

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

**FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)**

Years Ended June 30, 2025 and 2024



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PORTER & ALLISON INC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Prince William Sound Regional Citizens' Advisory Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prince William Sound Regional Citizens' Advisory Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prince William Sound Regional Citizens' Advisory Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Prince William Sound Regional Citizens' Advisory Council, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prince William Sound Regional Citizens' Advisory Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Porter & Allison, Inc.

Anchorage, Alaska
December 15, 2025

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

Statements of Financial Position

June 30, 2025 and 2024

Assets	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 4,051,727	\$ 3,881,830
Accounts receivable	-	2,801
Prepaid expenses and other assets	61,741	61,609
Total Current Assets	4,113,468	3,946,240
 Operating lease right-of-use asset	541,523	139,983
Equipment, net of accumulated depreciation	<u>42,692</u>	<u>55,767</u>
 Total Assets	\$ 4,697,683	\$ 4,141,990
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 91,175	\$ 117,880
Accrued liabilities	232,198	225,489
Operating lease liability, current portion	178,465	78,906
Contract liabilities	<u>2,185,911</u>	<u>2,138,856</u>
Total Current Liabilities	2,687,749	2,561,131
 Operating lease liability, net of current portion	<u>379,638</u>	<u>61,077</u>
 Total Liabilities	<u>3,067,387</u>	<u>2,622,208</u>
 Net Assets:		
Without donor restrictions:		
Designated for equipment	42,692	55,767
Designated for emergency reserve	400,000	400,000
Undesignated	<u>1,187,604</u>	<u>1,064,015</u>
 Total Net Assets	<u>1,630,296</u>	<u>1,519,782</u>
 Total Liabilities and Net Assets	<u>\$ 4,697,683</u>	<u>\$ 4,141,990</u>

See accompanying notes to financial statements.

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

Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Alyeska Pipeline Service Company	\$ 4,277,712	-	4,277,712	\$ 4,214,495	-	4,214,495
Interest	94,714	-	94,714	96,953	-	96,953
In-kind	44,192	-	44,192	1,710	-	1,710
Miscellaneous	5,744	-	5,744	12,045	-	12,045
Total Support and Revenues	4,422,362	-	4,422,362	4,325,203	-	4,325,203
Net assets released from restrictions	-	-	-	7,273	(7,273)	-
Total Revenues and Support	4,422,362	-	4,422,362	4,332,476	(7,273)	4,325,203
Expenses:						
Program Services:						
Committees and committee support	188,913	-	188,913	207,380	-	207,380
Programs and projects	2,908,043	-	2,908,043	2,664,182	-	2,664,182
Board of directors	334,223	-	334,223	340,854	-	340,854
Supporting Services:						
General and administrative	880,669	-	880,669	901,581	-	901,581
Total Expenses	4,311,848	-	4,311,848	4,113,997	-	4,113,997
Change in Net Assets	110,514	-	110,514	218,479	(7,273)	211,206
Net Assets, beginning of year	<u>1,519,782</u>	<u>-</u>	<u>1,519,782</u>	<u>1,301,303</u>	<u>7,273</u>	<u>1,308,576</u>
Net Assets, end of year	\$ 1,630,296	-	1,630,296	\$ 1,519,782	-	1,519,782

See accompanying notes to financial statements.

PRINCE WILLIAM SOUND REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services			Supporting Services		Total
	Committees and Committee Support	Programs and Projects	Board of Directors	Total Program Expenses	General and Administrative	
Expenses:						
Salaries and wages	\$ 120,233	1,653,861	117,368	1,891,462	447,932	2,339,394
Contract expense	-	613,266	-	613,266	-	613,266
Professional services	554	187,701	53,372	241,627	45,837	287,464
Travel	33,213	58,077	121,771	213,061	7,875	220,936
Payroll taxes	9,697	124,556	8,258	142,511	37,586	180,097
Rent	-	400	-	400	161,642	162,042
Equipment maintenance	-	42,286	-	42,286	35,133	77,419
Employee benefits	6,894	59,822	-	66,716	2,533	69,249
Meetings	15,281	22,936	27,114	65,331	-	65,331
Research contributions	-	54,851	-	54,851	-	54,851
Insurance	2,689	9,012	1,400	13,101	17,883	30,984
Software	-	-	-	-	26,736	26,736
Utilities	102	9,856	-	9,958	14,386	24,344
Dues and subscriptions	-	16,109	-	16,109	6,948	23,057
Depreciation	-	13,400	3,308	16,708	2,918	19,626
Internet access	-	-	-	-	19,460	19,460
Supplies	-	8,141	488	8,629	8,509	17,138
Equipment	-	-	-	-	14,278	14,278
Moving and relocation	-	-	-	-	10,594	10,594
Printing and reproduction	-	8,242	44	8,286	983	9,269
Conferences and conventions	-	7,654	225	7,879	675	8,554
Equipment leases	-	-	-	-	7,999	7,999
Stipends	-	5,500	25	5,525	-	5,525
Postage and delivery	-	1,748	-	1,748	2,702	4,450
Bad debt expense	-	-	-	-	2,801	2,801
Library	-	2,234	-	2,234	-	2,234
Business meals	-	291	297	588	331	919
Advertising	-	-	553	553	-	553
Education	-	-	-	-	145	145
Miscellaneous	250	8,100	-	8,350	4,783	13,133
Total Expenses	\$ 188,913	2,908,043	334,223	3,431,179	880,669	4,311,848

