The Pacifica Foundation

Financial Statements

For the Year Ended

September 30, 2015

With Independent Auditor's Report Thereon

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

THE PACIFICA FOUNDATION

(A California Non-Profit Corporation)
September 30, 2015

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THE PACIFICA FOUNDATION
1925 Martin Luther King, Jr. Way
Berkeley, California 94704-1037
Phone 510-849-2590
Web Site Address: www.pacifica.org

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
MARIANNE RYAN
JANICE TAYLOR, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
DANA CHAVARRIA, CPA
TRICIA WILSON
WENDY THOMAS, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
WWW.MRCPA.COM OFFICE: 925.314.0390 FAX: 925.314.0469

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Pacifica Foundation

We have audited the accompanying financial statements of The Pacifica Foundation (a California nonprofit organization) which comprise the statement of financial position as of September 30, 2015 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pacifica Foundation as of September 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(continued)

The Board of Directors
The Pacifica Foundation

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Matters

Emphasis of Matter Regarding Going Concern
[Substantial Doubt About The Organization's Ability To Continue As A Going Concern]
The accompanying financial statements have been prepared assuming that The Pacifica Foundation will continue as a going concern. As discussed in Note 20 to the financial statements, The Pacifica Foundation has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Information
The financial statements of The Pacifica Foundation as of September 30, 2014 were audited by another auditor whose report dated December 13, 2016 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended September 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of Financial Position by Division, Statement of Activities and Changes in Net Assets by Division, and Statement of Expenses by Division are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Final Draft

Danville, California
August 7, 2017

THE PACIFICA FOUNDATION

Statements of Financial Position

September 30, 2015 and 2014

Assets

	2015	2014
Current assets:		
Cash and cash equivalents	$ 243,053	$ 177,106
Receivables	32,911	50,028
Premiums inventory	28,350	81,571
Prepaid expenses	32,270	193,001
Total current assets	336,584	501,706
Noncurrent assets:		
Restricted cash	591,221	688,491
Property and equipment, net	2,298,438	2,275,557
Other assets	42,970	72,260
Total noncurrent assets	2,932,629	3,036,308
Total assets	$ 3,269,213	$ 3,538,014

Liabilities and Net Assets

	2015	2014
Current liabilities:		
Accounts payable	$ 3,322,101	$ 4,668,385
Accrued expenses and benefits	978,793	1,085,593
Deferred income	-	18,571
Accrued rent liability, short-term	877,229	48,742
Notes payable	17,000	-
Total current liabilities	5,195,123	5,821,291
Noncurrent liabilities:		
Accrued rent liability, long-term	569,035	660,253
Note payable, long-term	-	156,000
Total noncurrent liabilities	569,035	816,253
Total liabilities	5,764,158	6,637,544
Net assets (deficit):		
Unrestricted	(3,833,945)	(4,620,018)
Temporarily restricted	222,945	404,433
Permanently restricted	1,116,055	1,116,055
Total net assets (deficit)	(2,494,945)	(3,099,530)
Total liabilities and net assets (deficit)	$ 3,269,213	$ 3,538,014

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2015 and 2014

	September 30, 2015				September 30, 2014			
		Temporarily	Permanently			Temporarily	Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Revenue and support:								
Listener support and donations (net)	$ 8,186,120	$ -	$ -	$ 8,186,120	$10,341,441	$ -	$ -	$10,341,441
Grants and contributed income	2,350,726	-	-	2,350,726	215,538	-	-	215,538
Community events	300,800	-	-	300,800	261,030	-	-	261,030
Sub-channel income	261,500	-	-	261,500	251,500	-	-	251,500
Other revenue	413,483	-	-	413,483	396,164	-	-	396,164
Investment income	8,953	-	-	8,953	2,439	20,486	-	22,925
Net assets released from restrictions	181,488	(181,488)	-	-	-	-	-	-
Total revenue and support	11,703,070	(181,488)	-	11,521,582	11,468,112	20,486	-	11,488,598
Expenses:								
Program services	5,826,081	-	-	5,826,081	5,867,476	-	-	5,867,476
Management and general	3,954,605	-	-	3,954,605	4,310,082	-	-	4,310,082
Fundraising and development	1,908,769	-	-	1,908,769	2,082,448	-	-	2,082,448
Total expenses	11,689,455	-	-	11,689,455	12,260,006	-	-	12,260,006
Increase (decrease) in net assets	13,615	(181,488)	-	(167,873)	(791,894)	20,486	-	(771,408)
Adjustments to beginning net assets	772,458	-	-	772,458	-	-	-	-
Net assets (deficit) at beginning of year	(4,620,018)	404,433	1,116,055	(3,099,530)	(3,828,124)	383,947	1,116,055	(2,328,122)
Net assets (deficit) at end of year	$ (3,833,945)	$ 222,945	$ 1,116,055	$ (2,494,945)	$ (4,620,018)	$ 404,433	$ 1,116,055	$ (3,099,530)

