

**PACIFICA FOUNDATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Pacifica Foundation  
Washington, District of Columbia

I have audited the accompanying statement of financial position of the Pacifica Foundation (a nonprofit organization) at September 30, 2002, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pacifica Foundation at September 30, 2002 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The combining Statements of Financial Position, Activities, Other Revenue and Functional Expenses (By Division) on pages 18 through 25 are not a required part of the basic financial statements of Pacifica Foundation but are supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of allocations and presentations of the supplementary information. However, we did not audit the information and express no opinion on it.

Ross Wisdom  
Certified Public Accountant



New York, New York  
July 18, 2003

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2002

<b>CURRENT ASSETS</b>	
Cash in bank	\$ 931,661
Investments	8,642
Receivable	237,137
Prepaid expenses	94,501
Inventory	77,558
<b>TOTAL CURRENT ASSETS</b>	<u>1,349,499</u>
<b>PROPERTY AND EQUIPMENT</b>	
Land	632,428
Building and improvements	2,695,226
Equipment	6,742,637
Leasehold improvements	723,205
Furnitures and fixtures	307,361
	<u>11,100,857</u>
Less: Accumulated depreciation	<u>(7,197,932)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>3,902,925</u>
<b>OTHER ASSETS</b>	
Other assets including deposits	71,783
Program endowment	335,340
<b>TOTAL OTHER ASSETS</b>	<u>407,123</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,659,547</u>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2002

<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 2,752,139
Deferred income	22,910
Mortgage payable-current portion	74,167
Deposits payable	31,700
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,880,916</u>
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>	
Mortgage payable, net	162,916
<b>TOTAL LIABILITIES</b>	<u>3,043,832</u>
<b>NET ASSETS</b>	
Unrestricted	2,249,660
Permanently restricted	366,055
<b>TOTAL NET ASSETS</b>	<u>2,615,715</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,659,547</u>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

<b>UNRESTRICTED REVENUE &amp; SUPPORT</b>	
Listener support / Donations	\$ 10,444,765
Grants	1,327,867
Community events	313,105
SCA income	331,000
Other revenue	1,306,441
Investment income (loss)	(6,088)
<b>TOTAL UNRESTRICTED REVENUE</b>	<u>13,717,090</u>
<b>EXPENSES</b>	
Program services	6,293,495
Management & general	4,198,870
Fundraising	2,431,170
Community events	129,854
<b>TOTAL EXPENSES</b>	<u>13,053,389</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	663,701
<b>CHANGE IN RESTRICTED NET ASSETS</b>	0
<b>NET ASSETS-BEGINNING OF YEAR</b>	1,952,014
<b>NET ASSETS-END OF YEAR</b>	<u>\$ 2,615,715</u>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 2,503,047	\$ 1,881,946	\$ 716,736	\$ 5,101,729
Payroll taxes	216,182	161,289	62,484	439,945
Employee benefits	340,585	262,222	100,228	703,035
Outside services	137,912	339,878		477,790
Acquisition news department	46,459			46,459
ADP payroll service	11,564	13,178	2,152	26,894
Advertising & promotion	11,503			11,503
Associations & periodicals	1,163	8,846	1,474	11,483
Audit and accounting fees		80,520		80,520
Bank charges		10,141	211,298	221,439
Computer maintenance	75,274	49,763	21,346	146,383
Conferences & meetings	44,873			44,873
Democracy now expenses	16,463			16,463
Depreciation & amortization	515,828	169,486	51,583	736,897
Development expenses			24,733	24,733
Direct mail & telemarketing			255,916	255,916
Equipment rental	29,932	19,085	11,413	60,430
Insurance	142,421	27,744	14,797	184,962
Interest		15,688		15,688
Legal and professional fees		368,092		368,092
Major gifts expense			800	800
Moving expenses		3,000		3,000
National board expenses		178,105		178,105
News service	126,568			126,568
Non-operating grant expenses	43,149			43,149
Office expenses	42,851	32,345	15,430	90,626
Other administrative		28,039		28,039
Other development			8,963	8,963
Other programming	231,679			231,679
Other station and SCA other exp.	13,312			13,312
Postage & shipping	24,287	22,933	5,626	52,846
Premiums/shipping & marathons			712,599	712,599
Printing & publications	78,926			78,926
Programming services	177,845			177,845
Rent	448,668	185,304	79,300	713,272
Repairs & maintenance-non tech.	105,371	25,577	14,957	145,905
Repairs & maintenance-technical	107,013			107,013
Satellite interconnect	64,326			64,326
Search cost	20,369			20,369
Subscriptions services	152,434			152,434
Tapes & supplies	49,714			49,714
Taxes (UBT & Property)		35,820		35,820
Telephone	239,737	181,335	77,383	498,455
Travel	50,119	46,812	12,517	109,448
Utilities	223,921	51,742	29,425	305,088
<b>TOTAL</b>	<b>\$ 6,293,495</b>	<b>\$ 4,198,870</b>	<b>\$ 2,431,170</b>	<b>\$ 12,923,535</b>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	663,701
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	736,897
Loss on disposition of property and equipment	8,679
Loss on investments (net)	6,088
Change in assets and liabilities	
Decrease in accounts receivable	240,038
Increase in prepaid expenses	(41,339)
Increase in inventory	(77,558)
Decrease in other assets	38,057
Decrease in accounts payable and accrued expenses	(512,053)
Decrease in deferred grant income	(615,748)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	<u>446,762</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(255,912)
Sale (purchase) of investments (net)	(4,320)
Decrease in endowment funds	436,238
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES:</b>	<u>176,008</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on mortgage	(69,167)
<b>NET CASH USED BY FINANCING ACTIVITIES:</b>	<u>(69,167)</u>
 <b>NET INCREASE IN CASH</b>	 553,601
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>378,060</u>
 <b>CASH AT END OF YEAR</b>	 \$ <u>931,661</u>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002**



**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**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 not-for-profit basis, five FM radio stations and maintains a program tape library which is used to sell and rent taped programs.

