

Pacifica Foundation Radio

Financial Statements

For the Year Ended
September 30, 2012



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 15
Supplemental Information	
Statement of Functional Expenses	16
Statement of Financial Position by Division	17
Statement of Activities by Division	18
Statement of Functional Expenses by Division	19



INDEPENDENT AUDITOR'S REPORT

Board of Directors Pacifica Foundation
Berkeley, California

We have audited the accompanying statement of financial position of Pacifica Foundation Radio (the "Organization") as of September 30, 2012 and the related statements of activities 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 auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Pacifica Foundation Radio as of September 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of functional expenses and the statements of financial position, activities and functional expenses (By Division) on pages 16 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Armanino LLP
Armanino^{LLP}
San Ramon, California

September 6, 2013

PACIFICA FOUNDATION RADIO
Statement of Financial Position
September 30, 2012

ASSETS

Current assets	
Cash and cash equivalents	\$ 790,808
Other receivables	87,140
Premium inventory	68,663
Prepaid expenses	<u>101,683</u>
Total current assets	1,048,294
 Non-current assets	
Investments	256,172
Property and equipment, net	2,540,099
Other assets	64,550
Restricted cash	<u>783,848</u>
Total non-current assets	<u>3,644,669</u>
 Total assets	<u><u>\$ 4,692,963</u></u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 2,715,077
Deferred income	80,284
Accrued expenses and benefits	<u>642,455</u>
Total current liabilities	<u>3,437,816</u>
 Non-current liabilities	
Deferred rent liability	<u>759,223</u>
Total non-current liabilities	<u>759,223</u>
Total liabilities	<u>4,197,039</u>
 Net assets	
Unrestricted	(979,387)
Temporarily restricted	359,256
Permanently restricted	<u>1,116,055</u>
Total net assets	<u>495,924</u>
 Total liabilities and net assets	<u><u>\$ 4,692,963</u></u>

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

PACIFICA FOUNDATION RADIO
Statement of Activities
For the Year Ended September 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Listener support/donations	\$ 10,800,583	\$ -	\$ -	\$ 10,800,583
Grants	1,310,194	-	-	1,310,194
Community events	424,820	-	-	424,820
Sub-channel income	269,400	-	-	269,400
Other revenue	356,396	-	-	356,396
Investment income	57,147	66,708	-	123,855
Net assets released from restrictions	-	-	-	-
Total revenue and support	13,218,540	66,708	-	13,285,248
Expenses				
Program services	7,782,260	-	-	7,782,260
Management and general	4,100,986	-	-	4,100,986
Fundraising and development	2,375,681	-	-	2,375,681
Total expenses	14,258,927	-	-	14,258,927
Change in net assets	(1,040,387)	66,708	-	(973,679)
Net assets, beginning of year, as previously reported	657,153	265,800	1,116,055	2,039,008
Prior period adjustment	(596,153)	26,748	-	(569,405)
Net assets, beginning of year, as restated	61,000	292,548	1,116,055	1,469,603
Net assets, end of year	\$ (979,387)	\$ 359,256	\$ 1,116,055	\$ 495,924

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

PACIFICA FOUNDATION RADIO
Statement of Cash Flows
For the Years Ending September 30, 2012

Cash flows from operating activities	
Changes in net assets	\$ (973,679)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	348,972
Realized and unrealized gain on investments	(96,152)
Change in operating assets and liabilities	
Other receivables	29,805
Inventory	38,344
Prepaid expenses	(26,135)
Other assets	57,810
Accounts payable	1,114,765
Deferred income	(23,956)
Accrued expenses and benefits	(241,513)
Deferred rent liability	37,827
Net cash provided by operating activities	<u>266,088</u>
Cash flows from investing activities	
Increase in restricted cash	(51,575)
Purchase of property and equipment	(176,774)
Proceeds from sales of investments	120,000
Net cash used in investing activities	<u>(108,349)</u>
Net increase in cash and cash equivalents	157,739
Cash and cash equivalents, beginning of year	<u>633,069</u>
Cash and cash equivalents, end of year	<u>\$ 790,808</u>
<u>Supplemental information</u>	
Cash paid for interest	\$ 21,895

