

PACIFICA FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 1996

REPORT OF THE INDEPENDENT AUDITORS

Board of Directors
Pacifica Foundation
Los Angeles, California

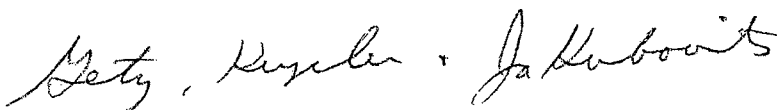
We have audited the accompanying statement of financial position of the Pacifica Foundation (a nonprofit organization) at September 30, 1996, and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pacifica Foundation at September 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 15, 1997, on our consideration of Pacifica Foundation's internal control structure and a report dated February 15, 1997, on its compliance with laws and regulations.

As discussed in Note 2 to the financial statements, in 1996, the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.



Getz, Krycler & Jakubovits
An Accountancy Corporation

February 15, 1997

PACIFICA FOUNDATION
FOR THE YEAR ENDED SEPTEMBER 30, 1996

Table of Contents

	<u>Page</u>
Auditor's Report	1
Financial Statements:	
Statement of Financial Position by Division as at September 30, 1996	2-3
Statement of Activities by Division for the year ended September 30, 1996	4
Schedule of Donated Services, Material and Facilities by Division for the year ended September 30, 1996	5
Schedule of Functional Expenses by Division for the year ended September 30, 1996	6-8
Statement of Cash Flows by Division for the year ended September 30, 1996	9
Notes to the Financial Statements	10-21

PACIFICA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 1996

	<u>ASSETS</u>									
	Totals	Eliminations	KPFA	KPKF	WBAl	KPFT	WPFW	National Office		
CURRENT ASSETS										
Cash in bank	\$ 445,180	\$ -	\$ 90,824	\$ 66,544	\$ 16,967	\$ 11,219	\$ 2,974	\$ 256,652		
Investments	884,014	-	302,036	212,626	39,176	-	-	330,176		
Accounts receivable	367,555	-	113,180	22,614	38,087	18,029	9,792	165,853		
Inter-division receivable	-	(911,493)	-	2,439	25,288	-	-	883,766		
Prepaid expenses	36,760	-	36,760	-	-	-	-	-		
TOTAL CURRENT ASSETS	1,733,509	(911,493)	542,800	304,223	119,518	29,248	12,766	1,636,447		
PROPERTY AND EQUIPMENT										
Land	632,428	-	481,069	88,475	-	62,884	-	-		
Building and Improvements	2,579,327	-	1,965,480	263,852	-	99,406	-	250,589		
Equipment	4,522,494	-	1,585,168	742,526	851,357	349,476	648,968	344,998		
Leasehold Improvements	691,077	-	-	-	457,868	6,200	88,096	138,913		
Furniture and fixtures	289,041	-	103,293	19,084	48,409	20,164	83,359	14,732		
Motor vehicles	5,604	-	3,954	-	-	1,650	-	-		
	8,719,971	-	4,138,964	1,113,937	1,357,634	539,780	820,423	749,232		
Less: Accumulated depreciation	3,733,453	-	1,359,807	693,263	718,628	261,670	395,838	304,247		
PROPERTY AND EQUIPMENT, NET	4,986,518	-	2,779,157	420,674	639,006	278,110	424,585	444,985		
OTHER ASSETS										
Station license, net of amortization of \$79,000	1,000	-	-	-	-	-	-	1,000		
Other, including deposits	107,786	-	1,750	12,650	23,001	28,225	16,761	25,399		
Program endowment, restricted	414,499	-	200,058	-	-	-	-	214,441		
TOTAL OTHER ASSETS	523,285	-	201,808	12,650	23,001	28,225	17,761	239,840		
TOTAL ASSETS	\$ 7,243,311	\$ (911,493)	\$ 3,523,765	\$ 737,547	\$ 781,525	\$ 335,583	\$ 455,112	\$ 2,321,272		

