

Return of Organization Exempt From Income Tax

1997

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

Note: The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 1997 calendar year, OR tax year period beginning 10/1/96 and ending 9/30, 1997

B Check if: C Name of organization PACIFICA FOUNDATION D Employer identification number 94-1347046 E State registration number See Schedule F Check if exemption application is pending

G Type of organization [X] Exempt under section 501(c) (3) section 4947(a)(1) nonexempt charitable trust

H (a) Is this a group return filed for affiliates? (b) If "Yes," enter the number of affiliates for which this return is filed: (c) Is this a separate return filed by an organization covered by a group ruling?

K Check here [XX] if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 11.)

Table with 21 rows and 4 columns: Description, Sub-description, Amount, Total. Rows include Contributions, Program service revenue, Membership dues, Interest on savings, Dividends, Gross rents, Other investment income, Special events, Gross sales of inventory, Other revenue, Program services, Management and general, Fundraising, Payments to affiliates, Excess or (deficit) for the year, Net assets at beginning of year, Other changes in net assets, Net assets at end of year.

Handwritten notes and dates at the bottom of the page, including '1/2' and '1997'.

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 15.)

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc., 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions, and meetings, 41 Interest, 42 Depreciation, depletion, etc., 43 Other expenses (itemize), 44 Total functional expenses.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? Yes No. If 'Yes,' enter (i) the aggregate amount of these joint costs \$; (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$; and (iv) the amount allocated to Fundraising \$.

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 18.)

Table with 2 columns: Description of Program Service Accomplishments, Program Service Expenses. Row a: Own & operates 5fm non-commercial radio stations, a News Service, provides copies of radio programs to other non-commercial radio stations, schools, colleges universities and individuals. Number of subscribers 59,990. (Grants and allocations \$ 5,230,176). Row e: Other program services (attach schedule) (Grants and allocations \$ 5,230,176). Row f: Total of Program Service Expenses (should equal line 44, column (B), Program services) 5,230,176.

Part IV Balance Sheets (See Specific Instructions on page 18.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
	45 Cash - non-interest-bearing	93,203	45	33,108	
	46 Savings and temporary cash investments Schedule#9	351,976	46	260,931	
Assets	47a Accounts receivable	367,555	47c	295,314	
	b Less: allowance for doubtful accounts		47b		
	48a Pledges receivable		48c		
	b Less: allowance for doubtful accounts		48b		
	49 Grants receivable		49		
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50		
	51a Other notes and loans receivable (attach schedule)		51c		
	b Less: allowance for doubtful accounts	51b			
	52 Inventories for sale or use	36,760	53	33,825	
	53 Prepaid expenses and deferred charges	1,298,513	54	1,519,951	
54 Investments - securities (attach schedule) Schedule#14					
55a Investments - land, buildings, and equipment basis	55a	55c			
b Less: accumulated depreciation (attach schedule)	55b				
56 Investments - other (attach schedule)		56			
57a Land, buildings, and equipment: basis	57a	57c	4,891,547		
b Less: accumulated depreciation (attach schedule) Schedule #10	57b				
58 Other assets (describe Schedule #11)	4,986,518	58	113,082		
	108,786				
	7,243,311	59	7,147,758		
59 Total assets (add lines 45 through 58) (must equal line 74)	641,704	60	682,826		
Liabilities	60 Accounts payable and accrued expenses		61		
	61 Grants payable		62	42,780	
	62 Deferred revenue Schedule#12	75,953			
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule) Schedule#13	596,727	64b	541,623	
	65 Other liabilities (describe)		65	6,037	
	66 Total liabilities (add lines 60 through 65)	1,314,384	66	1,273,266	
Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.					
Net Assets or Fund Balances	67 Unrestricted	4,647,350	67	3,811,365	
	68 Temporarily restricted	935,512	68	1,697,062	
	69 Permanently restricted	346,065	69	366,065	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	5,928,927	73	5,874,492		
74 Total liabilities and net assets/fund balances (add lines 66 and 73)	7,243,311	74	7,147,758		

