APICDA

Haginaa Kidul • Helping to Grow

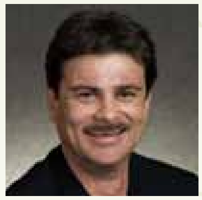
234 Gold Street, Juneau, AK 99801 | 907.586.0161
717 K Street, Anchorage, AK 99501 | 907.929.5273
Toll Free: 888.927.4232 | www.apicda.com

APICDA

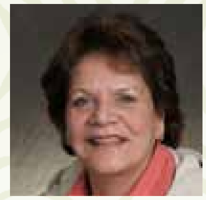
2010 ANNUAL REPORT

BOARD OF DIRECTORS

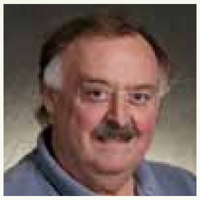
Gilda Shellikoff
False Pass
Chair



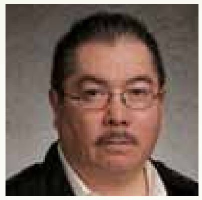
Hugh Pelkey
Akutan
Vice Chair



Justine Gundersen
Nelson Lagoon
Secretary & Treasurer

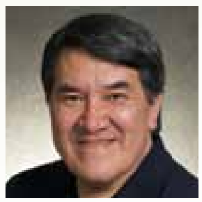


Pete Crandall
Financial Industry
Board Member

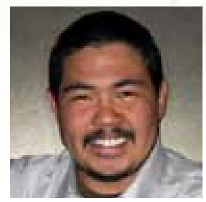


Mark Snigaroff
Atka
Board Member

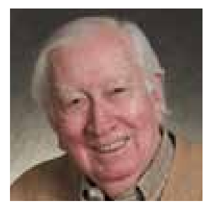
Emil Berikoff
Unalaska
Board Member



Patrick Pletnikoff
St. George
Board Member



Andrew Lestenkof
Nikolski
Board Member



Rick Lauber
Fishing Industry
Board Member

August 1, 2011

Dear APICDA Community and Community Residents:

2010 was an eventful and financially successful year for APICDA. Our management team and staff continue to execute our strategy, which balances community investments to support sustainable local economies and business investments to generate returns to support APICDA's current commitments and future growth. For 2011, the board will be focused on increasing the profitability of our in-region companies which will strengthen APICDA's overall portfolio of investments and operations.

Two years ago, APICDA was a leader in the formation of the "A-Team" along with other organizations in the region including the Aleut Corporation, Aleutian Housing Authority, Aleutians East Borough, and the Aleutian Pribilof Islands Association. The board and I are pleased that all of these entities are pulling together to meet community needs in our region. Since our region-wide conference in April we have seen a lot of progress, particularly on energy issues, with dynamic and sustainable projects in virtually every community in the region.

I am proud of APICDA's accomplishments in 2010, and am confident that we have a strong and stable board, and a talented management team, that can continue our success into the future.

Gilda M. Shellikoff

Gilda Shellikoff, Chair
Board of Directors

August 1, 2011

To the APICDA Community:

I am pleased to submit this annual report of APICDA's operations in 2010. We had an extremely successful year financially. Our net worth increased 12.8 % to $57.97 million. Our external seafood investments continue to be profitable, particularly Starbound. We completed an EDA matching fund grant project in St. George to construct a facility which will provide new economic opportunities in the communities.

Our focus on operations at Bering Pacific Seafoods Plant in False Pass resulted in a better year in 2010 than in the previous two years, although we have a long way to go. The Alaska Longline Company had its first full year of operations in 2010, and we now have five vessels operating in the cod fishery. In December of 2010, Congress passed legislation to allow the longline factory boats to form a cooperative. The cooperative will allow vessel operators to safely slow down with the knowledge that they will still catch their share of the resource; provide greater job stability by extending the fishery over the entire year, and give APICDA and the other cooperative member's greater flexibility to maximize the value of their catch.

