spectrum auction, interest earned on these funds, channel sharing revenues, and spectrum leases from line 21 (TV only)	\$0	\$0
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$4,236,516	\$3,916,922
Schedule C		
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0	\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$0	\$36,430
A. Annual rental value of space (studios, offices, or tower facilities)	\$0	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0	\$0
C. Station operating expenses	\$28,438	\$36,430
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$13,042	\$0
A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	\$0	\$0
C. Local advertising	\$13,042	\$0
D. National 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	\$13,042	\$36,430
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0	\$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.	\$13,042	\$36,430
Schedule E		
PROGRAM SERVICES		
1. Programming and production	\$2,571,605	\$1,569,506

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
A. TV CSG	\$960,655	\$1,082,377
B. TV Interconnection	\$0	\$20,653
C. Other CPB Funds	\$95,224	\$173,079
D. All non-CPB Funds	\$1,515,726	\$293,397
2. Broadcasting and engineering	\$1,287,016	\$918,839
A. TV CSG	\$0	\$0
B. TV Interconnection	\$18,167	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,268,849	\$918,839
3. Program information and promotion	\$149,308	\$62,360
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$149,308	\$62,360
SUPPORT SERVICES		
4. Management and general	\$1,291,300	\$2,547,200
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,291,300	\$2,547,200
5. Fund raising and membership development	\$320,131	\$272,285
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$320,131	\$272,285
6. Underwriting and grant solicitation	\$107,039	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$107,039	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$5,726,399	\$5,370,190
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$960,655	\$1,082,377

Exhibit C (continued)

**WVPB – TV Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$18,167	\$20,653
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$95,224	\$173,079
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$4,652,353	\$4,094,081
INVESTMENT IN CAPITAL ASSETS		
9. Total capital assets purchased or donated	\$365,092	\$549,819
9a. Land and buildings	\$14,393	\$0
9b. Equipment	\$334,099	\$549,819
9c. All other	\$16,600	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$6,091,491	\$5,920,009
Additional Information		
11. Total expenses (direct only)	\$5,726,399	\$5,370,190
12. Total expenses (indirect and in-kind)	\$0	\$0
13. Investment in capital assets (direct only)	\$365,092	\$549,819
14. Investment in capital assets (indirect and in-kind)	\$0	\$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	\$10,449,438	\$10,063,950
b. Schedule B, Line 5	\$0	\$0
c. Schedule C, Line 6	\$209,303	\$226,018
d. Schedule D, Line 8	\$0	
e. Total from AFR	\$10,658,741	\$10,289,968
2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only		
2. GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities		
a. Operating revenues	\$5,093,211	\$5,272,718
b. Non-operating revenues	\$1,321,517	\$1,751,603
c. Other revenue	\$4,244,013	\$0
d. Capital grants, gifts and appropriations (if not included above)	\$0	\$3,265,647
e. Total From AFS, lines 2a-2d	\$10,658,741	\$10,289,968
Reconciliation		
3. Difference (line 1 minus line 2)	\$0	\$0
4. If the amount on line 3 is not equal to \$0, click the “Add” button and list the reconciling items.	\$0	\$0

**WVPB Summary of Non-Federal Financial Support
For the Years Ending June 30, 2017 and 2018
Certified by Head of Grantee and Independent Account's Report**

AFR Line	WVPB-TV Description	FY 2017	FY 2018	Totals
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$4,236,516	\$3,916,922	\$8,153,438
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
	3a. In-Kind Contributions (Schedule C)	\$13,042	\$36,430	\$49,472
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$4,249,558	\$3,953,352	\$8,202,910

AFR Line	WVPB-FM Description	FY 2017	FY 2018	Totals
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$3,437,543	\$3,184,620	\$6,622,163
2	Indirect Administrative (Schedule B)	\$0	\$0	\$0
	3a. In-Kind Contributions (Schedule C)	\$196,261	\$189,588	\$385,849
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$3,633,804	\$3,374,208	\$7,008,012

NFFS reported in FY 2017 totaled \$7,883,362 and the total reported in FY 2018 was \$7,327,560