PACIFICA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 1996

	LIABILITIES AND NET ASSETS									
	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Office		
CURRENT LIABILITIES										
Accounts payable and accrued expenses	\$ 641,704	\$ -	\$ 69,236	\$ 67,546	\$ 227,358	\$ 82,766	\$ 61,265	\$ 133,533		
Loans payable - other	5,317	-	-	-	-	-	5,317	-		
Deferred grant income	23,077	-	19,077	-	-	-	-	4,000		
Inter-division payable	-	(911,493)	22,491	-	-	212,672	676,330	-		
Loans payable - Bank - current portion	44,167	-	44,167	-	-	-	-	-		
Deferred income - other	51,676	-	45,671	-	5,000	-	-	-		1,005
Deposits	1,200	-	1,200	-	-	-	-	-		-
TOTAL CURRENT LIABILITIES	767,141	(911,493)	201,842	67,546	232,358	295,438	742,912	138,538		
LONG-TERM DEBT, NET OF CURRENT MATURITIES	547,243	-	532,500	-	-	-	14,743	-		
TOTAL LIABILITIES	1,314,384	(911,493)	734,342	67,546	232,358	295,438	757,655	138,538		
COMMITMENTS AND CONTINGENCIES	-	-	-	-	-	-	-	-		
NET ASSETS										
Unrestricted	4,647,350	-	2,390,371	458,682	424,068	27,945	(302,543)	1,648,827		
Temporarily restricted	935,512	-	249,052	211,319	125,099	12,200	-	337,842		
Permanently restricted	346,065	-	150,000	-	-	-	-	196,065		
TOTAL NET ASSETS	5,928,927	-	2,789,423	670,001	549,167	40,145	(302,543)	2,182,734		
TOTAL LIABILITIES AND NET ASSETS	\$ 7,243,311	\$ (911,493)	\$ 3,523,765	\$ 737,547	\$ 781,525	\$ 335,583	\$ 455,112	\$ 2,321,272		

The accompanying notes are an integral part of these financial statements.
GETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Office
RESTRICTED NET ASSETS								
UPPORT								
Foster support / Donations	\$ 5,497,140	\$ -	\$ 1,651,357	\$ 1,300,798	\$ 1,566,851	\$ 310,357	\$ 553,946	\$ 113,831
Grants	1,598,204	-	574,439	222,343	424,580	91,510	128,978	156,354
Community events	483,133	-	165,460	4,326	309,702	1,195	2,450	-
CA income	767,448	-	2,000	54,466	33,179	54,925	109,500	513,378
Miscellaneous	496,188	(12,000)	148,205	5,905	6,525	794	1,347	345,412
Unrealized investment gains & losses	8,495	-	7,752	(275)	(20)	-	-	1,038
Central services	-	(1,250,867)	-	-	-	-	-	1,250,867
NET ASSETS RELEASED FROM RESTRICTIONS	8,850,608	(1,262,867)	2,549,213	1,587,563	2,340,817	458,781	796,221	2,380,880
DONATED SERVICES & EQUIPMENT	227,833	-	38,118	-	-	-	-	189,715
	223,262	-	41,621	30,800	118,361	-	-	32,480
TOTAL UNRESTRICTED REVENUE & OTHER SUPPORT	9,301,703	(1,262,867)	2,628,952	1,618,363	2,459,178	458,781	796,221	2,603,075
EXPENDITURES								
Program services	5,073,005	-	1,387,042	570,903	1,183,922	301,943	490,260	1,138,935
Management & general	1,533,772	(12,000)	235,901	141,118	292,648	84,993	164,882	626,230
Fundraising	2,090,994	-	561,246	302,015	640,053	126,366	284,368	176,956
Community events	380,723	-	112,069	-	267,082	1,572	-	-
Central services	-	(1,250,867)	373,205	233,211	459,754	74,306	110,391	-
TOTAL EXPENDITURES	9,078,494	(1,262,867)	2,669,463	1,247,247	2,843,459	589,170	1,049,901	1,942,121
INCREASE IN UNRESTRICTED NET ASSETS	234,899	-	-	204,950	17,749	12,200	-	-
DONATED SERVICES & EQUIPMENT	223,262	-	41,621	30,800	118,361	-	-	32,480
TOTAL EXPENSES	9,536,655	(1,262,867)	2,711,084	1,482,997	2,979,569	601,370	1,049,901	1,974,601
	(234,952)	-	(82,132)	135,366	(520,391)	(142,589)	(253,680)	628,474
CHANGE IN UNRESTRICTED NET ASSETS	7,066	-	(38,118)	204,950	17,749	12,200	-	(189,715)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	(227,886)	-	(120,250)	340,316	(502,642)	(130,389)	(253,680)	438,759
Net assets restricted (released from restriction)	(3,820)	-	-	-	-	-	(3,820)	-
INCREASE (DECREASE) IN NET ASSETS	(227,886)	-	(120,250)	340,316	(502,642)	(130,389)	(253,680)	438,759
LOSS ON ABANDONMENT OF IMPROVEMENTS								
Accumulative effect of change in accounting principle	452,137	-	84,134	15,260	290,243	32,298	10,069	20,133
Inter-company fund balance adjustment	-	-	217,323	-	-	-	-	(217,323)
Net assets - Beginning of year	5,708,496	-	2,608,216	314,425	761,566	138,236	(55,112)	1,941,165
NET ASSETS - End of year	\$ 5,928,927	\$ -	\$ 2,789,423	\$ 670,001	\$ 549,167	\$ 40,145	\$ (302,543)	\$ 2,182,734

