



Prince William Sound Regional Citizens' Advisory Council, Inc.

Financial Statements
Years Ended June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

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

Financial Statements
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Prince William Sound Regional Citizens' Advisory Council, Inc.

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Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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. which comprise the statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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 (GAAS). 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 the entity 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.

Management's Responsibility 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 the entity's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibility

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a



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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 GAAS, 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 the entity'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 the entity'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.

BDO USA, LLP

Anchorage, Alaska
October 22, 2021

Financial Statements

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

Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,527,071	\$ 1,731,423
Accounts receivable	2,800	-
Prepaid expenses and other assets	74,453	63,527
Total Current Assets	3,604,324	1,794,950
Equipment, net of accumulated depreciation	132,117	159,540
Total Assets	\$ 3,736,441	\$ 1,954,490
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 252,187	\$ 207,162
Accrued liabilities	276,789	260,441
Contract liabilities	1,858,122	-
Total Current Liabilities	2,387,098	467,603
Commitments and Contingencies (Note 8)		
Net Assets		
Without Donor Restrictions		
Designated for equipment	132,117	159,540
Designated for future capital purchases	-	25,000
Board designated for emergency reserve	400,000	400,000
Undesignated	793,895	870,440
Total without donor restrictions	1,326,012	1,454,980
With donor restrictions	23,331	31,907
Total Net Assets	1,349,343	1,486,887
Total Liabilities and Net Assets	\$ 3,736,441	\$ 1,954,490

See accompanying notes to financial statements.

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

Statements of Activities

<i>Years Ended June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Alyeska Pipeline Service Company	\$ 3,663,638	\$ -	\$ 3,663,638	\$ 3,757,577	\$ -	\$ 3,757,577
Interest	649	-	649	21,499	-	21,499
Miscellaneous	5,583	-	5,583	8,147	-	8,147
Total Revenues and Support	3,669,870	-	3,669,870	3,787,223	-	3,787,223
Net assets released from restrictions	8,576	(8,576)	-	8,093	(8,093)	-
Total Revenues	3,678,446	(8,576)	3,669,870	3,795,316	(8,093)	3,787,223
Expenses						
Program services:						
Committees and Committee Support	143,925	-	143,925	203,687	-	203,687
Programs and Projects	2,586,228	-	2,586,228	2,295,583	-	2,295,583
Board of Directors	145,566	-	145,566	249,471	-	249,471
Supporting services - general and administrative	931,695	-	931,695	870,793	-	870,793
Total Expenses	3,807,414	-	3,807,414	3,619,534	-	3,619,534
Change in net assets	(128,968)	(8,576)	(137,544)	175,782	(8,093)	167,689
Net Assets, beginning of year	1,454,980	31,907	1,486,887	1,279,198	40,000	1,319,198
Net Assets, end of year	\$ 1,326,012	\$ 23,331	\$ 1,349,343	\$ 1,454,980	\$ 31,907	\$ 1,486,887

See accompanying notes to financial statements.

**Prince William Sound Regional
Citizens' Advisory Council, Inc.
Statement of Functional Expenses**

<i>Year Ended June 30, 2021</i>	Program Services			Supporting Services	Total
	Committees and Committee Support	Programs and Projects	Board of Directors	General and Admin- istrative	
Salaries	122,299	1,338,499	112,284	505,148	2,078,230
Contract expense	-	738,949	-	-	738,949
Payroll taxes	8,829	101,930	7,888	36,749	155,396
Rent	-	760	-	140,803	141,563
Professional services	-	111,563	16,016	8,013	135,592
Employee health insurance	10,715	57,696	-	30,497	98,908
Equipment maintenance	-	24,578	-	49,289	73,867
Research contributions	-	65,371	-	-	65,371
Legal fees	-	43,676	5,268	10,926	59,870
Depreciation	-	30,192	-	11,819	42,011
Insurance	743	8,177	3,148	17,466	29,534
Equipment	-	705	-	24,351	25,056
Utilities	493	7,874	-	13,486	21,853
Supplies	-	4,357	-	15,915	20,272
Internet access	-	-	467	18,349	18,816
Accounting	-	-	-	15,980	15,980
Dues and subscriptions	198	13,753	-	219	14,170
Stipends	-	11,500	-	-	11,500
Software	-	-	-	10,141	10,141
Travel	-	7,628	-	2,325	9,953
Printing and reproduction	-	6,067	-	3,381	9,448
Equipment leases	-	-	-	8,717	8,717
Conferences and conventions	648	5,475	495	495	7,113
Postage and delivery	-	881	-	5,892	6,773
Recruitment	-	-	-	1,268	1,268
Advertising	-	895	-	-	895
Library	-	83	-	348	431
Meeting expense	-	38	-	-	38
Miscellaneous	-	5,581	-	118	5,699
Totals	143,925	2,586,228	145,566	931,695	3,807,414

See accompanying notes to financial statements.

