



Celebrating 20 years

2011 ANNUAL REPORT



*APICDA's communities have
great opportunities...and with an
experienced staff, wise counsel of the
Board of Directors, support of our
communities, and close cooperation
with other regional organizations
APICDA can continue to deliver
positive results.*

—Larry Cotter, CEO

Dear APICDA Community and Community Residents:

I am proud to celebrate the 20th anniversary of the founding of APICDA with all of you. We have really come such a long way since we started. Over the years the board has become more sophisticated and more professional as APICDA's business interests have become more complex. We spend more time looking at the numbers and asking hard questions – how much will a project cost? Will we make money or lose it – and over what period of time? And, if we are going to lose money, do the benefits outweigh the costs – because, for all of our projects, the Board must be aware of how they impact our communities.

Because many small community projects simply break even, or make only a small amount of money, we must have investments that make money so we can continue to provide grants, scholarships and investments in our communities.

The board counts on the work of our excellent staff to help us make these decisions. We have confidence that the staff will continue to manage APICDA for the benefit of our communities.



Various APICDA Board Members - 1992

Looking ahead, we have many challenges. Our communities struggle with year round employment, so it is hard to attract and keep families so we can keep our schools going. APICDA is working to make more of our operations year-round and transfer more responsibility to key local residents to address this issue. Our communities face very high fuel costs for heating, electricity, vehicles and boats. APICDA is also working with many partners to address this issue, including new wind power projects in several communities. And, our communities have few options for funding local government programs; again, APICDA has helped through infrastructure investments that bring new tax and operating revenues.

The APICDA board appreciates your continued support, and we look forward to the next 20 years of increased economic activity in our APICDA communities.

Sincerely,

A handwritten signature in dark ink, reading "Gilda M. Shellikof". The signature is fluid and cursive, with a large, stylized "G" and "S".

Gilda Shellikof
Chair, Board of Directors
July 1, 2012

To the APICDA Community:

I am pleased to submit this annual report of APICDA's operations in 2011 – our 20th year of operation. No one knew what we were going to be when the CDQ program first started. The vision was stable local economies, and we're moving steadily toward that.

We had a few bad starts, and we learned from them. With the Board's support, we have done a good job of balancing direct community grants with strong investments that produce cash and build our asset base.

The effort we've made at False Pass with Bering Pacific Seafoods this year is huge and we will start work in Atka next year. There is finally a light at the end of the tunnel for St. George's harbor – with that critical infrastructure in place, St. George has a great future.



First meeting of the APICDA Board - 1992

APICDA is very healthy financially; we have low debt and each of the economic ratios we track is in a great position.

We continue to work with the "A" team – a group of organizations that are also

committed to the people and communities of the Aleutian Pribilofs region. APICDA's communities have great opportunities – but our greatest challenge is people. Our communities struggle with substance abuse; something that is difficult to talk about. We have trouble finding people who can pass a drug test to work in our plants and on our vessels – good jobs in the summer and some year-round. For that reason, we are spending more time and effort on the youth in our communities, along with our "A" team partners.

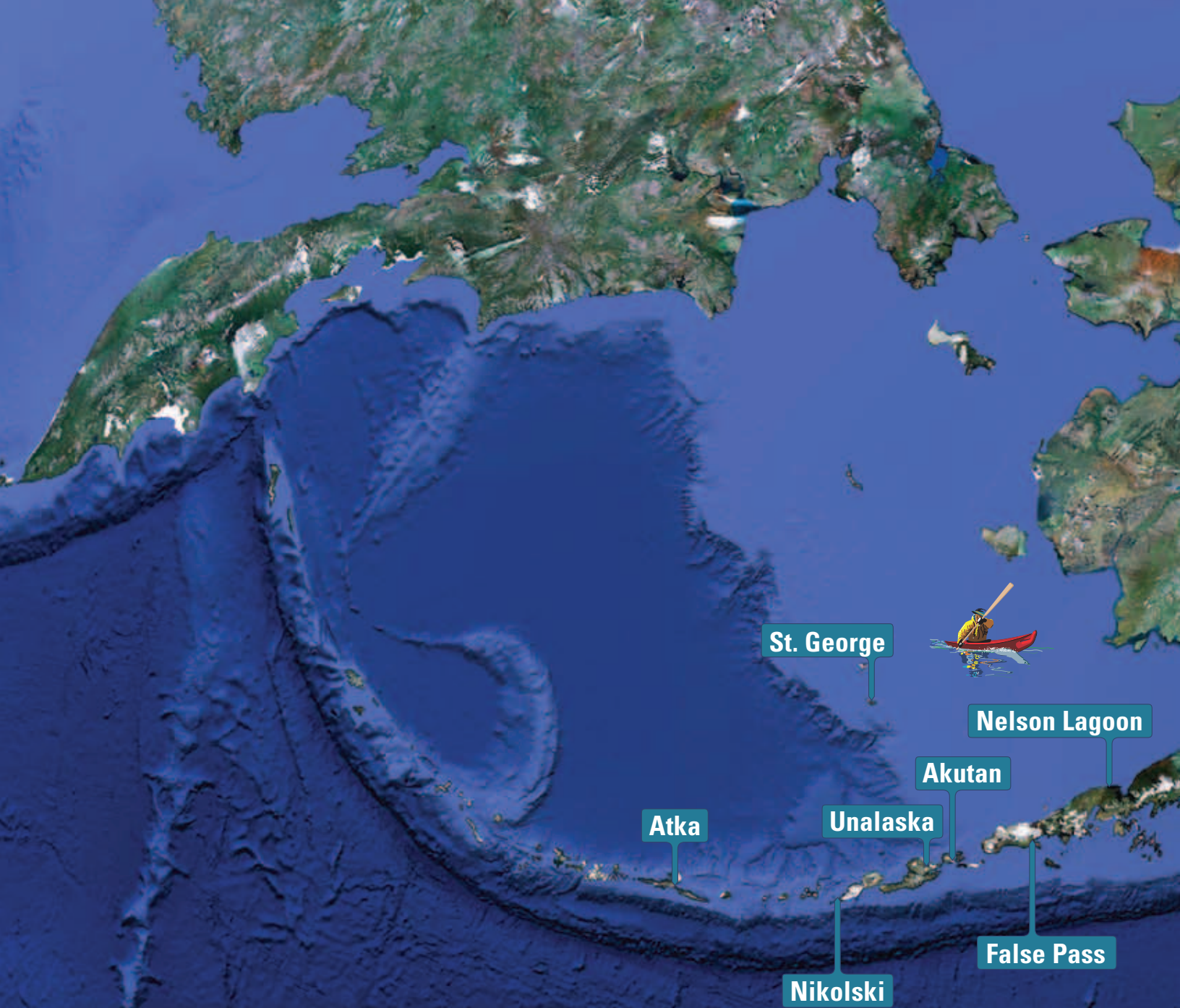
This annual report includes many other highlights of APICDA's operations in 2011. APICDA has evolved and strengthened over the past 20 years and I have every confidence that through our experienced staff, the wise counsel of our Board of Directors, the support of our communities, and our close cooperation with other regional organizations, APICDA can continue to deliver positive results for our CDQ communities.

A handwritten signature in dark ink, appearing to read "Larry Cotter".

