

**PACIFICA FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 1999**

**PACIFICA FOUNDATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1999**

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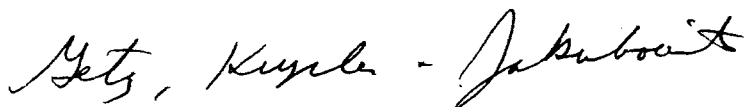
## REPORT OF THE INDEPENDENT AUDITORS

Board of Directors  
Pacifica Foundation  
Los Angeles, California

We have audited the accompanying statement of financial position of the Pacifica Foundation (a nonprofit organization) at September 30, 1999, and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pacifica Foundation at September 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.



**Getz, Krycler & Jakubovits**  
**An Accountancy Corporation**

Sherman Oaks, California  
February 28, 2000

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 1999

<u>ASSETS</u>	<u>Totals</u>	<u>Eliminations</u>	<u>KPFA</u>	<u>KPFK</u>	<u>WBAI</u>	<u>KPFT</u>	<u>WPFW</u>	<u>National Units</u>
<b>CURRENT ASSETS</b>								
Cash in bank	\$ 730,430	\$ -	\$ 195,147	\$ 89,565	\$ 29,960	\$ 44,194	\$ 31,802	\$ 339,762
Investments	788,172	-	186,414	427,022	47,314	-	-	127,422
Accounts receivable	276,245	-	104,247	33,911	43,279	2,818	7,254	84,736
Inter-division receivable	-	(1,428,048)	-	-	31,888	-	-	1,396,160
Prepaid expenses	37,681	-	37,681	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>1,832,528</u>	<u>(1,428,048)</u>	<u>523,489</u>	<u>550,498</u>	<u>152,441</u>	<u>47,012</u>	<u>39,056</u>	<u>1,948,080</u>
<b>PROPERTY AND EQUIPMENT</b>								
Land	632,428	-	481,069	88,475	-	62,884	-	-
Building and improvements	2,633,217	-	1,973,872	303,246	-	105,510	-	250,589
Equipment	5,553,946	-	1,655,529	905,810	1,073,862	464,343	679,786	774,616
Leasehold improvements	715,498	-	-	-	494,471	16,430	88,096	116,501
Furniture and fixtures	324,195	-	103,293	33,339	62,468	20,664	84,669	19,762
	<u>9,859,284</u>	<u>-</u>	<u>4,213,763</u>	<u>1,330,870</u>	<u>1,630,801</u>	<u>669,831</u>	<u>852,551</u>	<u>1,161,468</u>
Less: Accumulated depreciation	<u>5,102,949</u>	<u>-</u>	<u>1,935,728</u>	<u>890,882</u>	<u>906,074</u>	<u>331,864</u>	<u>559,965</u>	<u>478,436</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>4,756,335</u>	<u>-</u>	<u>2,278,035</u>	<u>439,988</u>	<u>724,727</u>	<u>337,967</u>	<u>292,586</u>	<u>683,032</u>
<b>OTHER ASSETS</b>								
Other, including deposits	130,163	-	1,750	7,271	74,014	11,255	18,287	17,586
Program endowment	515,470	-	264,068	39,521	-	-	-	211,881
<b>TOTAL OTHER ASSETS</b>	<u>645,633</u>	<u>-</u>	<u>265,818</u>	<u>46,792</u>	<u>74,014</u>	<u>11,255</u>	<u>18,287</u>	<u>229,467</u>
<b>TOTAL ASSETS</b>	<u>\$7,234,496</u>	<u>\$(1,428,048)</u>	<u>\$ 3,067,342</u>	<u>\$ 1,037,278</u>	<u>\$ 951,182</u>	<u>\$ 396,234</u>	<u>\$ 349,929</u>	<u>\$ 2,860,579</u>

