CORPORATION FOR PUBLIC BROADCASTING

OFFICE OF INSPECTOR GENERAL

AUDIT OF COMMUNITY SERVICE GRANTS AWARDED TO WUFT TV AND RADIO, GAINESVILLE, FLORIDA FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2018

REPORT NO. ASJ1902-1903

June 12, 2019

Office of Inspector General
Corporation for Public Broadcasting

Report No. ASJ1902-1903
June 12, 2019

Report in Brief

Why We Did This Audit

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

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

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

Listing of OIG Reports

Audit of Community Service Grants awarded to WUFT TV and Radio, Gainesville, Florida for the Period July 1, 2016 through June 30, 2018

What We Found

WUFT-FM reported an NFFS overstatement of $487,156 in FY 2017 resulting in a CSG overpayment of $25,393 in FY 2019.

WUFT-TV allocated $372,804 in expenses to its TV CSG grants after the grant period lapsed.

Our audit found that WUFT-TV/FM complied with CPB requirements except for the following findings:

- overstated Fiscal Year (FY) 2017 radio NFFS in the amount of $487,156 resulting in a radio CSG overpayment of $25,393, which we will report as funds put to better use;
- $372,804 in operation expenses allocated to TV CSG grants after the grant spending period had lapsed; and
- no discrete accounting for restricted radio CSG grant revenues and expenditures.

The station agreed with some of our recommendations and took corrective actions on its FY 2018 AFR reporting and discrete accounting to ensure its compliance. WUFT did not agree that it spent TV CSG funds after the grant spending period lapsed but stated it improved its CSG grant spending internal processes as a result of issues raised in this audit.

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

What We Recommend

That CPB:

- recover the radio CSG overpayment of $25,393;
- obtain an understanding of WUFT's corrective actions in revising its FY 2018 AFRs to ensure future reporting compliance;
- determine if the CSG payments for expenditures allocated after the grant spending period expired are allowable;
- require that WUFT take corrective actions and implement controls to ensure timely spending of CSG grant funds; and
- ensure that WUFT properly identifies its discrete accounts on it CSG certifications.

Corporation
for Public
Broadcasting

Office of Inspector General

Date: June 12, 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

William J. Richardson III

From: William J. Richardson III, Acting Inspector General

Subject: Audit of Community Service Grants awarded to WUFT TV and Radio, Gainesville, Florida for the Period July 1, 2016 through June 30, 2018, Report No. ASJ1902-1903

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

401 Ninth Street, NW
Washington, DC 20004-2129
202.879.9669 202.879.9699 fax
www.cpb.org/oig

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EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) awarded to WUFT-TV/FM at the University of Florida for the period July 1, 2016 through June 30, 2018. Our objectives were to examine WUFT's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend CSG and other grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility (Eligibility) requirements and the statutory provisions of the Communications Act of 1934, as amended (Act).

Our audit found that WUFT complied with CPB requirements except for the following findings:

- overstated FY 2017 radio NFFS by $487,156 resulting in a radio CSG overpayment of $25,393, which we will report as funds put to better use;
- $372,804 in operation expenses incurred during the CSG grant periods and paid with non-CSG funds were subsequently identified and reported as TV CSG expenses after the grant spending period had lapsed; and
- no discrete accounting for restricted radio CSG revenues and expenditures.

We recommend that CPB:

- recover the radio CSG overpayment of $25,393;
- obtain an understanding of WUFT's corrective actions in revising its FY 2018 AFRs to ensure future reporting compliance;
- determine if the operating expenses identified and reported as CSG expenses after the grant spending period expired are allowable;
- require that WUFT take corrective actions and implement controls to ensure timely recording and reporting of CSG grant expenses; and
- ensure that WUFT properly identifies its discrete accounts on it CSG certifications.

Further, in our Other Matters section we address how CPB's indirect administrative support (IAS) guidance results in an inequitable distribution of indirect costs to the station and estimate the impact on the station's reported NFFS.

In response to the draft report, WUFT-TV/FM agreed with our findings on overstated NFFS and took corrective action on its FY 2018 AFR reporting. The station also agreed with our finding that the station was not fully compliant with discrete accounting requirements and took corrective action. However, the station did not agree that the TV CSG expenses should be questioned because they were incurred during the grant period and were spent on allowable activities under the terms of the grant. Further, they said it had taken corrective actions to improve its internal operations to address its grant spending processes. WUFT-TV/FM'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 reported do not necessarily represent CPB's final position on these issues. While we have made recommendations that we believe would be appropriate to resolve these findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures. Based on WUFT-TV/FM's response to the draft report, we consider our recommendations one, two, four, and five resolved but open pending CPB's acceptance of WUFT's corrective actions and recovery of the CSG overpayment. We consider our recommendation three unresolved pending CPB management's final determination resolving this recommendation.

We performed this audit based on the OIG's annual plan. We conducted our examination in accordance with *Government Auditing Standards* for attestation engagements. Our scope and methodology are discussed in Exhibit G.

BACKGROUND

WUFT-TV/FM is a public media service of the College of Journalism and Communications (CJC) at the University of Florida (UF) serving the Gainesville-Ocala, Florida Region. Its repeater station is WJUF-FM.

WUFT-TV (Florida's 5) provides educational programming and immersive professional experiences to its University of Florida students through television and its Innovation News Center operations. Programming includes PBS, local, and student produced productions.

WUFT-FM (89.1) operates multiple programming formats and is active in community service. The station operates news and information, classical, and a millennial and generation "Z"-focused entertainment formats. In addition, WUFT hosts and plays a significant role in the statewide coverage of Florida weather events through the Florida Public Radio Emergency Network (FPREN).

CPB awards annual CSG grants to public television 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 television and radio CSG pools adjusted by base and supplemental grants. The funds that remain are called the Incentive Grant Pools; one is for television and the other is for radio. The Incentive Rate of Return (IRR) is calculated by dividing the Incentive Grant Pools by the total amount of NFFS claimed by all television/radio stations. The IRR is then multiplied by the station's 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 fiscal year's (FY) CSG amount. For example, CPB used the NFFS claimed by WUFT-TV/FM on its FY 2017 AFRs to determine the amount of the CSG the station received in FY 2019.

During our audit period WUFT-TV/FM received $2,349,429 in grant funds from CPB as itemized in Exhibit A. In FYs 2017 and 2018 WUFT-TV reported NFFS of $6,357,973 and WUFT-FM reported NFFS of $5,842,504 per Exhibit D. WUFT's audited financial statements reported revenues of $8,527,597 for WUFT-TV and $8,039,387 for WUFT-FM for FYs 2017 and 2018. WUFT-TV/FM's FY begins July 1 and ends on June 30.

RESULTS OF AUDIT

In our opinion, except for the noncompliance issues described below, WUFT-TV/FM has complied with the requirements in the following paragraph for the FYs 2017 and 2018 Television and Radio CSGs (Exhibits B and C).

We examined WUFT-TV/FM 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 WUFT-TV/FM'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; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

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

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

- overstated FY 2017 radio NFFS by $487,156 which resulted in a radio CSG overpayment of $25,393, which we report as funds put to better use;
- $372,804 in operation expenses incurred during the CSG grant periods and paid with non-CSG funds were subsequently identified and reported as TV CSG expenses after the grant spending period had lapsed; and
- did not have separate discrete accounts to record restricted radio CSG revenues and expenditures.

FINDINGS AND RECOMMENDATIONS

I. OVERSTATED NFFS

Our audit found $487,156 in overstated WUFT-FM NFFS and $74,487 in net understated WUFT-TV NFFS on the station's FY 2017 AFRs as presented in the following table and itemized in Exhibit E. The station cannot retroactively claim the underreported TV NFFS.[1] As a result, CPB made CSG overpayments of $25,393 to WUFT-FM in FY 2019. We classified this amount as funds put to better use for reporting purposes, because the funds overpaid to WUFT-FM could have been distributed to other public broadcasting entities.

[1] Underreported TV NFFS was offset against overstated TV NFFS caused by other conditions, which resulted in the net understatement.

Overstated (Understated) NFFS & CSG Overpayments

Conditions	Total FM	Total TV
Membership high-end premium exclusions	$21,374	$57,430
Ineligible state appropriations	122,114	(64,920)
Ineligible payment sources	2,492	758
Ineligible contribution sources	14,059	12,772
Indirect administrative support - AFR Schedule B	327,117	(80,527)
Total overstated NFFS	**$487,156**	**(74,487)**
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**	**12.4514229%**
Potential CSG overpayment/funds put to better use	***$25,393***	***($9,276)***[2]

WUFT-TV/FM made several reporting errors on its FY 2017 AFRs which resulted in over and understated NFFS because the station:

- did not report the high-end membership premium exclusions at fair market value (FMV);
- claimed ineligible state appropriations for its commercial radio station and misallocated its direct appropriation for tower utilities between WUFT TV and FM;
- claimed payments for finder's fees from an ineligible source;
- claimed ineligible investment income and third-party underwriting agency fees as contributions; and
- overstated its indirect administrative support on its AFRs Schedule B.

During our audit fieldwork, WUFT-TV/FM took corrective action to address our findings and ensure similar issues were corrected on its FY 2018 AFRs. Further discussion on our findings are presented below.

a) Membership High-End Premium Exclusions

In FY 2017, WUFT overstated its membership NFFS because the station understated the exclusion for high-end premiums by $78,804 ($57,430 TV and $21,374 FM) as shown in the table below and in Exhibit E.

Understated Membership – High-End Premium Exclusions

FY 2017 Premiums	Capped FMV	Reported on AFR 10.1	Understated Premiums
TV	$122,364	$64,934	$57,430
FM	$21,374	-	$21,374
Total	**$143,738**	**$64,934**	**$78,804**

[2] CPB does not net Radio and TV NFFS overstatements and understatements as the TV and Radio CSG Grant pools are separate by virtue of the Act. In addition, CPB cannot redistribute prior year's CSG funds based on understatements as the funds have been distributed to other grantees.

CPB Guidelines instruct stations to adhere to IRS guidance and limit the contribution to the amount in excess of the FMV of premiums.

> The contribution portion that is deductible for federal income tax purposes is limited to the excess of the payment over the fair market value of the premium(s) provided by the charitable organization.
>
> **For CPB's purposes the portion of the payment that is not considered a contribution by the IRS may not be included as NFFS**. CPB expects that all grantees are compliant with IRS rules and regulations on these matters.

Guidelines, Part III – AFR and FSR Line Item Instructions, Part 5 Schedule A – Direct Revenue, 10.1 NFFS Exclusion – Fair Market Value of high-end premiums that are not of insubstantial value (2017). (Emphasis in original).

In FY 2017, WUFT reported the cost of TV high-end premiums rather than the FMV as required on AFR line 10.1 membership premium exclusions, which resulted in overstating NFFS by $57,430. In addition, the station did not report the FM FMV high-end premiums of $21,374. After these errors were identified during our audit fieldwork, the station properly reported the high-end premiums exclusions on its FY 2018 AFRs.

WUFT understated the exclusion for high-end premiums, which resulted in overstated NFFS totaling $78,804 resulting in a CSG overpayment of $8,265 (TV $7,151 and FM $1,114).

b) *Ineligible State Appropriations*

The station included licensee contributions for tower utility expenses for its commercial radio station WRUF and claimed the WRUF portion of the appropriation as NFFS for WUFT-TV and FM. In addition, some of the licensee appropriation contributions for tower utility expenses were misreported as contributions for WUFT-FM when they should have been allocated to WUFT-TV. As a result of these errors, WUFT-FM overstated its licensee appropriation in FY 2017 by $122,114 and understated its TV licensee appropriation by $64,920.