Statements of Cash Flows
For the Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Decrease in net assets	$ (167,873)	$ (771,408)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	208,975	237,673
Realized and unrealized gains on investments	-	(20,486)
Changes in:		
Receivables	17,117	(18,515)
Premiums inventory	53,221	578
Prepaid expenses	160,731	(168,498)
Other assets	29,290	(7,000)
Accounts payable	(1,346,284)	651,061
Accrued expenses and benefits	(106,800)	(98,727)
Deferred income	(18,571)	(30,000)
Accrued rent liabilities	737,269	(28,518)
Net cash used for operating activities	(432,925)	(253,840)
Cash flows from investing activities:		
Change in restricted cash	97,270	52,076
Acquisition of property and equipment	(231,856)	(30,610)
Proceeds from sales of investments	-	37,413
Net cash provided by (used for) investing activities	(134,586)	58,879
Cash flows from financing activities:		
Borrowings under notes payable	17,000	156,000
Retirement of note payable	(156,000)	-
Prior period adjustments	772,458	-
Net cash provided by financing activities	633,458	156,000
Increase (decrease) in cash and cash equivalents	65,947	(38,961)
Cash and cash equivalents at beginning of year	177,106	216,067
Cash and cash equivalents at end of year	$ 243,053	$ 177,106
Supplemental Disclosures:		
Interest expense - cash basis	$ -	$ 13
State registration taxes paid	$ 150	$ 150

Statement of Functional Expenses
For the Year Ended September 30, 2015

	Program Services	Management and General	Fundraising and Development	Totals
Personnel costs				
Salaries and wages	$ 2,948,032	$ 988,857	$ 694,190	$ 4,631,079
Payroll taxes	266,367	87,252	64,121	417,740
Employee benefits	706,301	443,577	198,193	1,348,071
Pension and 403(B) contributions	87,065	38,992	22,694	148,751
Total personnel costs	4,007,765	1,558,678	979,198	6,545,641
Advertising and promotion	-	95,049	35,980	131,029
Associations and periodicals	6,226	6,148	-	12,374
Audit and accounting	-	216,180	-	216,180
Bank charges and credit card fees	76	105,949	206,217	312,242
Board meetings and elections	-	102,735	450	103,185
Communications expense	128,234	382,600	2,237	513,071
Community events	150	18,775	105,863	124,788
Computer maintenance	21,436	42,227	10,245	73,908
Consultants	145,765	27,543	22,288	195,596
Depreciation and amortization	69,693	139,178	104	208,975
Direct mail and telemarketing	31,929	678	402,496	435,103
Equipment rental	-	62,001	21,431	83,432
Insurance	-	218,902	-	218,902
Miscellaneous	2,863	26,536	2,617	32,016
Rent-office/studio	-	251,875	-	251,875
Rent-tower	917,332	17,014	-	934,346
Office expenses	4,518	77,143	2,102	83,763
Outside services	-	21,113	-	21,113
Permits, fines and filing fees	-	22,416	130	22,546
Professional fees	-	259,482	-	259,482
Programming costs	81,545	17,413	48,754	147,712
Repairs and maintenance	119,015	87,274	661	206,950
Storage	537	52,313	-	52,850
Tapes and supplies	22,149	6,248	64,988	93,385
Taxes - property tax	-	24,121	-	24,121
Training conferences	7,109	1,406	526	9,041
Travel	9,377	2,729	2,482	14,588
Utilities	234,453	79,882	-	314,335
Website and audioport expenses	15,909	30,997	-	46,906
Total expenses	$ 5,826,081	$ 3,954,605	$ 1,908,769	$ 11,689,455

THE PACIFICA FOUNDATION

Statement of Functional Expenses

For the Year Ended September 30, 2014

	Program Services	Management and General	Fundraising and Development	Totals
Personnel costs				
Salaries and wages	$ 2,849,027	$ 1,353,525	$ 766,697	$ 4,969,249
Payroll taxes	261,954	110,865	71,281	444,100
Employee benefits	699,276	482,584	220,671	1,402,531
Pension and 403(B) contributions	59,131	79,662	17,512	156,305
Total personnel costs	3,869,388	2,026,636	1,076,161	6,972,185
Advertising and promotion	-	17,369	33,028	50,397
Associations and periodicals	3,769	10,879	-	14,648
Audit and accounting	-	100,764	-	100,764
Bank charges and credit card fees	2,629	109,450	257,122	369,201
Board meetings and elections	50	28,601	-	28,651
Communications expense	168,176	310,649	11,810	490,635
Community events	-	2,808	147,576	150,384
Computer maintenance	8,341	62,040	7,092	77,473
Consultants	108,286	146,638	31,328	286,252
Depreciation and amortization	83,874	152,333	1,466	237,673
Direct mail and telemarketing	15,196	335	454,727	470,258
Equipment rental	720	78,814	24,916	104,450
Insurance	-	224,350	-	224,350
Interest	-	13	-	13
Legal settlement	600	-	-	600
Miscellaneous	240,074	45,932	-	286,006
Rent-office/studio	50,300	227,595	-	277,895
Rent-tower	721,115	-	-	721,115
Office expenses	12,912	104,197	1,322	118,431
Outside services	-	32,256	-	32,256
Permits, fines and filing fees	-	4,716	-	4,716
Professional fees	-	318,297	-	318,297
Programming costs	128,544	5,060	5,322	138,926
Repairs and maintenance	138,699	55,294	7,632	201,625
Storage	1,846	50,165	-	52,011
Tapes and supplies	59,563	31,509	17,288	108,360
Taxes - property tax	-	(16,654)	-	(16,654)
Training conferences	1,451	748	3,647	5,846
Travel	19,867	52,334	2,011	74,212
Utilities	222,052	99,064	-	321,116
Website and audioport expenses	10,024	27,890	-	37,914
Total expenses	$ 5,867,476	$ 4,310,082	$ 2,082,448	$ 12,260,006

Notes to Financial Statements
September 30, 2015

1. Organization

The Pacifica Foundation (the "Foundation") was incorporated under the Nonprofit Corporation Law of the State of California on august 24, 1946 and was recognized as a tax exempt organization in April 1958 under section 101(c) of the 1939 Internal Revenue Code which now corresponds with IRC 501(c)(3) as a public charity. Pacifica 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 to other non-commercial radio stations, news services, schools, colleges, universities and the general public. Contributions are used to support non-commercial radio stations and to create public affairs programming which is available to approximately 165 affiliated non-commercial radio stations.