Our crab investments were profitable in all areas except the Golden king crab fishery in the Western Aleutians. We were able to substantially reduce our losses there, however, and believe the fishery will prove to be profitable down the road.

We were very disappointed with the adverse decision by the National Marine Fisheries Service (NMFS) on sea lions, which is a mockery of science in my opinion. Three different entities have sued NMFS to overturn the "Biological Opinion," which would close the Pacific cod fishery in the Western Aleutians. I expect a decision on this suit later this year.

This annual report includes many other highlights of APICDA's operations in 2010. I appreciate the support of our board, the experience and energy of our staff, and positive relationships in our communities.

Larry Cotter
Chief Executive Officer

HIGHLIGHTS

- Contributed $600,000 in grants to the six member communities as a community dividend.
- Long term reserve account worth $12.2 million at year's end.
- Employed 97 APICDA residents with a payroll of $2,497,280.
- Invested $162,876 in scholarships and internship programs.
- Invested just over $151,000 in grants for schools, communities, and community outreach programs.
- Invested $1,070,753 in grants for community infrastructure and community associated miscellaneous donations.
- Consolidated net worth grew to $57.9 million.
- Invested more than $6.4 million on projects in the region.
- Reopened Atka Pride Seafoods in 2010 after an extensive rebuild completed in 2009.
- Completed the St. George fish handling facility.
- Continued to expand our tourism investments in the region.

A P I C D A S U

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. In its second full year of activities, the company is building a solid client base, and expanding tourism opportunities in the region.

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, processes about 500,000 pounds per year of halibut and sablefish in H&G and filet product forms. In 2010, the facility reopened after a one year hiatus to perform upgrades. The 2010 season went well and the upgrades to the facility proved cost effective.

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 three years. Management continues to strive to increase the quality, quantity, and cost effectiveness of the operation.

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.

B S I D I A R I E S

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.

ALASKA LONGLINE, LLC: A partnership between APICDA Joint Ventures, BJ Ventures, LLC, Wrenchead, LLC, and Omega-3 Inc., with each partner owning 25% of the corporation. John Winther manages the five vessels: F/LL Prowler, F/LL Ocean Prowler, F/LL Bering Prowler, F/LL Kjevlja, and Zenith. These are longline catcher processors that fish for Pacific cod and sablefish. In December of 2009, the Prowler group principles formed the Alaska Longline, LLC and acquired various assets of the company Jubilee Fisheries inclusive of vessels and fishing rights and formed the new company. This acquisition strengthened the partner's fishing capacity and Pacific cod individual fishing rights in the Bering Sea and Gulf of Alaska.

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.

