



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements
and Schedules

December 31, 1994 and 1993

(With Independent Auditors' Report Thereon)

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, 1994 and 1993, 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, 1994 and 1993, 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 LLP

April 20, 1995



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheets

December 31, 1994 and 1993

<u>Assets</u>	<u>1994</u>	<u>1993</u>
Cash and cash equivalents	\$ 2,004,719	1,973,303
Contracts receivable	25,120	20,390
Prepaid expenses and other assets	20,556	14,598
Equipment, fixtures and leasehold improvements, net of accumulated depreciation of \$194,021 in 1994 and \$134,071 in 1993 (note 3)	<u>113,058</u>	<u>132,814</u>
	<u>\$ 2,163,453</u>	<u>2,141,105</u>
 <u>Liabilities and Fund Balance</u> 		
Liabilities:		
Accounts payable	90,430	157,466
Accrued liabilities	63,555	61,474
Deferred revenue (note 1)	<u>1,496,930</u>	<u>1,531,658</u>
Total liabilities	<u>1,650,915</u>	<u>1,750,598</u>
Fund balance	512,538	390,507
Commitments (notes 1 and 2)	<u> </u>	<u> </u>
	<u>\$ 2,163,453</u>	<u>2,141,105</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, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Revenues:		
Alyeska Pipeline Service Company income (note 1)	\$ 2,258,729	2,645,154
Interest income	115,816	84,998
Alaska Department of Environmental Conservation contract income	37,677	-
United States Coast Guard contract income	28,726	42,779
Cook Inlet Regional Citizens Advisory Council contract income	27,669	-
Other income	6,215	-
Total revenues	<u>2,474,832</u>	<u>2,772,931</u>
Expenses:		
Program:		
Terminal Operations and Environmental Monitoring	304,398	274,023
Oil Spill Prevention and Response	380,918	331,566
Port Operations and Vessel Traffic Systems	254,867	183,115
Scientific Advisory Committee	79,072	122,796
Community Impacts	39,263	157,812
Long-term Environmental Monitoring	213,315	295,601
Disabled Tanker Towing Study	154,068	264,998
Education	179,627	158,469
Total program	<u>1,605,528</u>	<u>1,788,380</u>
General and administrative Council	513,127	670,364
Total expenses	<u>2,352,801</u>	<u>2,687,933</u>
Excess of revenues over expenses	122,031	84,998
Fund balance at beginning of year	<u>390,507</u>	<u>305,509</u>
Fund balance at end of year	<u>\$ 512,538</u>	<u>390,507</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statements of Cash Flows

Years ended December 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 122,031	84,998
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	59,950	51,188
Loss on disposal of equipment and leasehold improvements	-	3,295
Changes in assets and liabilities:		
(Increase) decrease in contracts receivable	(4,730)	5,477
(Increase) decrease in prepaid expenses and other assets	(5,958)	898
(Decrease) increase in accounts payable	(67,036)	25,706
Increase in accrued liabilities	2,081	24,302
Decrease in deferred revenue	<u>(34,728)</u>	<u>(430,363)</u>
Net cash provided (used) by operating activities	71,610	(234,499)
Cash flows from investing activities - purchase of equipment, fixtures and leasehold improvements	<u>(40,194)</u>	<u>(30,709)</u>
Net increase (decrease) in cash and cash equivalents	31,416	(265,208)
Cash and cash equivalents at beginning of year	<u>1,973,303</u>	<u>2,238,511</u>
Cash and cash equivalents at end of year	\$ <u>2,004,719</u>	<u>1,973,303</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

December 31, 1994 and 1993

(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
- Community Impacts
- Long-term Environmental Monitoring
- Disabled Tanker Towing Study

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.

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 Cook Inlet Regional Citizens Advisory 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.

Reclassification

Certain reclassifications have been made to the 1993 balances to make them comparable to the 1994 balances.

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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, 1994 are:

<u>Year ending December 31</u>	<u>Amount</u>
1995	\$ 45,360
1996	<u>23,520</u>
	<u>\$ 68,880</u>

The Council rents additional office space on a month-to-month basis. Rent expense for the years ended December 31, 1994 and 1993 was \$56,172 and \$46,478, respectively.