Larry Cotter
Chief Executive Officer
July 1, 2012

HIGHLIGHTS

- + Contributed \$600,000 in grants to the six member communities as a community dividend
- + Long term reserve account worth \$12 million at year's end
- + Employed 82 APICDA residents with a payroll of \$2,910,953
- + Invested \$154,212 in scholarships and internship programs
- + Invested just over \$287,000 in grants for schools, communities, and community outreach programs
- + Contributed \$229,416 in grants for community infrastructure and community associated miscellaneous donations
- + Consolidated net worth grew to \$61.9 million
- + Invested over \$700,000 on projects in the region
- + Partnered with leaders in the fishery industry to form The Next Generation Fisheries, LLC (TNG)
- + Completed the Nelson Lagoon fish handling facility
- + Expanded our tourism investments in False Pass to include bear hunts and sport fish opportunities
- + Purchased office building in Anchorage
- + Purchased 1,965,574 units of Snow crab IFQ
- + Purchased 369,228 units of Tanner crab IFQ
- + Provided \$106,000 in loans to fishermen and entities in our region
- + APICDA spearheaded LEAD Aleutian program
- + APICDA partnered with Trident Seafoods for 2nd Akutan Region Basketball Camp

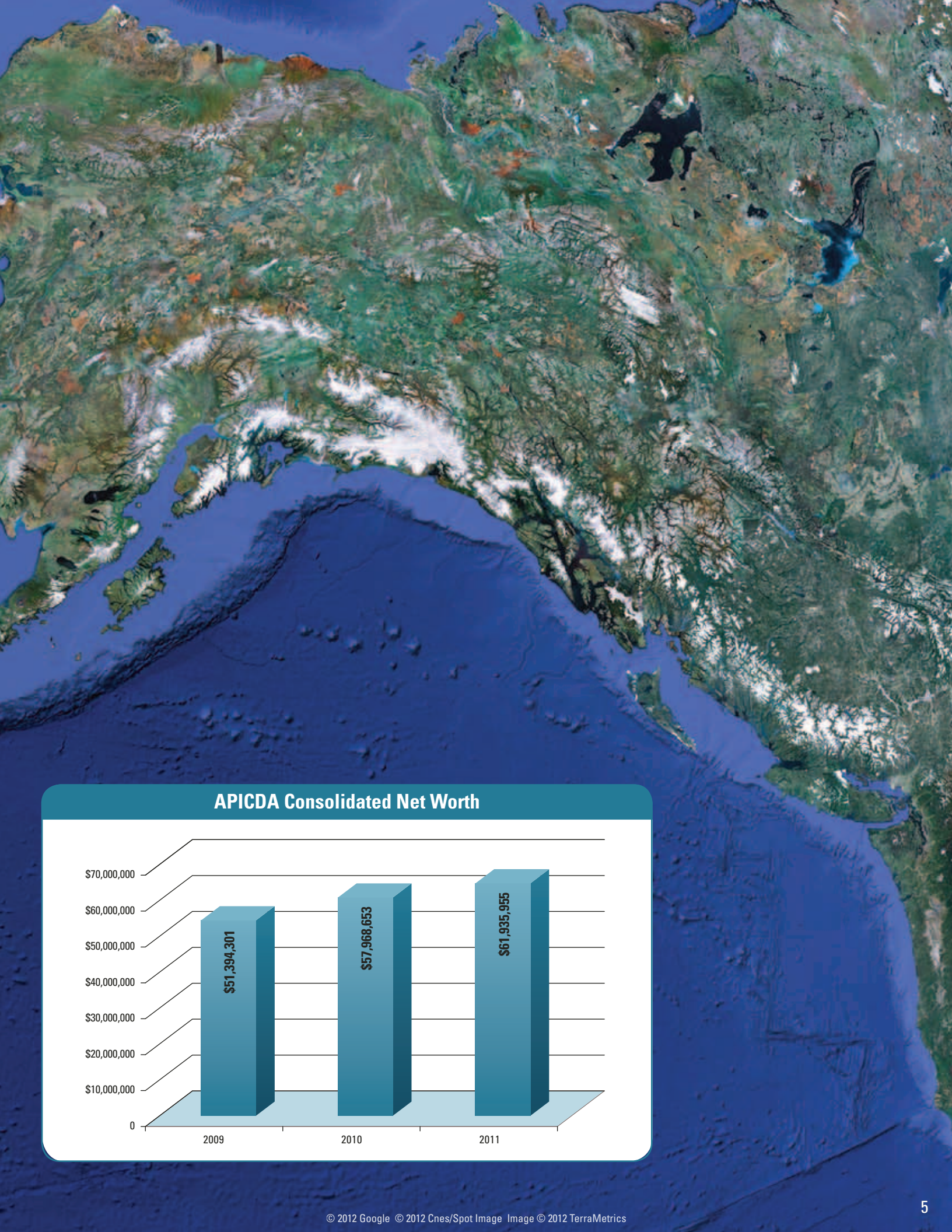


2011 APICDA Training & Education Expenditures

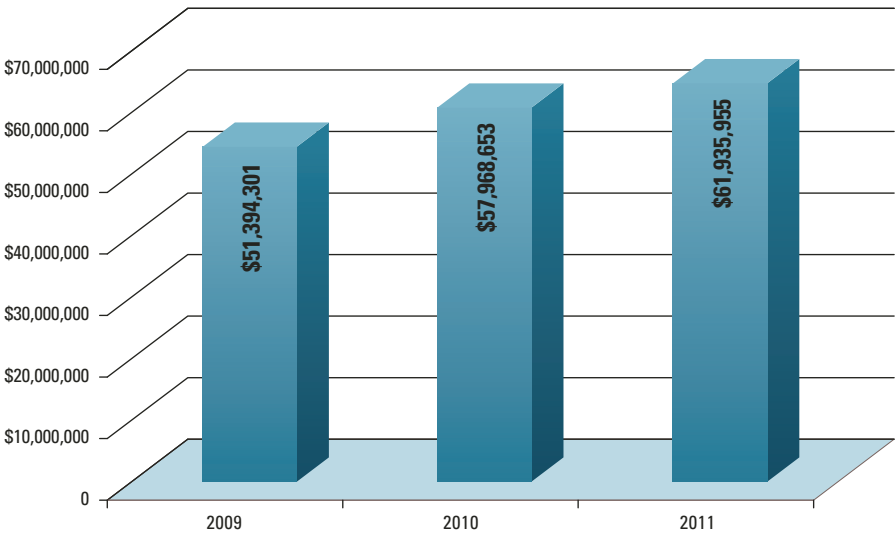
	Individuals	Expenditures
Scholarships		
Post Secondary	51	\$134,110
Voc-Tech Classes		
Basic	5	\$7,069
Other Training		
Fisheries Related	4	\$7,706
CDQ Staff/Board		
Other Expenditures		
School Grants		\$60,000
Miscellaneous Grants		\$13,747
Total	60	\$222,632

2011 CDQ In-Region Employment

	Individuals	Wages
Management/Admin	14	\$934,501
Board Members	9	\$131,700
Community Liaisons	7	\$70,533
Other Fishing	53	\$1,676,381
Internships	1	\$5,327
Other Employment	25	\$92,511
Totals	82	\$2,910,953



APICDA Consolidated Net Worth



AKUTAN



Archaeological evidence suggests that Akutan has been the site of a traditional Unangan village since prehistory. In 1878, Akutan was established as a fur storage and trading port for the Western Fur & Trading Company. The company's agent started a commercial cod fishing and processing business. A Russian Orthodox Church and a school were built in 1878.

