

February 13, 2012

Department of General Services
San Mateo County Community College District
3401 CSM Drive
San Mateo, California 94402

Re: Request for Proposal 86635
Sale of Assets of KCSM TV

To Whom It May Concern:

Introduction

Minority Television Project Inc., a California non-profit corporation [MTP], licensee of noncommercial broadcast television station KMTP TV, Channel 33, with offices in South San Francisco, hereby submits a proposal for the purchase of the assets of KCSM TV, pursuant to your Request for Proposal No. 86635.

Entity

MTP is a California non-profit private foundation corporation, organized in 1982 and incorporated in 1985. It is tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. For twenty years since 1992, MTP has held a license from the Federal Communications Commission to operate KMTP TV, previously Channel 32, to serve San Francisco and the Bay Area. KMTP TV has had offices and studios in Palo Alto and San Francisco. MTP is the only known African-American/Asian-American controlled public television broadcast station. For substantially all of its 20-year history, KMTP has been independent of PBS, securing most of its programming from local producers and overseas public entities.

Mission

The mission of KMTP is multicultural-multilingual program diversity. While the majority of the programming of KMTP is in English, historically KMTP has broadcast programming in Chinese, Korean, Vietnamese, Tagalog, Italian and German. KMTP has also broadcast the nation's only Pan African-focused nightly news program. Years-long past programs series have included Filipino American Reports, Que Viet!, Taiwan Satellite News and Pan African Report. Specials have included *Purple Cow*, a 13-part series targeting those age 18-34 profiling 76 candidates in the 2003 Gubernatorial Recall election and *!iRide!*, a 6-part series of reporters on bicycles covering the last election for Mayor of San Francisco through the lens of bicyclists.

In 1993, KMTP TV was cited in a seminal report, *Quality Time? A Report of the Twentieth Century Fund Task Force on Public Television* for providing a distinctive program service. In further recognition of the continuing distinctive service of KMTP, in September 2009 the Board of Directors of the Corporation for Public Broadcasting (CPB) voted specifically to allow KMTP to apply to enter its Community Service Grant program effective FY 2012. This decision created an exception to CPB's 18-year policy of declining to admit news overlapping stations to enter the grant program. The CPB Board specifically noted that the policy exception applied only to stations that historically have offered program diversity. MTP believes that it is the only such station. The MTP grant application will be submitted prior to March 1, 2012 for funding in June 2012.

Purchase Price

MTP offers to purchase the assets of KCSM TV described in the Request for Proposal for a total consideration of seven million dollars [\$7,000,000]. The offer includes a Local Marketing Agreement as described below.

The consideration would be paid over ten years. The consideration would be paid as follows:

- A. An initial cash payment of ten percent (10%) of the total consideration or \$700,000, payable on or before December 1, 2013;
- B. A second cash payment of ten percent (10%) of the total consideration or \$700,000 payable on or before December 31, 2014;
- C. Ninety six (96) deferred monthly payments of \$21,972 totaling \$2,109,301. These payments include 2% interest from June 1, 2012; and
- D. A final payment of \$4,689,605 on or before December 31, 2022.

The total of the payments equals \$8,198,907 reflecting the present net value of seven million dollars. All payments are to be made in cash via electronic wire transfers.

Funding

MTP proposes to fund the consideration with funds from traditional public broadcasting sources: viewer donations, corporate campaigns, capital campaigns and foundation grants. Specifically, MTP would launch a major multi-year development campaign. MTP would also fund the acquisition costs from non-traditional sources: spectrum leasing, or if traditional fundraising methods fail, through congressionally proposed spectrum disaggregation sales.

Local Marketing Agreement

A transfer of the KCSM FCC license to MTP would be delayed until after the first payment is made on or before December 1, 2013. In the interim, KMTP proposes to enter into a Local Marketing Agreement (LMA) with SMCCD effective upon SMCCD's acceptance of this proposal. Under the LMA, KMTP would manage programming, marketing and operations of KCSM while assuming the responsibility for any operating deficits. MTP would operate both KCSM and KMTP on a consolidated basis. Such joint operations would provide synergies reducing overall operational costs for both stations. In addition, CPB has a policy of providing financial incentives and grants for joint/consolidated station operations. This includes permitting each station to maintain its separate Community Service Grant. MTP believes that the three combined CPB grants for joint operations of KCSM and KMTP initially would exceed \$1.4 million yearly and escalating thereafter. Coupled with the required non-federal funds match, this amount represents a \$2.8 million budget, substantially in excess of the \$1.2 million budget CPB concludes is required for sustainability of a single community station. During the term of the LMA, or some portion thereof, MTP would seek to enter an agreement with SMCCD to continue to house the KCSM master control equipment.

