See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning **October 1**, 2011, and ending **September 30**, 20 **12**

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization **Arctic Research Consortium of the United States**

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): **3535 College Road** Room/suite: **Suite 101**

City or town, state or country, and ZIP + 4: **Fairbanks, AK 99709-3710**

D Employer identification number **92-0137088**

E Telephone number **907-474-1600**

G Gross receipts $ **2,143,514**

F Name and address of principal officer: **Susan E. Fox**
Address - same as above

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ **www.arcus.org**

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ **L** Year of formation: **1990** **M** State of legal domicile: **AK**

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: **The purpose of ARCUS is to provide leadership in advancing knowledge and understanding of the Arctic by serving as a forum for planning, acting as a synthesizer and disseminator of scientific information, and encouraging and facilitating the education of scientists and the public in the needs and opportunities of research in the Arctic.**

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	18
6	Total number of volunteers (estimate if necessary)	6	-0-
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	-0-
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-0-

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	22,034	16,331
9	Program service revenue (Part VIII, line 2g)	2,026,758	2,127,181
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8	2
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-0-	-0-
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,048,800	2,143,514
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	-0-	-0-
14	Benefits paid to or for members (Part IX, column (A), line 4)	-0-	-0-
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,341,205	1,294,252
16a	Professional fundraising fees (Part IX, column (A), line 11e)	-0-	-0-
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ -0-		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	692,078	840,908
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	2,033,283	2,135,160
19	Revenue less expenses. Subtract line 18 from line 12	15,517	8,353

	Net Assets or Fund Balances	Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	213,399	242,377
21	Total liabilities (Part X, line 26)	171,888	192,513
22	Net assets or fund balances. Subtract line 21 from line 20	41,511	49,864

RECEIVED
MAY 0 8 2013
OGDEN, UT

SCANNED MAY 21 2013

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Susan Fox — Signature of officer — Date 5-6-13

▶ Susan Fox - Executive Director — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN

Firm's name ▶ Firm's EIN ▶

Firm's address ▶ Phone no.

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

C17 21

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . ☑

1 Briefly describe the organization's mission:

The purpose of ARCUS is to provide leadership in advancing knowledge and understanding of the Arctic by serving as a forum for planning, acting as a synthesizer and disseminator of scientific information, encouraging and facilitating the education of scientists and the public in the needs and opportunities of research in the Arctic.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 652,487 including grants of $ -0-) (Revenue $ 652,487)

OUTREACH AND INFORMATION: ARCUS serves as a communication channel providing information about current research activites and arctic issues to the scientific community, agencies, and the public. ARCUS information and outreach activities disseminate information about a wide range of arctic research efforts to scientists, decision makers, and the public through the use of Internet tools, publications, and in-person meetings. ARCUS finalized and released several issues of Witness the Arctic which is a news-letter that provides information on current arctic research and education efforts and news, significant research initiatives, national policy affecting arctic science, research support and logistics, profiles of institutions with major arctic research efforts, and calendar events and publications. The ARCUS website provides essential information and resources for the diverse and geographically distributed arctic research community and serves several thousand pages and files. The website is the focal point for educational programs, various community science planning efforts, and provides important information and resources to the research community about research programs, meetings, community activities, and publications. ARCUS continues to develop and maintain the Online Arctic Calendar. The online calendar provides an up-to-date and comprehensive calendar of arctic meetings and conferences. ARCUS continues to conduct a number of outreach activities that disseminate timely information about arctic research.

4b (Code:) (Expenses $ 427,120 including grants of $ -0-) (Revenue $ 427,120)

ARCTIC LOGISTICS AND COMMUNITY SCIENCE PLANNING: These activities coordinate science planning for the arctic research community across disciplinary and organizational boundaries, including Study of Environment Arctic Change (SEARCH) Coordination. ARCUS has worked with the arctic scientific community and funding agencies through workshops, committee activities, and other strategies to help define and coordinate science priorities and initiatives. In 2012, ARCUS organized a U.S. Arctic Observing Coordination Workshop as an update to the 2008 arctic observing meetings. The workshop was supported by several agencies and gathered a diversity of perspectives not before provided in an AON meeting; the workshop was organized to broker honest discussions between academic scientists, agency scientists, and resource managers to find common needs for arctic observation. The workshop recommendations focused on 'showcase' projects-cross-cutting and cross-agency activities that are ready for implementation. ARCUS provided organizational and logistics support for an AON DESIGN AND IMPLEMENTATION TASK FORCE, which was convened by NSF to provide guidance on how to achieve a well-designed and effective Arctic Observing System. After a final meeting in summer 2012, the Task Force, with input, editing, and design services from ARCUS, developed a report that summarizes methodologies and recommendations for rigorous design and optimization of observing systems.

4c (Code:) (Expenses $ 238,531 including grants of $ -0-) (Revenue $ 238,531)

CORE SUPPORT: This is dedicated funding of the costs incurred by program activities that simultaneously support multiple cooperative agreement projects. This funding also supports the technological and management infrastructure.

