



Corporation
for Public
Broadcasting

December 9, 2021

VIA ELECTRONIC MAIL

Mr. Jerry Nadal
President & CEO
Nevada Public Radio
1289 S Torrey Pines Dr
Las Vegas, NV 89146

Dear Mr. Nadal,

RE: Audit of Community Service and Other Grants Awarded to Nevada Public Radio, KNPR, Las Vegas, Nevada for the Period October 1, 2018 through September 30, 2020, (Report No. ASR2109-2113)

The Corporation for Public Broadcasting (CPB) awarded \$1.21 million in grants to Nevada Public Radio, licensee of KNPR-FM (KNPR), over a two-year period. The audit report referenced above concluded that KNPR complied with the CSG Certification of Eligibility, the numerous provisions in the Communications Act of 1934, 47 U.S.C. §396, et sec. (Communications Act or Act), CPB's guidelines concerning non-federal financial support (NFFS), and the terms of its community service grants (CSGs), with two exceptions. Namely, that KNPR overstated non-federal financial support (NFFS) resulting in CSG overpayments of \$96,188¹ and did not fully comply with advance notice requirements.

The specific findings and CPB's determinations for KNPR follow.

I. Recommendations 1 and 2: CSG Overpayment of \$96,188 and Financial Reporting Errors

A. Unrelated Business Income

CPB Guidelines² provide that unrelated business income must be excluded from NFFS. The audit found that KNPR overstated its underwriting contributions by including unrelated business income from its print magazine business, which resulted in a total CSG overpayment of \$84,741. Consequently, it recommended that CPB recover these overpayments and require KNPR to identify corrective actions it will implement to ensure that unrelated business revenues are reported in accordance with CPB

¹ The total CSG overpayment amount differs slightly from that in the audit report because the FY 2022 Incentive Rate of Return was unavailable when the report was published.

² CPB FY 2019 and FY 2020 Financial Reporting Guidelines (CPB Guidelines), Part II, Section V. NFFS: Excluded Revenues.

Guidelines.

KNPR agreed with the findings and confirmed that it adopted new financial reporting policies and procedures, in its response letter dated September 14, 2021. We also agree with this finding and, with the information provided, we are confident that KNPR understands and will comply with CPB's Guidelines for reporting unrelated business revenues. No further documentation is required.

Action: KNPR must return \$84,741 in CSG overpayments which CPB will collect through an offset to its fiscal year (FY) 2023 CSG.

B. Contributions without Constructive Receipt and from Ineligible Sources

CPB Guidelines³ stipulate that underwriting contributions provided through a third party must be constructively received by the station to be considered NFFS. Additionally, the Guidelines⁴ provide that contributions from public broadcasting entities may not be reported as NFFS. The audit found \$202,795 of KNPR's underwriting revenues were not constructively received and that \$5,026 were provided by public broadcasting entities, resulting in CSG overpayments of \$10,244.

The audit recommended that CPB recover these overpayments and require KNPR to identify corrective actions it will implement to ensure that underwriting revenues are reported in compliance with CPB Guidelines.

We and the station agreed with the CSG overpayment and in its response letter dated September 14, 2021, KNPR explained that it added new policies and procedures for processing underwriting contributions. With this we are satisfied that the station understands the requirements, and we will not require that KNPR provide any additional documentation.

Action: KNPR must return \$10,244 in CSG overpayments which CPB will collect through an offset to its FY 2023 CSG.

C. Ineligible Advertising Revenues

CPB Guidelines⁵ specify that advertising revenues provided through non-over-the-air broadcast media are excluded from NFFS. The audit identified \$3,999 in advertising revenue that the station misreported as NFFS, resulting in CSG overpayments of \$197. As a result, the audit recommended that CPB recover these funds and require KNPR to identify corrective actions it will implement to ensure that it reports advertising revenue consistent with CPB Guidelines.

KNPR, per its September 14, 2021 correspondence, agreed with the findings on NFFS overstatement and addressed the issue with its new accounting policies and procedures. We agree that the station must return the CSG overpayment and considering the new

³ CPB Guidelines, Part II, Section VI. NFFS: Underwriting Revenues.

⁴ CPB Guidelines, Part II, Section V. NFFS: Excluded Revenues.

⁵ CPB Guidelines, Part II, Section V. NFFS: Excluded Revenues.

accounting policies and procedures adopted by KNPR, we will not require any additional documentation.

Action: KNPR must return the \$197 in CSG overpayments which CPB will collect by an offset to its FY 2023 CSG.