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

PACIFICA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 1999

LIABILITIES AND NET ASSETS

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Units
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 843,751	\$ -	\$ 111,961	\$ 92,231	\$ 351,602	\$ 75,772	\$ 26,876	\$ 185,309
Loans & contracts payable - other	47,646	-	-	-	-	-	1,854	45,792
Deferred grant income	52,068	-	-	-	17,559	-	-	34,509
Inter-division payable	-	(1,428,048)	441,236	6,921	-	290,344	689,547	-
Loans payable - Bank - current portion	59,167	-	59,167	-	-	-	-	-
Deferred income - other	10,030	-	-	-	-	-	-	10,030
Deposits	45,947	-	1,200	-	-	44,747	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,058,609</b>	<b>(1,428,048)</b>	<b>613,564</b>	<b>99,152</b>	<b>369,161</b>	<b>410,863</b>	<b>718,277</b>	<b>275,640</b>
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>	<b>378,640</b>	<b>-</b>	<b>370,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,224</b>
<b>TOTAL LIABILITIES</b>	<b>1,437,249</b>	<b>(1,428,048)</b>	<b>983,980</b>	<b>99,152</b>	<b>369,161</b>	<b>410,863</b>	<b>718,277</b>	<b>283,864</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>								
Unrestricted	5,431,182	-	1,933,362	918,126	582,021	(14,629)	(368,348)	2,380,650
Permanently restricted	366,065	-	150,000	20,000	-	-	-	196,065
<b>TOTAL NET ASSETS</b>	<b>5,797,247</b>	<b>-</b>	<b>2,083,362</b>	<b>938,126</b>	<b>582,021</b>	<b>(14,629)</b>	<b>(368,348)</b>	<b>2,576,715</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$7,234,496</b>	<b>\$(1,428,048)</b>	<b>\$ 3,067,342</b>	<b>\$ 1,037,278</b>	<b>\$ 951,182</b>	<b>\$ 396,234</b>	<b>\$ 349,929</b>	<b>\$ 2,860,579</b>

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

PACIFICA FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	National Units
<b>UNRESTRICTED NET ASSETS</b>								
<b>SUPPORT</b>								
Listener support / Donations	\$7,672,543	\$ -	\$ 1,983,091	\$ 1,538,455	\$ 2,429,436	\$ 687,883	\$ 980,061	\$ 53,617
Grants	1,356,818	-	300,944	239,924	477,794	98,916	163,499	75,741
Community events	387,477	-	152,118	14,622	211,253	9,484	-	-
SCA income	684,500	-	2,000	2,000	2,000	2,000	2,000	674,500
Miscellaneous	568,874	(12,000)	135,010	30,774	10,187	747	3,862	400,294
Unrealized investment gains & losses	63,218	-	32,069	4,146	(445)	-	-	27,448
Central services	-	(1,692,077)	-	-	-	-	-	1,692,077
	<u>10,733,430</u>	<u>(1,704,077)</u>	<u>2,605,232</u>	<u>1,829,921</u>	<u>3,130,225</u>	<u>799,030</u>	<u>1,149,422</u>	<u>2,923,677</u>
	<u>129,149</u>	<u>-</u>	<u>2,715</u>	<u>19,500</u>	<u>68,875</u>	<u>-</u>	<u>28,409</u>	<u>9,650</u>
<b>DONATED SERVICES &amp; EQUIPMENT</b>								
<b>TOTAL UNRESTRICTED REVENUE</b>	<u>10,862,579</u>	<u>(1,704,077)</u>	<u>2,607,947</u>	<u>1,849,421</u>	<u>3,199,100</u>	<u>799,030</u>	<u>1,177,831</u>	<u>2,933,327</u>
<b>EXPENDITURES</b>								
Program services	5,241,049	-	1,143,006	725,614	1,255,203	291,248	412,706	1,413,272
Management & general	2,573,247	(12,000)	675,916	167,864	449,060	115,554	119,632	1,057,221
Fundraising	2,769,087	-	580,409	470,979	783,402	220,113	402,036	312,148
Community events	173,433	-	80,295	2,868	89,776	494	-	-
Central services	-	(1,692,077)	445,654	326,110	569,624	136,863	213,826	-
	<u>10,756,816</u>	<u>(1,704,077)</u>	<u>2,925,280</u>	<u>1,693,435</u>	<u>3,147,065</u>	<u>764,272</u>	<u>1,148,200</u>	<u>2,782,641</u>
	<u>129,149</u>	<u>-</u>	<u>2,715</u>	<u>19,500</u>	<u>68,875</u>	<u>-</u>	<u>28,409</u>	<u>9,650</u>
<b>TOTAL EXPENSES</b>	<u>10,885,965</u>	<u>(1,704,077)</u>	<u>2,927,995</u>	<u>1,712,935</u>	<u>3,215,940</u>	<u>764,272</u>	<u>1,176,609</u>	<u>2,792,291</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>(23,386)</u>	<u>-</u>	<u>(320,048)</u>	<u>136,486</u>	<u>(16,840)</u>	<u>34,758</u>	<u>1,222</u>	<u>141,036</u>
<b>NET ASSETS - Beginning of year</b>	<u>5,820,633</u>	<u>-</u>	<u>2,403,410</u>	<u>801,640</u>	<u>598,861</u>	<u>(49,387)</u>	<u>(369,570)</u>	<u>2,435,679</u>
<b>NET ASSETS - End of year</b>	<u>\$5,797,247</u>	<u>\$ -</u>	<u>\$ 2,083,362</u>	<u>\$ 938,126</u>	<u>\$ 582,021</u>	<u>\$ (14,629)</u>	<u>\$ (368,348)</u>	<u>\$ 2,576,715</u>

