



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements and Schedules

June 30, 1995

(With Independent Auditors' Report Thereon)

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 sheet of the Regional Citizens' Advisory Council, Inc. as of June 30, 1995, and the related statements of revenues, expenses and changes in fund balance, and cash flows for the six months 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 audit.

We conducted our audit 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 audit provides 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 June 30, 1995, and the results of its operations and its cash flows for the six months then ended in conformity with generally accepted accounting principles.

Our audit was 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 audit 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*

August 16, 1995



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheet

June 30, 1995

Assets

Cash and cash equivalents	\$ 3,303,910
Contract receivable	10,386
Prepaid expenses and other assets	9,220
Equipment, fixtures and leasehold improvements, net of accumulated depreciation of \$202,406 (note 3)	<u>85,378</u>
	\$ <u>3,408,894</u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	109,516
Accrued liabilities	64,035
Deferred revenue (note 1)	<u>2,642,226</u>
Total liabilities	<u>2,815,777</u>
Fund balance	593,117
Commitments (notes 1 and 2)	<u>          </u>
	\$ <u>3,408,894</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Revenues, Expenses and Changes in Fund Balance

Six months ended June 30, 1995

Revenues:	
Alyeska Pipeline Service Company income (note 1)	\$ 1,078,704
Interest income	80,579
Alaska Department of Environmental Conservation contract income	10,386
Total revenues	<u>1,169,669</u>
Expenses:	
Program:	
Terminal Operations and Environmental Monitoring	171,084
Oil Spill Prevention and Response	169,293
Port Operations and Vessel Traffic Systems	59,571
Scientific Advisory Committee	36,898
Community Impacts	31,798
Long-term Environmental Monitoring	43,307
Disabled Tanker Towing Study	5,167
Communications	94,667
Total program	<u>611,785</u>
General and administrative	277,271
Council	200,034
Total expenses	<u>1,089,090</u>
Excess of revenues over expenses	80,579
Fund balance at beginning of period	<u>512,538</u>
Fund balance at end of period	<u>\$ 593,117</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Cash Flows

Six months ended June 30, 1995

Cash flows from operating activities:	
Excess of revenues over expenses	\$ 80,579
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	
Depreciation	29,592
Loss on disposal of equipment and leasehold improvements	4,841
Changes in assets and liabilities:	
Decrease in contract receivable	14,734
Decrease in prepaid expenses and other assets	11,336
Increase in accounts payable	19,086
Increase in accrued liabilities	480
Increase in deferred revenue	<u>1,145,296</u>
Net cash provided by operating activities	<u>1,305,944</u>
Cash flows from investing activities - purchase of equipment, fixtures and leasehold improvements	<u>(6,753)</u>
Net increase in cash and cash equivalents	<u>1,299,191</u>
Cash and cash equivalents at beginning of period	<u>2,004,719</u>
Cash and cash equivalents at end of period	<u>\$ 3,303,910</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

June 30, 1995

(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 and in accordance with its Prince William Sound Tanker Spill Prevention and Response Plan (Plan), 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
- Community Impacts
- Long-term Environmental Monitoring
- Disabled Tanker Towing Study
- Communications

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. 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

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.

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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 June 30, 1995 are:

<u>Period ending</u> <u>June 30</u>	<u>Amount</u>
1996	\$ <u>47,040</u>

The Council rents additional office space on a month-to-month basis. Rent expense for the six month period ended June 30, 1995 was \$33,925.

