

**PRINCE WILLIAM SOUND REGIONAL  
CITIZENS' ADVISORY COUNCIL, INC.**

Financial Statements  
and Supplementary Information

Years Ended June 30, 2009 and 2008

(With Independent Auditor's Report Thereon)

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

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Independent Auditor's Report

To the Council Members  
Prince William Sound Regional  
Citizens' Advisory Council, Inc.

We have audited the accompanying statements of financial position of Prince William Sound Regional Citizens' Advisory Council, Inc. (Council) as of June 30, 2009 and 2008, and the related statements of activities 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 auditing standards generally accepted in the United States of America. 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 Prince William Sound Regional Citizens' Advisory Council, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 10 and 11 are 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.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
September 14, 2009

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Financial Position

June 30, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 865,730	997,270
Accounts receivable	2,062	1,475
Due from grantors	23,697	48,776
Prepaid expenses and other assets	<u>47,703</u>	<u>50,591</u>
Total current assets	939,192	1,098,112
 Equipment, net of accumulated depreciation	 <u>9,421</u>	 <u>27,195</u>
 Total assets	 \$ <u>948,613</u>	 <u>1,125,307</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	179,124	171,721
Accrued liabilities	146,321	162,815
Deferred revenue	<u>3,500</u>	<u>3,500</u>
Total current liabilities	328,945	338,036
 Net assets - unrestricted	 <u>619,668</u>	 <u>787,271</u>
 Total liabilities and net assets	 \$ <u>948,613</u>	 <u>1,125,307</u>

See accompanying notes to financial statements.

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Activities  
Years Ended June 30, 2009 and 2008

	Unrestricted	
	2009	2008
Revenues:		
Alyeska Pipeline Service Company	\$ 3,061,011	2,969,210
Interest	6,032	46,184
Grants	41,697	101,987
Miscellaneous	1,578	5,490
Total revenues	3,110,318	3,122,871
Expenses:		
Program services:		
Committees	103,133	130,112
Projects	2,031,175	2,099,227
Supporting services:		
General and administrative	979,361	831,011
Council	164,252	177,463
Total expenses	3,277,921	3,237,813
Change in net assets	(167,603)	(114,942)
Unrestricted net assets, beginning of year	787,271	902,213
Unrestricted net assets, end of year	\$ 619,668	787,271

See accompanying notes to financial statements.

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Cash Flows  
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (167,603)	(114,942)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,774	18,503
(Increase) decrease in assets:		
Accounts receivable	(587)	6,477
Due from grantors	25,079	40,407
Prepaid expenses and other assets	2,888	23,415
Increase (decrease) in liabilities:		
Accounts payable	7,403	19,845
Accrued liabilities	<u>(16,494)</u>	<u>(26,598)</u>
Net cash used by operating activities	(131,540)	(32,893)
Cash and cash equivalents, beginning of year	<u>997,270</u>	<u>1,030,163</u>
Cash and cash equivalents, end of year	\$ <u>865,730</u>	<u>997,270</u>

See accompanying notes to financial statements.

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Notes to Financial Statements

June 30, 2009 and 2008

(1) **Summary of Significant Accounting Policies**

**Organization and Purpose of Business**

The Prince William Sound Regional Citizens' Advisory Council, Inc. (Council) is a not-for-profit corporation consisting of representatives throughout Prince William Sound and the Gulf of Alaska. After the Exxon Valdez oil spill and in accordance with the Oil Pollution Act of 1990 (OPA 90), 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.

In order to accomplish the OPA 90's goals, the Council operates the following committees:

Projects:

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

**Contract**

In June 2007, the Council and Alyeska renegotiated the funding level under their contract. The new funding level, effective January 1, 2008, provided the Council with a base amount of \$2,947,107. The amount is adjusted for inflation annually each year for operations, technical studies and expert support. Funding occurs twice a year on the first business days of January and July. 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.

**Basis of Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting. In preparing the financial statements, management is required to make estimates that affect the reported amounts of assets and liabilities as of the date of the statement of financial position and activities and changes in net assets for the period. Actual results could differ from those estimates.

**Revenue Recognition**

Revenues from Alyeska are deemed to be earned on the regularly scheduled payment date, as defined by the contract between Alyeska and the Council. Interest, grant and program revenue are recognized when they are earned.

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Notes to Financial Statements, continued

**Summary of Significant Accounting Policies, continued**

**Equipment and Fixtures**

Equipment and fixtures, with a cost equal to or exceeding \$5,000, are recorded at cost and depreciated by the straight-line method over their estimated useful life, which is generally three to five years.

**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.

(2) **Operating Leases**

Beginning in fiscal year 1999, the Council entered into a five-year noncancelable operating lease for office space in Anchorage, with two five-year renewal options. In June of 2004, the Council exercised the first renewal option on this lease. In June of 2009, the Council negotiated a new five-year noncancelable lease for this office space. This lease has one five-year renewal option. In March of 2006, the Council entered into a six-year noncancelable operating lease for office space in Valdez, with one six-year renewal option. The future minimum lease payments under these office space leases at June 30, 2009 are:

<u>Year ending</u> <u>June 30</u>	<u>Amount</u>
2010	\$ 123,020
2011	126,315
2012	129,724
2013	67,848
2014	69,492

Rental expense for office space for the years ended June 30, 2009 and 2008 totaled \$119,241 and \$117,566, respectively.



**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Notes to Financial Statements, continued

**Operating Leases, continued**

In fiscal year 2006, the Council entered into five-year noncancelable operating leases for two copy machines. The future minimum lease payments are:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 13,150
2011	5,183

Lease expense for the copy machines for the years ended June 30, 2009 and 2008 was \$13,150 and \$13,150, respectively.