4d Other program services (Describe in Schedule O.)
(Expenses $ 199,830 including grants of $ -0-) (Revenue $ 199,830)

4e **Total program service expenses** ▶ 1,517,968

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	✓	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		✓
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		✓
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		✓
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		✓
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		✓
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		✓
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		✓
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		✓
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		✓
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		✓
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		✓
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	✓	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	✓	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		✓
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		✓
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		✓
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV.*	14b		✓
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		✓
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		✓
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		✓
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		✓
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		✓
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		✓
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		✓
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	✓	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	24a		✓
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		✓
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		✓
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		✓
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		✓
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		✓
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		✓
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		✓
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		✓
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		✓
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34		✓
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		✓
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		✓
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	30		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	✓	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	18		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	✓	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		✓
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		✓
b	If "Yes," enter the name of the foreign country: ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a		
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		✓
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI . . . ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . 1a 13 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b	Enter the number of voting members included in line 1a, above, who are independent . 1b 13			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		✓
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3		✓
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		✓
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		✓
6	Did the organization have members or stockholders?	6	✓	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	✓	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	✓	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a	✓	
b	Each committee with authority to act on behalf of the governing body?	8b	✓	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9		✓

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		✓
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		✓
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	✓	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	✓	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	✓	
13	Did the organization have a written whistleblower policy?	13	✓	
14	Did the organization have a written document retention and destruction policy?	14	✓	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	✓	
b	Other officers or key employees of the organization	15b	✓	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		✓
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ **Alaska**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶ **Ada P. Bower, ARCUS, 3535 College Road - Suite 101, Fairbanks, AK 99709**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Vera Alexander President	1	✓		✓				-0-	-0-	-0-
(2) Michael Retelle Secretary	1	✓		✓				-0-	-0-	-0-
(3) Jay Gulledge Executive Committee Member-at-Large	1	✓						-0-	-0-	-0-
(4) Richard Coffin Director	1	✓						-0-	-0-	-0-
(5) Marianne Douglas Director	1	✓						-0-	-0-	-0-
(6) Bernard D. Zak Treasurer	1	✓		✓				-0-	-0-	-0-
(7) Leslie King Director	1	✓						-0-	-0-	-0-
(8) Rune Storvold Executive Committee Member-at-Large	1	✓						-0-	-0-	-0-
(9) Bruce Forbes Director	1	✓						-0-	-0-	-0-
(10) Peter Schweitzer Director	1	✓						-0-	-0-	-0-
(11) John Tichotsky Director	1	✓						-0-	-0-	-0-
(12) Johannes Verlinde Director	1	✓						-0-	-0-	-0-
(13) Andrea Lloyd Director	1	✓						-0-	-0-	-0-
(14) Susan E. Fox Executive Director	40			✓	✓			157,123	-0-	25,611

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) Helen Wiggins Director of Programs	40					✓		114,670	-0-	14,214
(16) Ada P. Bower Business Manager	40					✓		105,498	-0-	26,657
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										

		(D)	(E)	(F)
1b	Sub-total ▶	377,291	-0-	66,482
c	Total from continuation sheets to Part VII, Section A ▶	-0-	-0-	-0-
d	Total (add lines 1b and 1c) ▶	377,291	-0-	66,482

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ **Three**

			Yes	No
3	Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		✓
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	✓	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
William C. Beistline dba College Mall, LLC	office rental space	129,540
P.O. Box 80525 - Fairbanks, AK 99708		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ **One**

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a	-0-				
	b Membership dues	1b	16,331				
	c Fundraising events	1c	-0-				
	d Related organizations	1d	-0-				
	e Government grants (contributions)	1e	-0-				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	-0-				
	g Noncash contributions included in lines 1a-1f: $		-0-				
	h **Total.** Add lines 1a–1f ▶			16,331			
Program Service Revenue		Business Code					
	2a NSF Cooperative Agreement	541900		1,591,050	1,591,050	-0-	-0-
	b NSF PolarTREC Grant	541900		467,312	467,312	-0-	-0-
	c U.S. Fish & Wildlife	541900		48,479	48,479	-0-	-0-
	d NPS Cooperative Agreement	541900		11,792	11,792	-0-	-0-
	e BLM-AK NSSI	541900		5,081	5,081	-0-	-0-
	f All other program service revenue	541900		3,467	3,467	-0-	-0-
	g **Total.** Add lines 2a–2f ▶			2,127,181			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			2	2	-0-	-0-
	4 Income from investment of tax-exempt bond proceeds ▶			-0-	-0-	-0-	-0-
	5 Royalties ▶			-0-	-0-	-0-	-0-
		(i) Real	(ii) Personal				
	6a Gross rents	-0-	-0-				
	b Less: rental expenses	-0-	-0-				
	c Rental income or (loss)	-0-	-0-				
	d Net rental income or (loss) ▶			-0-	-0-	-0-	-0-
	7a Gross amount from sales of assets other than inventory	(i) Securities -0-	(ii) Other -0-				
	b Less: cost or other basis and sales expenses	-0-	-0-				
	c Gain or (loss)	-0-	-0-				
	d Net gain or (loss) ▶			-0-	-0-	-0-	-0-
	8a Gross income from fundraising events (not including $ -0- of contributions reported on line 1c). See Part IV, line 18	a	-0-				
	b Less: direct expenses	b	-0-				
	c Net income or (loss) from fundraising events ▶			-0-		-0-	-0-
	9a Gross income from gaming activities. See Part IV, line 19	a	-0-				
	b Less: direct expenses	b	-0-				
	c Net income or (loss) from gaming activities ▶			-0-	-0-	-0-	-0-
	10a Gross sales of inventory, less returns and allowances	a	-0-				
	b Less: cost of goods sold	b	-0-				
	c Net income or (loss) from sales of inventory ▶			-0-	-0-	-0-	-0-
	Miscellaneous Revenue	Business Code					
	11a						
	b						
	c						
	d All other revenue			-0-	-0-	-0-	-0-
	e **Total.** Add lines 11a–11d ▶			-0-			
	12 **Total revenue.** See instructions. ▶			2,143,514	2,143,514	-0-	-0-

