

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements  
and Schedules

December 31, 1993 and 1992

(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, 1993 and 1992, 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, 1993 and 1992, 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*

April 28, 1994



Member Firm of  
Klynveld Peat Marwick Goerdeler

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheets

December 31, 1993 and 1992

<u>Assets</u>	<u>1993</u>	<u>1992</u>
Cash and cash equivalents	\$ 1,973,303	2,238,511
Contracts receivable	20,390	25,867
Prepaid expenses and other assets	14,598	15,496
Equipment, fixtures and leasehold improvements, net of accumulated depreciation of \$134,071 in 1993 and \$92,343 in 1992 (note 3)	<u>132,814</u>	<u>156,588</u>
	<u>\$ 2,141,105</u>	<u>2,436,462</u>
 <u>Liabilities and Fund Balance</u>  		
Liabilities:		
Accounts payable	157,466	131,760
Accrued liabilities	61,474	37,172
Deferred revenue (note 1)	<u>1,531,658</u>	<u>1,962,021</u>
Total liabilities	<u>1,750,598</u>	<u>2,130,953</u>
Fund balance	390,507	305,509
Commitments (note 2)		
	<u>\$ 2,141,105</u>	<u>2,436,462</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, 1993 and 1992

	<u>1993</u>	<u>1992</u>
<b>Revenues:</b>		
Alyeska Pipeline Service Company income (note 1)	\$ 2,645,154	2,234,348
Interest income	84,998	95,113
Alaska Department of Environmental Conservation contract income	-	67,350
United States Coast Guard contract income	42,779	29,670
Total revenues	<u>2,772,931</u>	<u>2,426,481</u>
<b>Expenses:</b>		
Program:		
Terminal operations and environmental monitoring	274,023	371,600
Oil spill prevention and response	331,566	526,535
Port operations and vessel traffic systems	448,113	211,515
Scientific advisory committee	576,209	224,620
Education	158,469	155,318
Legislative	-	30,422
Total program	<u>1,788,380</u>	<u>1,520,010</u>
General and administrative Council	670,364	811,358
	229,189	-
Total expenses	<u>2,687,933</u>	<u>2,331,368</u>
Excess of revenues over expenses	<u>84,998</u>	<u>95,113</u>
Fund balance at beginning of year	<u>305,509</u>	<u>210,396</u>
Fund balance at end of year	<u>\$ 390,507</u>	<u>305,509</u>

See accompanying notes to financial statements.

✓ unadjusted difference  
per audit -  
workpaper "h"  
2,697,142 exp.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statements of Cash Flows

Years ended December 31, 1993 and 1992

	<u>1993</u>	<u>1992</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 84,998	95,113
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	51,188	46,040
Loss on disposal of equipment and leasehold improvements	3,295	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	5,477	(25,867)
Decrease in prepaid expenses and deposits	898	16,184
Increase in accounts payable	25,706	3,675
Increase in accrued liabilities	24,302	11,134
Decrease in deferred revenue	<u>(430,363)</u>	<u>(10,197)</u>
Net cash provided (used) by operating activities	(234,499)	136,082
Cash flows from investing activities - additions to equipment, fixtures and leasehold improvements	<u>(30,709)</u>	<u>(48,024)</u>
Net increase (decrease) in cash and cash equivalents	(265,208)	88,058
Cash and cash equivalents at beginning of year	<u>2,238,511</u>	<u>2,150,453</u>
Cash and cash equivalents at end of year	\$ <u>1,973,303</u>	<u>2,238,511</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

December 31, 1993 and 1992

(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 and Response
- Port Operations and Vessel Traffic Systems
- Scientific Advisory Committee
- Education
- Legislative

On January 1, 1993, the Council terminated the legislative committee. Also effective January 1, 1993, the Council began accounting for the Board/Council members' expenses separately from other general and administrative expenses. For 1992, the Council's expenses are included in general and administrative expenses and for 1993 they have been shown separately.

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.

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## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Notes to Financial Statements

Basis of Presentation

The Council reports in accordance with the American Institute of Certified Public Accountants Statement of Position No. 78-10 (Statement), 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.

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), the United States 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.

Administrative Expenses

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.