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

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

1. Organization

Pacifica Foundation Radio (the "Organization", or "Foundation") was incorporated under the Nonprofit Corporation Law of the State of California on August 24, 1946 and was recognized as a tax exempt organization in April 1958 under section 101(c) of the 1939 Internal Revenue Code which now corresponds with IRC 501(c)(3) as a public charity. Pacifica currently operates, on a not-for-profit basis, five FM radio stations and maintains a program tape library which is used to sell and rent taped programs to other non-commercial radio stations, news services, schools, colleges, universities and the general public. Contributions are used to support non-commercial radio stations and to create public affairs programming which is available to approximately 165 affiliated non-commercial radio stations.

The financial statements include the operations of the following divisions:

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

All inter-division accounts have been eliminated.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Financial statement presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the 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 restrictions, but may be designed for specific purposes by the action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

2. Summary of Significant Accounting Policies (continued)

Financial statement presentation (continued)

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may can be fulfilled either by actions of the Foundation pursuant to those stipulations and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that the foundation maintains. Generally, donors permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents are defined as demand deposits at banks and certificates of deposit with original maturities of less than ninety days.

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

Revenue recognition

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Grant revenue is recognized as earned expenses are incurred. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value.

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

2. Summary of Significant Accounting Policies (continued)

Donated facilities and services

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Income recognition from community events

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

Allocation of costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fund-raising, management and general expense or the appropriate program based on evaluations of the related benefits and actual hours. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Property and equipment

Purchases of property and equipment are recorded at cost. Assets acquired by contribution or bequest are stated at fair value at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. 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. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related depreciation are removed from the accounts and any gain or loss is included in operations. Pacifica capitalizes all property and equipment acquisitions in excess of \$2,000.

The useful estimated lives of computer software, property and equipment are principally 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

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

2. Summary of Significant Accounting Policies (continued)

Investments

Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in unrestricted net assets, unless their use is temporarily restricted or permanently restricted by the donor. Temporarily restricted investment income is reported as unrestricted investment income when the restrictions are satisfied in the same reporting period.

Income taxes

The Organization is a nonprofit organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and state franchise tax under section 23701(d) of the Revenue and Taxation Code.

The Organization has evaluated its current tax positions and has concluded that as of September 30, 2012, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation approaches. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of financial instruments:

Level 1 Investments include quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.

Level 2 Investments include other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment terms, credit risk, etc.).

Level 3 Investments include significant unobservable inputs (including the Organization's own assumptions in determining fair value instruments).

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

2. Summary of Significant Accounting Policies (continued)

Fair value of financial instruments (continued)

The category within the fair value hierarchy is based up on the lowest level of input that is significant to the fair value measurement.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include depreciation and amortization, accrued liabilities, and the allocation of costs. Actual results could differ from those estimates.

3. Liquidity

The Organization has experienced significant losses from operating activities in the current and prior years. These factors resulted in the Organization developing a deficit in unrestricted net assets of approximately \$979,000 at September 30, 2012. The Organization is currently taking measures to reduce its operating costs and streamline its operations. Based on management's best estimate of future cash flows, these actions are expected to allow the Organization to operate through September 30, 2013 and beyond. The Organization's management is also prepared to employ additional cost-cutting measures if the actual cash flows do not meet the current projections, however, there can be no assurance that these actions will be sufficient. However, the ability of the Organization to sustain its operations in the long term depends on its ability to reduce operating costs and increase sources of cash flows.

