



**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

**Financial Statements and Supplementary
Information**

Years Ended June 30, 2015 and 2014

(With Independent Auditor's Report Thereon)

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Citizens' Advisory Council, Inc.

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statement of Functional Expenses FY 15	6
Statement of Functional Expenses FY 14	7
Statements of Cash Flows	8
Notes to Financial Statements	9-12



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Independent Auditor's Report

Board of Directors
Prince William Sound Regional Citizens' Advisory Council, Inc.
Anchorage, Alaska

We have audited the accompanying financial statements of Prince William Sound Regional Citizens' Advisory Council, Inc. which comprise the Statements of Financial Position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Anchorage, Alaska
September 25, 2015

Financial Statements

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Statements of Financial Position

<i>June 30,</i>	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,394,572	\$ 1,310,085
Accounts receivable	897	741
Prepaid expenses and other assets	61,926	49,419
Total Current Assets	1,457,395	1,360,245
Equipment, net of accumulated depreciation	28,558	17,708
Total Assets	\$ 1,485,953	\$ 1,377,953
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 153,839	\$ 219,778
Accrued liabilities	213,328	189,934
Deferred revenue	75	75
Total Current Liabilities	367,242	409,787
Commitments and Contingencies (Note 7)		
Net Assets - unrestricted:		
Board designated	350,000	350,000
Undesignated	768,711	618,166
Total Net Assets	1,118,711	968,166
Total Liabilities and Net Assets	\$ 1,485,953	\$ 1,377,953

See accompanying notes to financial statements.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Statements of Activities

<i>Years Ended June 30,</i>	Unrestricted	
	2015	2014
Revenues		
Alyeska Pipeline Service Company	\$ 3,540,879	\$ 3,434,412
Grant income	-	55,701
Interest	2,755	2,584
Miscellaneous	18,830	8,793
Total Revenues	3,562,464	3,501,490
Expenses		
Program services:		
Committees	141,815	127,714
Projects	2,149,549	2,449,562
Council	141,053	120,311
Supporting services - general and administrative	979,502	973,395
Total Expenses	3,411,919	3,670,982
Change in net assets	150,545	(169,492)
Unrestricted Net Assets, beginning of year	968,166	1,137,658
Unrestricted Net Assets, end of year	\$ 1,118,711	\$ 968,166

See accompanying notes to financial statements.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Statement of Functional Expenses

<i>Year Ended June 30, 2015</i>	Program Services			Supporting Services	
	Committees	Projects	Council	General and Administrative	Total
Salaries	\$ 49,113	\$ 1,201,325	\$ -	\$ 550,026	\$ 1,800,464
Payroll taxes	3,848	91,631	-	38,564	134,043
Employee health insurance	5,337	28,942	-	15,458	49,737
Relocation expenses	-	5,000	-	-	5,000
Rent	-	800	-	132,024	132,824
Utilities	337	4,791	760	17,166	23,054
Conference calls	4,573	563	1,815	-	6,951
Supplies	-	14,232	-	24,151	38,383
Equipment leases	-	-	-	22,713	22,713
Software	-	-	-	1,935	1,935
Internet access	-	-	2,175	12,799	14,974
Equipment	-	3,881	-	16,934	20,815
Dues and subscriptions	99	14,359	-	336	14,794
Accounting	-	-	-	14,325	14,325
Legal fees	-	2,580	7,052	5,228	14,860
Professional services	2,000	64,640	25,325	21,065	113,030
Advertising	-	699	328	-	1,027
Education	355	7,485	-	609	8,449
Printing and reproduction	663	13,132	241	742	14,778
Postage and delivery	-	-	-	10,224	10,224
Conferences and conventions	1,800	14,009	-	1,285	17,094
Equipment maintenance	-	1,225	-	33,385	34,610
Insurance	450	11,080	4,616	19,448	35,594
Library	-	172	343	625	1,140
Depreciation	-	2,255	-	12,414	14,669
Miscellaneous	-	2,163	-	372	2,535
Stipends	75	8,743	-	-	8,818
Recruitment	1,470	-	-	108	1,578
Contract expense	-	542,416	-	-	542,416
Travel	55,090	93,183	76,248	27,097	251,618
Business meals	-	2,483	-	469	2,952
Meeting expense	16,605	17,760	22,150	-	56,515
Totals	\$ 141,815	\$ 2,149,549	\$ 141,053	\$ 979,502	\$ 3,411,919