The Pacific Whaling Company operated the only whaling station in the Aleutians across the bay from Akutan from 1912 to 1939. After the Japanese attacked Unalaska

in June 1942, the U.S. government evacuated Akutan residents to the Ketchikan area. The village was re-established in 1944, although many villagers chose not to return. The city was incorporated in 1979. Akutan is represented by the Akutan Village Corporation and a federally-recognized tribe, the Native Village of Akutan.

Akutan is a fishing community with about 75 year-round residents, but during the fishing season the population increases to nearly 1,000 with seasonal workers. Trident Seafoods operates a large processing plant for cod, crab, pollock, and fishmeal west of the city.



APICDA investments in Akutan:

Year	Entity	Item	Amount
2003, 2005, 2010	Akutan Fish Association Members	Akutan IFQ Loan Program	\$546,000 (approximately)
2006	City of Akutan	Small Boat Mooring Basin	\$150,000
2011	City of Akutan	Akutan Port	\$750,000 committed

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

APICDA
20 year highlights

1992



Pollock CDQ Program commences...APICDA formed.

1992

Community Liaison Officer Program introduced.

Trident's Akutan shore plant is the largest seafood production facility in North America. The Akutan facility sustains a year-round frozen seafood operation capable of processing over 3 million pounds of multiple species per day. APICDA partners with Trident in three vessel joint ventures.



©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

1993

APICDA established Fishermen's Association grant program.

1993

APICDA developed Training and Education scholarship program.

1994

AJV and APICDA Management Company (AMC) formed, AMC later transforms to APICDA Vessels, Inc.



1994

Atka Pride Seafoods formed. 50/50% partnership with Atka Fishermen's Association and AJV.

ATKA



Atka is located on Atka Island, 1,100 miles from Anchorage on the southwest shore of Nazan Bay near a deep, protected anchorage. The location of the island allows relatively easy access to the

Bering Sea to the North, and to the Pacific Ocean to the south. The community is adjacent to rich Pacific cod, pollock, sablefish, Atka mackerel, and Aleutian Islands golden king crab.

The island has been occupied by Unangans for at least 2,000 years. The first contact with Russians occurred in 1747, and Atka became an important trade site and safe harbor for Russians. The town site was settled in the 1860s.

After the end of the sea otter hunting era in the late 1800s, Atka had no viable cash economy. Reindeer were introduced to the island in 1914. During the 1920s, Atka became relatively affluent due to fox farming. After the Japanese attacked Unalaska and seized Attu and Kiska in June 1942, the U.S. Government evacuated Atka's residents to the Ketchikan area. Atka was burned to the ground to prevent Japanese forces from using it.



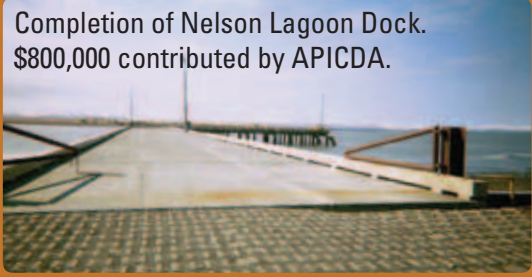
The U.S. Navy rebuilt the community after the war, and residents were allowed to return. Many Attu villagers, released from imprisonment in Japan in 1945, relocated to Atka. About 100 people live in Atka today.

APICDA investments in Atka:

Year	Entity	Item	Amount
1994	Atka Pride Seafoods	Floating Dock System	\$200,000
1997	City of Atka -Grant	Atka City Dock	\$800,000
1997	APICDA Joint Ventures	Nazan Bay Inn	\$220,000
1997	Atka Pride Seafoods	Barges	\$80,000
2004	Atka Pride Seafoods	Shop	\$44,000
2004	APICDA Vessels	Shop	\$44,000
2004	Atka Pride Seafoods	Dock	\$365,000
2007-2009	Atka Pride Seafoods	Plant/Office	\$4,100,000
Various	Atka Pride Seafoods	Equipment	\$1,432,000
Various	Atka Pride Seafoods	Outfall Line	\$159,000

1995

Completion of Nelson Lagoon Dock.
\$800,000 contributed by APICDA.



1995

APICDA implemented School Grant program.

1995

AJV purchases 25% ownership in Golden Dawn LLC. (Pollock/Cod trawl catcher vessel.)



The City of Atka is a second-class city incorporated in 1988, and since it does not belong to an organized borough, the City is responsible for many services. Atxam Corporation is the Native village corporation. The Native Village of Atka, a federally recognized tribe, is located in the community.

In 1994, APICDA and the Atka Fishermen's Association formed Atka Pride Seafoods to process halibut products and sablefish, operating seasonally from June through September. The plant has operated at a profit for several years, providing good paying jobs and advancement opportunities for local residents, and supporting the City of Atka through raw fish taxes. APICDA plans to expand the APS plant in 2013-14 so it can operate as a diversified year-round seafood processor. APICDA also owns and operates the Nazan Bay Inn, a small hotel providing lodging for visitors.



“The organization has developed into something that we really hoped for. It has benefited the region immensely, with literally millions of dollars invested in the region in communities that needed it badly. We have seen successes that have been very beneficial and with the investments we are making now, we are going to create a lot of jobs. APICDA has a great staff, and I’m happy to be a part of the organization.”

Mark Snigaroff
Atka Board Member 1992-1994
and 2006-present

1996

AJV built vessel tram for Nikolski operations.

1996

APICDA Board formed The Education Endowment Fund.

1996

Kayux Development, LLC formed.



1996

APS developed a quota, gear, and boat loan program for the Atka fishermen.

FALSE PASS



False Pass is an early English name for Isanotski Strait on which the City of False Pass is located. There is some evidence that Unangan people used the area seasonally. The strait was called “False Pass” by early American sailing ship captains because it was thought to be impassable.

The False Pass area was settled by a homesteader in the early 1900s and grew with the establishment of a cannery in 1917. A post office and school were established in 1921. The cannery operated continuously, except from 1973 to 1976, when two hard winters depleted the fish resources. It was destroyed by fire in March 1981 and was not rebuilt. The city of False Pass was incorporated in 1990 and has about 30 residents.

The Isanotski Corporation (originally known as the False Pass Corporation) is the ANCSA village corporation for the community and the major landholder in the area. The False Pass Tribal Council is the federally recognized tribe, with responsibility for the health and welfare needs of the community.

APICDA investments in False Pass:

Year	Entity	Item	Amount
1993	City of False Pass - Grant	Water & Electric Extension to City Dock	\$219,000
1993	False Pass Tribal Council - Grant	Gear Storage Warehouse	\$400,000
1999	Bering Pacific Seafoods	Sewer	\$321,000
1999	Bering Pacific Seafoods	Storage Yard	\$75,000
1999	Bering Pacific Seafoods	Mooring Dolphin	\$338,000
1999	Bering Pacific Seafoods	Bunkhouse	\$500,000
2006, 07	Aleutia Marketing-Grant	Aleutia	\$250,000
2008	Bering Pacific Seafoods	Plant	\$5,223,000
2009	Bering Pacific Seafoods	Land	\$40,000
2010	Bering Pacific Seafoods	House	\$81,000
2010	Bering Pacific Seafoods	Multi Purpose Bldg	\$549,000
2009-11	Bering Pacific Seafoods	Vehicles	\$117,000
2008-11	Bering Pacific Seafoods	Equipment	\$1,665,000

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

1997

Atka City Dock completed. APICDA contributed \$800,000.