See accompanying notes to financial statements.

PRINCE WILLIAM SOUND REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services			Supporting Services		Total
	Committees and Committee Support	Programs and Projects	Board of Directors	Total Program Expenses	General and Administrative	
Expenses:						
Salaries and wages	\$ 123,729	1,537,427	122,541	1,783,697	487,106	2,270,803
Contract expense	-	544,523	-	544,523	-	544,523
Travel	41,126	67,720	122,991	231,837	8,734	240,571
Professional services	1,500	174,152	48,823	224,475	51,011	275,486
Payroll taxes	10,162	118,807	8,147	137,116	38,661	175,777
Rent	-	760	-	760	131,975	132,735
Meetings	18,627	17,441	30,487	66,555	-	66,555
Employee benefits	7,268	57,237	-	64,505	1,817	66,322
Equipment maintenance	-	18,118	-	18,118	33,289	51,407
Depreciation	-	38,893	3,308	42,201	7,183	49,384
Software	-	-	-	-	43,641	43,641
Insurance	1,180	10,296	3,182	14,658	18,291	32,949
Printing and reproduction	22	23,613	451	24,086	304	24,390
Conferences and conventions	3,068	17,221	150	20,439	1,199	21,638
Dues and subscriptions	-	12,406	-	12,406	9,076	21,482
Utilities	585	5,171	-	5,756	18,735	24,491
Internet access	-	-	-	-	19,771	19,771
Equipment leases	-	-	-	-	9,200	9,200
Supplies	32	3,132	110	3,274	4,241	7,515
Postage and delivery	-	2,105	-	2,105	4,642	6,747
Education	-	499	-	499	4,804	5,303
Equipment	-	-	-	-	4,202	4,202
Business meals	81	2,129	-	2,210	205	2,415
Stipends	-	2,000	50	2,050	-	2,050
Recruitment	-	-	-	-	1,826	1,826
Library	-	1,358	-	1,358	-	1,358
Advertising	-	-	614	614	-	614
Miscellaneous	-	9,174	-	9,174	1,668	10,842
Total Expenses	\$ 207,380	2,664,182	340,854	3,212,416	901,581	4,113,997

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Cash received	\$ 4,377,504	\$ 4,264,128
Cash paid to vendors and employees	(4,216,865)	(4,051,975)
Cash paid for lease liabilities	(78,906)	(78,906)
Interest received	<u>94,714</u>	<u>96,953</u>
Net Cash Flows from Operating Activities	176,447	230,200
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(6,550)</u>	<u>(4,268)</u>
Net Increase in Cash and Cash Equivalents	169,897	225,932
Cash and Cash Equivalents, beginning of year	<u>3,881,830</u>	<u>3,655,898</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,051,727</u>	<u>\$ 3,881,830</u>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities:		
Change in Net Assets	\$ 110,514	\$ 211,206
Depreciation and amortization	19,626	49,384
Lease expense related to amortization of right of use operating lease asset	16,580	-
Changes in assets:		
Accounts receivable	2,801	4,269
Prepaid expenses	(132)	(33,966)
Changes in liabilities:		
Accounts payable	(26,706)	(31,283)
Accrued liabilities	6,709	(1,019)
Contract liabilities	<u>47,055</u>	<u>31,609</u>
Net Cash from Operating Activities	<u>\$ 176,447</u>	<u>\$ 230,200</u>
Non-cash activities:		
Lease liabilities resulting from right of use assets	<u>\$ 487,412</u>	<u>\$ -</u>
In-kind revenue and expenses	<u>\$ 44,192</u>	<u>\$ 1,710</u>

See accompanying notes to financial statements.

PRINCE WILLIAM SOUND REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Note 1 – Nature of Operations

Prince William Sound Regional Citizens' Advisory Council, Inc. (the Council) is a 501(c)(3) charitable 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)

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The Council's accounting policies conform to accounting principles generally accepted in the United States of America as applicable. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2019.

