

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements
and Schedules

December 31, 1992 and 1991

(With Independent Auditors' Report Thereon)

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, 1992 and 1991, 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, 1992 and 1991, 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 Schedules 1 and 2 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 3, 1993



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheets

December 31, 1992 and 1991

<u>Assets</u>	<u>1992</u>	<u>1991</u>
Cash and cash equivalents	\$ 2,238,511	2,150,453
Contracts receivable	25,867	-
Prepaid expenses and other assets	15,496	31,680
Equipment, fixtures and leasehold improvements, net of accumulated depreciation of \$92,343 in 1992 and \$46,303 in 1991 (note 3)	<u>156,588</u>	<u>154,604</u>
	<u>\$ 2,436,462</u>	<u>2,336,737</u>
 <u>Liabilities and Fund Balance</u> 		
Liabilities:		
Accounts payable	131,760	128,085
Accrued liabilities	37,172	26,038
Deferred revenue (note 1)	<u>1,962,021</u>	<u>1,972,218</u>
Total liabilities	<u>2,130,953</u>	<u>2,126,341</u>
Fund balance	305,509	210,396
Commitments (note 2)		
	<u>\$ 2,436,462</u>	<u>2,336,737</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, 1992 and 1991

	<u>1992</u>	<u>1991</u>
Revenues:		
Alyeska Pipeline Service Company income (note 1)	\$ 2,234,348	1,756,618
Interest income	95,113	131,385
Alaska Department of Environmental Conservation contract income	67,350	-
U.S. Coast Guard contract income	29,670	-
Total revenues	<u>2,426,481</u>	<u>1,888,003</u>
Expenses:		
Program:		
Terminal operations and environmental monitoring	371,600	325,867
Oil spill prevention/response	526,535	503,067
Port operations and vessel traffic systems	211,515	254,926
Scientific advisory committee	224,620	223,780
Education	155,318	90,306
Legislative	30,422	14,415
Total program	<u>1,520,010</u>	<u>1,412,361</u>
General and administrative	811,358	344,257
Total expenses	<u>2,331,368</u>	<u>1,756,618</u>
Excess of revenues over expenses	95,113	131,385
Fund balance at beginning of year	<u>210,396</u>	<u>79,011</u>
Fund balance at end of year	<u>\$ 305,509</u>	<u>210,396</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statements of Cash Flows

Years ended December 31, 1992 and 1991

	<u>1992</u>	<u>1991</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 95,113	131,385
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	46,040	37,066
Changes in assets and liabilities:		
Increase in receivables	(25,867)	-
Decrease (increase) in prepaid expenses and deposits	16,184	(296)
Increase in accounts payable	3,675	121,125
Increase in accrued liabilities	11,134	22,779
(Decrease) increase in deferred revenue	<u>(10,197)</u>	<u>351,582</u>
Net cash provided by operating activities	136,082	663,641
Cash flows from investing activities - additions to equipment, fixtures and leasehold improvements	<u>(48,024)</u>	<u>(48,185)</u>
Net increase in cash and cash equivalents	88,058	615,456
Cash and cash equivalents at beginning of year	<u>2,150,453</u>	<u>1,534,997</u>
Cash and cash equivalents at end of year	\$ <u>2,238,511</u>	<u>2,150,453</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

December 31, 1992 and 1991

(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 (Alyeska) 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
- Community Information and Education Committee
- Legislative

On April 8, 1993, the Council and Alyeska amended their contract. The amended contract provides the Council with \$2,224,000 per year for operational, technical studies and expert support for the years ending December 31, 1993, 1994 and 1995. The amended contract places certain specific restrictions on the types of lobbying activities in which the Council may participate.

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.

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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 contracts between Alyeska, Alaska Department of Environmental Conservation (ADEC), and the U.S. Coast Guard 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

In 1991, general and administrative expenses were allocated to programs based on the level of services provided as well as the payroll burden of each program. In 1992, management discontinued allocation of general and administrative expenses to programs. All general and administrative expenses not specifically identifiable to a program are recorded in the general and administrative function.

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 a future minimum rental payment in the amount of \$16,599 for the year ending December 31, 1993.

