

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements  
and Schedule

December 31, 1991 and 1990

(With Independent Auditors' Report Thereon)

---



Peat Marwick

Certified Public Accountants

601 West Fifth Avenue  
Suite 700  
Anchorage, AK 99501-2258

Independent Auditors' Report

The Council Members  
Regional Citizens' Advisory Council, Inc.:

We have audited the accompanying balance sheets of the Regional Citizens' Advisory Council, Inc. as of December 31, 1991 and 1990, and the related statements of revenues, expenses and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Citizens' Advisory Council, Inc. as of December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*KPMG Peat Marwick*

May 8, 1992



Member Firm of  
Klynveld Peat Marwick Goerdeler

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheets

December 31, 1991 and 1990

| <u>Assets</u>  | <u>1991</u>         | <u>1990</u>      |
|--|---------------------|------------------|
| Cash and cash equivalents  | \$ 2,150,453        | 1,534,997        |
| Prepaid expenses and other assets  | 31,680              | 31,384           |
| Equipment, fixtures and leasehold improvements, net of<br>accumulated depreciation of \$46,303 in 1991 and<br>\$9,237 in 1990 (note 3) | <u>154,604</u>      | <u>143,485</u>   |
|  | <u>\$ 2,336,737</u> | <u>1,709,866</u> |
| <u>Liabilities and Fund Balance</u>  |                     |                  |
| Liabilities:   |                     |                  |
| Accounts payable   | 128,085             | 6,960            |
| Accrued liabilities  | 26,038              | 3,259            |
| Deferred revenue (note 1)  | <u>1,972,218</u>    | <u>1,620,636</u> |
| Total liabilities  | <u>2,126,341</u>    | <u>1,630,855</u> |
| Fund balance   | 210,396             | 79,011           |
| Commitments (note 2)   |                     |                  |
|  | <u>\$ 2,336,737</u> | <u>1,709,866</u> |

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statements of Revenues, Expenses and Changes in Fund Balance

Years ended December 31, 1991 and 1990

|  | <u>1991</u>       | <u>1990</u>    |
|--|-------------------|----------------|
| <b>Revenues:</b>                                 |                   |                |
| Alyeska Pipeline Service Company income (note 1) | \$ 1,756,618      | 379,364        |
| Interest income                                  | <u>131,385</u>    | <u>79,011</u>  |
| Total revenues                                   | <u>1,888,003</u>  | <u>458,375</u> |
| <b>Expenses:</b>                                 |                   |                |
| Program:   |                   |                |
| Terminal operations and environmental monitoring | 325,867           | 4,305          |
| Oil spill prevention/response                    | 503,067           | 24,861         |
| Port operations and vessel traffic systems       | 254,926           | 8,594          |
| Scientific advisory committee                    | 223,780           | 2,612          |
| Education  | 90,306            | 12,585         |
| Legislative                                      | <u>14,415</u>     | <u>-</u>       |
| Total program                                    | <u>1,412,361</u>  | <u>52,957</u>  |
| General and administrative                       | <u>344,257</u>    | <u>326,407</u> |
| Total expenses                                   | <u>1,756,618</u>  | <u>379,364</u> |
| Excess of revenues over expenses                 | 131,385           | 79,011         |
| Fund balance at beginning of year                | <u>79,011</u>     | <u>-</u>       |
| Fund balance at end of year                      | <u>\$ 210,396</u> | <u>79,011</u>  |

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statements of Cash Flows

Years ended December 31, 1991 and 1990

|   | <u>1991</u>         | <u>1990</u>      |
|---|---------------------|------------------|
| Cash flows from operating activities:   |                     |                  |
| Excess of revenues over expenses  | \$ 131,385          | 79,011           |
| Adjustments to reconcile excess of revenues<br>over expenses to net cash provided by<br>operating activities: |                     |                  |
| Depreciation  | 37,066              | 9,237            |
| Changes in assets and liabilities:  |                     |                  |
| Increase in prepaid expenses and deposits   | (296)               | (31,384)         |
| Increase in accounts payable  | 121,125             | 6,960            |
| Increase in accrued liabilities   | 22,779              | 3,259            |
| Increase in deferred revenue  | <u>351,582</u>      | <u>1,620,636</u> |
| Net cash provided by<br>operating activities  | 663,641             | 1,687,719        |
| Cash flows from investing activities - additions to<br>equipment, fixtures and leasehold improvements         | <u>(48,185)</u>     | <u>(152,722)</u> |
| Net increase in cash and<br>cash equivalents  | 615,456             | 1,534,997        |
| Cash and cash equivalents at beginning of year  | <u>1,534,997</u>    | <u>-</u>         |
| Cash and cash equivalents at end of year  | <u>\$ 2,150,453</u> | <u>1,534,997</u> |

