

that (1) shall be adequate in amount with respect to and for the full value (subject to customary deductibles) of, the assets of the Station, and (2) shall insure the assets and the business of the Station against all foreseeable risk.

(f) Cavan shall cause the Station's transmitting facilities to be maintained at all times in accordance with good engineering practice and with all engineering requirements set forth in the Station's FCC authorizations, including broadcasting a high quality signal at maximum authorized power and ERP (except at such time where reduction of power is required for routine or emergency maintenance).

(g) Cavan shall be solely responsible for and shall pay in a timely manner all operating costs of the Station (other than the costs to be borne by Lobster in accordance with Sections 4.1, 5.2, and 6.2), including costs of maintaining the studio and transmitting facilities, the cost of electricity and other utilities, rental payments, taxes, and the salaries, taxes, insurance, and related costs for all personnel employed by Cavan relating to the Station.

6.2 Rights and Responsibilities of Dynamic. Lobster shall be responsible for sales and programming of the Station in accordance with the following provisions:

(a) Except as provided in Section 5.3 herein, as of April 1, 1994, Lobster shall retain all revenues from its sale of advertising time on the Station and Cavan shall retain all revenues from its sale of advertising time on the Station prior to April 1, 1994. Lobster shall be responsible for payment of the commissions due to any national sales representative engaged by Lobster for the purposes of selling national advertising to be carried during its programming.

(b) Lobster shall be solely responsible for any expenses incurred in the origination and delivery of programming from any remote location and for any publicity or promotional expenses incurred by Lobster.

(c) Lobster shall employ and be solely responsible for the salaries, taxes, and related costs for all personnel used in the production of its programming and the sale of advertising time on the Station (including sales people, traffic personnel, board operators, and programming staff).

## 7. REPRESENTATIONS AND WARRANTIES OF CAVAN

Cavan represents and warrants to Lobster as follows:

7.1 Authorization and Binding Obligation. This Agreement has been duly executed and delivered by Cavan and constitutes the legal, valid and binding obligation of Cavan, enforceable against Cavan in accordance with its terms except as the enforceability hereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

7.2 Absence of Conflicting Agreements or Consents. The execution, delivery, and performance of this Agreement and the documents contemplated hereby (with or without giving of notice, the lapse of time or both): (a) do not require the consent of any governmental or regulatory authority or any other Person; (b) will not conflict with the Articles of Incorporation or by-laws of Cavan; (c) will not conflict with, result in a breach of, or constitute a default under any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any agreement, instrument, license, or permit to which Cavan is a party or by which Cavan may be bound; and (e) will not create any claim, lien, charge, or encumbrance upon any of the assets of the Station.

7.3 Authorizations. Subject to the license revocation hearing referred to below, Cavan is the authorized legal holder of all licenses, permits, and other authorizations required from governmental and regulatory authorities for the lawful construction of the Station and the lawful conduct of the business of the Station in the manner and to the full extent it is or will be conducted, all of those licenses, permits, and other authorizations are in full force and effect, and none of the licenses, permits, and other authorizations is subject to any restriction or condition that would limit the operations of the Station as they are or will be conducted. However, the parties acknowledge that there is now pending a license revocation hearing on the WTMS(AM) license before the FCC and that the favorable resolution of that proceeding is a condition precedent toward the implementation of this Agreement.

## 8. REPRESENTATIONS AND WARRANTIES OF LOBSTER

Lobster represents and warrants to Cavan the following:

8.1 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Lobster have been

duly authorized by all necessary corporate action on the part of Lobster. This Agreement has been duly executed, and delivered by Lobster and constitutes a legal, valid, and binding obligation of Lobster, enforceable against Lobster in accordance with its terms except as the enforceability hereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

8.2 Absence of Conflicting Agreements and Required Consents. The execution, delivery, and performance of this Agreement and the documents contemplated hereby by Lobster (with or without the giving of notice, the lapse of time, or both); (a) do not require the consent of any governmental or regulatory authority or any other Person; (b) will not conflict with the Articles of Incorporation or by-laws of Lobster; (c) will not conflict with, result in a breach of, or constitute a default under, any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; and (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license or permit to which Lobster is a party or by which Lobster may be bound.

## 9. INDEMNIFICATION AND REMEDIES

9.1 Indemnification by Cavan. Regardless of any investigation made at any time by or on behalf of Lobster or any information Lobster may have, Cavan hereby agrees to indemnify and hold Lobster harmless against and with respect to, and shall reimburse Lobster for:

(a) Any losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Cavan contained herein.

(b) Any obligation or liability arising under any contract, lease, or other agreement entered into by Cavan.

(c) Any losses, liabilities, damages, or FCC forfeitures arising out of any programming broadcast by Cavan on the Station, including those resulting from any claim for defamation.

(d) Any assessments, judgments, costs, and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

9.2 Indemnification by Lobster. Regardless of any investigation made at any time by or on behalf of Cavan, or any information Cavan may have, Lobster hereby agrees to indemnify and hold Cavan harmless against and with respect to, and shall reimburse Cavan for:

(a) Any and all losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Lobster contained herein.