The accompanying notes are an integral part of these financial statements.
ETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
 SCHEDULE OF DONATED SERVICES, MATERIALS AND FACILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	KPFA	KPFK	WBAI	KPFT	WPFW	National Office
DONATED SERVICES, MATERIALS AND FACILITIES							
Accounting & legal	\$ 22,671	\$ -	\$ -	\$ 10,521	\$ -	\$ -	\$ 12,150
Technical	10,400	-	10,400	-	-	-	-
Programming service	22,600	22,600	-	-	-	-	-
Operating expenses	20,196	7,696	-	12,500	-	-	-
Other professional services	147,395	11,325	20,400	95,340	-	-	20,330
TOTAL DONATED SERVICES AND MATERIALS EXCLUDING EQUIPMENT	\$ 223,262	\$ 41,621	\$ 30,800	\$ 118,361	\$ -	\$ -	\$ 32,480

DONATED EQUIPMENT

Equipment (included in listner support)	\$ 6,095	\$ -	\$ 6,095	\$ -	\$ -	\$ -	\$ -
---	----------	------	----------	------	------	------	------

The accompanying notes are an integral part of these financial statements.
 GETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES-PROGRAM SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Office
SALARIES AND RELATED EXPENSES								
Salaries	\$ 1,832,180	\$ -	\$ 554,197	\$ 218,378	\$ 396,775	\$ 96,206	\$ 142,260	\$ 424,364
Payroll taxes	165,732	-	49,572	19,972	33,899	9,332	15,238	37,719
Employee benefits	175,569	-	62,805	16,233	35,020	8,016	9,157	44,338
Consultants	152,182	-	13,651	15,680	1,764	-	12,497	108,590
TOTAL SALARIES AND RELATED EXPENSES	2,325,663	-	680,225	270,263	467,458	113,554	179,152	615,011
OTHER EXPENSES								
Legal fees	65,240	-	4,161	24,236	33,319	493	1,077	1,954
Supplies	74,532	-	8,529	11,173	30,007	2,613	9,221	12,989
Telephone	317,071	-	46,301	43,915	83,570	16,829	38,299	88,157
Postage & shipping	49,970	-	6,828	1,821	7,354	1,427	2,220	30,320
Rent	206,069	-	-	-	118,475	-	58,010	29,584
Equipment rental	250,534	-	7,064	2,830	175,028	37,934	24,954	2,724
Printing & publications	3,490	-	3,020	-	-	470	-	-
Travel	36,716	-	1,973	1,311	3,247	367	3,176	26,642
Conferences & meetings	89,964	-	13,215	14,445	16,310	13,677	8,619	23,698
Interest	44,310	-	44,310	-	-	-	-	-
Depreciation & amortization	314,853	-	152,216	42,062	63,998	18,958	37,619	-
Associations & periodicals	15,244	-	2,234	1,468	1,262	880	1,415	7,985
Bank charges	98,194	-	28,663	11,605	40,312	8,043	7,768	1,803
Insurance	75,163	-	-	-	-	-	-	75,163
News service	127,515	-	22,813	34,833	25,869	5,839	-	38,161
Other administrative	28,324	-	23	1,719	3,199	1,596	18,984	2,803
Other programming	109,543	-	5,056	3,624	17,122	26,832	5,785	51,124
Property taxes	26,262	-	4,982	336	10,269	8,371	1,442	862
Repairs & maintenance - general	91,844	-	29,162	16,849	15,393	3,888	24,041	2,511
Repairs & maintenance - technical	83,296	-	7,779	20,038	15,208	14,353	22,110	3,808
Satellite interconnect	117,980	-	11,224	6,000	18,322	6,000	13,072	63,362
Special projects	257,921	-	244,199	-	-	-	-	13,722
Tapes & supplies	74,068	-	11,661	12,618	13,097	398	60	36,234
Utilities	189,239	-	51,404	49,757	25,103	19,421	33,236	10,318
TOTAL OTHER EXPENSES	2,747,342	-	706,817	300,640	716,464	188,389	311,108	523,924
TOTAL PROGRAM SERVICE EXPENDITURES	\$ 5,073,005	\$ -	\$ 1,387,042	\$ 570,903	\$ 1,183,922	\$ 301,943	\$ 490,260	\$ 1,138,935