The financial statements include the operations of the following divisions:

Radio Station-KPFA-Berkeley, California  
Radio Station-KPFFK-Los Angeles, California  
Radio Station-KPFT-Houston, Texas  
Radio Station-WBAL-New York, New York  
Radio Station-WPFW-Washington, D.C.  
Pacifica Foundation-P.N.P. Pacifica National Programming  
Pacifica Foundation-P.R.A. Pacifica Radio Archives  
Pacifica Foundation-N.O. National Office

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 be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified 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, 2002**

**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. As of September 30, 2002 there were no unconditional promises to give in subsequent years, other than the Lutz Charitable Remainder Trust (see note 15)

**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 accordance with grant provisions in order to more closely match revenue with the related expenditure.

**Income Taxes**

The Foundation has qualified as a tax-exempt organization under 501(C)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes, other than taxes on unrelated business taxable income (UBTI). During the fiscal year ended September 30, 2002, the Foundation incurred Federal and California income taxes of \$ 12,135 on UBTI from commercial leases.

**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.

**Property and Equipment**

Purchases of property and equipment are recorded at cost. 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. Property and equipment are depreciated using the straight-line method over 30yrs for Buildings, 10yrs for Furniture and Fixtures and Technical Equipment, and 5yrs for Computer and Office Equipment. The Organization's capitalization policy is to capitalize and depreciate assets over

\$600.

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**Intangible Assets**

The foundation owns the broadcasting licenses of all five stations of which four licenses were acquired at no cost to the Foundation.

The cost of the fifth broadcasting license (WPFW) was being amortized on a straight-line method over 20 years from date of acquisition (1977). That license was fully amortized as of September 30, 1997 and, as such, no amortization was charged to operations in the year ended September 30, 2002. (Radio station-WPFW).

**Donated Services, Materials and Facilities**

In-kind contributions of services, materials and facilities represent individually provided professional services. These services typically consist of legal, accounting, advertising, or other professional contract services. These contributions have been valued at the fair market value of the services to the general public.

**NOTE 2-INVESTMENTS**

The Organization's securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the year reported on the statement of activities as unrealized gains or (losses) \$16,549. Unrealized gains (losses) since acquisition totaled \$ (48,918).

Investments, stated at fair market value as of September 30, 2002 consist of the following:

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
Money Market	\$20,124	\$20,124	\$ 0
U.S. Government Securities	50,000	52,000	2,000
Corporate Securities	322,776	271,858	(50,918)
	<u>\$ 392,900</u>	<u>\$343,982</u>	<u>\$ (48,918)</u>
Investments	\$ 8,642	\$ 8,642	\$ 0
Endowment	384,258	335,340	(48,918)
	<u>\$ 392,900</u>	<u>\$343,982</u>	<u>\$ (48,918)</u>

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 2-INVESTMENTS (continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2002.

**UNRESTRICTED**

Realized gains (losses)	\$ (50,227)
Interest and dividend income	27,590
Unrealized gains and (losses)	<u>16,549</u>
Net investment income (loss)	<u>\$ (6,088)</u>

**NOTE 3-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.

**NOTE 4-LOANS PAYABLE AND LONG-TERM DEBT**

	<u>September 30, 2002</u>	
	<u>Current</u>	<u>Long-Term</u>
Mortgage Payable-Bank	\$74,167	\$162,916

**KPFA-FM**

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 principal on a fixed schedule and monthly payments of interest at the bank's prime rate plus 1%. The interest rate at September 30, 2002 was 5.75%.

Maturities by year of long-term debt, KPFA mortgage payable: September 30, 2003, \$74,167; September 30, 2004, \$79,168; and thereafter, \$83,747.

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 5-GRANT REVENUE**

Grant Revenue was recognized from the following sources:

	<u>Total</u>	<u>Corporation for Public Broadcasting</u>	<u>Charitable Foundations and other</u>
KPFA	\$ 327,112	\$ 247,466	\$ 79,646
KPFK	197,692	187,692	10,000
WBAI	445,587	433,087	12,500
KPFT	105,604	105,604	0
WPFW	244,872	232,122	12,750
National Office	7,000	0	7,000
<b>Total Grants</b>	<b><u>\$1,327,867</u></b>	<b><u>\$ 1,205,971</u></b>	<b><u>\$ 121,896</u></b>

Federal funding from the Corporation for Public Broadcasting has been budgeted through September 30, 2003.

Grant revenue recognized as income includes amounts deferred at September 30, 2001 and excludes amounts deferred at September 30, 2002 for the year ended September 30, 2002.