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

PACIFICA FOUNDATION  
 SCHEDULE OF DONATED SERVICES, MATERIALS AND FACILITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	KPFA	KPFK	WBAI	KPFT	WPFW	National Units
DONATED SERVICES, MATERIALS AND FACILITIES							
Accounting & legal	\$ 9,650	\$ -	\$ -	\$ -	\$ -	\$ -	9,650
Technical	27,534	-	10,500	12,625	-	4,409	-
Fund raising and development	-	-	-	-	-	-	-
Programming service	56,250	-	-	56,250	-	-	-
Operating expenses	2,715	2,715	-	-	-	-	-
Other professional services	33,000	-	9,000	-	-	24,000	-
<b>TOTAL DONATED SERVICES AND MATERIALS</b>	<b>\$ 129,149</b>	<b>\$ 2,715</b>	<b>\$ 19,500</b>	<b>\$ 68,875</b>	<b>\$ -</b>	<b>\$ 28,409</b>	<b>9,650</b>
DONATED EQUIPMENT							
Equipment (included in listner support)	\$ 22,874	\$ 10,225	\$ -	\$ -	\$ 12,649	\$ -	-

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

PACIFICA FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES-PROGRAM SERVICES  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	National Units
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$2,269,500	\$ -	\$ 547,969	\$ 333,787	\$ 491,492	\$ 124,724	\$ 134,998	\$ 636,530
Payroll taxes	198,442	-	49,274	29,332	41,349	11,493	13,494	53,500
Employee benefits	246,683	-	69,681	26,545	71,683	14,109	10,669	53,996
Consultants	116,996	-	405	508	9,996	-	-	106,087
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>2,831,621</b>	<b>-</b>	<b>667,329</b>	<b>390,172</b>	<b>614,520</b>	<b>150,326</b>	<b>159,161</b>	<b>850,113</b>
<b>OTHER EXPENSES</b>								
Legal fees	89,319	-	347	-	36,862	194	-	51,916
Supplies	59,677	-	10,162	9,045	11,615	8,324	8,566	11,965
Telephone	353,984	-	49,472	67,572	81,210	11,746	30,330	113,654
Postage & shipping	48,197	-	5,891	1,974	8,868	372	2,849	28,243
Rent	211,405	-	-	1,070	120,139	-	47,705	42,491
Equipment rental	296,758	-	6,678	28,947	194,023	32,617	30,742	3,751
Printing & publications	2,614	-	-	-	2,614	-	-	-
Travel	31,196	-	956	677	4,827	711	2,541	21,484
Conferences & meetings	39,525	-	4,496	8,469	5,910	8,088	5,409	7,153
Interest	30,861	-	30,861	-	-	-	-	-
Depreciation & amortization	334,648	-	165,230	59,563	48,443	19,090	42,322	-
Advertising & promotion	17,036	-	-	-	-	-	-	-
Associations & periodicals	12,876	-	929	1,831	399	288	1,174	17,036
Bank charges	4,761	-	-	-	-	-	-	8,255
Insurance	87,166	-	-	-	-	-	-	4,761
News service	134,194	-	26,550	34,897	31,346	6,603	-	87,166
Other administrative	18,108	-	2,297	553	5,807	207	-	34,798
Other programming	61,263	-	22,092	6,689	10,550	15,555	4,642	4,602
Pre-recorded material	198	-	198	-	-	-	4,769	1,608
Property taxes	12,836	-	4,522	784	-	7,530	-	-
Repairs & maintenance - general	102,451	-	37,976	27,522	11,592	2,724	10,778	11,859
Repairs & maintenance - technical	98,804	-	6,842	33,443	10,679	9,687	21,484	16,669
Satellite interconnect	83,525	-	13,840	6,061	5,800	11,600	5,800	40,424
Special projects	53,750	-	37,091	-	16,659	-	-	-
Tapes & supplies	74,153	-	8,239	12,570	13,086	341	2,049	37,868
Utilities	150,123	-	41,008	33,775	20,254	5,245	32,385	17,456
<b>TOTAL OTHER EXPENSES</b>	<b>2,409,428</b>	<b>-</b>	<b>475,677</b>	<b>335,442</b>	<b>640,683</b>	<b>140,922</b>	<b>253,545</b>	<b>563,159</b>
<b>TOTAL PROGRAM SERVICE EXPENSES</b>	<b>\$5,241,049</b>	<b>\$ -</b>	<b>\$ 1,143,006</b>	<b>\$ 725,614</b>	<b>\$ 1,255,203</b>	<b>\$ 291,248</b>	<b>\$ 412,706</b>	<b>\$ 1,413,272</b>