The accompanying notes are an integral part of these financial statements.
GETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
 SCHEDULE OF FUNCTIONAL EXPENSES-MANAGEMENT & GENERAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	National Office
SALARIES AND RELATED EXPENSES								
Salaries	\$ 926,345	\$ -	\$ 148,550	\$ 99,118	\$ 225,276	\$ 62,084	\$ 55,266	\$ 336,051
Payroll taxes	83,281	-	13,287	9,064	19,247	6,023	5,920	29,740
Employee benefits	63,613	-	16,835	7,368	19,883	5,172	3,558	10,797
Consultants	7,341	-	-	-	-	-	5,468	1,873
TOTAL SALARIES AND RELATED EXPENSES	1,080,580	-	178,672	115,550	264,406	73,279	70,212	378,461
OTHER EXPENSES								
Accounting fees	30,240	-	-	-	-	-	-	30,240
Legal fees	29,549	-	640	3,212	2,083	67	471	23,076
Supplies	15,423	-	1,312	1,481	1,876	353	4,035	6,366
Telephone	44,142	-	7,124	5,820	5,223	2,275	16,756	6,944
Postage & shipping	5,386	-	1,050	241	460	193	972	2,470
Rent	32,784	(12,000)	-	-	7,405	-	25,379	12,000
Equipment rental	4,553	-	1,087	143	-	581	2,742	-
Printing & publications	529	-	465	-	-	64	-	-
Travel	9,854	-	303	174	203	50	1,389	7,735
Conferences & meetings	72,722	-	2,033	1,914	1,020	1,849	3,771	62,135
Interest	6,817	-	6,817	-	-	-	-	-
Depreciation & amortization	80,386	-	23,418	5,574	4,000	2,562	16,458	28,374
Associations & periodicals	2,827	-	344	195	79	119	619	1,471
Bank charges	14,672	-	4,410	1,538	2,520	1,087	3,399	1,718
Insurance	22,704	-	-	-	-	-	-	22,704
List rental expenses	4,606	-	-	-	-	-	-	4,606
Other administrative	33,061	-	4	228	200	216	2,101	30,312
Property taxes	6,402	-	766	45	642	1,131	631	3,187
Repairs & maintenance - general	20,747	-	4,487	2,233	962	525	10,518	2,022
Utilities	15,788	-	2,969	2,770	1,569	642	5,429	2,409
TOTAL OTHER EXPENSES	453,192	(12,000)	57,229	25,568	28,242	11,714	94,670	247,769
TOTAL MANAGEMENT & GENERAL EXPENDITURES	\$ 1,533,772	\$ (12,000)	\$ 235,901	\$ 141,118	\$ 292,648	\$ 84,993	\$ 164,882	\$ 626,230

The accompanying notes are an integral part of these financial statements.
 BETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES-FUNDRAISING
FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	Eliminations	KPFA	KPKF	WBAL	KPFT	WPFW	National Office
SALARIES AND RELATED EXPENSES								
Salaries	\$ 573,186	\$ -	\$ 166,163	\$ 97,759	\$ 128,792	\$ 42,927	\$ 81,441	\$ 56,104
Payroll taxes	52,772	-	14,863	8,940	11,004	4,165	8,723	5,077
Employee benefits	48,983	-	18,831	7,267	11,367	3,576	5,243	2,699
Consultants	7,106	-	5,076	-	-	-	1,562	468
TOTAL SALARIES AND RELATED EXPENSES	682,047	-	204,933	113,966	151,163	50,668	96,969	64,348
OTHER EXPENSES								
Legal fees	14,545	-	534	1,752	6,248	107	135	5,769
Supplies	29,586	-	9,984	3,962	5,627	565	7,856	1,592
Telephone	34,942	-	5,936	3,174	15,669	3,639	4,788	1,736
Postage & shipping	147,423	-	68,673	20,870	39,328	7,335	10,600	617
Rent	29,465	-	-	-	22,214	-	7,251	-
Equipment rental	2,696	-	906	78	-	929	783	-
Printing & publications	70,374	-	20,113	7,495	25,583	3,839	7,423	5,921
Travel	7,164	-	283	95	1,330	79	397	4,980
Conferences & meetings	25,364	-	1,695	1,044	3,058	2,957	1,077	15,533
Interest	5,681	-	5,681	-	-	-	-	-
Depreciation & amortization	50,450	-	19,515	3,041	12,000	4,099	4,702	7,093
Associations & periodicals	1,365	-	287	106	237	190	177	368
Bank charges	15,358	-	3,820	839	7,559	1,739	971	430
Computer supplies	13,007	-	-	-	6,342	3,459	3,206	-
Direct mail & telemarketing	358,213	-	121,000	52,167	93,033	23,224	42,731	26,058
Insurance	11,122	-	-	-	-	-	-	11,122
Other administrative	6,185	-	1,346	124	600	345	600	3,170
Other development	28,925	-	6,460	3,127	16,688	2,650	-	-
Mailing services	60,001	-	34,607	7,796	9,707	-	-	7,891
Premiums & marathon	468,433	-	48,620	79,626	214,148	16,853	89,966	19,220
Property taxes	4,579	-	639	24	1,926	1,810	180	-
Repairs & maintenance - general	12,195	-	3,739	1,218	2,886	841	3,005	506
Utilities	11,874	-	2,475	1,511	4,707	1,028	1,551	602
TOTAL OTHER EXPENSES	1,408,947	-	356,313	188,049	488,890	75,688	187,399	112,608
TOTAL FUNDRAISING EXPENDITURES	\$ 2,090,994	\$ -	\$ 561,246	\$ 302,015	\$ 640,053	\$ 126,356	\$ 284,368	\$ 176,956