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	-0-			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22 . . .	-0-			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16 . .	-0-			
4 Benefits paid to or for members	-0-			
5 Compensation of current officers, directors, trustees, and key employees	172,858	113,634	59,224	-0-
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . .	-0-	-0-	-0-	-0-
7 Other salaries and wages	736,411	512,938	223,473	-0-
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	43,403	30,437	12,966	-0-
9 Other employee benefits	268,792	185,108	83,684	-0-
10 Payroll taxes	72,788	43,332	29,456	-0-
11 Fees for services (non-employees):				
a Management	-0-	-0-	-0-	-0-
b Legal	1,013	-0-	1,013	-0-
c Accounting	18,506	-0-	18,506	-0-
d Lobbying	-0-	-0-	-0-	-0-
e Professional fundraising services. See Part IV, line 17	-0-			-0-
f Investment management fees	-0-	-0-	-0-	-0-
g Other	90,390	90,390	-0-	-0-
12 Advertising and promotion	-0-	-0-	-0-	-0-
13 Office expenses	46,205	21,504	24,701	-0-
14 Information technology	54,937	50,846	4,091	-0-
15 Royalties	-0-	-0-	-0-	-0-
16 Occupancy	147,462	-0-	147,462	-0-
17 Travel	248,432	247,954	478	-0-
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	-0-	-0-	-0-	-0-
19 Conferences, conventions, and meetings .	188,457	187,958	499	-0-
20 Interest	-0-	-0-	-0-	-0-
21 Payments to affiliates	-0-	-0-	-0-	-0-
22 Depreciation, depletion, and amortization .	3,955	-0-	3,955	-0-
23 Insurance	3,803	300	3,503	-0-
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a **Substitute Teachers**	26,768	26,768	-0-	-0-
b				
c				
d				
e All other expenses **Miscellaneous**	10,980	6,799	4,181	-0-
25 **Total functional expenses.** Add lines 1 through 24e	2,135,160	1,517,968	617,192	-0-
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		7,928	1	103,863
	2	Savings and temporary cash investments		85	2	505
	3	Pledges and grants receivable, net		158,859	3	71,130
	4	Accounts receivable, net		1,415	4	696
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		-0-	5	-0-
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		-0-	6	-0-
	7	Notes and loans receivable, net		-0-	7	-0-
	8	Inventories for sale or use		-0-	8	-0-
	9	Prepaid expenses and deferred charges		33,531	9	45,779
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 82,278			
	b	Less: accumulated depreciation	10b 61,874	11,581	10c	20,404
	11	Investments—publicly traded securities		-0-	11	-0-
	12	Investments—other securities. See Part IV, line 11		-0-	12	-0-
	13	Investments—program-related. See Part IV, line 11		-0-	13	-0-
	14	Intangible assets		-0-	14	-0-
	15	Other assets. See Part IV, line 11		-0-	15	-0-
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		213,399	16	242,377
Liabilities	17	Accounts payable and accrued expenses		161,522	17	155,078
	18	Grants payable		-0-	18	-0-
	19	Deferred revenue		10,366	19	37,435
	20	Tax-exempt bond liabilities		-0-	20	-0-
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		-0-	21	-0-
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		-0-	22	-0-
	23	Secured mortgages and notes payable to unrelated third parties		-0-	23	-0-
	24	Unsecured notes and loans payable to unrelated third parties		-0-	24	-0-
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		-0-	25	-0-
	26	**Total liabilities.** Add lines 17 through 25		171,888	26	192,513
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		41,511	27	49,864
	28	Temporarily restricted net assets		-0-	28	-0-
	29	Permanently restricted net assets		-0-	29	-0-
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		41,511	33	49,864
	34	Total liabilities and net assets/fund balances		213,399	34	242,377

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,143,514
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,135,160
3	Revenue less expenses. Subtract line 2 from line 1	3	8,353
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	41,511
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-0-
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	49,864

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☑ Accrual ☐ Other ________ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		✓
b	Were the organization's financial statements audited by an independent accountant?	2b	✓	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	✓	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	✓	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	✓	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
Arctic Research Consortium of the United States	**92-0137088**

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: ____________

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I **b** ☐ Type II **c** ☐ Type III–Functionally integrated **d** ☐ Type III–Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box . . . . . ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section **(see instructions)**)	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col. (i) of your support? Yes	(v) No	(vi) Is the organization in col. (i) organized in the U.S.? Yes	(vi) No	(vii) Amount of support
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

	Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1	Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . .	19,035	20,968	18,800	22,034	16,331	97,168
2	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . .	-0-	-0-	-0-	-0-	-0-	-0-
3	The value of services or facilities furnished by a governmental unit to the organization without charge	-0-	-0-	-0-	-0-	-0-	-0-
4	**Total.** Add lines 1 through 3	19,035	20,968	18,800	22,034	16,331	97,168
5	The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						-0-
6	**Public support.** Subtract line 5 from line 4.						97,168

Section B. Total Support

	Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4	19,035	20,968	18,800	22,034	16,331	97,168
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	3,361	801	2	8	2	4174
9	Net income from unrelated business activities, whether or not the business is regularly carried on	-0-	-0-	-0-	-0-	-0-	-0-
10	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	-0-	-0-	-0-	-0-	0-	-0-
11	**Total support.** Add lines 7 through 10						101,342

12 Gross receipts from related activities, etc. (see instructions) . . . . | 12 | 10,854,898

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) . . . . | 14 | 95.88 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 . . . . | 15 | 89.99 %

16a **33⅓% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☑

b **33⅓% support test—2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☑

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . ▶ ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . .						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . .						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons .						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f)) . . .	17	%
18	Investment income percentage from **2010** Schedule A, Part III, line 17	18	%

19a **33⅓% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33⅓%, and line 17 is not more than 33⅓%, check this box and **stop here.** The organization qualifies as a publicly supported organization . ▶ ☐

b **33⅓% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33⅓%, and line 18 is not more than 33⅓%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization	Employer identification number
Arctic Research Consortium of the United States	**92-0137088**

Part I — Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II — Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Preservation of an historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ________

4 Number of states where property subject to conservation easement is located ▶ ________

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ ________

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ________

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III — Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ ________

(ii) Assets included in Form 990, Part X ▶ $ ________

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ________

b Assets included in Form 990, Part X ▶ $ ________

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other ____________

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

			Amount
c	Beginning balance	1c	
d	Additions during the year	1d	
e	Distributions during the year	1e	
f	Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ ________ %

b Permanent endowment ▶ ________ %

c Temporarily restricted endowment ▶ ________ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

			Yes	No
	(i) unrelated organizations	3a(i)		
	(ii) related organizations	3a(ii)		
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	-0-	-0-		-0-
b	Buildings	-0-	-0-	-0-	-0-
c	Leasehold improvements	-0-	8,182	8,182	-0-
d	Equipment	-0-	74,096	53,692	20,404
e	Other	-0-	-0-	-0-	-0-

Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* . . . . . ▶ 20,404

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation. Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 13.)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	2,143,514
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	2,135,160
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	8,353
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV.)	8	0
9	Total adjustments (net). Add lines 4 through 8	9	0
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	8,353

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	2,143,514
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV.)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	2,143,514
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV.)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	2,143,514

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	2,135,160
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV.)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	2,135,160
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV.)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	2,135,160

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

INCOME TAXES: ARCUS adopted FASB ASC 740 Accounting for Uncertainty in Income Taxes that requires ARCUS to recognize a liability for uncertain tax positions where a liability would more likely than not be assessed by a taxing authority. Management has evaluated ARCUS' tax positions and determined there are no liabilities required to be recognized as the result of an uncertain tax position.

Part XIV Supplemental Information *(continued)*

SCHEDULE J (Form 990)

Department of the Treasury Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: **Arctic Research Consortium of the United States**

Employer identification number: **92-0137088**

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III. ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		✓
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		✓
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.	4c		✓
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		✓
b	Any related organization? If "Yes" to line 5a or 5b, describe in Part III.	5b		✓
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		✓
b	Any related organization? If "Yes" to line 6a or 6b, describe in Part III.	6b		✓
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		✓
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		✓
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable colur

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation		
Susan E. Fox	(i)	157,123	-0-	-0-	7,856	17,755
1	(ii)					
	(i)					
2	(ii)					
	(i)					
3	(ii)					
	(i)					
4	(ii)					
	(i)					
5	(ii)					
	(i)					
6	(ii)					
	(i)					
7	(ii)					
	(i)					
8	(ii)					
	(i)					
9	(ii)					
	(i)					
10	(ii)					
	(i)					
11	(ii)					
	(i)					
12	(ii)					
	(i)					
13	(ii)					
	(i)					
14	(ii)					
	(i)					
15	(ii)					
	(i)					
16	(ii)					

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, Also complete this part for any additional information.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
Arctic Research Consortium of the United States	92-0137088

Part III STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:

4d Other Program Services

U.S. ARCTIC SCIENCE SUPPORT (Expenses $ 129,329 including grants of -0-) (Revenue $ 129,329)

The Arctic System Science (ARCSS) Program addresses the physical, chemical, biological, and social processes of the Arctic and how these arctic systems interact with the earth as a whole, including changes in the arctic system and their global ramifications. Since the ARCSS Committee was disbanded at the end of 2009, a minor level or ARCSS activities were planned for 2012. Since March 2003, ARCUS has provided the Arctic Natural Sciences Program with organizational support and coordination of activities for the Bering Ecosystem Study (BEST) science planning process. The funded BEST projects are the NSF contribution to a special research partnership with the North Pacific Research Board (NPRB) to support a comprehensive, vertically integrated investigation of the ecosystem of the eastern continental shelf of the Bering Sea. ARCUS, in collaboration with NSF program staff, will develop information and communication resources such as posters and brochures that reach across geographic, cultural, institutional, and disciplinary barriers to assist planning and integration of diverse research efforts and to improve awareness of NSF-sponsored research in the Arctic.