**American Graduate Grant Interim Financial Report
As of December 31, 2018**

			BUDGET	ACTUAL	VARIANCE	QUESTIONED
CPB Revenue			<u>\$179,022</u>	<u>\$120,000</u>	<u>\$59,022</u>	<u>\$0</u>
		Total Revenue	\$179,022	\$120,000	\$59,022	\$0
EXPENSES						
<u>Personnel</u>						
Project Manager			\$48,000	\$24,000	\$24,000	\$24,000
Content Producer			\$28,938	\$14,468	\$14,470	\$14,468
Marketing Manager			\$9,000	\$4,500	\$4,500	\$4,500
Editor			\$4,480	\$2,240	\$2,240	\$2,240
Videographer			\$2,240	\$1,120	\$1,120	\$1,120
Director of Education			\$11,000	\$5,500	\$5,500	\$5,500
Education Research Analyst			\$15,000	\$0	\$15,000	\$0
		Personnel Subtotal	\$118,658	\$51,828	\$66,830	\$51,828
Fringe Benefits			\$19,480	\$9,740	\$9,740	\$9,740
<u>Travel</u>						
Mileage reimbursement (4000 miles @ 53.5 cents/mile)			\$2,140	\$1,993	\$147	\$0
Hotel w/in state for production spots			\$1,424	\$200	\$1,224	\$0
Travel, meals and lodging			\$3,200	\$1,632	\$1,568	\$0
		Travel Subtotal	\$6,764	\$3,825	\$2,939	\$0
<u>Production</u>						
iMac edit system			\$10,000	\$21,072 **		\$0
camera			\$10,000	\$0		\$0
field audio equipment			\$3,000	\$0		\$0
tripod			\$2,000	\$0		\$0
		Production Subtotal	\$25,000	\$21,072	\$3,928	\$0
** Combined total for iMac system, camera , and accessories						
<u>Community Engagement Activities</u>						
Hospitality for engagement meetings			\$3,000	\$120	\$2,880	\$0
		Community Engagement Subtotal	\$3,000	\$120	\$2,880	\$0
<u>Marketing/Promotion</u>						
Boosting social media posts for engagement mtgs			\$300	\$943	-\$643	\$0
Print ads for engagement mtgs			\$700	\$0	\$700	\$0
Statewide print ads for town halls/forums			\$1,000	\$0	\$1,000	\$0
Print materials			\$1,000	\$0	\$1,000	\$0
		Marketing/Promotion Subtotal	\$3,000	\$943	\$2,057	\$0
<u>Supplies</u>						
Tablets for Project Manager and Content Producer			\$2,600	\$0	\$2,600	\$0
Tablet Accessories (keyboard, stylus)			\$520	\$0	\$520	\$0
		Supplies Subtotal	\$3,120	\$0	\$3,120	\$0
		TOTAL EXPENSES	\$179,022	\$87,528	\$91,494	\$61,568

**Sustainability Planning Grant Final Financial Report
as of January 31, 2018**

	BUDGET	ACTUAL	VARIANCE	QUESTIONED
REVENUE				
Corporation for Public Broadcasting	\$47,300	\$10,000	\$0	\$0
Total Revenue	\$47,300	\$10,000	\$0	\$0
EXPENSES				
Consulting				
Consultant (300 hours @ \$150/hour)				
Consulting Subtotal	\$45,000	\$44,375	\$625	\$0
Travel				
Air Fare (2 trips @ \$400/trip/person)	\$800	\$1,409	-\$609	\$0
Car/Cab Fare (2 trips @ \$100/trip)	\$200	\$19	\$181	\$0
Hotel (2 trips @ \$250/night/person)	\$1,000	\$757	\$243	\$0
Meals (2 trips @ \$75/day/person)	\$300	\$169	\$131	\$0
Travel Subtotal	\$2,300	\$2,354	-\$54	\$0
Total Expenses	<u>\$47,300</u>	<u>\$46,729</u>	<u>\$571</u>	<u>\$0</u>

SCOPE AND METHODOLOGY

We performed an attestation examination to determine WVPB'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 WVPB on its AFRs that we reconciled to audited financial statements for the years ending June 30, 2017 and June 30, 2018; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of NFFS claimed on WVPB's AFRs by performing financial reconciliations and comparisons to WVPB's 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 \$944,787 of the \$7,883,362 reported in FY 2017 and \$385,609 of the \$7,327,560 reported in FY 2018.

We reviewed the allowability of expenses WVPB charged to the CSGs received from CPB during FYs 2017 and 2018. We also reviewed the expenses WVPB claimed under the American Graduate and Sustainability Planning grants. To determine whether WVPB incurred CSG expenditures in accordance with grant terms, we reviewed \$2,850,231 of the \$3,175,396 in CSG expenses incurred by WVPB during our audit period. We also reviewed \$74,055 of the expenses WVPB claimed under the American Graduate and Sustainability Planning grants. For all the grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions.