The accompanying notes are an integral part of these financial statements.
GETZ, KRYCLER & JAKUBOVITS AN ACCOUNTANCY CORPORATION

PACIFICA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Office
CASH FLOWS FROM OPERATING ACTIVITIES:								
Increase (decrease) in net assets	\$ (227,886)	\$ -	\$ (120,250)	\$ 340,316	\$ (502,642)	\$ (130,389)	\$ (253,680)	\$ 438,759
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Depreciation & amortization	445,689	-	195,149	50,677	79,998	25,619	58,779	35,467
In-kind contributions of equipment	-	-	-	-	-	-	-	-
Changes in assets & liabilities:								
Accounts receivable	(261,701)	(93,920)	(14,614)	(18,029)	(38,087)	(18,029)	4,390	(101,441)
Prepaid expenses	14,372	(7,275)	-	-	21,647	-	-	-
Other assets	23,948	-	(575)	(25,225)	45,720	(25,225)	4,028	-
Accounts payable accrued expenses	269,465	(896)	12,902	56,975	153,097	56,975	488	46,899
Deferred grant income	(15,091)	(19,091)	-	-	-	-	-	4,000
Deferred income - other	(65,287)	38,855	-	-	(87,972)	-	-	(16,170)
Deposits	-	-	-	-	-	-	-	-
Cumulative change in accounting principle	452,137	-	84,134	15,260	290,243	32,298	10,069	20,133
NET CASH FROM OPERATING ACTIVITIES	635,646	-	76,706	403,966	(37,996)	(58,751)	(175,926)	427,647
CASH FLOWS FROM INVESTING ACTIVITIES:								
Acquisition of land, buildings & equipment	(686,434)	-	(19,787)	(117,481)	(149,478)	(11,664)	(221,062)	(166,962)
Investments & program endowment	(702,546)	-	(285,229)	(212,626)	(39,176)	-	-	(165,515)
NET CASH FROM INVESTING ACTIVITIES	(1,388,980)	-	(305,016)	(330,107)	(188,654)	(11,664)	(221,062)	(332,477)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Inter-division receivables	(945,698)	(472,849)	41,021	(2,439)	(25,288)	-	-	(486,143)
Loans payable - bank	(44,065)	-	(39,166)	-	-	-	(4,899)	-
Inter-division payables	945,698	472,849	22,491	(16,963)	(4,314)	69,582	402,053	-
Loan payable - other	132	-	217,323	-	-	-	583	(451)
Inter-company fund balance adjustment	-	-	-	-	-	-	-	(217,323)
NET CASH FROM FINANCING ACTIVITIES	(43,933)	-	241,669	(19,402)	(29,602)	69,582	397,737	(703,917)
NET CHANGE IN CASH	(797,267)		13,359	54,457	(256,252)	(833)	749	(608,747)
Cash at beginning of year	1,242,447		77,465	12,087	273,219	12,052	2,225	865,399
Cash at end of year	\$ 445,180	\$ -	\$ 90,824	\$ 66,544	\$ 16,967	\$ 11,219	\$ 2,974	\$ 256,652

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

Organization and Description of Operations

Pacifica Foundation was organized in 1949 and currently operates, on a non-profit basis, five FM radio stations maintaining a program tape library which is used to sell and rent taped programs.

The financial statements include the operations of the following units:

Radio Station - KPFA - Berkeley, California
Radio Station - KPFK - Los Angeles, California
Radio Station - KPFT - Houston, Texas
Radio Station - WBAI - New York, New York
Radio Station - WPFW - Washington, D.C.
Pacifica Foundation National Units

All significant inter-division accounts have been eliminated.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued)

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Income Recognition from Grants and Earmarked Funds

Funds received under grants from various governmental agencies and private sources are shown as deferred income when received. These amounts are recorded as income when the funds are disbursed in order to more closely match revenue with the related expenditure.