ARCTIC SCIENCE EDUCATION (Expenses $ 70,501 including grants of -0-) (Revenue $ 70,501)

ARCUS' focuses on the development and coordination of arctic-focused educational activities, which include Arctic Science Education Activities and the Arctic Visiting Speakers' Series which provides small grants to arctic experts to share their knowledge in communities where they might not otherwise connect. ARCUS continues to provide an educational leadership role within the arctic community through activities designed to bridge arctic research and education. ARCUS collected and made available on request a kit of Extreme Cold Weather Gear for use in educating students and the public about the realities of polar research. The kit was also used in the 2012 PolarTREC Orientation and ShareFair. ARCUS partnered with the Centers for Ocean Sciences Education Excellence, the Alaska Ocean Observing System, and the North Pacific Research Board to hold an Arctic Ocean Ecosystem Workshop in Barrow, Alaska in 2012. This workshop brought together teachers, scientists, and local residents and resulted in an online collection of educational resources (lesson plan, videos, etc.) focused on marine and climate change science for the Arctic Ocean.

PART VI GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

Section A - Line 6 - 7a - 7b: ARCUS has member institutions that are voting members or associate members. The voting members elect the members of the Governing Board. Changes to the bylaws require approval by the member institutions.

Name of the organization: ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES

Employer identification number: 92-0137088

PART VI GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

Section B - Line 11b: The form 990 is prepared by ARCUS' Business Manager. The review process consists of the Business Manager cross checking numerical values with the corresponding source documents. The Executive Director reviews the completed form, schedules and statements.

Section B - Line 12c: ARCUS has a Conflict of Interest Policy which applies to any member of the Board, or a member of a committee with Board delegated powers, or Key Staff (Executive Director and Director of Programs). An annual conflict of interest acknowledgment and disclosure is required by all interested persons. The policy states the procedures for determining and addressing whether a conflict of interest exists.

Section B - Line 15a and 15b: Compensation of the Executive Director is reviewed and set by the Board of Directors. The Board reviews comparable compensation for a similarly qualified person in a functionally comparable position at a similarly situated organization. The Executive Director reviews the compensation of all other staff and uses comparability data and skill set to determine adequate compensation.

Section C. Disclosure - Line 19:

ARCUS makes its governing documents, conflict of interest policy and financial statements available upon request.

ARCTIC RESEARCH CONSORTIUM
OF THE UNITED STATES, INCORPORATED

FINANCIAL STATEMENTS
AND
FEDERAL SINGLE AUDIT

Years ended September 30, 2012 and 2011

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED

FINANCIAL STATEMENTS
AND
FEDERAL SINGLE AUDIT

Years ended September 30, 2012 and 2011

TABLE OF CONTENTS

KSH

KOHLER, SCHMITT & HUTCHISON
A Professional Corporation
Certified Public Accountants
714 4th Avenue, Suite 303 • (907) 456-6676 • Fax 456-6431
PO Box 70607, Fairbanks, Alaska 99707-0607 • ksh@kshcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Arctic Research Consortium of the United States, Incorporated

We have audited the accompanying statements of financial position of Arctic Research Consortium of the United States, Incorporated (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Arctic Research Consortium of the United States, Incorporated as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012, on our consideration of Arctic Research Consortium of the United States, Incorporated's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Kohler Schmitt & Hutchison PC

December 13, 2012

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
September 30, 2012 and 2011

ASSETS

		2012	2011
CURRENT ASSETS			
Cash and certificate of deposit	$	104,368	8,013
Due from funding sources		71,130	158,859
Accounts receivable - employees		140	559
Accounts receivable - other		556	856
Prepaid expense		45,779	33,531
Total current assets		221,973	201,818
FIXED ASSETS (less accumulated depreciation of $61,874 and $57,949)		20,404	11,581
Total assets	$	242,377	213,399

LIABILITIES AND NET ASSETS

		2012	2011
CURRENT LIABILITIES			
Accounts payable		28,422	26,020
Accounts payable - other		6,275	6,025
Accrued payroll liabilities		47,100	49,240
Annual leave payable		73,281	80,237
Unearned member dues		12,435	10,366
Funding sources advances		25,000	-
Total current liabilities		192,513	171,888
UNRESTRICTED NET ASSETS		49,864	41,511
	$	242,377	213,399

See notes to financial statements.