(b) Any obligation or liability arising under any contract, lease, or other agreement entered into by Lobster.

(c) Any losses, liabilities, damages, or FCC forfeitures arising out of any programming broadcast by Lobster on the Station, including those resulting from any claim for defamation.

(d) Any assessments, judgments, costs, and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

9.3 Attorneys' Fees. In the event of the filing by either party of a lawsuit for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses.

## 10. OPTION TO PURCHASE

10.1 Cavan and Lobster agree and acknowledge that as part of the consideration exchanged hereunder, that Cavan grants to Lobster the option to purchase all assets used and useful in the operation of the Station (the "Station Assets") for a total consideration of Thirty Five Thousand Dollars (\$35,000.00). Such option shall be for a period of one year and shall be exercisable at the sole discretion of Lobster. The exercise of this option shall permit Lobster to purchase the assets on terms to be agreed to by the parties.

## CONTRIBUTIONS TO REPAIRS

11. Cavan has undertaken an engineering review and technical assessment of the physical facilities of the Station and has been advised that approximately Fifty Five Hundred Dollars (\$5,500.00) in equipment and repairs will be required to return the station to operating condition in compliance with the technical requirements

of the FCC. Cavan and Lobster agree to share in such necessary expenditures up to a total of Six Thousand Dollars (\$6,000.00). Cavan will also supply the engineering services of its staff which may be required to install new equipment and test the performance of the station. The parties agree that time is of the essence and that such repairs shall get underway immediately. The parties further agree that one of the primary objectives of this agreement is to return the Station to operation within sixty (60) days of the execution of this Agreement.

## 12. MISCELLANEOUS

12.1 Fees and Expenses. Except as otherwise provided in this Agreement, each party shall pay her or its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives and including any ad valorem taxes, if any, that may be assessed on such party's property.

12.2 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be addressed as follows:

If to Cavan:                   Cavan Communications Corporation  
                                  Attn: Walter S. Hamsher, II  
                                  1942 Rockingham  
                                  McLean, Virginia 22101

If to Lobster                   Lobster Radio Network, Inc  
                                  Attn: Kevin Schmersal  
                                  42 West Street  
                                  Bangor, Maine 04401

A notice mailed by registered or certified mail, postage prepaid and return receipt requested, shall be deemed to have been duly delivered and received on the date of receipt shown on the return envelope.

12.3 Benefit and Binding Effect. Neither party may assign this Agreement without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

12.4 Further Assurances. The parties shall take any actions

and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement.

12.5 Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Maine.

12.6 Headings. The headings herein are included for ease of reference only and shall not control or affect the meaning or construction of the provisions of this Agreement.

12.7 Entire Agreement. This Agreement and the Attachments collectively represent the entire understanding and agreement between Cavan and Lobster with respect to the subject matter hereof. This Agreement supersedes all prior negotiations between the parties and cannot be amended, supplemented, or changed except by an agreement in writing that makes specific reference to this Agreement and that is signed by the party against which enforcement of any such amendment, supplement, or modification is sought, except that Cavan may waive any provision of the Policy Statement orally.

12.8 Counterparts. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

12.9 Severability. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforce to the greatest extent permitted by law.

12.10 Miscellaneous. No attempted waiver of compliance with any provision or condition hereof, or consent pursuant hereto, will be effective unless evidenced by an instrument in writing by the party against whom the enforcement of any such waiver or consent is sought. Time is of the essence with respect to all obligations by the parties hereunder. This agreement may be amended only by an instrument in writing executed by the party against whom enforcement of the amendment is sought.

12.11 FCC Filings. The Parties agree to execute and file such copies of this Agreement and other Applications as may be necessary to comply with the Rules and Regulations of the FCC and obtain whatever approvals may be deemed necessary.

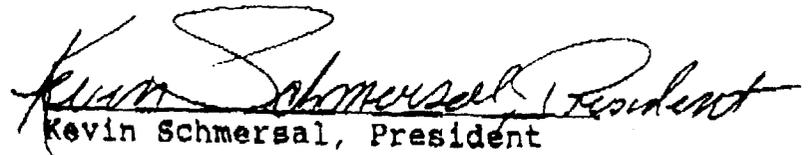
D. J. DALY, PC

IN WITNESS WHEREOF, this Agreement has been executed by  
Cavan and Lobster as of the date first written above.

CAVAN COMMUNICATIONS CORPORATION

  
J. Dominic Monahan, President

LOBSTER RADIO NETWORK, INC.

