

The Pacifica Foundation

Financial Statements
and Independent Auditors' Report

September 30, 2019 and 2018

The Pacifica Foundation

Financial Statements
September 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Pacifica Foundation

We were engaged to audit the accompanying financial statements of The Pacifica Foundation (“the Foundation”), which comprise the statements of financial position as of September 30, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years 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 controls 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As explained in Note 11 to the financial statements, the Foundation is the sponsor of two distinct pension plans covering substantially all employees. Both plans are delinquent in obtaining audited financial statements as required by the Internal Revenue Service (IRS) and the Employee Retirement Income Security Act of 1974 (ERISA). Additionally, both plans are delinquent with filing tax returns with the IRS. As of the date of the Independent Auditors’ Report, April 29, 2021, audits of the plans for years 2019 and 2018 had not been completed. We were thus unable to obtain sufficient appropriate audit evidence about the correct pension accruals, penalties, and fines for the years ended September 30, 2019 and 2018.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Substantial Doubt About the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Foundation will continue as a going concern. As discussed in Note 14 to the financial statements, the Foundation has suffered recurring losses from operations and has a net deficit that raises substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions, and management's plans regarding those matters, are described in Notes 14 and 15. 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in fiscal year 2019, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our conclusion is not modified with respect to this matter.

Other Matters

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedules included on pages 31-36 are presented for the purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
April 29, 2021

The Pacifica Foundation

Statements of Financial Position September 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 955,975	\$ 1,246,285
Contributions receivable	122,651	24,171
Prepaid expenses	17,164	7,891
Inventory	21,371	23,910
	1,117,161	1,302,257
Non-current assets:		
Restricted cash	802,589	859,964
Contributions receivable, long-term, net	174,600	-
Other assets	61,488	41,620
Property and equipment, net	1,579,904	1,706,477
	2,618,581	2,608,061
Total assets	\$ 3,735,742	\$ 3,910,318
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable	\$ 301,841	\$ 2,932,066
Accrued expenses and payroll benefits	2,120,165	2,187,052
Deferred revenue	-	25,000
Equipment loan payable	118,185	121,297
Note payable	3,165,000	3,265,000
	5,705,191	8,530,415
Total liabilities	5,705,191	8,530,415
Net Assets (Deficit)		
Without donor restrictions	(2,868,397)	(5,177,128)
With donor restrictions	898,948	557,031
	(1,969,449)	(4,620,097)
Total net deficit	(1,969,449)	(4,620,097)
Total liabilities and net deficit	\$ 3,735,742	\$ 3,910,318

See accompanying notes.

The Pacifica Foundation

Statement of Activities For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Listener support and donations, net	\$ 7,148,187	\$ -	\$ 7,148,187
Grants and contributions	3,712,937	444,600	4,157,537
Sub-carrier income	267,333	-	267,333
Community events	215,390	-	215,390
Other revenue	324,916	-	324,916
Interest income	37,395	5,910	43,305
Released from restrictions	108,593	(108,593)	-
Total operating revenue and support	11,814,751	341,917	12,156,668
Expenses			
Program services	4,898,475	-	4,898,475
Supporting services:			
Management and general	5,874,350	-	5,874,350
Fundraising and development	1,095,023	-	1,095,023
Total supporting services	6,969,373	-	6,969,373
Total expenses	11,867,848	-	11,867,848
Change in Operating Net Assets	(53,097)	341,917	288,820
Non-Operating Activity			
Gain on forgiveness of accounts payable	2,361,828	-	2,361,828
Total non-operating activity	2,361,828	-	2,361,828
Change in Net Assets	2,308,731	341,917	2,650,648
Net (Deficit) Assets, beginning of year	(5,177,128)	557,031	(4,620,097)
Net (Deficit) Assets, end of year	\$ (2,868,397)	\$ 898,948	\$ (1,969,449)

See accompanying notes.

The Pacifica Foundation

Statement of Activities For the Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Listener support and donations, net	\$ 8,272,007	\$ -	\$ 8,272,007
Grants and contributions	1,555,331	9,000	1,564,331
Sub-carrier income	276,919	-	276,919
Community events	218,028	-	218,028
Gain on sale of property, net	727,457	-	727,457
Other revenue	470,337	-	470,337
Interest income	95,901	18,469	114,370
Released from restrictions	74,800	(74,800)	-
	11,690,780	(47,331)	11,643,449
Expenses			
Program services	5,333,802	-	5,333,802
Supporting services:			
Management and general	5,232,008	-	5,232,008
Fundraising and development	1,085,458	-	1,085,458
	6,317,466	-	6,317,466
Total supporting services	6,317,466	-	6,317,466
Total expenses	11,651,268	-	11,651,268
Change in Net Assets	39,512	(47,331)	(7,819)
Net (Deficit) Assets, beginning of year	(5,216,640)	604,362	(4,612,278)
Net (Deficit) Assets, end of year	\$ (5,177,128)	\$ 557,031	\$ (4,620,097)

See accompanying notes.

The Pacifica Foundation

Statement of Functional Expenses For the Year Ended September 30, 2019

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising and Development	
Personnel costs:				
Salaries and wages	\$ 3,287,311	\$ 1,196,630	\$ 491,674	\$ 4,975,615
Payroll taxes	286,071	97,266	41,779	425,116
Employee benefits	334,950	796,277	27,706	1,158,933
Pension and 403(b) contributions	35,475	94,614	4,652	134,741
Advertising and promotion	218	3,205	15,395	18,818
Associations and periodicals	734	219	8,281	9,234
Audit and accounting	-	416,810	-	416,810
Bank charges and credit card fees	-	207,352	85,367	292,719
Board meetings and elections	37	298,612	-	298,649
Communications expense	26,216	344,105	-	370,321
Community events	351	174,689	51,943	226,983
Computer maintenance	57,335	46,634	798	104,767
Consultants	22,884	346,748	82,376	452,008
Depreciation and amortization	185,593	2,701	104	188,398
Direct mail and telemarketing	2,219	10,056	118,446	130,721
Equipment rental	110	34,672	25,728	60,510
Grants	19,309	-	-	19,309
Insurance	-	199,883	-	199,883
Interest	-	296,347	-	296,347
Legal fees	-	216,045	1,864	217,909
Miscellaneous	4,943	-	-	4,943
Rent – office/studio	3,000	269,117	-	272,117
Rent – tower	109,812	199,444	-	309,256
Office expenses	904	137,799	15,578	154,281
Outside services	702	47,286	97,713	145,701
Permits, fines, and filing fees	672	3,444	-	4,116
Programming costs	194,883	-	8,835	203,718
Repairs and maintenance	96,288	122,005	1,234	219,527
Storage	-	34,989	-	34,989
Tapes and supplies	23,423	3,128	6,450	33,001
Taxes – property	-	47,153	-	47,153
Training conferences	23,523	16,053	8,979	48,555
Travel	8,624	91,885	121	100,630
Utilities	115,869	114,877	-	230,746
Website and audioport	57,019	4,305	-	61,324
Total Expenses	\$ 4,898,475	\$ 5,874,350	\$ 1,095,023	\$ 11,867,848

See accompanying notes.