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

**NOTE 6-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.

**Equipment Rental (Towers)**

**NEW YORK-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 consumer price index adjustments.

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 6-LEASE COMMITMENTS, OFFICES AND FACILITIES(continued)**

**WASHINGTON-WPFW-FM**

WPFW is currently obligated under a radio tower rental agreement entered into in January 1, 1988 at a monthly rental subject to annual cost of consumer price index adjustments.

**HOUSTON-KPFT-FM**

KPFT-FM is currently obligated under a radio tower rental agreement entered into on February 1, 1997, for 2 years. The lease contains four individual 2-year options to renew under similar terms. The first option to extend automatically became effective on February 1, 1999 for the period February 1, 1999 to February 1, 2001, at a monthly rental of \$2,100.

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

**STUDIO & TOWER RENT**

<u>Year ended</u>	<u>Total</u>	<u>Studio Rent</u>	<u>Tower Rent</u>
9/30/03	377,304	226,344	150,960
9/30/04	386,244	235,284	150,960
9/30/05	307,595	244,695	62,900
9/30/06-thereafter	1,875,198	1,875,198	0
	<u>\$2,946,341</u>	<u>\$2,581,521</u>	<u>\$364,820</u>

**NOTE 7-SCA INCOME**

Pacifica Foundation entered into subcarrier agreements (SCA) 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 agreements, some of the leases have expired and some have renewed. No additional agreements have been entered into during the year ended September 30, 2002.

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.

As of January 1999, one of the SCA lessees exercised its option to terminate its lease. That lease represented 30% of total SCA income. As of the date of these financial statements, there is no replacement.

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 7-SCA INCOME(continued)**

In 1984, Pacifica Foundation had 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.

**NOTE 8-DONATED SERVICES-VOLUNTEERS**

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 9-PROPERTY AND EQUIPMENT**

Included in the property and equipment as held at September 30, 2002 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, 2002, the following assets were subject to the federal 10yr periods:

	Approximate <u>Cost</u>	End of <u>10 Year Period</u>
KPFA item (a)	\$ 35,077	2003
item (b)	3,000	2004
WPFW item (a)	24,504	2003
item (b)	34,508	2004
National Office	<u>15,000</u>	2004
<b>Total equipment subject to federally retained interests</b>	<b>\$ <u>112,089</u></b>	

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 10-CENTRAL SERVICES**

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

**NOTE 11-DEFERRED GRANT INCOME**

Deferred income at September 30, 2002 consisted of \$22,910 from Community Events Income received in advance.

**NOTE 12-DEPOSITS**

Deposits at September 30, 2002 include security deposits held by KPFA related to tenants leasing various property acquired during the year ended September 30, 1991.

**NOTE 13-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. The annual investment income may be used for various program production activities. In addition, if the value of assets has appreciated over the historic dollar value, the net appreciation, realized (with respect to all assets) and unrealized (with respect only to readily marketable assets) may be appropriated for expenditure, unless prohibited by the donor in the applicable gift instrument.

**NOTE 14-PENDING LEGAL MATTERS**

**Commitments and Contingencies**

The Foundation is a defendant in several lawsuits. Management believes these suits are without merit and intends to vigorously defend its position. Management believes that the resolutions claims and pending litigation will not have a material effect, individually or in the aggregate, to the financial position, results of operations and cash flows. Legal counsel has advised management that a range of loss, if any, cannot be reasonably estimated at this time. Accordingly, no provision for possible loss has been made in these financial statements.

**Communications Attorneys**

Pacifica's communications attorneys have advised management that they are not aware of any pending or threatened litigations, claims, or assessments.



**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 15-CHARITABLE REMAINDER TRUST**

In December 1990 Pacifica was named principal beneficiary of a charitable remainder trust. The terms of the trust calls for monthly percentage of principal payments to named income beneficiaries. Required monthly payments are to be paid first out of trust income, then out of trust principal, with any excess trust income added to principal. Annual trust administrative costs are to be paid out of trusts 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 the trust assets at September 30, 2002 was \$118,915.

**NOTE 16-EMPLOYEE BENEFIT PLAN**

The Foundation has a defined contribution 403B salary deferral plan and a profit-sharing plan covering substantially all eligible employees salaries. Plan expenses incurred by the Foundation during the fiscal year ended September 30, 2002 was \$88,407.

**NOTE 17-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) for up to \$100,000. Cash at this institution exceeded Federally insured limits. The amount in-excess of the FDIC limit totaled \$334,641 as of September 30, 2002. The Foundation also maintains accounts with stock brokerage firms. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corp.

**NOTE 18- LEGAL SETTLEMENTS (People ex re. Spooner)**

On December 14, 2001, a settlement agreement was entered into by and between the Attorney-General of the State of California and plaintiffs in the "People ex re. Spooner" and "Robinson" and "Moran" and the "Adelson" actions and the defendants or potential defendants in the actions including certain individual members of the board of Pacifica as well as the Pacifica Foundation as a nominal defendant. The settlement provided for the dismissal of all of the actions and the appointment of an interim board of directors with a mandate to amend Pacifica's bylaws providing for changes in the corporate governance of Pacifica Foundation. The interim board, with a total of fifteen (15) directors, was appointed in the following manner: the "majority members" of the prior board as a group selected five (5) directors, the "minority members" of the prior board as a group selected five (5) directors, and the Chair of each of the five LABs selected one director for a total of five (5) directors selected by the LAB Chairs. The interim board will serve for a term of fifteen (15) months from the date of its first meeting, at the end of which time all directors will resign in favor of directors to be elected pursuant to new bylaws. A "balanced majority" of the interim board (i.e. with at least one person from each of the three groups that designated interim board

**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 18- LEGAL SETTLEMENTS (continued)**

members (majority members, minority members, and LAB Chairs)), or a majority of three (3) of the five (5) LABs, is necessary to complete the revision and adoption of bylaws and the holding of elections.