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



PACIFICA FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES-MANAGEMENT & GENERAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	Eliminations	KPFA	KPFK	WBAI	KPFT	WPFW	National Units
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$1,187,868	\$ -	\$ 136,556	\$ 121,965	\$ 273,024	\$ 81,220	\$ 82,450	\$ 492,653
Payroll taxes	103,100	-	12,279	10,719	22,969	7,484	8,242	41,407
Employee benefits	112,175	-	17,365	9,700	39,819	9,189	6,516	29,586
Consultants	52,144	-	6,122	475	13,335	-	1,573	30,639
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,455,287</b>	<b>-</b>	<b>172,322</b>	<b>142,859</b>	<b>349,147</b>	<b>97,893</b>	<b>98,781</b>	<b>594,285</b>
<b>OTHER EXPENSES</b>								
Audit & accounting fees	37,657	-	-	-	-	-	-	37,657
Legal fees	77,341	-	-	8,165	-	45	1,078	68,053
Supplies	19,359	-	2,033	969	3,535	1,938	846	10,038
Telephone	82,591	-	5,990	6,140	21,940	2,362	2,003	44,156
Postage & shipping	9,004	-	1,178	211	2,699	87	281	4,548
Rent	41,391	(12,000)	-	115	36,564	-	4,712	12,000
Equipment rental	8,853	-	1,336	267	1,115	1,327	898	3,910
Printing & publications	3,553	-	-	-	-	-	-	3,553
Travel	23,319	-	191	72	1,469	166	251	21,170
Conferences & meetings	77,499	-	1,982	2,988	3,292	3,567	3,633	62,037
Interest	6,172	-	6,172	-	-	-	-	-
Depreciation & amortization	106,401	-	20,748	2,048	14,744	4,446	4,180	60,235
Associations & periodicals	3,185	-	186	196	122	67	116	2,498
Bad debt	37,346	-	-	-	-	-	-	37,346
Bank charges	12,628	-	-	-	-	-	-	12,628
Contract services	12,024	-	12,024	-	-	-	-	-
Insurance	17,368	-	-	-	-	-	-	17,368
List rental expenses	2,050	-	-	-	-	-	-	2,050
Other administrative	36,786	-	459	59	1,767	48	458	33,995
Property taxes	10,404	-	905	84	-	1,753	-	7,662
Repairs & maintenance - general	34,053	-	7,595	2,949	6,501	634	1,065	15,309
Security & public communications	440,089	-	440,089	-	-	-	-	-
Utilities	18,886	-	2,706	742	6,165	1,221	1,330	6,722
<b>TOTAL OTHER EXPENSES</b>	<b>1,117,960</b>	<b>(12,000)</b>	<b>503,594</b>	<b>25,005</b>	<b>99,913</b>	<b>17,661</b>	<b>20,851</b>	<b>462,936</b>
<b>TOTAL MANAGEMENT &amp; GENERAL EXPENSES</b>	<b>\$2,573,247</b>	<b>\$ (12,000)</b>	<b>\$ 675,916</b>	<b>\$ 167,864</b>	<b>\$ 449,060</b>	<b>\$ 115,554</b>	<b>\$ 119,632</b>	<b>\$ 1,057,221</b>