The Pacifica Foundation

Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising and Development	
Personnel costs:				
Salaries and wages	\$ 2,997,163	\$ 1,098,705	\$ 463,874	\$ 4,559,742
Payroll taxes	279,491	98,958	44,107	422,556
Employee benefits	337,601	644,578	31,485	1,013,664
Pension and 403(b) contributions	63,026	29,938	10,976	103,940
Advertising and promotion	20	4,517	21,676	26,213
Associations and periodicals	434	1,043	5,583	7,060
Audit and accounting	-	145,517	-	145,517
Bank charges and credit card fees	(4,992)	119,346	78,759	193,113
Board meetings and elections	-	17,105	-	17,105
Communications expense	48,850	483,999	-	532,849
Community events	117	33,541	93,713	127,371
Computer maintenance	85,335	38,365	7,066	130,766
Consultants	103,041	584,939	56,752	744,732
Depreciation and amortization	129,146	32,531	104	161,781
Direct mail and telemarketing	3,586	41,913	167,921	213,420
Equipment rental	2,135	36,994	25,048	64,177
Insurance	-	232,110	-	232,110
Interest	-	164,147	-	164,147
Legal fees	-	462,381	-	462,381
Miscellaneous	-	245	-	245
Rent – office/studio	42,000	233,927	-	275,927
Rent – tower	669,559	-	-	669,559
Office expenses	612	146,860	6,985	154,457
Outside services	-	52,943	42,082	95,025
Permits, fines, and filing fees	6,334	140,065	-	146,399
Programming costs	215,572	52,476	25,724	293,772
Repairs and maintenance	53,571	83,188	2,638	139,397
Storage	-	29,722	-	29,722
Tapes and supplies	101,884	1,130	-	103,014
Taxes – property	-	111,152	-	111,152
Training conferences	13,382	4,485	104	17,971
Travel	4,019	23,779	861	28,659
Utilities	164,945	80,399	-	245,344
Website and audioport	16,971	1,010	-	17,981
Total Expenses	\$ 5,333,802	\$ 5,232,008	\$ 1,085,458	\$ 11,651,268

See accompanying notes.

The Pacifica Foundation

Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets (deficit)	\$ 2,650,648	\$ (7,819)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	188,398	161,781
Gain on sale of property and equipment	-	(727,457)
Gain on forgiveness of accounts payable	(2,361,828)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(273,080)	245,154
Prepaid expenses	(9,273)	23,915
Inventory	2,539	(8,139)
Other assets	(19,868)	500
Increase (decrease) in:		
Accounts payable	(268,397)	(39,047)
Accrued expenses and payroll benefits	(66,887)	(693,409)
Accrued rent	-	(2,418,169)
Deferred revenue	(25,000)	25,000
	(182,748)	(3,437,690)
Net cash used in operating activities		
Cash Flows from Investing Activities		
Change in restricted cash	57,375	(286,049)
Purchases of property and equipment	(61,825)	(326,079)
Proceeds from sale of property and equipment	-	1,100,000
	(4,450)	487,872
Net cash (used in) provided by investing activities		
Cash Flows from Financing Activities		
Proceeds from note payable	-	3,765,000
Payments on note payable	(100,000)	(500,000)
Proceeds from equipment loan payable	(3,112)	121,297
	(103,112)	3,386,297
Net cash (used in) provided by financing activities		
Net (Decrease) Increase in Cash and Cash Equivalents	(290,310)	436,479
Cash and Cash Equivalents, beginning of year	1,246,285	809,806
Cash and Cash Equivalents, end of year	\$ 955,975	\$ 1,246,285
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 228,205	\$ 164,167
Cash paid for taxes	\$ 47,153	\$ 111,152

See accompanying notes.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations

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 (IRC), which now corresponds with IRC 501(c)(3) as a public charity. The Foundation currently operates five FM radio stations and maintains a program tape library that is used to sell and rent taped programs to other noncommercial 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 200 affiliated non-commercial radio stations. The financial statements include the operations of the following divisions:

Pacifica Foundation – National Office
Pacifica Foundation – Pacifica Radio Archives
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.

2. Summary of Significant Accounting Policies

Principles of Combination

The financial statements include the accounts of the Foundation and the various divisions identified above, all of which have common national-level management and have delegates (“Directors”) who participate on the Foundation’s National Board. All significant balances and transactions between the Foundation’s divisions have been eliminated.

Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For the purpose of the statements of cash flows, the Foundation considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Contributions Receivable

Contributions receivable represent unconditional promises to give. Amounts to be collected more than a year after the statements of financial position date are recorded net of a present value discount. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received. The Foundation provides an allowance for doubtful pledges using the allowance method, which is based on management's judgment, considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the amounts are written-off against the related allowance. At September 30, 2019 and 2018, no allowance was recorded as management believes that all amounts are fully collectible.

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 costs using the first-in, first-out method. Obsolete or unsalable inventory is reflected at its estimated net realizable value.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Restricted Cash

Restricted cash primarily represents funds restricted for specific purposes that are generally required to be held in separate bank accounts in accordance with donor and lender stipulations and restrictions.

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. 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

Revenue Recognition

Listener support and donations are reflected net of premiums incentives issued in exchange for payments received. Total premiums incentives and related costs amounted to \$680,486 and \$785,273 for the years ended September 30, 2019 and 2018, respectively.