CPB allows institutional stations to include certain revenues from its licensee as NFFS. These include direct revenues, including appropriations from the licensee and expenses incurred or absorbed by the licensee specifically for the station. However, the recipient and purpose of these appropriations must meet CPB's recipient and purpose criteria.

> The **recipient criterion** is the same for both contributions and payments: the recipient must be a public broadcasting entity on behalf of a public broadcasting station or stations…
>
> In terms of the **purpose criterion**, to be eligible as NFFS a **contribution** must be specifically intended for the construction or general operations of a public broadcasting station….

CPB Guidelines, Section 2.3.2 Interpretations.

The station received an annual direct appropriation from its licensee for transmitter tower electric expenses. The appropriation included electric expenses for WRUF, the college's commercial ESPN radio station, as well as WUFT TV and FM stations. The station allocated the appropriation to WUFT TV and FM; but did not exclude the portion for the WRUF tower electric expenses. In addition, the station allocated the appropriation revenues and expenses to WUFT TV and FM incorrectly, understating TV revenues and expenses and overstating those items for FM. OIG reviewed the electric invoices that showed there was a separate electric meter and expenses for WRUF. In addition, WUFT's Director of Engineering confirmed these errors and provided support for the proper allocation of the tower electric expenses for TV and FM. Station officials said they would correct the allocations for future reporting, ensure that the WRUF expenses were excluded, and correct the allocations for TV and FM. The station corrected its FY 2018 AFR after these issues were identified in our audit.

The station overstated WUFT-FM NFFS by $122,114, which resulted in CSG overpayments of $6,365. The misreported appropriations understated TV NFFS by $64,920 which would have provided the station with potential additional CSG payments of $8,084. However, CPB cannot net TV and Radio CSG over and under payments, as the Act establishes separate CSG funding pools for TV and Radio. See Exhibit E.

c) Ineligible Payments

In FY 2017, WUFT overstated its NFFS by including $3,250 in finder's fees for underwriting. The source of those fees is an ineligible source and related to underwriting for other stations, not WUFT.

CPB classifies revenues as either a contribution or payment for NFFS reporting purposes.

> NFFS begins with revenues reported in the financial statement, but not all revenue is NFFS… But in terms of NFFS criteria, revenue is divided into two distinct categories: contributions and payments. 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 **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

> Source Criteria – 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.

Guidelines, Section 2.3.2 Interpretations NFFS Criteria.

The station received a finder's fee for finding underwriters for Florida Public Media (FPM), formerly Florida Public Broadcasting Service, for the benefit of other Florida public broadcasting stations. WUFT reported these fees as underwriting contributions not as payments for services therefore it did not evaluate the eligibility of the source of the payments and further the purpose was for the benefit of other public broadcasting stations. FPM is an association of public broadcasters providing underwriting and other public broadcasting services to its Florida public broadcasting members, therefore not an eligible source for payments. The station properly excluded these fees on its FY 2018 AFRs.

WUFT overstated NFFS by $3,250 on its FY 2017 AFRs which resulted in a CSG overpayments of $224 ($130 FM, $94 TV) in FY 2019**.** See Exhibit E.

d) Ineligible Contributions

WUFT reported ineligible NFFS contributions totaling $26,831 which included the following:

- $15,304 in unsupported investment interest and dividends; and
- $11,527 in underwriting agency fees.

CPB allows certain investment income as NFFS from passive investments and endowments and its Guideline instructions explain how to report this income on the AFRs as follows:

Line 15 – Passive Income
Passive income derived from the use of property (e.g. from real estate and business investments…

A. Interest and Dividends
Report interest and dividend income, except earnings on endowment funds (see line 17). Do not use this line to report realized and unrealized gains and losses on marketable securities (see instructions for Lines 16 and 17).

Line 17 – Endowment Revenue
Report all contributions to endowment fund principal regardless of source or form of the amounts contributed. Also, report passive (interest and dividends) derived from endowment funds and realized and unrealized gains or losses from investments held by endowment funds.

B. Interest and Dividends on endowment funds
Use this line to report interest and dividends earned on endowment funds.

C. Realized net investment gains and losses on endowment funds
Use this line to report realized net investment gains and losses on endowment funds…The revenue on Line 17C will forward to Line 27 and will be automatically excluded from NFFS.

D. Unrealized net investment gains and losses on endowment funds

> Use this line to report unrealized net investment gains and losses on endowment funds… The revenue reported on Line 17D will forward to Line 27 and will be automatically excluded from NFFS.

CPB Guidelines, Part III AFR and FSR line item instructions. Line 15A and 17B-D.

CPB guidelines clarify underwriting allowable as NFFS with respect to third party recipients, typically underwriting/advertising agencies.

> Underwriting revenues reported as NFFS must have been received directly by the grantee or constructively through a third party. Direct receipt refers to underwriting revenue provided/paid to the grantee by the donor. Constructive receipt refers to the situation where there is a written agreement between the grantee and the third party which authorizes the third party to receive funds on the grantee's behalf. (*See Part I. Section 2.3.2 for more constructive receipt and NFFS recipient criterion*) …
>
> Constructive Receipt Example: Station X enters into a written contract with Sponsorship Placement Organization …
>
> No Constructive Receipt Example: Oil Company enters into a written contract with Advertising Agency to place underwriting donations on its behalf….

CPB Guidelines, Section 2.5.2 Advertising and Underwriting.

The station received investment earnings from its endowments, however it could not substantiate the amount allocable to interest and dividends for all of its investments. In FY 2017 the station used outdated allocations and did not have support for the amounts reported except a net endowment earnings amount that included interest and dividends, realized and unrealized gains, and fees. During our audit fieldwork the station worked with its endowment manager at the University of Florida Foundation (UFF) to obtain the correct allocation of these earnings distributions so it could correctly report earning on the station's FY 2018 AFRs.

WUFT TV and FM received underwriting contributions net of agency fees. The station recorded the underwriting net of agency fees as revenue and as NFFS. However, at year-end the station accumulated all the underwriting agency fees and booked them as revenues and claimed them as NFFS. We identified fees that were constructively received from FPM. FPM had a contract with WUFT for underwriting services and represented the station and we allowed the underwriting from the donor's contribution that paid FPM for those fees. Based on CPB's guidelines, we questioned the fees from third party agencies that represented the donor and not the station because those fees were not constructively received by WUFT.

WUFT overstated FY 2017 NFFS by $26,831 which could result in potential CSG overpayments of $2,323 (FM $733, TV $1,590). See Exhibit E.

e) Ineligible Indirect Administrative Support

WUFT made errors when it applied CPB's Basic Method to calculate the IAS that it claimed as NFFS. Our audit identified institutional and physical plant support rate allocation errors, costs pools not benefiting the station, and square footage not correctly reported. The effect of these calculations resulted in WUFT overstating its FY 2017 IAS NFFS for FM by $327,117 and understating its TV NFFS by $80,527, as summarized below and in Exhibit E. In Exhibit F we contrast what WUFT reported on its AFRs and the results of our audit. Further, in our Other Matters section, we discuss how CPB's Guidelines for calculating the institutional support rate did not result in an equitable allocation of university resources to the WUFT stations.

Errors in Calculating IAS NFFS

IAS Condition	FY 2017 Radio	FY 2017 TV
Allocation Rate Error		
Institutional Support Rate Variance	(0.0335%)	(0.0639%)
Physical Plant Operations Rate Variance	(0.2792%)	0.1287%
Cost Pools not benefiting Station		
Institutional costs not benefiting the station	$1,268,957	$1,268,957
Physical Plant Operations costs not benefiting the station	$476,978	$461,969
Over (understated) NFFS before occupancy	***$328,304***	***($76,918)***
Occupancy Value over (understated) NFFS	***($1,187)***	***($3,609)***
Total Overstated (Understated) NFFS	**$327,117**	**($80,527)**
IRR FY 2019	5.213%	12.451%
Potential CSG Overpayments	***$17,051***	***($10,027)***

Specifically, we found WUFT:

- overstated its FM and TV institutional support rate because it did not make required adjustments (as discussed further below) to its net direct station expenses (numerator) and to its net direct licensee expenses (denominator) in its rate calculations;
- overstated its FM and understated its TV physical plant operations support rate because it used outdated station and licensee square footage in its rate calculation;
- overstated the institutional and physical plant support cost pools benefiting the stations in its calculations by including cost pools that did not provide essential and continuous benefits to the stations; and
- understated its occupancy value because it used incorrect station square footage for its percentage of building space allocation.

CPB Guidelines permit institutional stations to include certain revenues from their licensees as NFFS.

- Direct Revenues, including appropriations from the licensee and expenses incurred or absorbed by the licensee specifically for the station
- Indirect administrative support.

Guidelines, Section 2.7.1 Indirect Administrative Support Overview.

CPB's Guidelines and instructions for claiming IAS also define what types of institutional costs the station may claim as a benefit from its licensee and are described as:

> **Facilities and Administrative Costs (F&A)** are costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity and cannot be directly charged. F&A costs are also referred to as indirect costs.
>
> **Facilities costs (operations and maintenance of plant)** are those that have been incurred for the administration, supervision, operations, maintenance, preservation and protection of the institution's physical plant ...
>
> **General administration** expenses are those that have been incurred for general executive and administrative office of educational institutions and other expenses of a general character which do not relate solely to any major function of the institution (e.g., instruction, research, other sponsored activities and other institutional activities)....

Guidelines 2.7.2 Types of Indirect Administrative Support that May be Claimed as NFFS.

Further, the Guidelines state:

> The Basic Method is a CPB developed method in which the grantee calculates indirect administrative support by determining an institutional support component and a physical plant support component. When using the Basic Method, the grantee may also include occupancy support for the value of station occupied space of licensee-owned building and or licensee-owned land associated with tower facilities.

Guidelines, Section 2.7.3 Calculating Indirect Administrative Support – Basic Method.

WUFT applied CPB's Basic Method Net Direct Expense option to complete its AFRs Schedule B for IAS and completed the CPB Worksheet II based on the Guidelines in Section 6, Completing the AFR Schedule B. The instructions for the Basic Method consist of four steps as summarized below:

1. Station Net Direct Expenses
    a. Determining the station's direct expenses and deductions required to calculate its net station direct expenses – per station's audited financial statements.
2. Institutional Support Rate
    a. Determining the licensee's net direct activities – per licensee's audited financial statement (total cost of instruction, research and public service net of capital outlays – these are the institution's mission costs).
    b. Calculating the institutional support rate to be applied to institutional cost pools benefiting the station. Station net direct expense divided by licensee net direct activities.
    c. Identifying licensee's institutional support cost pools that provided essential and continuous support to the station's operations and multiplying the

institutional support rate times the cost pool to determine the amount of IAS to report as NFFS.

3. Physical plant support rate calculation
    a. Determining the physical plant support rate, station net assignable square footage divided by licensee net assignable square footage.
    b. Identifying licensee's physical plant operations support cost pools that provided essential and continuous support to the station's operations.
    c. Multiplying the physical plant support rate times the benefiting plant support cost pools to determine the amount of IAS to report as NFFS.
4. Total costs benefiting stations operations.

In addition, stations may claim IAS for occupancy value based on CPB's basic method of determining the building value times the station's square footage percentage allocation of the building occupied.

After completing steps 1-4 and determining an occupancy value under the Basic Method the IAS calculated automatically forwards to a total section on the AFR Schedule B, but requires additional manual input for deductions to the amounts calculated for:

- Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.
- Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.

After the required deductions, the report calculates the total IAS NFFS to be reported on AFR Schedule B and Summary NFFS report.

CPB has also stated that its basic method was modeled on the federal Office of Management and Budget (OMB) guidance for direct and indirect cost allocations. Such guidance for educational institutions would include OMB Circular A-21.