**NOTE 19-OTHER LEGAL SETTLEMENTS**

Settlements with two law firms and a public relations firm involving disputed invoices for professional services resulted in \$512,804 reduction in accounts payable and legal and professional fees expenses during the fiscal year ended Sept. 30, 2002.

**NOTE 20-DEMOCRACY NOW AGREEMENT**

On June 13, 2002 an agreement was made between Pacifica and Democracy Now! Productions, Inc. (Producer) whereby the Democracy Now! program will be independently produced by the Producer under an annual contract with Pacifica for \$188,335 for the remainder of the fiscal year ending Sept. 30, 2002, \$440,000 for fiscal year ending Sept. 30, 2003 with annual increases of 4% to 10% to be negotiated for subsequent years until the termination of the contract on Sept. 30, 2007. Summary of Key Terms: Pacifica will provide Producer with distribution services and research materials. Producer will have complete editorial independence and will be solely responsible for content and all costs of production including production facilities. Intellectual property and certain distribution rights are reserved to Producer. Producer will actively assist Pacifica in on-air fundraising drives to substantially the same extent as before and shall have the rights to also engage in fundraising on its own behalf.

**NOTE 21-SEVERENCE PAYMENTS INCLUDED IN SALARIES EXPENSE**

Severances paid or accrued to employees terminated during the fiscal year ended Sept. 30, 2002 of \$402,608 has been included in the total salaries expense of \$5,101,730.

**NOTE 22-PRIOR YEAR ADJUSTMENT (WAIVED)**

For the fiscal years ended Sept. 30, 2001 and Sept. 30, 2000, \$310,124 in legal fees reimbursed directly by insurance companies were never recorded. Accordingly legal fees and other income from insurance proceeds were both understated by equal amounts. Since these understated items offset there was no effect on net assets, accordingly no prior period adjustment to net assets is required.

**PACIFICA FOUNDATION  
SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2002**

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION (BY DIVISION)  
AS OF SEPTEMBER 30, 2002

ASSETS

	Totals	Eliminations	KPFA	KPRK	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>CURRENT ASSETS</b>										
Cash in bank	\$ 931,061		\$ 292,515	\$ 386,039	\$ 79,366	\$ 77,520	\$ 8,412	\$ (5,604)	26,220	\$ 67,193
Investments	8,642		75,859	8,642	25,344	8,414	9,874	857	36,167	35,585
Receivable	237,137	(5,906,074)	1,527,474	45,037	383,297	162,509	462,486	76,131	16,225	2,822,449
Inter-division receivables	-		26,430	34,203	1,143	11,858				20,866
Prepaid expenses	94,501		25,415	9,284	15,422	4,541	22,896			
Inventory	77,568	(5,986,074)	1,947,693	998,708	504,572	272,904	515,527	71,384	78,512	2,946,093
<b>TOTAL CURRENT ASSETS</b>	<u>1,349,499</u>		<u>1,947,693</u>	<u>998,708</u>	<u>504,572</u>	<u>272,904</u>	<u>515,527</u>	<u>71,384</u>	<u>78,512</u>	<u>2,946,093</u>
<b>PROPERTY AND EQUIPMENT</b>										
Land	632,428		481,069	88,475		62,884				
Building and improvements	2,896,226		1,987,518	341,576		115,543				250,589
Equipment	6,742,637		1,716,780	1,549,170	1,197,277	512,074	808,703	335,143	29,654	533,836
Leasehold improvements	723,205		0	7,707	494,471	16,430	88,086	116,501		
Furnitures and fixtures	307,361		103,293	960	62,468	22,130	84,669	2,948		
Less: Accumulated depreciation	(1,100,857)		(4,288,660)	(1,987,888)	(1,754,216)	(729,061)	(981,468)	(454,592)	29,654	30,893
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>(7,197,932)</u>		<u>(2,521,269)</u>	<u>(1,264,247)</u>	<u>(1,289,219)</u>	<u>(484,075)</u>	<u>(796,923)</u>	<u>0</u>	<u>(14,271)</u>	<u>(654,934)</u>
<b>OTHER ASSETS</b>										
Other assets including deposits	71,783		2,815	0	41,749	0	12,536	5,656		9,027
Program endowment	335,340				41,749	0	12,536	5,656		335,340
<b>TOTAL OTHER ASSETS</b>	<u>407,123</u>		<u>2,815</u>	<u>0</u>	<u>41,749</u>	<u>0</u>	<u>12,536</u>	<u>5,656</u>	<u>0</u>	<u>344,367</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,659,547</u>	<u>\$ (5,986,074)</u>	<u>\$ 3,717,905</u>	<u>\$ 1,722,349</u>	<u>\$ 1,011,318</u>	<u>\$ 517,970</u>	<u>\$ 739,608</u>	<u>\$ 531,632</u>	<u>\$ 93,995</u>	<u>\$ 3,310,844</u>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION (BY DIVISION)  
AS OF SEPTEMBER 30, 2002