See accompanying notes to financial statements.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Statement of Functional Expenses

<i>Year Ended June 30, 2014</i>	Program Services			Supporting Services	Total
	Committees	Projects	Council	General and Admin- istrative	
Salaries	\$ 49,717	\$ 1,169,411	\$ -	\$ 556,317	\$ 1,775,445
Payroll taxes	4,166	90,297	-	40,234	134,697
Employee health insurance	1,624	22,132	-	8,630	32,386
Relocation expenses	-	-	-	16,320	16,320
Rent	-	-	-	132,024	132,024
Utilities	520	4,819	798	21,117	27,254
Conference calls	4,193	607	1,963	-	6,763
Supplies	-	8,914	30	8,358	17,302
Equipment leases	-	-	-	29,559	29,559
Software	-	-	-	2,622	2,622
Internet access	-	-	2,789	12,316	15,105
Equipment	-	1,749	-	11,837	13,586
Dues and subscriptions	30	14,046	-	490	14,566
Accounting	-	-	-	12,990	12,990
Legal fees	-	7,291	6,541	10,414	24,246
Professional services	1,555	90,099	21,207	2,696	115,557
Advertising	-	26,454	1,728	-	28,182
Education	-	1,168	-	4,380	5,548
Printing and reproduction	46	12,977	663	38	13,724
Postage and delivery	-	-	-	9,387	9,387
Conferences and conventions	1,529	14,027	-	350	15,906
Equipment maintenance	-	1,000	-	36,379	37,379
Insurance	346	8,327	4,300	19,042	32,015
Library	-	1,172	-	175	1,347
Depreciation	-	2,255	-	7,375	9,630
Miscellaneous	-	4,812	-	294	5,106
Stipends	75	10,977	-	-	11,052
Recruitment	1,977	10,376	-	1,655	14,008
Contract expense	-	827,214	-	-	827,214
Travel	44,378	101,229	61,989	27,242	234,838
Business meals	-	1,658	84	1,154	2,896
Meeting expense	17,558	16,551	18,219	-	52,328
Totals	\$ 127,714	\$ 2,449,562	\$ 120,311	\$ 973,395	\$ 3,670,982

See accompanying notes to financial statements.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Statements of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 150,545	\$ (169,492)
Adjustments to reconcile change in net assets to net cash for operating activities:		
Depreciation	14,669	9,630
(Increase) decrease in assets:		
Accounts receivable	(156)	62
Due from grantors	-	23,800
Prepaid expenses and other assets	(12,507)	24,932
Increase (decrease) in liabilities:		
Accounts payable	(65,939)	(33,247)
Accrued liabilities	23,394	6,625
Deferred revenue	-	(1,722,556)
Net cash from (for) operating activities	110,006	(1,860,246)
Cash Flows for Investing Activities		
Purchase of equipment	(25,519)	(6,353)
Increase (decrease) in cash and cash equivalents	84,487	(1,866,599)
Cash and Cash Equivalents, beginning of year	1,310,085	3,176,684
Cash and Cash Equivalents, end of year	\$ 1,394,572	\$ 1,310,085

See accompanying notes to financial statements.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements June 30, 2015 and 2014

1. Summary of Significant Accounting Policies

Organization and Purpose of Business

The Prince William Sound Regional Citizens' Advisory Council, Inc. (Council) is a 501(c)(3) 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 tank operations, and the environmental impacts of crude-oil transportation in Prince William Sound.