> **…**Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A costs. Where an Institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution…

OMB Circular A-21, Section D.1.

As stated above, Exhibit F summarized our audit IAS NFFS findings and compares what WUFT reported to our OIG audit findings. The details for the OIG audit adjustments are included in the notes on Exhibit F.

Our audit work identified several of the causes for the overstated IAS. Both station and licensee officials provided input into the source of the station and licensee information used to calculate the IAS. We found many of the errors, omissions, and inclusions of non-benefiting cost pools were the result of a lack of understanding of CPB guidance and comprehensive evaluation of both station and licensee information to meet CPB reporting requirements. We also found CPB's guidance does not specifically address adjusting the numerator and denominator when calculating the institutional support allocation rate for some of the issues we found. CPB's allocation rate is based on the relationship between the station costs to the licensee's costs, and therefore the station costs should be included in licensee base used to calculate the institutional support rate. We also found:

- Institutional rate errors caused by:

    - station net direct expenses included expenses from its non-commercial radio station, misallocated TV and FM expenses, and non-public broadcasting related expenses for productions services and tower and space rental;
    - licensee net direct expenses omitted other functional expense categories that included the station's costs;
    - licensee costs needed to be adjusted for the variance between station accrual reporting and licensee cash basis accounting, especially for prepaid programming dues, fees the station paid to the foundation for gift processing and membership credit card processing, other overhead fees, and the direct appropriation for tower utilities which were in the physical plant indirect functions not the mission function direct costs.

- Physical Plant support rate errors were caused because both the licensee and stations' square footage were historical or otherwise incorrect numbers for our audit period.

- The licensee provided institutional cost pools to station management at a summary level and did not include enough detail for the station to review and eliminate some non-benefiting cost pools. Licensee officials did provide WUFT with licensee financial information that eliminated major non-benefiting costs for health and agricultural schools. During our audit licensee officials provided OIG with detailed financial information sufficient to test benefits to the stations.

- Physical plant cost pools included:

    - expenses for tower utilities that were in the station's direct costs and not fully adjusted out of the indirect physical plant cost pool; and
    - expenses for the law school and lab equipment and supplies that did not provide essential benefits to the stations.

- Occupancy value was calculated using historical station space allocations and had not been updated to reflect actual station space usage.

The station properly deducted fees it paid its licensee for overhead from the total IAS calculated. We found similar issues in the stations' FY 2018 IAS calculations resulting in overstatements for both TV and FM, however WUFT corrected these errors before submitting its FY 2018 AFRs to CPB for approval.

The station incorrectly calculated IAS, which resulted in an overstatement of FM NFFS totaling $327,117 resulting in a radio CSG overpayment of $17,051. TV IAS was understated in FY 2017 by $80,527 which could have resulted in additional CSG payments of $10,027 had it been reported correctly. However, CPB does not net FM and TV NFFS or CSG payments so these additional TV CSG payments cannot be recouped. See Exhibits E and F.

Recommendations

We recommend CPB management:

1) recover $25,393 of excess CSG payments made to WUFT-FM in FY 2019 based on the NFFS reported on its FY 2017 AFRs; and
2) obtain an understanding of WUFT's corrective actions in revising its FY 2018 AFRs to ensure future reporting compliance.

WUFT Response

In response to our draft report WUFT agreed with all findings on overstated NFFS and took corrective action on its FY 2018 AFRs. In addition, WUFT stated that it had proactively implemented several processes to ensure the ongoing accuracy of its financial reporting to CPB. The station's response to the draft report (Exhibit H) spelled out these processes, e.g., generating a fair market value of premiums report from the station's Allegiance membership system.

OIG Review and Comment

Based on the station's response to the draft report, we consider recommendations one and two resolved but open pending CPB's final determination accepting WUFT's corrective actions and recovery of the CSG overpayment.

II. QUESTIONED TV CSG FUNDED COSTS APPLIED AFTER GRANT TERM AND UNSUPPORTED COSTS.

WUFT-TV applied $372,804 in station expenses to CSG grant funds after the grant spending terms lapsed as shown in the table below. The station incurred operating expenses during the CSG grant periods that were paid from non-CSG funding sources and were subsequently identified and reported as CSG expenditures after the CSG grant terms had lapsed. As a result, we questioned $372,804 in CSG expenditures. This practice also led to the misreporting of CPB CSG expenses on the AFR Schedule E when compared to the official accounting records of CPB expenses incurred by fiscal year and the audited financial statements of the station.

Additionally, we noted that the same thing occurred on the CPB emergency hurricane relief grants, however the grant period had not lapsed yet by the end of our audit period at June 30, 2018.

Expenses Applied to TV CSG After Grant Spending Period Lapsed

TV CSG Grant Year	End of CSG Spending Period	Expenses Applied to Grant After CSG Spending Period	FY Station Identified as CSG Expense, Applied to CSG Grant and Reported on AFR Schedule E	FY Expenses Incurred and were Reported on Audited Financial Statement
TV 2015	9/30/2016	$58,832	FY 2017	FYs 2015, 2017
TV 2016	9/30/2017	$297,687	FY 2018	FYs 2016, 2017, 2018
TV Interconnection 2017	9/30/2017	$16,285	FY 2018	FY 2018
Total Unspent CSG Funds at Grant Term		**$372,804**		

In addition, the percentage of funds applied to each grant after the spending period was significant. For the 2015 TV CSG grant, over 95 percent of the costs charged to it after the grant period were actually incurred and reported in the financial records as non-CSG expenses in the prior year. For the 2016 TV CSG grant, over 80 percent of the costs were actually incurred and reported as non-CSG expenses in the financial records in the prior two years. And, for the TV Interconnection grant, which had a one-year spending period, the station did not apply any expenses to the grant until after the spending period had lapsed.

The station's financial records show that the CPB funds were not identified as spent within the spending periods of the grants. The station maintains a separate cash fund account for each CSG grant and tracks these funds discretely in its general ledger balance sheet accounts. WUFT-TV also had a discrete revenue account for CSG grant revenues but not for CSG expenditures. The discrete accounting is tracked in the CSG grant cash account and by the university grant fund for each CSG. The CSG grants have a two-year spending period and the Interconnection grant has a one-year spending period. For the TV 2015 and TV 2016 CSG grants and the Interconnection grant, the station's financial records did not reflect that the grant funds were spent during the grant term.

In FY 2017 WUFT-TV had a $58,832 balance on its CSG FY 2015 grant at the term ending date of 9/30/2016. The station provided grant summary reports[3] that showed this available balance as well as in its discrete general ledger cash accounts as of 9/30/2016. The station subsequently applied TV expenditures to the grant in October 2016, after the grant ended. The majority of the expenditures related to prior FY 2015 fiscal year station recorded expenses that had been funded from other non-CPB sources. In October 2016 the station credited the CPB grant funds and debited the other accounts. The station did not double count the expenses as these were balance sheet transactions.

The station reported the CSG funds on its FY 2017 AFR Schedule E as current year CPB funded expenses, yet 95 percent of the actual expenses were from the prior year (FY 2015)

[3] The grant/fund summary reports show grant award amount, terms, budget, project to date expenses and the available fund balance.

and were not in the current year's 2017 audited financial statement expenses, which were the source for the AFR Schedule E reporting of total expenditures. However, the station reported the AFR Schedule E CPB expenses based on balance sheet accounts for cash expended on CSG activities and not the accounting system's CPB station expenses.

WUFT-TV followed a similar process in FY 2018. It had a $297,687 balance on its CPB FY 2016 CSG grant at the end of the spending period, 9/30/2017. The station provided OIG with grant summary reports that showed this available balance as well as its discrete general ledger cash accounts as of 9/30/2017. The station subsequently applied TV expenditures to the FY 2016 CSG grant through February 2018 by crediting CPB grant funds and debiting other funds balance sheet accounts, primarily the fund for its state appropriations. The expenditures related to prior FYs 2016, 2017, and some 2018 station expenses.

Again, the station did not double count the expenses or the state appropriation as these were balance sheet entries, and therefore did not overstate its state appropriation NFFS. In FY 2018 WUFT reported these funds on its AFR Schedule E as current year CPB funded expenses, yet the actual expenses were from prior FYs and were not in the current year's audited financial statement expenses, which were the source for the AFR Schedule E total expense reporting. The station reported the AFR Schedule E CPB expenses based on balance sheet accounts for cash expended on CSG activities not the CPB expenses included in the audited financial statements for that year.

Throughout the relevant years, the station received cost center/project fund/department summary reports for each of its funds such as CPB CSGs, State Grants, State Licensee Appropriations and other Foundation non-restricted funds. In FY 2016 the expenditures applied to the state funds were reported in the summary report, but then in FY 2018 some of these expenses were charged to the CSG grants and the replenished state funds were applied to other FY 2018 station expenses. If the expenses that the station applied to the CSG grants from prior periods were allowable, then these prior year grant reports incorrectly stated CPB grant and state funded expenses for those FYs.

Further, because of these reallocations of prior year expenses, the fringe benefits for the proper expense period were charged to the CSG grant at the fringe benefit rate for the year charged to the CSG grant rather than the actual fringe rate for the year the salary expense was incurred. In FY 2017 the station over applied fringe benefits to the FY 2015 CSG grant totaling $1,862, and in FY 2018 it under applied fringe benefits to the FY 2016 CSG grant totaling $1,300. The net CSG overpayment resulting from this prior year fringe benefit reallocation is $562 and was included in the costs charged to the grant after the grant period had lapsed.

The station's accounting practice was inconsistent with the representations and warranties it provided CPB by signing and accepting the FYs 2017 and 2018 CPB CSG agreements.

> All funds Grantee received pursuant to the FY 2015 General Provisions were expended during the period beginning October 1, 2014 ending September 30, 2016; and if not, the unexpended funds were returned to CPB no later than November 1, 2016.

> All funds Grantee received pursuant to the FY 2016 General Provisions were expended during the period beginning October 1, 2015 ending September 30, 2017; and if not, the unexpended funds were returned to CPB.[4]

Contrary to its representation, WUFT-TV did not return any of the funds for the FYs 2015 and 2016 CSG grants that were remaining at the end of the grant periods. Instead, it applied expenses to these grants after the spending period that it asserts were incurred during the allowable grant spending period.

CPB CSG grant agreements require grantees to comply with CPB General Provisions requirements. The CSG Grant agreement states:

> Applicant agrees the funds received hereunder may only be expended during the period beginning October 1, 2014 and ending September 30, 2016

FY 2015 TV CSG Legal Agreement, Section II.C Expenditures.

> Grantee must expend the Grants during the period set forth below:
> 10/1/2015 – 9/30/2017.

FY 2016 TV CSG Legal Agreement, Section III. Grant amounts and spending periods.

> The Applicant/Grantee shall comply with all the terms and conditions herein and in the General Provisions.

FY 2015 and FY 2016 TV CSG Legal Agreements Section II. E. Representations and Warranties.

CPB General Provisions provide the terms and conditions for CSG grantees and grant spending requirements.

> A. **Spending Period**: CSG funds must be expended during the Spending Period.
>
> B. **Unauthorized Expenditures:** Grantee must expend CSG funds in accordance with the purposes and restrictions set forth in the General Provisions.

TV General Provisions Section 12 (FY 2015) and Section 13 (FY 2016).

> …CPB reserves the right to disallow any expenditure Grantee cannot support with appropriate documentation. Once Spending Period expires, Grantee may not reallocate disallowed expenditures….

TV General Provisions Section 13 (FY 2015) and Section 14 (FY 2016) Documenting CSG Expenditures.

[4] The station accepted the FY 2017 TV CSG agreement on 2/22/2017 and FY 2018 CSG agreement on 5/15/18.

CPB also requires unused funds to be returned to CPB.