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See Specific Instructions on page 21.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		XX
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		XX
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	XX	
78b	If "Yes," has it filed a tax return on Form 990-T for this year?	XX	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		XX
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		XX
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81		
81b	Did the organization file Form 1120-POL for this year?		XX
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	XX	
82b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part II.)		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	XX	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	XX	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	XX	
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	XX	
85a	501(c)(4), (5), or (6) organizations.—Were substantially all dues nondeductible by members?		
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85c	Dues, assessments, and similar amounts from members		
85d	Section 162(e) lobbying and political expenditures		
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?		
85h	If section 6033(e)(1)(A) dues notices were sent does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
86a	501(c)(7) organizations.—Enter: a Initiation fees and capital contributions included on line 12		
86b	Gross receipts, included on line 12, for public use of club facilities		
87a	501(c)(12) organizations.—Enter: a Gross income from members or shareholders		
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX		XX
89a	501(c)(3) organizations.—Enter: Amount of tax paid during the year under: section 4911 <input type="checkbox"/> ; section 4912 <input type="checkbox"/> ; section 4955 <input type="checkbox"/>		
89b	501(c)(3) and 501(c)(4) organizations.—Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction		
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	-0-	
	d Enter: Amount of tax in 89c, above, reimbursed by the organization	-0-	
90a	List the states with which a copy of this return is filed <input checked="" type="checkbox"/> New York, <input checked="" type="checkbox"/> New Jersey, <input checked="" type="checkbox"/> Virginia, <input checked="" type="checkbox"/> CA, <input checked="" type="checkbox"/> Oregon, <input checked="" type="checkbox"/> Connecticut		
90b	Number of employees employed in the pay period that includes March 12, 1997 (See instructions.) <input checked="" type="checkbox"/> Florida <input type="checkbox"/> 157		
91	The books are in care of <input checked="" type="checkbox"/> Pacifica Foundation Telephone no. <input checked="" type="checkbox"/> (818) 985-8800		
	Located at <input checked="" type="checkbox"/> 3729 Canuenga Blvd., West North Hollywood, CA ZIP + 4 <input checked="" type="checkbox"/> 91604		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here <input type="checkbox"/>		
	and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 82		

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 25.)

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Pacifica News Service			03		130,698
b Tape Library Sales			03		149,098
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
84 Membership dues and assessments					
85 Interest on savings and temporary cash investments			14		104,062
86 Dividends and interest from securities			14		27,392
87 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property	9200	51,614			
88 Net rental income or (loss) from personal property					
89 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			101		216,683
102 Gross profit or (loss) from sales inventory					
103 Other revenue: a Unrealized G(L)			03		145,735
b Folio Ads	7310				6,431
c Mailing list rental			13		41,893
d Miscellaneous			03		28,267
e Subcarrier Royalties			15		781,722
104 Subtotal (add columns (B), (D), and (E))		51,614			1,631,981
105 Total (add line 104, columns (B), (D), and (E))					1,683,595

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 26.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93A	fees paid by non-commercial stations for 1/2hr daily newscast/Public affairs shows specials
93B	sales of copies of radio programs to other non-commercial stations colleges & Indv.
95	Interest income earned on savings on line 1d and 103e
96	Dividends and interest earned on program endowment and cash mgmt a/c
103a	Unrealized Gain or loss on program endowment and cash management a/c
103c	Rental of donors list to 501c3 organizations
103e	Section 51262 IRS ruling dated 7/27/84 copy attached
101	Outreach to community provides publicity for exempt activity

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on line 88 is checked.)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
	%			
	%			
	%			
	%			

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. (See General Instruction U, on page 10)

Signature of officer: Sandra Ross Date: 5/14/98 Type or print name and title: Controller

Paid Preparer's Use Only

Preparer's Signature: _____ Date: _____

Firm's name (or yours if self-employed) and address: _____

Check if self-employed: Preparer's SSN: _____

ETIN: _____ ZIP - 4: _____

**SCHEDULE A
(Form 990)**

Organization Exempt Under Section 501(c)(3)
(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information
See separate instructions.