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

PACIFICA FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES-FUNDRAISING  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	National Units
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 730,942	\$ -	\$ 186,926	\$ 143,291	\$ 140,915	\$ 72,396	\$ 76,282	\$ 111,132
Payroll taxes	64,894	-	16,809	12,593	11,855	6,671	7,626	9,340
Employee benefits	77,334	-	23,770	11,395	20,552	8,191	6,029	7,397
Consultants	204,775	-	4,850	40,650	39,929	-	51,775	67,571
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,077,945</b>	<b>-</b>	<b>232,355</b>	<b>207,929</b>	<b>213,251</b>	<b>87,258</b>	<b>141,712</b>	<b>195,440</b>
<b>OTHER EXPENSES</b>								
Legal fees	17,040	-	-	-	-	27	-	17,013
Supplies	18,309	-	2,337	6,909	1,683	2,809	2,061	2,510
Telephone	34,401	-	3,993	4,776	10,448	1,390	2,755	11,039
Postage & shipping	93,662	-	20,199	18,864	18,823	11,651	22,989	1,136
Rent	23,980	-	-	89	17,412	-	6,479	-
Equipment rental	3,645	-	891	208	531	780	1,235	-
Printing & publications	72,789	-	8,966	11,327	31,116	8,973	11,431	976
Travel	6,620	-	128	56	700	98	345	5,293
Conferences & meetings	29,524	-	1,772	2,842	2,692	3,002	3,706	15,510
Interest	4,115	-	4,115	-	-	-	-	-
Depreciation & amortization	39,604	-	7,568	1,593	7,021	2,615	5,748	15,059
Associations & periodicals	1,159	-	124	153	58	39	160	625
Bank charges	192,055	-	60,333	33,095	51,918	23,946	19,605	3,158
Computer supplies	7,459	-	-	-	6,982	-	477	-
Direct mail & telemarketing	376,444	-	100,171	75,440	109,972	43,054	38,112	9,695
Insurance	9,300	-	-	-	-	-	-	9,300
Other administrative	20,000	-	306	46	842	28	630	18,148
Other development	16,611	-	5,309	(667)	10,273	1,409	-	287
Mailing services	47,075	-	27,641	12,730	2,204	-	3,047	1,453
Premiums & marathon	651,407	-	96,730	92,654	292,860	30,911	138,252	-
Property taxes	1,699	-	603	65	-	1,031	-	-
Repairs & maintenance - general	14,701	-	5,064	2,293	1,680	373	1,464	3,827
Utilities	9,544	-	1,804	577	2,936	719	1,828	1,680
<b>TOTAL OTHER EXPENSES</b>	<b>1,691,142</b>	<b>-</b>	<b>348,054</b>	<b>263,050</b>	<b>570,151</b>	<b>132,855</b>	<b>260,324</b>	<b>116,708</b>
<b>TOTAL FUNDRAISING EXPENSES</b>	<b>\$2,769,087</b>	<b>\$ -</b>	<b>\$ 580,409</b>	<b>\$ 470,979</b>	<b>\$ 783,402</b>	<b>\$ 220,113</b>	<b>\$ 402,036</b>	<b>\$ 312,148</b>

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

PACIFICA FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Totals	Eliminations	KPFA	KPKF	WBAI	KPFT	WPFW	National Units
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Increase (decrease) in net assets	\$ (23,386)	\$ -	\$ (320,048)	\$ 136,486	\$ (16,840)	\$ 34,758	\$ 1,222	\$ 141,036
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Depreciation & amortization	480,653	-	193,546	63,204	70,208	26,151	52,250	75,294
Changes in assets & liabilities:								
Accounts receivable	52,074	-	(42,872)	9,441	(22,338)	15,668	7,470	84,705
Prepaid expenses	8,240	-	8,240	-	-	-	-	-
Other assets	(5,948)	-	-	(2,629)	9,733	(11,255)	(1,797)	-
Accounts payable accrued expenses	(10,833)	-	(10,816)	23,202	24,525	(25,379)	(23,157)	792
Deferred grant income	26,039	-	-	-	(8,470)	-	-	34,509
Deferred income - other	(35,535)	-	(23,860)	-	-	-	-	(11,675)
Deposits	18,140	-	-	-	-	18,140	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>509,444</b>	<b>-</b>	<b>(195,810)</b>	<b>229,704</b>	<b>56,818</b>	<b>58,083</b>	<b>35,988</b>	<b>324,661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Acquisition of land, buildings & equipment	(177,522)	-	(26,184)	(20,622)	(4,114)	(27,754)	(4,139)	(94,709)
Investments & program endowment	132,503	-	(31,160)	(188,165)	(3,102)	-	-	354,930
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(45,019)</b>	<b>-</b>	<b>(57,344)</b>	<b>(208,787)</b>	<b>(7,216)</b>	<b>(27,754)</b>	<b>(4,139)</b>	<b>260,221</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>								
Inter-division receivables	-	372,881	7,191	2,031	(31,888)	-	-	(350,215)
Loans payable - bank	(101,813)	-	(54,167)	-	-	-	(1,854)	(45,792)
Inter-division payables	-	(372,881)	441,236	6,921	(42,734)	5,528	(38,070)	-
Loan payable - other	556	-	-	-	-	-	(4,999)	5,555
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(101,257)</b>	<b>-</b>	<b>394,260</b>	<b>8,952</b>	<b>(74,622)</b>	<b>5,528</b>	<b>(44,923)</b>	<b>(390,452)</b>
<b>NET CHANGE IN CASH</b>	<b>363,168</b>		<b>141,106</b>	<b>29,869</b>	<b>(25,020)</b>	<b>35,857</b>	<b>(13,074)</b>	<b>194,430</b>
Cash at beginning of year	367,262		54,041	59,696	54,980	8,337	44,876	145,332
Cash at end of year	\$ 730,430	\$ -	\$ 195,147	\$ 89,565	\$ 29,960	\$ 44,194	\$ 31,802	\$ 339,762

