09 APICDA
ANNUAL REPORT

Board of Directors

Gilda Shellikoff
False Pass
Chair

Hugh Pelkey
Akutan
Vice Chair

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Nelson Lagoon
Secretary & Treasurer

Pete Crandall
Financial Industry
Board Member

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Atka
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Unalaska
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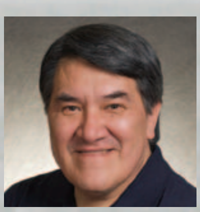


Patrick Pletnikoff
St. George
Board Member

Arnold Dushkin
Nikolski
Board Member

Rick Lauber
Fishing Industry
Board Member

Cover Photo: Mt. Vsevidof (foreground) and Mt. Recheshnoi, northeast of Nikolski on Umnak Island
Photo Courtesy Of Dan Goodenow

APICDA
Haginaa Kidul · Helping to Grow

June 18, 2010

Dear APICDA Community and Community Residents:

In 2009, APICDA's board and staff continued to implement our strategic plan. This plan balances the investments we make in our communities to generate and support sustainable local economies. With the investments we make in business ventures outside our communities, we generate returns to APICDA, that we then use to fund our current and ongoing commitments and future growth.

In the last year, APICDA has worked closely with many other organizations in the region to address the challenges of high energy costs, lack of transportation, lack of access to capital to buy or improve homes or start a new business, and social issues of concern. One area of great concern is the continuing decline of student populations in region schools. We were very saddened to see the closure of the Nikolski school and we fear others are at risk.

APICDA has a role to play in these and other long term problems, but neither we nor any other organization can shoulder the load by ourselves. That is why our board has supported our staff in investing a great deal of time and effort to bring the resources together to address these issues. We are particularly pleased with the formation of the "A Team," composed of Aleutian-Pribilof region wide entities, and its commitment to work together for the benefit of the entire region.

We have also laid the groundwork to address several very important fishery management matters and secure our strategic position in the region. The new salmon bycatch rules and proposed Steller sea lion protection rules are just two of the many issues APICDA staff are closely following.

We have a stable board and an experienced, engaged and vibrant management team that works hard for the benefit of the people of our region. I am proud of APICDA's accomplishments in 2009, and look forward to continued success in 2010.

Gilda M. Shellikoff

Gilda Shellikoff, Chair
Board of Directors

June 18, 2010

To the APICDA Community:

We are pleased to submit this annual report of APICDA's operations in 2009. Despite the challenges of a global economic crisis, we had a strong financial performance, made significant investments in business ventures and in our communities, and made excellent progress on two EDA- and APICDA-funded grant projects in St. George and Nelson Lagoon.

APICDA's Longterm Reserve Account – our rainy day savings – increased by $1.5 million in 2009 to nearly $11 million. The LRA provides a source of financial strength to ensure that APICDA can continue to support our communities for the long term. During the year we used our own funds to make investments and grow our assets, which meant we could avoid the turmoil of the debt markets. Our credit rating remains very strong.

In 2009, we focused on the Bering Sea and Gulf of Alaska Pacific Cod fishery, forming the Alaska Longline Company to increase our ownership share in our existing Prowler, Bering Prowler and Ocean Prowler freezer longliner vessels and to invest in two additional longline catcher-processor vessels and their catch history. We feel we have the best vessels and captains in the fishery, and we are now the dominant player in the Gulf of Alaska longline catcher-processor fleet.

The year 2009 also marked the first full year of operating the crab fishery investments that we made in 2008. With the exception of golden king crab we did very well and generated solid profits. In the case of golden king crab, the market collapsed and we suffered substantial losses. Nevertheless, we believe these investments are an important resource for the future. We have a good business plan, we will learn from our mistakes, and we will continue progress on that plan in the next year.

Through a $4 million EDA grant and more than $3 million in APICDA funds, we are working to build seafood processing facilities in St. George and Nelson Lagoon. Last year we rescoped the St. George project to fit the available budget, put the project out to bid and selected a contractor. We expect to complete that project in June 2010. We also began scoping for the Nelson Lagoon project, which has a planned November 2010 completion date.

We continue to hire and train APICDA region residents for varied employment opportunities, and these skilled and versatile workers are available to be deployed in many of our operations. For example, when we closed the Atka Pride Seafoods Plant for a $4.2 million rebuild in 2009, we were able to offer those employees positions at False Pass during the plant closure.

This annual report includes many other highlights of APICDA's operations in 2009. We appreciate the support of our board, the experience and energy of our staff, and the good relationships we have with our community members. We look forward to another successful year in 2010.

Larry Cotter
Chief Executive Officer

Joe Kyle
Chief Operating Officer
Chief Financial Officer

Highlights

- Contributed $600,000 in grants to the six member communities as a community dividend.
- Long term reserve account worth $10,778,811 at year's end.
- Employed 100 APICDA residents with a payroll of $2,100,095.
- Invested $312,465 in scholarships and internship programs
- Invested $176,587 in grants for schools, communities, and community outreach programs.
- Invested $523,066 in grants for community infrastructure and community associated miscellaneous donations.
- Consolidated net worth grew to $51 million.
- Over the past three years, invested more than $10.7 million on projects in the region.
- Formed the Alaska Longline Company to consolidate and enhance our position in the Bering Sea and Gulf of Alaska Pacific Cod fishery.
- Completed a $4.2 million rebuild of Atka Pride Seafoods.
- Expanded tourism investments with the formation of Aleutian Adventures in Atka and Nelson Lagoon.
- Commenced construction of the St. George fish handling facility.
- Completed the first full year of crab processing. Operated profitably in all species except golden king crab.