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
STATEMENTS OF ACTIVITIES
Years ended September 30, 2012 and 2011

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Membership dues	$ 16,331	22,034
NSF cooperative agreement	1,591,050	1,277,093
NPS cooperative agreement	11,792	42,185
Other federal grants and contracts	520,872	703,529
Interest	2	8
Book sales	832	1,306
Other	2,635	2,645
Total revenue	2,143,514	2,048,800
Expenses:		
Program:		
Core support	238,531	143,425
U.S. Arctic science support	129,329	70,608
Arctic science education	70,501	45,796
Arctic logistics	427,120	584,173
Outreach and information	652,487	600,186
	1,517,968	1,444,188
Management and general:		
General administration	598,476	583,882
Other	18,716	5,213
	617,192	589,095
Total expenses	2,135,160	2,033,283
Change in net assets	8,353	15,517
NET ASSETS, beginning of year	41,511	25,994
NET ASSETS, end of year	$ 49,864	41,511

See notes to financial statements.

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
STATEMENTS OF CASH FLOWS
Years ended September 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 18,400	11,100
Cash received from cooperative agreements, grants and contracts	2,236,442	2,004,389
Cash received from book sales	832	1,306
Cash received for other services	3,354	3,167
Interest received	2	8
Cash paid to suppliers and employees	(2,149,927)	(2,058,370)
Net cash provided by (used for) operating activities	109,103	(38,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(12,748)	(4,910)
Net cash provided by (used for) investing activities	(12,748)	(4,910)
Net increase (decrease) in cash	96,355	(43,310)
CASH, beginning of year	8,013	51,323
CASH, end of year	$ 104,368	8,013
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	8,353	15,517
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	3,925	3,730
Change in assets and liabilities		
Due from funding sources	87,729	(18,414)
Accounts receivable	719	522
Funding sources advances	25,000	
Prepaid expense	(12,248)	23,407
Accounts payable and accrued expenses	(6,444)	(52,227)
Unearned member dues	2,069	(10,934)
Net cash provided by (used for) operating activities	$ 109,103	(38,400)

See notes to financial statements.

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Arctic Research Consortium of the United States, Incorporated (ARCUS) is a nonprofit membership corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. ARCUS was formed in 1988 to serve as a forum for planning and facilitating studies of the Arctic, to synthesize and disseminate scientific information relevant to arctic research and to facilitate the education of scientists and the public in the opportunities of research in the Arctic. ARCUS consists of fifty institution members organized and operated for educational, professional, or scientific purposes. Its revenue is primarily from a Cooperative Agreement with the National Science Foundation (NSF).

Basis of Presentation

ARCUS has adopted FASB ASC 958 which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

Method of Accounting

The accounting records are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Cash Equivalents

ARCUS maintains a checking and savings account with Wells Fargo Bank, NA. For the purposes of the financial statements, ARCUS considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Receivables

Receivables include amounts due from funding sources, employees and others. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged to bad debt expense. Management believes that all receivable balances are fully collectible at September 30, 2012 and 2011.

Property and Equipment

Property and equipment purchased by ARCUS, with an acquisition cost of $5,000 or more, is recorded at cost and is capitalized and depreciated over its estimated useful life of two to five years, using the straight-line method. This furniture and equipment is the property of ARCUS. Major equipment purchased under the Cooperative Agreement is capitalized and is the property of ARCUS. Depreciation expense in the amount of $3,925 and $3,730 was recorded for the years ended September 30, 2012 and 2011. Minor equipment purchased under the Cooperative Agreement is expensed and is the property of ARCUS.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accumulated Unpaid Annual Leave

Accumulated unpaid annual leave benefits are accrued and charged to expense in the period earned by the employee.

Income Taxes

ARCUS adopted FASB ASC 740 *Accounting for Uncertainty in Income Taxes* that requires ARCUS to recognize a liability for uncertain tax positions where a liability would more likely than not be assessed by a taxing authority. Management has evaluated ARCUS' tax positions and determined there are no liabilities required to be recognized as the result of an uncertain tax position. Tax years 2008 through 2011 remain subject to examination by the federal Internal Revenue Service.

Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, expenses that benefit both programs and supporting services have been allocated using management's estimates.

Subsequent Events

Management has evaluated subsequent events through December 13, 2012; the date financial statements were available to be issued and identified there were no subsequent events that required accrual or disclosure.

2. NSF COOPERATIVE AGREEMENT

On March 15, 2008, NSF entered into a new 5-year cooperative agreement with ARCUS with an estimated value of $10,298,613, including supplements. The approved funding as of September 30, 2012 is $9,312,684 which covers the period from April 1, 2008 through February 28, 2013.

The funding as of September 30, 2012 is as follows:

2008	$ 1,548,462
2009	1,941,573
2010	1,530,054
2011	1,775,568
2012	2,517,027
	$ 9,312,684

3. DUE FROM FUNDING SOURCES

Due from funding sources consists of the following:

Funding Source		2012	2011
National Science Foundation			
ARC-0618885	$	70,875	139,862
National Park Service		255	9,513
United States Fish & Wildlife Service		-	7,272
Bureau of Land Management -AK office		-	2,212
	$	71,130	158,859

4. RETIREMENT PLAN

ARCUS has a defined contribution ("money purchase") plan established by the Board of Directors. The plan operates under section 403(b) of the Internal Revenue Code. ARCUS is the administrator of the plan. The plan year is from October 1 to September 30. Under provisions of the plan, employees are eligible to participate immediately upon their employment regardless of hours worked. The fund sponsors and funding vehicles are provided by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). Costs under the plan totaled $50,596 and $52,316 in 2012 and 2011, respectively.