> **Unused Funds:** All funds that are not expended by September 30, 2016, must be returned to CPB on or before November 3, 2016.
>
> **Unused Funds:** All FY 2016 CSG funds that are not expended by September 30, 2017, must be returned to CPB on or before November 3, 2017.

TV General Provisions Section 16 (FY 2015) and Section 17 (FY 2016) Return of Funds.

WUFT did not have adequate internal controls, grant monitoring procedures in place, or a complete understanding of CPB CSG grant requirements and reporting. Station officials stated that due to personnel turnover and increased volume of grant projects, they had not adequately addressed their grant reporting compliance.

In response to our audit finding, WUFT management clarified that during review of its grants, appropriations, and contributions to WUFT and its related emergency network, its business office had identified several grant expenditures that they claimed were allowable under the grant terms even though they had not been applied to the grants before they expired. They believe this practice was due to the combination of personnel turnover in its business office and increase in volume and complexity of grants, appropriations, and projects being supported by WUFT.

Station officials stated that grant reporting is coordinated between the College/WUFT business office and the University of Florida Office of Contracts and Accounting Services (UF Contracts). OIG discussed these late charges to the CSG grants with UF Contracts officials. A UF Contracts official explained that when the CSG grant term expired, the grant was locked down and no additional expenses could be placed on the grant. However, a UF Contracts official explained that the station had requested the grants be reopened after the station realized it had additional expenses it should have applied to the CSG grants. The UF Contracts office re-opened the CSG grants only after reviewing the expenditure detail to confirm that the expenses the station wanted to apply were within the CSG grant spending period. A UF Contracts official stated this was not "best practices" and that it would be working with station leadership to make sure that CSG grant expenditures were placed on the grants contemporaneously not after the prior FY's books had closed.

A UF Contracts official stated that a predecessor in UF Contracts had previously allowed this practice of late placement of grant expenditures, and the station continued to operate in this fashion. WUFT management stated it was working with UF Contracts and the college/station business office on better business practices to enhance its compliance with grants for FY 2019 and beyond.

The station asserts that all expenses charged to the CSG grants were allowable under the terms of the grants and that its recoding issue was an internal accounting issue that has been resolved. The station provided OIG with detail accounting of the expenditures charged to the CSG grants after the spending period, which showed that the dates the expenses were incurred were within the grant spending window. WUFT officials stated that "due to administrative circumstances, WUFT's recordation of these expenses did not keep up with the payments and had to be reconciled after the spending periods closed." Therefore, the station believes its was compliant with CPB CSG grant requirements and the funds were expended appropriately during the grant term on grant-accepted TV station operational expenses.

As noted above, most of the expenses (over 95 percent in FY 2017 and 80 percent in FY 2018) that the station applied to the grants after the grant spending term were reported as incurred in prior FYs financial statements. While OIG would agree that these expenses would have been allowable had they been charged to the CSG in the FY that they were incurred, the station's practice of charging prior year expenses as current year expenses incorrectly reported what was actually booked as CPB expenses in the station's financial records.

We also note that WUFT-TV's practice of charging CSG grants after their closing dates led to a misstatement in its FY 2017 AFR Schedule E. The station's audited financial statement as of June 30, 2017 stated in footnote 10 that its FY 2016 CSG grant had an uncommitted balance of $297,141. That amount would be $53,866 if the station had charged the CSG grants timely.

OIG also found that emergency hurricane relief grants that were awarded to both WUFT-TV and FM stations in FY 2017 with spending expiration dates of 9/30/18 also had not been fully expended by the grant spending period end date in FY 2019. The station stated it had allowable costs to place on these grants but, due to internal management issues noted above, had not done so in a timely manner. The spending period for these two grants went beyond our audit scope.

The station was not in compliance with CPB CSG grant reporting requirements because it applied $372,804 in expenses to grants funds after the CSG grant spending period. In addition, it overapplied fringe benefits to CSG grants totaling $562 in unsupported CSG expenses which were included in the expenses applied after the grant spending period. The practice also led to misstatements in its financial reporting to CPB. While the station has stated our findings were due to recoding errors and that it is implementing corrective actions and better internal controls for future reporting, CPB should determine whether the late charged expenses are allowable.

Recommendations

We recommend CPB management:

3) determine if TV CSG payments for expenditures applied after the grant spending period expired are allowable; and
4) ensure that WUFT's corrective action plans and controls are implemented to ensure the timely spending of CSG grant funds in accordance with CPB requirements.

WUFT Response

In response to the draft report, WUFT reiterated its position on the CSG expenditures that the expenses were incurred during the CSG grant period and were fully allowable under the terms of the grant. The station agreed that the grant expenditures were re-allocated to the CSG grants after the official grant spending period. The station stated that several factors contributed to create the timing issue whereby the questioned grant expenses were re-allocated to the TV CSG after the close of the relevant spending period. WUFT provided the detail of actual expenses that CSG funds paid for to show that the expenses were allowable and incurred within the grant spending period. Additionally, WUFT said as a result of the audit, it has evaluated its processes for CSG grant spending and enhanced it internal controls around these processes as detailed in its response in Exhibit H.

OIG Review and Comment

Based on WUFT's response to the draft report restating prior communications with OIG we have not changed our audit finding, including the questioned unsupported fringe benefit costs of $562 claimed based on applying the incorrect fringe benefit rate to the prior year salaries reported in the current year. While the station had expenses that would be allowable as CSG expenses, it did not record these expenses in the accounting system as CSG expenses during the CSG grant spending period or on its corresponding audited financial statements as we noted above.

Based on WUFT's response to the draft report we consider recommendation three unresolved and recommendation four resolved but open pending CPB's acceptance of the station's corrective actions in its management decision.

III. DISCRETE ACCOUNTING NON-COMPLIANCE

WUFT maintains discrete accounting for CSG TV revenues and expenditures in discrete CSG cash balance sheet accounts. In addition, the station maintains discrete CSG revenue accounts and records the CSG grants in the year awarded. Expenditures are discretely accounted for in each FY CSG grant cash account when expenses are identified as CSG expenses and charged to the CSG grant funds, not in discrete general ledger expense accounts. However, WUFT-FM did not discretely account for CSG unrestricted and restricted radio revenues and expenditures separately so that CPB or its auditor could identify CPB-funded restricted expenditures. The station corrected this in FY 2018 after it was identified in our audit. We note that in FY 2017 the station certified and provided CPB with general ledger accounts but those accounts on the certification of eligibility did not align with the station's actual discrete accounts used to record CSG revenues and expenditures.

Based on our review of the co-mingled expenditures that WUFT-FM charged to the CSG grant, it used its restricted grant funds for national programming as required.

The CPB FY 2017 General Provisions contain a discrete accounting requirement that requires:

> 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.

FY 2017 Radio CSG General Provisions Part II. Definitions. S. Discrete Accounting Requirement.

1) **Discrete Accounting Requirement:** During the Spending Period, Grantees must be in compliance with the Discrete Accounting Requirement, not later than the end of each of the Grantee's fiscal year.

FY 2017 Radio General Provisions; Part I Eligibility Criteria, Section 3. D. Recordkeeping Requirements.

The station commingled restricted radio revenues and expenditures with unrestricted revenues and expenditures in one cash fund general ledger account during FY 2017. For FY 2018, the station corrected this issue and discretely accounted for restricted radio revenues and expenditures separately in compliance with CPB General Provisions.

Recommendation

5) We recommend CPB management ensure that WUFT properly identifies its discrete restricted and unrestricted accounts on its FY 2020 Radio Community Service Grant Agreement and Certification of Eligibility.

WUFT Response

In its response, WUFT officials agreed that the station was noncompliant with discrete accounting for restricted radio revenues and expenditures in FY 2017. The station took corrective action for FY 2018 to comply with discrete accounting requirements and ensure accurate discrete accounting going forward.

OIG Review and Comment

Based on WUFT's response to the draft report, we consider recommendation five resolved but open pending CPB's verification of the new accounting codes in the station's FY 2020 Radio Community Service Grant Agreement and Certification of Eligibility.

OTHER MATTERS

The station claimed IAS NFFS based on CPB formulas for the Basic Method. As we previously stated in our report to CPB management: *Evaluation Report on the Viability of CPB's Indirect Administrative Support Basic Method Option*, Report No. L-ACJ1706-1805 (June 5, 2018), there are inherent flaws in the formula that result in an inequitable allocation of licensee costs to stations.

As designed, the Basic Method allots to a station more than its fair share of indirect costs. Based on our discussion with the licensee's financial managers, the cost pools the station used to calculate its IAS institutional support (e.g., IT, finance and accounting, human resources, police services) also benefited other major functions, such as academic support and student services, which costs were not included in the denominator. Omitting these functional costs from the denominator resulted in a higher institutional support rate. When that rate was then applied to cost pools, the station received more than its equitable share of these costs, which it claimed as NFFS. We estimated that the CPB mission functions (instruction, research, and public service) represent only 62 to 64 percent of the users of the institutional support costs used in CPB's formula. Thus, CPB's Basic Method's design is inherently inequitable.

The Basic Method is also very difficult, if not impossible, for stations to apply. In the case of WUFT, the institutional support rate is based on the station's net direct costs divided by the licensee net direct costs for instruction, research and public service (CPB defined mission functions). This calculated rate is then applied to the institutional support cost pools that benefit the station. (CPB's Guidelines Section 6: Completing AFR Schedule B Indirect Administrative Support Basic Method instructions for line 2.c.2 states: "Enter the licensee's current year total costs for institutional support (instruction, research and public research"))[5]. However, the cost of institutional support by function was not available and the licensee for WUFT could not readily isolate the institutional support cost pools for only Instruction, Research and Public Service. Licensee officials explained it was not practical because institutional support indirect costs cannot be reasonably allocated between functional activities.

CPB's own definition of an indirect cost recognizes that institutional support costs generally are not allocated between functions. Indirect costs, as described in **CPB Guidelines section 2.7.2 Types of Indirect Administrative Support that May be Claimed as NFFS**, include "General administrative expenses are those that have been incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any major function of the institution (e.g., instruction, research, other sponsored activities and other institutional activities)."

These flaws in the Basic Method have an adverse impact on the equitable distribution of CSGs across the system. We made a rough calculation of the impact on IAS that WUFT claimed for the two years we audited, FYs 2017 and 2018. If the station had included all the benefiting user functions in the allocation rate base, we estimated it would have reported approximately $555,000 less IAS NFFS than it did. Its corresponding CSG would have been approximately $51,000 less ($38,000 TV and $13,000 radio). Those are funds that would have been available for distribution as CSGs to other qualifying public media stations.

In contrast, we did not find the same inequity with CPB's Physical Plant rate. That calculation was based on the total square foot usage and includes all the users of the licensee services. It was not limited to only the CPB defined mission functions, so it did not present either the design inequity or the application issues of the institutional support rate.

[5] CPB guidelines use the term public research for this line item but in all other IAS guidance references are made to public service, which is the intent of CPB guidance.