APICDA Subsidiaries

Aleutian Adventures – A wholly owned company within APICDA Joint Ventures. This company controls and operates the assets we need to support our sport hunting and fishing activities in the communities of Atka and Nelson Lagoon. Its first year of operations was 2009, and management is extremely pleased with its start up year of operations and the potential it brings.

APICDA Vessels Inc., LLC – A wholly owned subsidiary of APICDA Joint Ventures. This company manages and operates our fishing and support vessels. Currently we own and operate eight vessels: AP 1, AP 2, Atka Pride, Konrad 1, Nightrider, Nikka D., Pogo, and the Taty Z.

Atka Pride Seafoods – A 50/50 partnership between APICDA Joint Ventures and the Atka Fishermen's Association, organized as a Subchapter C corporation. The plant, located in Atka, usually processes about 500,000 pounds per year of halibut and sablefish in H&G and filet product forms. It did not operate in 2009 because a major rebuild project to upgrade the plant and triple the cold storage capacity was being completed.

F/V Barbara J. LLC – A 50/50 partnership between APICDA Joint Ventures and Trident Seafoods. This vessel is operated by Trident Seafoods and fishes for various species of crab and Pacific cod, and serves as a salmon tender.

Bering Pacific Seafoods – 100% owned and operated by APICDA Joint Ventures. The plant has operated for two years. Revenues, product quality, and sales improved measurably in 2009 while cost of goods sold and expenses declined significantly on a per unit basis.

F/V Farwest Leader LLC – A 50/50 partnership between APICDA Joint Ventures and Trident Seafoods. This vessel is operated by Trident Seafoods and fishes for various species of crab and Pacific cod, and serves as a salmon tender.

F/V Golden Dawn LLC - A partnership between APICDA Joint Ventures, Aleutian Spray Fisheries and Trident Seafoods (ownership is 25%/25%/50% respectively). Managed by Trident, this trawl catcher vessel fishes primarily for pollock in the Bering Sea.

Kayux Development – A 50/50 partnership between APICDA Joint Ventures and the St. George Tanaq Corporation. This company is poised to participate in any upland development associated with commercial activities in Tract I, Zapadni Bay Harbor on St. George Island.

Nelson Lagoon Storage Company LLC – A 50/50 partnership between APICDA Joint Ventures and the Nelson Lagoon Tribal Council. The company operates as a gear and vessel storage business in Nelson Lagoon to support the summer salmon fishery.

Ocean Prowler LLC – A 20/20/60 partnership between APICDA Joint Ventures (20%), Coastal Villages Region Fund (20%) and a partnership comprised of John Winther, Bart Eaton, and Jerry Kennedy (60%). Managed by John Winther and Jerry Kennedy, the F/LL Ocean Prowler is a longline catcher processor that fishes for Pacific cod and sablefish. In December of 2009, Coastal Villages Region Fund sold its shares to the other partners on a pro rata basis and the LLC became a component of a new entity known as Alaska Longline Company, LLC.

Prowler LLC – A 20/20/60 partnership between APICDA Joint Ventures (20%), Coastal Villages Region Fund (20%) and a partnership comprised of John Winther, Bart Eaton, and Jerry Kennedy (60%). Managed by John Winther and Jerry Kennedy, the F/LL Prowler and the F/LL Bering Prowler are longline catcher processors that fish for Pacific cod and sablefish. In December of 2009, Coastal Villages Region Fund sold its shares to the other partners on a pro rata basis and the LLC became a component of a new entity known as Alaska Longline Company, LLC.

Puffin Seafoods LLC – A 50/50 partnership between APICDA Joint Ventures and the St. George Fishermen's Association. The company was the business entity necessary for the halibut fishery on St. George Island to take place, and serves as an administrative vehicle for the local fleet to prosecute the halibut CDQ fishery in Area 4C. In December of 2009 the LLC was dissolved and its remaining assets and functions were transferred to AJV. A new company will be formed in 2010 around the seafood processing facility being constructed by APICDA on St. George Island.

Reagan LLC – A 50/50 partnership between APICDA Joint Ventures and Swimelar Enterprises, Inc. Managed by Wes Swimelar, this 58 foot longline vessel primarily fishes for Pacific cod in the Bering Sea and Gulf of Alaska. When feasible, it also has the capacity to fish sablefish and halibut. Its maiden year of operations was 2009.

Starbound LLC – APICDA Joint Ventures owns 20% of this pollock trawl catcher processor. Other partners include Aleutian Spray Fisheries (65%), Barry Ohai (10%), and Karl Bratvold (5%). Aleutian Spray serves as the managing partner. This vessel harvests and processes approximately 80% of APICDA's pollock CDQ quota.

Ugludax Lodge LLC – A 50/50 partnership between APICDA Joint Ventures and the Chaluka Corporation. The company operates the Ugludax Lodge in Nikolski on Umnak Island as a high end, sport fish and hunting destination.

