

**PACIFICA FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2007**

**PACIFICA FOUNDATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Pacifica Foundation  
Berkeley, California

We have audited the accompanying statement of financial position of the Pacifica Foundation (a nonprofit organization) at September 30, 2007, 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 the 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 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, 2007 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.

The Statements of Financial Position, Activities, Other Revenue and Functional Expenses (By Division) on pages 16 through 24 are not a required part of the basic financial statements of Pacifica Foundation but are supplementary information presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.



Ross Wisdom CPA, PLLC  
Certified Public Accountant

New York, NY  
January 14, 2008

**PACIFICA FOUNDATION**  
Statement of Financial Position  
At September 30, 2007

**ASSETS**

**CURRENT ASSETS**

Cash (note 1)	\$ 2,356,686
Investments (note 2)	193,754
Pledges and other receivables (note 3)	999,177
Donor bequests receivable	170,740
Grants receivable	12,743
Prepaid expenses	118,766
Inventory	131,127
<b>TOTAL CURRENT ASSETS</b>	<u>3,982,993</u>

**PROPERTY AND EQUIPMENT**

Equipment (note 4)	8,022,609
Furniture and fixtures	336,875
Leasehold improvements	733,673
Building and improvements	3,060,951
Land	632,428
	<u>12,786,536</u>
Less: Accumulated depreciation	<u>(9,417,566)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>3,368,970</u>

**OTHER ASSETS**

Other assets including deposits	64,850
Program endowment (note 5)	497,035
Endowment bequest receivable	700,000
<b>TOTAL OTHER ASSETS</b>	<u>1,261,885</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,613,848</u></u>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Financial Position (continued)  
At September 30, 2007

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 1,147,684</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,147,684</u>

**NET ASSETS**

Unrestricted	6,303,524
Temporarily restricted (note 6)	96,585
Permanently restricted (note 5)	<u>1,066,055</u>
<b>TOTAL NET ASSETS</b>	<u>7,466,164</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,613,848</u></u>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Activities  
For the Year Ended September 30, 2007

	TEMPORARILY PERMANENTLY			TOTAL
	UNRESTRICTED	RESTRICTED	RESTRICTED	
<b>UNRESTRICTED REVENUE &amp; SUPPORT</b>				
Listener support / Donations (note 7)	\$ 13,676,715			\$ 13,676,715
Grants (note 8)	1,319,150	684,231		2,003,381
Community events	577,744			577,744
SCA income (note 9)	246,000			246,000
Other revenue	328,352			328,352
Investment income	131,463			131,463
Net assets released from restrictions	692,804	(692,804)		0
<b>TOTAL UNRESTRICTED REVENUE</b>	<u>16,972,228</u>	<u>(8,573)</u>	<u>0</u>	<u>16,963,655</u>
<b>EXPENSES</b>				
Program services	8,051,411			8,051,411
Management & general	4,861,172			4,861,172
Fundraising	4,053,155			4,053,155
Community events	215,765			215,765
<b>TOTAL EXPENSES</b>	<u>17,181,503</u>	<u>0</u>	<u>0</u>	<u>17,181,503</u>
<b>CHANGE IN NET ASSETS</b>	<u>(209,275)</u>	<u>(8,573)</u>	<u>0</u>	<u>(217,848)</u>
<b>NET ASSETS-BEGINNING OF YEAR (note 18)</b>	6,512,799	105,158	1,066,055	7,684,012
<b>NET ASSETS-END OF YEAR</b>	<u><u>\$ 6,303,524</u></u>	<u><u>\$ 96,585</u></u>	<u><u>\$ 1,066,055</u></u>	<u><u>\$ 7,466,164</u></u>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Functional Expenses  
For the Year Ended September 30, 2007

	Program Services	Management & General	Fundraising	Total Functional Expenses
Salaries	\$ 3,720,063	\$ 1,724,564	\$ 992,775	\$ 6,437,402
Payroll taxes	340,619	148,768	90,219	579,606
Employee benefits	599,853	722,182	165,769	1,487,804
Outside services	93,461	147,974	7,036	248,471
Payroll service		8,113		8,113
Acquisitions news department	13,199			13,199
Advertising & promotion			21,559	21,559
Associations & periodicals	5,620	11,651	16,273	33,544
Audit and accounting fees		60,900		60,900
Bank charges	400	30,310		30,710
Board election expenses		153,256		153,256
CAC Training expenses	5,389			5,389
Computer maintenance	45,829	143,483	41,962	231,274
Conferences & training	21,918	18,775	6,422	47,115
Credit card fees			254,791	254,791
Democracy now	562,738			562,738
Development expenses			32,907	32,907
Direct mail/ telemarketing/Sub. serv.			958,331	958,331
Equipment rental	300	90,128	1,479	91,907
Fine and penalty	14,000			14,000
Folio expenses		1,668		1,668
Insurance		227,401		227,401
Interest		11,820		11,820
Legal and professional fees	6,194	192,512	765	199,471
Major gifts expense		175	38,831	39,006
Misc.	4,804	32,497	346	37,647
Moving expenses	3,000	4,801		7,801
National board expenses	17,826	212,719	150	230,695
National Prog.-Free Speech Radio	572,687			572,687
News service	144,473			144,473
NFCB Tradeshows & conventions	23,511	6,955	1,306	31,772
Non-operating grant expenses	2,222	1,746	3,649	7,617
Office expenses	9,900	83,486	3,124	96,510
Postage & shipping	3,646	34,950	31,946	70,542
Premiums/shipping & marathons			1,099,429	1,099,429
Presidential election/comm. hearings	86,469			86,469
Printing & publications	434	8,674	91,512	100,620
Programming services & expenses	102,983			102,983
Rent - Office/Studio	239,027	77,837	73,561	390,425
Rent - Tower	394,102	240		394,342
Repairs & maintenance	105,030	126,109	5,253	236,392
Satellite interconnect	84,441			84,441
Settlement costs		150,000		150,000
State filing fees		9,079	3,643	12,722
Storage	1,811	19,944		21,755
Tapes & supplies	54,491	1,922	16,047	72,460
Taxes-property		12,108		12,108
Taxes (UBIT)		1,442		1,442
Telephone	211,102	101,893	56,408	369,403
Travel	22,238	39,281	1,412	62,931
Utilities	359,842	46,546	36,250	442,638
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>7,873,622</b>	<b>4,665,909</b>	<b>4,053,155</b>	<b>16,592,686</b>
BEFORE DEPRECIATION	7,873,622	4,665,909	4,053,155	16,592,686
Depreciation & amortization	177,789	195,263		373,052
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$8,051,411</b>	<b>\$4,861,172</b>	<b>\$4,053,155</b>	<b>\$16,965,738</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Cash Flows  
For the Year Ended September 30, 2007