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

December 31, 1991 and 1990

(1) Organization, Purpose and Summary of Significant Accounting Policies

The Regional Citizens' Advisory Council, Inc. (Council) is a nonprofit corporation consisting of representatives throughout Prince William Sound and the Gulf of Alaska. After the Exxon Valdez oil spill, Alyeska Pipeline Service Company entered into a contract with the Council to provide funds for oversight, monitoring, assessment and evaluation of oil spill prevention, safety and response plans, terminal and oil tanker operations, and the environmental impacts of oil related operations in Prince William Sound.

On February 8, 1990, the Council and Alyeska signed a contract which obligates Alyeska to provide the Council with a minimum of \$2,000,000 per year, adjusted annually for inflation. This fund is restricted for use in the review and monitoring of the Plan as well as the involvement and education of citizens in oil spill prevention. The contract will continue as long as oil continues to flow through the Trans Alaska Pipeline System. Any unspent and unencumbered Alyeska-provided funds remaining at the termination of this contract shall be returned to Alyeska.

In order to accomplish the Plan's goals, the Council has established the following programs:

- Terminal Operations and Environmental Monitoring
- Oil Spill Prevention/Response
- Port Operations and Vessel Traffic Systems
- Scientific Advisory Committee
- Education
- Legislative

The Council's operations for the year ended December 31, 1990 were limited to the development and implementation of the Plan and therefore do not reflect a full year's activities.

Basis of Presentation

The Council reports in accordance with the American Institute of Certified Public Accountants Statement of Position 78-10, Accounting Principles and Reporting Practices for Certain Nonprofit Organizations. Consistent with the principles of this Statement and to facilitate the observance of restrictions placed on the use of resources available to the Council, the accounts and records are maintained on a fund-accounting basis. Funds are established to account for specified activities or objectives, and each fund comprises a self-balancing group of accounts in which are recorded its assets, liabilities, fund equity, revenue, and expenses.

(Continued)

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Notes to Financial Statements

Revenue Recognition

Grant revenues are deemed to be earned when the Council has incurred eligible operating expenditures, as defined by the contract between Alyeska and the Council. Amounts received, but not yet earned, are reported as deferred revenue. Interest revenue is recognized as it is earned.

Equipment, Fixtures and Leasehold Improvements

Equipment and fixtures are recorded at cost and depreciated by the straight-line method over their estimated useful life, which is generally five years. Leasehold improvements are recorded at cost and depreciated over the life of the three-year lease.

Income Taxes

The Council has received a favorable determination from the Internal Revenue Service and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Allocation of Expense

General and administrative expenses are allocated to programs based on the level of services provided as well as the payroll burden of each program.

Cash Equivalents

For purposes of the statement of cash flows, short-term investments with a maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents include cash on hand, checking accounts, savings accounts, and repurchase agreements.

(2) Operating Lease

During 1990 the Council entered into a lease agreement for office space which expires June 1, 1993. This lease includes an option for a two-year extension and has future minimum rental payments as follows:

| <u>Year ending<br/>December 31</u> | <u>Amount</u>    |
|------------------------------------|------------------|
| 1992                               | \$ 48,352        |
| 1993                               | <u>16,600</u>    |
|                                    | \$ <u>64,952</u> |

(Continued)

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Notes to Financial Statements

(3) Equipment, Fixtures and Leasehold Improvements

A summary of equipment, fixtures and leasehold improvements at December 31 follows:

|                               | <u>1991</u>       | <u>1990</u>    |
|-------------------------------|-------------------|----------------|
| Equipment                     | \$ 146,543        | 116,128        |
| Fixtures                      | 49,615            | 34,096         |
| Leasehold improvements        | 4,749             | 2,498          |
|                               | <u>200,907</u>    | <u>152,722</u> |
| Less accumulated depreciation | <u>46,303</u>     | <u>9,237</u>   |
|                               | <u>\$ 154,604</u> | <u>143,485</u> |



## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Schedule of Functional Expenses

Years ended December 31, 1991 and 1990

|  | General and<br>Administrative | Terminal<br>Operations<br>and<br>Environmental<br>Monitoring | Oil Spill<br>Prevention/<br>Response | Port<br>Operations<br>and Vessel<br>Traffic<br>Systems | Scientific<br>Advisory<br>Committee | Education     | Legislative   | Totals           |
|--|-------------------------------|--|--------------------------------------|--|-------------------------------------|---------------|---------------|------------------|
| Travel, lodging and meals                  | \$ 91,341                     | 29,963   | 86,788                               | 32,267   | 28,502                              | 2,358         | 4,028         | 275,247          |
| Other professional<br>services             | 17,160                        | -  | 500                                  | -  | -                                   | -             | -             | 17,660           |
| Salaries and payroll<br>taxes              | 167,857                       | 81,173   | 48,798                               | 49,774   | 39,910                              | 29,101        | -             | 416,613          |
| Office supplies                            | 38,597                        | 9,524  | 3,121                                | 1,651  | 3,434                               | 560           | -             | 56,887           |
| Legal services                             | 102,448                       | -  | 9,377                                | -  | -                                   | -             | 2,338         | 114,163          |
| Rent                                       | 16,330                        | 4,632  | 5,174                                | 5,174  | 5,188                               | 5,174         | -             | 41,672           |
| Utilities                                  | 39,814                        | 10,288   | 1,533                                | 430  | 1,307                               | 5             | 50            | 53,427           |
| Accounting services                        | 34,084                        | -  | -                                    | -  | -                                   | -             | -             | 34,084           |
| Conference and meeting                     | 22,555                        | 6,703  | 31,559                               | 2,759  | 1,681                               | 1,476         | 1,126         | 67,859           |
| Advertising                                | 15,560                        | 4,028  | 20,880                               | 7,682  | 16,292                              | 9,528         | -             | 73,970           |
| Depreciation                               | 37,066                        | -  | -                                    | -  | -                                   | -             | -             | 37,066           |
| Equipment lease and<br>maintenance         | 27,863                        | 3,828  | 7,126                                | 2,127  | 2,429                               | 698           | 100           | 44,171           |
| Dues and subscriptions                     | 4,119                         | 150  | 536                                  | 112  | 87                                  | 497           | -             | 5,501            |
| Insurance                                  | 12,678                        | -  | -                                    | -  | -                                   | -             | -             | 12,678           |
| Postage                                    | 9,840                         | 1,521  | 112                                  | 129  | 121                                 | 4,883         | -             | 16,606           |
| Printing                                   | 6,474                         | 2,612  | 1,975                                | 856  | 9                                   | 5,442         | 29            | 17,397           |
| Library                                    | 3,495                         | 1,460  | 1,331                                | 723  | -                                   | 1,310         | 495           | 8,814            |
| Benefits                                   | 36,036                        | 18,018   | 10,811                               | 10,811   | 9,009                               | 5,405         | -             | 90,090           |
| Grants and contracts                       | 7,460                         | 64,053   | 141,279                              | 44,559   | 15,453                              | 6,692         | -             | 279,496          |
| Lobbying expenses                          | 15,350                        | -  | -                                    | -  | -                                   | -             | -             | 15,350           |
| Contract labor                             | 27,352                        | 3,400  | 25,140                               | -  | 746                                 | 4,546         | -             | 61,184           |
| Employee education                         | 2,282                         | 277  | 71                                   | 994  | 109                                 | 214           | -             | 3,947            |
| General and adminis-<br>trative allocation | (399,706)                     | 83,365   | 105,216                              | 94,111   | 98,348                              | 12,417        | 6,249         | -                |
| Miscellaneous                              | 8,202                         | 872  | 1,740                                | 767  | 1,155                               | -             | -             | 12,736           |
|  | <u>\$ 344,257</u>             | <u>325,867</u>   | <u>503,067</u>                       | <u>254,926</u>   | <u>223,780</u>                      | <u>90,306</u> | <u>14,415</u> | <u>1,756,618</u> |