(3) Equipment, Fixtures and Leasehold Improvements

A summary of equipment, fixtures and leasehold improvements at June 30, 1995 follows:

Equipment	\$ 199,526
Fixtures	85,670
Leasehold improvements	<u>2,588</u>
	287,784
Less accumulated depreciation	<u>202,406</u>
	\$ <u>85,378</u>



## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Functional Expenses

Six months ended June 30, 1995

	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	Communi- cations	General and adminis- trative	Council	Total
Salaries	\$ 65,518	55,379	35,657	27,627	-	-	-	34,632	162,202	-	381,015
Payroll taxes:											
FICA	4,716	3,728	2,601	2,005	-	-	-	2,208	11,529	-	26,787
ESC	557	443	345	239	-	-	-	239	1,323	-	3,146
Rent	4,223	5,724	4,223	2,862	-	-	-	2,862	14,031	-	33,925
Copier offset	-	-	-	-	-	-	-	-	(12,745)	-	(12,745)
Utilities	5,098	5,680	2,332	1,071	-	-	-	1,091	6,020	5,808	27,100
Conference calls	2,998	4,690	329	799	-	471	-	-	-	11,733	21,020
Office supplies	2,897	1,478	1,674	286	32	19	-	95	6,622	1,815	14,918
Equipment lease	2,247	-	2,247	-	-	-	-	-	490	-	4,984
Computer software	-	48	-	-	-	-	-	-	871	-	919
On-line database	68	28	68	-	-	-	-	-	71	-	235
Noncapitalized equipment	-	1,321	-	-	-	-	-	-	1,455	-	2,776
Dues and subscriptions	309	230	822	-	30	-	-	206	317	-	1,914
Accounting	-	-	-	-	-	-	-	-	5,375	-	5,375
Legal fees	-	-	-	-	-	-	-	-	20,897	-	20,897
Contract labor	-	-	-	-	-	-	-	1,467	1,250	-	2,717
Professional services	-	314	-	-	-	-	-	8,532	980	7,681	17,507
Consultants	64,605	-	-	-	-	-	-	-	986	8,036	73,627
Advertising	9	494	-	-	-	-	-	2,381	3,947	3,160	9,991
Employee education	2,852	20	(489)	-	-	-	-	177	1,451	235	4,246
Printing	246	5,473	308	324	-	1,174	-	16,346	543	7,045	31,459
Postage	995	2,194	54	139	25	-	-	8,390	1,243	4,020	17,060
Conference and convention	514	1,703	650	-	-	-	-	1,201	960	1,555	6,563
Equipment maintenance	-	-	-	-	-	-	-	-	5,924	-	5,924
Insurance	-	-	-	-	-	-	-	-	2,845	4,297	7,142
Library	359	-	64	-	-	-	-	191	769	225	1,608
Depreciation	-	-	-	-	-	-	-	-	29,592	-	29,592
Miscellaneous	97	114	89	7	20	-	-	92	2,448	543	3,410
Contracts	-	61,639	-	-	30,399	41,643	5,038	11,368	-	84,742	234,829
Travel and per diem	12,719	18,514	8,597	1,505	1,292	-	-	3,076	5,015	54,206	104,924
Meetings	57	79	-	34	-	-	129	113	880	4,933	6,225
	<u>\$ 171,084</u>	<u>169,293</u>	<u>59,571</u>	<u>36,898</u>	<u>31,798</u>	<u>43,307</u>	<u>5,167</u>	<u>94,667</u>	<u>277,271</u>	<u>200,034</u>	<u>1,089,090</u>

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Program Expenses by Funding Source

Six months ended June 30, 1995

	<u>Alaska Department of Environmental Conservation</u>	<u>Alyeska Pipeline Service Company</u>	<u>Total</u>
Expenses:			
Program:			
Terminal Operations and Environmental Monitoring	\$ 10,386	160,698	171,084
Oil Spill Prevention and Response	-	169,293	169,293
Port Operations and Vessel Traffic Systems	-	59,571	59,571
Scientific Advisory Committee	-	36,898	36,898
Community Impacts	-	31,798	31,798
Long-term Environmental Monitoring	-	43,307	43,307
Disabled Tanker Towing Study	-	5,167	5,167
Communications	-	94,667	94,667
Total program	<u>10,386</u>	<u>601,399</u>	<u>611,785</u>
General and administrative Council	-	277,271	277,271
	-	<u>200,034</u>	<u>200,034</u>
Total expenses	<u>\$ 10,386</u>	<u>1,078,704</u>	<u>1,089,090</u>