1997

Nelson Lagoon Storage Company LLC formed. A 50/50% JV between AJV and the Nelson Lagoon Tribal Council. Construction of warehouse storage and vessel haul out services facilities for AK Peninsula salmon fleet began.

1997

AJV implemented Small Vessel Acquisition Program (SVAP) to assist community members to buy into fishing vessels.

1997

Nazan Bay Inn, LLC formed. A modest lodging facility in Atka to support fishing industry.



False Pass is an important refueling stop for Bristol Bay and Bering Sea fishing fleets. Commercial salmon fishing and fishing services drive the local economy.

In 2000 APICDA created a subsidiary called Bering Pacific Seafoods (BPS) and outfitted a processing barge called The Dipper, which was moored at the False Pass city dock. The Dipper operated for two seasons, but the plant was not profitable and operations were suspended. In 2008, APICDA constructed a new plant at False Pass, but continued to struggle with profitability. APICDA plans to invest \$11 million over the next several years to expand BPS facilities at False Pass, including construction of housing facilities.



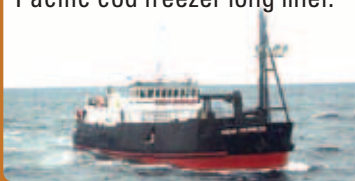
1997

AJV purchased 25% ownership of Prowler, LLC. Company has two Pacific cod freezer long liners: F/LL Prowler & F/LL Bering Prowler.



1997

AJV purchased 25% ownership of Ocean Prowler, LLC., a Pacific cod freezer long liner.



1998

Education Endowment Fund converted to Longterm Reserve Account (LRA): starting balance - \$500,000. As of 2012, the LRA has slightly over \$12 million.

NELSON LAGOON



Nelson Lagoon, also referred to as “The Lagoon”, is located on the north side of the Alaska Peninsula, on a narrow sand spit. It is 580 miles southwest of Anchorage and 70 miles north of Cold Bay.

Once a seasonal fish camp used by the Unangan people, Nelson Lagoon is now a permanent community with

commercial fishing as its economic base. The lagoon was named in 1882 for Edward William Nelson of the U.S. Signal Corps, an explorer in the Yukon Delta region between 1877 and 1920. A salmon saltery operated from 1906 to 1917, which attracted Scandinavian fishermen. In 1965 a school was built, and the community began to be occupied year-round. Today, there are about 50 residents.

Nelson Lagoon is an unincorporated village governed by a federally-recognized tribe, the Native Village of Nelson Lagoon.

Nelson Lagoon residents are dependent upon the commercial salmon industry for their livelihood. Residents fish gillnet or operate set net sites in the lagoon and up the river. They sell their fish to Peter Pan Seafoods, which operates a facility in Port Moller. The

APICDA investments in Nelson Lagoon:

Year	Entity	Item	Amount
1994-95	Community –Grant	Community Dock	\$700,000
1997/2000	Nelson Lagoon Storage	Buildings	\$531,000
2003	Nelson Lagoon Storage	Fencing	\$32,000
2009-10	Aleutian Adventures	Boats	\$38,000
2010	Aleutian Adventures	Vehicles/ATVs	\$36,000
2011	APICDA	Fish Handling Facility	\$3,355,000
Various	APICDA Joint Ventures	Land & Improvements	\$532,000
Various	APICDA	Equipment	\$35,000
Various	APICDA Joint Ventures	Equipment	\$32,000
Various	Nelson Lagoon Storage	Land Improvements	\$1,096,000
Various	Nelson Lagoon Storage	Equipment	\$477,000

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

1998

APICDA.com website developed.



1998

AVI purchased 38 ft. sport fishing vessel to operate halibut charters out of Unalaska.



1998

CDQ Program expanded to include allocations for all groundfish fisheries in the Bering Sea.

1998

AVI Purchased 25% of the Farwest Leader, LLC.

Peter Pan facility usually closes in early September, which left no market for the continuing late

run of silvers into Nelson Lagoon and the surrounding area. In 2011, APICDA completed construction of a \$3.5 million fish handling facility in Nelson Lagoon by matching a \$2 million grant from the federal Economic Development Administration.



“Being a board member for the last twenty years has been humbling. It has been humbling to witness the growth of APICDA, how it has changed our communities and how it has given our region hope of a future. We have always been penalized for having a small population. Having said that, it has not stopped us from fighting for our quota with respect to the other CDQ groups. Not only do we have great board members who are dedicated, but we also have a wonderful, dedicated staff. We are blessed.”

Justine Gunderson
Nelson Lagoon Board Member

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

1998

Nelson Lagoon Storage Company opened for business supporting the salmon fishing fleet in Western Alaska.



1998

Puffin Seafood, LLC formed. A 50/50% JV between AJV and the St. George Fishermen's Association. Main function of the LLC was to support the local halibut fishery.

1999

Puffin Seafoods enacted small boat and gear loan program for St. George fishermen.



NIKOLSKI



Nikolski may be the oldest continuously occupied community in the world. Archaeological evidence from Ananiuliak Island, on the north side of Nikolski Bay, dates as far back as 8,500 years ago. The Chaluka archaeological site, in the village of Nikolski, indicates 4,000 years of virtually continuous occupation.

In 1834, Russian sea otter hunters named the village “Recheshnoe,” which means “river.” In 1920, a boom

in fox farming occurred here. The Unangan became affluent enough to purchase a relatively large boat, the “Umnak Native,” which was wrecked in 1933. A sheep ranch was established in 1926 as part of the Aleutian Livestock Company. In June 1942, when the Japanese attacked Unalaska and seized Attu and Kiska, residents were evacuated to the Ketchikan area, and some returned in 1944. In the 1950s, the Air Force constructed a White Alice Communications System here, which provided some jobs. It was abandoned in late 1977.

Today, about 40 people live in Nikolski, and declining population led to the closure of the Nikolski School, built in 1939 by the Bureau of Indian Affairs, in 2010.



APICDA investments in Nikolski:

Year	Entity	Item	Amount
1996/2008	Nikolski IRA-Grant	Build boat Launce/ Launch Ramp Upgrade	\$112,000
2002	Ugludax Lodge, LLC	Ugludax Buildings	\$1,486,000
2002-2011	Ugludax Lodge, LLC	Ugludax Vehicles	\$73,000
2002-2011	Ugludax Lodge, LLC	Ugludax Equipment	\$1,593,000
2008	Nikolski IRA - Grant	Wind Power Assist Grant	\$147,590
2010	Nikolski IRA- Grant	Mooring Buoy	\$1,505
2011	IRA-Grant	IRA Cabin Grant	\$32,800

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

1999

Purchased 25% ownership of Starbound, LLC—a Pollock catcher/processor.



1999

APICDA held its first Annual Community Outreach Conference in Anchorage.

2000

APICDA Board implemented Summer Internship Program.



2001

Ugludax Lodge, LLC formed. 50/50% partnership between AJV and the local Nikolski Chaluka Corporation.

An ANCSA village corporation, the Chaluka Corporation, and a federally recognized tribe, the Native Village of Nikolski, are located in the community.



©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

2002

APICDA participated in 10 year CDQ symposium in Anchorage.

2004

Akutan IFQ Loan Program implemented.

2004

APS completed a major expansion project of the processing facility.

2005



Purchased 50% ownership of Barbara J, LLC.