Grants and contributions are recorded as revenue when received or promised. The Foundation reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Foundation's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period received.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Sub-carrier income is generated from outside companies that are allowed to use a portion of certain stations' base bands in order to broadcast signals to the outside companies' subscribers, as per agreement with the Foundation. Revenue from sub-carriers is recognized when earned.

Revenue received from community events is recognized at the time the event is held.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adopted Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation required the reclassification of the Foundation's underwater endowments from net assets without donor restrictions to net assets with donor restrictions.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Measure of Operations

The Foundation includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes non-routine items such as gains on the forgiveness of accounts payable.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 29, 2021, the date the financial statements were available to be issued.

3. Concentrations of Risk

Revenue Risk

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.

Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents. The Foundation maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

4. Liquidity and Availability

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management periodically reviews the Foundation's liquid asset needs and adjusts the cash balances as necessary. Financial assets that are available for general expenditures within one year of the statements of financial position date comprise the following at September 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 955,975	\$ 1,246,285
Contributions receivable	297,251	24,171
Less: net assets with donor restrictions	<u>(898,948)</u>	<u>(557,031)</u>
Total available for general expenditures	<u>\$ 354,278</u>	<u>\$ 713,425</u>

5. Contributions Receivable

Contributions receivable are due as follows at September 30:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 32,651	\$ 24,171
Due in one to five years	<u>270,000</u>	<u>-</u>
Total contributions receivable	302,651	24,171
Less: present value discount (at 2.0%)	<u>(5,400)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 297,251</u>	<u>\$ 24,171</u>

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 432,428	\$ 432,428
Building and improvements	2,356,141	2,356,141
Leasehold improvements	609,465	609,465
Furniture and fixtures	224,711	224,711
Equipment	<u>6,619,201</u>	<u>6,557,376</u>
Total property and equipment	10,241,946	10,180,121
Less: accumulated depreciation and amortization	<u>(8,662,042)</u>	<u>(8,473,644)</u>
Property and equipment, net	<u><u>\$ 1,579,904</u></u>	<u><u>\$ 1,706,477</u></u>

During 2018, the Foundation sold real estate property consisting of land, buildings, and building improvements in Berkeley, California at a gross sale price of \$1,100,000. The book value of the property at the time of the sale was \$305,000. The resulting net gain on this sale was \$727,457, after netting \$67,543 in closing costs, settlement charges, and other expenses incurred on the transaction.

Prior to fiscal year 2018, the Foundation's National Board classified real estate property located in Berkeley, California as an asset under the KPFA division. During 2018, after the sale of the property was finalized, the Foundation made a decision to recognize the gross proceeds under the National Office division, while writing off the asset and related accumulated depreciation under the KPFA division. Refer to the supplementary information on pages 31-36 for further information. This had no effect on the Foundation's change in net assets taken as a whole.

7. Notes Payable and Equipment Loan Payable

Notes Payable

In order to remit payment under the Empire State Realty Trust (ESRT) Settlement Agreement, the Foundation obtained a \$3.265 million loan from a nonprofit lender during April 2018. The terms of the note, and subsequent amendments signed in April 2021, call for interest-only payments due quarterly, with a final lump-sum payment of all unpaid interest and principal due on October 30, 2022.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

7. Notes Payable and Equipment Loan Payable (continued)

Notes Payable (continued)

The Foundation made a \$100,000 principal payment to the lender during fiscal year 2019.

The annual interest rate on this instrument is 3% (+ prime rate). The lender also required a set-aside of approximately \$379,000 for the purpose of making interest-only loan payments during the first 18 months of the loan. In addition, the KPFA, KPFK, and KPFT buildings have been pledged as collateral for this loan. Interest expense for this note totaled \$276,785 and \$33,660 for the years ended September 30, 2019 and 2018, respectively.

Under the loan (and subsequent amendments), the Foundation is subject to specific loan covenants, some of which are summarized as follows:

- Submission of audited financial statements within 120 days following the close of the fiscal year.
- Submission of paperwork signed by the CFO certifying compliance with all covenants within 120 days following the close of the fiscal year.
- The Foundation shall not make capital expenditures for its stations in excess of \$150,000 during any fiscal year without the prior written consent of the lender.
- The Foundation shall not, except with the prior written approval of the lender, incur any debt in excess of \$25,000 in any one instance other than customary trade payables.
- A “Reserve Account” in the amount of \$379,000 must be created (which is now part of restricted cash in the accompanying statements of financial position).
- The Foundation must be in compliance with every material provision of the Employee Retirement Income Security Act of 1974 (ERISA).
- Bequests received by the Foundation beyond April 19, 2021 are subject to additional interest charged by the lender to varying percentages depending on the direction and restriction of the gift (0% if restricted, 50% if a general, unrestricted gift and 30% if directed to a particular station).

In March 2018, the Foundation obtained a loan in the amount of \$500,000 (“Supporters Loan”) from various benefactors of the Foundation (Board members and other individuals). The purpose of this loan was to cover restoration and moving expenses related to the relocation of the WBAI transmitter from the Empire State Building to 4 Times Square.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

7. Notes Payable and Equipment Loan Payable (continued)

Notes Payable (continued)

The building owned by the Foundation at 1921-1925 Martin Luther King Jr. Way in Berkeley (which housed the financial staff of the National Office until August 2019) was pledged as collateral for this loan. This loan was repaid in full in June 2018 when the property at 1921-1925 Martin Luther King Jr. Way was sold for \$1.1 million (see Note 6). In June 2018, the building was leased back to the Foundation for a period of two years under an agreement requiring monthly rental payments of \$4,500. The Board resolved to allocate the money available from the proceeds from the building sale, which were used to retire the \$500,000 Supporters Loan and \$379,000 to fund the Reserve Account. Any remaining balance (closing costs, settlement charges, etc.) will be available for other uses.

Equipment Loan Payable

During 2018, the Foundation entered into an equipment loan in conjunction with WBAI relocating to 4 Times Square. The terms of the loan include an 8% per annum interest rate. In addition, the loan calls for monthly payments of \$1,579 consisting of principal and accrued interest, which commenced in May 2019, with a final payment of all unpaid principal and interest due on April 30, 2028.