  
Kevin Schmersal, President

DOCKET FILE COPY ORIGINAL

**ORIGINAL  
RECEIVED**

**APR 13 1994**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

In the Matter of )  
 )  
Cavan Communications Corporation )  
 )  
Licensee of Station WTMS(AM) )  
Presque Isle, Maine )  
 )

**MM Docket No. 93-299**

**Administrative Law Judge  
Edward Luton**

**SUPPLEMENT TO ATTACHMENT N OF HEARING EXHIBITS**

RECEIVED

APR 13 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

CAVAN COMMUNICATIONS  
BALANCE SHEET  
AS OF DECEMBER 31, 1992

ASSETS	
Cash	10,233
Accounts receivable	5,106
Reserve for bad debts	(5,000)
	-----
	10,339
Fixed assets	
Land & improvements	14,332
Buildings	122,715
Transmitter equipment	168,966
Studio technical equip	95,849
Office equipment	16,349
	-----
	418,211
Acc. depreciation	(226,470)
	-----
	191,741
Other assets	
FCC license	25,000
Utility deposit	1,350
	-----
	26,350
TOTAL ASSETS	
	-----
	228,430
	-----
	*****
LIABILITIES & EQUITY	
Accounts payable	54,201
Accounts Payable-Trade	6,436
	-----
	60,637
Notes Payable	
Bank	293,657
Stockholders	278,663
	-----
	572,320
	-----
	632,957
Stockholders' Equity	
Capital Stock	73,750
Paid-in capital	125,000
Retained earnings	(558,702)
Net loss	(44,575)
	-----
	(404,527)
	-----
TOTAL LIABILITIES & EQUITY	
	-----
	228,430
	-----
	*****

**CAVAN COMMUNICATIONS**  
**INCOME STATEMENT**  
**YEAR ENDED DECEMBER 31, 1992**

-----

**REVENUES**

-----

Advertising	133,767	
Other	117,512	
	-----	251,279

**EXPENSES**

-----

Salaries-announcers	35,144	
Royalties & license fees	7,956	
Sports	5,319	
Other Programming Expense	977	
	-----	
Total programming		49,396

Electricity	28,832	
Tubes	2,209	
Repairs & maintenance	986	
Outside Engineering	1,083	
Depreciation		
Technical equipment	8,000	
Transmitter equipment	12,000	
	-----	
Total engineering		53,110

Salaries-sales	31,845	
Commissions-Agencies	9,096	
Advertising	2,035	
Sales promotion	4,345	
Sales travel	4,337	
Other sales expense	1,111	
	-----	
Total sales		52,769

Salaries-administrative	29,835	
Travel	1,134	
Payroll taxes	10,624	
Repairs & maintenance	2,349	
Consultants fees	2,755	
Telephone	12,554	
Office supplies & expenses	1,583	
Postage & freight	1,091	
Insurance	11,457	
Depreciation	5,000	
Canadian discounts	6,914	
Rent	2,821	
Interest	29,692	

Bad debts	6,299
Other	1,178
Advertising Tradeouts	1,873
Property Taxes	11,915
Utilities	1,505

Total general & admin.

-----  
140,579  
-----

295,854  
-----

Net loss

(44,575)  
-----  
-----

For calendar year 1991, or tax year beginning ....., 1991, and ending ....., 19 .....

**1991**

▶ See separate instructions.

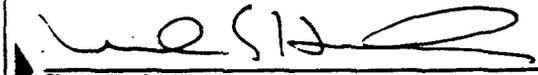
A Date of election as an S corporation <b>NOV 1 '87</b>	Use IRS label. Otherwise, please print or type.	Name <b>CAVAN COMMUNICATIONS INC</b>	C Employer identification number <b>01-0430870</b>
		Number, street, and room or suite no. (If a P.O. box, see page 8 of the instructions.) <b>PO Box 1177</b>	D Date incorporated <b>9-10-87</b>
		City or town, state, and ZIP code <b>PRISQUE ISLE ME 04769</b>	E Total assets (see Specific Instructions) <b>\$ 345279</b>

F Check applicable boxes: (1)  Initial return (2)  Final return (3)  Change in address (4)  Amended return  
 G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) . ▶   
 H Enter number of shareholders in the corporation at end of the tax year . . . . . ▶