ST. GEORGE



St. George is located on the northeast shore of St. George Island, the southernmost of five islands in the Pribilofs. In 1786 a Russian fur trader, Gavriil Pribylov, came across the island while looking for the northern fur seal breeding grounds and named it St. George after his ship. The Russian-American Company enslaved Aleut hunters from the Aleutians and relocated them to St. George and St. Paul to harvest fur seals.

Between 1870 and 1910, the U.S. Government leased the Pribilof Islands to private companies, who provided housing, food and medical care to the Aleuts in exchange for work in the fur seal plant. However, the American record was not an improvement over the Russians and virtual continued enslavement was a major “black eye” in America’s history of stewardship. In 1910, the U.S. Bureau of Fisheries took control of the islands with continued second class citizen treatment at best of the Pribilovians. The Aleuts of St. George and St. Paul gained control of their livelihoods only when the Federal government pulled out of the communities in the early 1980s.

During World War II, residents were moved to Southeast Alaska as part of the area wide evacuation, where they were confined in an abandoned cannery. In 1979, the Pribilof Aleuts received \$8.5 million in partial compensation for the unfair and unjust treatment they were subjected to under federal administration between 1870 and 1946.

APICDA investments in St. George:

Year	Entity	Item	Amount
1994	City of St. George -Grant	Harbor	\$1,300,000
1996-98	Kayux Development	Land Improvements	\$1,000,000
1996-98	Kayux Development	Harbor Support Facilities	\$824,000
1998	Puffin Seafoods, LLC/AJV	Small Boat and Gear Loan program	\$260,000
2011	APICDA	Shoreside Processing Plant	\$3,500,000
Various	Community	Equipment	\$129,000

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

2006

Purchased an additional 25% ownership in the Farwest Leader, LLC. 50/50% partnership with Trident Seafoods.



2006

Provided a \$600,000 dividend to APICDA communities. Between 2006-2011 the program has distributed a total of \$3.6 million in contributions.

2006

WACDA is formed. End of day-to-day State oversight of the CDQ program.

2008

AJV purchased approximately 79 million units of various crab species IPQ. The majority of the crab units are northern district opilio crab.

In 1983, the U.S. government ended the commercial seal harvest and withdrew from the islands. That year, the City of St. George was incorporated. An ANCSA village corporation, the St. George Tanaq Village Corporation, and a federally-recognized tribe, the St. George Tribal Council, provide services to the community's 150 residents. The city's school, part of the Pribilof School District, has about 20 students.



APICDA has worked with the people of St. George on a number of projects, including harbor improvements at Zapadni Bay, five miles from the city; a wind energy project; and future tourism facilities.

In 2008, APICDA obtained EDA matching grant funds for the creation of a small fish handling plant, which was completed in 2010.

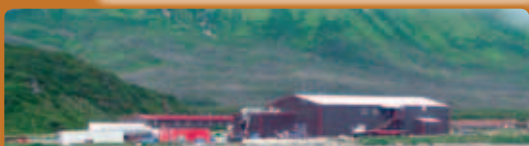


“As an APICDA board member, I was really impressed with the professional people who came together from their communities to do a public service; they were a pleasure to work with. A lot of people doubted the capabilities of APICDA when it first started but I have watched it develop and excel over the last 20 years. APICDA has helped all of the communities in ways that I can't even count. Now, I am an APICDA employee, and it's a great company to work for.”

Alvin Merculief
St. George Board Member, 1992-94

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

2008



Bering Pacific Seafood opened shore side plant in June of 2008. Approximately 500,000 lbs. of salmon processed in first season.

2008

AJV purchased approximately 13 million units of golden king crab IPQ shares.



2009

Formed Alaska Longline Company. Formally Prowler and Ocean Prowler LLCs.

UNALASKA

Unalaska overlooks Iliuliuk Bay and Dutch Harbor on Unalaska Island in the Aleutian Chain. It is 800 air miles from Anchorage. The name Dutch Harbor is often applied to the portion of the city on Amaknak Island, which is connected to Unalaska Island by bridge. Dutch Harbor is actually within the boundaries of the City of Unalaska. More than 3,000 Unangan lived in 24 settlements on Unalaska and Amaknak Islands in 1759.

Unalaska became a Russian trading port for the fur seal industry in 1768. In 1787 many hunters and their families were enslaved and relocated by the Russian American Company to the Pribilof Islands to work in the fur seal harvest. In 1825 the Russian Orthodox Church of the Holy Ascension of Christ was constructed. By 1830 and 1840, only 200 to 400 Aleuts lived in Unalaska. In 1880 the Methodist church opened a school, clinic, and the Jesse Lee Home for Orphans.

The City of Unalaska was incorporated in March 1942. On June 3, 1942, Unalaska was attacked by the Japanese. Almost all of the Aleuts on the Island were interned to Southeast Alaska for the duration of World War II.

In the 1960s, commercial crab harvests began in Dutch Harbor; the beginning of a fishing boom that would see the community's population increase ten-fold, to more than 4,000 people. In the mid 1980's large processing plants were constructed in Unalaska for the pollock and Pacific cod fisheries.

Unalaska was not deemed to be an eligible CDQ community at the inception of the CDQ program because there was a sustainable fishery-based economy in place in the community. However, because of its Aleut history, Unalaska is an ex officio member of APICDA.

Unalaska is critical to many of APICDA's residents because of its location. APICDA residents often have to go outside of their community to seek medical treatment and will often travel to Unalaska or Anchorage for medical and other necessary services not available in their community.

Because of its ex-officio status, residents of Unalaska are eligible for APICDA's training and education programs, as well as employment opportunities with APICDA and its subsidiary companies and industry partners.



©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

2009

Formed Aleutian Adventures, a major expansion of our tourism program.

2010

Completed St. George Fish Handling Facility.

2010

Re-opened APS after major rebuild/expansion project.



2011

AJV purchased corporate office in Anchorage.





The city of Unalaska, while not an eligible CDQ community, nonetheless plays a vital role in the development of all our community development corporations as it is an economic center, a training and education center and the hub of the Aleutian Island work force.

©2012 MapQuest - Portions ©2012 NAVTEQ, Intermap

2011

Purchased of 50% ownership of The Next Generation, Fisheries, LLC.

2011

Nelson Lagoon Fish Handling Facility completed.



2011

Purchased 1,965,574 units of opilio crab IFQ.



2011

Purchased 369,220 units of Tanner crab IFQ.





APICDA SUBSIDIARIES

APICDA Joint Ventures, Inc.

A wholly owned for-profit subsidiary of APICDA formed in 1994. All other for-profit companies of the organization are consolidated under AJV.

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, False Pass, and Nelson Lagoon. In its third full year of activities, the company is building a solid client base, and expanding tourism opportunities in the region.

APICDA Vessels, Inc.

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

Atka Pride Seafoods, Inc.

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 fillet product forms.

F/V Barbara J, LLC

A 50/50 partnership between APICDA Joint Ventures and Trident Seafoods. This vessel is managed by Trident Seafoods and fishes for various species of crab and Pacific cod, and serves as a salmon tender.

Bering Pacific Seafoods, LLC

100% owned and operated by APICDA Joint Ventures. The plant has operated for four years. The plant, located in False Pass, processes salmon, halibut, and sablefish in H&G and fillet product forms.