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.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

PRINCE WILLIAM SOUND REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Leases

The Council has operating leases for office facilities and real property. The Council determines if an arrangement contains a lease at inception based on whether the Council has the right to control the asset during the contract period and other facts and circumstances. If the arrangement is a lease, the Council determines whether the lease should be classified as an operating or a finance lease. The Council recognizes a right-of-use ("ROU") asset and a lease liability based on the present value of the future minimum lease payments over the lease term at the commencement date. The Council has made an accounting policy election to not include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the liability to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over-the lease term. As the Council's leases do not provide an implicit rate, the Council uses the current market rates for marketable commercial real estate property in Anchorage, Alaska, based on the information available at the commencement date in determining the present value of discounted lease payments.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Purchases of property and equipment are recorded at cost. Depreciation is calculated on the straight-line-method over the estimated useful life of the assets.

Net Assets

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time.

Revenue Recognition

In accordance with ASC Topic 606, Revenue from Contracts with Customers, revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Council expects to be entitled to receive in exchange for those goods and services. Revenues from exchange transactions are recognized as performance obligations are satisfied, which in

PRINCE WILLIAM SOUND REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

most cases are as related costs are incurred. Revenue from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied. In addition, the Council has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Alyeska Contract

The contract between Alyeska and the Council follows the Council's fiscal year end of July 1st through June 30th with a CPI adjustment each subsequent year of the contract. The Council and Alyeska periodically review the funding level under their contract. The Council and Alyeska have finalized contract rates for fiscal years 2025 and 2026. The Council provides monitoring services for Alyeska throughout the year and revenue is recognized over time. Payments are regularly scheduled, as defined by the contract between Alyeska and the Council for and near July and January of the year services are to be provided. The contract between the Council and Alyeska will continue as long as oil flows 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. If payment is received in June prior to the services being provided a contract liability exists and revenue recognition is deferred to the subsequent year. Interest on cash and investments and capital credits are recognized when earned.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The Council's contract includes the performance obligation to provide advice to Alyeska on the safe operation of the Valdez Marine Terminal and transportation of oil in the Prince William Sound. Although there might be multiple tasks performed by the Council, the Council provides significant integration services with one overarching goal. Therefore, the contract is considered to have one performance obligation.

Contribution Revenue

Contributions without donor restrictions are recognized as revenue when received. Grant or donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. In accordance with ASC Sub-Topic 958-605, Revenue Recognition, the Council must determine whether a contribution, or promise, is conditional or unconditional. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable stipulations that limit discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Council should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

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ADVISORY COUNCIL, INC.**

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Unconditional promises to give are reported at fair value when received and recognized as revenues in the period in which the promise is made, and as assets, decreases in liabilities, or expenses depending upon the form of the benefit to be received. Conditional promises are considered unconditional if the possibility that the condition will not be met is remote. Conditional promises to give that are contingent upon meeting substantive conditions are recognized in the period in which the conditions are met. Conditional promises to give and indications of intentions to give are reported at the fair value at the date the gift is received.

In-kind donations of services and equipment are recognized as contributions at fair market value. Donor restricted contributions whose restrictions are met within the same period they are received are reported as contributions without donor restrictions in the accompanying financial statements.

Contract Liabilities

The Council may receive payment in advance that exceeds the revenue earned to date resulting in contract liabilities. Contract liabilities typically are not considered a significant financing component because they are used to meet the working capital demands and protect the Council from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are reported on the balance sheet on a net contract basis at the end of each reporting period.

Income Taxes

The Council is exempt from income tax under Section 501(c)(3) though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Council has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligation in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Council has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. All general and administrative expenses not specifically identifiable to a program are recorded in the general and administrative function.

Expenses are reported in one of four functions: Programs and Projects, Board of Directors, Committees and Committee Support, and General and Administrative. Programs and Projects comprise expenses directly related to specific programs or projects approved by the Board of Directors as well as the salary and related costs of project managers. Board of Directors expenses are primarily related to holding Board meetings and the costs associated with Board-only subcommittees. Committees and Committee support costs are related to the technical committee meetings and workshops as well as a portion of the wages and related payroll costs of project manager assistants. General and Administrative costs are for administrative staff and expenses related to the operation of offices in Anchorage and Valdez.

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ADVISORY COUNCIL, INC.**

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Salaries and wages of the Executive Director, Director of Administration, Executive Assistant, Project Manager Assistants, and Administrative Assistants are allocated based on the estimated time each devotes to each function.

Advertising

Costs related to advertising are expensed as incurred.

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 December 15, 2025, the date on which the financial statements were issued.