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	Gross receipts or sales		b	Less returns and allowances		c	Bal	1c	<b>507072</b>
	2	Cost of goods sold (Schedule A, line 8)		2					2	
	3	Gross profit. Subtract line 2 from line 1c		3					3	<b>507072</b>
	4	Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)		4					4	
	5	Other income (see instructions) (attach schedule)		5					5	
	6	Total income (loss). Combine lines 3 through 5		6					6	<b>507072</b>
Deductions (See instructions for limitations.)	7	Compensation of officers		7					7	
	8a	Salaries and wages		b	Less jobs credit		c	Bal	8c	<b>224026</b>
	9	Repairs		9					9	<b>5987</b>
	10	Bad debts		10					10	<b>9546</b>
	11	Rents		11					11	<b>2729</b>
	12	Taxes		12					12	<b>29278</b>
	13	Interest		13					13	<b>45525</b>
	14a	Depreciation (see instructions)		14a	<b>47892</b>					
	b	Depreciation claimed on Schedule A and elsewhere on return		14b						
	c	Subtract line 14b from line 14a		14c					14c	<b>47892</b>
	15	Depletion (Do not deduct oil and gas depletion.)		15					15	
	16	Advertising		16					16	<b>9120</b>
	17	Pension, profit-sharing, etc., plans		17					17	
	18	Employee benefit programs		18					18	
	19	Other deductions (attach schedule)		19					19	<b>218327</b>
20	Total deductions. Add lines 7 through 19		20					20	<b>592430</b>	
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6		21					21	<b>(85308)</b>	
Tax and Payments	22	Tax:								
	a	Excess net passive income tax (attach schedule)		22a						
	b	Tax from Schedule D (Form 1120S)		22b						
	c	Add lines 22a and 22b (see instructions for additional taxes)		22c					22c	
	23	Payments:								
	a	1991 estimated tax payments		23a						
	b	Tax deposited with Form 7004		23b						
	c	Credit for Federal tax on fuels (attach Form 4136)		23c						
	d	Add lines 23a through 23c		23d					23d	
	24	Estimated tax penalty (see page 3 of instructions). Check if Form 2220 is attached . . . ▶ <input type="checkbox"/>		24					24	
25	Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment . . . ▶		25					25		
26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶		26					26		
27	Enter amount of line 26 you want credited to 1992 estimated tax ▶		27					27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Please Sign Here**  
 Signature of officer:  Date: **3-13-92** Title: **VP**

**Paid Preparer's Use Only**  
 Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check if self-employed   
 Firm's name (or yours if self-employed) and address: \_\_\_\_\_ E.I. No. \_\_\_\_\_ Preparer's social security number: \_\_\_\_\_  
 ZIP code: \_\_\_\_\_

**Schedule A Cost of Goods Sold (See instructions.)**

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8	

9a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Writedown of "subnormal" goods as described in Regulations section 1.471-2(c)
- (iv)  Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. **9c** | |

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.

**Schedule B Other Information**

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state your principal: (a) Business activity ▶ <u>TRADING BROADCASTING</u> (b) Product or service ▶ <u>ADVERTISING</u>		
3 Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		✓
4 Were you a member of a controlled group subject to the provisions of section 1561?		✓
5 At any time during the tax year, did you have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		✓
6 Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		✓
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter. ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$.....		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions). ▶ <input type="checkbox"/>		

**Designation of Tax Matters Person (See instructions.)**

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ WALTER HAMSHER Identifying number of TMP ▶ 104-34-2155

Address of designated TMP ▶ 1942 ROCKINGHAM STREET Mc LEAN VA 22101

**Shareholders' Shares of Income, Credits, Deductions, etc.**

		(a) Pro rata share items	(b) Total amount
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 (85358)
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a	Gross income from other rental activities	3a
	b	Less expenses (attach schedule)	3b
	c	Net income (loss) from other rental activities	3c
	4	Portfolio income (loss):	
	a	Interest income	4a
	b	Dividend income	4b
	c	Royalty income	4c
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
Deductions	e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e
	f	Other portfolio income (loss) (attach schedule)	4f
	5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5
	6	Other income (loss) (attach schedule)	6
Investment Interest	7	Charitable contributions (see instructions) (attach list)	7
	8	Section 179 expense deduction (attach Form 4562)	8
	9	Deductions related to portfolio income (loss) (see instructions) (itemize)	9
	10	Other deductions (attach schedule)	10
Credits	11a	Interest expense on investment debts	11a
	b (1)	Investment income included on lines 4a through 4f above	11b(1)
	(2)	Investment expenses included on line 9 above	11b(2)
	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a
	b	Low-income housing credit (see instructions):	
	(1)	From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)
	(2)	Other than on line 12b(1) for property placed in service before 1990	12b(2)
	(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)
	(4)	Other than on line 12b(3) for property placed in service after 1989	12b(4)
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c
Adjustments and Tax Preference Items	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d
	e	Credits related to other rental activities (see instructions)	12e
	13	Other credits (see instructions)	13
	14a	Accelerated depreciation of real property placed in service before 1987	14a
	b	Accelerated depreciation of leased personal property placed in service before 1987	14b
	c	Depreciation adjustment on property placed in service after 1986	14c
	d	Depletion (other than oil and gas)	14d
Foreign Taxes	e (1)	Gross income from oil, gas, or geothermal properties	14e(1)
	(2)	Deductions allocable to oil, gas, or geothermal properties	14e(2)
	f	Other adjustments and tax preference items (attach schedule)	14f
	15a	Type of income ▶	
	b	Name of foreign country or U.S. possession ▶	
	c	Total gross income from sources outside the United States (attach schedule)	15c
	d	Total applicable deductions and losses (attach schedule)	15d
Other	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e
	f	Reduction in taxes available for credit (attach schedule)	15f
	g	Other foreign tax information (attach schedule)	15g
	16a	Total expenditures to which a section 56(e) election may apply	16a
b	Type of expenditures ▶		
17	Total property distributions (including cash) other than dividends reported on line 19 below	17	
18	Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)		
19	Total dividend distributions paid from accumulated earnings and profits	19	
20	Income (loss) (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16a	20	