Exhibit A

CPB Payments to WUFT-TV/FM
July 1, 2016 through June 30, 2018

CPB Grants	FY 2017	FY 2018	Total
WUFT-TV			
Community Service Grant	$861,183	$855,455	$1,716,638
Interconnection	16,285	16,323	32,608
Universal Service	54,999	54,863	109,862
Total Community Service Grant	***932,467***	***926,641***	***1,859,108***
Emergency Funds		30,000	30,000
WUFT-TV Total	**932,467**	**956,641**	**1,889,108**
WUFT-FM			
Unrestricted Community Service Grant	163,771	154,030	317,801
Restricted Community Service Grant	57,752	54,768	112,520
Total Community Service Grant	***221,523***	***208,798***	***430,321***
Emergency Funds		30,000	30,000
WUFT-FM Total	**221,523**	**238,798**	**460,321**
WUFT TV and FM Total	**$1,153,990**	**$1,195,439**	**$2,349,429**

Exhibit B

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
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	$943,404	$965,655
A. CPB - Community Service Grants	$916,182	$910,318
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	$16,285	$46,323
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	$10,937	$9,014
D. NPR - all payments except pass-through payments. See Guidelines for details.	$0	$0
E. Public broadcasting stations - all payments	$0	$0
F. Other PBE funds (specify)	$0	$0
3. Local boards and departments of education or other local government or agency sources	$0	$9,345
3.1 NFFS Eligible	$0	$9,345
A. Program and production underwriting	$0	$9,345
B. Grants and contributions other than underwriting	$0	$0
C. Appropriations from the licensee	$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	$307,447	$340,048
4.1 NFFS Eligible	$307,447	$321,982
A. Program and production underwriting	$0	$14,535
B. Grants and contributions other than underwriting	$0	$307,447

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
C. Appropriations from the licensee	$307,447	$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	$18,066
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	$18,066
5. State colleges and universities	$1,044,188	$994,068
5.1 NFFS Eligible	$1,044,188	$980,956
A. Program and production underwriting	$0	$9,730
B. Grants and contributions other than underwriting	$0	$0
C. Appropriations from the licensee	$1,044,188	$971,226
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	$13,112
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	$13,112
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
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
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

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
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
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	$0	$25,299
8.1 NFFS Eligible	$0	$25,299
A. Program and production underwriting	$0	$25,299
B. Grants and contributions other than underwriting	$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	$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
9. Business and Industry	$507,685	$462,541
9.1 NFFS Eligible	$120,526	$31,922
A. Program and production underwriting	$117,995	$31,922
B. Grants and contributions other than underwriting	$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)	$2,531	$0
9.2 NFFS Ineligible	$387,159	$430,619
A. Rental income	$0	$0
B. Fees for services	$37,000	$0
C. Licensing fees (not royalties – see instructions for Line 15)	$0	$0

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
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	$350,159	$430,619
10. Memberships and subscriptions (net of membership bad debt expense)	$584,670	$551,914
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	$64,934	$117,793
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 4,343) (2018 data 4,158)		
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)		
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	$8,000	$9,598
B. Direct special fundraising expenses	$11,996	$14,281
15. Passive income	$11,902	$6,811
A. Interest and dividends (other than on endowment funds)	$11,902	$6,811
B. Royalties	$0	$0
C. PBS or NPR pass-through copyright royalties	$0	$0
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	$141,230	$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)	$58,846	$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	$82,384	$0
17. Endowment revenue	$67,518	$185,699
A. Contributions to endowment principal	$0	$0
B. Interest and dividends on endowment funds	$0	$23,035

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	$0	$88,431
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	$67,518	$74,233
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	$310,000	$118,121
19.1 Total number of major individual donors: (FY 2017 data 2) (FY 2018 data 9)		
20. Other Direct Revenue	$0	$0
21. Proceeds from spectrum auction, interest earned on these funds, channel sharing revenues, and spectrum leases (TV only)	$0	$0
A. Proceeds from sale in spectrum auction (TV only)	$0	$0
B. Interest earned on proceeds from sale in spectrum auction (TV only)	$0	$0
C. Payments from spectrum auction speculators (TV only)	$0	$0
D. Channel sharing and spectrum leases revenues (TV only)	$0	$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	**$3,926,044**	**$3,669,099**
Adjustments to Revenue		
23. Federal revenue from line 1.	$0	$0
24. Public broadcasting revenue from line 2.	$943,404	$965,655
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	$668,841	$751,852
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	$8,000	$9,598
C. Gains from sales of property and equipment – line 16a	$0	$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	$58,846	$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	$82,384	$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	$67,518	$162,664
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	$0	$0
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	$37,000	$0
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	$0	$0

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	$350,159	$461,797
K. FMV of high-end premiums (Line 10.1)	$64,934	$117,793
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, 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)	**$2,313,799**	**$1,951,592**
AFR Schedule B - Worksheet II: Basic Method		
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	$4,776,174	$5,501,167
Deductions (lines 1b.1. through 1b.7.):		
1b.1. Capital outlays (from Schedule E, line 9 total)	$114,529	$74,357
1b.2. Depreciation	$402,341	$361,844
1b.3. Amortization	$0	$0
1b.4. In-kind contributions (services and other assets)	$24,485	$22,401
1b.5. Indirect administrative support (see Guidelines for instructions)	$963,956	$1,081,745
1b.6. Donated property and equipment (if not included on line 1b.1)	$0	$0
1b.7. Other	$0	$985,132
1b.8. Total deductions	$1,505,311	$2,525,479
1c. Station net direct expenses	$3,270,863	$2,975,688
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	$3,270,863	$2,975,688
2a.2. Licensee net direct activities	$575,520,820	$595,106,338
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	0.568331%	0.500026%
Institutional support calculation		
2c.2. Costs per licensee financial statements	$146,314,774	$168,221,746
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	$68,269,152	$81,816,099
2c.4. Costs benefiting station operations	$78,045,622	$86,405,647
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	0.568331%	0.500026%
2c.6. Total institutional costs benefiting station operations	$443,557	$432,050
3. Physical plant support rate calculation		

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
3a. Net square footage occupied by station	24,409	30,905
3b. Licensee's net assignable square footage	4,129,104	4,293,271
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	0.591145%	0.719847%
3d.2. Costs per licensee financial statements	$124,619,985	$126,229,813
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	$18,535,795	$21,221,589
3d.4. Costs benefiting station operations	$106,084,190	$105,008,224
3d.5. Percentage of allocation (from line 3c.)	0.591145%	0.719847%
3d.6. Total physical plant support costs benefiting station operations	$627,111	$755,898
4. Total costs benefiting station operations (forwards to line1 on tab 3)	$1,070,668	$1,187,948
Occupancy List (Building)		
1. Record building at original cost or at fair market value at the time the station took possession (use fair value only if original cost is unknown)	$5,915,061	$5,915,061
2. Total original cost of major improvements	$0	$0
3. Subtract federal and CPB funds used in construction or improvements	$0	$0
4. Total non federal value of building/improvements	$5,915,061	$5,915,061
5. Enter year constructed or acquired	1980	1980
6. Estimated useful life of building/improvements from date of acquisition or construction	40	40
7. Remaining useful life of building (includes current reporting year) - if remaining useful life is zero, do not continue this computation	3	2
8. Annual value (line 4 divided by line 6)	$147,876	$147,876
9. Station's prorata use of building	17.99%	20.43%
10. Annual prorated value (product of lines 8 and 9)	$26,602	$30,211
11. Payments made to building as a part of the lease or rental agreement	$0	$0
12. Payments received from others as a part of a sublease or rental agreement	$0	$0
13. Annual value for NFFS purposes (line 10 less lines 11 and 12)	$26,602	$30,211
Schedule B Totals		
1. Total support activity benefiting station	$1,070,668	$1,187,948
2. Occupancy value	$26,602	$30,211
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	$133,317	$136,416
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	$0	$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	$963,953	$1,081,743
6. Please enter an institutional type code for your licensee.		
Schedule C		
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	$1,400	$1,400

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
A. Legal	$0	$0
B. Accounting and/or auditing	$1,400	$1,400
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)	$0	$0
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	$0	$0
D. Other (see specific line item instructions in Guidelines before completing)	$0	$0
3. OTHER SERVICES (must be eligible as NFFS)	$23,085	$21,001
A. ITV or educational radio	$0	$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	$23,085	$21,001
C. Local advertising	$0	$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	$24,485	$22,401
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	$0	$0
A. Compact discs, records, tapes and cassettes	$0	$0
B. Exchange transactions	$0	$0
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.	**$24,485**	**$22,401**
Schedule D		
1. Land (must be eligible as NFFS)	$0	$0
2. Building (must be eligible as NFFS)	$0	$0

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
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	$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	$2,417,465	$2,626,846
A. TV CSG	$1,158,297	$93,418
B. TV Interconnection	$16,285	$16,285
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$1,242,883	$2,517,143
2. Broadcasting and engineering	$652,982	$711,780
A. TV CSG	$0	$43,785
B. TV Interconnection	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$652,982	$667,995
3. Program information and promotion	$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
4. Management and general	$890,356	$1,412,482
A. TV CSG	$0	$0
B. TV Interconnection	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$890,356	$1,412,482
5. Fund raising and membership development	$459,383	$444,639
A. TV CSG	$0	$119,107
B. TV Interconnection	$0	$0
C. Other CPB Funds	$0	$0

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
D. All non-CPB Funds	$459,383	$325,532
6. Underwriting and grant solicitation	$241,459	$231,063
A. TV CSG	$0	$49,823
B. TV Interconnection	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$241,459	$181,240
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	$4,661,645	$5,426,810
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	$1,158,297	$306,133
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	$16,285	$16,285
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)	$3,487,063	$5,104,392
9. Total capital assets purchased or donated	$114,529	$74,357
9a. Land and buildings	$114,529	$35,659
9b. Equipment	$0	$38,698
9c. All other	$0	$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	$4,776,174	$5,501,167
11. Total expenses (direct only)	$3,673,204	$4,322,662
12. Total expenses (indirect and in-kind)	$988,441	$1,104,148
13. Investment in capital assets (direct only)	$114,529	$74,357
14. Investment in capital assets (indirect and in-kind)	$0	$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	$3,926,044	$3,669,099
b. Schedule B, Line 5	$963,953	$1,081,743
c. Schedule C, Line 6	$24,485	$22,401
d. Schedule D, Line 8	$0	$0
e. Total from AFR	$4,914,482	$4,773,243
2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only		
a. Operating revenues	$4,737,994	$4,593,567
b. Non-operating revenues	$176,491	$179,676

WUFT-TV Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit B		
Description	**FY 2017**	**FY 2018**
c. Other revenue	$0	$0
d. Capital grants, gifts and appropriations (if not included above)	$0	$0
e. Total From AFS, lines 2a-2d	$4,914,485	$4,773,243
3. Difference (line 1 minus line 2)	($3)	$0
4. If the amount on line 3 is not equal to $0, click the "Add" button and list the reconciling items.	($3)	$0

Exhibit C

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
Schedule A		
1. Amounts provided directly by federal government agencies	$0	$27,592
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	$27,592
2. Amounts provided by Public Broadcasting Entities	$221,523	$258,298
A. CPB - Community Service Grants	$221,523	$208,798
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	$0	$30,000
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.	$0	$0
E. Public broadcasting stations - all payments	$0	$19,500
F. Other PBE funds (specify)	$0	$0
3. Local boards and departments of education or other local government or agency sources	$0	$34,887
3.1 NFFS Eligible	$0	$30,948
A. Program and production underwriting	$0	$30,948
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	$3,939
A. Rental income	$0	$0
B. Fees for services	$0	$0
C. Licensing fees (not royalties – see instructions for Line 15)	$0	$0
E. Other income ineligible for NFFS inclusion	$0	$3,939
4. State boards and departments of education or other state government or agency sources	$266,270	$295,893
4.1 NFFS Eligible	$266,270	$291,560
A. Program and production underwriting	$0	$25,290
B. Grants and contributions other than underwriting	$0	$0
C. Appropriations from the licensee	$0	$0