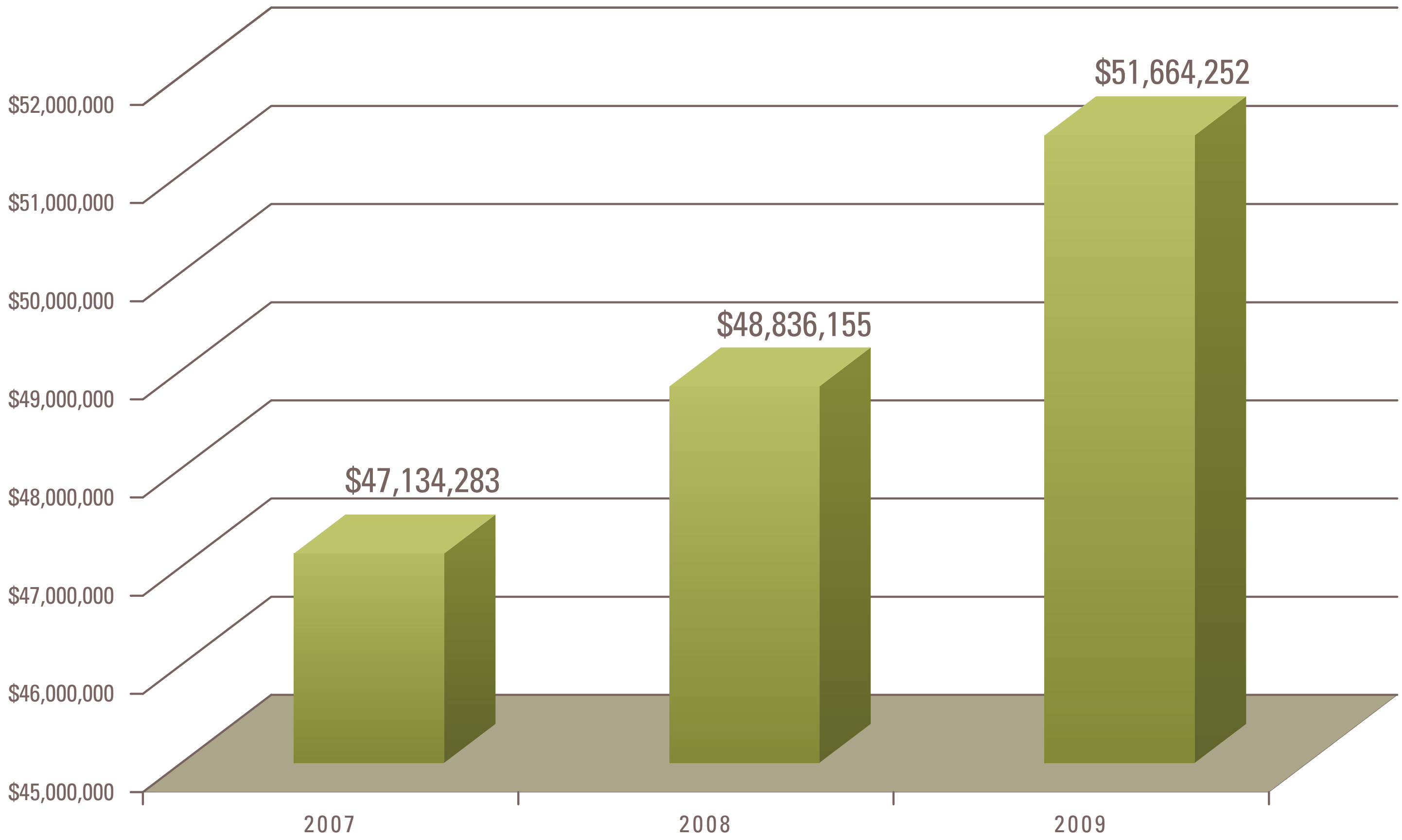
2009 CDQ IN-REGION EMPLOYMENT

	Individuals	Wages
Management/Admin	10	$631,306
Board Members	9	$123,458
Community Liaisons	7	$74,323
Other Fishing	40	$1,038,420
Internships	2	$5,747
Other Employment	32	$226,841
Totals	**100**	**$2,100,095**

2009 APICDA TRAINING & EDUCATION EXPENDITURES

	Individuals	Expenditures
Scholarships		
Post Secondary	65	$235,338
Voc-Tech Classes		
Basic	6	$7,930
Other Training		
Fisheries Related	12	$40,905
CDQ Staff/Board	9	$22,545
Other Expenditures		
School Grants		$82,808
Total	**92**	**389,526**

APICDA CONSOLIDATED NET WORTH



Consolidated Financials for 2009

To comply with state and federal regulations, APICDA undergoes a financial and managerial audit each year, and the results are shared with state and federal regulators. The 2009 audit began February 2010 and was concluded at the end of May of 2010 by the Anchorage-based accounting firm of Altman, Rogers & Co. Aside from our customary audit, we were subjected to additional requirements because we received substantial grant monies for a project on St. George Island. Consequently, a Department of Commerce (EDA) Single Audit Act audit was conducted. Altman Rogers found the APICDA accounting department incorporated these additional, complex accounting standards extremely well.

The board and management place a great deal of faith and reliance with the Altman, Rogers & Co. findings as a measure of our overall corporate health. Management takes their recommendations as direction to improve managerial and accounting practices, and tries to implement them as quickly as possible. The Altman, Rogers & Co. annual audit is a critical component in our corporate governance processes, and we are extremely grateful for the professional, diligent, and forthright manner in which it is conducted each year.