Schedule L Balance Sheets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		4164		6687
2a Trade notes and accounts receivable	81081		99401	
b Less allowance for bad debts		81081	5000	94401
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)		6250		
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	411863		412201	
b Less accumulated depreciation	(16000)	251083	(208,692)	203509
11a Depletable assets				
b Less accumulated depletion		14332		14332
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)		81623		26350
15 Total assets		438533		345279
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable		101921		105452
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)		16455		325
19 Loans from shareholders		204000		282609
20 Mortgages, notes, bonds payable in 1 year or more		51575		316845
21 Other liabilities (attach schedule)				
22 Capital stock		73750		73750
23 Paid-in or capital surplus				125000
24 Retained earnings		(473344)		(558702)
25 Less cost of treasury stock		( )		( )
26 Total liabilities and shareholders' equity		438533		345279

**Schedule M-1 Reconciliation of Income per Books With Income per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income per books	(85358)	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16a (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16a, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$			
4 Add lines 1 through 3	(85358)	7 Add lines 5 and 6	
		8 Income (loss) (Schedule K, line 20). Line 4 less line 7	(85358)

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	(473344)		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21	(85358)		
5 Other reductions	( )	( )	
6 Combine lines 1 through 5	(558702)		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	(558702)		

**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach this form to your return.

Attachment  
Sequence No. 67

Name(s) shown on return

**CAVAY COMMUNICATIONS INC**

Identifying number  
**01-0430870**

Business or activity to which this form relates

**RADIO BROADCASTING**

**Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V.)**

1	Maximum dollar limitation (see instructions)	1	\$10,000
2	Total cost of section 179 property placed in service during the tax year (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation—Subtract line 3 from line 2, but do not enter less than -0-	4	
5	Dollar limitation for tax year—Subtract line 4 from line 1, but do not enter less than -0-	5	
6	(a) Description of property	(b) Cost	(c) Elected cost
7	Listed property—Enter amount from line 26	7	
8	Total elected cost of section 179 property—Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction—Enter the lesser of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1990 (see instructions)	10	
11	Taxable income limitation—Enter the lesser of taxable income or line 5 (see instructions)	11	
12	Section 179 expense deduction—Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 1992—Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for automobiles, certain other vehicles, cellular telephones, computers, or property used for entertainment, recreation, or amusement (listed property). Instead, use Part V for listed property.

**Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1991 Tax Year (Do Not Include Listed Property)**

(a) Classification of property	(b) Mo. and yr. placed in service	(c) Basis for depreciation (Business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
<b>14 General Depreciation System (GDS) (see instructions):</b>						
a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	Residential rental property		27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
h	Nonresidential real property		31.5 yrs.	MM	S/L	
			31.5 yrs.	MM	S/L	
<b>15 Alternative Depreciation System (ADS) (see instructions):</b>						
a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

**Part III Other Depreciation (Do Not Include Listed Property)**

16	GDS and ADS deductions for assets placed in service in tax years beginning before 1991 (see instructions)	16	
17	Property subject to section 168(f)(1) election (see instructions)	17	
18	ACRS and other depreciation (see instructions)	18	<b>47892</b>

**Part IV Summary**

19	Listed property—Enter amount from line 25	19	
20	Total—Add deductions on line 12, lines 14 and 15 in column (g), and lines 16 through 19. Enter here and on the appropriate lines of your return. (Partnerships and S corporations—see instructions)	20	<b>47892</b>
21	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions)	21	

	1	2	3	4
1	PAGE 1, LINE 19, OTHER DEDUCTIONS			
2	RECORDS AND TRANSCRIPTIONS		606	
3	ROYALTIES & LICENSE FEES		21782	
4	SPOTS		7972	
5	OUTSIDE TALENT		1005	
6	OUTSIDE PROGRAMMING		3289	
7	ELECTRICITY		30140	
8	TUBES		2078	
9	UTILITIES		1702	
10	OUTSIDE ENGINEERING		6499	
11	COMMISSIONS - AGENCIES		4691	
12	SALES PROMOTION		4909	
13	SALES TRAVEL		9131	
14	OTHER SALES EXPENSE		10373	
15	MANAGER'S EXPENSE		930	
16	CONSULTANTS FEES		29971	
17	TELEPHONE		30908	
18	OFFICE SUPPLIES & EXPENSE		7489	
19	POSTAGE & FREIGHT		1774	
20	INSURANCE		17030	
21	CANADIAN DISCOUNTS		21856	
22	OTHER		4192	
23				218327
24				
25				
26	PAGE 4, SCHEDULE L, LINE 14, OTHER		BEGIN	END
27	CURRENT ASSETS			
28	DEFERRED CONSULTANCY		55273	-
29	FCC LICENSE		25000	25000
30	UTILITY DEPOSIT		1350	1350
31			81623	26350
32				
33	PAGE 4, SCHEDULE L, LINE 14, OTHER			
34	CURRENT LIABILITIES			
35	TAXES WITHHELD & PAYABLE		16455	325
36				
37				
38				
39				
40				

Department of the Treasury  
Internal Revenue Service

For calendar year 1992, or tax year beginning 1992, and ending 1992  
▶ See separate instructions.