The Financial statements include the operations of the following divisions:

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 Office
Pacifica Foundation – Pacifica Radio Archives

2. Summary of Significant Accounting Policies

Basis of Accounting and Combination
The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The financial statements include the accounts of the Foundation and the various divisions identified above, which have common management and have some common board members. All significant balances and transactions between the Foundation's divisions have been eliminated.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Revenue Recognition
The Foundation records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments
Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate carrying values of such amounts.

Cash and Cash Equivalents
Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. The Foundation may occasionally be the recipient of donated securities. Investments or securities received by gift are recorded at market value at the date of contribution in accordance with ASC 958.320, *Investments of Not For Profit Organizations*. The Foundation converts such securities to liquid assets, and any realized gains or losses are separately stated on the statements of activities and changes in net assets. The Foundation maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits.

Premiums Inventory
Each station maintains an inventory of items used for premium incentives in fundraising activities that are carried at the lower of cost or fair value. The Foundation determined cost using the first-in first-out method. Obsolete or unsalable inventory is reflected at its estimated net realizable value.

Property and Equipment
Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. The cost of property and equipment exceeding $2,000 is capitalized and depreciated over the estimated useful life of each class of depreciable asset. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

Maintenance and repairs are charged to expense as incurred. When property and equipment are retired, sold, or otherwise disposed of, amounts representing the asset's carrying amount and related depreciation are removed from the accounts and any gain or loss is included in operations. The useful estimated lives of property and equipment are summarized as follows:

Office and computer equipment	5 years
Leasehold improvements	10 years
Furniture and fixtures	10 years
Transmitter, technical and antenna equipment	10 – 20 years
Buildings	30 years

2. Summary of Significant Accounting Policies *(continued)*

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside during the years ended September 30, 2015 and 2014.

Revenue Recognition

Listener Support And Donations (Net): Listener support and donations are reflected net of premiums issued in exchange for payments received. Total premiums and related costs amounted to $794,166 and $1,071,315 for the years ended September 30, 2015 and 2014, respectively.

Grants and Contributed Income: Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated Assets: Donated property is recorded at the estimated fair value at the date of receipt. The Foundation reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

2. Summary of Significant Accounting Policies *(continued)*

Revenue Recognition (continued)

Income recognition from community events: Funds received in advance from community evets are shown as deferred income when received. These amounts are recorded as income when the funds are disbursed upon the completion of the community event in order to more closely match revenue with the related expenditure.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, the Foundation is required to report information regarding its exposure to various tax positions taken by the Foundation and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that the Foundation has adequately evaluated its current tax positions and has concluded that as of September 30, 2015 and 2014, the Foundation does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary. The Foundation may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes.

The Foundation has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. As noted in Subsequent Events on Page 17 of this report, the Foundation received notice from the California Franchise Tax Board that its California tax-exempt status has been revoked with an effective date of February 27, 2017. The Foundation is in the process of filing appropriate paperwork to re-establish its tax exempt status in the State of California. The Foundation's Federal tax-exempt status remains in effect.

Other Revenue

The Foundation combines certain revenue streams (such as premium sales, rental income, advertising income, and other miscellaneous revenue) as other revenue on the statements of activities and changes in net assets. The largest component is income from affiliates which amounted to $233,073 and $229,997 for the years ended September 30, 2015 and 2014, respectively.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements in order to conform to the presentation used in 2015.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at September 30:

	2015	2014
Checking accounts and petty cash	$ 199,968	$ 168,356
Money market and savings accounts	43,085	8,750
Total cash and cash equivalents	$ 243,053	$ 177,106

Certain funds on deposit in local financial institutions bear interest at rates ranging from 0.02% to 0.05% per annum. At certain times during the year, deposits may exceed federally insurance limits. The Foundation attempts to minimize its credit risk associated with cash equivalents by utilizing highly-rated financial institutions.

4. Restricted Cash

Restricted cash primarily represents funds restricted for the purchase of a building and funds required to be held in a separate bank account because of donor restrictions. The components of restricted cash are as follows at September 30:

	2015	2014
Wells Fargo Bank ACH – KPFA	$ 5,000	$ 5,000
NTIA – KPFT	-	13,671
Health Fund – KPFA	476,843	502,639
Building Fund – WPFW	100,268	167,071
Others	9,110	110
Total restricted cash	$ 591,221	$ 688,491

Certain funds on deposit in local financial institutions bear interest at rates ranging from 0.03% to 0.40% per annum. At certain times during the year, deposits may exceed federally insurance limits. The Foundation attempts to minimize its credit risk associated with cash equivalents by utilizing highly rated financial institutions.

5. Receivables

Receivables of $32,911 and $50,028 at September 30, 2015 and 2014, respectively, are comprised of amounts due from various donors and private entities. All receivables are due within one year from the date of the statement of financial position and management considers all amounts to be fully collectible. Accordingly, there is no provision for doubtful accounts at September 30, 2015 and 2014. Receivables are classified as level 2 assets.