Income Taxes

The Foundation has qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Intangible Assets

The cost of a broadcasting license is being amortized on a straight-line method over 20 years from the date of acquisition (1977). Amortization charged to operations amounted to \$4,000 in the year ended September 30, 1996. (Radio station - WPFW).

The foundation also owns the broadcasting licenses of its other four stations. These licenses were acquired at no cost to the Foundation.

Donated Services, Materials and Facilities

In-kind contributions of services, materials and facilities represent individually provided professional services valued at the donor's normal compensation to the general public. These services typically consist of legal and accounting service, advertising, professional contract services and program function. These contributions have been valued at the fair market value of the services to the general public.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLES

The Foundation adopted the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations*, by restating net assets as of September 30, 1995. Statement No. 116 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The Foundation adopted Statement No. 116 by restating net assets as of September 30, 1995. Unrestricted net assets as of September 30, 1995 were increased by \$420,215, which represents unconditional promises to give not reported as of September 30, 1995. The effect of Statement No. 116 on the Foundation's change in net assets for 1996 was an increase of \$145,657.

The Foundation changed its policy of accounting for investments from lower of cost or market to fair value in accordance with Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The Foundation adopted the provisions of Statement No. 124 by restating the net assets as of September 30, 1995. Unrestricted net assets as of September 30, 1995 were increased by \$31,922, which represents the unrealized gains on investments that were not recognized previously. The effect of Statement No. 124 on the Foundation's change in net assets for 1996 was an increase of \$8,495. That effect is included in changes in unrestricted net assets because the gains and losses are unrestricted.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 3 - INVESTMENTS

Investments, stated at fair market value as of September 30, 1996 consist of the following:

	<u>COST</u>	<u>MV</u>	<u>UNREALIZED GAIN (LOSS)</u>
U.S. Treasury Bills	\$ 19,499	\$ 19,540	\$ 41
U.S. Treasury Notes	649,246	650,835	1,589
U.S. Government Securities	127,263	129,325	2,062
Corporate Bonds	246,385	239,781	(6,604)
Stocks	215,699	259,032	43,333
	<u>\$1,258,092</u>	<u>\$1,298,513</u>	<u>\$40,421</u>
Investments	\$ 885,265	\$ 884,014	\$ (1,251)
Endowment	372,827	414,499	41,672
	<u>\$1,258,092</u>	<u>\$1,298,513</u>	<u>40,421</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 1996:

	<u>UNRESTRICTED</u>
Interest and dividend income	\$73,329
Realized gains and losses	15,601
Unrealized gains and losses	<u>8,495</u>
Total investment return	<u>\$97,425</u>

NOTE 4 - RESTRICTED CASH

In accordance with the provisions of each grant, the funds received are restricted in use and must be used for their intended purposes. In general, the restrictions are that the funds be used for the operation of the radio stations but also contain specific restrictions such as salaries, consulting fees for special events and other similar expenditures. All other revenues are considered to be available for unrestricted use except for various endowments specifically restricted by the donor, and various funds earmarked by Pacifica's Board of Directors for specific projects.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 5 - LOANS PAYABLE, CONTRACTS PAYABLE, LONG-TERM DEBT

Loans Payable - Other, consisted of the following:

	<u>September 30, 1996</u>	
	<u>Current</u>	<u>Long-Term</u>
<u>WPFW-FM</u>		
Lease payable, secured by equipment, bearing interest at 12.7% per annum, principle and interest due in monthly installments of \$630. The final payment is due December 1999.	<u>5,317</u>	<u>14,743</u>
Total Loans Payable - Other	<u>5,317</u>	<u>14,743</u>

Loan Payable - Bank, consisted of the following:

<u>KPFA-FM</u>		
A 15-year real estate loan secured by land, building and equipment (except for equipment & fixtures funded by an NTIA Grant). The terms of the loan call for monthly repayments of principle on a fixed schedule and monthly payments of interest at the bank's prime rate plus 1% with a 10.5% cap and a 7% floor. The interest rate at September 30, 1996 was 9.25%.	<u>44,167</u>	<u>532,500</u>
Total Loan Payable - Bank	<u>44,167</u>	<u>532,500</u>

TOTAL LOANS PAYABLE, CONTRACTS PAYABLE, LONG-TERM DEBT	<u>\$49,484</u>	<u>\$547,243</u>
--	-----------------	------------------