<b>CASH FLOWS FROM OPERATING ACTIVITES</b>	
<b>Decrease in net assets</b>	\$ (217,848)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	373,052
Realized and unrealized gain on investments	46,089
<b>Change in assets and liabilities</b>	
Increase in pledges receivable	(230,212)
Decrease in grants receivable	56,507
Decrease in prepaid expenses	137,632
Increase in inventory	(10,433)
Decrease in donor bequest and endowment receivables	173,032
Increase in other deposits	(9,048)
Increase in accounts payable	256,633
<b>NET CASH PROVIDED BY OPERATING ACTIVITES:</b>	575,404
 <b>CASH FLOWS FROM INVESTING ACTIVITES</b>	
(Purchase) sale of equipment (net)	(248,932)
Purchase of furniture & fixtures	(8,961)
Purchase of building and improvements	(53,449)
(Purchase) sales of investments (net)	(220,813)
<b>NET CASH USED BY INVESTING ACTIVITES:</b>	(532,155)
 <b>CASH FLOWS FROM FINANCING ACTIVITES</b>	0
 <b>NET INCREASE IN CASH</b>	43,249
 <b>CASH, BEGINNING OF YEAR</b>	2,313,437
 <b>CASH, END OF YEAR</b>	<b>\$ 2,356,686</b>

The accompanying notes are an integral part of these financial statements



**PACIFICA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Description of Operations**

Pacifica 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 on August 16, 1950 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 122 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 Division (National Office & Pacifica Radio Archives)

All significant inter-division accounts have been eliminated.

**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.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Inventory**

Each station maintains an inventory of premium items used for fundraising activities carried at the lower of cost or fair market values.

**Property and Equipment**

Purchases of property and equipment are recorded at cost. 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 (see Note 4). Property and equipment are depreciated using the straight-line method over 30 yrs for Buildings, 10 yrs for Furniture and Fixtures, 10yrs for Technical Equipment, 20yrs for Transmitter and Antenna Equipment (10yrs for

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**Property and Equipment (continued)**

Transmitter equipment acquired prior to October 1, 2002) and 5yrs for Computer and Office Equipment. The Organization's capitalization policy is to capitalize and depreciate assets over \$1,000.

**Intangible Assets**

The foundation owns the broadcasting licenses of all five stations of which four licenses were acquired at no cost to the Foundation.

The cost of the fifth broadcasting license (WPFW) was being amortized on a straight-line method over 20 years from 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, 2007. (Radio Station WPFW).

**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 be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. (see note 6)

**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. (see note 5)

**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 (Note 16). Unconditional promises to give due in the next year are recorded at their net realizable value. As of September 30, 2007 there were no unconditional promises to give in subsequent years, other than Pledges Receivable (Note 3).

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**Restricted Grants**

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. (See Notes 5 & 8)

**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.

**Donated services-volunteers**

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

**Income Taxes**

The Foundation has qualified as a tax-exempt organization under 501(C)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes, other than taxes on unrelated business taxable income (UBTI).

**NOTE 1 – 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) for up to \$100,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$2,187,356 as of September 30, 2007. The Foundation also maintains accounts with stock brokerage firms. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corp. There were no amounts in excess of the insured limits with brokers at September 30, 2007.

**NOTE 2 – Investments**

The Organization's securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the year reported on the statement of activities as realized and unrealized gains of \$46,089. Unrealized gains since acquisition totaled \$67,642.

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 2 – Investments (continued)**

Investments, stated at fair market value as of September 30, 2007 consist of the following:

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
Money Market (Brokerage accounts)	\$ 28,397	\$ 28,397	\$ -
Government Bonds	149,852	150,265	413
Corporate Bonds	75,408	75,384	(24)
Corporate Marketable Securities	369,490	436,743	67,253
	<u>623,147</u>	<u>690,789</u>	<u>67,642</u>
Investments account	181,062	193,754	12,692
Endowment account	442,085	497,035	54,950
	<u>\$ 623,147</u>	<u>\$ 690,789</u>	<u>\$ 67,642</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2007.

Investment Income

	<u>UNRESTRICTED</u>
Realized & unrealized gains	\$ 46,089
Interest & dividends	85,374
Net investment income (losses)	<u>\$ 131,463</u>

**NOTE 3 – Pledges And Other Receivables**

Pledges receivable have been recorded as of September 30, 2007 based primarily on balances due on installment pledges and represent historical collection fulfillment rates for this fiscal year of approximately 91% KPFA, 89% KPFK, 92% KPFT, 79% WBAI and 85% WPFW. No allowances for doubtful accounts have been made. Receivables are written off as bad debt as they become uncollectible.

**NOTE 4 – Technical Equipment Subject To Restrictions**

Included in the property and equipment held at September 30, 2007 is certain technical equipment acquired with the assistance of government grants.