Notes to Financial Statements

6. Premiums Inventory and Premiums Incentives

Premiums inventory of $28,350 and $81,571 at September 30, 2015 and 2014, respectively, consist of various books, CDs, water bottles, T-shirts, and other printed materials. The corresponding expense from premiums goods which are used for incentives in fundraising activities are deducted against listener support and donations in the Statements of Activities. The premium incentives incurred by each station are as follows for the years ended September 30:

		2015		2014
KPFA	$	183,148	$	215,834
KPFK		335,024		427,649
KPFT		59,673		46,942
WBAI		125,066		274,448
WPFW		70,260		85,743
National Office		-		2,894
Pacifica Radio Archives		5,995		17,805
Total cost of premiums incentives	$	794,166	$	1,071,315

Listener support and donations of $8,186,120 and $10,341,441 for the years ended September 30, 2015 and 2014, respectively, are net of premiums incentives of $794,166 and $1,071,315 for the years ended September 30, 2015 and 2014, respectively, as reflected above. Premiums are classified as level 3 assets.

7. Property and Equipment

The following is a summary of property and equipment at September 30:

		2015		2014
Land	$	632,428	$	632,428
Building and Improvements		2,948,220		2,931,193
Leasehold improvements		609,464		609,464
Furniture and fixtures		263,815		256,815
Equipment		6,468,332		6,260,404
Subtotal		10,922,259		10,690,304
Less accumulated depreciation		(8,623,821)		(8,414,847)
Total property, equipment and improvements (net)	$	2,298,438	$	2,275,557

Total depreciation and amortization expense amounted to $208,974 and $237,673 for the years ended September 30, 2015 and 2014, respectively, and is reported on the Supplemental Schedule - Statement of Expenses by Division. Included in the property and equipment held at September 30, 2015 and 2014 is certain technical equipment acquired with the assistance of government grants. In accordance with the regulations of these grants, the National Telecommunications and Information Administration retains interest in these assets for a period of ten years following the completion of the grant. At September 30, 2015 and 2014, equipment held by KPFT with a historical cost of $19,100 was subject to the federal ten-year period. The federal ten-year period is set to expire in 2016.

Notes to Financial Statements

8. Note Payable

Note payable of $17,000 at September 30, 2015 is comprised of amounts borrowed from certain individuals under short-term and interest-free borrowing arrangements. The loans are unsecured and due on demand. Note payable of $156,000 at September 30, 2014 was retired in full during the year ended September 30, 2015 when the lender converted the note into a donation.

9. Deferred Income

Deferred income of $18,571 at September 30, 2014 represents funds received in advance for future activities/events to be held during the following fiscal year. Such amounts have been reflected as a short-term liability at September 30, 2014 and were subsequently recorded as earned revenue on the statements of activities and changes in net assets during the year ended September 30, 2015. There was no deferred income at September 30, 2015.

10. Lease Commitments

The Foundation is obligated under certain multi-year operating leases for office space, studio, and radio tower equipment. The leases expire at various dates through September 30, 2020. The Foundation is also obligated under several month-to-month lease agreements to rent office and studio space. Future minimum lease payments under the long term-lease agreements as of September 30, 2015 is as follows:

Fiscal Year Ending:	Towers	Facilities	Equipment	Totals
September 30, 2016	$ 499,026	$ 229,411	$ 28,018	$ 756,455
September 30, 2017	529,899	237,412	20,183	787,494
September 30, 2018	559,122	197,842	19,391	776,355
September 30, 2019	596,705	44,876	14,238	655,819
September 30, 2020	378,249	-	11,910	390,159

Rent expense for all leases (including facilities, tower, and equipment) amounted to $1,269,653 and $1,103,460 for the years ended September 30, 2015 and 2014, respectively.

11. Temporarily Restricted Net Assets

The Foundation recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consisted of the following at September 30:

	2015	2014
Capital acquisitions	$ 222,945	$ 222,945
Unappropriated earnings on endowment investments	-	181,488
Total temporarily restricted net assets	$ 222,945	$ 404,433

(continued)

11. Temporarily Restricted Net Assets *(continued)*

During the years ended September 30, 2015 and 2014, there were no additions to temporarily restricted net assets. In accordance with the provisions of donor instructions, the Foundation released $181,488 and from temporarily restricted net assets during the year ended September 30, 2015. There were no net assets released from restrictions during the year ended September 30, 2014.

12. Permanently Restricted Net Assets

Permanently restricted net assets consist of funds which are invested in perpetuity in accordance with donor instructions, the income from which is expendable for operations. Permanently restricted net assets consisted of the following at September 30:

	2015	2014
KPFA – Health Trust endowment fund	$ 375,000	$ 375,000
KPFA – Other endowment fund	150,000	150,000
KPFK – Other endowment fund	20,000	20,000
National Office – other endowment fund	196,055	196,055
National Office – Health Trust endowment fund	375,000	375,000
Total permanently restricted net assets	$ 1,116,055	$ 1,116,055

The Foundation's endowment consists of five funds established for a variety of purposes and includes donor-restricted funds. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted net assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund

(continued)

12. Permanently Restricted Net Assets *(continued)*

- General economic conditions
- The possible effect of inflation and deflations
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The Foundation has not adopted a policy of appropriating an amount for distribution each year.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor of Board of Directors requires the Foundation to retain as a fund of perpetual duration. The Foundation has a deficit of $639,212 and $794,903 as of September 30, 2015 and 2014, respectively.