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

# PACIFICA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 1999

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

#### Organization and Description of Operations

Pacifica Foundation was organized in 1949 and currently operates, on a not-for-profit basis, five FM radio stations maintaining a program tape library which is used to sell and rent taped programs.

The financial statements include the operations of the following units:

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

All significant inter-division accounts have been eliminated.

#### Basis of Presentation

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

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

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

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

**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

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

**Contributions**

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

**Income Recognition from Grants and Earmarked Funds**

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

**Income Taxes**

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

**Estimates**

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

**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

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

**Property and Equipment**

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

**Intangible Assets**

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

The cost of a broadcasting license was being amortized on a straight-line method over 20 years from the date of acquisition (1977). That license was fully amortized as of September 30, 1997 and, as such, no amortization was charged to operations in the year ended September 30, 1999. (Radio station - WPFW).

**Donated Services, Materials and Facilities**

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

**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

**NOTE 2 - INVESTMENTS**

Investments, stated at fair market value as of September 30, 1999 consist of the following:

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
U.S. Treasury Notes	\$ 691,372	\$ 685,667	\$( 5,705)
U.S. Government Securities	176,790	171,105	( 5,685)
Corporate Bonds	114,761	116,680	1,919
Stocks	<u>216,632</u>	<u>330,190</u>	<u>113,558</u>
	<u>\$1,199,555</u>	<u>\$1,303,642</u>	<u>\$104,087</u>
Investments	\$ 805,154	\$ 788,172	\$ (16,982)
Endowment	<u>394,401</u>	<u>515,470</u>	<u>121,069</u>
	<u>\$1,199,555</u>	<u>\$1,303,642</u>	<u>\$104,087</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 1999:

	<u>UNRESTRICTED</u>
Interest and dividend income	\$ 93,567
Realized gains and losses	61,441
Unrealized gains and losses	<u>63,218</u>
Total investment return	<u>\$ 218,226</u>

**NOTE 3 - RESTRICTED CASH**

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

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

**NOTE 4 - LOANS PAYABLE, CONTRACTS PAYABLE, LONG-TERM DEBT**

Loans & contracts payable - Other, consisted of the following:

	<u>September 30, 1999</u>	
	<u>Current</u>	<u>Long-Term</u>
<b><u>WPFW-FM</u></b>		
Lease payable, secured by equipment, bearing interest at 12.7% per annum, principle and interest due in monthly installments of \$630. The final payment is due December 1999.	\$ 1,854	\$ -
<b><u>National Office</u></b>		
Lease payable, secured by equipment, bearing interest at 13% per annum, principle and interest due in monthly installments of \$4,179. The final payment is due November, 2000.	<u>45,792</u>	<u>8,224</u>
Total Loans and Contracts payable - Other	<u>47,646</u>	<u>8,224</u>
Loan Payable - Bank, consisted of the following:		
<b><u>KPFA-FM</u></b>		
A 15-year real estate loan secured by land, building and equipment (except for equipment & fixtures funded by an NTIA Grant). The terms of the loan call for monthly repayments of principle on a fixed schedule and monthly payments of interest at the bank's prime rate plus 1% with a 10.5% cap and a 7% floor. The interest rate at September 30, 1999 was 9.50%.	<u>59,167</u>	<u>370,416</u>
Total Loan Payable - Bank	<u>59,167</u>	<u>370,416</u>
<b>TOTAL LOANS PAYABLE, CONTRACTS PAYABLE, LONG-TERM DEBT</b>	<b><u>\$106,813</u></b>	<b><u>\$378,640</u></b>



**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

**NOTE 4 - LOANS PAYABLE, CONTRACTS PAYABLE, LONG-TERM DEBT (continued)**

Maturities by year of the long-term debt, including the KPFA mortgage payable, the WPFW lease payable and the National Office lease payable are: 9/00 - \$106,812, 9/01 - \$72,391, 9/02 - \$69,167, 9/03 - \$74,167, 9/04 - \$79,168 and thereafter - \$83,747.