Maturities by year of the long-term debt, including the KPFA mortgage payable and the WPFW lease payable are: FYE 9/97 - \$49,484, 9/98 - \$55,204, 9/99 - \$61,020, 9/00 - \$61,020, 9/01 - \$64,167, and thereafter - \$305,832.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 6 - GRANT REVENUE

Grant Revenue was recognized from the following sources:

For the fiscal year ended September 30, 1996:

	<u>Total</u>	Corporation For Public <u>Broadcasting</u> (see below)	<u>Other Federal</u>	<u>Charitable Foundation and other</u>
KPFA	\$ 574,439	\$ 290,713	\$216,213	\$ 67,513
KPFK	222,343	209,673	-	12,670
WBAI	424,580	420,580	-	4,000
KPFT	91,510	91,260	-	250
WPFW	128,978	128,978	-	-
National Office	<u>156,354</u>	<u>-</u>	<u>28,500</u>	<u>127,854</u>
	<u>\$1,598,204</u>	<u>\$1,141,204</u>	<u>\$244,713</u>	<u>\$212,287</u>

Federal funding for the corporation for public broadcasting has been budgeted through September 1997. Such funding is currently under review by the Federal government, and proposals have been made to cut back or eliminate entirely these funds.

Grant revenue recognized as income includes amounts deferred at September 30, 1995, and excludes amounts deferred at September 30, 1996 for the year ended September 30, 1996.

Grant revenue is received for program production, capital equipment acquisition and station operations.

NOTE 7- LEASE COMMITMENTS, OFFICES AND FACILITIES

Studio Rent

The foundation leases offices and operating facilities under operating leases providing for minimum future rentals at WBAI-FM and WPFW-FM (including national unit, Pacifica National Programming (PNP)).

Generally, the leases provide that insurance, maintenance and taxes are to be paid by the lessee.

Net rental expense for operating facilities charged to operations for the year ended September 30, 1996 amounted to \$268,318.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 7 - LEASE COMMITMENTS, OFFICES AND FACILITIES (continued)

Equipment Rental (Towers)

WBAI-FM

WBAI is currently obligated under a radio tower rental agreement entered into in January, 1992 for 14 years at a monthly rental subject to annual cost of living adjustments. The monthly rental as of September 30, 1996 was \$14,463 (\$173,556 per annum).

WPFW-FM

WPFW is currently obligated under a radio tower rental agreement entered on January 1, 1988 for fourteen years at a monthly rental subject to annual cost of living adjustments. The monthly rental for the year ended September 30, 1996 was \$1,557 (\$18,684 per annum).

KPFT-FM

KPFT is currently on a month-to-month radio tower rental agreement, in the amount of \$3,058 per month (\$36,696 per annum). KPFT is currently negotiating a new lease at a different location, the terms of which have not been finalized.

The future minimum rental payments under leases with remaining non-cancelable terms in excess of one year are:

STUDIO RENT

<u>Fiscal Year</u> <u>Ended</u>	<u>Total</u>	<u>WPFW (PNP)</u>	<u>WBAI</u>
9/30/97	\$222,120	\$ 77,820	\$144,300
9/30/98	174,020	77,820	96,200
9/30/99	77,820	77,820	-
9/30/00	77,820	77,820	-
9/30/01	12,970	12,970	-
Subsequent	-	-	-
	<u>\$564,750</u>	<u>\$324,250</u>	<u>\$240,500</u>

TOWER RENT

<u>Fiscal Year</u> <u>Ended</u>	<u>Total</u>	<u>WPFW</u>	<u>WBAI</u>
9/30/97	\$ 169,368	\$ 18,408	\$ 150,960
9/30/98	169,368	18,408	150,960
9/30/99	169,368	18,408	150,960
9/30/00	169,368	18,408	150,960
9/30/01	150,960	-	150,960
Subsequent	515,780	-	515,780
	<u>1,344,212</u>	<u>73,632</u>	<u>1,270,580</u>
TOTAL	<u>\$1,908,962</u>	<u>\$397,882</u>	<u>\$1,511,080</u>

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 8 - MISCELLANEOUS INCOME

Miscellaneous income for the year ended September 30, 1996, consisted of the following:

	<u>Total</u>	<u>KPEA</u>	<u>KPFK</u>	<u>WBAI</u>	<u>KPFT</u>	<u>WPFW</u>	<u>National Office</u>
Tape sales (recorded programs)	\$ 92,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,254
Rental of mailing lists	59,959	-	-	-	-	-	59,959
Rental of premises (net)	98,737	97,287	350	-	-	1,100	-
Interest	105,634	35,178	5,555	2,647	121	247	61,886
Radio news feeds	130,774	-	-	-	-	-	130,774
Program guide advertising	16,324	14,471	-	1,853	-	-	-
Miscellaneous	<u>4,506</u>	<u>1,269</u>	<u>-</u>	<u>2,025</u>	<u>673</u>	<u>-</u>	<u>539</u>
	508,188	148,205	5,905	6,525	794	1,347	345,412
Eliminations	(<u>12,000</u>)	(<u>12,000</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$496,188</u>	<u>\$136,205</u>	<u>\$ 5,905</u>	<u>\$6,525</u>	<u>\$794</u>	<u>\$1,347</u>	<u>\$345,412</u>