**1992**

A Date of election as an S corporation <b>NOV 1 '87</b>	Use IRS label. Otherwise, please print or type.	Name <b>CAVAN COMMUNICATIONS INC</b>	C Employer identification number <b>01-0430870</b>
		Number, street, and room or suite no. (if a P.O. box, see page 8 of the instructions.) <b>PO Box 1177</b>	D Date incorporated <b>9-10-87</b>
B Business code no. (see Specific Instructions) <b>4830</b>		City or town, state, and ZIP code <b>PORSOUVE ISLE, ME 04769</b>	E Total assets (see Specific Instructions) <b>\$ 228430</b>

F Check applicable boxes: (1)  Initial return (2)  Final return (3)  Change in address (4)  Amended return  
 G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) ▶   
 H Enter number of shareholders in the corporation at end of the tax year ▶

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	b Less returns and allowances	c Bal ▶	1c	<b>251279</b>
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	<b>251279</b>
	4 Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)			4	
	5 Other income (loss) (see instructions) (attach schedule)			5	
	6 Total income (loss). Combine lines 3 through 5			6	<b>251279</b>
Deductions (See instructions for limitations.)	7 Compensation of officers			7	
	8a Salaries and wages	b Less jobs credit	c Bal ▶	8c	<b>96824</b>
	9 Repairs			9	<b>3335</b>
	10 Bad debts			10	<b>6299</b>
	11 Rents			11	<b>2821</b>
	12 Taxes			12	<b>22539</b>
	13 Interest			13	<b>29692</b>
	14a Depreciation (see instructions)	14a	<b>25000</b>		
	b Depreciation claimed on Schedule A and elsewhere on return	14b			
	c Subtract line 14b from line 14a			14c	<b>25000</b>
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	<b>8253</b>
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (see instructions) (attach schedule)			19	<b>101091</b>
20 Total deductions. Add lines 7 through 19			20	<b>295854</b>	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6			21	<b>(44575)</b>	
Tax and Payments	22 Tax:				
	a Excess net passive income tax (attach schedule)	22a			
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)			22c	
	23 Payments:				
	a 1992 estimated tax payments	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for Federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c			23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached. ▶ <input type="checkbox"/>			24	
25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depository method of payment ▶			25		
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶			26		
27 Enter amount of line 26 you want credited to 1993 estimated tax ▶			27		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

Paid Preparer's Use Only

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's social security number \_\_\_\_\_  
 Firm's name (or yours if self-employed) and address \_\_\_\_\_ E.I. No. \_\_\_\_\_  
 ZIP code \_\_\_\_\_

Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	
2	Purchases	
3	Cost of labor	
4	Additional section 263A costs (see instructions) (attach schedule)	
5	Other costs (attach schedule)	
6	Total. Add lines 1 through 5	
7	Inventory at end of year	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	

9a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Writedown of "subnormal" goods as described in Regulations section 1.471-2(c)
- (iv)  Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO.  %

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.  Yes  No

Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state the corporation's principal: (a) Business activity ▶ <u>RADIO BROADCASTING</u> (b) Product or service ▶ <u>ADVERTISING</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		✓
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		✓
5 At any time during calendar year 1992, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		✓
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.		✓
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter. <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions). <input type="checkbox"/>		
11 Was this corporation in operation at the end of 1992? <input checked="" type="checkbox"/>	✓	
12 How many months in 1992 was this corporation in operation? <u>12</u>		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ WALTER HANSHWER Identifying number of TMP ▶ 164-34-2155