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	$266,270	$266,270
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	$4,333
A. Rental income	$0	$0
B. Fees for services	$0	$0
C. Licensing fees (not royalties – see instructions for Line 15)	$0	$0
E. Other income ineligible for NFFS inclusion	$0	$4,333
5. State colleges and universities	$593,851	$812,502
5.1 NFFS Eligible	$593,851	$810,256
A. Program and production underwriting	$0	$224,096
B. Grants and contributions other than underwriting	$0	$0
C. Appropriations from the licensee	$593,851	$586,160
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	$2,246
A. Rental income	$0	$0
B. Fees for services	$0	$0
C. Licensing fees (not royalties – see instructions for Line 15)	$0	$0
E. Other income ineligible for NFFS inclusion	$0	$2,246
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
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
E. Other income ineligible for NFFS inclusion	$0	$0
7. Private colleges and universities	$0	$0

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
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
E. Other income ineligible for NFFS inclusion	$0	$0
8. Foundations and nonprofit associations	$0	$198,466
8.1 NFFS Eligible	$0	$198,466
A. Program and production underwriting	$0	$198,466
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
8.2 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
E. Other income ineligible for NFFS inclusion	$0	$0
9. Business and Industry	$867,463	$347,689
9.1 NFFS Eligible	$795,592	$296,453
A. Program and production underwriting	$778,814	$272,715
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)	$16,778	$23,738
9.2 NFFS Ineligible	$71,871	$51,236
A. Rental income	$0	$50,299
B. Fees for services	$0	$0
C. Licensing fees (not royalties – see instructions for Line 15)	$0	$0

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
E. Other income ineligible for NFFS inclusion	$71,871	$937
10. Memberships and subscriptions (net of membership bad debt expense)	$539,517	$536,997
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	$0	$18,817
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 3,905) (2018 data 3,701)		
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)		
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	$8,000	$9,254
B. Direct special fundraising expenses	$12,507	$15,373
15. Passive income	$3,402	$0
A. Interest and dividends (other than on endowment funds)	$3,402	$0
B. Royalties	$0	$0
C. PBS or NPR pass-through copyright royalties	$0	$0
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	$81,656	$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)	$34,023	$0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	$47,633	$0
17. Endowment revenue	$12,510	$84,180
A. Contributions to endowment principal	$0	$0
B. Interest and dividends on endowment funds	$0	$10,440
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	$0	$40,082

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	$12,510	$33,658
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	$207,500	$38,500
19.1 Total number of major individual donors: (FY 2017 data 2) (FY 2018 data 6)		
20. Other Direct Revenue	$0	$0
Line 21. Proceeds from spectrum auction, interest earned on these funds, channel sharing revenues, and spectrum leases (TV only)	$0	$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	**$2,801,692**	**$2,644,258**
Adjustments to Revenue		
23. Federal revenue from line 1.	$0	$27,592
24. Public broadcasting revenue from line 2.	$221,523	$258,298
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	$174,037	$163,565
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	$8,000	$9,254
C. Gains from sales of property and equipment – line 16a	$0	$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	$34,023	$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	$47,633	$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	$12,510	$73,740
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	$0	$50,299
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)	$71,871	$11,455
K. FMV of high-end premiums (Line 10.1)	$0	$18,817
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

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	**$2,406,132**	**$2,194,803**
AFR Schedule B - Worksheet II: Basic Method		
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	$3,569,600	$3,335,869
Deductions (lines 1b.1. through 1b.7.):		
1b.1. Capital outlays (from Schedule E, line 9 total)	$0	$66,352
1b.2. Depreciation	$201,518	$200,991
1b.3. Amortization	$0	$0
1b.4. In-kind contributions (services and other assets)	$10,648	$8,888
1b.5. Indirect administrative support (see Guidelines for instructions)	$756,613	$465,428
1b.6. Donated property and equipment (if not included on line 1b.1)	$0	$0
1b.7. Other	$0	$102,202
1b.8. Total deductions	$968,779	$843,861
1c. Station net direct expenses	$2,600,821	$2,492,008
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	$2,600,821	$2,492,008
2a.2. Licensee net direct activities	$575,520,820	$594,641,384
2a.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	0.451907%	0.419077%
Institutional support calculation		
2c.2. Costs per licensee financial statements	$146,314,774	$168,221,746
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	$68,269,152	$81,816,099
2c.4. Costs benefiting station operations	$78,045,622	$86,405,647
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	0.451907%	0.419077%
2c.6. Total institutional costs benefiting station operations	$352,693	$362,106
3. Physical plant support rate calculation		
3a. Net square footage occupied by station	16,674	5,350
3b. Licensee's net assignable square footage	4,129,104	4,293,271
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	0.403816%	0.124614%
3d.2. Costs per licensee financial statements	$124,619,985	$126,229,813
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	$18,520,786	$21,221,589
3d.4. Costs benefiting station operations	$106,099,199	$105,008,224
3d.5. Percentage of allocation (from line 3c.)	0.403816%	0.124614%

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
3d.6. Total physical plant support costs benefiting station operations	$428,445	$130,854
4. Total costs benefiting station operations (forwards to line1 on tab 3)	$781,138	$492,960
Occupancy List (Building)		
1. Record building at original cost or at fair market value at the time the station took possession (use fair value only if original cost is unknown)	$5,915,061	$5,915,061
2. Total original cost of major improvements	$0	$0
3. Subtract federal and CPB funds used in construction or improvements	$0	$0
4. Total non federal value of building/improvements	$5,915,061	$5,915,061
5. Enter year constructed or acquired	1980	1980
6. Estimated useful life of building/improvements from date of acquisition or construction	40	40
7. Remaining useful life of building (includes current reporting year) - if remaining useful life is zero, do not continue this computation	3	2
8. Annual value (line 4 divided by line 6)	$147,876	$147,876
9. Station's prorata use of building	2.83%	3.63%
10. Annual prorated value (product of lines 8 and 9)	$4,184	$5,367
11. Payments made to building as a part of the lease or rental agreement	$0	$0
12. Payments received from others as a part of a sublease or rental agreement	$0	$0
13. Annual value for NFFS purposes (line 10 less lines 11 and 12)	$4,184	$5,367
Schedule B Totals		
1. Total support activity benefiting station	$781,138	$492,960
2. Occupancy value	$4,184	$5,367
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	$28,712	$32,904
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	$0	$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	$756,610	$465,423
6. Please enter an institutional type code for your licensee.		
Schedule C		
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	$3,000	$3,000
A. Legal	$0	$0
B. Accounting and/or auditing	$3,000	$3,000
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)	$0	$0
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

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
C. Station operating expenses	$0	$0
D. Other (see specific line item instructions in Guidelines before completing)	$0	$0
3. OTHER SERVICES (must be eligible as NFFS)	$7,648	$5,888
A. ITV or educational radio	$0	$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	$7,648	$5,888
C. Local advertising	$0	$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	$10,648	$8,888
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.	**$10,648**	**$8,888**
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.	**$10,648**	**$8,888**
Schedule E		
1. Programming and production	$1,638,413	$1,687,561
A. Restricted Radio CSG	$57,752	$57,752
B. Unrestricted Radio CSG	$65,829	$165,021
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$1,514,832	$1,464,788
2. Broadcasting and engineering	$426,985	$390,968
A. Restricted Radio CSG	$0	$0
B. Unrestricted Radio CSG	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$426,985	$390,968
3. Program information and promotion	$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
4. Management and general	$760,057	$553,842
A. Restricted Radio CSG	$0	$0
B. Unrestricted Radio CSG	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$760,057	$553,842
5. Fund raising and membership development	$373,447	$319,130
A. Restricted Radio CSG	$0	$0

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
B. Unrestricted Radio CSG	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$373,447	$319,130
6. Underwriting and grant solicitation	$370,698	$318,016
A. Restricted Radio CSG	$0	$0
B. Unrestricted Radio CSG	$0	$0
C. Other CPB Funds	$0	$0
D. All non-CPB Funds	$370,698	$318,016
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	$3,569,600	$3,269,517
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	$57,752	$57,752
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	$65,829	$165,021
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)	$3,446,019	$3,046,744
9. Total capital assets purchased or donated	$0	$66,352
9a. Land and buildings	$0	$18,329
9b. Equipment	$0	$48,023
9c. All other	$0	$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	$3,569,600	$3,335,869
11. Total expenses (direct only)	$2,802,339	$2,795,204
12. Total expenses (indirect and in-kind)	$767,261	$474,313
13. Investment in capital assets (direct only)	$0	$66,352
14. Investment in capital assets (indirect and in-kind)	$0	$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	$2,801,692	$2,644,258
b. Schedule B, Line 5	$756,610	$465,423
c. Schedule C, Line 6	$10,648	$8,888
d. Schedule D, Line 8	$0	$0
e. Total from AFR	$3,568,950	$3,118,569
2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only		

WUFT-FM Annual Financial Reports Years Ending June 30, 2017 and 2018 – Exhibit C		
Description	**FY 2017**	**FY 2018**
a. Operating revenues	$3,471,385	$3,040,211
b. Non-operating revenues	$97,568	$78,363
c. Other revenue	$0	$0
d. Capital grants, gifts and appropriations (if not included above)	$0	$0
e. Total From AFS, lines 2a-2d	$3,568,953	$3,118,574
3. Difference (line 1 minus line 2)	($3)	($5)
4. If the amount on line 3 is not equal to $0, click the "Add" button and list the reconciling items.	($3)	($5)

Exhibit D

WUFT-TV/FM
Summary of Non-Federal Financial Support
For the periods ending June 30, 2017 and 2018
Certified by Head of Grantee and Independent Accountant's Report

Line	Description	TV FY 2017	FM FY 2017	Total FY 2017
	Summary of Non-Federal Financial Support:	TV	Radio	
1	Direct Revenue (Schedule A)	$2,313,799	$2,406,132	$4,719,931
2	Indirect Administrative (Schedule B)	$963,953	$756,610	$1,720,563
3	In-Kind Contributions (Schedule C)	$24,485	$10,648	$35,133
4	**Total Non-Federal Financial Support**	**$3,302,237**	**$3,173,390**	**$6,475,627**
Line	**Description**	**TV FY 2018**	**FM FY 2018**	**Total FY 2018**
	Summary of Non-Federal Financial Support:	TV	Radio	
1	Direct Revenue (Schedule A)	$1,951,592	$2,194,803	$4,146,395
2	Indirect Administrative (Schedule B)	$1,081,743	$465,423	$1,547,166
3	In-Kind Contributions (Schedule C)	$22,401	$8,888	$31,289
4	**Total Non-Federal Financial Support**	**$3,055,736**	**$2,669,114**	**$5,724,850**
	Total TV and FM	**$6,357,973**	**$5,842,504**	**$12,200,477**

Exhibit E

WUFT-TV/FM Overstated (Understated) NFFS FY 2017

Overstated (Understated) NFFS	FM FY 2017	Reported on AFR Line	TV FY 2017	Reported on AFR Line
Membership high-end premium exclusions				
Fair Market Value (FMV) of premiums that are not of insubstantial value	$21,374	10.1	$57,430	10.1
Subtotal membership high-end premium exclusions	**$21,374**		**$57,430**	
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
CSG overpayment	***$1,114***		***$7,151***	
Ineligible state appropriations				
UF appropriation tower electric reimbursed	$122,114	*5.1C*	($64,920)	*5.1C*
Subtotal ineligible state appropriation	**$122,114**		**$(64,920)**	
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
CSG overpayment	***$6,365***		***($8,084)***	
Ineligible payment sources				
Finders fees FPM	$2,492	9.1A	$758	9.1A
Subtotal ineligible payments	**$2,492**		**$758**	
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
CSG overpayment	***$130***		***$94***	
Ineligible contribution sources				
Unsupported investment income allocation	$3,402	15A/17B	$11,902	15A/17B
Underwriting agency fees	$10,657	9.1A	$870	9.1A
Subtotal ineligible contribution sources	**$14,059**		**$12,772**	
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
CSG overpayment	***$733***		***$1,590***	
Indirect Administrative Support -AFR Schedule B	**$327,117**	AFR B	**($80,527)**	AFR B
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
CSG overpayment	***$17,051***		***($10,027)***	
Total overstated (understated) NFFS	**$487,156**		**($74,487)**	
CPB's FY 2019 Incentive Rate of Return	**5.2125992%**		**12.4514229%**	
Potential CSG overpayment/funds put to better use	***$25,393***		***($9,276)***	