NOTE 9 - SCA INCOME

Pacifica Foundation entered into subcarrier agreements in March 1984, whereby outside companies would be allowed to use a portion of certain Pacifica stations' basebands in order to broadcast signals to the outside companies' subscribers. The initial terms of the agreements were five years from start of operations at each respective station. Subsequent to the initial agreement, some of the leases have expired, some have renewed, and various additional agreements have been entered into.

Income from the leases is recorded in total at the National Office and allocated to the various stations for special projects as needed and approved by the board.

Pacifica Foundation retained legal counsel to investigate the possibility that the above income is unrelated and thereby taxable, and a determination request was submitted to the IRS. The response from the IRS indicated that the income is not taxable and that Pacifica's non-profit status will not be affected.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 10 - DONATED SERVICES - VOLUNTEERS

Donated services, materials and facilities, shown in these financial statements, consist of amounts of support received for the year ended September 30, 1996, by individuals and organizations supplying their regular professional services, materials and facilities.

No amount has been included for volunteer support, where the amounts donated and contributed are for services of volunteers, where the work being performed is other than their regular professional occupation.

NOTE 11 - PROPERTY AND EQUIPMENT

Included in the property and equipment as held at September 30, 1996 is certain technical equipment acquired with the assistance of government grants.

In accordance with the regulations of these grants, the Federal Government retains interest in these assets for a period of 10 years following the completion of the grant.

At September 30, 1996, the following assets were owned:

	<u>Approximate Cost</u>	<u>End of 10 Year Period</u>
KPFA (a)	\$221,635	2001
(b)	35,077	2003
(c)	3,000	2004
KPFT	118,000	1997
WPFW (a)	24,504	2003
(b)	26,442	1997
(c)	34,508	2004
National Office/PRN	94,318	1997
National Office/PPS/PRA	11,502	1997
National Office	<u>15,000</u>	2004
	<u>\$583,986</u>	

NOTE 12 - CENTRAL SERVICES

Central services consist of operating expenses provided by the National Office for the various stations. Typically, they consist of such expenses as legal and accounting services, insurance, programming, program distribution, and subscription services paid for the National Office.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 13 - DEFERRED INCOME - OTHER

Deferred income at September 30, 1996 consisted of the following:

National Office

Prepayments on tape sales \$ 1,005

KPFA-FM

Deposits collected and held from vendors
for December 1996 Christmas Crafts Fair. 45,671

WBAI-FM

Miscellaneous other. 5,000

\$51,676

Amounts of \$35,428 of expenses of KPFA relating to the December 1996 Christmas Crafts Fair are included in prepaid expenses.

NOTE 14 - DEPOSITS

Deposits at September 30, 1996 include security deposits held by KPFA related to tenants leasing various property acquired during the year ended September 30, 1991.

NOTE 15 - PROGRAM ENDOWMENT, RESTRICTED

Pacifica has received donations which the grantors and Pacifica's Board intend to be held as endowments. It is management's intention to invest the endowment in various long-term investment instruments. A portion of the annual investment income is intended to be used for various program production activities while the remainder is intended to be retained and used to increase the endowment's "principal".

NOTE 16 - PENDING LEGAL MATTERS

Communications Attorneys

Pacifica's communications attorneys have advised management that there are no pending or threatened litigations, claims, or assessments or other contingencies as to which they are aware of.

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 17 - CHARITABLE REMAINDER TRUST

In December 1990 Pacifica was named principle beneficiary of a charitable remainder trust. The terms of the trust calls for monthly percentage of principle payments to named income beneficiaries. Required monthly payments are to be paid first out of trust income, then out of trust principle, with any excess trust income added to principle. Annual trust administrative costs are to be paid out of trust assets. Upon expiration of the trust term of twenty years, or, if earlier, upon the death of the last income beneficiary, trust assets revert to Pacifica Foundation. The market value of trust assets at September 30, 1996 was \$125,470.

NOTE 18 - CONCENTRATION OF CREDIT RISK

Pacifica Foundation maintains several bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded Federally insured limits. The amount in excess of the FDIC limit totaled \$60,650 as of September 30, 1996.