**LIABILITIES AND NET ASSETS**

	Totals	Eliminations	KPFA	KPKK	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>CURRENT LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 2,752,139	\$	\$ 223,388	\$ 311,863	\$ 458,464	\$ 64,975	\$ 121,749	\$ 183,957	\$ 22,503	\$ 1,357,240
Deferred grant income	22,910		22,910							
Inter-division payable	74,167	(5,986,074)	563,746	535,654	477,509	507,397	643,078	138,361	23,474	2,896,855
Mortgage payable-current portion	31,700		1,200							30,500
Deposits payable	2,880,916	(5,986,074)	885,411	847,517	933,973	572,372	564,827	332,318	45,977	4,284,595
<b>TOTAL CURRENT LIABILITIES</b>										
LONG-TERM DEBT, NET OF CURRENT MATURITIES	162,916		162,916							
Mortgage payable	3,043,832	(5,986,074)	1,048,327	847,517	933,973	572,372	964,827	332,318	45,977	4,284,595
<b>TOTAL LIABILITIES</b>										
NET ASSETS										
Unrestricted	2,249,660	0	2,519,578	854,832	77,345	(54,402)	(225,219)	199,314	48,018	(1,169,806)
Permanently restricted	368,055		150,000	20,000						196,055
<b>TOTAL NET ASSETS</b>	2,615,715	0	2,669,578	874,832	77,345	(54,402)	(225,219)	199,314	48,018	(973,751)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 5,689,547	\$ (5,986,074)	\$ 3,717,905	\$ 1,722,349	\$ 1,011,318	\$ 517,970	\$ 739,608	\$ 531,632	\$ 93,985	\$ 3,310,844

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
STATEMENT OF ACTIVITIES (BY DIVISION)  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>UNRESTRICTED REVENUE &amp; SUPPORT</b>										
Listener support / Donations	\$ 10,444,765		\$ 3,016,352	\$ 2,431,674	\$ 2,434,892	\$ 946,333	\$ 1,384,569		\$ 3,796	\$ 227,119
Grants	1,327,867		327,112	197,692	446,587	105,604	244,872			7,000
Community events	313,105		157,772	977	136,980	14,451	2,915			
SCA income	331,000									
Other revenue	1,306,441		81,237	(1,400)	2,954	43,347	(1,400)	(5,669)	227,612	331,000
Investment income (loss)	(6,084)	(2,333,566)	592	(1,760)		15	14			962,714
Central services										(7,903)
<b>DONATED SERVICES</b>	13,717,090	(2,333,566)	3,583,065	2,627,183	3,020,423	1,109,750	1,631,000	1,160,180	275,303	898,085
	0	0	0	0	0	0	0	1,154,511	506,711	2,418,015
<b>TOTAL UNRESTRICTED REVENUE</b>	13,717,090	(2,333,566)	3,583,065	2,627,183	3,020,423	1,109,750	1,631,000	1,154,511	506,711	2,418,015
<b>EXPENSES</b>										
Program services	6,293,495		1,469,056	1,081,377	1,350,308	396,601	461,564	406,666	146,584	981,330
Management & general	4,198,870		478,412	511,634	728,151	220,944	166,419	435,417	151,300	1,506,592
Fundraising	2,431,170		458,456	459,038	477,942	238,426	546,016	70,477	26,362	154,454
Central services	0	(2,333,568)	637,870	513,443	616,904	218,795	346,566			
Community events	129,854		56,354	4,402	56,419		12,679			
<b>TOTAL EXPENSES</b>	13,053,389	(2,333,568)	3,100,148	2,569,894	3,229,724	1,074,766	1,633,224	912,580	324,246	2,642,376
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	663,701	0	482,917	57,289	(209,301)	34,984	97,776	241,931	182,466	(224,361)
<b>CHANGE IN RESTRICTED NET ASSETS</b>	0	0	0	0	0	0	0	0	0	0
<b>NET ASSETS-Beginning of year</b>	1,952,014		2,186,660	817,543	286,646	(89,366)	(322,985)	(42,617)	(134,447)	(749,390)
<b>NET ASSETS-End of year</b>	\$ 2,615,715	\$ 0	\$ 2,669,578	\$ 874,832	\$ 77,345	\$ (54,402)	\$ (225,219)	\$ 199,314	\$ 48,018	\$ (973,751)