5. LEASE COMMITMENTS

In March 2001, ARCUS began leasing its administrative office space under an operating lease agreement. Over the years the lease has been amended to add/delete office and storage space and to modify the monthly payment amounts. In March 2009, the office operating lease was amended to decrease ARCUS' occupancy space. In August of 2010, ARCUS modified the lease agreement to reflect that it no longer required the storage space in the basement. The lease expires on February 28, 2013. Total expense charged under this lease was $128,640 and $131,640 in 2012 and 2011, respectively.

In July 2009, ARCUS renewed the lease agreement for office equipment which requires 51 monthly payments of $97. Total expense charged under this lease was $1,164 and $1,164 for 2012 and 2011, respectively.

Future minimum lease payments are as follows:

2013	$ 54,764

6. CONTINGENCIES

ARCUS participates in cooperative agreements and grant programs that are subject to audit by the federal government or its representatives. Such audits could lead to request for reimbursement to the federal government for expenditures disallowed under terms of the agreements. Management believes such disallowances, if any, would be immaterial.

7. SUBSEQUENT EVENTS

In October 2012, ARCUS submitted a $9.8 million proposal to NSF for funding to start March 1, 2013 and ending December 31, 2017.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statements of Arctic Research Consortium of Alaska, Incorporated as of and for the years ended September 30, 2012 and 2011, and have issued our report thereon dated December 13, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 10, combining schedule of revenues and expenses - grant reporting basis for the year ended September 30, 2012, and page 11, National Science Foundation Cooperative Agreement ARC-0618885 statement of activities - budget and actual for the years ended September 30, 2012 and 2011, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 and 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial position of Arctic Research Consortium of Alaska, Incorporated as of September 30, 2010, 2009, and 2008, and the related statements of activities, and cash flows for each of the three years ended September 30, 2010, 2009, and 2008 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The National Science Foundation Cooperative Agreement ARC-0618885 statement of activities - budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010, 2009, and 2008 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the National Science Foundation Cooperative Agreement ARC-0618885 statement of activities - budget and actual is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Kohler Schmitt & Hutchison PC.

Fairbanks, Alaska
December 13, 2012

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
COMBINING SCHEDULE OF REVENUES AND EXPENSES - GRANT REPORTING BASIS
Year ended September 30, 2012

See Independent Auditor's Report on Supplementary Information

	Corporation	Designated: NSF Cooperative Agreements	Designated: NSF PolarTREC Grants	Designated: BLM - AK NSSI	Designated: NPS Cooperative Agreements	Designated: United States Fish & Wildlife Service	Totals
REVENUES							
Membership dues	$ 16,331	-	-	-	-	-	16,331
Cooperative agreements	-	1,591,050	-	-	11,792	-	1,602,842
Contracts	-	-	-	5,081	-	48,479	53,560
Grants	-	-	467,312	-	-	-	467,312
Interest	2	-	-	-	-	-	2
Book Sales	832	-	-	-	-	-	832
Other	2,635	-	-	-	-	-	2,635
	19,800	1,591,050	467,312	5,081	11,792	48,479	2,143,514
EXPENSES							
Salaries and benefits	394,005	701,007	154,435	3,011	6,763	20,231	1,279,452
Permanent equipment	-	-	-	-	-	-	-
Travel	478	155,653	76,480	-	1,024	4	233,639
Materials and supplies	4,706	6,676	3,961	-	620	127	16,090
Publication, documentation and dissemination costs	3,006	6,687	889	-	-	-	10,582
Consultant services	19,519	36,906	45,793	240	-	7,450	109,908
Computer services	4,032	35,161	7,975	-	-	-	47,168
Subcontract	-	-	-	-	-	-	-
Other	170,262	200,383	46,028	398	60	4	417,135
	596,008	1,142,473	335,560	3,649	8,467	27,816	2,113,974
OVERHEAD APPLIED	(596,008)	448,577	131,752	1,432	3,325	10,921	-
UNALLOWABLE EXPENSES	18,716	-	-	-	-	-	18,716
Total expenses	18,716	1,591,050	467,312	5,081	11,792	38,737	2,132,690
Excess revenues over expenses	$ 1,084	-	-	-	-	9,742	10,824

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
NATIONAL SCIENCE FOUNDATION COOPERATIVE AGREEMENT ARC-0618885
STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL
Years ended September 30, 2012, 2011, 2010, 2009 and 2008