Exhibit F

Overstated (Understated) Indirect Administrative Support - FY 2017

Schedule B -WUFT University of FL	WUFT Reported AFRs TV	WUFT Reported AFRs Radio	WUFT Reported AFRs Total	OIG Audit TV	OIG Audit Radio	OIG Audit Total	Variance WUFT Reported vs OIG Audit TV	Variance WUFT Reported vs OIG Audit Radio	Variance WUFT Reported vs OIG Audit Total	Variance Notes
2. Institutional support rate calculation (**Note:** Choose one method only - either 2a or 2b)										
2a. Net direct expense method										
2a.1. Station net direct Expenses (forwards from line 1)	$3,270,863	$2,600,821	$5,871,684	$2,904,465	$2,406,836	$5,311,301	($366,398)	($193,985)	($560,383)	**(1**
2a.2. Licensee net direct activities	$575,520,820	$575,520,820	$575,520,820	$575,816,897	$575,281,422	$575,549,159	$296,077	($239,398)	$28,339	**(4**
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	0.5683%	0.4519%	1.0202%	0.5044%	0.4184%	0.9228%	(0.0639%)	(0.0335%)	(0.0974%)	
2c. Institutional support calculations										
2c.1. Choose applicable cost groups that benefit the station										
2c.2. Costs per licensee financial statements	$146,314,774	$146,314,774	$146,314,774	$146,314,774	$146,314,774	$146,314,774	$ -	$ -	$ -	
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	$68,269,152	$68,269,152	$68,269,152	$69,538,109	$69,538,109	$69,538,109	$1,268,957	$1,268,957	$1,268,957	**(2**
2c.4. Costs benefiting station operations	$78,045,622	$78,045,622	$78,045,622	$76,776,665	$76,776,665	$76,776,665	($1,268,957)	($1,268,957)	($1,268,957)	
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	0.5683%	0.4519%	1.0202%	0.5044%	0.4184%	0.9228%	(0.0639%)	(0.0335%)	(0.0974%)	
2c.6. Total institutional costs benefiting station operations	$443,557	$352,693	$796,250	$387,267	$321,215	$708,482	($56,290)	($31,478)	($87,768)	
3. Physical plant support rate calculation										
3a. Net Square footage occupied by station	24,409	16,674	41,083	30,905	5,350	36,255	6,496	(11,324)	(4,828)	**(3**
3b. Licensee's net assignable square footage	4,129,104	4,129,104	4,129,104	4,293,271	4,293,271	4,293,271	164,167	164,167	164,167	**(3**
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	0.5911%	0.4038%	0.9950%	0.7198%	0.1246%	0.8445%	0.1287%	(0.2792%)	(0.1505%)	
3d.1. Choose applicable cost groups that benefit the station										
3d.2. Costs per licensee financial statements	$124,619,985	$124,619,985	$124,619,985	$124,619,985	$124,619,985	$124,619,985	$ -	$ -	$ -	
3d.3. LESS: Costs groups that do not benefit the operations of the public broadcast station	$18,535,795	$18,520,786	$18,535,795	$18,997,764	$18,997,764	$18,997,764	$461,969	$476,978	$461,969	
3d.4. Costs benefiting station operations	$106,084,190	$106,099,199	$106,084,190	$105,622,221	$105,622,221	$105,622,221	($461,969)	($476,978)	($461,969)	
3d.5. Percentage of allocation (from line 3c)	0.5911%	0.4038%	0.9950%	0.7198%	0.1246%	0.8445%	0.1287%	(0.2792%)	(0.1505%)	
3d.6. Total physical plant support costs benefiting station operations	$627,111	$428,445	$1,055,556	$760,319	$131,620	$891,938	$133,208	($296,825)	($163,617)	
4. Total costs benefiting station operations (forwards to line1 on tab 3)	**$1,070,668**	**$781,138**	**$1,851,806**	**$1,147,586**	**$452,834**	**$1,600,421**	**$76,918**	**($328,304)**	**($251,385)**	

Exhibit F (continued)

AFR Schedule B Totals Worksheet II, Tab 3

	WUFT Reported AFRs			OIG Audit			Variance WUFT Reported vs OIG Audit			Variance
	TV	Radio	Total	TV	Radio	Total	TV	Radio	Total	Notes
1. Total support activity benefiting station	$1,070,668	$781,138	$1,851,806	$1,147,586	$452,834	$1,600,421	$76,918	($328,304)	($251,385)	
2. Occupancy value	$26,602	$4,184	$30,786	$30,211	$5,371	$35,582	$3,609	$1,187	$4,796	**(5**
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	$133,317	$28,712	$162,029	$133,317	$28,712	$162,029	$ -	$ -	$ -	
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	$ -	$ -		$ -	$ -		$ -	$ -	$ -	
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Non-federal Financial Support)	**$963,953**	**$756,610**	**$ 1,720,563**	**$1,044,480**	**$429,493**	**$1,473,973**	**$80,527**	**($327,117)**	**($246,590)**	**Variance Total**
6. Please enter an institutional type code for your licensee.	SU	SU								

Total WUFT Overstated (understated) NFFS and CSG payments

FY 2017 TV and Radio IAS		**TV**	**Radio**
Total Overstated NFFS (understated)		**($80,527)**	**$327,117**
2019 IRR		12.45142294%	5.21259919%
Potential CSG overpayments 2019		***($10,027)***	***$17,051***

Exhibit F Variance Notes:
OIG Revised AFR Schedule B compared to Station Reported Indirect Administrative Support (IAS) on AFR Schedule B.

1. Station claimed net expenses for non-WUFT related expenses – deduct from station net direct expenses (numerator).
   a. Radio- $193,985
      i. Radio Tower and Space Rental Reimbursed – $71,871
      ii. Tower Utilities for WRUF and WUFT-TV – $122,114
   b. TV - $366,398
      i. TV production expenses non-WUFT purpose – $431,318
      ii. Tower Utilities TV expense understated – ($ 64,920)

2. Stations (Radio and TV) claimed non-essential or continuous benefits from licensee cost pools or costs paid for directly in appropriation.
   a. Institutional Support – $1,268,957
   b. Physical Plant Support
      i. TV – $461,969
      ii. Radio – $476,978

3. Adjustments to station and licensee square footage.
   a. TV – actual 30,905 – variance understated 6,496 square feet
   b. Radio – actual 5,350 – variance overstated 11,324 square feet
   c. Licensee --actual 4,293,271 variance understated 164,167 square feet

4. Adjustments to Licensee mission costs for IAS denominator in IAS allocation rate for institutional support.
   a. TV – $296,077
   b. Radio– ($239,398)

5. Occupancy value adjustments.
   a. TV – correct allocation percentage 20.43 percent = $30,211 value, understated variance $3,609
   b. Radio– correct allocation percentage 3.63 percent = $5,371 value understated variance $1,187

Scope and Methodology

We performed an attestation examination to determine WUFT-TV/FM's compliance with CPB Guidelines, provisions of the Act, grant certification requirements, and other grant provisions. The scope of the examination included reviews and tests of the information reported by the station on its AFRs and reconciled to audited financial statements for the years ending June 30, 2017 and 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 WUFT-TV/FM's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting and grant agreements, licensee appropriations and indirect administrative support, as well as other documentation supporting revenues reported. Specifically, we tested NFFS revenue transactions and indirect support totaling $ 9,565,773 of $16,612,826[6] (58 percent) in FYs 2017 and 2018.

We reviewed the allowability of expenses charged to CSGs. To determine that expenditures were incurred in accordance with the grant terms, we reviewed $1,582,330 of $1,843,355 expenses (86 percent) reported on the TV CSG, Restricted Radio CSG, Unrestricted Radio CSG, Interconnection, Universal Service grants. We reviewed payroll and time reports, journal entry detail, vendor invoices, and other documentation supporting expenditures.

We reviewed corporate policies, records, and documents supporting the station's compliance with the Act requirements to: provide advance notice of public meetings; make financial and equal employment opportunity information available to the public; and provide documents supporting compliance with donor lists and political activities prohibitions. We also reviewed the station's website and policies to determine its compliance with CPB's transparency requirements for eligibility. Furthermore, we reviewed the independent public accountant's (IPA) audit planning, internal controls, and attestation working papers. Our procedures included interviewing station officials and its IPA.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of WUFT-TV/FM's policies and procedures for compliance with certification of eligibility requirements, 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.

Our fieldwork was conducted from November 2018 through March 2019 and our examination was performed in accordance with the *Government Auditing Standards* for attestation engagements.

[6] NFFS amounts before station corrected FY 2018 AFRs and resubmitted to CPB.

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352-392-5741 Fax

Exhibit H

May 21, 2019

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

RE: Audit of Community Service Grants at WUFT TV and Radio Gainesville, Florida for the Period July 1, 2016 Through June 30, 2018 Draft Report No. ASJ1902-XXXX

Dear Mr. Richardson,

Thank you for this opportunity to respond to the Office of Inspector General ("OIG") Draft Audit Report in the matter indicated above. This audit covered Fiscal Years 2017-2018. Throughout the audit process, we have worked closely with the OIG's staff and appreciate the professionalism of your audit team. WUFT management viewed this audit as an opportunity to review and improve our internal process and procedures. With the exceptions of what was noted in the Draft Report findings, we appreciate the acknowledgement that WUFT has generally complied with all pertinent CPB requirements.

WUFT-TV and WUFT-FM (collectively "WUFT") has made significant progress in improving our internal processes as a result of this audit that we believe improve our internal operations and address and correct the concerns expressed in the Draft Audit Report. While we agree the recommendations concerning the reporting of non-Federal Financial Support ("NFFS") and CPB's discrete accounting requirements, we would like to take this opportunity to address the Draft Report's findings and recommendations concerning WUFT-TV's expenditures of Community Service Grant ("CSG") funds in relation to the CSG grant agreement spending periods. WUFT expended such funds on appropriate costs and within the relevant spending period for each of the two (2) Fiscal Years reviewed as part of this audit.

For your convenience, we have organized our discussion of the Draft Report findings according to the Draft Report's five (5) recommendations. The first two (2) recommendations in the Draft Report deal with WUFT's reporting of NFFS on its Annual Financial Reports ("AFRs") for

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WUFT-TV and WUFT-FM. As we agree with the recommendations concerning WUFT's NFFS, WUFT will address will address these recommendations together.

OIG Recommendations 1 and 2: CPB management recover excess CSG payments made to WUFT-FM in Fiscal Year 2019 based on the NFFS reported on its Fiscal Year 2017 AFRs and obtain an understanding of WUFT's corrective actions in revising its Fiscal Year 2018 AFRs to ensure future reporting compliance.

The Draft Report concluded WUFT made several reporting errors on its Fiscal Year 2017 AFRs because WUFT: did not report the high-end membership premium exclusions at fair market value; claimed ineligible state appropriations for its commercial radio station and misallocated its direct appropriation for tower utilities between WUFT-TV and WUFT-FM; claimed payments for finder's fees from an ineligible source; claimed ineligible investment income and third-party underwriting agency fees as contributions; and overstated indirect administrative support. The Draft Report noted, though, WUFT already took corrective action to address the Draft Report's findings and ensure similar issues were corrected on WUFT's Fiscal Year 2018 AFRs. WUFT agrees with these findings.