Altman, Rogers & Co.'s complete "Audit and Report on Consolidated Financial Statements and Supplementary Information" is on file in the APICDA corporate office in Juneau, Alaska. Management compressed the financial information depicted below from that audit and report for 2009.

Consolidated Statements of Financial Position

December 31, 2009 and 2008

ASSETS	2009	2008
Current assets:		
Cash and cash equivalents	$ 6,295,430	3,100,630
Short term investments	10,778,811	12,640,828
Accounts receivable:	3,036,388	2,429,737
Notes receivable affiliates - current	397,339	300,339
Related party note receivable - current	11,238	11,238
Note receivable - current	74,845	213,714
Interest receivable	-	29,282
Inventory	554,554	2,374,697
Prepaid expenses	305,810	213,801
Total current assets	21,454,415	21,314,266
Investments:		
Investment in Out of Region Entities	11,990,278	10,920,111
Investment Partnerships with in-Region Entities	1,168,683	1,445,694
Total investments	13,158,961	12,365,805
Property and equipment, net	15,833,028	12,341,416
Intangible assets, net	5,939,105	5,988,929
Deferred Income Tax - Non Current	236,849	-
Non-Current Loans and Advances Receivable	796,385	1,590,063
Total assets	57,418,743	53,600,479
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable - current	338,452	1,076,266
Accounts payable	997,856	244,169
Accrued payroll and related liabilities	180,488	153,392
Interest payable	-	33,020
Income tax payable	-	16,476
Crab buyback fees payable	28,276	-
Fish taxes payable	261,982	41,559
Unearned deposits	16,015	7,500
Total current liabilities	1,823,069	1,572,382
Notes payable, net of current portion	3,931,422	4,021,710
Deferred tax liability	-	55,942
Total liabilities	5,754,491	5,650,034
Net assets:		
Temporarily restricted	96,500	-
Unrestricted net assets:		
Designated:		
Minority interests		
Net assets	(1,402,053)	(1,219,872)
Contributed capital	1,786,429	1,795,000
Long-term reserves	10,778,811	9,205,710
Total designated net assets	11,163,187	9,780,838
Undesignated net assets	40,404,565	38,169,607
Total unrestricted net assets	51,567,752	47,950,445
Total net assets	51,664,252	47,950,445
Total liabilities and net assets	$ 57,418,743	53,600,479

See accompanying notes to financial statements.

Consolidated Statements of Activities

Years Ended December 31, 2009 and 2008

CHANGES IN UNRESTRICTED NET ASSETS:	2009	2008
Revenues and support:		
Royalties	$ 7,270,674	9,233,896
EDA grant revenue	820,429	-
Interest	404,172	145,850
Gain (loss) on sale of property and equipment	8,759	(115,127)
Net realized and unrealized gains (losses) on investments	1,272,769	(2,177,460)
Nazan Bay Inn	3,000	15,956
Equity in profit (loss) of Out of Region Investments	2,615,167	2,589,680
Equity in profit (loss) in-region Partnerships	(277,011)	6,319
Fishing income	3,850,909	2,187,662
Software sales	15,000	6,250
Crab	9,692,638	-
Tourism	132,288	-
Other income	185,868	298,916
Total revenues and support	25,994,662	12,191,942
Net assets released from restrictions	187,500	-
Total revenues support and reclassifications	26,182,162	12,191,942
Expenses:		
Programs:		
Community development:		
Grants for Education(Scholarships/Vocational)	284,291	294,130
Grants for projects	1,114,980	1,648,984
Community outreach	189,176	164,705
Total community development	1,588,447	2,107,819
Operations:		
Crew	572,522	938,675
Labor	1,637,513	1,695,853
Boat and Plant Operations	3,742,295	868,416
Travel and transportation	109,557	78,167
Nazan Bay Inn expenses	40,095	21,584
Insurance	136,270	149,563
Licenses, taxes and fees	342,732	182,565
Asset impairment	-	807,526
Crab	9,381,843	-
Miscellaneous	8,080	43,441
Total operations	15,970,907	4,785,790
Total program expenses	17,559,354	6,893,609
General and administrative:		
Travel and transportation	140,064	186,650
Labor	1,681,657	1,592,639
Office expense	525,030	482,953
Management fees	97,816	97,427
Directors' fees and per diem	333,373	353,409
Insurance	153,163	118,289
Professional fees	338,610	335,294
Licenses, taxes and fees	187,970	106,907
Repairs and maintenance	101,562	55,812
Tourism	230,505	134,778
Bad debt expense	86,344	54,268
Miscellaneous	152,376	166,892
Total general and administrative	4,028,470	3,685,318

See accompanying notes to financial statements.

Consolidated Statements of Activities *(continued)*

	2009	2008
Interest and depreciation expense:		
Interest	234,565	92,491
Depreciation	847,757	691,546
Total interest and depreciation	1,082,322	784,037
Total expenses	22,670,146	11,362,964
Income before tax provision	3,512,016	828,978
Income tax benefit (expense)	292,791	(76,496)
Increase in unrestricted net assets	3,804,807	752,482
Change in temporarily restricted net assets:		
Contributions	96,500	105,000
Net assets released from restriction	(187,500)	-
Change in temporarily restricted net assets	(91,000)	105,000
Total change in net assets	3,713,807	857,482
Net assets beginning of year	47,950,445	47,092,963
Net assets, end of year	$ 51,664,252	47,950,445
Minority interest in change in unrestricted net assets	$ (190,752)	510,341

See accompanying notes to financial statements.