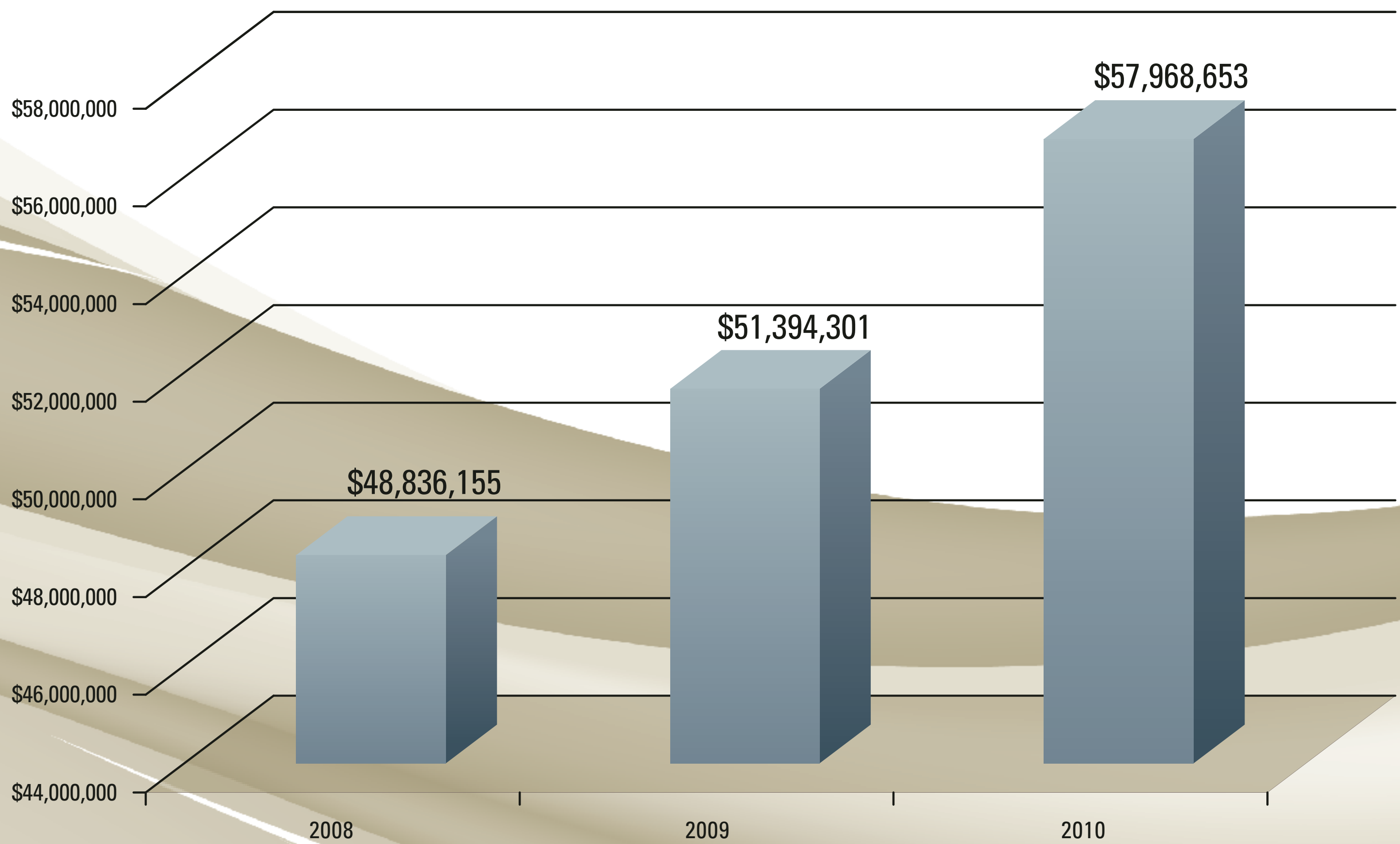
2010 CDQ IN-REGION EMPLOYMENT

	Individuals	Wages
Management/Admin	12	$763,994
Board Members	9	$130,886
Community Liaisons	6	$66,000
Other Fishing	49	$1,333,290
Internships	1	$2,350
Other Employment	25	$200,760
Totals	**97**	**$2,497,280**

2010 APICDA TRAINING & EDUCATION EXPENDITURES

	Individuals	Expenditures
Scholarships		
Post Secondary	61	$154,594
Voc-Tech Classes		
Basic	2	$2,312
Other Training		
Fisheries Related	3	$5,980
CDQ Staff/Board		
Other Expenditures		
School Grants		$71,747
Miscellaneous Grants		$14,279
Total	**66**	**248,912**

APICDA CONSOLIDATED NET WORTH



CONSOLIDATED FINANCIALS FOR 2010

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 2010 audit began February 2011 and was concluded at the end of July 2011 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 their overall corporate health. Management takes these 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 2010.