Endowment net asset composition by type of fund as of September 30, 2015 is as follows:

	Deficit	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	$ (639,212)	$ -	$ 1,116,055	$ 476,843

Endowment net asset composition by type of fund as of September 30, 2014 is as follows:

	Deficit	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	$ (794,904)	$ 181,488	$ 1,116,055	$ 502,639

The following represents the changes in endowment net assets for the year ended September 30, 2015:

	Deficit	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of the year	$ (794,904)	$ 181,488	$ 1,116,055	$ 502,639
Investment return Net appreciation (realized/unrealized/transfers)	155,692	(181,488)	-	(25,796)
Subtotals	155,692	(181,488)	-	(25,796)
Endowment net assets, end of year	$ (639,212)	$ -	$ 1,116,055	$ 476,843

(continued)

12. Permanently Restricted Net Assets *(continued)*

The following represents the changes in endowment net assets for the year ended September 30, 2014:

	Deficit	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of the year	$ (794,904)	$ 161,002	$ 1,116,055	$ 482,153
Investment return Net appreciation (realized and unrealized)	-	20,486	-	20,486
Total investment return	-	20,486	-	20,486
Endowment net assets, end of year	$ (794,904)	$ 181,488	$ 1,116,055	$ 502,639

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to preserve the purchasing power of the Endowment Fund and at the same time provide a regular distribution of funds for use of the Foundation, consistent with the terms of the Endowment Fund Distribution Policy and the terms governing each of the individual endowment funds. The Foundation follows a balanced approach between risk, preservation of capital, income and growth.

13. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future programs, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions, donor conditions, and government contracts which obligate the Foundation to fulfill certain requirements, conditions, and activities, (b) Funding levels which vary based on factors beyond the Foundation's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

Concentration Vulnerability: The Foundation receives a substantial portion of its support from listeners and members. A significant reduction in the level of this support could have an adverse effect on its ability to continue programs and activities which are funded wholly or partially by the generosity of listeners and members.

Union Agreements: Certain employees at certain geographic locations of the Foundation are enrolled in and protected by union agreements. Such agreements place restrictions on the employer and govern the hiring and firing of employees.

14. Liquidity

The Foundation has experienced significant losses from operating activities in the current and prior years. These factors resulted in the Foundation developing a total net deficit of $2,494,945 and $3,099,530 at September 30, 2015 and 2014, respectively. The Foundation has taken measures to reduce its operating costs, streamline its operations, and increase revenues and support. Based on management's best estimate of future cash flows, these actions are expected to allow the Foundation to operate through the foreseeable future, subject to the factors discussed in Note 19, Note 20, and Note 21. The Foundation's management is also prepared to employ additional cost-cutting measures if the actual cash flows do not meet the current projections. The ability of the Foundation to sustain its operations in the long term depends on its ability to reduce operating costs and increase sources of cash flows. Lastly, the Foundation prepared a Financial Recovery and Stabilization Plan to address issues related to organizational and financial matters and to set a road map for future operations with an emphasis on stable management and sustainable revenue patterns.

15. Accrued Payroll and Related Benefits (including Compensated Absences)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, the Foundation is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the fiscal year. Total accrued payroll benefits amounted to $554,375 and $602,930 at September 30, 2015 and 2014, respectively, and are included with Accrued Expenses and Benefits on the statements of financial position.

In July 2016, the Foundation entered into a stipulated award agreement related to unpaid wages during a reduction in force that occurred in fiscal 2015. The terms of the agreement require the Foundation to pay a total of $150,000 for the unpaid wages during the workforce reduction. The agreement also required the Foundation to make severance and back pay payments to certain stated employees that total approximately $135,000. As of August 7, 2017, the date of the Independent Auditor's Report, the Foundation has made all payments required under the agreement.

16. Advertising and Promotion

Advertising and promotion expenses amounted to $131,029 and $50,397 for the years ended September 30, 2015 and 2014, accordingly.

17. Pension Plan

The Foundation has a 403(b) defined contribution retirement plan covering all eligible regular full time and part time employees who are employed for a minimum of six months. Funds from participants electing to make salary deferrals are invested along with employer matching funds in individual, self-directed accounts. The Foundation's contribution to employee participant accounts amounted to $71,172 and $73,631 during the years ended September 30, 2015 and 2014, respectively. *(continued)*

17. Pension Plan *(continued)*

The Foundation also has an annual "Profit Sharing Plan" based on 2% or more of total annual compensation earned per eligible employee during the plan year. Profit sharing amounts are invested in a portfolio of investments as directed by the Foundation. All employer contributions are subject to limitations imposed by applicable provisions of the Internal Revenue Code. The Foundation's contributions to the Profit Sharing Plan amounted to $77,579 and $82,418 during the years ended September 30, 2015 and 2014, respectively. These amounts are included as part of Accrued Expenses and Benefits on the Statements of Financial Position at September 30, 2015 and 2014. The Foundation's contribution to the Plan had not been funded as of September 30, 2015 and 2014 and, under Federal law, the Department of Labor could classify the plan to be in critical or endangered status. Pension plans in critical and endangered status are required to adopt a plan aimed at restoring the financial health of the Plan. Accrued pension liabilities for each division are summarized as follows at September 30:

	2015	2014
KPFA	$ 63,714	$ 65,716
KPFK	82,373	72,956
KPFT	20,240	20,711
WBAI	32,540	31,377
WPFW	24,949	23,362
National Office	19,130	19,494
Pacifica Radio Archives	20,457	16,758
Total accrued pension liabilities	$ 263,403	$ 250,374

18. Sub-Carrier Agreement

The Foundation entered into sub-carrier agreements (SCA) in March 1984, whereby outside companies are allowed to use a portion of certain Pacifica stations' base bands 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. 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.

