



June 13, 2024

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

From: Kimberly A. Howell, Inspector General

 Digitally signed by
Kimberly Howell
Date: 2024.06.13
14:13:34 -04'00'

Subject: Evaluation of KMOJ-FM, the Center of Communications and Development,
Compliance with Selected Communications Act and General Provisions Transparency
Requirements, Report No. ECR2410-2410

We have completed an unannounced evaluation of compliance with selected requirements of the 2024 Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) awarded to KMOJ-FM, licensed to the Center of Communications and Development, Minneapolis, Minnesota. Our specific objectives were to verify compliance with 11 requirements of the Communications Act of 1934, as amended (Act) for open and closed meetings and open financial records, as well as the CSG General Provisions and Eligibility Criteria (General Provisions) for transparency as presented in Exhibit A. Background information on the station and CSG program can be found in Exhibit B.

Based on our review of KMOJ's website on March 26, 2024, we found the station was compliant with seven of the eight applicable requirements. The station was not compliant with one requirement. The remaining three requirements were not applicable.

Specifically, we found that KMOJ-FM:

- was not compliant with posting the most recent CPB Annual Financial Report (AFR) on the station's website.

In response to our Preliminary Observations, issued on April 25, 2024, the station took immediate corrective action to comply with the requirement.

We recommend that CPB require KMOJ-FM to identify the corrective actions and controls it will implement to ensure future compliance with the Act requirements for open financial records.

In response to the draft report, KMOJ-FM management stated that they believed that the station was compliant with the provision requiring posting of its Audited Financial Statements and Annual Financial Report. Management further stated that the nomenclature between the Audited Financial Statement and Annual Financial Report was not clear.

KMOJ-FM management also identified corrective actions they will take going forward. The station's response to the draft report is presented in Exhibit D.

Based on KMOJ's response to the draft report and our confirmation of corrective actions taken by the station, we consider recommendation one resolved but open pending CPB's final management decision to accept KMOJ's corrective actions.

We initiated this evaluation to address station accountability as identified in our FY 2024 Annual Plan. We conducted our evaluation in accordance with the Council of Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*. We have summarized our KMOJ-FM website review in Exhibit A, provided background on The Center of Communications and Development, KMOJ-FM, and the CSG program in Exhibit B, and provided our evaluation scope and methodology in Exhibit C.

cc: Laura Ross, Chair, CPB Board of Directors

Elizabeth 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 Committee on Labor-HHS-Education Subcommittee

U.S. House of Representatives Committee on Appropriations

U.S. House of Representative Labor-HHS-Education Appropriations Subcommittee

FINDINGS AND RECOMMENDATIONS

I. ACT COMPLIANCE

Our review of the station's website on March 26, 2024 found that KMOJ-FM was not fully compliant with Act requirements for making financial records available to the public. Specially, we found that the station's current AFR (FY 2022) was not posted to the station's website. The FY 2022 AFR was submitted to CPB on August 1, 2023 and was approved by CPB. We did find that the most recent audited financial statements for FY 2022 were posted to the website.

The Act provides:

Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation pursuant to subsection (l)(3)(B) ...

The Act, 47 U.S.C. Section 396(k)(5). 2024 CPB General Provisions and Eligibility Criteria also require that each Grantee post the following documents on its station website:

C. Open Financial Records: The Act requires stations to make available to the public their annual financial and audit reports and related financial information they are required to provide to CPB (47 U.S.C. § 396(k)(5) and § 396(1)(3)(b)). CPB also requires that Grantee post the following documents on its station website:

1. its most recent audited financial statement, or unaudited financial statement if permitted; and
2. its most recent AFR or FSR (whichever is applicable).

2024 CPB Radio CSG General Provisions and Eligibility Criteria, Section 2.
Communications Act Requirements, C. Open Financial Records.

After receiving our Preliminary Observations, dated April 25, 2024, the station's General Manager indicated that they believed that they had complied with the provision regarding posting the AFR and Audited Financial Statements (AFS) because the nomenclature was unclear regarding the difference between the AFR and AFS. The General Manager also advised us in response to the Preliminary Observations that the AFR has now been posted to the station's website, which we subsequently verified.

The station was not compliant with Act open financial records requirement on the date of our review and may be subject to penalties under CPB's Non-Compliance Policy.

Recommendation

- 1) We recommend that CPB management require KMOJ-FM to identify the corrective actions and controls it will implement to ensure future compliance with Act and CPB requirements for open financial records.

KMOJ-FM Response

In response to our draft report, KMOJ management believed it had complied with the provision requiring posting of its Audited Financial Statements and Annual Financial Report. KMOJ stated that the nomenclature between the Audited Financial Statement and the Annual Financial Report was not clear. KMOJ further stated that the website now reflects both required documents and that the station will post each document to its website at the same time going forward.

OIG Review and Comment

Based on KMOJ's response to the draft report, we consider recommendation one resolved but open pending CPB's management decision accepting the station's corrective actions to ensure future compliance.