Address of designated TMP ▶ 1942 ROCKINGHAM ST McLENN, VA 22101

**Shareholders' Shares of Income, Credits, Deductions, etc.**

		(a) Pro rata share items	(b) Total amount
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1
	2	Net income (loss) from rental real estate activities (attach Form 9825)	2
	3a	Gross income from other rental activities	3a
		3b	Expenses from other rental activities (attach schedule)
	3c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4	Portfolio income (loss):	
	4a	Interest income	4a
	4b	Dividend income	4b
	4c	Royalty income	4c
	4d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
4e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e	
4f	Other portfolio income (loss) (attach schedule)	4f	
5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5	
6	Other income (loss) (attach schedule)	6	
Deductions	7	Charitable contributions (see instructions) (attach schedule)	7
	8	Section 179 expense deduction (attach Form 4562)	8
	9	Deductions related to portfolio income (loss) (see instructions) (itemize)	9
	10	Other deductions (attach schedule)	10
Investment Interest	11a	Interest expense on investment debts	11a
	11b(1)	(1) Investment income included on lines 4a through 4f above	11b(1)
	11b(2)	(2) Investment expenses included on line 9 above	11b(2)
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a
	12b	Low-income housing credit (see instructions):	
		(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)
		(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)
		(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)
	12b(4)	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)
	12c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c
	12d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d
12e	Credits related to other rental activities (see instructions)	12e	
13	Other credits (see instructions)	13	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a
	14b	Adjusted gain or loss	14b
	14c	Depletion (other than oil and gas)	14c
	14d(1)	(1) Gross income from oil, gas, or geothermal properties	14d(1)
	14d(2)	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)
	14e	Other adjustments and tax preference items (attach schedule)	14e
Foreign Taxes	15a	Type of income ▶	
	15b	Name of foreign country or U.S. possession ▶	
	15c	Total gross income from sources outside the United States (attach schedule)	15c
	15d	Total applicable deductions and losses (attach schedule)	15d
	15e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e
	15f	Reduction in taxes available for credit (attach schedule)	15f
	15g	Other foreign tax information (attach schedule)	15g
Other	16a	Total expenditures to which a section 59(e) election may apply	16a
	16b	Type of expenditures ▶	
	17	Tax-exempt interest income	17
	18	Other tax-exempt income	18
	19	Nondeductible expenses	19
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20
	21	Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)	
	22	Total dividend distributions paid from accumulated earnings and profits	22
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15a, and 16a	23	

44575

Balance Sheets	Beginning of tax year		End of tax year	
	(M)	(M)	(M)	(M)
<b>Assets</b>				
1 Cash		6687		10233
2a Trade notes and accounts receivable	99401		5106	
b Less allowance for bad debts	5000	94401	5000	196
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	412201		403879	
b Less accumulated depreciation	(208,692)	203509	(226470)	177409
11a Depreciable assets				
b Less accumulated depletion				
12 Land (net of any amortization)		14332		14332
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)		26350		26350
15 Total assets		345279		228430
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable		105452		60637
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)		325		
19 Loans from shareholders		282609		278663
20 Mortgages, notes, bonds payable in 1 year or more		316845		293657
21 Other liabilities (attach schedule)				
22 Capital stock		73750		73750
23 Paid-in or capital surplus		125000		125000
24 Retained earnings		(558702)		(603277)
25 Less cost of treasury stock		( )		( )
26 Total liabilities and shareholders' equity		345279		228430

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	(44575)	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16a (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16a, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$		7 Add lines 5 and 6	
4 Add lines 1 through 3	(44575)	8 Income (loss) (Schedule K, line 23), Line 4 less line 7	(44575)

**Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	(558702)		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21	(44575)		
5 Other reductions	( )	( )	
6 Combine lines 1 through 5			
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	(603277)		

**Depreciation and Amortization**  
(Including information on Listed Property)

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach this form to your return.

**1992**  
Attachment  
Sequence No. 67

Name(s) shown on return **CAVAN COMMUNICATIONS**

Identifying number  
**01-0430870**

Business or activity to which this form relates  
**RADIO BROADCASTING**

**Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)**

1	Maximum dollar limitation (see instructions)	1	\$10,000
2	Total cost of section 179 property placed in service during the tax year (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2, but do not enter less than -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1, but do not enter less than -0-	5	
6	(a) Description of property	(b) Cost	(c) Elected cost
7	Listed property. Enter amount from line 26	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1991 (see instructions)	10	
11	Taxable income limitation. Enter the smaller of taxable income or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 1993. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for automobiles, certain other vehicles, cellular telephones, computers, or property used for entertainment, recreation, or amusement (listed property). Instead, use Part V for listed property.

**MACRS Depreciation For Assets Placed in Service ONLY During Your 1992 Tax Year (Do Not Include Listed Property)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
<b>14 General Depreciation System (GDS) (see instructions):</b>						
a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g Residential rental property			27.5 yrs.	MM	S/L	
h Nonresidential real property			31.5 yrs.	MM	S/L	
<b>15 Alternative Depreciation System (ADS) (see instructions):</b>						
a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Other Depreciation (Do Not Include Listed Property)**

16	GDS and ADS deductions for assets placed in service in tax years beginning before 1992 (see instructions)	16	
17	Property subject to section 169(f)(1) election (see instructions)	17	
18	ACRS and other depreciation (see instructions)	18	25000

**Summary**

19	Listed property. Enter amount from line 25	19	
20	Total. Add deductions on line 12, lines 14 and 15 in column (g), and lines 16 through 19. Enter here and on the appropriate lines of your return. (Partnerships and S corporations—see instructions)	20	25000
21	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions)	21	