Future minimum payments are as follows as of September 30:

2020	\$	18,950
2021		18,950
2022		18,950
2023		18,950
2024		18,950
Thereafter		<u>69,482</u>
Total future minimum payments		164,232
Less: amount representing interest		<u>(46,047)</u>
Equipment loan payable	\$	<u><u>118,185</u></u>

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
KPFA – long-form educational reporting	\$ 201,166	\$ -
KPFA – internship opportunities	160,934	-
Endowments:		
KPFA – Heath Trust endowment fund	92,558	112,741
KPFA – other endowment fund	150,000	150,000
KPFK – other endowment fund	9,188	9,188
National Office – other endowment fund	196,055	196,055
National Office – Heath Trust endowment fund	<u>89,047</u>	<u>89,047</u>
Total net assets with donor restrictions	<u>\$ 898,948</u>	<u>\$ 557,031</u>

9. Endowment

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

Interpretation of Relevant Law

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 net assets with donor restrictions (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 Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

9. Endowment (continued)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of the Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Foundation; and (7) investment policies of the Foundation.

Return Objectives, Risk Parameters, and Strategies

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.

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 or Board of Directors requires the Foundation to retain as a fund of perpetual duration. The Foundation has a deficit of \$579,207 and \$559,024 as of September 30, 2019 and 2018, respectively.

Composition of Endowment Funds

Endowment net assets were comprised of the following at September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 536,848	\$ 536,848
Total endowment net assets	\$ -	\$ 536,848	\$ 536,848

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

9. Endowment (continued)

Composition of Endowment Funds (continued)

Endowment net assets were comprised of the following at September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 557,031	\$ 557,031
Total endowment net assets	\$ -	\$ 557,031	\$ 557,031

Changes in Endowment Net Assets

Changes in endowment funds were as follows for the year ended September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 557,031	\$ 557,031
Interest income	-	5,910	5,910
Appropriation of assets for expenditure	-	(26,093)	(26,093)
Endowment net assets, ending	\$ -	\$ 536,848	\$ 536,848

Changes in endowment funds were as follows for the year ended September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 538,562	\$ 538,562
Interest income	-	18,469	18,469
Endowment net assets, ending	\$ -	\$ 557,031	\$ 557,031

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

10. Commitments and Contingencies

Operating Leases

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 April 30, 2028. The Foundation is also obligated under several month-to-month lease agreements to rent office and studio space. Rent expense for all leases (including facilities, tower, and equipment) amounted to \$581,373 and \$945,486 for the years ended September 30, 2019 and 2018, respectively.

Future minimum lease payments under all multi-year lease agreements are as follows for the years ending September 30:

	Towers	Facilities	Equipment	Total
2020	\$ 150,174	\$ 6,964	\$ 52,084	\$ 209,222
2021	154,679	7,173	27,679	189,531
2022	159,320	9,249	18,950	187,519
2023	164,099	1,861	18,950	184,910
2024	169,022	-	18,950	187,972
Thereafter	647,705	-	55,269	702,974
Total future minimum lease payments	\$ 1,444,999	\$ 25,247	\$ 191,882	\$ 1,662,128

General Contingencies

In the normal course of business there are various outstanding 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 that obligate the Foundation to fulfill certain requirements, conditions, and activities; (b) Funding levels that 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; (d) Lawsuits and unasserted claims arising from the ordinary course of business; (e) Loan agreement covenants related to borrowing arrangements; and (f) 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.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

10. Commitments and Contingencies (continued)

General Contingencies (continued)

Certain grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

Collective Bargaining Agreements (CBA)

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. Management is aware that certain policies reflected in the employee handbook are inconsistent with the union agreements and a labor attorney has been engaged to reconcile the language between these documents.

Sub-Carrier Agreement

The Foundation entered into sub-carrier agreements in March 1984, whereby outside companies are allowed to use a portion of certain Foundation 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.

Employment Contract

The Foundation has several long-term employment contracts that contain arbitration clauses with certain current and former employees. The estimated liabilities associated with these agreements cannot be estimated and no amount has been accrued in these financial statements.

11. Pension Plans

The Foundation has a 403(b) defined contribution retirement plan ("the 403(b) 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 contributions to employee participant accounts amounted to \$53,202 and \$52,540 during the years ended September 30, 2019 and 2018, respectively.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

11. Pension Plans (continued)

The Foundation also has a profit-sharing plan (“the Pacifica Retirement Plan”), which provides for contributions based on 2% – 2.5% 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 IRC. The Foundation’s required contributions to the Pacifica Retirement Plan amounted to \$81,438 and \$51,404 for the years ended September 30, 2019 and 2018, respectively, which are included in accrued expenses and payroll benefits in the statements of financial position at September 30, 2019 and 2018, respectively. As of April 29, 2021, these amounts have been remitted.

Because the Foundation’s contribution to the Pacifica Retirement Plan had not yet been funded as of September 30, 2019 and 2018, the Department of Labor (D.O.L.) (in accordance with provisions stipulated under federal laws) would have been able to classify the plan as being in critical or endangered status. Pension plans in critical or endangered status are required to adopt a plan aimed at restoring the financial health of the Retirement Plan. The Foundation took steps in 2019 to respond to and correct the D.O.L.’s observations, and filed a Voluntary Compliance Plan in June 2020.

Accrued pension liabilities for each division are estimated and summarized as follows at September 30:

	2019	2018
KPFA	\$ 101,727	\$ 161,932
KPFK	59,695	183,086
KPFT	75,443	42,118
WBAI	75,443	64,655
WPFW	65,354	53,631
Pacifica Radio Archives	44,078	39,984
Estimated late filing penalties, assessments, and interest	228,483	284,727
Total accrued pension liabilities	\$ 650,223	\$ 830,133

These accrued pension liabilities are included in accrued expenses and payroll benefits in the statements of financial position.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

11. Pension Plans (continued)

The Foundation has received notification from opposing legal counsel demanding disclosure of certain information and documents relating to the Pacifica Retirement Plan and 403(b) Plan, the deposit of outstanding amounts owed to KPFFK's CBA employees under the plans, a report on the status of the Pacifica Retirement Plan's search for a new record-keeper and third-party administrator, and information about the 403(b) Plan's vendors.

Opposing counsel has also threatened additional grievances, enforcement of the stipulated award, a potential complaint to the D.O.L., and a potential filing of a breach of fiduciary duty lawsuit. According to outside advisors, the Foundation has an obligation to provide the union with relevant information that will assist it in administering the CBA, and failure to do so exposes the Foundation to liability under the National Labor Relations Act for failure to bargain.