(3) Equipment, Fixtures and Leasehold Improvements

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

	<u>1994</u>	<u>1993</u>
Equipment	\$ 218,821	202,335
Fixtures	85,670	61,962
Leasehold improvements	<u>2,588</u>	<u>2,588</u>
	307,079	266,885
Less accumulated depreciation	<u>194,021</u>	<u>134,071</u>
	<u>\$ 113,058</u>	<u>132,814</u>

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Functional Expenses

Year ended December 31, 1994

	Terminal Operations and Environmental Monitoring	Oil Spill Prevention and Response	Port Operations and Vessel Traffic Systems	Scientific Advisory Committee	Community Impacts	Long-term Environmental Monitoring	Disabled Tanker Towing Study	Education	General and adminis- trative	Council	Total
Salaries	\$ 130,196	105,519	124,602	56,399	-	-	-	65,795	316,299	-	798,810
Payroll taxes:											
FICA	9,401	7,735	9,199	4,017	-	-	-	4,650	21,127	-	56,129
ESC	589	535	661	238	-	-	-	238	1,333	-	3,594
Rent	7,086	9,333	7,086	4,667	-	-	-	4,667	23,333	-	56,172
Copier offset	-	-	-	-	-	-	-	-	(17,979)	-	(17,979)
Utilities	10,628	11,961	7,579	2,357	-	-	14	2,348	10,757	8,924	54,568
Conference calls	5,647	9,198	1,833	1,491	1,099	468	428	92	-	21,536	41,792
Office supplies	2,147	4,563	2,375	407	-	-	-	1,042	9,127	3,344	23,005
Equipment lease	3,993	-	3,993	-	-	-	-	-	1,838	-	9,824
Computer software	119	24	119	102	-	-	-	-	1,025	-	1,389
On-line database	172	1,508	172	-	-	-	-	-	1,508	312	3,672
Noncapitalized equipment	1,703	3,445	626	467	-	-	-	-	128	780	7,149
Dues and subscriptions	2,915	96	2,298	85	-	-	-	3,938	446	-	9,778
Accounting	-	-	-	-	-	-	-	-	5,238	-	5,238
Legal fees	-	-	-	-	-	-	-	-	39,019	-	39,019
Contract labor	-	229	-	82	-	-	-	4,536	4,090	35	8,972
Professional services	-	15,340	-	-	-	1,570	-	9,801	610	11,959	39,280
Consultants	88,025	-	-	-	-	-	11,027	-	2,765	-	101,817
Advertising	23	652	-	-	-	158	-	9,068	-	2,621	12,522
Employee education	2,263	540	1,789	900	-	-	-	1,362	1,675	-	8,529
Printing	530	8,368	696	1,210	140	1,620	46	41,282	1,013	4,826	59,731
Postage	3,701	2,347	1,820	648	-	10	20	13,607	1,381	3,550	27,084
Conference and convention	955	1,200	1,410	500	-	-	-	4,183	1,015	265	9,528
Equipment maintenance	-	-	-	-	-	-	-	-	5,463	-	5,463
Insurance	-	-	-	-	-	-	-	-	8,693	7,495	16,188
Library	139	(21)	248	10	-	-	-	35	954	-	1,365
Depreciation	-	-	-	-	-	-	-	-	59,950	-	59,950
Miscellaneous	91	248	50	40	58	40	-	35	1,604	5,784	7,950
Contracts	-	162,930	57,816	-	34,881	208,635	135,446	4,665	-	77,390	681,763
Travel and per diem	33,826	35,062	30,157	5,388	2,937	814	6,775	7,766	10,270	71,263	204,258
Meetings	249	106	338	64	148	-	312	517	445	10,675	12,854
Governmental affairs	-	-	-	-	-	-	-	-	-	3,387	3,387
	<u>\$ 304,398</u>	<u>380,918</u>	<u>254,867</u>	<u>79,072</u>	<u>39,263</u>	<u>213,315</u>	<u>154,068</u>	<u>179,627</u>	<u>513,127</u>	<u>234,146</u>	<u>2,352,801</u>

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Program Expenses by Funding Source

Year ended December 31, 1994

	<u>United States Coast Guard</u>	<u>Alaska Department of Environmental Conservation</u>	<u>Cook Inlet Regional Citizens Advisory Council</u>	<u>Alyeska Pipeline Service Company</u>	<u>Total</u>
Expenses:					
Program:					
Terminal Operations and Environmental Monitoring	\$ -	37,677	-	266,721	304,398
Oil Spill Prevention and Response	5,745	-	-	375,173	380,918
Port Operations and Vessel Traffic Systems	5,745	-	27,669	221,453	254,867
Scientific Advisory Committee	-	-	-	79,072	79,072
Community Impacts	-	-	-	39,263	39,263
Long-term Environmental Monitoring	-	-	-	213,315	213,315
Disabled Tanker Towing Study	-	-	-	154,068	154,068
Education	-	-	-	179,627	179,627
Total program	<u>11,490</u>	<u>37,677</u>	<u>27,669</u>	<u>1,528,692</u>	<u>1,605,528</u>
General and administrative Council	17,236	-	-	495,891	513,127
	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,146</u>	<u>234,146</u>
Total expenses	<u>\$ 28,726</u>	<u>37,677</u>	<u>27,669</u>	<u>2,258,729</u>	<u>2,352,801</u>