Consolidated Statements of Financial Position

December 31, 2010 and 2009

Assets		2010	2009
Current assets:			
Cash and cash equivalents	$	5,829,087	6,295,430
Short term investments		12,176,947	10,778,811
Accounts receivable:		4,667,546	3,036,388
Notes receivable affiliates - current		204,221	397,339
Notes receivable - related party - current		10,550	11,238
Note receivable - current		111,490	74,845
Inventory		460,548	554,554
Prepaid expenses		257,263	305,810
Total current assets		23,717,652	21,454,415
Investments:			
Investment in Out of Region Entities		10,862,708	11,990,278
Investment Partnerships with In-region Entities		1,047,513	1,168,683
Total investments		11,910,221	13,158,961
Property and equipment, net		21,388,895	15,833,028
Intangible assets, net		5,889,281	5,939,105
Deferred income tax benefit		137,719	236,849
Non-current notes and advances receivable		1,011,505	796,385
Total assets	$	64,055,273	57,418,743
Liabilities and Net Assets			
Current liabilities:			
Notes payable - current		1,425,861	338,452
Accounts payable		340,963	997,856
Accrued payroll and related liabilities		224,685	180,488
Interest payable		27,580	-
Fish taxes payable		334,301	261,982
Crab buyback fees payable		85,544	28,276
Unearned deposits		7,000	16,015
Total current liabilities		2,445,934	1,823,069
Notes payable, net of current portion		3,680,778	3,931,422
Total liabilities		6,126,712	5,754,491
Net assets:			
Controlling interests:			
Temporarily restricted		83,000	96,500
Designated:			
Long term reserves		12,176,947	10,778,811
Undesignated		45,403,655	40,404,565
Noncontrolling interests:			
Contributed capital		1,495,000	1,786,429
Net Income unrestricted/designated		(1,230,041)	(1,402,053)
Total net assets		57,928,561	51,664,252
Total liabilities and net assets	$	64,055,273	57,418,743

See accompanying notes to financial statements.

Consolidated Statements of Activities

Years Ended December 31, 2010 and 2009

Changes in unrestricted net assets:		2010	2009
Revenues and support:			
Royalties	$	7,711,784	7,270,674
EDA grant revenue		2,663,397	820,429
Interest and dividends		441,476	404,172
Gain (loss) on sale of property and equipment		(53,370)	8,759
Net realized and unrealized gains (losses) on investments		1,086,037	1,272,769
Nazan Bay Inn		2,200	3,000
Equity in profit (loss) of Out of Region Investments		1,561,766	2,615,167
Equity in profit (loss) of In-region Partnerships		(121,170)	(277,011)
Fishing income		5,049,672	3,850,909
Software sales		16,500	15,000
Crab		10,356,653	9,692,638
Tourism income		207,616	132,288
Other income		132,831	185,868
Total revenues and support		29,055,392	25,994,662
Net assets released from restrictions		96,500	187,500
Total revenues support and reclassifications		29,151,892	26,182,162
Expenses:			
Programs:			
Community development:			
Grants for Education (Scholarships/Vocational)		148,685	284,291
Grants for projects		1,070,753	1,114,980
Community outreach		153,226	189,176
Total community development		1,372,664	1,588,447
Operations:			
Crew		756,212	572,522
Labor		1,841,398	1,637,513
Boat supplies, maintenance and repairs		3,362,300	3,742,295
Tourism		574,690	230,505
Travel and transportation		119,148	109,557
Insurance		141,794	136,270
Nazan Bay Inn expense		39,030	40,095
Licenses, taxes and fees		460,863	342,732
Crab		8,922,367	9,381,843
Miscellaneous		44,962	8,080
Total operations		16,262,764	16,201,412
Total program expenses		17,060,738	17,559,354
General and administrative:			
Travel and transportation		223,386	140,064
Labor		1,884,978	1,681,657
Office expense		563,664	525,030
Management fees		122,701	97,816
Directors' fees and per diem		343,808	333,373
Insurance		197,696	153,163
Professional fees		355,816	338,610
Licenses, taxes and fees		101,274	187,970
Repairs and maintenance		146,432	101,562
Bad debt expense		–	86,344
Miscellaneous		69,605	152,376
Total general and administrative		4,009,360	3,797,965

Consolidated Statements of Activities *(continued)*
December 31, 2010 and 2009

		2010	2009
Interest and depreciation expense:			
Interest		176,234	234,565
Depreciation		953,929	847,757
Total interest and depreciation		1,130,163	1,082,322
Total expenses		22,774,951	22,670,146
Income before tax provision		6,376,941	3,512,016
Income tax benefit (expense)		(99,130)	292,791
Increase in unrestricted net assets before non-controlling interest		6,277,811	3,804,807
Increase in unrestriced net assets attributable to non-controlling interests		119,417	190,752
Change in temporarily restricted net assets:			
Contributions		83,000	96,500
Net assets released from restriction		(96,500)	(187,500)
Change in temporarily restricted net assets		(13,500)	(91,000)
Total change in net assets	$	6,264,311	3,713,807

See accompanying notes to financial statements.