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; and safeguard donor lists. We also reviewed WVPB's website to determine its compliance with CPB's transparency requirements. Our procedures included interviewing station officials and their independent public accountant.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of WVPB's policies and procedures for compliance with certification of eligibility requirements, Communication Act, 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 November 6, 2019 through March 28, 2019. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.

June 10, 2019

Dear Mr. Richardson:

We would like to address the finding in your office's recent audit of the Educational Broadcasting Authority for the period of July 1, 2016 through June 30, 2018. We have been in a transition period over the last 5 years and have seen a major reduction in staffing. This was our first CPB audit and several things were brought to our attention that we were unaware of. We will make it a priority to keep up to date with the CPB Financial Reporting Guidelines as well as eligibility requirements. We will attend annual trainings in order to ensure that we have the knowledge to properly report to CPB in the future.

I. Overstated NFFS

Unsupported NFFS

West Virginia Public Broadcasting has a very complex bookkeeping system that incorporates our State licensee (Educational Broadcasting Authority), Friends of West Virginia Public Broadcasting, and the West Virginia Public Broadcasting Foundation. These 3 related entities are further broken down into TV, Radio, and Administration. Beginning in 2019 we have consolidated some of the databases to make things a bit easier. We were unable in some instances to tie the AFR amounts to the 8 different trial balances that they came from. We are in the process of updating our accounting software and having better reporting to use to prepare our AFRs going forward. We also have received some sample crosswalk spreadsheets used by other CPB grantees that will tie trial balance numbers to the AFR by line number. We will use this form when completing all subsequent reports.

High-End Premiums

We were unaware of the dollar value used when reporting high-end premiums. We believed that all our premiums were insubstantial in value and we were not aware that market value must be used as opposed to cost. We have this information available to us and will record the market value of all premiums on future reports.

Ineligible Exchange Payments

We were not aware of some of the rules relating to form, source, and purpose relating to revenues that we receive. We believed these things to be mission related, however, upon further scrutiny, they did not qualify as NFFS. A portion of the revenues from our University news bureaus may be eligible, however, we did not keep proper documentation of the time spent on content for our station vs time spent working for the University. Internally, we calculated a 70/30 split on the WVU contract and a 50/50 split on the Concord contract. We will have better documentation moving forward in hopes that some of these funds may be counted as NFFS.

Federal Funds Claimed as NFFS

We were unaware that the funds coming from the WV Humanities Council were pass through funds from the Federal Government and needed to be excluded.

Unearned State Appropriation Funds

There was a small amount of our State Appropriation that we were encumbering for payroll for the following year in July. We were unable to find the appropriate documentation regarding this transaction. We will be more vigilant in retaining all documentation in the future.

Funds Received from Public Broadcasting Entities

We were unaware of the guidelines requiring that Public Broadcasting funds reported in the AFR must be excluded from NFFS. We will be sure to exclude any future payments from collaborations with other Public Broadcasting entities.

Radio Funds Erroneously Claimed as NFFS

We will be more vigilant in the future in looking at contracts and agreements to determine how much revenue should be reported in TV and Radio based upon the deliverable. We will also be more deliberate about our methods of allocating things between TV and Radio. We will document that methodology.

II. CPB Funds Not Discretely Accounted For

We were trying to set up discrete accounts through the State of West Virginia's accounting system, however, we did not incorporate these accounts within our stand-alone accounting software that we use when filling out the AFR. We will create a written policy on accounting for the revenues and expenses related to any monies coming from CPB and assign discreet account and subaccount numbers for such. We will put this in place immediately.

III. Questionable American Graduate Salary Expenses

We were unaware that we were required to keep time sheets related to time spent working on the American Graduate program. We have spent many hours on the project and had completed a portion of the deliverable during the audit period. Since being made aware of the requirement, we have begun keeping documentation of time worked on the project.

In conclusion, we would like to thank your auditor Carl Jannetti for making us as comfortable as possible during this process. He was a joy to work with. We learned a lot through the process and will be making the necessary changes within our organization to follow CPB's guidelines and prepare an accurate AFR going forward.

Tammy Treadway, Chief Financial Officer

Tammy Treadway 6/10/19

Chuck Roberts, CEO and Executive Director

Chuck Roberts 6/10/19