ERISA also imposes certain obligations on the Foundation to provide many of the items requested by opposing counsel to plan participants and beneficiaries within specified time frames upon request. Subsequent to year end, management fulfilled the various requests for information.

ERISA requires plans to provide participants with plan information including important information about plan features and funding; sets minimum standards for participation, vesting, benefit accrual, and funding; provides fiduciary responsibilities for those who manage and control plan assets; requires plans to establish a grievance and appeals process for participants to get benefits from their plans; gives participants the right to sue for benefits and breaches of fiduciary duty; and, if a defined benefit plan is terminated, guarantees payment of certain benefits through a federally chartered corporation, known as the Pension Benefit Guaranty Corporation. As of April 29, 2021, the Foundation has taken steps to be in full compliance of these rules and regulations.

The Foundation has been informed that the arbitration award still needs to be revised, because the corrective contributions for the missed employer contributions under the Pacifica Retirement Plan cannot be deposited into the 403(b) Plan. The Foundation has previously received annotated copies of the arbitration award to review and confirm the terms with applicable retirement plan laws and assist in preparation of the revised award. This is still in progress as of April 29, 2021.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

11. Pension Plans (continued)

The Foundation's Board has received documentation outlining the compliance steps needed under the plans to correct the missed employer contributions, plan compliance errors, and draft resolutions to be adopted by the Board. Management has been advised of the importance of implementing the compliance steps, making the required corrective contributions, and making a final decision regarding the outstanding items in order to bring the plans into compliance. All of those items have either been resolved or are in the process of being resolved as of April 29, 2021. The D.O.L. closed its investigation in 2019 after the Foundation provided proof that all of the mandatory distributions from the Pacifica Retirement Plan had been processed.

12. Accrued Payroll and Related Benefits (Including Compensated Absences)

Financial statement presentation follows the recommendations of FASB Accounting Standards Codification (ASC) 710.25, *Compensated Absences*. Under FASB 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 in the statements of financial position based on hourly rates in effect at the end of the fiscal year.

Total accrued payroll and related benefits amounted to \$1,068,333 and \$1,170,149 at September 30, 2019 and 2018, respectively, and are included in accrued expenses and payroll benefits in the statements of financial position.

13. Pending or Threatened Litigations

New York

In November 2016, the owner of the Empire State Building filed a lawsuit against the Foundation alleging that the radio network owed \$1.35 million in rent and fees for the tower of its New York City station, WBAI. The suit alleged that the Foundation had been "chronically late" on its rent payments. The lawsuit sought unpaid rent in the amount of \$1,357,429 plus attorneys' fees and penalties. In April 2018, the Foundation accepted a settlement agreement with ESRT. The Foundation paid ESRT \$3,085,000, which covered all monies owed to ESRT including interest, fees, relocation costs, penalties, and legal expenses through May 31, 2018. Further, ESRT released the Foundation from its contract with them, which would have otherwise obligated the Foundation through June 2020.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

13. Pending or Threatened Litigations (continued)

New York (continued)

See Note 7 for further discussion on this.

Other Matters

The Foundation has been named as a defendant in various other lawsuits, which include claims of (a) wrongful termination, (b) wrongful removal from Board of Director positions, (c) violation of union contracts, and (d) other matters. 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 that could materialize have been accrued in the financial statements.

14. Results of Operations

Although the Foundation had a \$2,650,648 surplus for the year ended September 30, 2019, the Foundation has sustained significant losses from operating activities in prior years resulting in a total net deficit of \$1,969,449 and \$4,620,097 at September 30, 2019 and 2018, 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 15. 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.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

15. 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.

Principal Conditions or Events that Raise Substantial Doubt About the Entity's Ability to Continue as a Going Concern

As a consequence of entering into a settlement agreement with ESRT, the Foundation has amassed new debt exceeding \$3 million (as disclosed in earlier footnotes). These financing commitments will eventually require repayment in full, placing a significant strain on the cash flows and operating activities of the Foundation. Although the lender on the \$3.165 million loan has set aside interest payments for the first 18 months of the loan, it is not entirely clear how the remaining funds will materialize. In order to sustain operations, funds will need to be generated from contributed income and earned revenue streams in order to ensure loan repayments. Additionally, it appears that certain loan covenants will be difficult (if not impossible) to be complied with. For example, the Foundation will be facing an event of default unless audited financial data is submitted within 120 days of the end of the fiscal year. Other violations of certain loan covenants also appear to be likely, which puts the Foundation at risk of having the loan called prematurely, which also puts at risk property and equipment pledged as collateral.

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 terms and conditions of all secured and unsecured debt instruments. Management intends to take a proactive approach with respect to the covenants and work with the lenders to mitigate any events of default.

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

Management continues to formulate plans and programs to enhance the financial condition of the Foundation, including cost-cutting measures, revenue enhancement strategies, and the lease or sale of certain properties to provide sufficient cash flows to properly service the debt and provide sufficient working capital to satisfy ongoing operational expenditures and related commitments (such as payroll and related benefits).

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

15. Substantial Doubt About an Entity's Ability to Continue as a Going Concern (continued)

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 (continued)

The Foundation will continue the repayment of the loans through funds allocated per a Reserve Agreement. During the term of the loan, only interest is paid. The entire principal, plus any unpaid interest, must be paid at the maturity date (October 30, 2022), or earlier if the loan is pre-paid. At present, the monthly note would be a significant burden for the network considering projected revenues. However, successful completion of audits through fiscal year 2019 will coincide with efforts to align the Foundation with Corporation for Public Broadcasting Community Service Grant funds. Additionally, completion of the audits coupled with reliable financial reporting and practices will provide opportunity for major donor support and grantsmanship.

In January 2019, the Foundation entered into an agreement with National Educational Telecommunications Association (NETA) to provide financial management and accounting services for all divisions (National Office, Pacifica Radio Archives, and five stations).