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES (BY DIVISION)  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>SALARIES AND RELATED EXPENSES</b>										
Salaries	\$ 5,101,730	\$	\$ 1,056,177	\$ 993,137	\$ 1,002,219	\$ 426,818	\$ 327,932	\$ 575,020	\$ 188,038	\$ 623,389
Payroll taxes	439,945		81,488	87,968	37,497	29,337	29,337	51,162	15,993	45,228
Employee benefits	703,085		136,173	106,796	112,088	61,854	58,103	79,937	50,942	96,142
Outside services	477,780		15,434	27,997	74,714	6,804	11,985	(1,962)	2,740	339,878
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>6,722,500</b>	<b>0</b>	<b>1,288,056</b>	<b>1,119,418</b>	<b>1,276,989</b>	<b>532,773</b>	<b>428,357</b>	<b>704,557</b>	<b>257,713</b>	<b>1,104,637</b>
<b>OTHER EXPENSES</b>										
Acquisition news department	46,459							46,459		26,894
ADP payroll service	28,694								370	10,876
Advertising & promotion	11,503		125		(4,213)	(3,284)	132		1,023	12,292
Associations & periodicals	11,483									80,520
Audit and accounting fees	80,520									7,133
Bank charges	221,438		77,599	58,074	16,935	19,417	39,273	12	2,996	20,307
Computer maintenance	146,383		47,819	30,629	9,784	16,343	10,463	1,050	9,978	18,709
Conferences & meetings	44,873		7,544	5,757	5,628			3,196	4,029	150,207
Consulting (P.R. & Security)	0									544
Depreciation & amortization	736,897		126,376	164,004	154,541	61,554	75,828		4,389	16,463
Development expenses	24,733		31,672	12,556	(24,557)	3,508	1,013			35,839
Democracy now expenses	16,463								1,942	9,451
Direct mail & telemarketing	255,916		14,621	67,663	56,943	33,262	45,746			178,761
Equipment rental	60,431		17,810	6,034	2,589	10,885	13,311		571	(529)
Executive committee expenses	0									295,684
Insurance	184,962		2,090	2,089	674	674	674	6,487		
Interest	15,688		16,217		24,030	183				
Legal and professional fees	368,092		41,708							
Mailing services	0									
Major gifts expense	800				800					
Moving expenses	3,000				3,000					
National board expenses	178,105		5,207	2,227		827	351		290	167,077
News service	126,568		29,958	39,038	31,915		8,171	14,627		2,699
Non-operating grant expenses	43,149		26,737	8,440	7,972					
Office expenses	90,624		11,722	18,931	17,880	11,873	13,972	2,872	3,192	12,192
Other administrative	28,039		1,365	2,119	3,383	2,574	3,346	14,858	2,100	(1,724)
Other development	8,963					4,514	4,130		95	284
Other programming	231,679		195,953			5,242		3,830	1,749	28,736
Other station and SCA other expenses	13,312			9,132	300		50	1,185	2,720	31,134
Postage & shipping	52,846		5,476	4,127	5,221	1,433	1,540			
Premiums/shipping & marathons	712,599		135,737	139,088	171,184	19,044	247,546			
Printing & publications	78,826		9,889	15,555	28,833	4,101	20,168			
Programming services	177,845				1,773	26,533		906	301	69
Rent	713,273		9,069	35,884	455,304	26,712	98,376	31,107	4,085	148,633
Repairs & maintenance-not technical	145,905		62,550	31,258	8,610	6,683	26,398	4,076	3,402	54,758
Repairs & maintenance-technical	107,013		3,773	63,421	11,312	3,601	19,173	1,034	1,456	3,043
Satellite interconnect	84,326		(9,800)	5,500	5,539			2,883		60,204
Search cost	20,369		193	1,198		592		104		18,282
Subscriptions services	152,434		39,441	41,828	47,725	13,958	8,964	1,228	11,190	517
Tapes & supplies	49,714		6,609	5,412	21,069	9,765	1,256			961
Taxes (UBT & Property)	35,820		9,479	1,950						14,626
Telephone	498,455		92,343	64,755	113,711	24,379	72,623	43,979	8,301	78,264
Travel	109,448		9,695	12,161	9,184	9,184	3,183	20,488	2,554	46,436