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 4 – Technical Equipment Subject To Restrictions (continued)**

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, 2007 the following assets were subject to the federal ten-year periods:

	<u>Approximate Costs</u>	<u>End of 10-year Period</u>
KPFA	\$ 73,326	2013
KPFA	19,100	2016
KPFK	159,810	2012
WBAI	38,966	2010
WPFW	125,500	2012
Total equipment subject to federally retained interests	<u><u>\$ 416,702</u></u>	

**NOTE 5 – 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. The annual investment income may be used for various program production activities. In addition, if the value of assets has appreciated over the historic dollar value of \$366,055, the net appreciation, realized (with respect to all assets) and unrealized (with respect only to readily marketable assets) may be appropriated for expenditure, unless prohibited by the donor in the applicable gift instrument. In addition, the organization is the beneficiary of endowment bequests receivable of \$700,000 at September 30, 2007.

**NOTE 6 – Temporarily Restricted Net Assets**

At September 30, 2007, there were temporarily restricted funds remaining as follows:

	<u>Totals</u>	<u>KPFA</u>	<u>WBAI</u>	<u>PRA</u>
The Grammy Foundation	\$ 31,554			\$ 31,554
NEA	2,743			2,743
Building Fund	30,000		30,000	
SF Foundation Grant - Environmental Justice	11,752	11,752		
Klamath Environmental Law Center	20,536	20,536		
	<u><u>\$ 96,585</u></u>	<u><u>\$ 32,288</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 34,297</u></u>

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 7 – Listener Support / Donations**

Listener support/donations includes major donations (over \$5,000) and bequests totaling \$1,321,817 for the year ending September 30, 2007.

**NOTE 8 – Grant Revenue**

Grant Revenue was recognized from the following sources:

	<u>TOTAL</u>	<u>Corporation for Public Broadcasting</u>	<u>Charitable Foundations NEA and Other</u>
KPFA	\$ 552,030	\$ 458,431	\$ 93,599
KPFK	368,618	368,618	
WBAI	516,054	417,554	98,500
KPFT	214,613	214,613	
WPFW	280,512	268,212	12,300
NO	21,000		21,000
PRA	50,554		50,554
<b>Total Grants</b>	<b>\$ 2,003,381</b>	<b>\$ 1,727,428</b>	<b>\$ 275,953</b>

Funding from the Corporation for Public Broadcasting (CPB) has been budgeted through September 30, 2008. Grant revenue is received for program production, capital equipment acquisition and station operations of which approximately 28% or \$471,677 is restricted for national programming. KPFT also received \$33,805 from CPB for Digital Conversion Grants.

Grant revenue includes \$15,000 from National Endowment for the Arts (NEA) for PRA Archives Project, and \$70,000 from Klamath Environment Grants for KPFA News and Public Awareness programs on the public hazards of toxic chemicals and \$35,554 from the Grammy Foundation for Pacifica Radio Archives.

**NOTE 9 – 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. Additional agreements have been entered into during the year ended September 30, 2007 resulting in total annual SCA revenue of approximately \$246,000.

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.

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 10 – Lease Commitments, Offices And Facilities**

**Studio and Office Rent**

The Foundation leases offices and operating facilities under operating leases providing for minimum future rentals at WBAI-FM, WPFW-FM and KPFT-FM. WBAI is currently obligated under a studio and office lease rental agreement entered into in June 1997 for 15 years at a current monthly base rental of \$19,607. WPFW is currently obligated under a studio and office lease rental agreement amended October 24, 2000 extending the lease term to November 30, 2008 at a current monthly base rental of \$11,349. Generally, the leases provide that insurance, maintenance and taxes are to be paid by the lessee.

**Equipment Rental (Towers)**

**NEW YORK-WBAI-FM**

WBAI is currently obligated under a radio tower rental agreement entered into in June 2005 for 15 years at a monthly base rental of \$18,750 (as of September 30, 2005) plus a fixed annual rent of \$25,575 subject to annual cost of consumer price index adjustments.

**WASHINGTON-WPFW-FM**

WPFW is currently obligated under a radio tower rental agreement entered into in January 1, 1988 at a monthly rental subject to annual cost of consumer price index adjustments.

**HOUSTON-KPFT-FM**

KPFT-FM is currently obligated under a radio tower rental agreement entered into on February 1, 1997 for 2 years. The lease contains four individual 2-year options to renew under similar terms. The fourth option to extend automatically became effective on February 1, 2005 for the period February 1, 2005 to January 31, 2007, at a monthly rental of \$2,651. The future minimum rental payments under leases with remaining non-cancelable terms in excess of one year are:

Year Ended	<u>TOTAL</u>	<u>Studio and Office Rent</u>	<u>Tower Rent</u>
9/30/08	\$ 767,934	\$ 425,086	\$ 342,848
9/30/09	673,458	308,810	364,648
9/30/10	597,401	282,648	314,753
9/30/11	616,290	282,648	333,642
9/30/12 and thereafter	5,128,810	1,130,592	3,998,218
	<u>\$ 7,783,893</u>	<u>\$ 2,429,784</u>	<u>\$ 5,354,109</u>



**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 11 – Pending Legal Matters**

**Commitments and Contingencies**

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. Legal counsel has advised management that a range of loss, if any, cannot be reasonably estimated at this time. Accordingly, no provision for possible loss has been made in these financial statements, except for legal settlement costs which have been estimated and recorded at \$150,000.

**Communications Attorneys**

Pacifica's communications attorneys have advised management that they are not aware of any pending or threatened litigations, claims, or assessments, except for a possible FCC investigation of obscenity complaints related to WBAI in 2005 which is not expected by management to result in any materially significant sanctions or fines. Minimum assessments for initial fines have been estimated and recorded at \$14,000.