	1	2	3	4
<b>PAGE 1, LINE 19, OTHER DEDUCTIONS</b>				
ROYALTIES & LICENSE FEES			7956	
SPORTS PROGRAMMING			5319	
OTHER PROGRAMMING			977	
ELECTRICITY			28832	
TUBES			2209	
OUTSIDE ENGINEERING			1083	
COMMISSIONS			9096	
INSURANCE			11457	
CANADIAN DISCOUNTS			6914	
SALES TRAVEL			4337	
OTHER SALES EXPENSE			1111	
ADMINISTRATIVE TRAVEL			1124	
CONSULTING			2755	
TELEPHONE			12554	
OFFICE SUPPLIES & EXPENSE			1583	
POSTAGE & FREIGHT			1091	
UTILITIES			1505	
MISCELLANEOUS			1178	
				<u>101091</u>
			<u>BEGIN</u>	<u>END</u>
<b>SCHEDULE L, LINE 14, OTHER CURRENT ASSETS</b>				
FCC LICENSE			25000	25000
UTILITY DEPOSIT			1350	1350
			<u>26350</u>	<u>26350</u>

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has elected to be an S corporation. Form 1120S is elect to be an S corporation. See separate instructions.

1993

For calendar year 1993, or tax year beginning 1993, and ending 1993

<b>A</b> Date of election as an S corporation NOV 1 '87	<b>Use IRS label. Otherwise, please print or type.</b>	<b>Name</b> CAVAN COMMUNICATIONS, INC.	<b>C</b> Employer identification number 01-0430870
<b>B</b> Business code no. (see Specific Instructions) 4830		<b>Number, street, and room or suite no. (if a P.O. box, see page 9 of the instructions.)</b> PO BOX 1177	<b>D</b> Date incorporated 9-10-87
		<b>City or town, state, and ZIP code</b> PRESQUE ISLE, ME.	<b>E</b> Total assets (see Specific Instructions) \$ 214559

**F** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Change in address (4)  Amended return

**G** Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box)

**H** Enter number of shareholders in the corporation at end of the tax year  4

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

<b>Income</b>	1a	Gross receipts or sales		b	Less returns and allowances		c	Bal	1c	148410
	2	Cost of goods sold (Schedule A, line 8)							2	
	3	Gross profit. Subtract line 2 from line 1c							3	148410
	4	Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)							4	
	5	Other income (loss) (see instructions) (attach schedule)							5	
	6	Total income (loss). Combine lines 3 through 5							6	148410
<b>Deductions (See instructions for limitations.)</b>	7	Compensation of officers							7	
	8a	Salaries and wages		b	Less employment credits		c	Bal	8c	32681
	9	Repairs and maintenance							9	7367
	10	Bad debts							10	
	11	Rents							11	4732
	12	Taxes and licenses							12	10286
	13	Interest							13	23627
	14a	Depreciation (see instructions)		14a	15000					
		b Depreciation claimed on Schedule A and elsewhere on return		14b						
		c Subtract line 14b from line 14a							14c	15000
	15	Depletion (Do not deduct oil and gas depletion.)							15	
16	Advertising							16		
17	Pension, profit-sharing, etc., plans							17		
18	Employee benefit programs							18		
19	Other deductions (see instructions) (attach schedule)							19	49167	
20	Total deductions. Add lines 7 through 19							20	142857	
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6							21	5553	
<b>Tax and Payments</b>	22	Tax: a Excess net passive income tax (attach schedule)	22a							
		b Tax from Schedule D (Form 1120S)	22b							
		c Add lines 22a and 22b (see instructions for additional taxes)							22c	
	23	Payments: a 1993 estimated tax payments	23a							
		b Tax deposited with Form 7004	23b							
		c Credit for Federal tax paid on fuels (attach Form 4136)	23c							
		d Add lines 23a through 23c							23d	
24	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>							24		
25	Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depository method of payment							25		
26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid							26		
27	Enter amount of line 26 you want credited to 1994 estimated tax							27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than employee) is based on all information of which preparer has any knowledge.

**Please Sign Here**

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's social security number \_\_\_\_\_

Firm's name (or yours if self-employed) and address \_\_\_\_\_ E.I. No. \_\_\_\_\_ ZIP code \_\_\_\_\_

**Schedule B** Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory:

(i)  Cost

(ii)  Lower of cost or market as described in Regulations section 1.471-4

(iii)  Writedown of "subnormal" goods as described in Regulations section 1.471-2(c)

(iv)  Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). ▶

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9c

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.

**Schedule B** Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state the corporation's principal: (a) Business activity ▶ <u>RADIO BROADCASTING</u> (b) Product or service ▶ <u>ADVERTISING</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		✓
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		✓
5 At any time during calendar year 1993, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		✓
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year; whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.		✓
7 Check this box if the corporation has filed or is required to file Form 8284, Application for Registration of a Tax Shelter. ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions) ▶ <input type="checkbox"/>		

**Designation of Tax Matters Person (See instructions.)**

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ WALTER HAMSWER Identifying number of TMP ▶ 164-34-2155

Address of designated TMP ▶ 1942 ROCKINGHAM ST. McLEAW VA 22101