OMB No. 1545-0047

1997

Department of the Treasury
Internal Revenue Service

▶ **Must be completed by the above organizations and attached to their Form 990 or 990-EZ.**

Name of the organization

Pacifica Foundation

Employer identification number

94-1347046

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See instructions on page 1. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Patricia Scott, Executive Director	40+	80,976	1,400	-0-
Richard Bunce National Development Director	40+	61,894	1,122	-0-
Marci Baulsir General Manager-KPFA	40+	60,087	1,004	-0-
Sandra Rosas Controller	40+	59,996	1,133	-0-
Marck Schubb General Manager KPFA	40+	57,278	-0-	-0-
Total number of other employees paid over \$50,000				

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See instructions on page 1. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Share Group 58 Day St W. Somerville MA 02144	Telemarketing	124,671
Comnet Marketing Group 700 E. Main St., #106 Medford, OR 97504	Telemarketing	86,084
Total number of others receiving over \$50,000 for professional services		

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990) 1997

Part III Statements About Activities

	Yes	No
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1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum?	1		XX
	If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____			
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VII-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary:			
a	Sales, exchange, or leasing of property?	2a		XX
b	Lending of money or other extension of credit?	2b		XX
c	Furnishing of goods, services, or facilities?	2c		XX
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d		XX
e	Transfer of any part of its income or assets?	2e		XX
	If the answer to any question is "Yes," attach a detailed statement explaining the transactions.			
3	Does the organization make grants for scholarships, fellowships, student loans, etc.?	3		XX
4	Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See instructions on page 2.)			

Part IV Reason for Non-Private Foundation Status (See instructions on pages 2 through 4.)

The organization is not a private foundation because it is (please check only ONE applicable box):

5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 4.)

7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____

10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(v). (Also complete the Support Schedule in Part IV-A.)

11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)

11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)

12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)

13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions on page 4.)	
(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions on page 4.)

Part IV-A Support Schedules (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 1996	(b) 1995	(c) 1994	(d) 1993	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	1,598,204	1,261,804	1,097,835	1,793,001	5,750,844
16 Membership fees received	5,497,140	5,290,702	4,781,032	4,412,970	19,981,844
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	483,133	549,404	602,403	610,112	2,245,052
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 517 taxes) from businesses acquired by the organization after June 30, 1975	192,371	156,414	143,623	141,739	634,147
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	1,079,760	1,079,709	1,005,210	1,025,118	4,189,797
23 Total of lines 15 through 22	8,850,608	8,338,033	7,630,103	7,982,940	32,801,684
24 Line 23 minus line 17	8,367,475	7,788,629	7,027,700	7,372,828	30,556,632
25 Enter 1% of line 23	88,506	83,380	76,301	79,829	317,516
26a Organizations described in lines 10 or 11: Enter 2% of amount in column (e), line 24					611,132
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1993 through 1996 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts					none
c Total support for section 509(a)(1) test. Enter line 24, column (e)					30,556,632
d Add Amounts from column (e) for lines: 18 _____ 19 _____					4,823,944
22 _____ 26b _____					
e Public support (line 26c minus line 26d total)					25,732,688
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					84 %
27 Organizations described on line 12: For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year:	(1996)	(1995)	(1994)	(1993)	
b For any amount included in line 17 that was received from a nondisqualified person, attach a list to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:	(1996)	(1995)	(1994)	(1993)	
c Add Amounts from column (e) for lines: 15 _____ 18 _____					27c
17 _____ 20 _____					
d Add Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1993 through 1996, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions on page 4.)					NONE

Part V Private School Questionnaire (See instructions on page 4.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31	
32	Does the organization maintain the following:	32a	
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32b	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32c	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32d	
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:	33a	
a	Students' rights or privileges?	33b	
b	Admissions policies?	33c	
c	Employment of faculty or administrative staff?	33d	
d	Scholarships or other financial assistance?	33e	
e	Educational policies?	33f	
f	Use of facilities?	33g	
g	Athletic programs?	33h	
h	Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions on page 6.)