**NOTE 12 – Central Services**

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

**NOTE 13 – Subsequent Events – CPB Digital Radio Conversion Grants**

On October 30, 2007, three government grant contracts were signed with the Corporation of Public Broadcasting for digital radio conversion projects at WBAI, WPFW and KPFK for \$85,000 each, to be completed by September 30, 2008 with a matching funds requirement of at least \$66,503 by each station from non-federal sources.

**NOTE 14 – Employee Benefit Plan**

The Foundation has a defined contribution 403B salary deferral plan and a profit-sharing plan covering substantially all eligible employees' salaries. Plan expenses incurred by the Foundation during the fiscal year ended September 30, 2007 was \$233,470.

**NOTE 15 – Democracy Now Agreement**

On June 13, 2002 an agreement was made between Pacifica and Democracy Now! Productions, Inc. (Producer) whereby the Democracy Now! Program would be independently produced by the Producer under an annual contract with Pacifica for \$440,000 for fiscal year ended Sept. 30, 2003 with annual increases of 4% in subsequent years until the termination of the contract on Sept. 30, 2007. In addition to the fees specified above, Pacifica will pay the costs of Producer's ISDN and telephone service, not to exceed \$4,000 per month.

**PACIFICA FOUNDATION**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

**NOTE 16 – Charitable Remainder Trusts**

In December 1990 Pacifica was named principal beneficiary of the Lutz Charitable Remainder Trust. The terms of the trust calls for monthly percentage of principal payments to named income beneficiaries. Required monthly payments are to be paid first out of trust income, then out of trust principal, with any excess trust income added to principal. Annual trust administrative costs are to be paid out of trusts 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 these trust assets at September 30, 2007 was \$159,045. Pacifica is also the principal beneficiary of the Pacifica Foundation Pooled Income Trust Fund, which holds funds for various income beneficiaries. The market value of these trust assets at September 30, 2007 was \$154,211.

**NOTE 17 – Annual Election Of Directors**

Pursuant to the adoption of new By-Laws, the five station Pacifica Radio network held elections in February, 2004 whereby over 16,000 active members nationwide cast ballots in an independently supervised election that elected five 24-member Local Station Boards (LSB) representing KPFA, KPFK, KPFT, WBAI and WPFW. The LSB's in turn elected representatives to a 22 member Pacifica National Board seated on March 12, 2004. As of September 30, 2006 there were approximately 87,070 active members across the Pacifica network which met the voting qualifications of (a) donating \$25 or more to a Pacifica station during the year, or (b) volunteering a minimum of three verifiable hours to a Pacifica station, or (c) receiving a staff or hardship exemption qualification. No goods or services are provided to members other than the right to attend meetings, vote or hold office and, accordingly, the organization does not recognize a portion of donations received as Membership Dues. Subsequent to September 30, 2006, annual elections were held across the network in November and December of 2006 whereby, approximately 11,397 active members nationwide cast ballots in an independently supervised election that elected 12 members to each of the five 24-member LSB's to three-year terms. The LSB's in turn elected four representatives each to a 22 member PACIFICA NATIONAL BOARD (including 2 affiliate members) that was seated in January 2007.

**NOTE 18 – Prior Period Adjustment**

\$159,462 in Accounts Payable – WBAI were overstated in prior periods (prior to September 30, 2001) as the result of accounting errors upon conversion to new accounting software during the year ending September 30, 2001. Accordingly, Net Assets – Unrestricted at the beginning of the year has been increased and Accounts Payable decreased by \$159,462. This prior period adjustment has no effect on current year activities.

**NOTE 19 – Long Term Inter-Division Receivables and Payables**

Interdivisional transactions and extraordinary unallocated expenses dated prior to October 1, 2005 which would require board resolution in order to clear these accounts. Any adjustment to these accounts would have no effect on current year activities and would be reported under Eliminations on the Statement of Financial Position by Division.

**PACIFICA FOUNDATION  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**PACIFICA FOUNDATION**  
Statement of Financial Position by Division  
At September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ 2,356,686		\$ 1,262,139	\$ 180,876	\$ 260,647	\$ 45,595	\$ 404,800	\$ 202,629
Investments	193,754		15,454			178,300		
Pledges and other receivables	999,177		195,497	208,728	150,820	118,136	52,016	273,980
Donor bequests receivable	170,740					21,370		148,370
Grants receivables	12,743					5,000	5,000	2,743
Inter-division receivables		(854,429)	40,969	19,216	11,391	50,000		804,429
Prepaid expenses	118,766		11,525	67,985	9,444	11,939	6,363	28,888
Inventory	131,127					21,337	21,136	
<b>TOTAL CURRENT ASSETS</b>	<b>3,982,993</b>	<b>(854,429)</b>	<b>1,510,130</b>	<b>491,959</b>	<b>432,302</b>	<b>451,677</b>	<b>489,315</b>	<b>1,462,039</b>
<b>PROPERTY AND EQUIPMENT</b>								
Equipment	8,022,609		2,175,481	1,931,957	632,802	1,307,619	834,127	1,140,623
Furniture and fixtures	336,875		111,700	14,200	22,130	62,468	84,669	41,708
Leasehold improvements	733,673			7,707	16,430	494,471	98,564	116,501
Building and improvements	3,060,951		2,077,318	602,791	130,253			250,589
Land	632,428		481,069	88,475	62,884			
	12,786,536		4,845,568	2,645,730	864,499	1,864,558	1,017,360	1,549,421
<b>Less: Accumulated depreciation</b>	<b>(9,417,566)</b>		<b>(2,968,573)</b>	<b>(1,832,220)</b>	<b>(545,620)</b>	<b>(1,803,368)</b>	<b>(962,781)</b>	<b>(1,305,004)</b>
<b>NET PROPERTY AND EQUIPMENT</b>	<b>3,368,970</b>		<b>1,876,995</b>	<b>812,910</b>	<b>318,879</b>	<b>61,190</b>	<b>54,579</b>	<b>244,417</b>
<b>OTHER ASSETS</b>								
Other assets including deposits	64,850				7,800	42,701	14,349	
Inter-division receivables		(1,676,584)	1,484,478	172,468		19,638		497,035
Program endowment	497,035							350,000
Endowment bequest receivable	700,000		350,000					
<b>TOTAL OTHER ASSETS</b>	<b>1,261,885</b>	<b>(1,676,584)</b>	<b>1,834,478</b>	<b>172,468</b>	<b>7,800</b>	<b>62,339</b>	<b>14,349</b>	<b>847,035</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,613,848</b>	<b>\$ (2,531,013)</b>	<b>\$ 5,221,603</b>	<b>\$ 1,477,337</b>	<b>\$ 758,981</b>	<b>\$ 575,206</b>	<b>\$ 558,243</b>	<b>\$ 2,553,491</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Financial Position by Division (continued)  
At September 30, 2007