Notes to consolidated financial statements

Years Ended December 31, 2009 and 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Aleutian Pribilof Island Community Development Association ("APICDA") is an Alaskan nonprofit corporation formed in September 1992 for the benefit of various southwestern Alaska villages for the purpose of participating in the Alaska Community Development Quota ("CDQ") program established by the Federal Government. Under the CDQ program, eligible communities apply periodically for a portion of the harvestable pollock fishery in the coastal waters of Alaska. During 2006, the U.S. Congress extended the CDQ rights for all species indefinitely and established the allocation percentage for all species at 2002 levels until 2012.

Principles of Consolidation

In 1994, APICDA formed two wholly owned for profit subsidiaries, APICDA Joint Ventures, Inc. ("AJV"), and APICDA Management Corporation ("AMC"). On January 1, 1996, AMC was renamed as APICDA Vessels, Inc. ("AVI") and APICDA's investment in AVI was transferred to AJV.

AJV is a 100% owner of AVI and Bering Pacific Seafoods, L.L.C. ("BPS"), and a 50% owner of, Ugludax Lodge, L.L.C and Atka Pride Seafoods (APS).

AJV was a 50% owner of Puffin Seafoods, L.L.C, which operated as a fish handling facility in St. George, Alaska. In 2009 the company was dissolved.

In accordance with accounting principles generally accepted in the United States of America, APICDA, AJV, AVI, BPS, APS, Puffin Seafoods, L.L.C. and Ugludax Lodge, L.L.C. have been consolidated for the year ended December 31, 2009 and 2008. The consolidated entity is referred to as APICDA in these financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Operations

Aleutian Pribilof Island Community Development Association (APICDA) promotes local economic development in the Bering Sea/ Aleutian Islands area of Alaska including fisheries development and protection. APICDA evaluates requests for assistance and distributes grants or other forms of financial assistance.

APICDA received a community development quota of approximately 29,330 metric tons, which represents approximately 18.3% of Alaska's CDQ reserve.

APICDA has entered into agreements with seafood processors whereby APICDA receives royalty payments for the utilization of the CDQ by processors. Under the agreements, the royalty is calculated using fixed rates, applied to round weights caught, and percentages applied to gross revenues from pollock and pollock roe produced, plus additional amounts if average sale prices exceed amounts defined in the agreement. The majority of consolidated revenues result from royalties generated by the use of the CDQ.

APICDA Joint Ventures, Inc. is a 50% owner of Atka Pride Seafoods, Inc. ("APS"), located in Atka, Alaska, which purchases and processes fish for resale; a 25% owner of Golden Dawn, L.L.C., a vessel engaged in commercial fishing in Alaska; a 20% owner of Prowler, L.L.C. and a 20% owner of Ocean Prowler, L.L.C., which are vessels engaged in commercial fishing in Alaska; a 50% owner of Nelson Lagoon Storage Company, L.L.C., which stores fishing gear and vessels in Nelson Lagoon, Alaska; a 50% owner of Kayux Development, L.L.C., which is a harbor operating on Tract I in the City of St. George, Alaska; a 100% owner of Bering Pacific Seafoods, L.L.C. ("BPS"), located in False Pass, Alaska, which purchases and processes fish for resale; a 50% owner of Ugludax, L.L.C., which operates a fishing lodge in Nikolski, a 20% owner of Starbound, L.L.P., a vessel engaged in fish processing; a 50% owner in the Barbara J., L.L.C., a vessel engaged in commercial fishing in Alaska, and during 2008 added a 50% owner of Reagan L.L.C, a vessel engaged in commercial fishing in Alaska.

In 2009 AJV became a 25% owner of the newly formed Alaska Longline L.L.C. As part of the new L.L.C being formed Alaska Longline L.L.C acquired 100% interest in the Prowler L.L.C and Ocean Prowler L.L.C.

APICDA Joint Ventures, Inc. is a 100% owner of APICDA Vessels, Inc. (AVI), which purchases fishing vessels that are leased to fishermen in various southwestern Alaska villages. AVI is a 50% owner of Farwest Leader, L.L.C., a vessel engaged in commercial fishing in Alaska. AVI accounts for its investment in Farwest Leader, L.L.C. by the equity method.

AJV accounts for its investments in Golden Dawn, L.L.C., Prowler, L.L.C., Ocean Prowler, L.L.C., Kayux Development, L.L.C., Nelson Lagoon Storage Company, L.L.C., Barbara J., L.L.C., Reagan, L.L.C., Starbound, L.L.P and Alaska Longline L.L.C.. by the equity method. All other companies are consolidated.

Basis of Accounting

APICDA's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when they are earned. Liabilities and expenses are recorded when incurred. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are resources restricted by the donor, grantor, or other outside parties whose restrictions expire by the passage of time or can be fulfilled or removed by actions of APICDA. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fair Value of Financial Instruments

The Company must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

Notes to consolidated financial statements

Years Ended December 31, 2009 and 2008

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts of Company's investments were determined based on quoted market prices.