In order to accomplish the goals of OPA 90 and the contract with Alyeska, the Council operates the following committees:

- Terminal Operations and Environmental Monitoring (TOEM)
- Oil Spill Prevention and Response (OSPR)
- Port Operations and Vessel Traffic Systems (POVTS)
- Scientific Advisory (SAC)
- Information and Education (IEC)

Contract

In May 2014, the Council and Alyeska renegotiated the funding level under their contract for a three year period beginning July 1, 2014. The funding level for the fiscal year beginning July 1, 2015 will be \$3,540,879. The funding levels for year two and three are adjusted by the change in the Anchorage Consumer Price Index. Funding payments are made by Alyeska twice a year, on the first business day 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

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.

The Council applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Council annually reviews its positions taken in accordance with the recognition standards. The Council believes that it has no uncertain tax positions taken in accordance with the recognition standards that would require disclosure or adjustment in these financial statements.

Administrative Expenses

All general and administrative expenses not specifically identifiable to a program are recorded in the general and administrative function.

Cash and 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.

Fair Value Measurements

The Council measures certain items in these financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, other than in a forced liquidation or distress sale.

The Council's financial assets and liabilities carried at fair value have been classified based on a hierarchy as defined in generally accepted accounting standards and are generally measured using the market approach or the income approach.

Subsequent Events

The Council has evaluated subsequent events through September 25, 2015, the date on which the financial statements were available to be issued.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Notes to Financial Statements

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30, 2015 and 2014:

	2015		2014	
	Book	Bank	Book	Bank
Checking accounts	\$ 3,302	\$ 3,302	\$ 4,039	\$ 4,039
Repurchase agreement	1,390,970	1,404,170	1,305,546	1,306,227
Petty cash	300	-	500	-
	\$ 1,394,572	\$ 1,407,472	\$ 1,310,085	\$ 1,310,266

Balances in checking accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in the repurchase agreement are collateralized by securities under the repurchase agreement with First National Bank of Alaska.

3. Operating Leases

In June 2014, the Council negotiated a five-year noncancelable lease for office space in Anchorage, Alaska. In May 2012, the Council entered into a six-year noncancelable operating lease for office space in Valdez, Alaska. The future minimum lease payments under these office space leases at June 30, 2015 are:

<i>Year Ending June 30,</i>	Amount
2016	\$ 133,896
2017	135,912
2018	137,952
2019	72,660

Rental expense for office space for the years ended June 30, 2015 and 2014 totaled \$132,024 and \$132,024, respectively.

The Council entered into a 66 and 69 month lease for postage meters in February 2011 and in July 2011, respectively. These leases include maintenance contracts that last 12 months, which began February 2014 and total \$884.85 per month. In March 2015, the Council entered into two five-year operating leases for copy machines. The future minimum lease payments are:

<i>Year Ending June 30,</i>	Amount
2016	\$ 8,448
2017	8,336
2018	7,943
2019	6,762
2020	5,072

Lease expense for these leases for the years ended June 30, 2015 and 2014 totaled \$20,870 and \$29,559, respectively.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.**

Notes to Financial Statements

4. Equipment

Equipment consists of the following at June 30, 2015 and 2014:

	2015	2014
Equipment	\$ 195,400	\$ 169,881
Less accumulated depreciation	(166,842)	(152,173)
	\$ 28,558	\$ 17,708

Depreciation expense totaled \$14,669 and \$9,630 for the years ended June 30, 2015 and 2014, respectively.

5. Miscellaneous Revenue

Miscellaneous revenue consists of the following for the years ended June 30, 2015 and 2014:

	2015	2014
Fire Fighting Symposium donations	\$ 11,250	\$ 5,850
Capital credits	5,595	2,668
Other	1,985	275
	\$ 18,830	\$ 8,793

6. 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. There were no employer contributions made to the plan during the years ended June 30, 2015 and 2014.

7. Commitments and Contingencies

Alyeska has the right to audit the Council's performance of services during the contract term and for a one year period thereafter.

Expenses pursuant to grants are subject to audits by governmental agencies or their representatives. Any disallowed claims, including amounts already collected, are recorded and treated as liabilities.

8. Board Designated Net Assets

In January 2010, the Board of Directors adopted a "net asset stabilization policy" wherein a minimum of \$350,000 in net assets is held for extraordinary or unplanned events or the purchase of capital assets. Expenditure of these net assets requires board approval.