In addition to undertaking actions to ensure the accuracy of its WUFT's Fiscal Year 2018 AFRs, WUFT proactively implemented a number of processes to ensure the ongoing accuracy of its financial reporting to CPB. Specifically, WUFT's business operations office has modified its tracking and recording of various income elements that relate to the WUFT's NFFS calculation. Included in these steps are:

- WUFT now generates a report out of the Allegiance membership system, which gives WUFT the fair market value ("FMV") of premiums for which membership contributions apply for both WUFT-TV and WUFT-FM. In Fiscal Year 2017, WUFT erroneously used the invoice-amount for these premiums as opposed to the FMV, which was corrected for Fiscal Year 2018. This Allegiance report will be used in all future calculations.
- WUFT-TV, WUFT-FM and co-located WRUF-FM operate from the same tower site in northwest Gainesville, FL through a single service of electricity from Gainesville Regional Utilities. Through WUFT's business operations office, the stations will be utilizing more detailed analysis of the amount of electricity utilized by WRUF-FM and that amount will be deducted from the overall NFFS calculation. In addition, WUFT will utilize detailed monthly and annual power consumption invoices to create exact

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percentages of direct support contribution by the University of Florida related to electricity use. This system has been proactive updated for Fiscal Year 2018 and will be in use in future years.

- WUFT, as a member of Florida Public Media ("FPM"), formally Florida Public Broadcasting Service, participates in occasional minor statewide or regional underwriting placements made by clients through FPM. WUFT, which mistakenly claimed $3,250 in FPM finder's fees as NFFS in Fiscal Year 2017, accounting for a CSG overpayment of $224, has proactively removed these minimal finder's fees in the Fiscal Year 2018 AFR and will not include them in future NFFS calculations.
- Related to ineligible investment income, WUFT and the University of Florida Foundation have initiated a system to appropriately track those investments and the resulting income that the public television and radio stations realize. Again, WUFT proactively corrected the internal process by which these figures are realized and submitted having already filed the Fiscal Year 2018 AFR with this new system. All future filings will occur through this same system which provides annual detailed accounting of WUFT's investment income.
- While WUFT has an external representative relationship with FPM and that is the method by which a majority of external-driven underwriting buys are made on the stations, WUFT occasionally utilizes third-party organizations that place underwriting announcements with the stations. The OIG's determination that the agency commission realized (and expensed by WUFT) is not NFFS-eligible resulted in potential CSG overpayments to WUFT-FM of $733 and WUFT-TV of $1,590 in Fiscal Year 2017. WUFT proactively modified the Fiscal Year 2018 AFR filing to account for this finding and in the future non-FPM agency commissions will be excluded from NFFS for the stations.
- Finally, WUFT has worked diligently to take CPB's indirect administrative support ("IAS") calculation guidance and arrive at appropriate figures that accurately depict the relationship WUFT has with parent licensee University of Florida. As a result of the OIG audit and recommendations made on site by the OIG auditor, WUFT proactively modified the Fiscal Year 2018 IAS calculation to bring it in line with CPB guidelines and the auditor's suggestions. While the OIG mentions WUFT's proper accounting for substantial overhead fees it pays to the University, it also recommended a number of changes which WUFT immediately put into play for Fiscal Year 2018 and beyond. Any additional guidance from CPB for stations to help clarify the indirect support calculation and The Basic Method will be very helpful for the system.

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The Draft Report then turned to a discussion of the timing of WUFT's expenditure of Television CSG funds and questioned whether WUFT expended such funds within the relevant CSG grant spending periods for the Fiscal Year 2017 and 2018 CSGs. WUFT did, in fact, spend its CSG funds within the appropriate relevant CSG spending period and on appropriate uses of CSG funds under the CSG grant agreements. In any event, the Draft Report's discussion of CSG expenditure timing resulted in two (2) recommendations which WUFT will address together.

OIG Recommendations 3 and 4: CPB management determine if Television CSG payments for expenditures applied by WUFT after the grant spending period expired are allowable and ensure WUFT's corrective action plans and controls are implemented to ensure the timely spending of CSG grant funds in accordance with CPB requirements.

The Draft Audit Report concluded WUFT-TV applied $372,804 in station expenses to CSG grant funds after the grant spending terms lapsed. As we have previously discussed with OIG staff, this is not an accurate statement.

The grants in question are WUFT-TV CPB CSGs and one Television Interconnection Grant. While these expenditures were fully allowable in terms of their scope, and occurred within the grant period, WUFT has admitted they were, in fact, re-allocated in the weeks following the official grant expiration.

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Specifically, these expenses were:

Grant	Expense	Date Expense Was Paid	Date Expense was Re-Allocated
TV Fiscal Year 2015 CSG	Salary and Fringe 10/1/2014-7/2/2015	$55,776.06 (within grant window)	10/4/2016
TV Fiscal Year 2015 CSG	The Programming Service- 8/1/2016	$3,000.00 on 8/11/16 (within grant window)	10/10/2016
TV Fiscal Year 2015 CSG	American Public Television- 7/18/2016	$56.20 on 8/16/16 (within grant window)	10/10/2016
TV Fiscal Year 2016 CSG	Greater Public- 1/18/2017	$13,093.55 on 2/28/2017 (within grant window)	2/16/2018
TV Fiscal Year 2016 CSG	Salary and Fringe 7/1/2016-9/30/2017	$38,909.46 (within grant window)	1/4/2018
TV Fiscal Year 2016 CSG	Salary and Fringe 7/1/2017-9/30/2017	$14,417.40 (within grant window)	1/22/2018

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TV Fiscal Year 2016 CSG	Salary and Fringe 7/1/2016-9/30/2017	$30,355.48 (within grant window)	1/4/2018
TV Fiscal Year 2016 CSG	Salary and Fringe 10/1/2015-9/30/2017	$43,802.74 (within grant window)	1/22/2018
TV Fiscal Year 2016 CSG	Salary and Fringe 7/1/2016-6/30/2017	$56,202.60 (within grant window)	12/21/2017
TV Fiscal Year 2016 CSG	Salary and Fringe 7/1/2016-6/30/2017	$100,905.91 (within grant window)	12/21/2017
TV Interconnection 2017	American Public Television 7/18/2017	$16,285.00 on 8/17/2017 (within grant window)	12/15/2017

As we have noted in our conversations with the OIG staff, a combination of factors contributed to create the timing issue whereby these grant expenses were re-allocated to Television CSG expenses after the close of the relevant spending period. However, as illustrated above, the actual expenses occurred within the relevant spending period and the funds were used to pay for expenses appropriate to be paid with CSG funds.

WUFT operates using a combination of CPB grants, state funding, support from partner public stations, and membership, development and underwriting revenue sources. Expenditure of funds are administered through the University of Florida's College of Journalism and Communications business office, which oversees all grant-related financial functions of the College and media

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properties in conjunction with the University of Florida Office of Contracts and Grants Accounting Services.

Several years ago, the College's former Director of Finance retired. As a result, the University of Florida College of Journalism and Communications instituted a new financial oversight process for College and media properties affairs, which includes WUFT grant expenditures. Subsequently, during the period from 2011-2016, the business office operation experienced 100% turnover and, as such, lost a significant amount of institutional knowledge. Beginning in 2014, the new Director of Finance and coordinator of business operations began implementing new budgeting and financial tracking mechanisms that have proven to be very effective in the overall fiscal operation of the College and stations. However, the internal changes resulted in the above referenced grants experiencing expense timing issues for a portion of the available funds due to the combination of new personnel in key positions, confusion regarding timing issues of the various grants and the burden of administering new grants, projects and partnerships such as the Florida Public Radio Emergency Network and the new South Carolina Emergency Information Network, a partnership with SCETV and South Carolina Public Radio that launched the week of Hurricane Florence in 2018.

Simultaneously, the number and complexity of grants, appropriations, and projects being supported by WUFT has grown substantially in recent years, as has the scope of impact from WUFT and the associated public safety/emergency messaging projects.

While the relevant grant expenses were appropriate and occurred during the appropriate spending periods, the aforementioned circumstances contributed to a timing issue with our internal controls that was corrected after the close of the relevant spending periods. This internal reallocation, though, did not change the fact the expenditures occurred within the spending period and on appropriate expenses. As such, it is not accurate conclusion to state WUFT did not comply with the spending period requirements for the WUFT Television CSGs.

As a result of this audit, the business operations office within the University of Florida's College of Journalism and Communications, in coordination with the University of Florida Office of Contracts and Grants Accounting Services has compiled an enhanced internal controls plan to ensure spending for all grants occurs and is properly accounted for within the anticipated and accepted timeframe for the grant. This plan includes the following mechanisms, which are already occurring:

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- Preparation of an annual grant spending plan that outlines each grant the television and radio station receives that prescribes a detailed budget plan for spending the entirety of each grant when it is received.
- An annual meeting/conference call to review CPB and state grants to ensure the timely disbursement of grant funds. The business office and University Contracts and Grants Accounting Services office will continue to operate in parallel to ensure grant funds are spent according to an appropriate timeline. This annual review will serve as an annual review to coordinate efforts and confirm a spending rationale and timeline.
- Monthly grant status reports that are distributed to the accountant, coordinator of business operations, Director of Finance and the WUFT-TV/WUFT-FM Executive Director. These reports will serve as monthly reminders regarding the expenditure of grant funds and the associated timeline. Subsequently, the accountant and coordinator of business operations will also meet monthly to discuss specific accounts, personnel and payments to coordinate specific grant payments to the most appropriate state or CPB grant.
- Identification of specific, appropriate personnel who work for WUFT-TV, but have previously been paid from non-CSG grant sources, and now charging their time to the CSG effective October 1, 2018. Prior to October 1, 2018 some personnel were being paid under a prior CPB grant.
- Weekly review of invoices by the coordinator of business operations and Director of Finance to ensure all appropriate and eligible grant expenses are being accounted for properly in a contemporaneous manner.

The Draft Audit Report then turns to a discussion of WUFT's discrete accounting practices and concludes WUFT-FM did not discretely account for Radio CSG discretionary and restricted revenues and expenditures so that CPB-funded restricted Radio CSG expenditures could be identified. The Draft Audit Report, though, notes WUFT-FM corrected this error for Fiscal Year 2018. WUFT agrees with this finding, which resulted in the Draft Audit Report's final finding relating to WUFT.

OIG Recommendation 5: CPB Management should ensure that WUFT properly identifies its discrete restricted and unrestricted accounts on its FY 2020 Radio Community Service Grant Agreement and Certification of Eligibility.

WUFT recognizes the audit of Fiscal Year 2017 identified a need for more specific revenue and expense accounts to track restricted Radio CSG funds for WUFT-FM. WUFT's business operations unit arranged for specific general ledger revenue and expense accounts related to the

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restricted portion of the radio CSG. These revenue and expense accounts were set up prior to any Fiscal Year 2018 final reporting and are now in place to ensure accurate discrete accounting going forward.

Finally, the Draft Audit Report concludes with a section entitled "Other Matters" in which the Draft Report observes there are inherent flaws in the formula for CPB's Basic Method for IAS calculation that result in an inequitable allocation of licensee costs to stations. While the Draft Report did not contain any specific recommendations in the Other Matters section, we note the discussion of flaws in CPB's Basic Method formula are not directed at WUFT. As such, Station management has no comment in response to the Draft Report's observations beyond agreement that CPB's guidance on IAS calculation should be clear, reasonable, and accurate. WUFT has always endeavored to comply with CPB's guidance and requirements on financial reporting matters and would be appreciative of any efforts CPB would undertake to clarify and strengthen its reporting advice regarding IAS calculation.

Thank you once again for the opportunity to comment on the Draft Audit Report. Please feel free to contact WUFT if you have any questions or would like further information.

Sincerely,

Randy Wright
Executive Director

Jeff Pole
Director of Finance