(3) **Equipment**

A summary of equipment at June 30 follows:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 77,672	77,672
Less accumulated depreciation	(68,251)	(50,477)
	\$ <u>9,421</u>	<u>27,195</u>

Depreciation expense totaled \$17,774 and \$18,503 for the years ended June 30, 2009 and 2008, respectively.

(4) **Grant and Program Revenues**

A summary of grant revenue for the years ended June 30 follows:

	<u>2009</u>	<u>2008</u>
U.S. Fish and Wildlife Service grants	\$ 23,697	75,987
PWS Science Center Oil Spill Recovery	10,000	-
Alaska Sealife Center	8,000	-
U.S. Department of Transportation hazardous materials emergency preparedness grant	<u>-</u>	<u>26,000</u>
Total grant revenue	\$ <u>41,697</u>	<u>101,987</u>

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Notes to Financial Statements, continued

(5) **403(b) Plan**

The Council sponsors a defined contribution plan under Internal Revenue Code Section 403(b). The plan covers all employees who meet eligibility requirements. Employees can contribute to the plan by electing to have specified amounts withheld from their pay.

(6) **Contingencies**

Expenses pursuant to grants are subject to audits by governmental agencies or their representatives. Any disallowed claims, including amounts already collected would become a liability.

**SUPPLEMENTARY INFORMATION**

**PRINCE WILLIAM SOUND**  
**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**  
Schedule of Functional Expenses  
Year Ended June 30, 2009

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Committees</u>	<u>Projects</u>	<u>General and Admin- istrative</u>	<u>Council</u>	
Salaries	\$ 34,348	1,064,338	567,456	-	1,666,142
Payroll taxes	2,470	76,522	40,798	-	119,790
Employee health insurance	2,494	8,730	8,730	-	19,954
Rent	-	-	119,241	-	119,241
Utilities	673	10,353	21,556	753	33,335
Conference calls	4,087	1,549	-	1,934	7,570
Supplies	-	10,095	14,489	491	25,075
Equipment leases	-	-	27,770	-	27,770
Software	-	-	5,229	-	5,229
Internet access	-	-	10,693	2,582	13,275
Equipment	-	4,620	22,908	1,348	28,876
Dues and subscriptions	-	9,324	2,239	-	11,563
Accounting	-	-	9,489	-	9,489
Legal fees	-	24,997	22,845	6,596	54,438
Contract labor	-	-	4,859	-	4,859
Professional services	300	50,814	11,917	17,523	80,554
Advertising	-	4,451	143	650	5,244
Education	-	982	2,877	50	3,909
Printing and reproduction	284	24,073	266	266	24,889
Postage and delivery	-	-	9,778	-	9,778
Conferences and conventions	512	16,107	229	-	16,848
Equipment maintenance	-	-	24,342	37	24,379
Insurance	487	18,086	20,273	4,100	42,946
Library	-	520	742	-	1,262
Depreciation	-	-	17,774	-	17,774
Miscellaneous	-	2,313	477	-	2,790
Stipends	25	-	-	-	25
Contract expense	13,435	589,432	-	-	602,867
Travel	27,357	97,472	9,460	106,986	241,275
Business meals	280	250	2,365	32	2,927
Meeting expense	16,381	16,147	416	20,904	53,848
Totals	\$ <u>103,133</u>	<u>2,031,175</u>	<u>979,361</u>	<u>164,252</u>	<u>3,277,921</u>

**PRINCE WILLIAM SOUND  
REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Schedule of Functional Expenses  
Year Ended June 30, 2008

	Program Services		Supporting Services		Total
	Committees	Projects	General and Admin- istrative	Council	
Salaries	\$ 41,690	1,016,136	447,964	-	1,505,790
Payroll taxes	3,447	77,447	33,260	-	114,154
Rent	-	-	117,566	-	117,566
Utilities	673	10,213	24,307	625	35,818
Conference calls	2,795	2,267	-	933	5,995
Supplies	-	10,362	17,226	2,295	29,883
Equipment leases	-	-	26,562	-	26,562
Software	-	-	10,283	-	10,283
Internet access	-	-	10,490	2,510	13,000
Equipment	-	1,601	27,406	3,780	32,787
Dues and subscriptions	3,224	7,327	2,228	-	12,779
Accounting	-	-	6,985	-	6,985
Legal fees	-	43,780	414	5,847	50,041
Contract labor	-	-	6,684	-	6,684
Professional services	10,938	47,641	5,102	17,635	81,316
Advertising	-	7,035	2,976	298	10,309
Education	-	2,700	182	195	3,077
Printing and reproduction	237	11,786	428	426	12,877
Postage and delivery	-	-	9,707	-	9,707
Conferences and conventions	1,493	24,009	400	5,782	31,684
Equipment maintenance	-	-	20,794	-	20,794
Insurance	285	6,948	14,714	4,100	26,047
Library	-	1,085	982	-	2,067
Depreciation	-	-	18,503	-	18,503
Miscellaneous	-	4,339	1,864	-	6,203
Contract expense	14,301	664,264	-	-	678,565
Travel	32,368	150,862	20,443	107,383	311,056
Business meals	32	239	3,330	-	3,601
Meeting expense	18,629	9,186	211	25,654	53,680
Totals	\$ <u>130,112</u>	<u>2,099,227</u>	<u>831,011</u>	<u>177,463</u>	<u>3,237,813</u>