4. Restricted Cash

Restricted cash primarily represents funds restricted for the purchase of a building and funds required to be held in a separate bank account because of donor restrictions. As of September 30, 2012 the restricted cash consisted of:

Wells Fargo Bank ACH - KPFA	\$ 5,000
WBIA	1,825
Solar Project - KPFK	16,480
NTIA-KPFT	13,671
Heath Fund - KPFA	468,456
Building Fund - WPFW	208,430
Heath Fund - National Office	<u>69,986</u>
Total	<u>\$783,848</u>

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

5. Property and Equipment

The following is a summary of property and equipment at cost less accumulated depreciation, on September 30, 2012:

Land	\$ 632,428
Building and improvements	2,930,023
Leasehold improvements	609,465
Fixtures and furniture	209,232
Equipment	<u>6,170,848</u>
Total	10,551,996
Less: accumulated depreciation	<u>(7,948,897)</u>
Total	<u>\$2,540,099</u>

Depreciation and amortization of property and equipment amounted to \$348,972 during 2012.

Included in the property and equipment held at September 30, 2012 is certain technical equipment acquired with the assistance of government grants. In accordance with the regulations of these grants, the Federal Government (NTIA) retains interest in these assets for a period of 10 years following the completion of the grant.

At September 30, 2012 the following assets were subject to the federal ten-year periods:

	<u>Historical Costs</u>	<u>End of 10- Year Period</u>
KPFA	\$ 73,326	2013
KPFT	<u>19,100</u>	2016
Total	<u>\$ 92,426</u>	

6. Investments

	<u>Cost</u>	<u>Fair Value</u>
US treasuries money fund	\$ 54,503	\$ 54,503
Mutual funds	45,000	55,317
Equities	<u>135,000</u>	<u>146,352</u>
Total investment	<u>\$234,503</u>	<u>\$256,172</u>

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

7. Fair Value Measurements

The following table summarizes the valuation of the Organization's assets which are measured on a recurring basis at September 30, 2012:

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
US Treasuries money fund	\$ 54,503	\$ -	\$ -	\$ 54,503
Mutual funds	55,317	-	-	55,317
Equities	<u>146,352</u>	<u>-</u>	<u>-</u>	<u>146,352</u>
Total assets at fair value	<u>\$256,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$256,172</u>

8. Temporarily Restricted Net Assets

As of September 30, 2012, temporarily restricted assets of \$359,256 consist of unappropriated earnings on endowment investments in the amount of \$66,708 and funds restricted for capital acquisitions.

9. Permanently Restricted Net Assets

These funds are investments in perpetuity, the income from which is expendable for operations. Such endowments at September 30, 2012, are as follows:

KPFA - Heath Trust endowment fund	\$ 375,000
KPFA - Other endowment fund	150,000
KPFK - Other endowment fund	20,000
National Office - Other endowment fund	196,055
National Office - Heath Trust endowment fund	<u>375,000</u>
	<u>\$1,116,055</u>

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

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

9. Permanently Restricted Net Assets (continued)

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

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

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflations
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

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 deficiencies of this nature as of September 30, 2012.

Endowment net asset composition by type of fund as of September 31, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$(800,598)	\$359,256	\$1,116,055	\$674,713

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

9. Permanently Restricted Net Assets (continued)

The following represents the changes in endowment net assets for the year ended September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$(800,598)	\$292,548	\$1,116,055	\$608,005
Net appreciation	-	66,708	-	66,708
Endowment net assets, end of year	<u>\$(800,598)</u>	<u>\$359,256</u>	<u>\$1,116,055</u>	<u>\$674,713</u>

Return objectives and risk parameters

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

Strategies employed for achieving objectives

To satisfy its investment policy objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) through equity-based investments and current yield (interest and dividends) through fixed income investments. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Foundation has adopted a policy of appropriating for distribution each year an amount of five percent of its investment portfolio's average asset based on a trailing eighteen month average of accumulated contributions and earnings within the fund. The Board of Directors may request all, a portion, or none of the appropriation be distributed in accordance with the endowment fund's purpose as defined by the endowment agreement or applicable board resolution. Any portion of the distribution not appropriated by the Board shall be kept in the endowment fund, be governed by the endowment investment policy, and be available for future distribution in accordance with the distribution policy.