	Totals	Eliminations	KPFA	KPFFK	KPFT	WBAI	WPFW	National Division
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 1,147,684		\$ 244,263	\$ 263,393	\$ 39,914	\$ 122,420	\$ 77,825	\$ 398,869
Inter-division payable		(854,429)	252,800	32,894	142,293	502,389	(75,947)	
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,147,684</u>	<u>(854,429)</u>	<u>497,063</u>	<u>296,287</u>	<u>182,207</u>	<u>624,809</u>	<u>1,878</u>	<u>398,869</u>
<b>LONG TERM LIABILITIES</b>								
Inter-division payable		(1,626,584)			298,657		280,678	1,047,249
<b>TOTAL LONG TERM LIABILITIES</b>		<u>(1,626,584)</u>			<u>298,657</u>	<u>0</u>	<u>280,678</u>	<u>1,047,249</u>
<b>TOTAL LIABILITIES</b>	<u>1,147,684</u>	<u>(2,481,013)</u>	<u>497,063</u>	<u>296,287</u>	<u>480,864</u>	<u>624,809</u>	<u>282,556</u>	<u>1,447,118</u>
<b>NET ASSETS</b>								
Unrestricted	6,303,524		4,192,252	1,161,050	278,117	(129,603)	275,687	526,021
Temporarily restricted	96,585		32,288			30,000		34,297
Permanently restricted	1,066,055		500,000	20,000				546,055
<b>TOTAL NET ASSETS</b>	<u>7,466,164</u>		<u>4,724,540</u>	<u>1,181,050</u>	<u>278,117</u>	<u>(99,603)</u>	<u>275,687</u>	<u>1,106,373</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,613,848</u>	<u>\$ (2,481,013)</u>	<u>\$ 5,221,603</u>	<u>\$ 1,477,337</u>	<u>\$ 758,981</u>	<u>\$ 525,206</u>	<u>\$ 558,243</u>	<u>\$ 2,553,491</u>