Notes to Consolidated Financial Statements

Years Ended December 31, 2010 and 2009

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 years ended December 31, 2010 and 2009. The consolidated entity is referred to as APICDA in these financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Operations

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., Alaska Longline L.L.C, Kayux Development, L.L.C., Nelson Lagoon Storage Company, L.L.C., Barbara J., L.L.C., Reagan, L.L.C. and Starbound, L.L.P. 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.

APICDA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At years ended December 31, 2010 and 2009 APICDA did not have any net assets that were classified as permanently restricted. 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.

Use of Estimates

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

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, 2010 and 2009

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 reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the Company's investments. The carrying amounts of the 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 are insured up to $250,000 per bank, per Employer Identification Numbering (EIN), by FDIC. Amounts in excess of $250,000 are uninsured. The uninsured cash balance held at Wells Fargo bank at December 31, 2010 and 2009 were $5,129,980 and $3,809,129, respectively.

Investments

APICDA carries investments at fair value. The change in the fair value is included in the consolidated statement of activities. Investments consist of mutual funds, equity securities, U.S. agency obligations, and corporate debt securities. For purposes of calculating realized gains and losses, cost is determined by the specific identification method on a trade date basis.

Trade Accounts Receivable and Other Receivables

APICDA uses the reserve for bad debt method of valuing doubtful receivables 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 $8,980 and $4,445 at December 31, 2010 and 2009, respectively. The balance of the reserve for doubtful account, deducted against other receivables to properly reflect the realized value, $89,089 and $89,089 at December 31, 2010 and 2009, 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.

Intangible Assets

Intangible assets are comprised primarily of fishing rights and permits.

In accordance with Accounting Standards Codification (ASC) 250 Intangibles, Goodwill and Others effective January 1, 2002, the Company discontinued amortizing the intangible assets with indefinite lives. The Company reviews the fishing permits for impairment annually on December 31, and more frequently if circumstances warrant. The Company performed the annual review as of December 31, 2010 and 2009 and determined that the fishing permits continue to have indefinite lives and that there was no impairment of these assets.

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, in evaluation of unrelated business income, the Company follows of GAAP, when accounting for uncertainty in income taxes. The Company's policy is to include penalties and interest associated with income taxes in income tax expense. The prior three years of tax returns remain subject to examination by state and federal taxing agencies. However, all subsidiaries conduct activities, which are subject to federal and state taxation.

Notes to Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

II. INVESTMENTS

Investments are stated at fair value and are as follows at December 31, 2010 and 2009:

	Fair Value	
	2010	2009
Money market funds	$ 442,802	409,447
Accrued interest	14,685	13,741
Marketable securities	7,078,860	6,341,969
Mutual funds	1,679,431	1,642,120
Commodity trading advisors	537,741	-
Government bonds	2,423,428	2,371,534
	$ 12,176,947	10,778,811

The following schedule summarizes the investment return for the years ended December 31, 2010 and 2009:

	Unrestricted	
	2010	2009
Interest and dividends	$ 434,789	366,136
Net realized and unrealized gains (losses)	1,086,037	1,177,871
Investment management fees	(122,701)	94,898
Net investment return	$ 1,398,125	1,638,905

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. The Company does not have investments for which quoted market prices are not available.

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 levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

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.