Challenges in Public Broadcasting

Commentators have noted that public broadcasting's longstanding commitment to universal access to news, arts and educational programming is a key source of its broad-based support. Public broadcasting is well-established in our communities and is strongly positioned to serve their communities by bringing people together around their distinctive interests and giving them valuable, pertinent content. Yet

policymakers, facing difficult fiscal choices in prioritizing public services now require public broadcasters to face challenges that could threaten the existence of this crucial component of the public media sector. Public broadcasting is faced with fundamental long-term challenges in media usage and the media economy that are upending the entire media marketplace, including public broadcasting. MTP believes that digitalization holds greater opportunity for public broadcasting. This is an opportunity for growth. Many corporations and individuals, and even tax-based entities are looking to support innovation, partnership and positive change to meet these challenges.

KMTP believes that over the next few years, significant consolidation will occur within public broadcasting markets served by more than one public television station, such as San Francisco. KMTP is informed that policy makers, lacking the resources to maintain all public television stations, favor a policy that sustains one station per market which provides a universal common service while also sustaining a number of stations providing distinctive service in diverse markets.

Mastering the Challenges

KMTP's proposal for the joint operation of KCSM and KMTP is one method of meeting the challenges. Joint operations would provide synergies, reducing overall operational costs for both stations. In addition, CPB has a policy of providing financial incentives and grants for joint/consolidated station operations. As noted above, this includes permitting each station to maintain its separate Community Service Grant.

In further recognition of the challenges, MTP is re-defining its economic support model. In 2009, KMTP embarked upon a course to convert itself from a community supported entity to a tuition-supported private non-profit educational institution, the College of Palo Alto. In furtherance of the station's mission, the mission of College of Palo Alto is to provide a rigorous intellectual competency of instruction to global students to advance learning and knowledge by demonstrably linking theory and practice in science, technology and mathematics in an environment driven by diversity and excellence, utilizing the rich human and economic resources in Silicon Valley.

Beginning in September 2012, the College of Palo Alto will offer non-degree classes and instruction for digital applications. These include in digital media: photography, non-linear editing, video editing and 3-D animation. These also include the digitalization of health care information and records. Beginning in September 2014, College of Palo Alto expects to offer degree courses in the liberal arts, humanities, mathematics, science and technology including the digital arts and healthcare information and management. College of Palo Alto will recruit international students and faculty from among doctorate students and faculty retirees of Stanford University and working professionals in Silicon Valley. Additional information regarding College of Palo Alto is available at collegeofpaloalto.org.

KMTP/KCSM Programming

In furtherance of its diversity mission and to expand PBS programming to underserved audiences, MTP in conjunction with PBS, American Public Television, other public stations and independent producers would develop and broadcast on its multiple channels and evolving to a 24/7 basis, PBS and public stations' programs in Chinese, Vietnamese and Tagalog. These 'PBS in Chinese,' 'PBS in Vietnamese' and 'PBS in Tagalog' formats would be unique and appropriate for the Bay Area which is home to one of the highest concentrations of Asian American television households, many of which are language-restricted.

MTP also would resume its broadcasts of Pan African Report, evolving it to a 24/7 news wheel. MTP has a long term commitment to the arts. For 12 years, KMTP has broadcast for several hours daily Classic Arts Showcase, a rotating series of short form videos of the classical performing arts: dance, opera, ballet, music and classical theatre. MTP will continue these broadcasts on a 24/7 basis on one of its digital tiers.