F/V Farwest Leader, LLC

A 50/50 partnership between APICDA Joint Ventures and Trident Seafoods. This vessel is managed 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, LLC

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 25/25/25/25 partnership between APICDA Joint Ventures (25%), BJ Ventures, LLC (25%), Wrenchhead, LLC (25%), and Omega-3 Inc. (25%). Managed by John Winther, the four longline catcher-processing vessels fish for Pacific cod and sablefish in the Bering Sea and Gulf of Alaska. A fifth vessel is currently being constructed in Ketchikan.

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.

TNG Fisheries, LLC

A 50/50 partnership between APICDA Joint Ventures and B&N Fisheries. Vessels in this operation fish for various species of groundfish, Pacific cod, and salmon. The vessels also serve as salmon tenders.

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.

ALEUTIAN PIRIBLOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION & SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2011 and 2010

Assets

Current assets:

	2011	2010
Cash and cash equivalents	\$ 6,011,688	5,829,087
Short term investments	12,017,826	12,176,947
Accounts receivable:	4,456,571	4,667,546
Notes receivable affiliates - current	-	204,221
Notes receivable - current - related party	13,714	10,550
Note receivable - current	126,610	111,490
Inventory	2,917,137	460,548
Prepaid expenses	242,649	257,263
Total current assets	<u>25,786,195</u>	<u>23,717,652</u>

Investments:

Investment in Out of Region Entities	12,482,971	10,862,708
Investment Partnerships with In-region Entities	922,549	1,047,513
Total investments	<u>13,405,520</u>	<u>11,910,221</u>

Property and equipment, net	23,176,520	21,388,895
Intangible assets, net	6,935,653	5,889,281
Deferred income tax benefit	292,406	137,719
Non-current notes and advances receivable	1,077,673	1,011,505
Total assets	<u>\$ 70,673,967</u>	<u>64,055,273</u>

Liabilities and Net Assets

Current liabilities:

Notes payable - current	2,496,198	1,583,974
Accounts payable	1,279,921	340,963
Accrued payroll and related liabilities	270,191	224,685
Current pension payable	51,369	-
Interest payable	43,631	27,580
Fish taxes payable	440,461	334,301
Crab fees payable	174,312	85,544
Unearned deposits	14,300	7,000
Total current liabilities	<u>4,770,383</u>	<u>2,604,047</u>

Notes payable, net of current portion	2,510,393	3,522,665
Long term pension payable	1,346,180	-
Total non current liabilities	<u>3,856,573</u>	<u>3,522,665</u>

Total liabilities	<u>8,626,956</u>	<u>6,126,712</u>
-------------------	------------------	------------------

Net assets:

Controlling interests:		
Temporarily restricted	86,637	83,000
Designated:		
Long term reserves	12,017,826	12,176,947
Undesignated	49,744,919	45,403,655
Noncontrolling interests:		
Contributed capital	1,495,000	1,495,000
Unrestricted/designated	(1,297,371)	(1,230,041)
Total net assets	<u>62,047,011</u>	<u>57,928,561</u>

Total liabilities and net assets	<u>\$ 70,673,967</u>	<u>64,055,273</u>
----------------------------------	----------------------	-------------------

See accompanying notes to financial statements.

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION & SUBSIDIARIES

Consolidated Statements of Activities

Years Ended December 31, 2011 and 2010

Changes in unrestricted net assets:

Revenues and support:

	2011	2010
Royalties	\$ 11,876,081	7,711,784
EDA grant	223,950	2,663,397
Interest and dividends	319,204	441,476
Gain (loss) on sale of property and equipment	25,903	(53,370)
Net realized and unrealized gains (losses) on investments	(318,625)	1,086,037
Nazan Bay Inn	525	2,200
Equity in profit (loss) of Out of Region Investments	2,283,770	1,561,766
Equity in profit (loss) of In-Region Partnerships	(124,964)	(121,170)
Fishing income	4,970,125	5,049,672
Software sales	18,000	16,500
Crab	11,586,757	10,356,653
Tourism income	269,916	207,616
Rental income	80,480	-
Other income	55,781	132,831
Total revenues and support	31,266,903	29,055,392
Net assets released from restrictions	83,000	96,500
Total revenues support and reclassifications	31,349,903	29,151,892

Expenses:

Programs:

Community development:

Grants for Education (Scholarships/Vocational)	155,426	148,685
Grants for projects	935,629	1,070,753
Community outreach	188,788	153,226
Total community development	1,279,843	1,372,664

Operations:

Crew	1,138,770	756,212
Labor	2,237,345	1,841,398
Boat supplies, maintenance and repairs	3,218,358	3,362,300
Travel and transportation	127,120	119,148
Insurance	144,643	141,794
Tourism	439,152	574,690
Nazan Bay Inn	73,636	39,030
Licenses, taxes and fees	544,225	460,863
St. George fish handling facility	228,239	-
Crab	10,502,825	8,922,367
Miscellaneous	41,417	44,962
Total operations	18,695,730	16,262,764
Total Program and Operational expenses	19,975,573	17,635,428

General and administrative:

Travel and transportation	251,516	223,386
Labor	3,541,361	1,884,978
Office expense	525,092	563,664
Management fees	145,629	122,701
Directors' fees and per diem	393,008	343,808
Insurance	199,754	197,696
Professional fees	431,397	355,816
Licenses, taxes and fees	188,720	101,274
Repairs and maintenance	65,896	146,432
Miscellaneous	129,106	69,607
Total general and administrative	5,871,479	4,009,362

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION & SUBSIDIARIES

Consolidated Statements of Activities *(continued)* December 31, 2011 and 2010

	2011	2010
Interest and depreciation expense:		
Interest	205,625	176,234
Depreciation	1,337,100	953,929
Total interest and depreciation	1,542,725	1,130,163
Total expenses	27,389,777	22,774,953
Income before tax provision	3,960,126	6,376,939
Income tax benefit (expense)	154,687	(99,130)
Increase in unrestricted net assets before non-controlling interests	4,114,813	6,277,809
Increase in unrestricted net assets attributable to non-controlling interests	67,330	119,417
Total increase in unrestricted assets	4,182,143	6,397,226
Change in temporarily restricted net assets:		
Contributions	86,637	83,000
Net assets released from restriction	(83,000)	(96,500)
Change in temporarily restricted net assets	3,637	(13,500)
Total change in net assets	\$ 4,118,450	6,264,309

See accompanying notes to financial statements.



Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

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, CDQ representative groups apply periodically for a portion of the harvestable ground fishery in the coastal waters of the Bering Sea and Aleutian Islands 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 through 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).

In accordance with accounting principles generally accepted in the United States of America, APICDA, AJV, AVI, BPS, APS and Ugludax Lodge, L.L.C. have been consolidated for the years ended December 31, 2011 and 2010. 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 33,806 metric tons, which represents approximately 17.02% 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 largest single source of revenue for the consolidated entity results 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 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, during 2008 added a 50% ownership of Reagan L.L.C, a vessel engaged in commercial fishing in Alaska, and during 2011 added a 50% owner of TNG, L.L.C., which is 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., Starbound, L.L.P. and TNG L.L.C. by the equity method. All other companies are consolidated.

In 2011 Reagan L.L.C was dissolved

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, 2011 and 2010 APICDA did not have any net assets that were classified as permanently restricted. Unrestricted net assets represent that portion of net assets that 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.

Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

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.