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

10. Lease Commitments

The Foundation is obligated under several operating leases for office space, studio and radio tower equipment. The leases expire through September 30, 2020. Future minimum lease payments under these lease agreements as of September 30, 2012 are as follows:

2013	\$ 380,269
2014	406,888
2015	435,370
2016	465,846
2017	498,455
Thereafter	<u>1,455,988</u>
Total	<u>\$3,642,816</u>

Rent expense under these lease agreements during 2012 was \$355,392.

11. Pension Plan

The Foundation has a 403 (b) defined contribution retirement plan for all eligible regular full time and part time employees employed for minimum of six months and electing to make salary deferrals which are invested along with employer matching funds in individual, self-directed accounts. The Foundation also has an annual "Profit Sharing Plan" based on 2% of 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 contributions are subject to limitations imposed by applicable provisions of the Internal Revenue Code. The Foundation contributed \$200,101 during 2012 to these retirement plans.

12. Pending Legal Matters

Commitments and contingencies

Certain grants and contracts require compliance with various requirements. Failure to comply with these requirements could results in disallowance of costs and potential repayment to the donors. However, management considers the likelihood of a requirement to return funds to donors to be remote.

The Foundation is a defendant in several lawsuits. Management believes these suits are without merit and intends to vigorously defend its position. Although it is reasonably possible, management believes it is unlikely that the resolutions, claims and pending litigation will have a material effect, individually or in the aggregate, to the financial position, results of operations and cash flows.

PACIFICA FOUNDATION RADIO
Notes to Financial Statements
For the Year Ended September 30, 2012

13. SCA Income

Pacifica Foundation entered into sub-carrier agreements (SCA) in March 1984, whereby outside companies would be allowed to use a portion of certain Pacifica stations' base bands in order to broadcast signals to the outside companies' subscribers. The initial terms of the agreements were five years from start of operations at each respective station. Subsequent to the initial agreements, some of the leases have expired and some have renewed.

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

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 not-for-profit status will not be affected.

14. Prior Period Adjustment

The Organization's financial statements as of September 30, 2011 have been restated to reflect certain errors noted by the Organization during 2012. As a result the Organization recorded a prior period adjustment in the amount of \$569,405 to reduce net assets as previously reported.

15. Subsequent Events

Subsequent events were evaluated through September 6, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PACIFICA FOUNDATION RADIO
Statement of Functional Expenses
For the Year Ended September 30, 2012

Expenses	Program Services	Management and General	Fundraising and Development	Total Functional Expenses
Personnel costs	\$ 4,163,014	\$ 2,065,658	\$ 1,102,592	\$ 7,331,264
Advertising and promotion	-	2,724	13,919	16,643
Associations and periodicals	1,307	10,609	699	12,615
Audit fees	-	138,918	-	138,918
Bank charges and finance charges	-	89,717	199,693	289,410
Board meetings and elections	58	78,431	-	78,489
Communications expense	342,105	119,218	57,018	518,341
Community events	100,973	10,078	229,243	340,294
Computer maintenance	14,375	41,257	8,907	64,539
Consultants	91,975	90,945	105,204	288,124
Depreciation and amortization	219,852	73,284	55,836	348,972
Direct mail and telemarketing	19,289	3,785	377,369	400,443
Equipment rental	766	73,409	15,602	89,777
Insurance	-	235,578	-	235,578
Interest	17,098	4,797	-	21,895
Legal fees	33,362	353,736	552	387,650
Legal settlement fees	-	225,000	-	225,000
Miscellaneous	249	14,288	39	14,576
Rent-office/studio	315,021	141,217	86,902	543,140
Rent-tower	610,074	550	-	610,624
Office expenses	12,506	46,554	3,154	62,214
Outside services	18,048	20,943	870	39,861
Permits, fines and filing fees	2,288	24,604	290	27,182
Premiums and shipping (for donations)	-	-	62,637	62,637
Programming costs	1,318,697	-	-	1,318,697
Repairs and maintenance	150,632	104,388	17,262	272,282
Storage	880	21,347	1,240	23,467
Tapes and supplies	53,418	4,916	5,060	63,394
Taxes - property tax	-	14,208	-	14,208
Training expense	5,663	5,758	345	11,766
Travel	11,827	14,590	2,689	29,106
Utilities	266,734	28,923	25,709	321,366
Website and audio port expenses	12,049	41,556	2,850	56,455
Total expenses	<u>\$ 7,782,260</u>	<u>\$ 4,100,986</u>	<u>\$ 2,375,681</u>	<u>\$ 14,258,927</u>