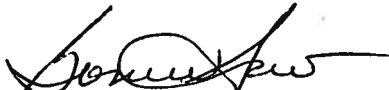
Responses to Specifics

MTP attaches hereto its specific responses to the questions detailed in the Request for Proposal and submits herewith the required specific documents. At Appendix A is the Bidder Signatory page. At Appendix B is the Non-collusion Affidavit. At Appendix C are the responses to all questions posed in Section II of the Scope of the Proposal. At Appendix D is the station's latest audited financial statement.

Conclusion

MTP believes its proposal is responsive to the Request for Proposal. MTP already is a FCC licensee and as CPB has concluded that MTP is eligible to apply for CPB grants. MTP is willing to accept the equipment assets under CPB terms. MTP's proposal provides SMCCB with some certainty as to ultimate decision-making by the federal regulatory and grant agencies. MTP's proposal also advances public policies in historic localism and the promotion of diversity in programming which not only serves minority interests but enhancing all Bay Area citizens.

Sincerely,


Bonnie Asano
President

Appendix A

BIDDER INFORMATION AND SIGNATORY PAGE

Bidder Name: Minority Television Project Inc.
Business Address: 31 Airport Blvd., Suite E, South San Francisco, CA 94080
Telephone: Fax: voice 650.273.8332; Fax 650.273. 8330
Email: Web Site: www.kmtp.tv; collegeofpaloalto.org
Type of Firm: Non-Profit Non-stock Corporation
Partnership: Joint Venture: N/A
Other (please describe): N/A
Business License Number:
Number of years in business under firm name: 30 years

Full names of firm's owners (> 5% ownership), officers and managing employees:

Controlling directors:	Bonnie Asano Michael Simmons William Green
Managing employees:	Booker T. Wade Jr., General Manager YoungSu Yoo, Creative Director Fan Wen, Chief Financial Officer

Has the firm changed its name within the past 3 years? NO

If yes, provide former name(s): n/a

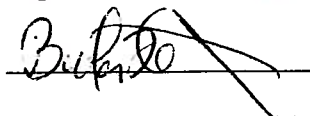
If yes, explain: N/A

Have officers or principals of the firm ever had their business license suspended or revoked for any reason? NO

If yes, please explain: N/A

Name and title of person completing responsible for submission of this Proposal and the responses to this questionnaire: Booker T. Wade Jr.

Signature:



Date: February 14, 2012

Name & Title: Booker T. Wade, Jr., General Manager

Phone: 650.273.8332

Email: bwade@kmtp.tv

Appendix B**NON-COLLUSION AFFIDAVIT**

STATE OF CALIFORNIA

COUNTY OF SAN MATEOI, Baker T. Wade Jr., being first duly sworn, deposes and says that I am
(Typed or Printed Name)General Manager of KMTP-TV,
Title ("the Bidder").

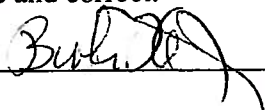
the party submitting the foregoing Proposal. In connection with the Proposal, the undersigned declares, states and certifies that:

1. The Proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, Bidder, association, organization or corporation.
2. The Proposal is genuine and not collusive or sham.
3. The Bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any other bidder or anyone else to put in a sham proposal, or to refrain from submitting a proposal.
4. The Bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Proposal price, or that of any other Bidder, or to fix any element of the Proposal price or terms or those of any other bidder, or to secure any advantage against the public body awarding the contract or of anyone interested in the proposed contract.
5. All statements contained in the Proposal and related documents are true.
6. The Bidder has not, directly or indirectly, submitted the Proposal price or terms or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any person, corporation, partnership, bidder, association, organization, Proposal depository, or to any member or agent thereof to effectuate a collusive or sham Proposal.

Executed this 14th day of February, 2012 at South San Francisco, San Mateo, CA
(City, County and State)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature: _____



Date: _____

2/14/12

Appendix C

Responses to Questions of Section II Scope of Proposal

Description of Offer

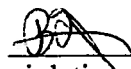
As more fully detailed in the cover letter, the offer is for \$7.2 million in deferred payments with ten percent payable in December 2013 and ten percent one year later, followed by 96 monthly payments of \$21,823 with a final payment of \$4,657,731 in December 2022. All payments are to be made by wire transfer. The sources of these funds will be viewer donations corporate and foundation grants and special developmental campaigns. A local marketing agreement is offered until December 2013. MTP intends to lease the floor space currently housing KCSM master control operations for up to twelve months pending equipment relocation.