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. Accounts are held with Wells Fargo bank and are insured up to \$250,000 per bank, per Employer Identification Numbering (EIN), by FDIC. From December 31, 2010 through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. Amounts in interest bearing accounts in excess of \$250,000 are uninsured. The uninsured cash balance held at Wells Fargo bank at December 31, 2011 and 2010 were \$715,303 and \$5,129,980, 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 \$8,819 and \$8,980 at December 31, 2011 and 2010, 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, 2011 and 2010, respectively. Receivables are charged off when all collection efforts have been exhausted.

Inventory

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

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, 2011 and 2010 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.

Reclassification

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

Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

II. INVESTMENTS

Investments are stated at fair value and are as follows at December 31, 2011 and 2010:

		Fair Value	
		2011	2010
Money market funds	\$	597,638	442,802
Accrued interest		9,544	14,685
Marketable securities		6,762,565	7,078,860
Mutual funds		1,872,633	1,679,431
Commodity trading advisors		555,778	537,741
Government bonds		2,219,668	2,423,428
	\$	<u>12,017,826</u>	<u>12,176,947</u>

The following schedule summarizes the investment return for the years ended December 31, 2011 and 2010:

		Unrestricted	
		2011	2010
Interest and dividends	\$	305,133	434,789
Net realized and unrealized gains (losses)		(318,625)	1,086,037
Investment management fees		(145,629)	(122,701)
Net investment return	\$	<u>(159,121)</u>	<u>1,398,125</u>

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 -				
2011 Investments	\$ <u>12,017,826</u>	<u>-</u>	<u>-</u>	<u>12,017,826</u>
2010 Investments	\$ <u>12,176,947</u>	<u>-</u>	<u>-</u>	<u>12,176,947</u>

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 are presented on the statement of activities as investment income or loss.

Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

III. NOTES RECEIVABLE

Notes receivable at December 31 are comprised of the following:

	2011	2010
Notes receivable from affiliates	\$ 642,589	704,560
Notes receivable from non-affiliates:	579,305	624,388
Total notes receivable	<u>1,221,894</u>	<u>1,328,948</u>
Allowance for doubtful notes	(89,089)	(89,089)
Notes receivable, net	<u>1,132,805</u>	<u>1,239,859</u>
Less current portion of notes receivable:		
Affiliates	-	(204,221)
Non-affiliates	(126,610)	(111,490)
Total current portion of notes receivable	<u>(126,610)</u>	<u>(315,711)</u>
Long term notes receivable, net:		
Affiliates	642,589	500,339
Non-affiliates	363,606	423,809
Total long term notes receivable, net	<u>\$ 1,006,195</u>	<u>924,148</u>

The receivable's from affiliates are notes receivables advanced to companies that APICDA owns. The notes receivable from non-affiliates are loans that were made to fishermen in the Aleutian Islands Region of Alaska. At December 31, 2011 the notes receivable from affiliates was uncollateralized.

IV. ADVANCES DUE FROM AFFILIATED NON-CONSOLIDATED COMPANIES

Advances receivable at December 31 are comprised of the following:

	2011	2010
Advances due from Kayux Development, L.L.C., non-interest bearing	\$ 24,000	22,500
Total all advances	24,000	22,500
Less current portion	-	-
Long-term advances	<u>\$ 24,000</u>	<u>22,500</u>



Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

V. PROPERTY AND EQUIPMENT

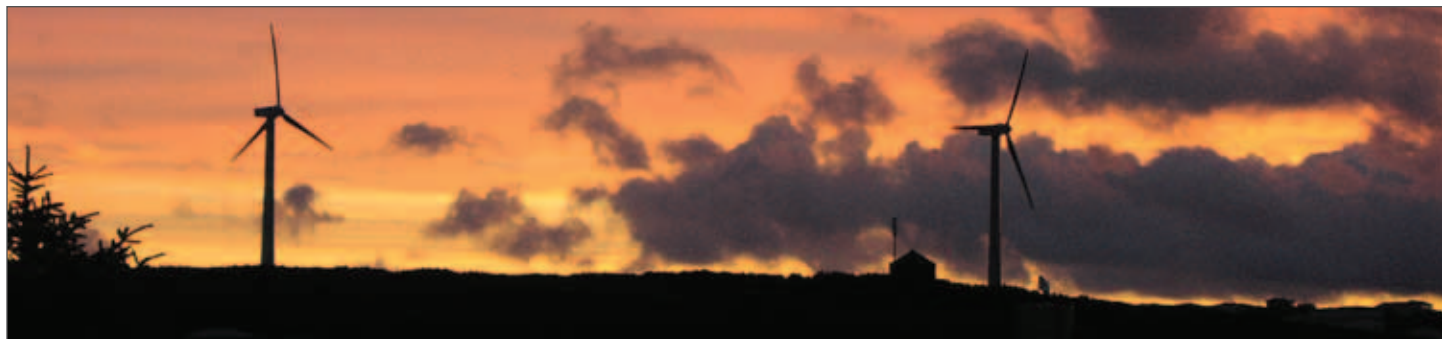
Property and equipment at December 31 are comprised of the following:

	2011	2010
Property and equipment being depreciated:		
Office equipment	\$ 600,146	609,386
Fishing vessels and gear	2,682,333	2,658,024
Electronic equipment	131,711	131,711
Deck gear	250,154	250,154
Safety gear	46,079	46,079
Automobiles	469,688	439,001
Machinery	4,096,855	4,061,382
Buildings and infrastructures	21,034,916	15,503,087
Total property and equipment being depreciated	29,311,882	23,698,824
Less accumulated depreciation	(7,382,494)	(6,169,331)
Net property and equipment being depreciated	21,929,388	17,529,493
Property and equipment not being depreciated:		
Construction in progress	488,260	3,100,530
Land and land improvements	758,872	758,872
Total property and equipment not being depreciated	1,247,132	3,859,402
	<u>\$ 23,176,520</u>	<u>21,388,895</u>

VI. INTANGIBLE ASSETS

Other assets consist of intangible assets.

	2011	2010
Intangible assets balances by asset at December 31 are:		
Individual fishing quota shares	\$ 2,710,003	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	110,500	70,500
Less accumulated amortization	(21,600)	(21,600)
Land use rights	1,495,000	1,495,000
Less accumulated amortization	(460,872)	(411,048)
	<u>\$ 6,935,653</u>	<u>5,889,281</u>



Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

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 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, 2011 is \$55,192, of which \$7,714 is classified as current and \$47,478 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 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, 2011 is \$6,000, all of which is classified as current.

VIII. NOTES PAYABLE

Notes payable consists of the following:

Loan payable to Wells Fargo, final payment is scheduled to be on August 1, 2021. The original amount of the loan was \$787,000. The loan has a variable interest rate calculated based upon the LIBOR index rate plus 2.25%. The current rate on the loan is 2.625%. Principal balance due at December 31, 2011 is \$764,344 of which \$71,027 is classified as current. The quota share that was purchased with this loan is collateral for the note payable.

Loan payable to Wells Fargo, final payment is scheduled to be on May 15th, 2026. The original loan amount was \$1,275,000. The loan has a variable interest rate calculated based upon the LIBOR index rate plus 2.25%. The current rate on the loan is 2.625%. Principal amount due at December 31, 2011 is \$1,233,714 of which \$71,860 is classified as current. The building that was purchased with this loan is collateral for the note payable.

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, 2011 is \$133,576, which is classified as non-current. Also included is a note finance charge of \$66,788, which at December 31, 2011 is included 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, 2011 is \$505,989 of which \$51,130 is classified as current and \$454,859 is classified as non-current.

