

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

**AUDIT OF COMMUNITY SERVICE AND OTHER GRANTS
AWARDED TO WSRE-TV, LICENSED TO PENSACOLA STATE COLLEGE,
PENSACOLA, FLORIDA
FOR THE PERIOD JULY 1, 2019, THROUGH JUNE 30, 2021**

REPORT NO. AST2209-2310

AUGUST 2, 2023



Report in Brief

Why We Did This Audit

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

Our objectives were to examine WSRE-TV's certifications of compliance with Corporation for Public Broadcasting (CPB) grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines; b) expend grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act). 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 <https://cpboig.oversight.gov/>

[Listing of OIG Reports](#)

Audit of Community Service and Other Grants Awarded to WSRE-TV, Licensed to Pensacola State College, Pensacola, Florida, for the Period July 1, 2019, through June 30, 2021

What We Found

Based on our audit, WSRE-TV was not compliant with CPB grant and Communications Act requirements because it:

\$57,990 in questioned costs and \$779 in funds put to better use.

- did not record CSG expenditures in its general ledger in the allowable spending periods, resulting in questioned costs of \$57,990;
- included \$4,678 and \$1,431 of ineligible NFFS (in fiscal years 2020 and 2021 respectively) on AFR Schedule A and Schedule B, resulting in \$779 in CSG overpayments, reported as funds put to better use; and
- overreported CPB expenditures by \$15,378 on AFR Schedule E line 8.A and \$8,669 on AFR Schedule E line 8.C.

WSRE-TV management disagreed with the questioned costs finding noting that CPB grant funds were fully expended on the licensee's accounting system. They agreed with the NFFS overstatement finding. They did not specifically comment on the other finding. CPB management will make the final determination on findings and recommendations.

What We Recommend

That CPB management:

- recover \$58,769 of CSG questioned costs and funds put to better use; and
- require WSRE-TV to identify the corrective actions and controls it will implement to ensure that:
 - CPB funds are expended within the proper spending periods;
 - NFFS is properly reported on Schedules A and B in compliance with eligibility requirements; and
 - AFR Schedule E accurately reports CPB expenditures.

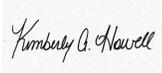


Corporation
for Public
Broadcasting

Office of the Inspector General

Date: August 2, 2023

To: Jackie J. Livesay, Deputy General Counsel and Vice President, Compliance
Kathy Merritt, Senior Vice President for Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General  Digitally signed by
Kimberly Howell
Date: 2023.08.02
12:44:41 -04'00'

Subject: Audit of Community Service and Other Grants Awarded to WSRE-TV, Licensed to Pensacola State College, Pensacola, Florida for the Period July 1, 2019 through June 30, 2021, Report No. AST2209-2310

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 the Inspector General's website and [Oversight.gov](https://www.oversight.gov) and distribute it to the 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: Laura Ross, Chair, CPB Board of Directors, Audit and Finance Committee
Ruby Calvert, Vice Chair, CPB Board of Directors, Audit and Finance Committee
Liz Sembler, CPB Board of Directors, Audit and Finance Committee
U.S. Senate Committee on Homeland Security and Governmental Affairs
U.S. House of Representatives Committee on Oversight and Government Reform
U.S. Senate Committee on Commerce, Science and Transportation
U.S. House of Representatives Energy and Commerce Committee
U.S. Senate Committee on Appropriations
U.S. Senate Labor-HHS-Education Appropriations Subcommittee
U.S. House of Representatives Committee on Appropriations
U.S. House of Representatives Labor-HHS-Education Appropriations Subcommittee

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND	2
AUDIT RESULTS.....	3
FINDINGS AND RECOMMENDATIONS.....	4
I. QUESTIONED COSTS FOR UNSPENT FUNDS.....	4
II. OVERSTATED NFFS	7
Schedule A.....	8
Ineligible Capital Contributions	8
Ineligible Purpose.....	9
Schedule B	9
III. AFR REPORTING	11
Exhibit A - CPB Grant Payments to WSRE-TV	13
Exhibit B - WSRE-TV Annual Financial Report	14
Exhibit C - WSRE-TV Summary of Non-Federal Financial Support	27
Exhibit D - Scope and Methodology	28
Exhibit E - WSRE-TV Response to Draft Report	29

EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) grants awarded to WSRE-TV, licensed to Pensacola State College (PSC). The grants reviewed included Television Community Service grants (CSG); Interconnection; Universal Service Support; Coronavirus Aid, Relief, and Economic Security Act (CARES Act); and American Rescue Plan Act (ARPA) grants for the period July 1, 2019 through June 30, 2021. Our objectives were to examine WSRE-TV's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act).

Based on our audit, WSRE-TV was not compliant with CPB grant and Communications Act requirements because it:

- did not record CSG expenditures in its general ledger (GL) in the allowable spending periods, resulting in questioned costs of \$57,990;
- included \$4,678 and \$1,431 of ineligible NFFS (in fiscal years 2020 and 2021 respectively) on AFR Schedule A and Schedule B, resulting in \$779 in CSG overpayments, reported as funds put to better use; and
- overreported CPB expenditures by \$15,378 on AFR Schedule E line 8.A and overreported Other CPB expenditures by \$8,669 on AFR Schedule E line 8.C.

We recommend that CPB:

- recover \$58,769 of CSG questioned costs and funds put to better use; and
- require WSRE-TV to identify the corrective actions and controls it will implement to ensure that:
 - the licensee's, PSC, financial records reconcile to the station's financial statements on September 30 of each year to ensure that CPB funds are expended within the proper spending periods;
 - NFFS is properly reported on Schedules A and B in compliance with eligibility requirements; and
 - AFR Schedule E accurately reports CPB expenditures.

In its response, WSRE-TV disagreed that they had not spent the CPB grant funds within the two-year spending period and provided evidence from the university's accounting system that the funds were spent. However, in preparing the consolidated statements for annual reporting purposes the station did not fully record its CSG expenditures in its own accounting system. Specifically, they stated that the amount of questioned costs derived from grant allocations for two separate year-end journal entries totaling \$33,755 and \$19,212. The station agreed with the NFFS finding and did not specifically comment on the Schedule E reporting finding.

