

**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Financial Statements and Supplementary Information

June 30, 2000 and 1999

(With Independent Auditor's Report Thereon)

# REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

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## Independent Auditor's Report

To the Council Members  
Regional Citizens' Advisory Council, Inc.:

We have audited the accompanying statements of financial position of Regional Citizens' Advisory Council, Inc. (Council) as of June 30, 2000 and 1999, 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 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 Regional Citizens' Advisory Council, Inc. as of June 30, 2000 and 1999, and the results of its operations and its cash flows for the years 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 on page 9 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.

*Mikunda, Cottrell & Co.*

August 8, 2000

**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Financial Position

June 30, 2000 and 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 691,076	668,745
Due from grantor	59,795	29,134
Prepaid expenses and other assets	<u>10,675</u>	<u>11,681</u>
Total current assets	761,546	709,560
Equipment, fixtures, and leasehold improvements, net of accumulated depreciation	<u>54,257</u>	<u>44,114</u>
Total assets	\$ <u>815,803</u>	<u>753,674</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	132,708	121,060
Accrued liabilities	<u>90,950</u>	<u>94,116</u>
Total current liabilities	223,658	215,176
Net assets - unrestricted	<u>592,145</u>	<u>538,498</u>
Total liabilities and net assets	\$ <u>815,803</u>	<u>753,674</u>

See accompanying notes to financial statements.

**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Activities  
Years Ended June 30, 2000 and 1999

	<u>Unrestricted</u>	
	<u>2000</u>	<u>1999</u>
Revenues:		
Alyeska Pipeline Company income	\$ 2,516,250	2,300,000
Interest income	71,332	52,059
Grant income	131,559	96,843
Program income	10,430	-
Total revenues	<u>2,729,571</u>	<u>2,448,902</u>
Expenses:		
Program	1,783,452	1,547,873
General and administrative	746,394	709,105
Council	146,078	172,805
Total expenses	<u>2,675,924</u>	<u>2,429,783</u>
Increase in net assets	53,647	19,119
Unrestricted net assets, beginning of year	<u>538,498</u>	<u>519,379</u>
Unrestricted net assets, end of year	\$ <u><u>592,145</u></u>	<u><u>538,498</u></u>

See accompanying notes to financial statements.

**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Statements of Cash Flows  
Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Increase in net assets	\$ 53,647	19,119
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	33,094	22,793
(Increase) decrease in current assets:		
Due from grantor	(30,661)	12,259
Prepaid expenses and other assets	1,006	(711)
Increase (decrease) in current liabilities:		
Accounts payable	11,648	(29,864)
Accrued liabilities	<u>(3,166)</u>	<u>11,176</u>
Net cash provided by operating activities	65,568	34,772
 Cash flows from investing activities - purchase of equipment, fixtures and leasehold improvements	 <u>(43,237)</u>	 <u>(25,409)</u>
 Net increase in cash and cash equivalents	 22,331	 9,363
 Cash and cash equivalents, beginning of year	 <u>668,745</u>	 <u>659,382</u>
 Cash and cash equivalents, end of year	 \$ <u>691,076</u>	 <u>668,745</u>

See accompanying notes to financial statements.

# REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

## Notes to Financial Statements

June 30, 2000 and 1999

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

**Organization and Purpose of Business**

The 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 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.

In order to accomplish the Plan's goals, the Council has established the following programs in 2000 and 1999:

Projects:

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

**Contract**

On April 21, 1999, the Council and Alyeska amended their contract. The amended contract, effective January 1, 1999, provides the Council with \$2,500,000 in year one, adjusted for inflation annually in the subsequent two years, for operational, 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.

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

### Notes to Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### 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. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

##### Revenue Recognition

Revenues from Alyeska are deemed to be earned when the Council has incurred eligible operating expenditures, as defined by the contracts between Alyeska and Regional Citizens' Advisory Council. Amounts received, but not yet earned, are reported as deferred revenue. Interest, grant and program revenue are recognized when they are 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 three to five years. Leasehold improvements are recorded at cost and depreciated over the life of the 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.