(To be completed ONLY by an eligible organization that filed Form 5768)

Check here a if the organization belongs to an affiliated group.
 Check here b if you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures		(e) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is -		
	Not over \$500,000 20% of the amount on line 40		
	Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000	41	
	Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: if there is an amount on either line 43 or line 44, file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 7.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Non-electing Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See instructions on page 7.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (add lines c through h)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

PACIFICA FOUNDATION
 RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX
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 FEDERAL ID#94-1347046
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E - State Registration Number
 State of New Jersey CH059490004
 Virginia - no registration #
 California CT11303 Corp#8091400
 New York 47027

SCHEDULE #1 PART I LINE 1A
 DIRECT PUBLIC SUPPORT
 LISTENER SUPPORT 6,291,916
 NON-GOVERMENTAL GRANTS 110,713
 SHOWN IN LINE 9A COST OF PREMIUMS (649,309)

 TOTAL LINE 1A 5,753,320
 =====

SCHEDULE #1 I LINE C
 GRANTS PER F/S 1,519,502
 NON-GOVERMENTAL GRANTS (110,713)

 GOVERNMENT GRANTS 1,408,789
 =====

SCHEDULE 2A PART I LINE 20
 OTHER CHANGES IN FUND BALANCE
 LOSS ON ABONDMENT OF FIXED ASSETS (2,615)

 (2,615)
 =====

SCHEDULE #2 PART II LINE 26	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
GROSS SALARIES PER F/S	3,721,254	2,026,696	1,014,335	680,223
CONSULTANTS	229,887	95,711	60,207	73,969
PENSION PLAN	(26,402)		(26,402)	
LESS AMOUNT REPORTED LINE 6B PART I	(25,640)	(13,369)	(12,271)	0
TOTAL LINE 26	3,899,099	2,109,038	1,035,869	754,192
	=====	=====	=====	=====

SCHEDULE #3 PART II LINE 37	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
EQUIPMENT RENTAL & MAINTENANE	296,010	288,142	4,178	3,690
EQUIPMENT RENTAL & MAINT.	137,357	100,312	22,086	14,959
MAINTENANCE NON-TECH	84,772	84,772	0	0
TECHNICAL MAINTENANCE				
	518,139	473,226	26,264	18,649
LESS AMOUNT SHOWN LINE 6B (MAINTENANCE)	(4,030)	(4,030)	0	
TOTAL LINE 37	514,109	469,196	26,264	18,649
	=====	=====	=====	=====

Part II line #36	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
SCHEDULE # 4 OCCUPANCY	245,052	192,853	16,875	35,324
OCCUPANCY				
	245,052	192,853	16,875	35,324
	-----	-----	-----	-----

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SCHEDULE #5 PART II LINE 38	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
PRINTING & PUBLICATIONS				
PRINTING	17,416	14,222	2,153	1,041
ASSOCIATIONS/PUBLICATIONS	91,222	27,151	17,290	46,781

LESS AMOUNT REPORTED ON LINE 6B

TOTAL LINE 38	108,638	41,373	19,443	47,822
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SCHEDULE #6 PART II LINE 40	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
CONFERENCES & MEETINGS				
CONFERENCES	185,925	80,633	73,966	31,326

TOTAL LINE 40	185,925	80,633	73,966	31,326
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SCHEDULE #7 PART II LINE #42	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
DEPRECIATION & AMORTIZATION				
DEPRECIATION/AMORTIZATION	454,210	328,348	79,041	46,821
	0	0	0	0

