



REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Financial Statements

December 31, 1990

(With Independent Auditors' Report Thereon)



KPMG Peat Marwick

Certified Public Accountants

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 December 31, 1990, and the related statements of revenues, expenses and changes in fund balance, and cash flows for the year 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 December 31, 1990, and the results of its operations and its cash flows for the year 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 the schedule 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

July 26, 1991



Member Firm of
Klynveld Peat Marwick Goerdeler

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Balance Sheet

December 31, 1990

Assets

Cash and cash equivalents	\$ 1,534,997 ✓
Prepaid expenses and deposits	31,384 ✓
Equipment, fixtures and leasehold improvements, net of accumulated depreciation of \$9,237 (note 3)	<u>143,485</u>
	\$ <u>1,709,866</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	6,960
Accrued liabilities	3,259
Deferred revenue (note 1)	<u>1,620,636</u>
Total liabilities	1,630,855

Fund balance	79,011
Commitments (note 2)	<u> </u>
	\$ <u>1,709,866</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Revenues, Expenses and Changes in Fund Balance

Year ended December 31, 1990

Revenues:

Alyeska Pipeline Service Company income (note 1)	\$ 379,364
Interest income	<u>79,011</u>
Total revenues	<u>458,375</u>

Expenses:

Program:

Terminal operations and environmental monitoring	4,305
Oil spill prevention/response	24,861
Port operations and vessel traffic systems	8,594
Scientific research and review	2,612
Education	<u>12,585</u>
Total program	52,957

General and administrative	<u>326,407</u>
Total expenses	<u>379,364</u>

Excess of revenues over expenses	79,011
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Fund balance at beginning of year	<u>-</u>
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Fund balance at end of year	\$ <u>79,011</u>
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See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Statement of Cash Flows

Year ended December 31, 1990

Cash flows from operating activities:	
Excess of revenues over expenses	\$ 79,011
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	
Depreciation	9,237
Changes in assets and liabilities:	
Increase in prepaid expenses and deposits	(31,384)
Increase in accounts payable	6,960
Increase in accrued liabilities	3,259
Increase in deferred revenue	<u>1,620,636</u>
Net cash provided by operating activities	<u>1,687,719</u>
Cash flows from investing activities - additions to equipment, fixtures and leasehold improvements	<u>(152,722)</u>
Net increase in cash and cash equivalents	1,534,997
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	\$ <u>1,534,997</u>

See accompanying notes to financial statements.

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

December 31, 1990

(1) Organization, Purpose and Summary of Significant Accounting Policies

Regional Citizens' Advisory Council, Inc. (Council) is a nonprofit corporation consisting of representatives throughout Alaska dedicated to the involvement and education of citizens in the prevention of oil spills in the region. As a result of the Exxon Valdez oil spill, Alyeska Pipeline Service Company (Alyeska) established the Prince William Sound Tanker Spill Prevention and Response Plan (Plan). The Council was created to provide local involvement in the development and ongoing implementation of that Plan. The Council provides oversight, monitoring, assessment and evaluation of oil spill prevention, safety and response plans, terminal and oil tanker operations, and environmental impacts of Alyeska.

On February 8, 1990, the Council and Alyeska signed a contract in which Alyeska will provide the Council with a minimum of \$2,000,000 per year. 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/Response
- Port Operations and Vessel Traffic Systems
- Scientific Research and Review
- Education

Basis of Presentation

The Council reports in accordance with the American Institute of Certified Public Accountants Statement of Position 78-10, 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

Grant revenues are deemed to be earned when the Council has incurred eligible operating expenditures, as defined by the contract between Alyeska and the Council. Amounts received, but not yet earned, are reported as deferred revenue. Interest revenue is recognized as it is earned.

(Continued)

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Notes to Financial Statements

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.

Allocation of Expense

General and administrative expenses are allocated to programs based on actual expenses incurred.

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 Lease

During 1990 the Council entered into a lease agreement for office space which expires June 1, 1993. This lease includes an option for a two-year extension and has future minimum rental payments as follows:

<u>Year ending</u> <u>December 31</u>	<u>Amount</u>
1991	\$ 29,927
1992	30,938
1993	<u>13,067</u>
	<u>\$ 73,932</u>

(3) Equipment, Fixtures and Leasehold Improvements

A summary of equipment, fixtures and leasehold improvements follows:

Equipment	\$ 116,128
Fixtures	34,096
Leasehold improvements	<u>2,498</u>
	152,722
Less accumulated depreciation	<u>9,237</u>
	<u>\$ 143,485</u>

REGIONAL CITIZENS' ADVISORY COUNCIL, INC.

Schedule of Functional Expenses

Year ended December 31, 1990

	<u>General and Administrative</u>	<u>Terminal Operations and Environmental Monitoring</u>	<u>Oil Spill Prevention/ Response</u>	<u>Port Operations and Vessel Traffic Systems</u>	<u>Scientific Research and Review</u>	<u>Education</u>	<u>Totals</u>
Travel, lodging and meals	\$ 89,210	3,443	8,638	1,835	1,319	-	104,445
Other professional services	68,856	-	2,889	-	-	-	71,745
Salaries and related taxes	21,054	862	12,321	6,734	1,293	2,585	44,849
Office supplies	36,486	-	-	-	-	-	36,486
Legal services	17,233	-	-	-	-	-	17,233
Rent	16,584	-	-	-	-	-	16,584
Utilities	13,931	-	-	25	-	-	13,956
Accounting services	12,823	-	-	-	-	-	12,823
Conference and meeting	11,875	-	640	-	-	-	12,515
Advertising	10,820	-	-	-	-	-	10,820
Depreciation	9,237	-	-	-	-	-	9,237
Equipment lease and maintenance	7,239	-	-	-	-	-	7,239
Dues and subscriptions	3,042	-	-	-	-	-	3,042
Insurance	2,476	-	-	-	-	-	2,476
Postage	2,076	-	-	-	-	-	2,076
Printing	1,472	-	373	-	-	-	1,845
Library	1,397	-	-	-	-	-	1,397
Miscellaneous	596	-	-	-	-	10,000	10,596
	<u>\$ 326,407</u>	<u>4,305</u>	<u>24,861</u>	<u>8,594</u>	<u>2,612</u>	<u>12,585</u>	<u>379,364</u>