PACIFICA FOUNDATION RADIO
Statement of Financial Position by Division
September 30, 2012

<u>ASSETS</u>	Eliminations	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Totals
Current assets									
Cash and cash equivalents	\$ -	\$ 159,870	\$ 12,791	\$ 136,704	\$ 226,922	\$ 10,746	\$ 91,230	\$ 152,545	\$ 790,808
Other receivables	-	15,726	2,000	51,115	4,470	3,908	11,000	(1,079)	87,140
Premium inventory	-	-	-	4,268	29,082	15,784	12,338	7,191	68,663
Prepaid expenses	-	50,036	-	34,749	7,769	-	-	9,129	101,683
Total current assets	<u>-</u>	<u>225,632</u>	<u>14,791</u>	<u>226,836</u>	<u>268,243</u>	<u>30,438</u>	<u>114,568</u>	<u>167,786</u>	<u>1,048,294</u>
Non-current assets									
Investments	-	213,659	-	21,539	16,837	1,089	3,048	-	256,172
Properly and equipment, net	-	10,236	27,629	1,514,917	612,120	16,040	18,789	340,368	2,540,099
Inter-division receivable	(5,167,764)	3,785,116	-	1,382,648	-	-	-	-	-
Other assets	-	7,500	-	-	-	42,701	14,349	-	64,550
Restricted cash	-	69,986	-	473,456	16,480	1,825	208,430	13,671	783,848
Total non-current assets	<u>(5,167,764)</u>	<u>4,086,497</u>	<u>27,629</u>	<u>3,392,560</u>	<u>645,437</u>	<u>61,655</u>	<u>244,616</u>	<u>354,039</u>	<u>3,644,669</u>
Total assets	<u>\$ (5,167,764)</u>	<u>\$ 4,312,129</u>	<u>\$ 42,420</u>	<u>\$ 3,619,396</u>	<u>\$ 913,680</u>	<u>\$ 92,093</u>	<u>\$ 359,184</u>	<u>\$ 521,825</u>	<u>\$ 4,692,963</u>
<u>LIABILITIES</u>									
Current liabilities									
Accounts payable	\$ -	\$ 1,985,328	\$ 774	\$ 253,649	\$ 26,108	\$ 260,097	\$ 185,735	\$ 3,386	\$ 2,715,077
Deferred income	-	-	-	-	1,713	-	-	78,571	80,284
Accrued expenses and benefits	-	118,437	29,097	209,212	128,266	67,974	61,198	28,271	642,455
Total current liabilities	<u>-</u>	<u>2,103,765</u>	<u>29,871</u>	<u>462,861</u>	<u>156,087</u>	<u>328,071</u>	<u>246,933</u>	<u>110,228</u>	<u>3,437,816</u>
Non-current liabilities									
Inter-division payables	(5,167,764)	-	957,911	-	197,846	2,564,623	1,002,008	445,376	-
Deferred rent liability	-	-	-	-	-	752,350	-	6,873	759,223
Total non-current liabilities	<u>(5,167,764)</u>	<u>-</u>	<u>957,911</u>	<u>-</u>	<u>197,846</u>	<u>3,316,973</u>	<u>1,002,008</u>	<u>452,249</u>	<u>759,223</u>
Total liabilities	<u>(5,167,764)</u>	<u>2,103,765</u>	<u>987,782</u>	<u>462,861</u>	<u>353,933</u>	<u>3,645,044</u>	<u>1,248,941</u>	<u>562,477</u>	<u>4,197,039</u>
Net assets									
Unrestricted	-	1,637,309	(945,362)	2,538,079	539,747	(3,618,751)	(1,089,757)	(40,652)	(979,387)
Temporarily restricted	-	-	-	93,456	-	65,800	200,000	-	359,256
Permanently restricted	-	571,055	-	525,000	20,000	-	-	-	1,116,055
Total net assets	<u>-</u>	<u>2,208,364</u>	<u>(945,362)</u>	<u>3,156,535</u>	<u>559,747</u>	<u>(3,552,951)</u>	<u>(889,757)</u>	<u>(40,652)</u>	<u>495,924</u>
Total liabilities and net assets	<u>\$ (5,167,764)</u>	<u>\$ 4,312,129</u>	<u>\$ 42,420</u>	<u>\$ 3,619,396</u>	<u>\$ 913,680</u>	<u>\$ 92,093</u>	<u>\$ 359,184</u>	<u>\$ 521,825</u>	<u>\$ 4,692,963</u>