SHOWN IN LINE 6B	(11,279)	(1,800)	(9,479)	
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TOTAL LINE 42	442,931	326,548	69,562	46,821
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SCHEDULE #8 PART II LINE#43	TOTAL	PROGRAMM SERVICES	GENERAL ADM.	DEV/FUND RAISING
OTHER EXPENSES				
BANK CHARGES	143,657	5,229	4,778	133,650
PROPERTY TAXES	36,516	20,746	11,290	4,480
PROPERTY TAXES SHOWN ON 6B	(3,363)	0	(3,363)	0
UTILITIES	225,025	194,197	15,218	15,610
OTHER GENERAL & ADM.	52,230	24,545	15,608	12,077
OTHER GENERAL & ADM. SHOWN IN LINE 6B	(3,000)	0	(3,000)	0
INSURANCE	127,761	99,953	17,329	10,479
LIST RENTAL	4,803	0	4,803	0
MAILING SERVICES	45,751	0	0	45,751
MARATHON EXPENSES	0	0	0	0
ADVERTISING & PROMOTION	13,727	13,727		
OTHER FUND/DEV.	37,073	0	0	37,073
COMPUTER SUPPLIES	10,903	0	0	10,903
DIRECT MAIL & MARKETING	197,946	0	0	197,946
SPECIAL PROJECTS	285,805	285,805	0	0
NEWS SERVICES	122,525	122,525	0	0
TAPES & SUPPLIES	76,334	76,334	0	0
OTHER PROGRAMMING	59,880	59,880	0	0
SATELLITE INTERCONNECT	127,052	127,052	0	0
LEASE BUYOUT	55,000		55,000	

TOTAL LINE 43	1,615,625	1,029,993	117,663	467,969
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PACIFICA FOUNDATION
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SCHEDULE #9 PART IV BALANCE SHEET LINE #46	END OF YEAR	BEG OF YEAR
CASH IN BANK	260,931	445,180
INVESTMENT	952,351	884,014
PROGRAM ENDOWMENT - OTHER ASSETS	567,600	414,499
CASH IN NOT INTEREST BEARING A/C SHOWN IN LINE 54 INVESTMENTS	0 (1,519,951)	(93,204) (1,298,513)
TOTAL	260,931	351,976

SCHEDULE #10 PART V LINE 57A LAND, BUILDING & EQUIPMENT	1,997	1,996
LAND	632,428	632,428
BUILDING IMPROVEMENTS	2,615,346	2,579,327
EQUIPMENT	4,842,912	4,522,494
FURNITURE & FIXTURES	303,109	289,041
LEASEHOLD IMPROVEMENTS	666,077	691,077
MOTOR VEHICLE	3,954	5,604
	9,063,826	8,719,971
LESS ACCUMULATED DEPRECIATION	(4,172,279)	(3,733,453)
NET	4,891,547	4,986,518

OTHER ASSETS		
SCHEDULE #11 PART V LINE 58	1,997	1,996
STATION LICENSE	0	1,000
OTHER	113,082	107,786
TOTAL LINE 58	113,082	108,786

SCHEDULE #12 PART IV LINE 62 SUPPORT & REVENUE DESIGNATED FOR FUTURE PERIODS		
	1,997	1,996
COMMUNITY EVENTS DEPOSITS	26,830	0
DEFERRED GRANTS INCOME	0	23,077
DEPOSITS	1,200	1,200
DEFERRED INCOME OTHER	14,750	51,676
TOTAL LINE 62	42,780	75,953

MORTGAGES/NOTES PAYABLE	1,997	1,996
SCHEDULE #13 PART IV LINE 64		
CURRENT LOAN	49,167	49,484
LONG TERM CURRENT	492,456	547,243
TOTAL LINE 64	541,623	596,727