Based on the station's response to the draft report, we consider all five recommendations unresolved pending CPB's final management decision resolving the audit findings. The station's written response is summarized after each finding and the complete response is presented in Exhibit E.

This report presents the conclusions of the Office of the Inspector General (OIG) and the findings do not necessarily represent CPB's final position on the issues. While we have made recommendations that are appropriate to resolve the findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures.

We conducted our audit in accordance with Government Auditing Standards for attestation examination engagements. Our scope and methodology are discussed in Exhibit D.

BACKGROUND

WSRE-TV is a public broadcasting station owned by PSC, the licensee. According to their website, WSRE-TV is "the public television station for Northwest Florida and Southeast Alabama." In 1967, the station began operations under a license granted to the Escambia County School Board. In 1972, the School Board transferred the station's license to the District Board of Trustees of Pensacola State College. PSC is under the general direction and control of the Florida Department of Education, Florida College System, and governed by Florida Statutes and Rules of the Florida State Board of Education. All WSRE-TV employees are employees of PSC. WSRE-TV is available over the air and on most cable and satellite systems from southeastern Mississippi to Destin, Florida.

WSRE-TV has a Foundation that was established in 1991 and functions under Florida Statutes as a direct support organization to PSC for the benefit of WSRE-TV. The WSRE-TV Foundation is the designated custodian of funds received from the WSRE-TV's fundraising activities.

WSRE-TV produces a variety of local programming including Flavors of the Coast, Connecting the Community, Food for Thought, Open Forum, Garden Magic, AWARE, and Legislative Review. The station has strong member support from the Gulf Coast community who have also supported the station's annual "Wine and Food Classic" that features local and celebrity chefs.

CPB's Community Service Grant Program

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

Each year CPB awards CSG grants to public TV and radio stations based in part on the amount of NFFS claimed by all stations on their AFRs. The CSG calculation process starts with separate amounts appropriated for the TV and radio CSG pools adjusted by base grants and supplemental

grants. The funds that remain are called the Incentive Grant Pools; one is for TV and the other is for radio.

The Incentive Rate of Return (IRR) is separately calculated for television and radio grantees. This is done by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all television grantees for the television IRR and by all radio grantees for the radio IRR. The IRR is then multiplied by each grantee's adjusted NFFS in various tiers to calculate the incentive award amount of its total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the fiscal year's (FY's) CSG amount. For example, CPB used the NFFS reported by WSRE-TV on its FYs 2018 and 2019 AFRs to determine the amount of the TV CSG funds the station received in FYs 2020 and 2021.

As shown in Exhibit A, CPB awarded WSRE-TV a total of \$3,673,404 for FYs 2020 and 2021 in CSG, Interconnection, Universal Service Support, and other grant funds. The station reported NFFS of \$3,216,679 in FY 2020 and \$3,275,112 in FY 2021 as shown in Exhibit C. The audited financial statements for the two FYs we audited reported total revenues of \$4,921,057 in FY 2020 and \$4,717,086 in FY 2021. The station's fiscal year begins July 1 and ends June 30.

AUDIT RESULTS

In our opinion, WSRE-TV complied with the following CPB requirements, except for the specific requirements as summarized in the following paragraph for the FYs 2020 and 2021 grants examined in the AFRs presented in Exhibits B and C.

We examined WSRE-TV 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 WSRE TV's certification of compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Communications Act requirements for open meetings, open financial records, Equal Employment Opportunity (EEO) reporting and donor lists; use of CPB funds; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

Based on our audit, we found that WSRE-TV complied with CPB requirements, except for the following specific grant requirements because it:

- did not record CSG expenditures in its GL in the allowable spending periods, resulting in questioned costs of \$57,990;
- included \$4,678 and \$1,431 of ineligible NFFS (in fiscal years 2020 and 2021 respectively) on AFR Schedule A and Schedule B, resulting in \$779 in CSG overpayments, reported as funds put to better use; and
- overreported CPB expenditures by \$15,378 on AFR Schedule E line 8.A and \$8,669 on AFR Schedule E line 8.C.

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

reasonable basis for our opinion. However, it does not provide a legal determination on WSRE-TV's compliance with specified requirements.

FINDINGS AND RECOMMENDATIONS

I. QUESTIONED COSTS FOR UNSPENT FUNDS

Based on our review of the station's CPB GL accounts, we found it did not record all CSG expenditures in the station's official accounting records to reflect the expenditure of CSG funds within the two-year spending periods. As a result, we have questioned \$57,990 in CPB CSG FY 2019 and 2020 grant funds that were not recorded in WSRE-TV's audited financial statements and accounting records in the FYs 2019, 2020, 2021, and 2022, the allowable spending periods.

As background, CSG grant spending periods begin October 1 and must be spent within the two-year spending period ending September 30 for each grant.¹ Because the station's FY ends on June 30 of each year, the CSG spending period spans three of the station's FY financial reporting periods. In our reviews and discussion with station management we learned that the station generally spends the CSG funds in its second and third fiscal year reporting periods. For example, as shown in the table below, the FY 2020 CSG grant was spent and recorded in its GL in the July 1, 2020 – September 30, 2021 financial period.

Analysis of CSG Awards & Expenditures per the General Ledger

		Amount Expended by Fiscal Year per Station's GL					
CPB Year/Grant	Awarded Amount	2019	2020	2021	2022	Under/(Over) Spent	
2019 (grant spending period October 1, 2018 – September 30, 2020)							
CSG	\$871,547	\$0	\$753,998	\$64,582	\$0	\$52,967	
USSG	\$38,549	\$0	\$38,549	\$0	\$0	\$0	
IC	\$16,597	\$10,002	\$6,595	\$0	\$0	\$0	
2019 Total	\$926,693	\$10,002	\$799,142	\$64,582	\$0	\$52,967	
2020 (grant spending period October 1, 2019 -September 30, 2021)							
CSG	\$880,138	\$0	\$0	\$525,054	\$350,061	\$5,023	
USSG	\$38,970	\$0	\$0	\$38,970	\$0	\$0	
IC	\$17,107	\$0	\$14,347	\$2,760	\$0	\$0	
2020 Total	\$936,215	\$0	\$14,347	\$566,784	\$350,061	\$5,023	
Questioned Costs							
Sub-Total	\$1,862,908	\$10,002	\$813,489	\$631,366	\$350,061	\$57,990	
2021 (grant spending period October 1, 2020 -September 30, 2022)							
CSG	\$977,059	\$0	\$0	\$0	\$601,388	\$375,671	
USSG	\$39,143	\$0	\$0	\$0	\$0	\$39,143	
IC	\$18,481	\$0	\$0	\$6,750	\$11,731	\$0	
2021 Total	\$1,034,683	\$0	\$0	\$6,750	\$613,119	\$414,814	
Total	\$2,897,591	\$10,002	\$813,489	\$638,116	\$963,180		

¹ The CPB Interconnection grant has a one-year spending period.