**NOTE 5 - GRANT REVENUE**

Grant Revenue was recognized from the following sources:

For the fiscal year ended September 30, 1999:

	<u>Total</u>	<u>Corporation For Public Broadcasting (see below)</u>	<u>Other Federal</u>	<u>Charitable Foundation and other</u>
KPFA	\$ 300,944	\$ 234,770	\$ -	\$ 66,174
KPFK	239,924	218,637	-	21,287
WBAI	477,794	434,162	34,162	9,470
KPFT	98,916	98,916	-	-
WPFW	163,499	157,249	-	6,250
National Office	<u>75,741</u>	<u>-</u>	<u>-</u>	<u>75,741</u>
	<u>\$1,356,818</u>	<u>\$1,143,734</u>	<u>\$ 34,162</u>	<u>\$178,922</u>

Federal funding for the Corporation for Public Broadcasting has been budgeted through September 2000. Such funding is currently under review by the Federal government, and proposals have been made to cut back or eliminate entirely these funds.

Grant revenue recognized as income includes amounts deferred at September 30, 1998 and excludes amounts deferred at September 30, 1999 for the year ended September 30, 1999.

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

**NOTE 6- LEASE COMMITMENTS, OFFICES AND FACILITIES**

**Studio Rent**

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

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

**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

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

**Studio Rent (continued)**

Net rental expense for operating facilities charged to operations for the year ended September 30, 1999 amounted to \$276,776.

**Equipment Rental (Towers)**

**WBAI-FM**

WBAI is currently obligated under a radio tower rental agreement entered into in January, 1992 for 14 years at a monthly rental subject to annual cost of living adjustments. The monthly rental as of September 30, 1999 was \$16,117 (193,404 per annum).

**WPFW-FM**

WPFW is currently obligated under a radio tower rental agreement entered on January 1, 1988 for fourteen years at a monthly rental subject to annual cost of living adjustments. The monthly rental for the year ended September 30, 1999 was \$1,804 (\$21,648 per annum).

**KPFT-FM**

KPFT is currently obligated under a radio tower rental agreement entered into on February 1, 1997, for 2 years, at a monthly rental of \$2,530. The lease contains four individual 2-year options to renew under similar terms. The first option to extend automatically became effective on February 1, 1999 for the period February 1, 1999 to February 1, 2001.

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

**STUDIO RENT**

<u>Fiscal Year</u> <u>Ended</u>	<u>Total</u>	<u>WPFW (PNP)</u>	<u>WBAI</u>
9/30/00	\$ 286,164	\$ 86,640	\$ 199,524
9/30/01	213,964	14,440	199,524
9/30/02	199,524	-	199,524
9/30/03	226,344	-	226,344
9/30/04	235,284	-	235,284
Subsequent	<u>2,119,893</u>	<u>-</u>	<u>2,119,893</u>
	<u>\$3,281,173</u>	<u>\$101,080</u>	<u>\$3,180,093</u>

**PACIFICA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

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

**TOWER RENT**

<u>Fiscal Year</u> <u>Ended</u>	<u>Total</u>	<u>WPFW</u>	<u>WBAI</u>	<u>KPFT</u>
9/30/00	\$ 194,568	\$ 18,408	\$ 150,960	\$ 25,200
9/30/01	159,360	-	150,960	8,400
9/30/02	150,960	-	150,960	-
9/30/03	150,960	-	150,960	-
9/30/04	150,960	-	150,960	-
Subsequent	<u>62,900</u>	<u>-</u>	<u>62,900</u>	<u>-</u>
	<u>869,708</u>	<u>18,408</u>	<u>817,700</u>	<u>33,600</u>
 TOTAL	 <u>\$4,150,881</u>	 <u>\$119,488</u>	 <u>\$3,997,793</u>	 <u>\$33,600</u>

**NOTE 7 - MISCELLANEOUS INCOME**

Miscellaneous income for the year ended September 30, 1999, consisted of the following:

	<u>Total</u>	<u>KPFA</u>	<u>KPFK</u>	<u>WBAI</u>	<u>KPFT</u>	<u>WPFW</u>	<u>National Office</u>
Tape sales (recorded programs)	\$ 80,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,040
Rental of mailing lists	39,612	-	-	-	-	-	39,612
Rental of premises (net)	92,872	89,337	535	3,000	-	-	-
Interest and investment income	155,008	45,003	30,239	5,905	592	1,304	71,965
News feeds	207,949	-	-	-	-	-	207,949
Miscellaneous	<u>5,393</u>	<u>670</u>	<u>-</u>	<u>1,282</u>	<u>155</u>	<u>2,558</u>	<u>728</u>
	580,874	135,010	30,774	10,187	747	3,862	400,294
Eliminations	<u>( 12,000)</u>	<u>( 12,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$568,874</u>	<u>\$123,010</u>	<u>\$30,774</u>	<u>\$10,187</u>	<u>\$ 747</u>	<u>\$3,862</u>	<u>\$400,294</u>

**NOTE 8 - SCA INCOME**

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

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

**NOTE 8 - SCA INCOME (continued)**

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

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

In 1984, Pacifica Foundation had retained legal counsel to investigate the possibility that the above income is unrelated and thereby taxable, and a determination request was submitted to the IRS. The response from the IRS indicated that the income is not taxable and that Pacifica's non-profit status will not be affected.

**NOTE 9 - DONATED SERVICES - VOLUNTEERS**

Donated services, materials and facilities, shown in these financial statements, consist of amounts of support received for the year ended September 30, 1999, by individuals and organizations supplying their regular professional services, materials and facilities.

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

**NOTE 10 - PROPERTY AND EQUIPMENT**

Included in the property and equipment as held at September 30, 1999 is certain technical equipment acquired with the assistance of government grants.

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

At September 30, 1999, the following assets were owned:

	<u>Approximate Cost</u>	<u>End of 10 Year Period</u>
KPFA (a)	\$221,635	2001
(b)	35,077	2003
(c)	3,000	2004
WPFW (a)	24,504	2003
(b)	34,508	2004
National Office	<u>15,000</u>	2004
	<u>\$333,724</u>	

PACIFICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1999

**NOTE 11 - CENTRAL SERVICES**

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

**NOTE 12 - DEFERRED INCOME - OTHER**

Deferred income at September 30, 1999 consisted of the following:

**National Office**

Prepayments on tape sales

\$10,030

Amounts of \$24,394 of expenses of KPFA relating to the December 1999 Christmas Crafts Fair are included in prepaid expenses.

**NOTE 13 - DEPOSITS**

Deposits at September 30, 1999 include security deposits held by KPFA related to tenants leasing various property acquired during the year ended September 30, 1991.

**NOTE 14 - PROGRAM ENDOWMENT, RESTRICTED**

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

**NOTE 15 - PENDING LEGAL MATTERS**

**Communications Attorneys**

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

## **PACIFICA FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 1999**

#### **NOTE 16 - CHARITABLE REMAINDER TRUST**

In December 1990 Pacifica was named principle beneficiary of a charitable remainder trust. The terms of the trust calls for monthly percentage of principle payments to named income beneficiaries. Required monthly payments are to be paid first out of trust income, then out of trust principle, with any excess trust income added to principle. Annual trust administrative costs are to be paid out of trust assets. Upon expiration of the trust term of twenty years, or, if earlier, upon the death of the last income beneficiary, trust assets revert to Pacifica Foundation. The market value of trust assets at September 30, 1999 was \$163,527.

#### **NOTE 17 - EMPLOYEE BENEFIT PLAN**

The Foundation has a defined contribution salary deferral plan covering substantially all eligible employees. Under the plan, the Foundation contributes two percent of each eligible employee's salary. Plan expenses incurred by the Foundation during the fiscal year ended September 30, 1999 was \$2,300.

#### **NOTE 18 - CONCENTRATION OF CREDIT RISK**

Pacifica Foundation maintains several bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded Federally insured limits. The amount in excess of the FDIC limit totaled \$399,418 as of September 30, 1999.

#### **NOTE 19 - KPFA LISTENER PROTEST - SECURITY AND PUBLIC COMMUNICATION COSTS**

In July, 1999, Pacifica Foundation incurred approximately \$440,089 in security and public communications expenses related to a protest staged near the Berkeley station, KPFA. Arrangements were made to enable the station to broadcast from a remote location to secure control over the station's broadcasting stream for FCC licensing requirements. Additionally, an independent security service was hired to protect the assets of the station and the personnel involved.

The funds necessary to pay for these expenses were initially provided by the National Office. The National Board has determined that KPFA will repay these funds over five years. The Board has also mandated that the funds be repaid by KPFA to the National office only from income not donated to the station such as rentals and other "discretionary" income.