PACIFICA FOUNDATION RADIO
Statement of Activities by Division
For the Year Ended September 30, 2012

	Eliminations	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Totals
Unrestricted revenue and support									
Listener support/donations	\$ -	\$ 178,022	\$ 172,347	\$ 2,973,375	\$ 2,751,173	\$ 2,533,586	\$ 1,202,479	\$ 989,601	\$ 10,800,583
Grants	-	-	16,400	259,371	232,396	375,854	227,125	199,048	1,310,194
Community events	-	-	1,073	163,568	88,520	104,225	12,136	55,298	424,820
Sub-channel income	-	269,400	-	-	-	-	-	-	269,400
Other revenue	-	(73,762)	325,228	39,777	-	-	-	65,153	356,396
Investment income	-	27,038	5	5,415	6,460	16,453	1,567	209	57,147
Central services	(1,798,740)	1,798,740	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Total unrestricted revenue and support	<u>(1,798,740)</u>	<u>2,199,438</u>	<u>515,053</u>	<u>3,441,506</u>	<u>3,078,549</u>	<u>3,030,118</u>	<u>1,443,307</u>	<u>1,309,309</u>	<u>13,218,540</u>
Expenses									
Program services	-	1,207,212	206,805	1,868,375	1,769,997	1,862,167	477,644	390,060	7,782,260
Management and general	-	1,193,820	215,087	480,374	400,120	745,822	641,214	424,549	4,100,986
Fundraising and development	-	95,714	90,056	622,432	514,457	500,728	279,790	272,504	2,375,681
Central services	(1,798,740)	-	-	503,895	554,003	261,571	301,608	177,663	-
Total expenses	<u>(1,798,740)</u>	<u>2,496,746</u>	<u>511,948</u>	<u>3,475,076</u>	<u>3,238,577</u>	<u>3,370,288</u>	<u>1,700,256</u>	<u>1,264,776</u>	<u>14,258,927</u>
Increase (decrease) in unrestricted net assets	<u>-</u>	<u>(297,308)</u>	<u>3,105</u>	<u>(33,570)</u>	<u>(160,028)</u>	<u>(340,170)</u>	<u>(256,949)</u>	<u>44,533</u>	<u>(1,040,387)</u>
Temporarily restricted net assets									
Investment income	-	-	-	66,708	-	-	-	-	66,708
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Increase (decrease) in temporary restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,708</u>
Net assets, beginning of year, as previously reported		2,663,047	(935,496)	3,194,961	1,035,902	(3,333,467)	(561,312)	(24,627)	2,039,008
Prior period adjustment,	<u>-</u>	<u>(157,375)</u>	<u>(12,971)</u>	<u>(71,564)</u>	<u>(316,127)</u>	<u>120,686</u>	<u>(71,496)</u>	<u>(60,558)</u>	<u>(569,405)</u>
Net assets, beginning of year, as restated	<u>-</u>	<u>2,505,672</u>	<u>(948,467)</u>	<u>3,123,397</u>	<u>719,775</u>	<u>(3,212,781)</u>	<u>(632,808)</u>	<u>(85,185)</u>	<u>1,469,603</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,208,364</u>	<u>\$ (945,362)</u>	<u>\$ 3,156,535</u>	<u>\$ 559,747</u>	<u>\$ (3,552,951)</u>	<u>\$ (889,757)</u>	<u>\$ (40,652)</u>	<u>\$ 495,924</u>