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INVESTMENTS LINE 54 SCHEDULE #14	1,997	1,996
FEDERAL BONDS	870,669	799,789
CORPORATE BONDS	253,613	239,781
OTHER BONDS	0	0
CORPORATE STOCK	395,669	259,032
ACCOMULATED AMORTIZATION-BOND PREMIUM	0	(89)
	<hr/>	<hr/>
	1,519,951	1,298,513
	=====	=====

PACIFICA FOUNDATION
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX
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PART IV-A
SCHEDULE #15
RECONCILIATION OF REVENUE PER AUDITED FINANCIAL STATE

LINE B4 OTHER	1,997
NET ASSETS RELEASED FROM RESTRICTION	935,512
SPECIAL EVENTS EXPENSES LINE 9B	156,722
COST OF PREMIUMS LINE 1A	649,309
RENT EXPENSES LINE 6B	47,312
TOTAL LINE B4	----- 1,788,855 =====

PART IV-B
RECONCILIATION OF EXPENSES PER AUDITED FINANCIAL STATE

LINE 14 OTHER SPECIFY

SPECIAL EVENTS EXPENSES SHOWN LINE 9B	156,722
COST OF PREMIUMS SHOWN LINE 1A	649,309
RENT EXPENSES LINE 6B	47,312
DECREASE IN UNRESTRICTED NET ASSETS	20,000
	----- 873,343 =====

PACIFICA FOUNDATION
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SCHEDULE #16
 PACIFICA FOUNDATION BOARD OF DIRECTORS
 LIST OF OFFICERS, DIRECTORS & TRUSTEES
 AS OF 9/30/97

NAME	TITLE	HRS/WEEK DEVOTED POSITION	COMP (IF ANY)	CONTRIBUTIONS TO PENSION PLAN
Jack O'Dell	CHAIR OF THE BOARD	N/A	NONE	NONE
Cecilia McCall	1ST VICE CHAIR	N/A	NONE	NONE
Roberta Brooks	SECRETARY	N/A	NONE	NONE
June Makela	TREASURE	N/A	NONE	NONE
Frank Millspaugh	DIRECTOR	N/A	NONE	NONE
David Acosta	DIRECTOR	N/A	NONE	NONE
Loretta Ross	DIRECTOR	N/A	NONE	NONE
Ken Ford	DIRECTOR	N/A	NONE	NONE
Alexis Gonzalez	DIRECTOR	N/A	NONE	NONE
Dorothy Nasatir	ALTERNATE DIRECTOR	N/A	NONE	NONE
Ralph McKnight	ALTERNATE	N/A	NONE	NONE

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NON-VOTING MEMBERS

Patricia Scott	CEO VICE CHAIR	40+	80,976	1,400
Valerie Van Isler	GM WBAL-F VICE CHAIR	40+	53,118	990
Pamela Burton	DIR. ARCHIVES ASSISTANT SECRETARY	40+	37,396	574
Garland Ganter	GM KPFT VICE CHAIR	40+	48,538	850

Internal Revenue Service

Department of the Treasury

SIN: -512.01-01

Washington, DC 20224

NO THIRD PARTY CC

"This document may not be used or cited as precedent. Section 6110(j)(3) of the Internal Revenue Code."

Person to Contact:

Telephone Number:

Refer Reply to:
OP:E:RO:R:5

Date: 1 MAR 27 1985

This is in response to your ruling request dated July 27, 1984, and amended November 1, 1984, requesting rulings on the tax consequences of your agreement to sublicense certain FM broadcasting rights.

The information submitted indicates that you are exempt from federal income taxes under section 501(c)(3) of the Code and that you are not a private foundation under section 509. You were formed to encourage the creative skills and energies of the community, to promote the full distribution of public information, and to generally engage in any activity that serves the educational, recreational and cultural welfare of the public. To further these objectives, you own and operate non-commercial educational broadcast stations throughout the United States. Your stations provide forums for commercial free public broadcasting.