D. Ineligible In-Kind Donations

CPB Guidelines⁶ specify the in-kind donations that may be reported as NFFS and describe the required documentation. The audit identified several transactions that either lacked sufficient documentation or included disallowed revenues, resulting in CSG overpayments of \$1,006. As a result, it recommended that CPB recover these funds and require KNPR to identify corrective actions it will implement to ensure that in-kind contributions meet CPB Guidelines.

KNPR agreed with the findings in its September 14, 2021 correspondence. We also agree that the overpayments must be returned; however, considering the amount and the information provided in KNPR's correspondence, we are confident that it understands the requirements and will not require additional documentation.

Action: KNPR must return the \$1,006 in CSG overpayments which CPB will collect by an offset to its FY 2023 CSG.

E. CSG Non-compliance Policy

CPB adopted the CSG Non-compliance Policy to encourage grantees to comply with the applicable provisions governing their CSG and the Communications Act. Failure to comply with these requirements which results in a CSG overpayment subjects the recipient to a ten percent penalty of the overpayment amount. Therefore, CPB will assess a ten percent penalty or \$9,619 on the \$96,188 overpayment set forth above.

Action: KNPR must provide the \$9,619 penalty to CPB within 45 days of the date of this correspondence.

II. Recommendations 3 and 4: Open and Closed Meetings - Communications Act and General Provisions Compliance

The Communications Act requires that stations provide advance notice of their open governing body meetings including their open committee meetings, and CPB finds stations compliant if they provide at least seven-days' advance notice⁷. The Act also requires that the reasons for closed meetings must be documented and made available to the public, and CPB finds stations compliant if the written documentation is available within 10 days of the meeting⁸.

The audit found KNPR did not give adequate notice for 33 of 53 open meetings reviewed, that it

⁶ CPB Guidelines, Part II, Section VII. NFFS: In-kind Contributions.

⁷ CSG 2021 Compliance Document, Section 1.E. Notice of Open Meetings

⁸ CSG 2021 Compliance Document, Section 2.C. Closed Meeting Documentation

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did not document the reasons for closing 15 of 30 meetings and that it did not make that documentation available for inspection within the required 10-day period. It also noted that KNPR assessed its processes for closing meetings and making the closed meeting documentation available while the audit fieldwork was ongoing, and it recommended that CPB require KNPR to identify the corrective actions it will implement to ensure the public receives the required notice of upcoming meetings and that the reasons for closing meetings are documented and available for inspection within 10 days thereof.

KNPR agreed with the finding and explained the steps it will take to correct the issues identified in its response letter dated September 14, 2021. We agree with this finding and, based on said correspondence and KNPR's prompt assessment of its procedures, we are satisfied that the station understands the requirements. Therefore, we will not require additional documentation.

In accordance with the CSG Non-compliance Policy, failure to comply with a category in the Act subjects the station to a penalty of \$5,000. Considering the prompt steps KNPR took to correct this failure and the overall audit findings, we will assess a reduced penalty of \$2,500.

Action: KNPR must provide \$2,500 in penalties for these non-compliance issues, within 45 days of the date of this correspondence.

CPB will recover the CSG overpayments of \$96,188 through a reduction to KNPR's FY 2023 CSG award and will notify the grantee when the grant adjustment is made.

Within 45 days of the date of this correspondence, please forward a check in the amount of \$12,119 for the non-compliance penalties. The check should be made payable to CPB, and sent to the attention of Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within 30 days of the date of this letter. Otherwise, CPB will consider these determinations final, and KNPR must comply with the actions set forth above. CPB reserves the right to take any other action it deems appropriate until these issues are resolved to CPB's satisfaction.

Kind regards,

Jackie J. Livesay

Jackie J. Livesay
Deputy General Counsel & Vice President, Compliance

CC: VIA ELECTRONIC MAIL

Richard Dreitzer, Chairman of the Board, Nevada Public Radio
Michael Levy, Executive Vice President & Chief Operating Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB

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Kimberly Howell, Inspector General, CPB
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Kathy Merritt, Senior Vice President, Radio, Journalism & CSG Services, CPB
Katherine Arno, Vice President, Community Service Grants and Station Initiatives, CPB
Nick Stromann, Vice President, Controller, CPB
Tim Bawcombe, Director, Television CSG Policy & Review, CPB
Andrew Charnik, Director, Radio CSG Policy & Administration, CPB
Forrest Lillibridge, Director, Grants Administration, CPB
Pat Saks, Director, Business & Administration, CPB