The Council rents additional office space on a month-to-month basis. Rent expense for the years ended December 31, 1992 and 1991 is \$52,049 and \$41,672, respectively.

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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>1992</u>	<u>1991</u>
Equipment	\$ 188,662	146,543
Fixtures	54,888	49,615
Leasehold improvements	5,381	4,749
	<u>248,931</u>	<u>200,907</u>
Less accumulated depreciation	<u>92,343</u>	<u>46,303</u>
	<u>\$ 156,588</u>	<u>154,604</u>

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Schedule of Functional Expenses

Year ended December 31, 1992

	General and Administrative	Terminal Operations and Environmental Monitoring	Oil Spill Prevention/ Response	Port Operations and Vessel Traffic Systems	Scientific Advisory Committee	Education	Legislative	Totals
Salaries and payroll taxes	\$ 308,966	116,238	94,989	79,810	87,392	61,552	-	748,947
Grants and contracts	17,000	156,186	214,665	50,250	64,980	12,636	23,290	539,007
Travel, lodging and meals	84,976	31,578	81,880	29,051	19,477	4,264	1,873	253,099
Legal services	89,134	-	56,316	-	-	-	2,663	148,113
Benefits	33,287	13,346	10,937	9,250	12,063	6,904	-	85,787
Conference and meetings	34,895	3,145	14,487	3,852	8,231	2,208	-	66,818
Utilities	32,370	13,272	8,712	9,338	1,732	687	95	66,206
Rent	20,665	5,952	8,613	4,942	7,767	4,110	-	52,049
Depreciation	46,040	-	-	-	-	-	-	46,040
Office supplies	11,974	10,215	8,253	6,510	4,083	4,077	-	45,112
Other professional services	29,257	525	-	6,057	4,500	100	-	40,439
Contract labor	14,314	100	3,195	100	6,706	15,057	-	39,472
Advertising	8,727	548	8,249	570	5,024	15,425	300	38,843
Equipment lease and maintenance	18,485	5,225	6,207	4,729	1,247	673	-	36,566
Printing	1,853	3,338	6,944	1,529	196	19,190	281	33,331
Postage	9,508	2,131	1,164	1,887	99	6,518	12	21,319
Insurance	15,961	-	-	-	-	-	-	15,961
Accounting services	13,042	-	-	-	-	-	-	13,042
Employee education	5,650	2,710	150	1,020	99	1,135	-	10,764
Dues and subscriptions	3,219	564	418	306	-	679	1,673	6,859
Lobbying expenses	6,272	-	-	-	-	-	-	6,272
Library	3,274	179	123	1,040	283	103	-	5,002
Miscellaneous	8,611	226	1,233	1,274	741	-	235	12,320
	<u>817,480</u>	<u>365,478</u>	<u>526,535</u>	<u>211,515</u>	<u>224,620</u>	<u>155,318</u>	<u>30,422</u>	<u>2,331,368</u>
Administrative recovery	(6,122)	6,122	-	-	-	-	-	-
	<u>\$ 811,358</u>	<u>371,600</u>	<u>526,535</u>	<u>211,515</u>	<u>224,620</u>	<u>155,318</u>	<u>30,422</u>	<u>2,331,368</u>

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Schedule of Program Expenses
by Funding Source

Year ended December 31, 1992

	<u>Alaska Department of Environmental Conservation</u>	<u>United States Coast Guard</u>	<u>Alyeska Pipeline Service Company</u>	<u>Total</u>
Terminal operations and environmental monitoring	\$ 61,228	-	304,250	365,478
Oil spill prevention response	-	-	526,535	526,535
Port operations and vessel traffic system	-	-	211,515	211,515
Scientific Advisory Committee	-	-	224,620	224,620
Education	-	-	155,318	155,318
Legislative	-	-	30,422	30,422
Total program expense	<u>61,228</u>	<u>-</u>	<u>1,452,660</u>	<u>1,513,888</u>
General and administrative	<u>6,122</u>	<u>29,670</u>	<u>781,688</u>	<u>817,480</u>
Total expenses	<u>\$ 67,350</u>	<u>29,670</u>	<u>2,234,348</u>	<u>2,331,368</u>