To verify CPB funds were spent within the two-year spending period, considering the overlapping financial reporting periods, we reconciled the station's CPB related expenditures reported on its FY 2020 and FY 2021 AFRs to its Financial Edge accounting system GL records and compared the reported CPB related expenditures to CPB grant award amounts. Further, we reconciled the station's expenditures reported on Schedule E of the FY 2020 and FY 2021 AFRs to the station's GL and audited financial statements. We found that the station identified CPB related expenditures with discrete source codes that included the grant name and year in the description to track CPB expenditures. In addition, we reviewed WSRE-TV GLs for FY 2019 and FY 2022 to verify awards were fully spent but were unable to identify that FY 2019 CSG expenditures totaling \$52,967 and FY 2020 CSG expenditures totaling \$5,023 were included in the GL accounts during the two-year spending period. Based on this analysis, we questioned \$57,990 in CSG costs because these expenditures were not included in the GL account totals as shown in the table above, and not reported in the allowable grant spending period.

We did not question the unspent CPB CSG 2021 funds of \$414,814 because these funds could have been spent into the first quarter of the station's 2023 fiscal year, through September 30, 2022.

CPB's General Provisions provide that:

CSG funds must be expended during the Spending Period in accordance with the purposes and restrictions set forth in these General Provisions, and the Financial Reporting Guidelines, incorporated herein by reference. Any funds not expended during the Spending Period must be returned to CPB no later than November 3, 2022 [2021 and 2020]. Expenditures inconsistent with these shall be considered unauthorized expenditures and must be returned to CPB pursuant to Section 16. Return of Funds. Once the Spending Period expires, Grantee may not reallocate disallowed expenditures.

CPB FY 2020 and FY 2021 TV CSG General Provisions, Part I. CSG Program, Section 12. Spending Period. and CPB FY 2019 TV CSG General Provisions, Part I. CSG Program, Section 13. Expenditure of CSG Funds.

As previously mentioned, a station official stated that the station generally did not start to expend its CSG grant funds until the second year and that the funds had been spent within the allowable spending periods. However, during our fieldwork station management did not provide us with documentation to support the full expenditure of its CSG funds.

As a result, we are questioning \$57,990 that was not recorded in the station's FY 2019, FY 2020, FY 2021, and FY 2022 official accounting records.

Recommendations:

We recommend that CPB management require WSRE-TV to:

- 1) repay \$57,990 in CSG questioned costs; and
- 2) identify the corrective actions and controls it will implement to reconcile the licensee's, PSC, financial records to the station's financial statements on September 30 of each year to ensure that CPB funds are expended within the proper spending periods.

WSRE-TV Management Response:

In response to the draft report, WSRE-TV's management disagreed that they had not spent the CSG grants within the two-year spending period. They stated that to prepare the consolidated financial statements, station related activity is extracted from the PSC GL and combined with the WSRE-TV Foundation, Inc. audited financial statements. The amount of questioned costs from grant allocations were comprised of two separate amounts, \$33,755 and \$19,212.

For financial statement reporting purposes, the station recognizes the change in the amount of the compensated absence liability for the CSG grant funded employees annually, as an increase or decrease to the related salary expenditures. For the station's FY 2020, the compensated absence liability decreased by \$33,755. Although the grant funds were fully expended within the grant period, the entry to recognize the change in liability resulted in an equivalent decrease to expenditures in the audited financial statements. The station acknowledged that for purposes of reporting grant expenditures and revenue on the AFR, \$33,755 should have been disclosed as a reconciling item, to correctly reflect the amount of CSG funding expended during the fiscal year.

The station also stated that an adjusting entry of \$19,212 was made to reverse the prior year's salary and benefits accrual for CSG grant funded employees in the FY 2021 financial statements. PSC changed accounting software on July 1, 2020 that transitioned from manual entries for accruals and reversals to an automated process. Upon review it was determined that the reversal of the prior year's salary/benefits accrual was not required as an adjusting entry in the new accounting system. The station acknowledged that the adjusting entry was posted in error, resulting in incorrect reporting of grant expenditures and revenue on the AFR.

WSRE-TV's complete response to the draft report is presented in Exhibit E.

Subsequent to the above referenced response, the station provided additional documentation for the adjusting journal entries discussed in their response. The first journal entry was booked in the FY 2020 GL to decrease the deferred compensation liability balance by \$33,755. The offset was a decrease to the FY 2019 CPB CSG expenditures. The other journal entry included in the FY 2021 GL was the duplicate reversal of a payroll accrual that decreased FY 2019 CPB CSG expenditures and increased FY 2020 CPB CSG expenditures by \$19,212.

In explaining these adjustments station officials provided fund accounting records from its licensee's accounting system, Workday², showing the FY 2019 and FY 2020 CSG grant funds had been fully expended within the 24-month spending period. Specifically, the station cited FY 2020 CSG expenditures of \$368,626 recorded in the first quarter of FY 2022 in the PSC accounting records.

² Workday is the licensee's, PSC, accounting system. The licensee receives the CPB CSG funds and distributes to WSRE-TV station accounts. We did not audit the licensee's accounting system.

OIG Review and Comment:

Based on our review of WSRE-TV's response to the draft report and the additional documentation subsequently provided to us, we have not revised our audit finding questioning \$57,990 in unspent funds or revised our recommendations.

Our review of the journal entry adjustments found that they were prepared for end-of-year consolidated financial statement reporting purposes, but we could not verify in the GL that the \$33,755 expenditure reduction adjustment was correctly recorded or the duplicate \$19,212 expenditure adjustment was corrected in the following year to properly record all CSG expenditures in the station's GL. This accounts for the \$52,967 questioned for the FY 2019 CSG paid during our audit period.