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

Statement of Functional Expenses

<i>Year Ended June 30, 2020</i>	Program Services			Supporting Services	Total
	Committees and Committee Support	Programs and Projects	Board of Directors	General and Admin- istrative	
Salaries	\$ 124,373	\$ 1,300,458	\$ 122,345	\$ 465,791	\$ 2,012,967
Contract expense	-	527,692	-	-	527,692
Travel	41,307	38,406	68,349	5,687	153,749
Payroll taxes	8,748	97,515	7,762	34,770	148,795
Rent	-	400	-	139,775	140,175
Professional services	726	99,860	20,741	8,117	129,444
Employee health insurance	10,217	55,073	-	29,070	94,360
Legal fees	-	59,966	9,696	1,941	71,603
Equipment maintenance	-	9,853	-	50,049	59,902
Meeting expense	14,694	8,416	16,340	-	39,450
Depreciation	-	25,712	-	11,576	37,288
Insurance	891	9,367	3,342	20,365	33,965
Utilities	477	7,629	-	15,978	24,084
Internet access	-	-	487	17,325	17,812
Accounting	-	-	-	16,550	16,550
Dues and subscriptions	-	14,104	-	-	14,104
Supplies	-	3,060	254	10,451	13,765
Equipment leases	-	-	-	13,295	13,295
Equipment	-	730	-	12,221	12,951
Conferences and conventions	2,254	9,694	-	-	11,948
Printing and reproduction	-	10,220	80	-	10,300
Postage and delivery	-	1,924	-	7,113	9,037
Software	-	-	-	8,561	8,561
Stipends	-	8,150	75	-	8,225
Business meals	-	1,927	-	44	1,971
Recruitment	-	-	-	1,049	1,049
Education	-	740	-	250	990
Library	-	257	-	403	660
Miscellaneous	-	4,430	-	412	4,842
Totals	\$ 203,687	\$ 2,295,583	\$ 249,471	\$ 870,793	\$ 3,619,534

See accompanying notes to financial statements.

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

Statements of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ (137,544)	\$ 167,689
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	42,011	37,288
(Increase) decrease in assets:		
Accounts receivable	(2,800)	7,040
Prepaid expenses and other assets	(10,926)	(1,875)
Increase (decrease) in liabilities:		
Accounts payable	45,025	(1,737)
Accrued liabilities	16,348	41,427
Deferred revenue	1,858,122	-
Net cash from operating activities	1,810,236	249,832
Cash Flows for Investing Activities		
Purchase of equipment	(14,588)	(37,860)
Increase in cash and cash equivalents	1,795,648	211,972
Cash and Cash Equivalents, beginning of year	1,731,423	1,519,451
Cash and Cash Equivalents, end of year	\$ 3,527,071	\$ 1,731,423

See accompanying notes to financial statements.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements June 30, 2021 and 2020

1. Organization and 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

The Council and Alyeska periodically review the funding level under their contract. Funding for FY-2021 was \$3,663,637. The Council and Alyeska have finalized contract rates for fiscal years 2021, 2022, and 2023. The FY-2022 amount will be \$3,716,244. The FY-2023 amount will be \$3,716,244 adjusted by the change in the Urban Alaska Consumer Price Index for all Urban Consumers from the preceding calendar year. Contract payments for each fiscal year are made in two installments, once on or about July 1 and again on or about January 1. 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.

Basis of Presentation

The Council's accounting records are maintained on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other assets and liabilities. Financial statement presentation follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958, the Council is required to report information regarding its financial position and activities based on the existence or absence of grantor or donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to grantor or donor-imposed stipulations.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

- Net Assets With Donor Restrictions - Net assets that are restricted by the donor, grantor, or other outside party. Some donor-imposed restrictions are temporary in nature, such as those that either expire by the passage of time or can be fulfilled and removed by the actions of the Council. Revenues associated with these resources are earned when the Council undertakes the necessary action or other restrictions are met. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

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.

Estimates

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 (with and without restrictions) for the period. Actual results could differ from those estimates.

Revenue Recognition

For the year ended June 30, 2020, the Council recognized revenue when persuasive evidence of an arrangement existed, the contracts were fixed or determinable, the revenue was earned, and collectability assured.

Beginning with the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606") on July 1, 2020, 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 most cases are as related costs are incurred. Revenue from non-exchange 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 non-exchange 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.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

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 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. 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. During the fiscal year ending June 30, 2021 there was a contract liability in the amount of \$1,858,122 due to early payment of the Alyeska Contract. 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.

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.

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.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

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.

Equipment

Equipment with a cost equal to or exceeding \$5,000 is recorded at cost or fair value on the date of donation 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 ASC 740 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.

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.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

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.

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 October 21, 2021, the date on which the financial statements were available to be issued.

Liquidity and Availability

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 at June 30, 2021 and 2020 totaled \$3,394,069 and \$1,647,356, 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.