**PACIFICA FOUNDATION**  
Statement of Activities by Division  
For the Year Ended September 30, 2007

	<b>Totals</b>	<b>Eliminations</b>	<b>KPFA</b>	<b>KPKF</b>	<b>KPFT</b>	<b>WBAl</b>	<b>WPFW</b>	<b>National Division</b>
<b>UNRESTRICTED REVENUE &amp; SUPPORT</b>								
Listener support / Donations	\$ 13,676,715		\$ 3,545,322	\$ 3,140,469	\$ 1,216,084	\$ 2,712,686	\$ 1,703,650	\$ 1,358,524
Grants	1,319,150		329,356	265,957	164,258	332,765	205,814	21,000
Community events	577,744		206,872	35,077	13,642	265,287	15,031	41,835
SCA income	246,000							246,000
Other revenue	328,352		32,386	774	5,900	17,061		289,292
Investment income (note 2)	131,463	(2,204,544)	37,962	14,204				62,236
Central services	0							2,204,544
Net assets released from restrictions	692,804		198,899	149,031	75,630	173,289	79,698	16,257
<b>TOTAL UNRESTRICTED REVENUE</b>	<b>16,972,228</b>	<b>(2,204,544)</b>	<b>4,350,797</b>	<b>3,605,512</b>	<b>1,475,494</b>	<b>3,501,088</b>	<b>2,004,193</b>	<b>4,239,688</b>
<b>EXPENSES</b>								
Program services	8,051,411		1,974,219	1,675,234	434,343	1,979,006	550,370	1,438,239
Management & general	4,861,172		1,057,796	676,612	353,295	602,256	444,025	1,727,188
Fundraising	4,053,155		693,812	992,528	415,151	667,811	619,998	663,855
Central services	0	(2,204,544)	650,405	561,112	211,597	445,654	335,776	
Community events	215,765		100,751	2,340	4,111	68,093	23,218	17,252
<b>TOTAL EXPENSES</b>	<b>17,181,503</b>	<b>(2,204,544)</b>	<b>4,476,983</b>	<b>3,907,826</b>	<b>1,418,497</b>	<b>3,762,820</b>	<b>1,973,387</b>	<b>3,846,534</b>
<b>INCREASE (DEC.) IN UNRES. NET ASSETS</b>	<b>(209,275)</b>		<b>(126,186)</b>	<b>(302,314)</b>	<b>56,997</b>	<b>(261,732)</b>	<b>30,806</b>	<b>393,154</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>								
Grants	684,231		222,674	102,661	50,355	183,289	74,698	50,554
Net assets released from restrictions	(692,804)		(198,899)	(149,031)	(75,630)	(173,289)	(79,698)	(16,257)
<b>INCREASE(DEC.) IN TEMP. RES. NET ASSETS</b>	<b>(8,573)</b>		<b>23,775</b>	<b>(46,370)</b>	<b>(25,275)</b>	<b>10,000</b>	<b>(5,000)</b>	<b>34,297</b>
<b>CHANGE IN PERM. RESTRICTED NET ASSETS</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET ASSETS-Beginning of year</b>	<b>7,684,012</b>		<b>4,826,951</b>	<b>1,529,734</b>	<b>246,395</b>	<b>152,129</b>	<b>249,881</b>	<b>678,922</b>
<b>NET ASSETS-End of year</b>	<b>\$ 7,466,164</b>		<b>\$ 4,724,540</b>	<b>\$ 1,181,050</b>	<b>\$ 278,117</b>	<b>\$ (99,603)</b>	<b>\$ 275,687</b>	<b>\$ 1,106,373</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Functional Expenses by Division  
For the Year Ended September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 6,437,402		\$ 1,806,368	\$ 1,362,674	\$ 439,570	\$ 1,175,055	\$ 489,518	\$ 1,164,217
Payroll taxes	579,606		165,614	120,710	40,181	111,694	42,103	99,304
Employee benefits	1,487,804		417,182	337,920	98,618	278,740	114,260	241,084
Outside services	248,471		71,456	12,852	6,630	11,060	7,954	138,519
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>8,753,283</b>		<b>2,460,620</b>	<b>1,834,156</b>	<b>584,999</b>	<b>1,576,549</b>	<b>653,835</b>	<b>1,643,124</b>
<b>OTHER EXPENSES</b>								
Payroll service	8,113							8,113
Acquisitions news department	13,199							13,199
Advertising & promotion	21,559		1,644	5,257	3,122	8,327	793	2,416
Associations & periodicals	33,544		8,549	3,587	7,550	5,470	1,224	7,164
Audit and accounting fees	60,900						800	60,100
Bank charges	30,710		12,790	2,033	3,511	5,988	1,143	5,245
Board election expenses	153,256		42,471	38,059	19,666	25,529	24,826	2,705
CAC Training expenses	5,389		5,389	0				
Computer maintenance	231,274		43,724	47,352	35,881	20,135	24,694	59,488
Conferences & training	47,115		6,489	21,558	8,456	5,037	267	5,308
Credit card fees	254,791		55,410	64,866	34,274	64,991	31,882	3,368
Democracy now	562,738							562,738
Development expenses	32,907		1,790	1,401	8,879	13,594	0	7,243
Direct mail/ telemarketing/Sub. serv.	958,331		146,570	82,016	122,565	58,533	53,792	494,555
Equipment rental	91,907		20,375	12,825	8,478	10,650	27,467	12,112
Fine and penalty	14,000					14,000		
Folio expenses	1,668				1,668			
Insurance	227,401		9,184					218,217
Interest	11,820			5,821				5,999
Legal and professional fees	199,471		49,159	16,653	14,760	67,108	3,371	48,420
Major gifts expense	39,006		29,064	992	0	8,640	310	
Misc.	37,647		10,732	1,284	1,348	963	15,626	7,694
Moving expenses	7,801		0	0		4,801		3,000
National board expenses	230,695		6,563	21,772	4,657	10,582	8,599	178,522
National Prog. -Free Speech Radio	572,687		155,016	124,645	61,139	141,193	90,694	
News service	144,473		31,582	87,187	2,563	23,141	0	
NFCB Tradeshows & conventions	31,772			0	639	1,396	0	29,737
Non-operating grant expenses	7,617		7,617					
Office expenses	96,510		14,141	25,439	13,821	7,821	10,033	25,255
Postage & shipping	70,542		5,016	3,543	4,238	4,672	43,709	9,364
Premiums/shipping & marathons	1,099,429		183,917	373,751	63,282	187,749	239,099	51,631
Presidential election/comm. hearings	86,469		0	0	0	5	0	86,464
Printing & publications	100,620		16,876	9,892	22,586	27,937	20,474	2,855
Programming services & expenses	102,983		9,567	20,817	37,779	11,280	5,530	18,010
Rent - Office/Studio	390,425		2,792	0	0	239,229	148,404	
Rent - Tower	394,342		1,320	4,050	41,871	317,321	29,780	

**PACIFICA FOUNDATION**  
Statement of Functional Expenses by Division (continued)  
For the Year Ended September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
Repairs & maintenance	236,392		68,692	73,378	11,510	35,629	37,319	9,864
Satellite interconnect	84,441		12,900	6,900	6,900			57,741
Settlement costs	150,000		50,000	100,000				
State filing fees	12,722		7,732	1,190	94	0		3,706
Storage	21,755		6,282				5,372	10,101
Tapes & supplies	72,460		1,937	11,702		8,032		50,789
Taxes-property	12,108		132	0	11,976	0	0	0
Taxes (UBIT)	1,442							1,442
Telephone	369,403		53,210	115,253	32,592	83,224	45,845	39,279
Travel	62,931		21,732	6,103	3,010	10,771	2,021	19,294
Utilities	442,638		69,325	103,417	14,114	174,451	74,992	6,339
	<u>7,839,403</u>		<u>1,163,407</u>	<u>1,399,025</u>	<u>602,929</u>	<u>1,598,199</u>	<u>948,066</u>	<u>2,127,777</u>
<b>TOTAL OTHER EXPENSES</b>	<b>16,592,686</b>		<b>3,624,027</b>	<b>3,233,181</b>	<b>1,187,928</b>	<b>3,174,748</b>	<b>1,601,901</b>	<b>3,770,901</b>
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>373,052</b>		<b>101,800</b>	<b>111,193</b>	<b>14,861</b>	<b>74,325</b>	<b>12,492</b>	<b>58,381</b>
Depreciation & amortization								
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 16,965,738</b>		<b>\$ 3,725,827</b>	<b>\$ 3,344,374</b>	<b>\$ 1,202,789</b>	<b>\$ 3,249,073</b>	<b>\$ 1,614,393</b>	<b>\$ 3,829,282</b>