You hold FM broadcast licenses issued by the Federal Communications Commission. These licenses permit you to broadcast radio signals on a specified "band" of the FM radio spectrum. Each "band" is wider than required to broadcast a high quality FM signal resulting in excess capacity on each licensed radio band. This excess capacity is known as "Subsidiary Communications Authorization," or "SCA." Radio broadcasts over SCA channels do not interfere with radio broadcasts over the licensee's main broadcast channel.

SCA channel broadcasts can only be received by specially designed equipment. Such broadcasts are typically used to provide information to a specialized audience that is required to pay a subscriber fee to receive the transmissions.

The Federal Communications Commission now permits licensees to sublicense their SCA channels to others for commercial purposes. You propose to enter into such an agreement with M, a commercial party. The sublicense agreement indicates that M will provide, service and operate all equipment necessary for it to exercise its exclusive right to broadcast over your SCA channel. In exchange for this right, M will pay you a royalty in an amount equal to the greater of (a) a specified monthly base rate or (b) one percent of its gross subscriber revenue. You will not be

involved in any way with the management of M or in the formulation of its programming. The agreement does not require you to perform any regular service for M.

Based on these facts you have requested the following rulings:

1. The income derived from the sublicense agreement will not constitute unrelated business taxable income under sections 511-514 of the Code.
2. The execution and compliance with the sublicense agreement will not adversely affect your tax exempt status under section 501(c)(3) of the Code.

Section 501(c)(3) of the Internal Revenue Code provides, in part, for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 511 of the Code imposes a tax on the unrelated business taxable income of organizations described in section 501(c).

Section 1.513-1(a) of the Income Tax Regulations defines the term "unrelated business taxable income" as the gross income derived by an organization from any unrelated trade or business regularly carried on by it, the conduct of which is not substantially related (aside from the need of funds) to the exercise or performance of the organization's exempt functions.

Section 1.513-1(d)(2) of the regulations provides that a trade or business is "substantially related" to exempt purposes when the business activity has a substantial causal relationship to the achievement of the exempt purposes.

Section 512(b)(2) of the Code provides that there shall be excluded from the computation of unrelated business taxable income all royalties (including overriding royalties) and all deductions directly connected with such income.

Rev. Rul. 81-178, 1981-2 C.B. 135, defines royalty income as payment for the use of a valuable right whether or not payment is based on the use made of such property. Royalties do not include payment for personal services however, the mere retention of quality control rights by a licensor in a licensing agreement situation will not cause the agreements to lose their characterization as royalties.

Your sublicense agreement is not substantially related to your exempt educational purposes, other than as a source of additional funds. Accordingly,

the income generated by the agreement is unrelated business taxable income unless otherwise excluded.

A royalty is generally defined as a payment for a licensee's valuable right to use the property of another. Rev. Rul. 81-178, supra. M's payments to you are for the use of a valuable property right, i.e. the right to broadcast over your SCA channel. You render no personal services of the type described in Situation 2 of Rev. Rul. 81-178, and, accordingly, the income you receive from the licensing of those property rights is properly characterized as royalty income for purposes of section 512(b)(2) of the Code.

Based on the above and on the information in the file, we rule that the income from your sublicense agreement with M will not constitute unrelated business taxable income under sections 511-514 of the Code because such income is royalty income and is excluded from that computation pursuant to section 512(b)(2).

In addition, the information you provided indicates that this sublicensing agreement is not a substantial part of your activities and that your other activities continue to be in furtherance of your exempt purposes. Accordingly, we rule that the execution and compliance with the sublicense agreement will not adversely affect your tax exempt status under section 501(c)(3) of the Code.

This ruling is directed only to the organization that requested it. Section 6110(j)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

Sincerely yours,



J. E. Griffith
Chief, Exempt Organization
Rulings Branch