Regarding the station's comments about PSC's Workday accounting records, we did not audit the Workday accounting system. We did note that the Workday system recorded \$368,626 in CSG expenditures during the first quarter of station's FY 2022, and the station's adjustments to its accounting records reduced that amount to \$350,061, with other adjustments made by the station this leaves an unspent balance of \$5,023 in the station's official consolidated accounting records for FY 2022.

Because the station's independent public accountant audited the station's Financial Edge accounting system, and the financial statements and AFRs were prepared from that system, our audit work and reporting are based on the same accounting system and reports generated from the station's system. This accounts for the \$5,023 questioned for the FY 2020 CSG.

As a result, we consider recommendations one and two unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

II. OVERSTATED NFFS

Our audit testing found net overstated NFFS totaling \$6,109 for FYs 2020 and 2021. This overstatement resulted in CSG overpayments of \$779 as itemized in the following table. We classified the net overpayments as funds put to better use for reporting purposes because the funds overpaid to WSRE-TV could have been distributed to other public broadcasting entities.

Overstated NFFS and CSG Overpayment Calculation

Condition	FY 2020	FY 2021	Totals
Schedule A			
Ineligible Capital Contributions	\$4,943	\$0	\$4,943
Ineligible Purpose	(\$970)	\$1,431	\$461
Total Schedule A	\$3,973	\$1,431	\$5,404
Schedule B			
Understating in-kind contributions	\$705	\$0	\$705
Total Schedule B	\$705	\$0	\$705
Net Under/Overstated NFFS	\$4,678	\$1,431	\$6,109
IRR	.1280476998	.1258278200	
CSG Overpayment	\$599	\$180	\$779

Schedule A

Ineligible Capital Contributions

In FY 2020, we found that the station claimed funds solicited for TV facilities and equipment as NFFS. The station reported \$4,943 related to the purchase of touchscreen computers and security locks for the expansion of the station’s imagination station. We identified the contribution as capital and ineligible as NFFS.

CPB’s Guidelines provide the following guidance on excluding capital contributions for TV stations from eligible NFFS.

To eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investment in digital TV broadcasting, the CPB Board of Directors adopted the recommendation of the 1998 TV CSG Task Force to exclude from NFFS all capital contributions restricted for facilities and equipment improvements. This exclusion extends to all contributions (direct and in-kind) of, or for the purpose of acquiring new broadcast and operational equipment, as well as new facilities, new construction, and facilities upgrades and improvements. This includes gifts, grants, bequests or any contribution restricted by the donor for capital purposes, including any direct revenues raised through a formal capital campaign program that are restricted for the purposes defined herein.

Guidelines, Part III: AFR and FSR Line Item Instructions, Schedule A – Direct Revenue, Line 18 – Capital fund contributions from individuals, TV Grantees. (2020)

A station official noted that the station did not capitalize the touchscreen computers and security locks for the expansion of the imagination station because the purchases did not exceed the station’s capitalization threshold of \$5,000. As such, the station did not categorize the contribution as capital.

WSRE-TV overstated NFFS by \$4,943 in its FY 2020 AFR resulting in a CSG overpayment of \$633.

Ineligible Purpose

In FY 2020 and FY 2021, the station's reported appropriation included eligible NFFS related to station utility expenditures. Utility costs were allocated based on occupied square footage. A small portion of the station's building was occupied by non-station personnel. By including these costs in the appropriation, the station overstated NFFS in FY 2021 by \$1,431 and \$1,148 in FY 2020. In FY 2020, the station under-reported direct utility expenditures by \$2,118 due to an accounting error. The result was a net \$970 understatement of NFFS in FY 2020.

CPB's Guidelines present the purpose criteria for contributions to be reported as NFFS:

II. Contribution vs. Payment

Revenues are either a contribution or a payment, and must meet the recipient, form, source, and purpose criteria below to be reported as NFFS.

A. Contribution. A contribution is a gift, grant, bequest, donation or appropriation (i.e., the form criterion). For a contribution to be reported as NFFS, it must meet the following criteria...

3. Purpose. The contribution must be provided to the CSG recipient to construct or operate a noncommercial educational broadcast station³, or for the production, acquisition, distribution or dissemination of educational television or radio programs and related activities.

Guidelines, Part II: NFFS, II. Contribution vs. Payment. (2020 and 2021)

A station official stated that the station did not deduct a portion of the utility costs attributable to the square footage associated with non-station personnel from the station's appropriation in error. The result was a \$124 CSG underpayment in FY 2020 that was netted with CSG overpayments for a net \$509 CSG overpayment. The FY 2021 overstatement resulted in a CPB overpayment of \$180.

Schedule B

We found that the station overstated indirect administrative support by \$705 in FY 2020 by understating the station's in-kind contributions by using the CPB IAS Standard Method instructions for Schedule B Step 4, line 4. The station reported a portion of in-kind contributions in the occupancy value section although the station did not have occupancy value. The station used occupancy value to present an adjustment to in-kind contributions found during CPB's desk review. We found the presentation of in-kind contributions in 2021 to be correct with no value.

³ Capital contributions to television stations are excluded, Part II, Section V.

The Guidelines provide step by step instructions for calculating the station's indirect administrative support using CPB's Standard Method.

Completing AFR Schedule B – Indirect Administrative Support

To calculate IAS using the standard method, follow the five steps below, completing Schedule E before Schedule B...

Step 2: Identify the Base...

If station's total operating expenses include the following indirect expenses, deduct them by entering these costs on the appropriate lines and provide the AFS page number(s) from which the amounts were obtained....

B. In-kind Contributions and Donations. In-kind contributions and donated property and equipment reported as expenses.

Guidelines, Part III: AFR and FSR Line Item Instructions, Schedule B – Indirect Administrative Support, Worksheet: Standard Method. (2020)

A station official noted that there was a late accounting adjustment that was not included in the indirect administrative support calculation.

The station overstated NFFS by \$705 in FY 2020 resulting in a \$90 CSG overpayment.

* * *

Overall, for Schedule A and B we found net overstated NFFS totaling \$6,109 for FYs 2020 and 2021. This overstatement resulted in CSG overpayments of \$779, reported as funds put to better use.