19. Pending or Threatened Litigation: New York

In November 2016, the owner of the Empire State Building filed a lawsuit against the Foundation alleging that the radio network owes $1.35 million in rent and fees for the tower of its New York City station, WBAI. The suit alleges that Pacifica has been "chronically late" on its rent payments. The lawsuit seeks unpaid rent in the amount of $1,357,429 plus attorneys' fees. The Foundation has accrued all applicable past due rent amounts plus estimated additional fees and related charges in the financial statements. The total accrued rent liabilities of $1,446,264 at September 30, 2015 are reflected on the statement of financial position. See related discussions in Note 20 and Note 21.

20. Substantial Doubt about an Entity's Ability to Continue as a Going Concern

In accordance with applicable accounting and auditing standards, substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

Principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern

Empire State Realty Trust (ESRT), owner of the Empire State Building where the Foundation's New York affiliate WBAI's transmitter sits, filed suit against Pacifica in November 2016, alleging the Foundation owes $1.35 million in back rent and tower fees. ESRT is also seeking interest, attorney costs, and other fees in association with the lawsuit, bringing the total to more than $2 million.

The Foundation, meanwhile, is accusing ESRT of "holding the network hostage" with a contract that requires the broadcaster to pay tower rent that increases about 9% per year. The Foundation's management believes the amount being charged is over four times the market rate in New York and thus threatens the future of independent community radio.

The Foundation has requested ESRT to release it from the tower lease, which began in June 2005 and expires in April 2020, and construct a new lease agreement at current prevailing rates. The Foundation's management believes ESRT "took advantage" of broadcasters who faced few antenna options after the World Trade Center was destroyed in September 2001. For example, the Foundation's management noted that WBAI's bill for May 2017 totaled over $53,000 despite the fact that other stations now have tower site options that are as little as $12,000 per month in the New York market at the 4 Times Square tower site. The Foundation has been on the Empire State Building since 1965 and has consistently paid fair market rates. However, ESRT has refused to renegotiate the terms of the agreement and continues to seek full payment under the existing terms of the written contract.

During July 2017, ESRT filed a motion with the court seeking final summary judgment regarding the payment of all past due amounts. As of August 7, 2017, the date of the Independent Auditor's Report, the judge's final decision on the summary judgment had not been handed down.

Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations

The Foundation's management understands the significance of the lawsuit and the grievous consequence of an unfavorable court decision. A ruling in favor of ESRT will put in jeopardy the assets of the Foundation, including all cash reserves and equity values in real estate properties. Additionally, depending on the facts and circumstances, an unfavorable ruling could force the Foundation to file bankruptcy and enter into the forced liquidation of certain assets, including real estate properties.

(continued)

20. Substantial Doubt about an Entity's Ability to Continue as a Going Concern *(continued)*

The lawsuit has created considerable uncertainty regarding business prospects for the Foundation, including the ability of the Foundation to continue its business model in the present form. The Foundation may be forced to consider structural changes or, as mentioned earlier, bankruptcy and reorganization of the business under Federal statutes. The Foundation has minimal liquid assets but substantial real estate holdings which may be sufficient to retire the debts if liquidated in an orderly manner. The Foundation's broadcast licenses reflect considerable value in the open market (with a potential fair value in excess of $50 million), and can be sold or swapped at a substantial premium (these intangible assets – at fair value - are not reflected in the financial statements). However, serious restrictions exist in such exchanges and such disposition can be a time-consuming process.

Management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

The Foundation's management has vigorously pursued a course of action to settle the ESRT lawsuit in an amicable manner. Representatives of the Foundation have strategized to provide written and oral arguments to the court in an effort to arrive at an acceptable reconciliation with ESRT. The judge has yet to rule on those arguments as of August 7, 2017, the date of the Independent Auditor's Report. The Foundation has proposed alternatives which involve long-term payment arrangements and/or the refinancing of existing real estate properties, the proceeds of which would be used to retire the obligation owing to ESRT. Another option is to sell certain real estate holdings and/or licensing rights (as previously noted) in order to generate sufficient cash proceeds to extinguish the liability. The court has set a date of October 4, 2017 to hear both parties and decide whether to grant summary judgment or to move forward with a full trial.

21. Pending or Threatened Litigation: Other Matters

The Foundation has been named as a defendant in various other lawsuits, chief among them claims of wrongful termination and wrongful removal from Board of Director positions. In some cases the Foundation has assessed the potential liabilities and has accrued the possible exposure. In other cases the Foundation has contested the claims and sought arbitration.

Management believes that such pending and threatened litigation and related matters will not have a material adverse effect on the financial statements and that all potential liabilities which could materialize have been accrued in the financial statements.