Exhibit A

**Summary of KMOJ-FM Website Review
as of March 26, 2023**

Requirements	Met	Not Met
1) Seven-day advance notice of governing body meeting:		
a) available on website	X	
b) available by other means		
2) Seven-day advance notice of board committee meetings:		
a) available on website	N/A	
b) available by other means		
3) Seven-day advance notice of CAB meetings:		
a) available on website	X	
b) available by other means		
4) If closed meetings were held, was documentation prepared explaining the basis for closing meeting in accordance with the Act:	N/A	
a) available on website		
b) available at central office		
5) If closed meeting documentation was prepared, was it available within 10-days of the closed meeting	N/A	
6) Most recent AFR or FSR available on website		X
7) Most recent audited financial statements on website	X	
8) Senior/executive management information on website	X	
9) Governing body members on website	X	
10) CAB members on website	X	
11) Grantee's annual report on local content and services included in the grantee's current 2023 SAS on its content and services that serve local needs; and analysis about the reach and impact of the local services in its community.		
a) on website	X	
b) at central office		

Background

The Center for Communication and Development, (KMOJ-FM's licensee) is a nonprofit organization that was formed in 1976 to provide broadcast communications training and serve as an information and communications vehicle for the Twin Cities African American community. According to its website, the Center for Communication and Development was awarded a broadcasting license from the Federal Communications Commission in March 1976 and on June 22, 1976, KMOJ-FM was created and began operating.

The station's call letters, "KMOJ" were inspired by the Swahili word "UMOJA" which means "Unity." KMOJ's venue includes comprehensive public affairs programming, and a staple of positive urban contemporary music targeted to the listening audience in the following genres: Rhythm and Blues, Hip-Hop, Gospel, Reggae, Jazz, and Blues. As KMOJ has grown, the focus shifted from targeting the African American community to all communities of color. According to its website, KMOJ is recognized as "*The People's Station*" to signify its broad audience and purpose of empowering the greater community through education and information.

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. CPB distributes these funds through its CSG program. Grant award amounts are based in part on the amount of Non-Federal Financial Support (revenues) claimed by all stations on their AFR and Financial Summary Report (FSR) submitted to CPB.

In addition to the annual filing of a station's AFR or FSR for radio and/or television, the chief executive of the station and a licensee official annually certify to CPB the station's compliance with Act requirements and selected General Provisions requirements in the legal agreement awarding the station CSG funds.

These certifications specifically address open and closed meetings, open financial records, Community Advisory Board, CPB Employment Statistical Report, and donor information requirements under Section IV Communications Act Compliance of the agreement. Station officials responsible for closed meetings and the CPB Employment Statistical Report requirements are identified in the grant agreement. The certification also includes website postings required under Section V. Selected General Provisions Requirements of the agreement.

Scope and Methodology

We performed an evaluation of KMOJ-FM's compliance with selected provisions of the Act and grant certification requirements. Our specific objectives were to verify compliance with selected Act requirements for open and closed meetings and open financial records, as well as 2024 Radio Community Service Grants General Provisions and Eligibility Criteria for transparency.

The scope of the evaluation included reviews of the information posted on the station's website as of March 26, 2024, as well as information provided in response to our Preliminary Observations issued on April 25, 2024.

We reviewed documents supporting the station's compliance with the Act requirements to provide advance notice of public meetings, notice of closed meeting reasons, and make financial information available to the public. We also reviewed the station's website and processes to determine its compliance with CPB's transparency requirements for eligibility. We informed station management of our evaluation on April 25, 2024, and we requested additional information to support the station's compliance, including information on whether the public was notified timely of meetings for committees of the Board of Directors and whether closed meetings occurred for the Board of Directors and its committees or the Community Advisory Board.

We also reviewed CPB's Integrated Station Information System (ISIS) to determine if the evaluated information made available to the public was the most recent information submitted to CPB. In addition, we verified with station management that board and management listings posted to its website were current.

Our fieldwork was conducted from March 26, 2024 through April 29, 2024 and our evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.



Gerald Evans

June 10, 2024

CEO/GM KMOJ-FM

Center for Communication and Development

2123 W. Broadway, Suite 200

Minneapolis, MN

William J. Richardson III
Deputy Inspector General
Office of Inspector General
Corporation for Public Broadcasting

Dear Mr. Richardson,

This email is in response to the findings that KMOJ's Annual Financial Report was not posted to the station's website. KMOJ believed it had complied with the provision requiring posting of its Annual Financial Statements/ Annual Financial Report. The nomenclature of the difference between the Audited Financial Statement and the Annual Financial Report was not clear. KMOJ believed it had complied. The following corrective action has been taken. The website now reflects both required documents and the station will post each document to its website at the same time going forward.

Cordially,

Gerald Evans

A handwritten signature in dark ink, appearing to read "Gerald Evans", is written over the printed name.

CEO/GM KMOJ-FM

612-377-0594