**PACIFICA FOUNDATION**  
Statement of Functional Expenses by Division - Program Services  
For the Year Ended September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 3,720,063		\$ 1,356,752	\$ 806,095	\$ 194,560	\$ 779,585	\$ 210,015	\$ 373,066
Payroll taxes	340,619		125,196	71,190	18,314	74,835	17,762	33,322
Employee benefits	599,853		34,774	229,610	23,713	195,211	30,579	85,966
Outside services	93,461		15,200		3,125	992	1,610	72,534
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>4,753,996</b>		<b>1,531,922</b>	<b>1,106,895</b>	<b>239,702</b>	<b>1,050,623</b>	<b>259,966</b>	<b>564,888</b>
<b>OTHER EXPENSES</b>								
Acquisitions news department	13,199							13,199
Associations & periodicals	5,620		1,695	440	3,485			
Bank Charges	400		206	20		174		
CAC Training	5,389		5,389					
Computer maintenance	45,829		782	16,067	1,056	1,043	671	26,210
Conferences & training	21,918		4,434	12,416	280	178		4,610
Democracy now	562,738			290				562,738
Equipment rental	300		10					
Fine and penalty	14,000					14,000		6,194
Legal and professional fees	6,194							1,888
Misc.	4,804		690		292		1,934	3,000
Moving expenses	3,000							10,787
National Board Expenses	17,826		32	356	444	5,031	1,176	
National Prog.-Free Speech Radio	572,687		155,016	124,645	61,139	141,193	90,694	
News service	144,473		31,582	87,187	2,563	23,141		22,782
NFCB Tradeshows & conventions	23,511			639		90		
Non-operating grant expenses	2,222		2,222					
Office expenses	9,900		366	7,831	589		158	956
Postage & shipping	3,646		1,690	1,396	148	128		284
Presidential election/comm. hearings	86,469					5		86,464
Printing & publications	434		(18)					452
Programming services	102,983		9,567	20,817	37,779	11,280	5,530	18,010
Rent - Office/Studio	239,027					172,245	66,782	
Rent - Tower	394,102		1,080	4,050	41,871	317,321	29,780	
Repairs & maintenance	105,030		15,418	49,407	714	29,779	6,269	3,443
Satellite interconnect	84,441		12,900	6,900	6,900			57,741
Storage	1,811			1,811				
Tapes & supplies	54,491		1,937	11,447		8,032		33,075
Telephone	211,102		42,568	63,977	15,431	59,922	20,630	8,574
Travel	22,238		14,434	2,652				5,152
Utilities	359,842		63,732	86,439	7,057	144,821	57,793	
<b>TOTAL OTHER EXPENSES</b>	<b>3,119,626</b>		<b>365,732</b>	<b>498,148</b>	<b>180,387</b>	<b>828,383</b>	<b>281,417</b>	<b>865,659</b>
<b>TOTAL PROGRAM SERVICES EXPENSES BEFORE DEPRECIATION</b>	<b>7,873,622</b>		<b>1,897,654</b>	<b>1,605,043</b>	<b>420,089</b>	<b>1,979,006</b>	<b>541,383</b>	<b>1,430,447</b>
Depreciation & amortization	177,789		76,565	70,191	14,254		8,987	7,792
<b>TOTAL PROGRAM SERVICES EXPENSES</b>	<b>\$ 8,051,411</b>		<b>\$ 1,974,219</b>	<b>\$ 1,675,234</b>	<b>\$ 434,343</b>	<b>\$ 1,979,006</b>	<b>\$ 550,370</b>	<b>\$ 1,438,239</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Functional Expenses by Division - Management & General  
For the Year Ended September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 1,724,564		\$ 230,166	\$ 233,422	\$ 160,993	\$ 211,038	\$ 154,956	\$ 733,989
Payroll taxes	148,768		20,708	20,424	13,847	19,477	13,578	60,734
Employee benefits	722,182		378,223	46,189	46,812	56,101	54,329	140,528
Outside services	147,974		54,356	12,852	3,505	10,068	1,300	65,893
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>2,743,488</b>		<b>683,453</b>	<b>312,887</b>	<b>225,157</b>	<b>296,684</b>	<b>224,163</b>	<b>1,001,144</b>
<b>OTHER EXPENSES</b>								
Payroll service	8,113				2,790	4,351	11	8,113
Associations & periodicals	11,651		3,734	199				566
Audit and accounting fees	60,900						800	60,100
Bank charges	30,310						1,143	5,245
Board election expenses	153,256		12,584	2,013	3,511	5,814	24,826	2,705
Computer maintenance	143,483		42,471	38,059	19,666	25,529	19,013	32,360
Conferences & training	18,775		38,492	30,835	9,012	13,771		698
Equipment rental	90,128		1,447	6,240	5,531	4,859		12,112
Folio expenses	1,668		20,365	11,272	8,262	10,650	27,467	
Insurance	227,401		9,184		1,668			218,217
Interest	11,820			5,821				5,999
Legal and professional fees	192,512		48,394	16,653	14,760	67,108	3,371	42,226
Major Gifts Expenses	175		175					
Misc.	32,497		9,696	1,284	1,056	993	13,692	5,806
Moving expenses	4,801					4,801		
National board expenses	212,719		6,531	21,266	4,213	5,551	7,423	167,735
NFCB Tradeshows & conventions	6,955							6,955
Non-operating grant expenses	1,746							
Office expenses	83,486		13,775	15,608	12,146	7,821	9,875	24,261
Postage & shipping	34,950		3,044	1,977	4,072	4,544	12,239	9,074
Printing & publications	8,674		6,271					2,403
Rent - Office/Studio	77,837		2,792			33,492	41,553	
Rent - Tower	240							
Repairs & maintenance	126,109		53,274	23,842	10,796	5,760	26,016	6,421
Settlement costs	150,000		50,000	100,000				
State filing fees	9,079		7,732	1,190	94			63
Storage	19,944			4,471			5,372	10,101
Tapes & supplies	1,922			255				1,667
Taxes-property	12,108		132		11,976			1,442
Taxes (UBIT)	1,442							
Telephone	101,893		6,385	29,822	10,493	11,651	12,837	30,705
Travel	39,281		7,288	3,435	2,686	9,767	1,963	14,142
Utilities	46,546		3,356	8,481	4,799	14,815	8,756	6,339
	1,922,421		349,108	322,723	127,531	231,247	216,357	675,455
<b>TOTAL OTHER EXPENSES</b>								
<b>TOTAL MGMT AND GENERAL EXPENSES BEFORE DEPRECIATION</b>	<b>4,665,909</b>		<b>1,032,561</b>	<b>635,610</b>	<b>352,688</b>	<b>527,931</b>	<b>440,520</b>	<b>1,676,599</b>
Depreciation & amortization	195,263		25,235	41,002	607	74,325	3,505	50,589
<b>TOTAL MGMT AND GENERAL EXPENSES</b>	<b>\$ 4,861,172</b>		<b>\$ 1,057,796</b>	<b>\$ 676,612</b>	<b>\$ 353,295</b>	<b>\$ 602,256</b>	<b>\$ 444,025</b>	<b>\$ 1,727,188</b>