Recommendations:

We recommend that CPB management require WSRE-TV to:

- 3) repay \$779 in CSG overpayments; and
- 4) identify the corrective actions and controls it will implement to ensure that NFFS is properly reported on Schedules A and B in compliance with financial reporting requirements.

WSRE-TV Management Response:

In response to our draft report, WSRE-TV acknowledged that \$4,943 utilized to purchase touchscreen computers and automated security locks was not excluded from NFFS. The station stated that for future reporting they would consult with CPB Grants personnel to determine the proper classification of any funds utilized for equipment purchases. In addition, station staff acknowledged errors in the application of the square footage calculation to utility expenditures allocated to the station. They stated that they are committed to correctly applying the square

footage calculation to allowable utility expenditures in the future. The station's response did not address the overstated NFFS reported on Schedule B.

OIG Review and Comment:

Based on our review of WSRE-TV's response to the draft report, we consider recommendations three and four unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

III. AFR REPORTING

Our review of the AFR identified expenditure reporting errors on Schedule E. WSRE-TV recorded CPB expenses totaling \$24,047 incorrectly on its AFR Schedule E – Expenditures in the FY 2020 and FY 2021 AFR Schedule E.

Specifically, in FY 2020, the AFR Schedule E included \$8,629 in expenditures funded by Other CPB Funds in AFR E line 8.C when the expenditures were not funded by Other CPB Funds. Additionally, in FY 2021, the AFR Schedule E included \$15,378 in expenditures funded by CPB CSG funds in AFR E line 8.A and \$40 in expenditures funded by Other CPB Funds in AFR E line 8.C when the expenditures were not funded by either CPB CSG or Other CPB funds.

CPB's 2020 and 2021 *Guidelines* provide instructions for completing the AFR.

PART III – AFR AND FSR LINE ITEM INSTRUCTIONS

Completing AFR Schedule E – Expenses

Reporting CPB Grant Expenditures...

Line Item Instructions

Reporting CPB Grant Expenditures

For each functional expense category on Lines 1 through 7, grantees must indicate the CPB and non-CPB funds used under the following categories....

For TV Grantees:

- A. TV CSG**
- B. TV Interconnection**
- C. Other CPB Funds**
- D. All non-CPB Funds**

Guidelines, Part III, Completing AFR Schedule A -Direct Revenues and Completing AFR Schedule E – Expenses (2020 and 2021).

For the overreporting of \$8,629 in CPB expenditures on AFR Schedule E, a station official stated that in FY 2020 the station converted to a new accounting system and identified long outstanding balances in deferred revenue general ledger accounts believed to be related to old CPB grants.

To clean up the balances, the station recognized revenue and expenditures. The station did not include the revenue as NFFS eligible and was unable to provide support for the old CPB grants to which the expenditures related.

For the overreporting of \$15,418 in CPB expenditures on AFR Schedule E in FY 2021, a station official stated that the expenditures related to deferred revenue related to old CPB grants. The station recognized the revenue and expenditures to clean up the accounting records. The station did not include the revenue as NFFS eligible and was unable to provide support for the old CPB grants to which the expenditures related.

In conclusion, we found that the reporting of CPB expenditures on the AFRs were not accurate.

Recommendations:

We recommend that CPB management require WSRE-TV to:

- 5) identify the corrective actions and controls it will implement to ensure future compliance with AFR Schedule E reporting requirements.

WSRE-TV Management Response:

In response to our draft report, WSRE-TV did not comment on the AFR Reporting finding.

OIG Review and Comment:

Based on our review of WSRE-TV's response to the draft report, we consider recommendation five unresolved and open pending CPB's final management decision resolving our audit findings and recommendations.

**CPB Grant Payments to WSRE-TV
July 1, 2019 – June 30, 2021**

CPB Grants	FY 2020	FY 2021	Total
TV – CSG			
Community Service	\$1,751,685	\$977,059	\$2,728,744
Interconnection	\$33,704	\$18,481	\$52,185
Universal Service Support	\$77,519	\$39,143	\$116,662
Total TV CSG Payments	\$1,862,908	\$1,034,683	\$2,897,591
Other Grants:			
Cares Act	\$260,205	\$0	\$260,205
American Rescue Plan Act	\$0	\$515,608	\$515,608
Total All CPB Grants	\$2,123,113	\$1,550,291	\$3,673,404

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

Schedule A
WSRE-TV (1740)
Pensacola, FL

NFFS Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



Source of Income

	2020 data	2021 data
1. Amounts provided directly by federal government agencies	\$0	\$0
A. Grants for facilities and other capital purposes	\$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	\$839,301	\$886,746
A. CPB - Community Service Grants	\$792,472	\$638,770
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$29,571	\$247,976
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$10,000	\$0
Variance greater than 25%.		
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$7,258	\$0
Variance greater than 25%.		
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$0	\$0
3.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
3.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

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	\$282,642	\$435,964
4.1 NFFS Eligible	\$282,642	\$335,964
A. Program and production underwriting	\$6,973	\$7,962
B. Grants and contributions other than underwriting	\$4,250	\$0
Variance greater than 25%.		
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)	\$271,419	\$328,002
Description	Amount	
Florida Dept of Education Comm Svc Grant	\$328,002	
4.2 NFFS Ineligible	\$0	\$100,000
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	\$100,000
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$1,374,421	\$1,273,699
5.1 NFFS Eligible	\$1,374,421	\$1,273,699
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$1,374,421	\$1,273,699
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

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
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$0	\$0
7.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$60,097	\$59,977
8.1 NFFS Eligible	\$36,199	\$7,499
Variance greater than 25%.		
A. Program and production underwriting	\$12,074	\$3,956
Variance greater than 25%.		