The scope of services includes:

- Accounting services
- Grants and gifts project tracking and reporting
- Human resources support
- Payroll and benefits administration
- Annual audit and annual reports
- Management support and guidance

This significant upgrade will ensure that the Foundation incorporates best practices in all areas. Most importantly, NETA's services will make financial reporting reliable and accurate.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

15. Substantial Doubt About an Entity's Ability to Continue as a Going Concern (continued)

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 (continued)

Lastly, all stations have entered into membership and subscription agreements with non-commercial industry leadership organizations – Radio Research Consortium (RRC), Public Radio Program Director (PRPD), and Greater Public. RRC provides the non-commercial industry with Arbitron audience data necessary to maximize listenership and loyalty – factors necessary to facilitate individual giving (membership). PRPD provides programming best practices. Greater Public is the industry leader in fundraising. Whether on-air fundraising, online giving, direct mail and telemarketing, major giving, or planned giving, the tools, templates, and knowledge gained represent a significant upgrade for the Foundation.

Investment and expertise are the focal point of the Foundation moving forward. The Foundation's ability to advance beyond a "going concern" is dependent on leveraging both of these in the coming months, quarters, and years.

16. Income Taxes

The Foundation is exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). For the years ended September 30, 2019 and 2018, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that the Foundation's financial statements do not include any uncertain tax positions.

Financial statement presentation follows the recommendations of FASB 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.

The Pacifica Foundation

Notes to Financial Statements
September 30, 2019 and 2018

16. Income Taxes (continued)

Management believes that the Foundation has adequately evaluated its current tax positions and has concluded that as of September 30, 2019 and 2018, 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 Foundation to file separate tax returns under federal and state statutes.

SUPPLEMENTARY INFORMATION

The Pacifica Foundation

Schedule of Financial Position by Division
September 30, 2019

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ 163,547	\$ 19,359	\$ 627,349	\$ 105,031	\$ 87	\$ 5,389	\$ 35,213	\$ -	\$ 955,975
Contributions receivable	-	769	118,882	3,000	-	-	-	-	122,651
Inter-division receivables	10,848,760	-	1,760,913	-	-	-	-	(12,609,673)	-
Prepaid expenses	9,619	-	7,545	-	-	-	-	-	17,164
Inventory	-	-	1,741	6,077	-	7,275	6,278	-	21,371
Total current assets	11,021,926	20,128	2,516,430	114,108	87	12,664	41,491	(12,609,673)	1,117,161
Non-current assets:									
Restricted cash	241,704	2,217	541,851	7,277	508	9,032	-	-	802,589
Contributions receivable long-term, net	-	-	174,600	-	-	-	-	-	174,600
Other assets	4,500	-	14,720	17,780	5,613	18,875	-	-	61,488
Property and equipment, net	1,733	8,351	647,781	312,699	127,326	123,950	358,064	-	1,579,904
Total non-current assets	247,937	10,568	1,378,952	337,756	133,447	151,857	358,064	-	2,618,581
Total assets	\$ 11,269,863	\$ 30,696	\$ 3,895,382	\$ 451,864	\$ 133,534	\$ 164,521	\$ 399,555	\$ (12,609,673)	\$ 3,735,742
Liabilities and Net Assets (Deficit)									
Liabilities									
Accounts payable	\$ 162,762	\$ 303	\$ 24,286	\$ 64,459	\$ 33,927	\$ 4,706	\$ 11,398	\$ -	\$ 301,841
Accrued expenses and payroll benefits	609,995	61,717	830,837	189,094	278,123	99,062	51,337	-	2,120,165
Inter-division payables	-	735,427	-	937,691	7,992,484	2,138,098	805,973	(12,609,673)	-
Equipment loan payable	-	-	-	-	118,185	-	-	-	118,185
Note payable	3,165,000	-	-	-	-	-	-	-	3,165,000
Total liabilities	3,937,757	797,447	855,123	1,191,244	8,422,719	2,241,866	868,708	(12,609,673)	5,705,191
Net Assets (Deficit)									
Without donor restrictions	7,047,004	(766,751)	2,435,601	(748,568)	(8,289,185)	(2,077,345)	(469,153)	-	(2,868,397)
With donor restrictions	285,102	-	604,658	9,188	-	-	-	-	898,948
Total net assets (deficit)	7,332,106	(766,751)	3,040,259	(739,380)	(8,289,185)	(2,077,345)	(469,153)	-	(1,969,449)
Total liabilities and net assets (deficit)	\$ 11,269,863	\$ 30,696	\$ 3,895,382	\$ 451,864	\$ 133,534	\$ 164,521	\$ 399,555	\$ (12,609,673)	\$ 3,735,742

The Pacifica Foundation

Schedule of Financial Position by Division
September 30, 2018

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ 415,204	\$ 41,497	\$ 431,952	\$ 157,446	\$ 3,117	\$ 51,686	\$ 145,383	\$ -	\$ 1,246,285
Contributions receivable	-	21,672	1,839	-	-	660	-	-	24,171
Inter-division receivables	10,201,498	-	1,762,117	-	-	-	-	(11,963,615)	-
Prepaid expenses	-	-	7,891	-	-	-	-	-	7,891
Inventory	-	-	1,958	7,846	-	8,083	6,023	-	23,910
Total current assets	10,616,702	63,169	2,205,757	165,292	3,117	60,429	151,406	(11,963,615)	1,302,257
Non-current assets:									
Restricted cash	260,027	2,217	562,034	7,277	512	27,897	-	-	859,964
Other assets	4,500	-	350	17,780	5,300	13,690	-	-	41,620
Property and equipment, net	3,336	11,999	698,364	388,722	140,864	77,383	385,809	-	1,706,477
Total non-current assets	267,863	14,216	1,260,748	413,779	146,676	118,970	385,809	-	2,608,061
Total assets	\$ 10,884,565	\$ 77,385	\$ 3,466,505	\$ 579,071	\$ 149,793	\$ 179,399	\$ 537,215	\$ (11,963,615)	\$ 3,910,318
Liabilities and Net Assets (Deficit)									
Liabilities									
Accounts payable	\$ 2,723,127	\$ 264	\$ 100,127	\$ 2,562	\$ 54,546	\$ 32,920	\$ 18,520	\$ -	\$ 2,932,066
Accrued expenses and payroll benefits	574,901	55,407	823,573	297,907	286,592	97,736	50,936	-	2,187,052
Inter-division payables	-	792,964	-	864,066	7,618,966	1,893,628	793,991	(11,963,615)	-
Deferred revenue	-	-	-	-	-	25,000	-	-	25,000
Equipment loan payable	-	-	-	-	121,297	-	-	-	121,297
Note payable	3,265,000	-	-	-	-	-	-	-	3,265,000
Total liabilities	6,563,028	848,635	923,700	1,164,535	8,081,401	2,049,284	863,447	(11,963,615)	8,530,415
Net Assets (Deficit)									
Without donor restrictions	4,036,435	(771,250)	2,280,064	(594,652)	(7,931,608)	(1,869,885)	(326,232)	-	(5,177,128)
With donor restrictions	285,102	-	262,741	9,188	-	-	-	-	557,031
Total net assets (deficit)	4,321,537	(771,250)	2,542,805	(585,464)	(7,931,608)	(1,869,885)	(326,232)	-	(4,620,097)
Total liabilities and net assets (deficit)	\$ 10,884,565	\$ 77,385	\$ 3,466,505	\$ 579,071	\$ 149,793	\$ 179,399	\$ 537,215	\$ (11,963,615)	\$ 3,910,318