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
2010 Investments	$ 12,176,947	–	–	12,176,947
2009 Investments	$ 10,778,811	–	–	10,778,811

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, 2010 and 2009

III. NOTES RECEIVABLE

Notes receivable at December 31 are comprised of the following:

		2010	2009
Note receivable for cash advances to affiliated in-region partnerships and tribal entities	$	500,339	397,339
Notes receivable for cash advances to affiliated out-of-region partnerships		204,221	204,221
Note receivable for advances to non-affiliated entities for the purchase of privately held IFQ		444,352	405,596
Note receivable for advances to non-affiliated entities for the purchase of fishing gear		111,493	132,826
Note receivable from non-affiliated in-region entities		68,543	122,000
Total notes receivable from affiliates and non-affiliates		1,328,948	1,261,982
Less current portion:		(315,711)	(472,184)
Allowance for uncollectible notes		(89,089)	(89,089)
Long-term notes receivable from affiliates and non-affiliates, net	$	924,148	700,709

IV. ADVANCES DUE FROM AFFILIATED NON-CONSOLIDATED COMPANIES

Advances receivable at December 31 are comprised of the following:

		2010	2009
Advances due from Kayux Development, L.L.C., non-interest bearing	$	22,500	20,950
Less current portion		–	–
Long-term advances	$	22,500	20,950

Notes to Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

V. PROPERTY AND EQUIPMENT

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

		2010	2009
Property and equipment being depreciated:			
Office equipment	$	609,386	589,944
Fishing vessels and gear		2,658,024	2,607,758
Electronic equipment		131,711	126,674
Deck gear		250,154	209,832
Safety gear		46,079	46,079
Automobiles		439,001	400,597
Machinery		4,061,382	2,699,258
Buildings and infrastructures		15,503,087	8,547,352
Total property and equipment being depreciated		23,698,824	15,227,594
Less accumulated depreciation		(6,169,331)	(5,427,358)
Net property and equipment being depreciated		17,529,493	9,800,236
Property and equipment not being depreciated:			
Construction in progress		3,100,530	5,313,920
Land and land improvements		758,872	718,872
Total property and equipment not being depreciated		3,859,402	6,032,792
	$	21,388,895	15,833,028

VI. INTANGIBLE ASSETS

Other assets consist of intangible assets.

		2010	2009
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		(411,048)	(361,224)
	$	5,889,281	5,939,105

Notes to Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

VII. 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, 2010 is $62,907, of which $4,300 is classified as current and $58,607 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, 2010 is $12,500, of which $6,250 is classified as current and $6,250 classified as non-current. Final payment due September 30, 2012.

VIII. NOTES PAYABLE

Notes payable consists of the following:

Line of credit payable to Wells Fargo with an interest rate currently at 4%. Principal balance due at December 30, 2010 is $1,352,730, 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 $180,113, of which all is classified as 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, 2010 is $133,576, which is classified as non-current. Also included is a note finance charge of $66,788, which at December 31, 2010 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, 2010 is 557,110 of which $51,131 is classified as current and $505,979 is classified as non-current.

Line of credit payable of $2,816,322 to Merrill Lynch. Interest rate of the Federal discount rate plus 2.00% floating. Loan is collateralized by investments. The loan balance may never exceed fifty percent of the value of the investments. Full amount of line of credit is classified as a non-current liability.

	2010	2009
Total notes payable	$ 5,106,639	4,269,874
Less current portion of notes payable	(1,425,861)	(338,452)
Long-term portion of notes payable	$ 3,680,778	3,391,422

Annual maturities of long-term debt for the five years subsequent to fiscal year 2010 are as follows:

2011	$ 1,425,861
2012	84,510
2013	87,101
2014	89,894
2015	91,548
Thereafter	3,327,725
Totals notes payable	5,106,639
Less: current portion	(1,425,861)
	$ 3,680,778

Notes to Consolidated Financial Statements

Years Ended December 31, 2010 and 2009

IX. LONG-TERM RESERVES

At December 31, 2010, the Board designated $12,176,947 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.

