

List of Key Accounting Terms and Definitions

Accounting - The systematic recording, reporting, and analysis of financial transactions of a business. Accounting allows a company to analyze the financial performance of the business, and look at statistics such as net profit.

Balance Sheet

Balance Sheet - A quantitative summary of a company's financial condition at a specific point in time, including assets, liabilities and net worth.

The first part of a balance sheet shows all the productive assets a company owns, and the second part shows all the financing methods (such as liabilities and shareholders' equity).

Asset - Any item of economic value owned by an individual or corporation, especially that which could be converted to cash. Examples are cash, securities, accounts receivable, inventory, office equipment, real estate, a car, and other property.

On a balance sheet, assets are equal to the sum of liabilities, common stock, preferred stock, and retained earnings.

From an accounting perspective, assets are divided into the following categories:

- current assets (cash and other liquid items),
- long-term assets (real estate, plant, equipment),
- prepaid and deferred assets (expenditures for future costs such as insurance, rent, interest), and
- intangible assets (trademarks, patents, copyrights, goodwill).

Liability - An obligation that legally binds a company to settle a debt. When one is liable for a debt, they are responsible for paying the debt. A liability is recorded on the balance sheet and can include accounts payable, taxes, wages, accrued expenses, and deferred revenues. Current liabilities are debts payable within one year, while long-term liabilities are debts payable over a longer period.

Income Statement

Income Statement - An accounting of sales, expenses, and net profit for a given period. an income statement depicts what happened over a month, quarter, or year. It is based on a fundamental accounting equation ($\text{Income} = \text{Revenue} - \text{Expenses}$) and shows the rate at which the owners equity is changing for better or worse.

Revenue - The total amount of money received by the company for goods sold or services provided during a certain time period. It also includes all net sales, exchange of assets; interest and any other increase in owner's equity and is calculated before any expenses are subtracted.

KPFA RECORDS REVENUE ON A CASH BASIS. e.g. Revenue is recorded when the money is received.

Expense - Any cost of doing business resulting from revenue-generating activities.

KPFA RECORDS EXPENSES ON AN ACCRUAL BASIS. i.e. Expenses are recorded when the expense was incurred. e.g. PG&E expense incurred in January, but, paid in February,

therefore, the expense is recorded in January.

Cash Flow Statement

Cash Flow Statement - A summary of the actual or anticipated incomings and outgoings of cash in a firm over an accounting period (month, quarter, year).

It answers the questions:

- Where the money came (will come) from?
- Where it went (will go)?

Cash flow statements assess the amount, timing, and predictability of cash-inflows and cash-outflows, and are used as the basis for budgeting and business-planning.

The accounting data is presented usually in three main sections:

1. Operating-activities (sales of goods or services),
2. Investing-activities (sale or purchase of an asset, for example), and
3. Financing-activities (borrowings, or sale of common stock, for example).

Together, these sections show the overall (net) change in the firm's cash-flow for the period the statement is prepared.

Accounting Methods

Accounting Method - A process used by a business to report income and expenses. Companies must choose between two methods acceptable to the IRS, cash accounting or accrual accounting.

Cash Basis Accounting - An accepted form of accounting that records all revenues and expenditures at the time when payments are actually received or sent. This straightforward method of accounting is appropriate for small or newer businesses that conduct business on a cash basis or that don't carry inventories.

Accrual Basis Accounting - An accepted form of accounting that reports income when earned and expenses when incurred. Under the accrual method, companies do have some discretion as to when income and expenses are recognized, but there are rules governing the recognition. In addition, companies are required to make prudent estimates against revenues that are recorded but may not be received, called a bad debt expense.

Other Accounting Concepts

Accounts Payable - Money which a company owes to vendors for products and services purchased on credit. This item appears on the company's balance sheet as a current liability, since the expectation is that the liability will be fulfilled in less than a year. When accounts payable are paid off, it represents a negative cash flow for the company.

Accounts Receivable - Money which is owed to a company by a customer for products and services provided on credit. This is often treated as a current asset on a balance sheet. A

specific sale is generally only treated as an account receivable after the customer is sent an invoice.

PACIFICA HAS INTERCOMPANY ACCOUNTS THAT ACT AS ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE IN ONE. INTERCOMPANY ARE USED FOR THE FOLLOWING:

1. EXPENSES WERE INCURRED FOR ANOTHER PACIFICA ENTITY.
2. REVENUE RECEIVED FOR ANOTHER PACIFICA ENTITY.
3. CENTRAL SERVICES ARE RECORDED TO THIS ACCOUNT.
 - Central services are recorded as a payable (credit entry)
 - When paid, it is now an "offset" to the payable and the debt is wiped out.

THIS IS HOW CENTRAL SERVICES WAS CALCULATED. WITH EVERY NEW FISCAL YEAR, IT WAS SUPPOSED TO HAVE A "ROLLING" AVERAGE, BUT, THAT HAS NOT OCCURRED FOR A FEW YEARS.

LISTENER SUPPORT

2013 Unaudited	2012 Audited	2011 Audited	2010 Audited	Total 4 Years	Average (4Years)
2,484,902	2,973,375	2,703,033	2,931,954	11,093,264	2,773,316

	%	2015 Listener Support	Monthly Budget
PACIFICA NATIONAL OFFICE	15%	\$415,997	\$34,666
PACIFICA RADIO ARCHIVES	2%	\$55,466	\$4,622
		\$471,464	\$39,289

CENTRAL SERVICES REVENUE IS USED BY PNO FOR:

1. WORKMEN'S COMP
2. DIRECTORS' INSURANCE
3. PAYROLL SERVICES
4. ACCOUNTING SERVICES
5. AFFILIATE DEPT PAYROLL
6. CFO AND ED PAYROLL