Cash and Cash Equivalents

APICDA, for the purpose of the Statement of Cash Flows, considers cash and cash equivalents to include amounts in demand deposits and short-term investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and that present an insignificant risk of changes in value due to changes in interest rates or other factors. APICDA maintains a number of checking, savings and time certificate of deposit accounts for each one of its consolidated companies. These accounts are held with Wells Fargo Bank and Key Bank and are insured up to $250,000 per bank by FDIC. Amounts in excess of $250,000 are uninsured. All deposits with Key Bank were fully insured at December 31, 2008. The uninsured cash balance held at Wells Fargo Bank at December 31, 2009 and 2008 were $3,199,998 and $3,550,582, respectively.

Trade Accounts Receivable and Other Receivables

APICDA uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. The balance of the reserve for doubtful accounts, deducted against trade accounts receivable to properly reflect the realizable value, is $7,687 and $41,858 at December 31, 2009 and 2008, respectively.

Inventory

Inventory consists of retail merchandise and fish sold at whole sale. Retail merchandise is stated at the lower of cost (the first-in, first-out method) or market. Fish is valued at lower of cost or market.

Prepaid Items

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, generally five, seven, or ten years. Expenditures for major additions, renewals and betterments are capitalized and maintenance, repairs, minor additions and renovations are charged to expense. Gains or losses upon asset disposal are recorded as revenue.

Revenue Recognition

Royalty revenue from applying fixed rates to round weights caught or finished product is recognized at the time of harvest. Royalty revenue resulting from CDQ species and CDQ roe sold, and from the variable rate based on product mix and related market price, is recognized when these products are sold and the amount of royalty is determined to be measurable and collectible.

Income from leasing fishing vessels which is calculated as a percentage of the lessee's sales, is recognized in the period such sales occur.

Community Development Quota

The fair value of the CDQ quota received by APICDA is not considered to be determinable within reasonable limits. Accordingly, no value is assigned to the receipt of the quota in the financial statements.

Income Taxes

On July 27, 1993, APICDA was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, effective September 29, 1992. APICDA believes that none of its activities subject it to taxation of unrelated business taxable income. However, all subsidiaries conduct activities, which are subject to federal and state taxation (See Note XIV).

Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation.

Impairment of Long-Lived Assets

APICDA evaluates the recoverability of its long-lived assets, primarily fixed assets, in accordance with "Accounting for the Impairment of Long-Lived Assets." Generally accepted accounting principles require recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets. During 2008, APICDA determined that certain CDQ use rights and a building was impaired. An impairment loss of $171,250 and $636,276, respectively was recorded.

Notes to consolidated financial statements

Years Ended December 31, 2009 and 2008

2. INVESTMENTS

Investments are stated at fair value and are as follows at December 31, 2009 and 2008:

		Fair Value	
		2009	2008
Money market funds	$	409,447	225,780
Accrued interest		13,741	-
Time certificates of deposit		-	
Marketable securities		6,341,969	5,077,967
Mutual funds		1,642,120	-
Mortgage and asset-backed securities		-	1,553,018
Closed end funds		-	175,105
Government bonds		2,371,534	2,173,839
	$	10,778,811	9,205,709

The following schedule summarizes the investment return for the years ended December 31, 2009 and 2008:

		Unrestricted	
		2009	2008
Interest and dividends	$	366,136	145,850
Net realized and unrealized gains (losses)		1,272,769	(2,177,460)
Total investment return	$	1,638,905	(2,031,610)

- The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The following table provides information as of December 30th about the Company's financial assets and liabilities measured at fair value on a recurring basis.

Assets at fair value -		Level 1	Level 2	Level 3	Total
2009 Investments	$	13,500,065	-	-	13,500,065
2008 Investments	$	12,640,828	-	-	12,640,828

Given the narrow definition of Level 1 and the Company's investment asset strategy, all of the Company's investment assets are classified in Level 1. Changes in investments is presented on the statement of activities as investment income or loss.

Notes to consolidated financial statements
Years Ended December 31, 2009 and 2008

3. NOTES RECEIVABLE

Notes receivable at December 31 are comprised of the following:

		2009	2008
Notes receivable from affiliates:			
Note receivable for cash advances to affiliated in-region partnerships and tribal entities	$	397,339	300,339
Notes receivable for cash advances to affiliated out-of-region partnerships		204,221	1,065,632
Notes receivable for advances to non-affiliated entities on the purchase of privately held IFQ		405,596	398,213
Notes receivable for advances to non-affiliated entities on the purchase of fishing skills and gear		132,806	104,605
Notes receivable from non-affiliated in-region entities		122,000	132,865
Total notes receivable from affiliates and non-affiliates		1,261,982	2,001,654
Less current portion from affiliates and non-affiliates:			
Affiliates		(472,184)	(514,053)
Allowance for uncollectible notes		(89,089)	
Long-term notes receivable from affiliates and non-affiliates, net	$	700,709	1,487,601

4. ADVANCES DUE FROM AFFILIATED NON-CONSOLIDATED COMPANIES

Advances receivable at December 31 are comprised of the following:

		2009	2008
Advances due from Kayux Development, L.L.C., non-interest bearing	$	20,950	19,750
Total all advances		20,950	19,750
Less current portion		-	-
Long-term advances	$	20,950	19,750

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31 are comprised of the following:

	2009	2008
Property and equipment being depreciated:		
Office equipment	$ 589,944	589,944
Fishing vessels and gear	2,607,758	2,607,758
Electronic equipment	126,674	111,074
Deck gear	209,832	174,295
Safety gear	46,079	46,079
Automobiles	400,597	361,324
Machinery	2,699,258	2,636,672
Buildings and infrastructures	8,547,352	8,447,801
Total property and equipment being depreciated	15,227,594	14,974,947
Less accumulated depreciation	(5,427,358)	(4,708,422)
Net property and equipment being depreciated	9,800,236	10,266,525
Property and equipment not being depreciated:		
Construction in progress	5,313,920	1,396,019
Land and land improvements	718,872	678,872
Total property and equipment not being depreciated	6,032,792	2,074,891
	$ 15,833,028	12,341,416

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008

6. INTANGIBLE ASSETS

Other assets consist of intangible assets.

		2009	2008
Intangible assets balances by asset at December 31 are:			
Individual fishing quota shares	$	1,653,807	1,653,807
Less accumulated amortization and impairment		(919,363)	(919,363)
Individual processing quota shares		4,021,985	4,021,985
Catch history rights		70,500	70,500
Less accumulated amortization		(21,600)	(21,600)
Land use rights		1,495,000	1,495,000
Less accumulated amortization		(361,224)	(311,400)
	$	5,939,105	5,988,929

7. RELATED PARTY TRANSACTIONS

Related Party Note Receivable

During 2003 AJV extended a loan in the amount of $95,567 to one of its Board members. The note is non-interest bearing and is payable in annual payments equal to 20% of the total ex-vessel value of the halibut IFQ harvested and sold during each calendar year. The balance due at December 31, 2009 is $67,214, of which $4,988 is classified as current and $62,226 classified as non-current. The entire unpaid principal balance is payable in full in November 2014.

During 2008 AVI extended a loan in the amount of $25,000 to one of its Board members. The note is non-interest bearing and is payable in minimum annual payments of $6,250 prior to September 30 of each year commencing with the first payment due on September 30, 2009. The balance due at December 31, 2009 is $18,750, of which $6,250 is classified as current and $12,500 classified as non-current. Final payment due September 30, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008

8. NOTES PAYABLE

Notes payable consists of the following:

Loan payable to Wells Fargo due in full on January 1, 2010 interest is 5.5%. Principal balance due at December 30, 2009 is $258,577, of which all is classified as current.

Mortgage payable to Wells Fargo Bank due in full December 31, 2035 interest is 7.5%. The original amount of the loan was $304,857. Principle balance due at December 31, 2009 is $208,644, of which $28,744 is classified as current and $179,900 is classified and non-current.

Grant from the Alaska Science and Technology Foundation is to be repaid in the following manner: Repayment shall equal five percent of the grantee's gross receipts which arise from the project to which the grant was related to, until ½ the amount of the grant has been repaid. The original amount of the grant was $140,000. Principal balance due at December 31, 2009 is $133,576, which is classified as non-current. Also included is a note finance charge of $66,788, which at December 31, 2009 is included with as long-term notes payable.

Loan payable to Westward Seafoods, Inc. due in full December 31, 2023 interest is 4.6%. The original amount of the loan was $659,381. Principle balance due at December 31, 2009 is 608,250 of which $51,130 is classified as current and $557,120 is classified as non-current.

Line of Credit payable of $2,994,039 to Merrill Lynch. Interest rate of the Federal discount rate plus 2.87% floating. Loan is collateralized by investments. The loan balance may never exceed fifty percent of the value of the investments.

		2009	2008
Total notes payable	$	4,269,874	5,097,976
Less current portion of notes payable		(338,452)	(1,076,266)
Long-term portion of notes payable	$	3,931,422	4,021,710

Annual maturities of long-term debt for the five years subsequent to fiscal year 2008 are as follows:

2010	$	338,452
2011		82,105
2012		84,510
2013		87,101
2014		89,894
Thereafter		3,587,812
Totals notes payable		4,269,874
Less: current portion		(338,452)
	$	3,931,422

9. LONG-TERM RESERVES

At December 31, 2008, the Board designated $9,205,710 of unrestricted net assets for long-term reserves. All of this amount is held in investments. At December 31, 2009, the Board designated $10,778,811 of unrestricted net assets for long-term reserves. All of this amount is held in investments.

10. GRANTS

APICDA provides financial assistance to organizations in southwestern Alaska for purposes of economic development and fisheries related development and protection. The amount of this financial assistance, which is classified as grants for scholarships and grants for projects on the statement of activities, for the years ended December 31, is comprised of the following:

		2009	2008
Community projects	$	214,554	855,350
Fisherman's associations		120,000	140,000
School districts		82,808	55,908
College internships		5,747	5,448
Scholarships		235,337	228,554
Supplemental Education – Vocational Education		48,954	65,576
Community dividends		600,000	600,000
Other Projects and Grants		281,047	156,983
	$	1,588,447	2,107,819

11. ROYALTY INCOME

Under the CDQ program, eligible communities apply periodically for a portion of the harvestable fisheries in the coastal waters of Alaska. The program includes all species, and is not scheduled to expire until 2012. CDQ royalty income, by species, received by APICDA for the years ended December 31, 2009 and 2008, is as follows:

		2009	2008
Pollock Base	$	2,140,221	2,619,073
Pollock Roe		828,949	1,509,126
Pollock Market Share Fee		1,921,867	1,642,793
Pacific Cod		858,395	1,069,371
Atka Mackerel		189,535	119,731
Halibut		94,741	-
Pacific Ocean Perch		46,294	45,481
Rock Sole		241	37,438
Sablefish		145,258	7,471
Yellowfin Sole		37,986	278,184
Flathead Sole		753	2,642
Opilio		257,558	333,546
Red King		632,098	863,428
Brown King		28,746	50,952
Bairdi		13,504	-
Other Market Share Fees		70,321	644,953
Other		4,207	9,727
	$	7,270,674	9,233,896

12. LEASES

Operating Leases

AVI, a wholly owned subsidiary of AJV, as lessor, has operating leases for its several fishing vessels and related equipment and gear to fishermen in the regional communities. The operating leases run for the fishing season and provide for AVI to receive as lease income a minimum of twenty-five percent of the fishermen's fish sales. Related lease income for the years ended December 31, 2009 and 2008 was $307,413 and $455,681, respectively. The property and equipment subject to these leases and included in Property and Equipment in the accompanying statements of financial position at December 31, are as follows:

		2009	2008
Vessels and gear	$	1,441,732	2,155,986
Electronic equipment		64,818	211,927
Deck gear		110,533	174,294
Safety gear		7,179	36,293
		1,624,262	2,578,500
Accumulated depreciation		(472,428)	(1,056,726)
	$	1,151,833	1,521,774

BOARD OF DIRECTOR NOTES

In addition to the financial information provided in this annual report, the Board of Directors wishes to make known to the residents of APICDA communities the following information regarding corporate governance. The board exercises broad oversight of its management team through board and committee meetings. Generally the board meets four times a year to review the financial health of APICDA, to receive reports on current operations, and to review plans for future programmatic changes. The Executive Committee meets with top management, generally on a monthly basis, to monitor the corporation's business, provide recommendations, and to approve or disapprove planned actions by management that do not require action by the full board. In addition, the board appoints several committees (see inset) to oversee specific corporate functions. The Budget & Audit Committee reviews annual budgets prior to submission to the full board, and monitors management's performance against budget throughout the budget year. The other committees meet on a regular basis to review new proposals and management performance. Reports are made to the full board.

APICDA compensates its Directors $400 per day for meeting attendance fees. In addition, the Directors receive a $300 a month honorarium as compensation for time expended on corporate affairs through emails, phone conversations, and correspondence review. The board, noting the extreme time demands placed on the Chairs of APICDA and APICDA Joint Ventures, authorized each $2,500 per month in compensation. Travel and per diem for board members are paid at the published rates for federal employees.

In 2009, APICDA and its subsidiaries paid the following professional service fees: $46,848 in legal fees; $104,631 in consultant fees; $86,146 in accounting fees; and APICDA Joint Ventures, Inc. paid $105,791 in lobby fees.

Disclosures are made if any officers, directors, or key employees are related to any professional service providers the corporation utilizes. There were no such relationships in 2009. APICDA also discloses any pending litigation between the corporation and any former officers, directors, or key employees. No such litigation is pending.

The board is mindful of its responsibility to ensure its management team is professional, competent, responsive, and fully supportive of its goals and priorities. The board highly values its management team. Salaries are set based on those parameters and at levels comparable to other companies in the industry. Chief Executive Officer (CEO) Larry Cotter and Chief Operating Officer and Chief Financial Officer (COO & CFO) Joe Kyle were paid $275,000 each in salary during calendar year 2009. Controller Rob Smith and Construction Manager Shawn Hansen were each paid $108,180 in 2009. AVI General Manager Jeff Kashevarof and the General Manager for Onshore Operations, Ken Smith, were each paid $96,847 in 2009. In addition, the board compensates top management with performance bonuses each year. These bonuses, which may vary in amount from year to year, serve to recognize meritorious performance and to provide further incentives for top management to strive for excellence as it pursues the corporation's goals and objectives. Bonuses awarded for 2009 were based, among other things, on the gross revenues received from our CDQ and investments, management improvements with our in region investments, performance improvements at operating entities, and major acquisitions completed. The CEO and COO/CFO were rewarded with a $60,000 bonus each in 2009 for their performance. The Construction Manager and Controller each received a performance bonus of $20,000. The GMs for AVI and Onshore Operations each received a performance bonus of $15,000.

2009 COMMITTEE MEMBERSHIP

Executive Committee
Gilda Shellikoff - False Pass
Hugh Pelkey - Akutan
Justine Gundersen - Nelson Lagoon

Financial Investment Committee
Pete Crandall - Juneau
Hugh Pelkey - Akutan
Gilda Shellikoff - False Pass

Training & Education Committee
Emil Berikoff -Unalaska
Hugh Pelkey - Akutan
Patrick Pletnikoff - St. George

Business Investments Committee
Rick Lauber - Juneau
Pete Crandall - Juneau
Gilda Shellikoff - False Pass

Policy & Procedures Committee
Rick Lauber - Juneau
Justine Gundersen - Nelson Lagoon
Gilda Shellikoff - False Pass
Gail Schubert - Anchorage

Budget & Audit Committee
Justine Gundersen - Nelson Lagoon
Pete Crandall - Juneau
Gilda Shellikoff - False Pass
Rick Lauber - Juneau

APICDA
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