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

—	B. Grants and contributions other than underwriting	\$24,125	\$3,543
	Variance greater than 25%.		
—	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	\$23,898	\$52,478
	Variance greater than 25%.		
—	A. Rental income	\$0	\$0
—	B. Fees for services	\$23,898	\$52,478
	Variance greater than 25%.		
—	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	\$362,083	\$84,922
—	9.1 NFFS Eligible	\$18,000	\$30,674
	Variance greater than 25%.		
—	A. Program and production underwriting	\$5,500	\$20,174
	Variance greater than 25%.		
—	B. Grants and contributions other than underwriting	\$12,500	\$10,500
—	C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
—	D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
—	E. Other income eligible as NFFS (specify)	\$0	\$0
—	9.2 NFFS Ineligible	\$344,083	\$54,248
	Variance greater than 25%.		
—	A. Rental income	\$48,720	\$25,462
	Variance greater than 25%.		
—	B. Fees for services	\$90,050	\$28,786
	Variance greater than 25%.		
—	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	\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

only)		
E. Other income ineligible for NFFS inclusion	\$205,313	\$0
Variance greater than 25%.		
10. Memberships and subscriptions (net of membership bad debt expense)	\$492,923	\$543,225
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$144,237	\$107,395
Variance greater than 25%.		
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
	<u>2020 data</u>	<u>2021 data</u>
10.3 Total number of contributors.	4,344	4,694
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
	<u>2020 data</u>	<u>2021 data</u>
11.1 Total number of Friends contributors.	0	0
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue	<u>2020 data</u>	<u>2021 data</u>
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)	\$104,265	\$46,652
A. Gross special fundraising revenues	\$174,570	\$57,675
Variance greater than 25%.		
B. Direct special fundraising expenses	\$70,305	\$11,023
Variance greater than 25%.		
15. Passive income	\$8,791	\$13,322
A. Interest and dividends (other than on endowment funds)	\$7,605	\$3,908
Variance greater than 25%.		
B. Royalties	\$1,186	\$337
Variance greater than 25%.		
C. PBS or NPR pass-through copyright royalties	\$0	\$9,077
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$8,986	\$24,543

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

—	A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
—	B. Realized gains/losses on investments (other than endowment funds)	\$3,586	\$10,806
	Variance greater than 25%.		
—	C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$5,400	\$13,737
	Variance greater than 25%.		
—	17. Endowment revenue	\$90,891	\$525,008
—	A. Contributions to endowment principal	\$0	\$0
—	B. Interest and dividends on endowment funds	\$30,092	\$22,915
—	C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$38,837	\$153,097
	Variance greater than 25%.		
—	D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$21,962	\$348,996
	Variance greater than 25%.		
—	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	\$78,446	\$71,106
	2020 data 2021 data		
—	19.1 Total number of major individual donors	40	49
—	20. Other Direct Revenue	\$8,796	\$70
	Description	Amount	
	Misc	\$70	
	Exclusion Description	Amount	
	Sale of premiums	\$54	
	Discounts	\$16	
—	Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$1,829,128	\$43,155
—	A. Proceeds from sale in spectrum auction	\$0	\$0
—	B. Interest and dividends earned on spectrum auction related revenue	\$0	\$0
—	C. Payments from spectrum auction speculators	\$0	\$0
—	D. Channel sharing and spectrum leases revenues	\$0	\$0
—	E. Spectrum repacking funds	\$1,829,128	\$43,155
	Variance greater than 25%.		
—	22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$5,611,075	\$4,019,412
	Variance greater than 25%.		

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

Adjustments to Revenue	2020 data	2021 data
23. Federal revenue from line 1.	\$0	\$0
24. Public broadcasting revenue from line 2.	\$839,301	\$886,746
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$100,000
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$8,796	\$70
Variance greater than 25%.		
27. Other automatic subtractions from total revenue	\$2,481,436	\$794,935
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	\$70,305	\$11,023
Variance greater than 25%.		
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$3,586	\$10,806
Variance greater than 25%.		
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$5,400	\$13,737
Variance greater than 25%.		
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$60,799	\$502,093
Variance greater than 25%.		
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$48,720	\$25,462
Variance greater than 25%.		
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$113,948	\$81,264
Variance greater than 25%.		
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)	\$205,313	\$0
Variance greater than 25%.		
K. FMV of high-end premiums (Line 10.1)	\$144,237	\$107,395
Variance greater than 25%.		
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	\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

as NFFS (12.B, 12.C, 12.D)

N. Proceeds from spectrum auction and related revenues from line 21.	\$1,829,128	\$43,155
----------------------------------------------------------------------	-------------	----------

Variance greater than 25%.

28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27), (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$2,281,542	\$2,237,661
-------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	-------------

Comments

Comment	Name	Date	Status
Schedule B Worksheet WSRE-TV (1740) Pensacola , FL			

2020

2021

**Step 1 - Compute the Rate -
Licensee Indirect Costs/Licensee
Direct Costs**

Institutional Support (Enter this amount here only if station benefits from Institutional Support.)	\$13,077,029	\$14,530,669
-----------------------------------------------------------------------------------------------------	--------------	--------------

AFS page or "n/a"	0	42
-------------------	---	----

Physical Plant Support (Enter this amount here only if station benefits from Physical Plant Support.)	\$12,542,078	\$14,946,177
-------------------------------------------------------------------------------------------------------	--------------	--------------

AFS page or "n/a"	0	42
-------------------	---	----

Licensee Indirect Costs	\$25,619,107	\$29,476,846
--------------------------------	--------------	--------------

Licensee Direct Costs

Total Operating expenses	\$84,398,713	\$90,992,493
--------------------------	--------------	--------------

AFS page or "n/a"	0	42
-------------------	---	----

Less: Institutional Support (Enter this amount whether or not the station benefits from Institutional Support.)	\$13,077,029	\$14,530,669
-----------------------------------------------------------------------------------------------------------------	--------------	--------------

AFS page or "n/a"	0	42
-------------------	---	----

Less: Physical Plant Support (Enter this amount whether or not the station benefits from Physical Plant Support.)	\$12,542,078	\$14,946,177
-------------------------------------------------------------------------------------------------------------------	--------------	--------------

AFS page or "n/a"	0	42
-------------------	---	----

Licensee's Direct Costs (= Total operating expenses minus both Institutional Support and Physical Plant Support)	\$58,779,606	\$61,515,647
------------------------------------------------------------------------------------------------------------------	--------------	--------------

Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	%43.585027	%47.917640
--------------------------------------------------------------------------	------------	------------

**Step 2 - Identify the Base (Station's
Net Direct Expenses)**

Station's Total Operating Expenses (from Schedule E, Line 8)	\$4,906,461	\$5,041,744
--------------------------------------------------------------	-------------	-------------

Less: Depreciation and Amortization - from station's AFS (if applicable)	\$589,498	\$664,237
--------------------------------------------------------------------------	-----------	-----------

AFS page or "n/a"	0	29
-------------------	---	----

In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	\$9,306	\$21,639
-------------------------------------------------------------------------------------------------------	---------	----------

Variance greater than 25%.