PACIFICA FOUNDATION RADIO
Statement of Functional Expenses by Division
For the Year Ended September 30, 2012

	Eliminations	National Division	PRA	KPFA	KPFK	WBAI	WPFW	KPFT	Totals
Expenses									
Personnel costs	\$ -	\$ 689,515	\$ 397,194	\$ 1,966,452	\$ 1,722,870	\$ 1,336,357	\$ 679,485	\$ 539,391	\$ 7,331,264
Advertising and promotion	-	-	5,504	1,302	1,450	3,480	3,633	1,274	16,643
Associations and periodicals	-	-	298	5,267	555	-	5,692	803	12,615
Audit fees	-	138,918	-	-	-	-	-	-	138,918
Bank charges and finance charges	-	9,364	7,626	46,392	54,861	79,544	38,857	52,766	289,410
Board meetings and elections	-	57,242	-	19,060	435	403	468	881	78,489
Central services	(1,798,740)	-	-	441,395	616,503	261,571	301,608	177,663	-
Communications expense	-	88,909	9,330	104,809	101,747	110,763	44,054	58,729	518,341
Community events	-	(178)	-	92,204	127,692	80,868	17,188	22,520	340,294
Computer maintenance	-	4,329	3,156	29,565	20,818	3,029	3,448	194	64,539
Consultants	-	53,773	10,865	9,455	-	147,114	27,700	39,217	288,124
Depreciation and amortization	-	75,858	6,637	120,244	111,494	8,339	5,605	20,795	348,972
Direct mail and telemarketing	-	34,078	-	107,514	48,057	67,851	43,106	99,837	400,443
Equipment rental	-	6,830	3,490	6,278	26,501	26,122	7,227	13,329	89,777
Insurance	-	210,248	-	12,594	12,736	-	-	-	235,578
Interest	-	4,622	-	-	175	17,098	-	-	21,895
Legal fees	-	145,793	203	69,686	7,253	78,665	83,383	2,667	387,650
Legal settlement fees	-	125,000	-	125,000	-	-	(25,000)	-	225,000
Miscellaneous	-	1,476	325	135	2,502	1,550	8,187	401	14,576
Rent-office/studio	-	-	-	-	-	368,718	174,422	-	543,140
Rent-tower	-	-	-	1,200	18,242	491,653	31,914	67,615	610,624
Office expenses	-	9,668	2,169	4,064	21,151	8,405	6,712	10,045	62,214
Outside services	-	14,269	-	-	-	2,662	-	22,930	39,861
Permits, fines and filing fees	-	1,216	-	8,775	2,047	-	-	15,144	27,182
Premiums and shipping (for donations)	-	-	-	10,149	32,384	(4,696)	20,348	4,452	62,637
Programming costs	-	795,847	640	109,955	103,088	148,761	69,881	90,525	1,318,697
Repairs and maintenance	-	7,433	690	55,062	110,184	30,339	57,803	10,771	272,282
Storage	-	5,973	11,690	-	880	-	4,924	-	23,467
Tapes and supplies	-	-	46,547	2,475	2,974	10,258	-	1,140	63,394
Taxes - property tax	-	-	-	14,208	-	-	-	-	14,208
Training expense	-	3,340	2,749	3,457	1,498	114	118	490	11,766
Travel	-	6,369	-	6,037	6,477	6,617	3,507	99	29,106
Utilities	-	3,369	-	70,703	76,623	80,775	80,634	9,262	321,366
Website and audio port expenses	-	3,485	2,835	31,639	7,380	3,928	5,352	1,836	56,455
Total expenses	<u>\$ (1,798,740)</u>	<u>\$ 2,496,746</u>	<u>\$ 511,948</u>	<u>\$ 3,475,076</u>	<u>\$ 3,238,577</u>	<u>\$ 3,370,288</u>	<u>\$ 1,700,256</u>	<u>\$ 1,264,776</u>	<u>\$ 14,258,927</u>