Utilities	305,088		74,599	84,576	93,884	9,643	31,168	6,206		5,212
<b>TOTAL OTHER EXPENSES</b>	<b>6,201,035</b>	<b>0</b>	<b>1,107,868</b>	<b>932,631</b>	<b>1,278,412</b>	<b>323,198</b>	<b>745,632</b>	<b>208,023</b>	<b>66,533</b>	<b>1,537,739</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 12,923,535</b>	<b>\$ 0</b>	<b>\$ 2,405,924</b>	<b>\$ 2,052,049</b>	<b>\$ 2,556,401</b>	<b>\$ 855,971</b>	<b>\$ 1,173,989</b>	<b>\$ 912,580</b>	<b>\$ 324,246</b>	<b>\$ 2,642,376</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES-PROGRAM SERVICES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>SALARIES AND RELATED EXPENSES</b>										
Salaries	\$ 2,503,047	\$	\$ 675,313	\$ 451,568	\$ 461,024	\$ 187,800	\$ 131,173	\$ 247,258	\$ 80,856	\$ 266,057
Payroll taxes	216,182		58,414	40,744	40,465	16,499	11,735	22,000	6,877	19,448
Employee benefits	340,585		87,151	53,398	51,550	27,216	23,641	34,373	21,905	41,341
Outside services	137,912		15,434	27,997	74,714	6,604	11,985	(1,562)	2,740	0
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>3,197,725</b>		<b>836,312</b>	<b>573,708</b>	<b>627,760</b>	<b>238,118</b>	<b>178,534</b>	<b>302,069</b>	<b>112,378</b>	<b>328,846</b>
<b>OTHER EXPENSES</b>										
Acquisition news department	46,459							46,459		
ADP payroll service	11,564									11,564
Advertising & promotion	11,503						132		370	10,876
Associations & periodicals	1,163		125	0	0	0	780	428	307	3,688
Computer maintenance	75,274		2,262	1,195	(4,213)	(3,284)	4,185	452	4,291	8,732
Conferences & meetings	44,873		30,604	15,315	4,505	7,191	0	3,196	4,029	18,709
Democracy now expenses	16,463		7,544	5,767	5,628	0	0	0	0	16,463
Depreciation & amortization	515,828		88,463	114,803	108,178	43,088	53,078	0	3,072	105,145
Equipment rental	29,932		3,017	1,482	1,482	4,701	5,324	0	246	4,064
Insurance	142,421		1,609	1,608	519	519	519	0	0	137,646
News service	126,568		29,958	39,038	31,915	0	8,171	14,627	0	2,859
Non-operating grant expenses	43,149		26,737	8,440	7,972	0	0	0	0	0
Office expenses	42,851		7,502	8,466	8,225	5,224	5,689	1,235	1,368	5,243
Other programming	231,679		195,953	0	0	5,242	0	0	1,749	28,735
Other station and SCA other expenses	13,312		0	9,132	300	0	50	0	0	0
Postage & shipping	24,287		3,505	2,064	2,402	631	616	514	1,170	13,388
Printing & publications	78,926		9,898	15,555	28,833	4,101	20,168	0	301	69
Programming services	177,845		0	0	1,773	26,533	0	906	0	148,633
Rent	448,668		6,802	30,143	314,160	19,500	78,065	0	0	0
Repairs & maintenance-non technical	105,371		46,913	26,257	5,941	4,879	21,382	0	0	0
Repairs & maintenance-technical	107,013		3,773	63,421	11,312	3,801	19,173	1,034	1,456	3,043
Satellite interconnect	64,326		(9,800)	5,500	5,539	0	0	2,863	0	60,204
Search cost	20,369		193	1,198	0	592	0	104	0	18,282
Subscriptions services	152,434		39,441	41,829	47,725	13,958	8,964	0	0	517
Tapes & supplies	49,714		8,609	5,412	21,069	1,255	1,228	1,228	11,180	861
Telephone	239,737		59,100	32,378	52,307	10,727	29,049	18,911	3,569	33,897
Travel	50,119		6,205	6,091	2,634	4,041	1,273	8,810	1,098	19,967
Utilities	223,921		55,949	71,044	64,642	7,039	25,246	0	0	0
<b>TOTAL OTHER EXPENSES</b>	<b>3,095,770</b>	<b>0</b>	<b>632,744</b>	<b>507,670</b>	<b>722,548</b>	<b>159,482</b>	<b>283,020</b>	<b>104,617</b>	<b>34,206</b>	<b>652,484</b>
<b>TOTAL PROGRAM SERVICES EXPENSES</b>	<b>\$ 6,293,495</b>	<b>\$ 0</b>	<b>\$ 1,469,056</b>	<b>\$ 1,081,377</b>	<b>\$ 1,350,308</b>	<b>\$ 396,601</b>	<b>\$ 461,554</b>	<b>\$ 406,686</b>	<b>\$ 146,584</b>	<b>\$ 961,330</b>