AFS page or "n/a"	0	29
-------------------	---	----

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

	2020	2021
Indirect Administrative Support (if included in station's total expenses) - per AFS	\$905,178	\$999,480
AFS page or "n/a"	0	29
Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	\$0	\$0
AFS page or "n/a"	0	N/A
Expenses not supported by licensee - per AFS (Example: expenses of consolidated entities like Friends Groups, foundations, and component units (if applicable))	\$1,306,633	\$1,270,559
AFS page or "n/a"	0	N/A
Station's Net Direct Expenses	\$2,095,846	\$2,085,829
Step 3: Apply the Rate to the Base (= total support activity benefiting the station)	\$913,475	\$999,480
Upload the licensee's audited financial statement only. [NOTE: Only PDF files are allowed for upload.]		1740_WSRE_BWA_fy21.pdf

Comments

Comment	Name	Date	Status
Occupancy List WSRE-TV (1740) Pensacola , FL			
		Type of Occupancy Location	Value
Schedule B Totals WSRE-TV (1740) Pensacola , FL			
		2020 data	2021 data
1. Total support activity benefiting station		\$913,475	\$999,480
2. Occupancy value		0	\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.		\$0	\$0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.		\$8,297	\$0
Variance greater than 25%.			
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)		\$905,178	\$999,480
6. Please enter an institutional type code for your licensee.		SU	SU

Comments

Comment	Name	Date	Status
Schedule C WSRE-TV (1740) Pensacola , FL			
		2020 data	Donor Code
1. PROFESSIONAL SERVICES (must be eligible as NFFS)		\$9,306	2021 data
A. Legal		\$0	\$0
B. Accounting and/or auditing	BS	\$9,306	BS \$16,332
C. Engineering		\$0	\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)		\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

	2020 data	Donor Code	2021 data
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)	\$20,653		\$21,639
A. ITV or educational radio	\$0		\$0
B. State public broadcasting agencies (APBC, FL-DOE, eTech Ohio)	OT \$20,653	OT	\$21,639
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	\$29,959		\$37,971

Variance greater than 25%.

5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$7,350
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	BS	\$7,350
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.	\$29,959		\$45,321

Variance greater than 25%.

Comments

Comment	Name	Date	Status
Schedule D			
WSRE-TV (1740)			
Pensacola, FL			

	2020 data	Donor Code	2021 data
1. Land (must be eligible as NFFS)	\$		\$0
2. Building (must be eligible as NFFS)	\$		\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

	2020 data	Donor Code	2021 data
3. Equipment (must be eligible as NFFS)	\$		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$		\$0
5. Other (specify) (must be eligible as NFFS)	\$		\$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
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
a) Exchange transactions	\$		\$0
b) Federal or public broadcasting sources	\$		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$		\$0
d) Other (specify)	\$		\$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

Comments

Comment	Name	Date	Status
Schedule E			
WSRE-TV (1740)			
Pensacola , FL			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2020 data	2021 data
1. Programming and production	\$2,277,315	\$2,226,539
A. TV CSG	\$392,177	\$218,842
B. TV Interconnection	\$11,942	\$0
C. Other CPB Funds	\$8,629	\$182,508
D. All non-CPB Funds	\$1,864,567	\$1,825,189
2. Broadcasting and engineering	\$981,079	\$1,203,777
A. TV CSG	\$-12,016	\$0
B. TV Interconnection	\$9,000	\$9,510
C. Other CPB Funds	\$0	\$16,988
D. All non-CPB Funds	\$984,095	\$1,177,279
3. Program information and promotion	\$213,275	\$213,762
A. TV CSG	\$36,792	\$32,453
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$176,483	\$181,309

SUPPORT SERVICES

	2020 data	2021 data
4. Management and general	\$836,694	\$789,756
A. TV CSG	\$194,589	\$180,291
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

	2020 data	2021 data
D. All non-CPB Funds	\$642,105	\$609,465
5. Fund raising and membership development	\$598,062	\$607,910
A. TV CSG	\$180,968	\$212,398
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$417,094	\$395,512
6. Underwriting and grant solicitation	\$36	\$0
A. TV CSG	\$36	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$4,906,461	\$5,041,744
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$792,546	\$643,984
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$20,942	\$9,510
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$8,629	\$199,496
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$4,084,344	\$4,188,754

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2020 data	2021 data
9. Total capital assets purchased or donated	\$2,913,171	\$99,304
9a. Land and buildings	\$0	\$0
9b. Equipment	\$2,913,171	\$99,304
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$7,819,632	\$5,141,048

Additional Information

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2020 data	2021 data
11. Total expenses (direct only)	\$3,971,324	\$3,996,943
12. Total expenses (indirect and in-kind)	\$935,137	\$1,044,801
13. Investment in capital assets (direct only)	\$2,913,171	\$99,304
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

Comments

Comment	Name	Date	Status
Schedule F			

**WSRE-TV Annual Financial Report
For the Fiscal Years Ending June 30, 2020 and 2021**

WSRE-TV (1740)
Pensacola , FL

	2021 data
1. Data from AFR	
a. Schedule A, Line 22	\$4,019,412
b. Schedule B, Line 5	\$999,480
c. Schedule C, Line 6	\$45,321
d. Schedule D, Line 8	\$0
e. Total from AFR	\$5,064,213

Choose Reporting Model

You must choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.