See Independent Auditor's Report on Supplementary Information

		Actuals					
	Budget	2012	2011	2010	2009	2008	Variance (over)/under
REVENUES							
Direct and indirect cost reimbursement	$ 9,312,684	1,591,050	1,277,093	1,802,640	1,346,844	1,004,672	2,290,385
EXPENSES							
Salaries and wages	2,759,869	481,408	461,901	515,854	442,263	233,061	625,382
Fringe benefits	1,159,748	219,599	215,720	225,073	191,700	92,850	214,806
Permanent equipment	25,710	-	4,910	-	-	20,800	-
Travel-domestic	371,743	60,992	44,272	84,049	51,894	44,613	85,923
Travel-foreign	10,248	-	2,938	6,951	-	359	-
Participant support costs							
Stipends	21,500	10,650	2,200	800	400	200	7,250
Travel	357,201	50,609	48,222	87,466	32,062	48,221	90,621
Subsistence	432,321	33,402	37,609	63,376	29,949	38,786	229,199
	5,138,340	856,660	817,772	983,569	748,268	478,890	1,253,181
Other direct costs							
Materials and supplies	201,014	6,676	4,198	26,210	20,852	21,509	121,569
Publication costs/documentation /dissemination	120,167	6,687	4,319	9,167	46,119	15,017	38,858
Consultant services	232,968	36,906	3,013	29,013	65,919	29,825	68,292
Computer services	131,708	35,161	42,012	39,002	42,032	24,901	(51,400)
Subcontracts	218,129	-	5,933	-	25,758	88,988	97,450
Other	685,610	200,383	32,803	220,076	61,657	99,110	71,581
	1,589,596	285,813	92,278	323,468	262,337	279,350	346,350
Total direct costs	6,727,938	1,142,473	910,050	1,307,037	1,010,605	758,240	1,599,533
Indirect costs	2,584,745	448,577	367,043	495,603	336,239	246,432	690,851
Total costs	9,312,684	1,591,050	1,277,093	1,802,640	1,346,844	1,004,672	2,290,385
Excess revenues over expenses	$ -	-	-	-	-	-	-

FEDERAL SINGLE AUDIT
REPORTS AND SCHEDULES

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2012

FEDERAL GRANTOR / PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER		AWARD AMOUNT	EXPENDITURES
NATIONAL SCIENCE FOUNDATION					
Polar Programs:					
Organizational Support to the U.S. Arctic Science Program ARC-0618885	47.078	N/A	$	9,312,684	1,591,050
PolarTREC ARC-0956825	47.078	N/A		1,491,109	467,312
				10,803,793	2,058,362
DEPARTMENT OF THE INTERIOR					
National Park Service	15.944	N/A		28,000	11,792
			$	10,831,793	2,070,154

See accompanying notes to schedule of expenditures of federal awards.

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Arctic Research Consortium of the United States, Inc., under programs of the federal government for the year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Arctic Research Consortium of the United States, Inc., it is not intended to and does not present the financial position changes in net assets or cash flows of Arctic Research Consortium of the United States, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. ORGANIZATIONAL SUPPORT OF THE U.S. ARCTIC SCIENCE PROGRAM 2008-2013

The NSF Cooperative Agreement "Organizational Support to the U.S. Arctic Science Program" Award No. ARC-0618885 is a five-year cooperative agreement awarded on March 15, 2008; effective April 1, 2008. The amount awarded for the first nine month period was $1,548,462 and the amount awarded for the next twelve month period was $1,941,573 with the amount awarded for the third twelve month period of $1,530,054 and for the fourth twelve month period was $1,775,568 and the fifth twelve month period was $2,517,027.

KSH

KOHLER, SCHMITT & HUTCHISON
A Professional Corporation
Certified Public Accountants
714 4th Avenue, Suite 303 • (907) 456-6676 • Fax 456-6431
PO Box 70607, Fairbanks, Alaska 99707-0607 • ksh@kshcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Arctic Research Consortium of the United States, Incorporated

We have audited the financial statements of Arctic Research Consortium of the United States, Incorporated (a nonprofit organization) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
Management of Arctic Research Consortium of the United States, Incorporated is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Arctic Research Consortium of the United States, Incorporated's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arctic Research Consortium of the United States, Incorporated's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Arctic Research Consortium of the United States, Incorporated's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kohler Schmitt & Hutchison PC.

December 13, 2012

KSH

KOHLER, SCHMITT & HUTCHISON
A Professional Corporation
Certified Public Accountants
714 4th Avenue, Suite 303 • (907) 456-6676 • Fax 456-6431
PO Box 70607, Fairbanks, Alaska 99707-0607 • ksh@kshcpa com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Arctic Research Consortium of the United States, Incorporated

Compliance
We have audited the Arctic Research Consortium of the United States, Incorporated's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Arctic Research Consortium of the United States, Incorporated's major federal programs for the year ended September 30, 2012. Arctic Research Consortium of the United States, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Arctic Research Consortium of the United States, Incorporated's management. Our responsibility is to express an opinion on Arctic Research Consortium of the United States, Incorporated's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Arctic Research Consortium of the United States, Incorporated's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Arctic Research Consortium of the United States, Incorporated's compliance with those requirements.

In our opinion, Arctic Research Consortium of the United States, Incorporated complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance
Management of Arctic Research Consortium of the United States, Incorporated is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Arctic Research Consortium of the United States, Incorporated's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Arctic Research Consortium of the United States, Incorporated's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kohler Schmitt & Hutchison PC.

December 13, 2012

ARCTIC RESEARCH CONSORTIUM OF THE UNITED STATES, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2012

SUMMARY OF AUDITOR'S RESULTS
Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	______Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	______Yes	X None Reported
Noncompliance material to financial statements noted?	______Yes	X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	______Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	______Yes	X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	______Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
47.078	Polar Programs

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee?	X Yes	______No

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None