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements, continued

(2) **Operating Lease**

Beginning in fiscal year 1999, the Council entered in to a five-year noncancelable operating lease for office space in Anchorage. In December of 1999, the Council entered into a one-year noncancelable operating lease for office space in Valdez. The future minimum lease payments under these leases at June 30, 2000 are:

<u>Period ending June 30</u>	<u>Amount</u>
2001	\$ 91,056
2002	53,563
2003	55,881
2004	57,892

Rental expense for the years ended June 30, 2000 and 1999 totaled \$91,932 and \$84,457, respectively.

(3) **Equipment, Fixtures and Leasehold Improvements**

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

	<u>2000</u>	<u>1999</u>
Equipment	\$ 153,846	144,384
Fixtures	66,595	64,746
Leasehold improvements	<u>28,923</u>	<u>-</u>
	249,364	209,130
Less accumulated depreciation	<u>(195,107)</u>	<u>(165,016)</u>
	\$ <u>54,257</u>	<u>44,114</u>

## REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

### Notes to Financial Statements, continued

(4) **Contingencies**

Expenses pursuant to grants are subject to audits by governmental agencies or their representatives. Amounts reflected in the financial statements and expenses in prior periods have generally not been audited by the grantor agencies. Accordingly, adjustments of amounts received under grants could result if the grants are audited by such agencies.

Management believes that no significant liability will result from the foregoing matter and, accordingly, no liability for amounts that may be payable has been recorded in the accompanying financial statements.

**REGIONAL CITIZENS' ADVISORY COUNCIL, INC.**

Schedule of Functional Expenses

Year Ended June 30, 2000

(with Comparative Totals for Year Ended June 30, 1999)

	<u>Program Activities</u>		<u>Supporting Services</u>		<u>Totals</u>	
	<u>Committees</u>	<u>Projects</u>	<u>General and Admin- istrative</u>	<u>Council</u>	<u>2000</u>	<u>1999</u>
Contracts	\$ -	688,390	-	-	688,390	589,501
Salaries	69,359	600,800	386,871	-	1,057,030	1,035,472
Travel and per diem	28,135	93,003	52,613	70,073	243,825	227,008
Professional services	-	83,740	19,652	12,498	115,890	73,453
Rent	-	-	91,932	-	91,932	84,457
Payroll taxes	3,124	45,006	29,589	-	77,719	69,225
Printing	-	26,828	5,261	507	32,596	41,911
Utilities	2,494	14,411	33,508	4,528	54,941	53,281
Conference calls	4,719	11,470	-	4,082	20,271	22,690
Postage	12	3,695	6,572	752	11,031	13,073
Conferences and conventions	1,298	9,686	1,220	1,575	13,780	16,751
Advertising	-	7,142	700	219	8,061	6,729
Depreciation	-	-	33,094	-	33,094	22,793
Legal fees	-	44,408	5,225	16,723	66,356	39,856
Meetings	1,000	19,101	101	19,232	39,434	19,569
Insurance	-	-	7,081	11,492	18,573	17,738
Office supplies	453	1,962	16,759	2,232	21,406	18,483
Contract labor	-	-	9,545	-	9,545	8,428
Equipment maintenance	-	-	5,624	-	5,624	4,170
Dues and subscriptions	-	6,039	1,312	-	7,351	7,346
Equipment lease	-	-	7,502	-	7,502	11,984
Accounting	-	-	5,860	-	5,860	7,265
Minor equipment	-	589	10,816	1,348	12,754	6,382
Computer software	-	-	3,144	-	3,144	6,444
Employee education	-	4,373	910	-	5,283	5,821
Library	-	944	-	-	944	3,020
Internet	-	11,215	5,376	-	16,590	9,853
Miscellaneous	55	-	6,126	817	6,998	7,080
<b>Totals</b>	<b>\$ 110,649</b>	<b>1,672,803</b>	<b>746,394</b>	<b>146,078</b>	<b>2,675,924</b>	<b>2,429,783</b>