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## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Notes to Financial Statements

(2) Operating Lease

During 1993 the Council entered into a three-year noncancelable operating lease for office space. This lease includes an option for a three-year extension. The minimum lease payments at December 31, 1993 are:

<u>Year ending December 31</u>	<u>Amount</u>
1994	\$ 42,000
1995	45,360
1996	<u>47,880</u>
	<u>\$ 135,240</u>

The Council rents additional office space on a month-to-month basis. Rent expense for the years ended December 31, 1993 and 1992 was \$46,478 and \$52,049, respectively.

(3) Equipment, Fixtures and Leasehold Improvements

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

	<u>1993</u>	<u>1992</u>
Equipment	\$ 202,335	188,662
Fixtures	61,962	54,888
Leasehold improvements	<u>2,588</u>	<u>5,381</u>
	266,885	248,931
Less accumulated depreciation	<u>134,071</u>	<u>92,343</u>
	<u>\$ 132,814</u>	<u>156,588</u>



## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Functional Expenses

Year ended December 31, 1993

	Program							Totals
	Terminal operations and environmental monitoring	Oil spill prevention and response	Port operations and vessel traffic systems	Scientific advisory committee	Education	General and administrative	Council	
Grants and contracts	\$ 54,463	115,341	253,834	457,449	5,491	16,992	23,449	927,019
Salaries and benefits	128,405	104,350	104,624	79,440	64,794	362,022	-	843,635
Travel, lodging and meals	37,043	47,094	29,717	14,911	6,603	21,363	113,213	269,944
Legal services	-	-	-	338	-	89,207	-	89,545
Conferences and meetings	9,194	9,825	3,711	3,657	2,320	2,114	32,992	63,813
Payroll taxes	9,650	7,852	7,911	6,201	4,689	22,930	-	59,233
Rent	6,465	8,922	6,465	6,069	4,461	21,045	-	53,427
Utilities	10,647	5,511	6,726	1,563	1,112	18,429	9,203	53,191
Depreciation	-	-	-	-	-	51,188	-	51,188
Printing	882	3,873	790	1,324	26,207	1,549	1,434	36,059
Computer expenses	3,182	9,040	8,790	864	1,125	6,390	3,138	32,529
Other professional services	232	340	3,500	(2,090)	14,020	8,281	7,329	31,612
Office supplies	5,677	6,415	5,523	3,147	3,974	(1,087)	2,932	26,581
Advertising	340	3,038	2,621	119	8,705	1,541	7,559	23,923
Postage	1,074	1,703	772	1,095	8,970	6,625	2,235	22,474
Insurance	-	-	-	-	-	10,104	7,536	17,640
Equipment lease and maintenance	4,781	-	4,937	120	95	7,476	-	17,409
Contract labor	-	619	-	504	2,652	4,561	8,128	16,464
Accounting services	-	-	-	-	-	9,283	-	9,283
Dues and subscriptions	1,461	-	1,379	-	1,120	1,645	2,068	7,673
Employee education	63	2,479	63	184	1,446	1,490	800	6,525
Library	239	286	1,476	274	160	2,322	411	5,168
Miscellaneous	225	4,878	5,274	1,040	525	4,894	6,762	23,598
	<u>\$ 274,023</u>	<u>331,566</u>	<u>448,113</u>	<u>576,209</u>	<u>158,469</u>	<u>670,364</u>	<u>229,189</u>	<u>2,687,933</u>

Personnel : 702,868

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Program Expenses by Funding Source

Year ended December 31, 1993

	<u>United States Coast Guard</u>	<u>Alyeska Pipeline Service Company</u>	<u>Total</u>
Expenses:			
Program:			
Terminal operations and environmental monitoring	\$ -	274,023	274,023
Oil spill prevention and response	-	331,566	331,566
Port operations and vessel traffic system	-	448,113	448,113
Scientific advisory committee	-	576,209	576,209
Education	-	158,469	158,469
Total program	-	<u>1,788,380</u>	<u>1,788,380</u>
General and administrative Council	42,779	627,585	670,364
	-	<u>229,189</u>	<u>229,189</u>
Total expenses	<u>\$ 42,779</u>	<u>2,645,154</u>	<u>2,687,933</u>