Recent Accounting Pronouncements Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, which supersedes the current lease guidance under Leases (Topic 840) and makes several changes, such as requiring an entity to recognize a right-of-use ("ROU") asset and corresponding lease obligation on the balance sheet, classified as financing or operating, as appropriate. The update is effective for private companies for annual and interim reporting periods beginning after December 15, 2019 and should be adopted under the modified retrospective approach.

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

In July 2018, the FASB issued ASU 2018-10 "Codification Improvements to Topic 842, Leases" to add clarity to certain areas within ASU 2016-02 and ASU 2018-11 "Targeted Improvements", to add an additional and optional transition method to adopt the new leases standard by allowing recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In December 2018, the FASB issued ASU 2018-20 "Narrow-Scope Improvements for Lessors" to add clarity to lessors accounting for sales taxes and other similar taxes collected from lessees, accounting for variable payments for contracts with lease and non-lease components, and accounting for certain lessor costs. The effective date and transition requirements of these updates will be the same as ASU 2016-02.

On July 17, 2019, the FASB decided to postpone the effective date for private companies for twelve months pending a public comment period. On May 20, 2020, the FASB decided to postpone the effective date for private companies to fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The Council will evaluate the effect that adoption of this new standard will have on the Council's financial statements.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30, 2021 and 2020:

	2021		2020	
	Book	Bank	Book	Bank
Checking accounts	\$ 185,000	\$ 185,000	\$ 83,767	\$ 83,767
Repurchase agreement	3,341,771	3,394,069	1,647,356	1,701,562
Petty cash	300	-	300	-
	\$ 3,527,071	\$ 3,579,069	\$ 1,731,423	\$ 1,785,329

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. Equipment

Equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Equipment	\$ 129,571	\$ 114,983
Leasehold improvements	13,340	13,340
Weather stations and buoy	182,776	182,776
Less accumulated depreciation	(193,570)	(151,559)
	\$ 132,117	\$ 159,540

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

Notes to Financial Statements

Depreciation expense totaled \$42,011 and \$37,288, for the years ended June 30, 2021 and 2020, respectively.

4. Net Assets

Net assets with donor restrictions

A grant in the amount of \$40,000 was received from the City of Valdez to assist with the operating and maintenance costs associated with weather buoys. The grant requires the buoys to be in use for a minimum of five years and is reported in net assets with donor restrictions. These net assets will be released from restrictions over the course of the five-year period, beginning in 2020, as the weather buoys were not yet fully operational at June 30, 2019. Net assets with donor restrictions related to this grant are \$23,331 and \$31,907 at June 30, 2021 and 2020, respectively, with \$8,576 released from restrictions for the year ended June 30, 2021.

Board designated net assets - net asset stabilization

The Board of Directors has adopted a “net asset stabilization policy” wherein net assets are held for extraordinary or unplanned events or the purchase of capital assets. The current approved balance in the designated net assets is set at \$400,000 for extraordinary or unplanned events. Expenditure of these net assets requires Board approval.

Board designated net assets - capital purchases and equipment

The amount reported in designated net assets for future capital purchases is determined based on budgeted amounts less amounts spent in the current fiscal year or modifications made by the Board of Directors. The amount carries forward as funds to be spent in future years. Net assets related to this designation are \$0 and \$25,000 at June 30, 2021 and 2020, respectively. In addition, the Council designates the amount held in long-term equipment assets at net book value which were \$132,117 and \$159,540 at June 30, 2021 and 2020, respectively.

5. Miscellaneous Revenue

Miscellaneous revenue consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Capital credits	\$ 5,578	\$ 8,147
Other	5	-
	<u>\$ 5,583</u>	<u>\$ 8,147</u>

Prince William Sound Regional Citizens' Advisory Council, Inc.

Notes to Financial Statements

6. Operating Leases

The Council holds two leases for office space. The first lease is in Anchorage, Alaska and expires on June 30, 2024. The second lease is in Valdez, Alaska and expires on June 30, 2026. Future minimum lease payments under these office space leases at June 30, 2021 are:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 141,844
2023	142,901
2024	142,901
2025	71,489
2026	71,489
Thereafter (2027)	-

Rental expense for office space for the years ended June 30, 2021 and 2020 totaled \$140,803 and \$139,775, respectively.

The Council has operating leases for copy machines that expire in March 2025. In addition to lease payments, the Council pays a per copy charge. The future minimum lease payments are:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 6,343
2023	6,343
2024	6,343
2025	4,229

Lease expense, including per copy charges, for these leases for the years ended June 31, 2020 and 2019 totaled \$8,717 and \$13,295, respectively.

7. 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, 2021 and 2020.

8. 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.

The Council enters into contracts for various projects. At June 30, 2021 and 2020, the Council had outstanding contracts where work was not yet complete, and costs not yet incurred of \$186,135 and \$449,806, respectively.

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

Notes to Financial Statements

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.

In the ordinary course of business, the Council may be involved in legal actions, claims, employee matters, and disputes incidental to its operations. While the ultimate results of these items cannot be predicted with certainty, management does not expect at this time the resolution of them to have a material adverse effect on the Corporation's financial position, results of operations or its liquidity.