22. Prior Period Adjustments

Adjustments to beginning net assets totaling $772,458 have been reflected on the statement of activities and changes in net assets as a result of an exhaustive effort by the Foundation's management. Many of the adjustments impacting prior year unrestricted net assets were discovered by analyzing accounts payable and accrued expenses in the books and records of the Foundation's affiliated divisions (see Note 1 for a list of all divisions). Management discovered many liabilities which were no longer valid, either because the expenditure was made in a prior year without being removed from the liability ledger and/or because the estimated accrual for the future expense never materialized.

None of the adjustments were taxable because the associated revenue and/or expense amounts were not subject to classification as unrelated business income activities.

23. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 7, 2017, the date the financial statements were available to be issued.

In November 2016, the owner of the Empire State Building filed a lawsuit against the Foundation alleging that the radio network owes $1.35 million in rent and fees for the tower of its New York City station, WBAI. The suit alleges that Pacifica has been "chronically late" on its rent payments. The lawsuit seeks unpaid rent in the amount of $1,357,429 plus attorneys' fees and related costs. This amount has been accrued in the financial statements and is a component of accrued rent liability. See Note 20 for additional discussion.

As a result of an audit performed by the Attorney General of the State of California, the Foundation is obligated to submit audited financial statements for the year ended September 30, 2015 to the Attorney General no later than August 27, 2017. The Foundation anticipates meeting this deadline.

During June 2016, the Foundation received notice from the California Franchise Tax Board that its California tax-exempt status had been revoked with an effective date of February 27, 2017. The Foundation is in the process of filing appropriate paperwork to re-establish its tax exempt status in the State of California. The Foundation's Federal tax-exempt status remains in effect.

During July 2016, the Foundation entered into a stipulated award agreement related to unpaid wages during a reduction in the workforce during fiscal 2015. The terms of the agreement require the Foundation to remit a total of $150,000 for the unpaid wages which occurred as a result of the workforce reduction. The agreement also requires the Foundation to make severance and back pay payments to certain stated employees which total approximately $135,000. As of August 7, 2017, the date of the Independent Auditor's Report, the Foundation has made all payments required under the agreement.

In the opinion of management, there are no other subsequent events which need to be disclosed.

Supplemental Schedule - Statement of Financial Position by Division

September 30, 2015

Assets

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Totals
Current assets:									
Cash and cash equivalents	$ 40,794	$ 2,113	$ 143,167	$ 10,664	$ (20)	$ 2,340	$ 43,995	$ -	$ 243,053
Receivables	-	12,934	18,227	-	1,750	-	-	-	32,911
Premiums inventory	-	-	250	15,002	-	10,225	2,873	-	28,350
Prepaid expenses	32,270	-	-	-	-	-	-	-	32,270
Total current assets	73,064	15,047	161,644	25,666	1,730	12,565	46,868	-	336,584
Noncurrent assets:									
Restricted cash	454	1,092	481,843	7,277	287	100,268	-	-	591,221
Property and equipment, net	585	15,411	1,262,554	526,610	10,657	7,215	475,406	-	2,298,438
Inter-division receivables	7,192,996	443,509	1,786,729	-	245,190	-	57,330	(9,725,754)	-
Other assets	11,500	-	-	17,780	-	13,690	-	-	42,970
Total noncurrent assets	7,205,535	460,012	3,531,126	551,667	256,134	121,173	532,736	(9,725,754)	2,932,629
Total assets	$ 7,278,599	$ 475,059	$ 3,692,770	$ 577,333	$ 257,864	$ 133,738	$ 579,604	$(9,725,754)	$ 3,269,213

Liabilities and Net Assets

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Totals
Current liabilities:									
Accounts payable	$ 3,037,904	$ 985	$ 146,518	$ 80,418	$ (1,387)	$ 25,742	$ 31,921	$ -	$ 3,322,101
Accrued expenses and benefits	86,944	39,894	238,246	306,093	228,045	35,318	44,253	-	978,793
Accrued rent liability, short-term	-	-	-	-	877,229	-	-	-	877,229
Notes payable	-	-	-	17,000	-	-	-	-	17,000
Total current liabilities	3,124,848	40,879	384,764	403,511	1,103,887	61,060	76,174	-	5,195,123
Noncurrent liabilities:									
Accrued rent liability, long-term	-	-	-	-	569,035	-	-	-	569,035
Inter-division payable	1,577,593	1,352,082	53,980	585,277	3,887,942	1,566,398	702,482	(9,725,754)	-
Total noncurrent liabilities	1,577,593	1,352,082	53,980	585,277	4,456,977	1,566,398	702,482	(9,725,754)	569,035
Total liabilities	4,702,441	1,392,961	438,744	988,788	5,560,864	1,627,458	778,656	(9,725,754)	5,764,158
Net assets (deficit):									
Unrestricted	2,005,103	(917,902)	2,729,026	(431,455)	(5,368,800)	(1,650,865)	(199,052)	-	(3,833,945)
Temporarily restricted	-	-	-	-	65,800	157,145	-	-	222,945
Permanently restricted	571,055	-	525,000	20,000	-	-	-	-	1,116,055
Total net assets (deficit)	2,576,158	(917,902)	3,254,026	(411,455)	(5,303,000)	(1,493,720)	(199,052)	-	(2,494,945)
Total liabilities and net assets	$ 7,278,599	$ 475,059	$ 3,692,770	$ 577,333	$ 257,864	$ 133,738	$ 579,604	$(9,725,754)	$ 3,269,213

THE PACIFICA FOUNDATION

Supplemental Schedule - Statement of Activities and Changes in Net Assets by Division