The Pacifica Foundation
Schedule of Activities by Division
For the Year Ended September 30, 2019

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Operating Revenue and Support									
Listener support and donations, net	\$ 3,438	\$ 84,189	\$ 1,885,808	\$ 2,234,534	\$ 1,107,195	\$ 1,180,049	\$ 652,974	\$ -	\$ 7,148,187
Grants and contributions	689,812	13,193	1,987,799	1,052,403	284,896	37,278	92,156	-	4,157,537
Sub-carrier income	267,333	-	-	-	-	-	-	-	267,333
Community events	-	-	61,816	133,459	481	7,546	12,088	-	215,390
Other revenue	242,168	52,620	24,738	805	-	-	4,585	-	324,916
Interest income	15,082	1	26,095	83	-	15	2,029	-	43,305
Central services	1,386,912	208,560	-	-	-	-	-	(1,595,472)	-
Total operating revenue and support	2,604,745	358,563	3,986,256	3,421,284	1,392,572	1,224,888	763,832	(1,595,472)	12,156,668
Expenses									
Program services	173,491	133,101	2,029,984	1,466,930	474,905	350,622	269,442	-	4,898,475
Supporting services:									
Management and general	1,781,663	213,370	631,618	1,265,733	887,366	804,465	290,135	-	5,874,350
Fundraising and development	850	7,593	355,744	341,669	134,534	69,085	185,548	-	1,095,023
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Total supporting services	1,782,513	220,963	1,458,818	2,108,270	1,275,244	1,081,726	637,311	(1,595,472)	6,969,373
Total expenses	1,956,004	354,064	3,488,802	3,575,200	1,750,149	1,432,348	906,753	(1,595,472)	11,867,848
Change in Operating Net Assets	648,741	4,499	497,454	(153,916)	(357,577)	(207,460)	(142,921)	-	288,820
Non-Operating Activity									
Gain on forgiveness of accounts payable	2,361,828	-	-	-	-	-	-	-	2,361,828
Total non-operating activity	2,361,828	-	-	-	-	-	-	-	2,361,828
Change in Net Assets	3,010,569	4,499	497,454	(153,916)	(357,577)	(207,460)	(142,921)	-	2,650,648
Net Assets (Deficit), beginning of year	4,321,537	(771,250)	2,542,805	(585,464)	(7,931,608)	(1,869,885)	(326,232)	-	(4,620,097)
Net Assets (Deficit), end of year	\$ 7,332,106	\$ (766,751)	\$ 3,040,259	\$ (739,380)	\$ (8,289,185)	\$ (2,077,345)	\$ (469,153)	\$ -	\$ (1,969,449)

The Pacifica Foundation
Schedule of Activities by Division
For the Year Ended September 30, 2018

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Revenue and Support									
Listener support and donations, net	\$ 1,231	\$ 65,189	\$ 2,265,657	\$ 2,707,139	\$ 1,195,108	\$ 1,325,167	\$ 712,516	\$ -	\$ 8,272,007
Grants and contributions	198,610	34,064	779,114	143,994	194,139	135,754	78,656	-	1,564,331
Sub-carrier income	276,919	-	-	-	-	-	-	-	276,919
Community events	-	100	111,923	58,446	-	9,976	37,583	-	218,028
Gain on sale of property, net	1,100,000	-	(372,543)	-	-	-	-	-	727,457
Other revenue	236,021	162,985	23,984	7,836	-	-	39,511	-	470,337
Interest income	1,605	1	63,366	48,901	5	95	397	-	114,370
Central services	1,386,912	208,560	-	-	-	-	-	(1,595,472)	-
Total revenue and support	3,201,298	470,899	2,871,501	2,966,316	1,389,252	1,470,992	868,663	(1,595,472)	11,643,449
Expenses									
Program services	194,819	227,925	1,895,633	1,500,995	982,378	338,045	194,007	-	5,333,802
Supporting services:									
Management and general	2,045,528	208,580	615,910	732,840	720,549	697,276	211,325	-	5,232,008
Fundraising and development	273	12,030	413,074	330,845	81,707	73,982	173,547	-	1,085,458
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Total supporting services	2,045,801	220,610	1,500,440	1,564,553	1,055,600	979,434	546,500	(1,595,472)	6,317,466
Total expenses	2,240,620	448,535	3,396,073	3,065,548	2,037,978	1,317,479	740,507	(1,595,472)	11,651,268
Change in Net Assets	960,678	22,364	(524,572)	(99,232)	(648,726)	153,513	128,156	-	(7,819)
Net Assets (Deficit), beginning of year	3,360,859	(793,614)	3,067,377	(486,232)	(7,282,882)	(2,023,398)	(454,388)	-	(4,612,278)
Net Assets (Deficit), end of year	\$ 4,321,537	\$ (771,250)	\$ 2,542,805	\$ (585,464)	\$ (7,931,608)	\$ (1,869,885)	\$ (326,232)	\$ -	\$ (4,620,097)