- FASB
 GASB Model A proprietary enterprise-fund financial statements with business-type activities only
 GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

	2021 data
2. GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities	
a. Charges for services	\$81,263
b. Operating grants and contributions	\$1,995,665
c. Capital grants and contributions	\$43,155
d. Other revenues	\$2,944,125
e. Total From AFS, lines 2a-2d	\$5,064,208

Reconciliation

	2021 data
3. Difference (line 1 minus line 2)	\$5
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$5

Description	Amount
Rounding	\$5

Comments			
Comment	Name	Date	Status

WSRE-TV
Summary of Non-Federal Financial Support
For the Years Ending June 30, 2020 and 2021
Certified by Head of the Grantee and Independent Accountant's Report

AFR Line	WSRE-TV Description	FY 2020	FY 2021	Total
1	Direct Revenue (Schedule A)	\$2,281,542	\$2,237,661	\$4,519,203
2	Indirect Administrative (Schedule B)	\$905,178	\$999,480	\$1,904,658
3	In-kind Contributions			
	3a. In-Kind Contributions (Schedule C)	\$29,959	\$37,971	\$67,930
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	Total Non-Federal Financial Support	\$3,216,679	\$3,275,112	\$6,491,791

Scope and Methodology

We performed an attestation examination to determine WSRE-TV's compliance with CPB Financial Reporting Guidelines, provisions of the Communications Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by the grantee on its AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2020 and June 30, 2021, grant certifications of compliance with Act requirements, and certifications on its financial reports submitted to CPB.

We tested the allowability of the NFFS claimed on WSRE TV's AFRs by performing financial reconciliations and comparisons to the station's underlying accounting records (general ledgers) and the audited financial statements. We reviewed underwriting and grant agreements, contracts, and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$1,468,566 of the \$3,216,679 reported in FY 2020 and \$1,390,751 of the \$3,275,112 reported in FY 2021.

We reviewed the allowability of expenses WSRE-TV charged to the CSGs received from CPB during FYs 2020 and 2021. We reviewed the station's FY 2019 and FY 2022 general ledgers to verify CSG grant funds were expended within the two-year spending periods. To determine whether WSRE-TV incurred CSG expenditures in accordance with grant terms, we reviewed CSG expenses totaling \$577,859, that were incurred by the station during our audit period. For all the grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions. We also verified the \$260,205 of revenue received for the CARES Act and the \$515,608 of revenue received for the American Rescue Plan Act to the accounting records.

We reviewed policies, records, and documents supporting the station's compliance with the Act's requirements to provide advance notice of public meetings, make financial and EEO information available to the public, and safeguard donor lists. We also reviewed WSRE TV's website to determine its compliance with CPB's transparency requirements. We also reviewed the independent public accountant's (IPA) audit planning, internal controls, and attestation working papers for FY 2020 and FY 2021. Our procedures included interviewing grantee officials.

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

We conducted fieldwork from April 27, 2022, through January 26, 2023. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.



A Service of Pensacola State College

April 10, 2023

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

Re: Audit of Community Service and Other Grants Awarded to WSRE-TV, Pensacola State College, Pensacola, Florida for the Period July 1, 2019 through June 30, 2021, Draft Report No. AST2209-XXXX

Mr. Richardson,

Please find below WSRE-TV station's responses to the findings in the referenced draft audit report. If any further information is needed, please contact either Ms. Hubbs or myself.

We appreciate Ms. Stancil's professionalism and courtesy during the audit and look forward to reviewing the audit report during the exit conference.

Sincerely,

A handwritten signature in blue ink that reads "Laura F. Shaud".

Laura F. Shaud
Director of Business and Administration
WSRE-TV
1000 College Blvd
Pensacola, FL 32504

Finding I - Questioned Costs

The audit analysis of CSG Awards and Expenditures per the General Ledger indicates that the station was not able to substantiate that the CPB CSG 2018 – 2020 was fully expended within the grant period. The amount of the questioned costs for this grant allocation was \$52,967. Because the grant period (October 1, 2018 – September 30, 2020) does not correlate to the station's fiscal year (July 1 – June 30), grant expenditures could be incurred in each of the station's fiscal years 2018 - 2019, 2019 – 2020 and 2020 - 2021. To prepare the consolidated station financial statements, station related activity is extracted from the licensee's (Pensacola State College, abbreviated as PSC) general ledger and combined with the WSRE-TV Foundation, Inc. audited financial statements. The amount of questioned costs from this grant allocation was comprised of two separate amounts, \$33,755 and \$19,213.

For financial statement reporting purposes, the station recognizes the change in the amount of the compensated absence liability for the CSG grant funded employees annually as an increase or decrease to the related salary expenditures. For the station's fiscal year ended June 30, 2020, the compensated absence liability decreased by \$33,755. Although the grant funds were fully expended within the grant period, the entry to recognize the change in liability resulted in an equivalent decrease to expenditures in the audited financial statements. Detailed documentation supporting this entry and the effect on the total expenditures reported on the FY 2019 - 2020 Annual Financial Report (AFR) has been provided to the CPB OIG. The station acknowledges that for purposes of reporting grant expenditures and revenue on the AFR, this entry should have been disclosed as a reconciling item, to correctly reflect the amount of CSG funding expended during the fiscal year.

During the preparation of the consolidated station financial statements for the fiscal year ended June 30, 2021, an adjusting entry of \$19,213 was made to reverse the prior year's salary and benefits accrual for CSG grant funded employees. PSC changed accounting software effective July 1, 2020. The transition, from manual entries for accrual and reversal of payables to the automated process of allocating salaries and benefits costs in the appropriate fiscal year, was not clearly defined in the first year of implementation. Upon review it was determined that the reversal of the prior year's salary/benefits accrual was not required as an adjusting entry. Detailed documentation related to this entry has been provided to the CPB OIG. The remaining allocation for the CSG 2018 - 2020 was fully expended, however the adjusting entry caused expenditures for this grant allocation to be under reported on the AFR for FY 2020 - 2021. The station acknowledges that the adjusting entry was posted in error, resulting in incorrect reporting of grant expenditures and revenue on the AFR.

Finding II – Overstated NFFS

The audit found that in FY 2019 - 2020, the station reported contributions utilized for the purchase of equipment valued at less than the capitalization threshold as NFFS eligible, in conflict with CPB requirements to exclude capital contributions restricted for facilities and equipment improvements. The station acknowledges that \$4,943 utilized for the purchase of touchscreen computers and automated security locks was not excluded from NFFS. For future reporting, station staff will consult with CPB Grants personnel to determine the proper classification of any funds utilized for equipment purchases.

Also, in fiscal year 2019 -2020, the audit found offsetting errors in the application of the square footage calculation to utility expenditures allocated to the station, resulting in a net understatement of \$970 in NFFS. The station acknowledges the errors and commits to correctly applying the square footage calculation to allowable utility expenditures in the future.