For the Year Ended September 30, 2015

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Totals
Unrestricted revenue and support:									
Listener support and donations (net)	$ -	$ 112,318	$ 2,271,898	$ 2,650,838	$ 1,379,035	$ 856,429	$ 915,602	$ -	$ 8,186,120
Grants and contributed income	269,183	140,162	1,355,164	170,839	20,236	253,748	141,394	-	2,350,726
Community events	-	1,776	203,578	26,949	600	24,487	43,410	-	300,800
Sub-channel income	261,500	-	-	-	-	-	-	-	261,500
Other revenue	241,541	57,692	(16,956)	75,973	23,522	6,298	25,413	-	413,483
Investment income	28	18	-	8,280	-	592	35	-	8,953
Central services	1,386,912	208,560	-	-	-	-	-	(1,595,472)	-
Net assets released from restrictions	-	-	181,488	-	-	-	-	-	181,488
Total revenue and support	2,159,164	520,526	3,995,172	2,932,879	1,423,393	1,141,554	1,125,854	(1,595,472)	11,703,070
Expenses:									
Program services	736,299	287,487	1,658,972	1,718,531	1,054,669	626,366	538,948	-	6,621,272
Management and general	499,782	195,140	654,615	665,630	462,540	216,986	204,197		2,898,890
Fundraising and development	241,230	94,188	543,520	563,034	345,535	205,213	176,573	-	2,169,293
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Total expenses	1,477,311	576,815	3,328,563	3,448,063	2,116,088	1,256,741	1,081,346	-	11,689,455
Increase (decrease) in unrestricted net assets	681,853	(56,289)	666,609	(515,184)	(692,695)	(115,187)	44,508	(1,595,472)	13,615
Net assets (deficit) at beginning of year	1,666,169	(861,613)	2,739,187	(66,940)	(4,689,403)	(1,654,068)	(232,862)	-	(3,099,530)
Net assets released from restrictions	-	-	(181,488)	-	-	-	-	-	(181,488)
Prior period adjustments	228,136	-	29,718	170,669	79,098	275,535	(10,698)	-	772,458
Net assets (deficit) at end of year	$ 2,576,158	$ (917,902)	$ 3,254,026	$ (411,455)	$ (5,303,000)	$ (1,493,720)	$ (199,052)	$ (1,595,472)	$ (2,494,945)

Supplemental Schedule - Statement of Expenses by Division
For the Year Ended September 30, 2015

Expenses:	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Totals
Personnel costs	$ 656,118	$ 418,683	$ 1,996,668	$ 1,851,533	$ 561,818	$ 519,434	$ 541,387	$ -	$ 6,545,641
Advertising and promotion	-	1,525	16,241	110,933	-	-	2,330	-	131,029
Association and periodicals	900	675	4,583	1,247	-	-	4,969	-	12,374
Audit and accounting fees	165,764	-	-	50,416	-	-	-	-	216,180
Bank and finance charges	28,075	8,606	61,204	73,953	51,910	24,300	64,194	-	312,242
Board meetings and elections	69,745	-	7,381	5,793	6,062	7,483	6,720	-	103,184
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Communications	75,494	9,482	133,517	150,468	47,885	39,000	54,235	-	510,081
Community events	-	817	85,482	9,839	6,828	416	21,407	-	124,789
Computer maintenance	29,012	1,067	13,611	29,239	979	-	-	-	73,908
Consultants	24,375	1,350	4,558	902	57,286	92,515	14,610	-	195,596
Depreciation and amortization	1,796	7,913	100,683	67,374	3,248	3,529	24,431	-	208,974
Direct mail and telemarketing	8,317	14,751	129,429	121,467	95,228	14,184	51,727	-	435,103
Equipment rental	723	3,217	8,265	29,857	20,148	(2,956)	10,487	-	69,741
Insurance	178,944	-	22,000	17,959	-	-	-	-	218,903
Legal fees	123,206	-	-	75,933	39,260	21,082	1	-	259,482
Miscellaneous	20,135	589	(3,656)	14,550	20	-	377	-	32,015
Rent - office/studio	-	-	-	-	68,900	196,665	-	-	265,565
Rent - tower	-	-	960	26,513	790,288	39,908	76,676	-	934,345
Office	6,424	2,072	8,968	10,647	28,298	20,771	6,584	-	83,764
Outside services	21,113	-	-	-	-	-	-	-	21,113
Permits, fines, and filing fees	14,214	-	6,891	1,327	-	-	114	-	22,546
Programming costs	33,541	207	49,170	68,979	(55)	-	4,885	-	156,727
Repairs and maintenance	3,086	2,367	75,108	69,139	24,660	15,415	17,176	-	206,951
Storage	6,828	22,968	-	3,398	16,282	3,374	-	-	52,850
Tapes and supplies	-	78,542	2,272	3,849	1,388	3,329	4,006	-	93,386
Taxes - property tax			14,354	9,762	-	-	5	-	24,121
Training expense	8	50	2,122	-	-	-	835	-	3,015
Travel	3,343	-	2,672	5,030	2,632	-	911	-	14,588
Utilities	6,150	-	78,496	128,722	39,440	50,116	11,412	-	314,336
Website and audioport	-	1,934	36,128	8,366	239	-	239	-	46,906
Total expenses	$ 1,477,311	$ 576,815	$ 3,328,563	$ 3,448,063	$ 2,116,088	$ 1,256,741	$ 1,081,346	$ (1,595,472)	$ 11,689,455