The Pacifica Foundation

Schedule of Expenses by Division
For the Year Ended September 30, 2019

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Personnel costs	\$ 524,506	\$ 279,310	\$ 2,215,341	\$ 2,015,667	\$ 728,030	\$ 681,384	\$ 250,167	\$ -	\$ 6,694,405
Advertising and promotion	470	-	559	5,701	3,150	-	8,938	-	18,818
Associations and periodicals	-	-	834	8,381	19	-	-	-	9,234
Audit and accounting	416,810	-	-	-	-	-	-	-	416,810
Bank charges and credit card fees	32,563	4,281	72,741	97,660	30,458	24,608	30,408	-	292,719
Board meetings and elections	(1,418)	-	69,950	68,933	89,969	35,664	35,551	-	298,649
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Communications expense	20,357	5,975	69,040	112,352	44,026	53,496	65,075	-	370,321
Community events	-	4,843	24,303	144,038	28,255	4,734	20,810	-	226,983
Computer maintenance	46,193	-	33,263	11,599	6,833	6,833	46	-	104,767
Consultants	118,730	-	4,100	33,850	97,814	107,362	90,152	-	452,008
Depreciation and amortization	1,600	3,648	58,589	79,190	15,022	2,606	27,743	-	188,398
Direct mail and telemarketing	-	-	14,969	54,006	5,688	1,213	54,845	-	130,721
Equipment rental	-	1,017	11,664	25,373	10,350	1,272	10,834	-	60,510
Grants	-	-	19,309	-	-	-	-	-	19,309
Insurance	182,098	-	11,500	6,285	-	-	-	-	199,883
Interest	276,785	-	-	-	19,562	-	-	-	296,347
Legal fees	158,571	-	1,750	24,110	22,733	3,198	7,547	-	217,909
Miscellaneous	-	12	-	-	1	-	4,930	-	4,943
Rent – office/studio	38,400	-	-	-	63,444	170,273	-	-	272,117
Rent – tower	-	-	-	22,177	146,800	72,598	67,681	-	309,256
Office expenses	17,037	3,003	12,769	29,546	52,974	16,394	22,558	-	154,281
Outside services	31,554	377	40,307	21,095	44,911	450	7,007	-	145,701
Permits, fines, and filing fees	3,090	-	354	672	-	-	-	-	4,116
Programming costs	(93)	(2,461)	81,157	65,739	25,930	11,958	21,488	-	203,718
Repairs and maintenance	3,756	670	71,953	101,674	26,058	4,531	10,885	-	219,527
Storage	2,376	27,276	-	3,296	2,041	-	-	-	34,989
Tapes and supplies	-	23,423	-	6,450	3,128	-	-	-	33,001
Taxes – property	-	-	37,242	9,911	-	-	-	-	47,153
Training conferences	8,629	-	27,069	451	12,406	-	-	-	48,555
Travel	66,031	-	7,113	16,932	7,874	2,545	135	-	100,630
Utilities	3,610	-	85,477	101,840	8,441	23,053	8,325	-	230,746
Website and audioport	4,349	2,690	45,993	7,404	888	-	-	-	61,324
Total Expenses	\$ 1,956,004	\$ 354,064	\$ 3,488,802	\$ 3,575,200	\$ 1,750,149	\$ 1,432,348	\$ 906,753	\$ (1,595,472)	\$ 11,867,848

The Pacifica Foundation

Schedule of Expenses by Division
For the Year Ended September 30, 2018

	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Eliminations	Total
Personnel costs	\$ 540,607	\$ 285,508	\$ 2,088,089	\$ 1,793,587	\$ 604,214	\$ 611,197	\$ 176,700	\$ -	\$ 6,099,902
Advertising and promotion	249	-	8,638	4,885	3,185	677	8,579	-	26,213
Associations and periodicals	-	-	1,827	5,583	-	-	(350)	-	7,060
Audit and accounting	143,422	-	-	-	-	2,095	-	-	145,517
Bank charges and credit card fees	27,077	4,496	70,057	15,585	14,427	24,069	37,402	-	193,113
Board meetings and elections	13,536	-	987	-	900	232	1,450	-	17,105
Central services	-	-	471,456	500,868	253,344	208,176	161,628	(1,595,472)	-
Communications expense	27,302	6,226	145,751	131,374	89,988	72,516	59,692	-	532,849
Community events	-	7,575	43,131	21,484	6,538	12,649	35,994	-	127,371
Computer maintenance	26,360	180	74,559	28,138	700	-	829	-	130,766
Consultants	274,937	-	6,000	21,516	248,158	130,570	63,551	-	744,732
Depreciation and amortization	1,600	4,736	99,442	18,267	8,367	1,162	28,207	-	161,781
Direct mail and telemarketing	511	-	31,955	97,912	39,251	1,989	41,802	-	213,420
Equipment rental	2	936	12,139	23,417	10,289	6,916	10,478	-	64,177
Insurance	209,281	-	14,304	8,525	-	-	-	-	232,110
Interest	130,487	-	-	-	33,660	-	-	-	164,147
Legal fees	449,783	-	5,000	6,224	(3,692)	2,566	2,500	-	462,381
Miscellaneous	238	1	1	2	1	2	-	-	245
Rent – office/studio	20,850	-	-	-	106,852	148,225	-	-	275,927
Rent – tower	-	-	-	23,557	539,230	36,774	69,998	-	669,559
Office expenses	7,820	3,555	14,527	22,700	74,065	18,298	13,492	-	154,457
Outside services	34,545	418	41,350	6,917	9,231	157	2,407	-	95,025
Permits, fines, and filing fees	138,957	-	6,634	634	-	-	174	-	146,399
Programming costs	84,801	-	76,167	109,752	19,145	1,898	2,009	-	293,772
Repairs and maintenance	7,033	1,482	46,963	66,361	690	5,556	11,312	-	139,397
Storage	5,500	27,099	-	3,175	(6,052)	-	-	-	29,722
Tapes and supplies	-	102,686	-	328	-	-	-	-	103,014
Taxes – property	73,103	-	27,828	10,221	-	-	-	-	111,152
Training conferences	9,902	-	7,769	300	-	-	-	-	17,971
Travel	6,299	-	3,151	10,590	4,224	1,515	2,880	-	28,659
Utilities	6,418	-	88,086	129,604	(18,737)	30,240	9,733	-	245,344
Website and audioport	-	3,637	10,262	4,042	-	-	40	-	17,981
Total Expenses	\$ 2,240,620	\$ 448,535	\$ 3,396,073	\$ 3,065,548	\$ 2,037,978	\$ 1,317,479	\$ 740,507	\$ (1,595,472)	\$ 11,651,268