X. 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:

	2010	2009
Community projects	$ 410,212	495,601
Fisherman's associations	140,000	120,000
School districts	71,417	82,808
College internships	2,350	5,747
Scholarships	140,393	235,337
Supplemental Education – Vocational Education	8,292	48,954
Community dividends	600,000	600,000
	$ 1,372,664	1,588,447

Notes to Consolidated Financial Statements

Years Ended December 31, 2010 and 2009

XI. 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, 2010 and 2009, is as follows:

	2010	2009
Pollock Base	$ 2,130,538	2,140,221
Pollock Roe	581,406	828,949
Pollock Market Share Fee	1,677,664	1,921,867
Pacific Cod	831,821	858,395
Atka Mackerel	224,960	189,535
Halibut	233,627	94,741
Pacific Ocean Perch	102,615	46,294
Rock Sole	10,095	241
Sablefish	298,356	145,258
Yellowfin Sole	79,364	37,986
Flathead Sole	12,730	753
Opilio	193,472	257,558
St. Matthew Crab	191,986	–
Red King	911,010	632,098
Brown King	51,764	28,746
Bairdi	–	13,504
Crab Market share fees	156,974	70,321
Other	23,402	4,207
	$ 7,711,784	7,270,674

Notes to Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

XII. COMMITMENTS AND CONTINGENCIES

Land Lease
Bering Pacific Seafoods, L.L.C. has a ninety-nine year land lease with Istanotski Corporation in False Pass, Alaska. The lease was initiated in 2001, and requires annual payments of $40,000 until the sixth anniversary of the lease, after which time the payment will be adjusted annually to reflect changes in the consumer price index. Annual lease payments cannot go below the initial base amount or proceeding annual payment.

Loan Guarantees
APICDA and APICDA Joint Ventures are guarantors on two loans to a partner LLC from Farm Credit. The first loan was for formation of the LLC at December 31, 2010 the balance on that loan was $21,266,667. The second loan was for purchase of fishing rights at December 31, 2010 the balance on the loan was $5,712,500.

XIII. 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, 2010 and 2009 was $418,478 and $307,413, 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:

	2010	2009
Vessels and gear	$ 1,933,412	1,441,732
Electronic equipment	98,010	64,818
Deck gear	231,330	110,533
Safety gear	22,904	7,179
	2,285,656	1,624,262
Accumulated depreciation	(881,216)	(472,428)
	$ 1,404,440	1,151,833

XIV. SUBSEQUENT EVENTS

In April of 2011 Reagan LLC sold F/V Reagan the main asset held by that company. The company still exists with limited assets on its balance sheet.

In April of 2011 APICDA Joint Ventures (AJV) and other partners formed a new company named TNG LLC of which AJV is a 47.5% owner. AJV's original contribution into this new LLC was $712,500.

Management has evaluated subsequent events through July 6 2011.

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 $ 3,000 per month in compensation. Travel and per diem for board members are paid at the published rates for federal employees.

In 2010, APICDA and its subsidiaries paid the following professional service fees: $85,777 in legal fees; $64,978 in consultant fees; $109,570 in accounting fees; and APICDA Joint Ventures, Inc. paid $95,969 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 2010. 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 $300,384.70 and $299,135.00 respectively in salary during calendar year 2010. Rounding out the top five compensated employees for the year were Construction Manager, Shawn Hansen who received $114,897.08. Controller Rob Smith was paid $108,930.99 and Vessel Manager Jeff Kashevarof received $104,809.30. 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 2010 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 awarded $40,000 for their performance in 2010. The Controller and Vessel Manager each received a performance bonus of $20,000. The Construction Manager received a performance bonus of $10,000.

2010 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

POLICY & PROCEDURES COMMITTEE
Rick Lauber - Juneau
Justine Gundersen - Nelson Lagoon
Gilda Shellikoff - False Pass

BUDGET & AUDIT COMMITTEE
Justine Gundersen - Nelson Lagoon
Pete Crandall - Juneau
Gilda Shellikoff - False Pass
Rick Lauber - Juneau

BUSINESS INVESTMENTS COMMITTEE
Rick Lauber - Juneau
Pete Crandall - Juneau
Gilda Shellikoff –False Pass