The accompanying notes are an integral part of these financial statements.



**PACIFICA FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES-MANAGEMENT & GENERAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	PNP	PRA	National Office
<b>SALARIES AND RELATED EXPENSES</b>										
Salaries	\$ 1,881,946	\$	\$ 253,242	\$ 334,161	\$ 400,898	\$ 132,314	\$ 81,983	\$ 281,760	\$ 92,139	\$ 305,461
Payroll taxes	161,269		21,905	30,151	35,187	11,624	7,334	25,069	7,837	22,162
Employee benefits	262,222		32,682	39,515	44,835	19,175	14,776	39,169	24,962	47,110
Outside services	339,878									339,878
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>2,645,315</b>		<b>307,829</b>	<b>403,826</b>	<b>480,910</b>	<b>163,112</b>	<b>104,093</b>	<b>345,998</b>	<b>124,937</b>	<b>714,610</b>
<b>OTHER EXPENSES</b>										
ADP payroll service	13,178							0	0	13,178
Associations & periodicals	8,846							857	614	7,375
Audit and accounting fees	80,520							0	0	80,520
Bank charges	10,141							12	2,986	7,133
Computer maintenance	49,763		11,477	11,333	3,918	5,066	2,616	515	4,889	9,950
Consulting (P.R. & Security)	0							0	0	0
Depreciation & amortization	169,486		29,066	37,721	35,544	14,157	17,440	0	1,009	34,548
Equipment rental	19,085		4,274	2,233	1,028	3,312	3,328	0	280	4,631
Executive committee expenses	0							0	0	0
Insurance	27,744		314	313	101	101	101	0	0	26,814
Interest	15,688		16,217							(529)
Legal and professional fees	368,092		41,708	0	24,030	183	0	6,487	0	295,684
Mailing services	0		0	0	0	0	0	0	0	0
Moving expenses	3,000				3,000			0	0	0
National board expenses	178,105		5,207	2,227	2,126	827	351	0	290	187,077
Office expenses	32,344		2,813	6,264	7,152	3,681	3,493	1,407	1,559	5,974
Other administrative	28,039		1,385	2,119	3,383	2,574	3,346	14,656	2,100	(1,724)
Postage & shipping	22,933		1,314	1,527	2,088	444	385	588	1,333	15,236
Rent	185,304		2,267	3,230	96,614	4,541	7,710	24,886	3,252	43,805
Repairs & maintenance-non technical	25,577		9,383	2,813	1,808	1,136	2,112	3,261	2,722	2,342
Taxes (UBT & Property)	35,820		8,479	1,950	0	9,765	0	0	0	14,626
Telephone	181,335		22,162	23,959	45,484	7,567	18,156	21,560	4,067	38,398
Travel	46,812		2,327	4,507	2,291	2,847	796	10,039	1,251	22,754
Utilities	51,742		11,190	7,612	19,674	1,639	2,493	4,965	0	4,170
<b>TOTAL OTHER EXPENSES</b>	<b>1,553,555</b>	<b>0</b>	<b>170,583</b>	<b>107,808</b>	<b>247,241</b>	<b>57,832</b>	<b>62,326</b>	<b>89,419</b>	<b>26,363</b>	<b>791,982</b>
<b>TOTAL MGMT AND GENERAL EXPENSES</b>	<b>\$ 4,198,870</b>	<b>\$ 0</b>	<b>\$ 478,412</b>	<b>\$ 511,634</b>	<b>\$ 728,151</b>	<b>\$ 220,944</b>	<b>\$ 166,418</b>	<b>\$ 435,417</b>	<b>\$ 151,300</b>	<b>\$ 1,506,592</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES-FUNDRAISING**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Totals	Eliminations	KPFA	KPFK	WBAL	KPFT	WPFW	PMP	PRA	National Office
<b>SALARIES AND RELATED EXPENSES</b>										
Salaries	\$ 716,736	\$	\$ 126,621	\$ 117,408	\$ 140,311	\$ 106,705	\$ 114,776	\$ 46,002	\$ 15,043	\$ 49,871
Payroll taxes	62,494		10,953	10,593	12,316	9,374	10,268	4,093	1,279	3,618
Employee benefits	100,228		16,341	13,883	15,692	15,464	20,686	6,395	4,075	7,591
Outside services	0									
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>879,458</b>		<b>153,915</b>	<b>141,885</b>	<b>168,319</b>	<b>131,542</b>	<b>145,730</b>	<b>56,490</b>	<b>20,398</b>	<b>61,181</b>
<b>OTHER EXPENSES</b>										
ADP payroll service	2,152							0	0	2,152
Associations & periodicals	1,474							143	102	1,229
Bank charges	211,298									
Computer maintenance	21,346		77,599	58,074	16,935	19,417	39,273	84	798	1,625
Depreciation & amortization	51,583		5,738	3,982	1,371	4,096	3,652	0	307	10,514
Development expenses	24,733		8,846	11,480	10,818	4,309	5,308	0	0	544
Direct mail & telemarketing	256,916		31,672	12,555	(24,557)	3,506	1,013	0	0	35,839
Equipment rental	11,413		14,621	67,963	56,943	33,262	45,746	0	1,842	756
Insurance	14,787		2,137	784	360	2,671	4,659	0	46	14,301
Major gifts expense	800		167	167	54	54	0	0	0	0
Office expenses	15,429		1,407	2,201	2,503	2,968	4,890	230	255	975
Other development	8,963		0	0	0	4,514	4,130	0	35	284
Postage & shipping	5,626		657	537	731	358	539	96	218	2,491
Premiums/shipping & marathons	712,589		135,737	139,088	171,184	19,044	247,545	0	0	0
Rent	79,300		0	2,512	45,530	2,671	10,601	6,221	813	10,961
Repairs & maintenance-non technical	14,957		6,255	2,188	861	668	2,904	815	660	566
Telephone	77,383		11,081	8,418	15,920	6,095	25,418	3,518	664	6,269
Travel	12,517		1,163	1,584	802	2,296	1,114	1,639	204	3,715
Utilities	29,425		7,460	5,920	9,368	964	3,428	1,241	0	1,042
<b>TOTAL OTHER EXPENSES</b>	<b>1,551,712</b>	<b>0</b>	<b>304,541</b>	<b>317,153</b>	<b>309,623</b>	<b>106,884</b>	<b>400,286</b>	<b>13,987</b>	<b>5,964</b>	<b>93,273</b>
<b>TOTAL FUNDRAISING EXPENSES</b>	<b>\$ 2,431,170</b>	<b>\$ 0</b>	<b>\$ 458,456</b>	<b>\$ 459,038</b>	<b>\$ 477,942</b>	<b>\$ 238,426</b>	<b>\$ 546,016</b>	<b>\$ 70,477</b>	<b>\$ 26,362</b>	<b>\$ 154,454</b>

The accompanying notes are an integral part of these financial statements

PACIFICA FOUNDATION  
OTHER REVENUE BY DIVISION  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Totals	KPFA	KPFK	WBAI	KPFT	WPEW	PNP	PRA	National Office
<b>OTHER REVENUE</b>									
Tape sales (recorded programs)	\$ 227,612	\$	\$	\$	\$	\$	\$	227,612	
Rental of mailing lists	7,404								7,404
Rental of premises (net)	108,237	81,237							27,000
Insurance proceeds	920,149								920,149
Loss on disposition of assets	(8,679)		(1,400)		(1,400)	(1,400)			(4,479)
Other income (loss)	51,718				44,747	0	(5,669)		12,640
<b>TOTAL OTHER REVENUE</b>	<b>\$ 1,306,441</b>	<b>\$ 81,237</b>	<b>\$ (1,400)</b>	<b>\$ 0</b>	<b>\$ 43,347</b>	<b>\$ (1,400)</b>	<b>\$ (5,669)</b>	<b>227,612</b>	<b>962,714</b>

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