Board Members

The current members of the governing board and the terms are as follows:

<u>Current Members</u>	<u>1st Term Began</u>	<u>Term Ending</u>
Bonnie Asano, Palo Alto Legal Assistant Oakland	1982	December 31, 2014
Michael Simmons CPA San Francisco	1997	December 31, 2013
William Green Attorney Palo Alto	2003	December 31, 2012
Lisa Tuan Wendl [Tentative Selectee] Community Organizer	June 2012	December 31, 2015

Adverse Findings

 (initial if statement is true) There are no adverse findings with respect to violations of the law for the board members which would preclude the entity from purchasing the station.

Description of Entity

A brief description of MTP, its structure, incorporation and formation, including its non-profit status is detailed on the first page of the cover page to this bid. Neither MTP nor any director has any attributable interest in any radio or television station.

Audited Financial Statement

Attached is MTP's latest audited financial statement for 2010. An audited statement for FY 2011 ending December 31, 2011, will not be available until March 30, 2012. There were no audited statements in prior years.

Employment Offers

KMTP may wish to offer employment to two displaced KCSM employees during the period of the LMA.

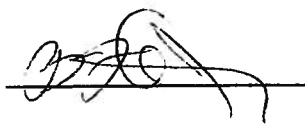
Community Representativeness

MTP would expand its Board of Directors with additional residents of the City of San Mateo beginning in June 2012. The additional members would be added incremental to avoid a major change of control under FCC rules. MTP would seek recommendations from community San Mateo community leaders.

CPB Qualifications

MTP believes it could qualify for CPB financial support as the CPB Board of directors have voted to permit KMTP to enter its Community service Grant program effective this year. The grant application will be filed in March 2012 for funding in October 2012.

February 14, 2012

A handwritten signature in black ink, appearing to be "J. J. [unclear]", written over a horizontal line.

Appendix D

2010 Audited Financial Statement

MINORITY TELEVISION PROJECT, INC.
FINANCIAL STATEMENTS AND SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2010

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Jerry Newman, CPA

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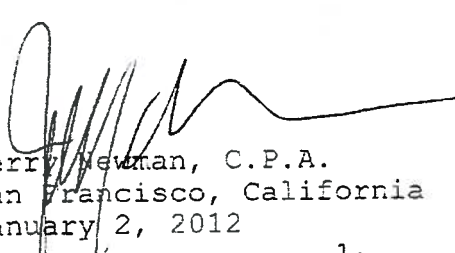
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minority Television Project, Inc.
31 Airport Blvd. #E
South San Francisco, Ca. 94080

I have audited the accompanying statement of financial position of the Minority Television Project, Inc., a California not-for-profit corporation, as of December 31, 2010 and the related statement of activities functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Project's Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010 and the changes in net assets and cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.



Jerry Newman, C.P.A.
San Francisco, California
January 2, 2012

Minority Television Project, Inc.
(A not-for-profit corporation)
Statement of Financial Position
as of December 31, 2010

ASSETS

Current Assets	
Current Assets	\$ (4,033)
Accounts Receivable	287,622
Total Current Assets	<u>283,589</u>
Fixed Assets	
Net of Accumulated Depreciation	2,589,351
Other Assets	
Deferred Charges	1,180,659
Total Assets	<u><u>\$ 4,053,599</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	124,147
Payroll Liabilities	13,700
Payroll Withholdings	2,058
Interest on Long-Term Debt	231,500
Loans Payable	<u>20,000</u>
Total current liabilities	391,405
Long Term Liabilities	
PGE Meter Charges	290,568
Sutro Tower, Inc.	1,494,109
Loans from Directors	1,447,758
Sutro Tower leases	<u>1,399,543</u>
	4,631,978
Total Liabilities	5,023,383
Net Assets:	
Unrestricted	(969,784)
Temporarily restricted	
Permanently restricted	
Total Net Assets	<u>(969,784)</u>
Total Liabilities and Net Assets	<u><u>\$ 4,053,599</u></u>

See Audit Report and footnotes

Minority Television Project, Inc.
(A not -for-profit corporation)
Statement of Activity
Year Ended December 31, 2010