Note 3 – Cash and Cash Equivalents

The Council maintains cash balances that are insured by the FDIC up to \$250,000. Balances in the repurchase agreement are collateralized by securities under the repurchase agreement with First National Bank Alaska. For the years ended June 30, 2025 and 2024, there were no uninsured or uncollateralized balances.

Note 4 – Lease Expense, Lease Commitments and Lease Liabilities

The Council entered into a noncancelable operating lease with a third party for its office space in Anchorage, Alaska on February 1, 2025. The monthly payments required by this lease are \$8,074. The lease expires on June 30, 2030.

The Council has a noncancelable operating lease with a third party for its office space in Valdez, Alaska. The monthly payments required by this lease are \$6,138. The lease expires on June 30, 2026.

The Council has a noncancelable operating lease for the use of their copier. The monthly payments required by this lease are \$529. The lease expired on February 5, 2025. The Council entered into another noncancelable operating lease for the use of their copier with monthly payments of \$535. The lease expires on June 30, 2030.

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ADVISORY COUNCIL, INC.**

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

The lease expense related to these leases was \$95,518 and \$78,906, for the years ended June 30, 2025 and 2024, respectively. Future minimum lease payments on the noncancelable leases are as follows for the years ended June 30:

2026	\$ 175,871
2027	106,216
2028	109,122
2029	112,028
2030	<u>112,745</u>
Future minimum lease payments	615,982
Present value discount	<u>(57,879)</u>
Lease liability	\$ <u>558,103</u>

Note 5 – Property and Equipment

A summary of property and equipment as of June 30:

	2025	2024
Equipment	\$ 166,113	\$ 166,113
Leasehold improvements	13,340	13,340
Weather station and buoy	<u>214,411</u>	<u>207,861</u>
	393,864	387,314
Less accumulated depreciation	<u>(351,172)</u>	<u>(331,547)</u>
Property and Equipment, net	<u>\$ 42,692</u>	<u>\$ 55,767</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$19,626 and \$49,384 respectively.

Note 6 – Contract Liabilities

Changes in contract liabilities resulted from cash being received from Alyeska in June related to the following fiscal year. Amounts totaling \$2,138,856 were reclassified from beginning contract liabilities to revenue during the year ended June 30, 2025. The following consists of beginning and ending balances of contract liabilities through June 30, 2025:

Balance, July 1, 2023	\$ 2,107,247
Balance, June 30, 2024	<u>\$ 2,138,856</u>
Balance, June 30, 2025	<u>\$ 2,185,911</u>

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

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Note 7 – Limitations and Restrictions on Net Assets

Net Assets Without Donor Restrictions

The Council's Board of Directors has placed the following limitations on net assets without donor restrictions at June 30:

	<u>2025</u>	<u>2024</u>
Designated for equipment	\$ 42,692	\$ 55,767
Designated for emergency reserve	400,000	400,000
Undesignated funds	<u>1,187,604</u>	<u>1,064,015</u>
 Total net assets without donor restrictions	 <u>\$ 1,630,296</u>	 <u>\$ 1,519,782</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to a specific purpose required by the donor. As of June 30, 2025 and 2024, all restrictions were satisfied and all net assets were released from restrictions.

Note 8 – 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, 2025 and 2024.

Note 9 – Availability and Liquidity

Pursuant to the terms of a "Repurchase" agreement with First National Bank Alaska (FNBA), available cash held at the bank is swept into an interest-bearing instrument at the end of each banking day. Funds are then available to the Council the following banking day. This arrangement provides maximum liquidity to the Council, not only to meet its current obligations, but also to have cash available in the event of a significant oil spill event in the Prince William Sound Region. The funds are secured by a portion of a U.S. Government Agency bond. Funds held in the repurchase agreement account on June 30, 2025 and 2024 totaled \$3,874,519 and \$3,859,858 respectively.

In addition to funds on hand, Alyeska Pipeline Service Company makes contract payments on or about July 1 and January 1 of each year, thus providing sufficient funds for the organization to execute its next fiscal year's operational plans. Any monies received for contributions with donor restrictions are received in advance and held until restrictions are met and associated costs are incurred.

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Notes to Financial Statements
Years Ended June 30, 2025 and 2024

The following represents the Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the date of the financial position at June 30:

Financial assets at year end:	2025	2024
Cash and cash equivalents	\$ 4,051,727	\$ 3,881,830
Accounts receivable	-	2,801
Less Board designated assets	<u>(442,692)</u>	<u>(455,767)</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 3,609,035</u></u>	<u><u>\$ 3,484,631</u></u>

Note 10 – Concentrations

The Alyeska Pipeline Service Company contract was 97% of the Council's total support and revenue for the years ended June 30, 2025 and 2024. Alyeska Pipeline Service Company has the right to audit the Council's performance of services during the contract term and for a one-year period thereafter.