The accompanying notes are an integral part of these financial statements

**PACIFICA FOUNDATION**  
Statement of Functional Expenses by Division - Fundraising  
For the Year Ended September 30, 2007

	Totals	Eliminations	KPFA	KPFK	KPFT	WBAI	WPFW	National Division
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 992,775		\$ 219,450	\$ 323,157	\$ 84,027	\$ 184,432	\$ 124,547	\$ 57,162
Payroll taxes	90,219		19,710	29,096	8,020	17,382	10,763	5,248
Employee benefits	165,769		4,185	62,121	28,093	27,428	29,352	14,590
Outside services	7,036		1,900				5,044	92
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>1,255,799</b>		<b>245,245</b>	<b>414,374</b>	<b>120,140</b>	<b>229,242</b>	<b>169,706</b>	<b>77,092</b>
<b>OTHER EXPENSES</b>								
Payroll service	0							
Advertising & promotion	21,559		1,644	5,257	3,122	8,327	793	2,416
Associations & periodicals	16,273		3,120	2,948	1,275	1,119	1,213	6,598
Computer maintenance	41,962		4,450	450	25,813	5,321	5,010	918
Conferences & training	6,422		608	2,902	2,645		267	
Credit card fees	254,791		55,410	64,866	34,274	64,991	31,882	3,368
Development expenses	32,907		1,790	1,401	8,879	13,594		7,243
Direct mail/ telemarketing/Sub. serv.	956,331		146,570	82,016	122,565	58,533	53,792	494,855
Equipment rental	1,479			1,263	216			
Legal and professional fees	765		765					
Major gifts expense	38,831		28,889	992		8,640	310	
Misc.	346		346					
National board expenses	150			150				
NFCB Tradeshows & conventions	1,306					1,306		
Non-operating grant expenses	3,649		3,649					
Office expenses	3,124			2,000	1,086		31,470	38
Postage & shipping	31,946		282	170	18		6	
Premiums/shipping & marathons	1,099,429		183,917	373,751	63,282	187,749	239,099	51,631
Printing & publications	91,512		10,623	9,892	22,586	27,937	20,474	
Rent - Office/Studio	73,561					33,492	40,069	
Repairs & maintenance	5,253			129		90	5,034	3,643
State filing fees	3,643							16,047
Tapes & supplies	16,047		4,257	21,454	6,668	11,651	12,378	
Telephone	56,408		10	16	324	1,004	58	
Travel	1,412			8,497	2,258	14,815	8,443	
Utilities	36,250		2,237					
<b>TOTAL OTHER EXPENSES</b>	<b>2,797,356</b>		<b>448,567</b>	<b>578,154</b>	<b>295,011</b>	<b>438,569</b>	<b>450,292</b>	<b>586,763</b>
<b>TOTAL FUNDRAISING EXPENSES</b>	<b>\$ 4,053,155</b>		<b>\$ 693,812</b>	<b>\$ 992,528</b>	<b>\$ 415,151</b>	<b>\$ 667,811</b>	<b>\$ 619,998</b>	<b>\$ 663,855</b>

**PACIFICA FOUNDATION**

Other Revenue by Division

For the Year Ended September 30, 2007

	<u>Totals</u>	<u>KPFA</u>	<u>KPFFK</u>	<u>KPFT</u>	<u>WBAI</u>	<u>WPFW</u>	<u>National Division</u>
<b>OTHER REVENUE</b>							
Tape sales (recorded programs)	\$ 57,544						\$ 57,544
Rental of mailing lists	30,973						30,973
Transmitter rental (net)	15,900	15,900					
Studio rental (net)	9,750	9,750					
Affiliates income	203,814						203,814
Gain (Loss) on sale of equipment	(141)	(1,799)		5,000			(3,342)
Miscellaneous	10,512	8,535	774	900			303
<b>TOTAL OTHER REVENUE</b>	<b>\$ 328,352</b>	<b>\$ 32,386</b>	<b>\$ 774</b>	<b>\$ 5,900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 289,292</b>

The accompanying notes are an integral part of these financial statements