UNRESTRICTED NET ASSETS

UNRESTRICTED SUPPORT AND REVENUE

Sponsorship	\$ 620,009	
Contributions - in kind	5,000	
Interest	88	
Program Income	<u>649,250</u>	
TOTAL UNRESTRICTED SUPPORT AND REVENUE		1,274,347

EXPENSES

Program services	1,278,621	
Management and General	-	
Fundraising	<u>-</u>	
TOTAL FUNCTIONAL EXPENSES		(1,278,621)

OTHER INCOME AND EXPENSES

Corporate Income	96,400	
Other Miscellaneous Income	<u>1,500</u>	
TOTAL OTHER INCOME		97,900

Interest Expense	231,500	
Additional Rent	96,400	
Contract Writeoff	<u>359,000</u>	
TOTAL OTHER EXPENSES		(686,900)
DECREASE IN UNRESTRICTED NET ASSETS		(593,274)

Prior Year Adjustments		<u>(333,889)</u>
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NET ASSETS, BEGINNING OF THE YEAR		(42,621)
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NET ASSETS, END OF THE YEAR		<u>(969,784)</u>
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Minority Television Project, Inc.
(A not-for-profit corporation)
Statement of Activity by Fund
as of December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Public Support:</u>				
Contributions -In-Kind	\$ 5,000			\$ 5,000
Interest-Savings	88			88
Other Income	97,900			97,900
Program Income	649,250			649,250
Sponsorship	620,009			620,009
Total Revenue and Support	<u>1,372,247</u>	<u>—</u>	<u>—</u>	<u>\$1,372,247</u>
<u>Expenses:</u>				
Fundraising	—			—
Program Services	786,490			786,490
Other Expense	686,900			686,900
	<u>1,473,390</u>			<u>1,473,390</u>
<u>Support Services:</u>				
Management and General	492,131			338,864
Total Expenses	<u>1,965,521</u>	<u>—</u>	<u>—</u>	<u>1,965,521</u>
Change in Net Assets	(593,274)			(593,274)
Net Assets, January 1, 2010	<u>(376,510)</u>	<u>—</u>	<u>—</u>	<u>(376,510)</u>
Net Assets, December 31, 2010	<u>\$ (969,784)</u>	<u>—</u>	<u>—</u>	<u>\$ (969,784)</u>

See Audit Report and Footnotes
-4 of 10-

Minority Television Project, Inc.
(A not-for-profit corporation)

Statement of Cash Flows
as of December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (593,274)	
Adjustments to reconcile the change in net assets to net assets used by operating activities:		
Depreciation	193,965	
(Increase) decrease in:		
Accounts Receivable	(287,622)	
 Increase(decrease) in:		
Cash overdrafts		
Accounts payable and accrued expenses	391,405	
NET CASH USED BY OPERATING ACTIVITIES		(295,526)

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	-	
NET CASH USED BY INVESTING ACTIVITIES		-

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Sutro Tower Charges	313,450	
Decrease in Deferred Charges	290,568	
NET CASH PROVIDED BY FINANCING ACTIVITIES		604,018

Prior Year Adjustment	(333,889)	
NET INCREASE IN CASH correction		(25,397)

CASH AT BEGINNING OF YEAR	21,364	
CASH AT END OF YEAR	<u>\$ (4,033)</u>	

See Audit Report and footnotes

Minority Television Project, Inc.
(A not-for-profit corporation)
Schedule of Expenditures
as of December 31, 2010

	Program	Management and General	Fundraising	Total
Operating Expenses				
Accounting Fees	-	5,000		5,000
Legal Fees	-	122,581		122,581
Outside Contract Services	9,137			9,137
Engineering Fees	47,501			47,501
Depreciation	-	193,965		193,965
Cleaning and Maintenance	2,678			2,678
Sutro Lease Fee	88,860			88,860
Sutro Tower Rental Fee	201,780			201,780
Facilities Repair	660			660
Office Rent	-	23,600		23,600
Utilities-Sutro Tower Power	103,454			103,454
Operations	3,628			3,628
Supplies	13,963			13,963
Telephone	8,666			8,666
Operating Fiber Connection	46,254			46,254
Production Expenses	1,308			1,308
Insurance		46,931		46,931
Operation-Other Costs	4,664			4,664
Payroll	191,623	100,000		291,623
Payroll Taxes	59,359			59,359
ADP Fees	2,955			2,955
Bank Charges	-	54		54
Total Operating Expenses	786,490	492,131	-	1,278,621
Other Expenses				
Contributed Rent	96,400			96,400
Interest Expense	231,500			231,500
Contract Income Written Off	359,000			359,000
Total Other Expense	686,900	-	-	686,900
Total Expenses	\$ 1,473,390	\$ 492,131		\$ 1,965,521

MINORITY TELEVISION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Minority Television Project, Inc. (the Organization) was formed as a California not-for-profit corporation on August 1, 1985. This organization is operating as a 501 ©(3) not-for-profit Private Foundation. It is a multicultural, multilingual public station providing service to 400,000 to 600,000 viewers weekly through the Sutro Tower antennas.

Estimates and Assumptions

The preparation of financial statements in accordance with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses reported for the periods presented. The Organization regularly assesses these estimates and, while actual results may differ, management believes that these estimates are reasonable.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fixed Assets and Depreciation

Real property is stated at cost. They are being depreciated or amortized over their estimated useful lives ranging from five to fifty years on a straight -line method as follows:

Furniture and Fixtures	Five Years
Landscaping	Ten Years
Leasehold Improvements	Five Years
Buildings	Forty years
The Organization capitalizes all expenditures for personal property and equipment in excess of \$500. Depreciation is computed using the straight line method over estimated useful lives of the related assets. The Organization does not record the value of donated property or equipment.	

MINORITY TELEVISION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from the state franchise tax board under similar provisions of the California Revenue and Taxation code. In addition, it is further classified as an organization that is a private foundation as defined in Section 509(a) of the code. It is an organization described in Section 170 (B) (A) (ii). Since less than a third of their revenue is from public support, they only qualify as a public entity in the form of a Private Foundation.

NOTE B - PROPERTY EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At December 31, 2010, property, equipment and leasehold improvements consist of the following:

Antenna System Equipment-Sutro	\$ 1,399,543
Production Equipment	300,000
Transmission Equipment	1,147,758
Computer editors	<u>32,996</u>
Total property, equipment and leasehold improvements	\$ 2,880,299
Less accumulated depreciation	<u>(\$ 290,948)</u>
Property, equipment and leasehold improvements, net	\$ 2,589,351

MINORITY TELEVISION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS **December 31, 2010**

NOTE C - LEASE COMMITMENTS

The Organization leases space on the Sutro Tower broadcast facilities under operating leases through 2025. The minimum lease payments associated with these leases is a schedule by years of future minimum payments required under these leases as of June 30, 2008:

Year ending June 30:	
2011	\$146,760
2012	146,760
2013	146,760

NOTE D - NOTES PAYABLE

At December 31, 2010, outstanding short term and long term liabilities consists of the following:

Loans from officers, at no stated interest rates.

There are multiple agreements with Sutro Tower, Inc. and Sutro Tower leases that deal with part ownership and operational responsibilities for the main radio tower facilities in the San Francisco Bay Area.

Both have outstanding debt characteristics that show an interdependence of activity.

Loans from Officers:

Hard financial times have produced an informal agreement that does not show any paydown of outstanding principal balances.

Pacific Gas and Electric also has long term debt relationships to Minority Television Project, Inc. and has an outstanding balance of \$290,568.

Because no payments have been sent out, it is required to accrue normal interest rate amounts for the use of the capital underlying the debt relationships.

MINORITY TELEVISION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE E - RELATED PARTY TRANSACTIONS

The Organization has loans outstanding from its officers amounting to \$ 1,447,758 to the General Manager and \$20,000 from the Chief Financial Officer.

NOTE F - Deferred Charges

The Sutro Tower facility incurred many costs associated with the incorporation of the Minority Television Project into the current operating system. Because of the hard financial situation of the economy, these invoices due were capitalized as deferred charges. No reduction of the principal has been accounted for. At present there is no repayment schedule, no amortization has been set up, nor any potential writeoff contemplated for these assets.

NOTE G - SUPPORT AND REVENUE

The primary sources of income are from programs aired over the cable television network.