Line of credit payable of \$2,302,181 to Merrill Lynch. Interest rate of the Federal discount rate plus 2.0% 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 long-term liability.

	2011	2010
Total notes payable	\$ 5,006,591	5,106,639
Less current portion of notes payable	2,496,198	1,583,974
Long-term portion of notes payable	\$ 2,510,393	3,522,665

Annual maturities of long-term debt for the five years subsequent to fiscal year 2011 are as follows:

2012	\$ 2,496,198
2013	196,813
2014	201,711
2015	205,711
2016	209,819
Thereafter	1,696,339
Totals notes payable	5,006,591
Less: current portion	2,496,198
	\$ 2,510,393

Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

IX. LONG-TERM RESERVES

At December 31, 2011, the Board designated \$12,017,826 of unrestricted net assets for long-term reserves. All of this amount is held in investments. At December 31, 2010, the Board designated \$12,176,947 of unrestricted net assets for long-term reserves. This entire 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:

	2011	2010
Community projects	\$ 216,210	410,212
Fisherman's associations	140,000	140,000
School districts	60,000	71,417
College internships	-	2,350
Scholarships	135,324	140,393
Supplemental Education – Vocational		
Education	14,775	8,292
Community dividends	600,000	600,000
	<u>\$ 1,166,309</u>	<u>1,372,664</u>



Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

XI. LEASES

Pursuant to providing financial assistance for various infrastructure projects, APICDA has entered into four operating leases for undeveloped land. The first lease contains initial terms of twenty years and four additional five-year renewal options. The second lease contains an initial term of thirty years with one six-year, and up to four additional five-year renewal options. The third lease contains an initial term of thirty-five years.

Bering Pacific Seafoods, L.L.C. has a ninety-nine year land lease with Isanotski 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.

XII. COMMITMENTS AND CONTINGENCIES

Loan Guarantees

APICDA and APICDA Joint Ventures is a guarantor on two loans to a partner from Farm Credit. The total principal due at December 31, 2011 for those two loans totaled \$24,000,190.

APICDA Joint Ventures is a guarantor on a loan to a partner from U.S.Bank. Total principal due at December 31, 2011 for the loan totaled \$750,000.

APICDA Joint Ventures is a guarantor on a loan from Alaska Energy Authority for the purchase of heating fuel for a community. Total principal due at December 31, 2011 for the loan totaled \$228,238.

Commitments

As of 12/31/2011 APICDA has committed \$500,000 to the City of St. George for its wind/diesel power project. The commitment is contingent upon the City executing an agreement with AEA. To date the City has not executed such an agreement.

XIII. INCOME TAXES

APICDA is subject to income tax only on its income from the activities of its for-profit subsidiaries, AVI, AJV, BPS, Ugludax Lodge, L.L.C., and Atka Pride Seafoods, Inc.

The income for AVI, AJV, BPS LLC, and Ugludax Lodge, L.L.C. are reported on a consolidated tax return. As an independent "C" corporation Atka Pride Seafoods, Inc. files a separate return.

The significant types of temporary differences and carryforwards that give rise to deferred taxes are Federal and State net operating loss carry-forwards and accumulated depreciation. A valuation allowance is provided when it is more likely than not that some portion of all of the deferred tax assets or liabilities will not be realized. The Corporation has established a valuation allowance primarily for temporary differences in book and tax depreciation.



Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

XIV. 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, 2011 and 2010 was \$740,795 and \$418,478, 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:

	2011	2010
Vessels and gear	\$ 1,813,223	1,933,412
Electronic equipment	88,360	98,010
Deck gear	201,989	231,330
Safety gear	20,568	22,904
	<u>2,340,342</u>	<u>2,285,656</u>
Accumulated depreciation	(1,062,836)	(881,216)
	<u>\$ 1,433,972</u>	<u>1,404,440</u>

XV. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 21, 2012, the date which the financials became available for issue. In June 2012 APICDA Joint Ventures purchased a new office in Juneau for \$1,800,000.



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 additional 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.

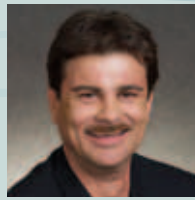
In 2011, APICDA and its subsidiaries paid the following professional service fees: \$137,284 in legal fees; \$17,899 in consultant fees; \$113,180 in accounting and auditing fees; \$145,628 in reserve fund management fees; and APICDA Joint Ventures, Inc. paid \$170,830 in lobby fees.

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 2011. APICDA also discloses any pending litigation between the corporation and any former officers, directors, or key employees. No such litigation is pending.

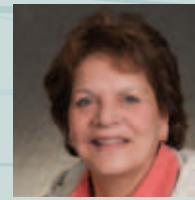
The board is mindful of its responsibility to ensure its management team is professional, competent, responsive, and fully supportive of its goals and priorities. The board highly values its management team. Salaries are set based on those parameters and at levels comparable to other companies in the industry. Chief Executive Officer (CEO) Larry Cotter, Chief Financial Officer (CFO) Robert Smith, and Chief Operating Officer (COO) Don Beeson, and were paid \$325,000, \$148,422 and \$121,154 respectively in salary during calendar year 2011. Rounding out the top five compensated employees for the year were Construction Manager, Shawn Hansen who received \$116,485 and Vessel Manager, Jeff Kashevarof with a salary of \$114,807. 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 2011 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, CFO, and COO were awarded \$100,000, \$50,000, and \$30,000 respectively for their performance in 2011. The Construction Manager and Vessel Manager each received a performance bonus of \$15,000.



Gilda Shellikoff
False Pass
Chair



Hugh Pelkey
Akutan
Vice Chair



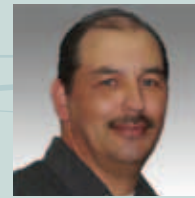
Justine Gundersen
Nelson Lagoon
Secretary & Treasurer



Pete Crandall
Financial Industry
Board Member



Mark Snigaroff
Atka
Board Member



Bill Shaishnikoff
Unalaska
Board Member



Rick Lauber
Fishing Industry
Board Member



Patrick Pletnikoff
St. George
Board Member



Andrew Lestenkof
Nikolski
Board Member

2011 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

Past & Current APICDA Board of Directors

Akutan

Darryl Pelkey ('92-'98) ('97-Vice Chair)
Joe Bereskin Sr. ('98-'99)
Hugh Pelkey ('99-Present) ('08-present Vice Chair)

Atka

Mark Snigaroff ('92-'95) ('92-'94 Chair) ('07-Present)
Mike Snigaroff ('95-'97)
Simeon Snigaroff ('98-'99)
Lawrence Prokopeuff ('99-'07)

False Pass

Gilda Shellikoff ('92-Present) ('94-Present Chair)

Nelson Lagoon

Justine Gundersen ('92-Present) (Secretary/Treasurer)

Nikolski

Leonty Ermelof ('92-'96)
Arnold Dushkin ('96-'09) ('98-'07 Vice Chair)
Andrew Lestenkof Jr. ('09-Present)

St. George

Alvin Mercurief ('92-'94) ('93 Vice Chair)
Laurence Lestenkof ('94-'97) ('95-'96 Vice Chair)
Anthony Mercurief ('97-'99)
Ted Lekanoff ('99-'01)
Ilarion Philemonof ('01-'02)
Jeff Kashevarof ('02-'04)
Lawrence Prokopiof ('04-'06)
Patrick Pletnikoff ('06-Present)

Unalaska/Dutch Harbor

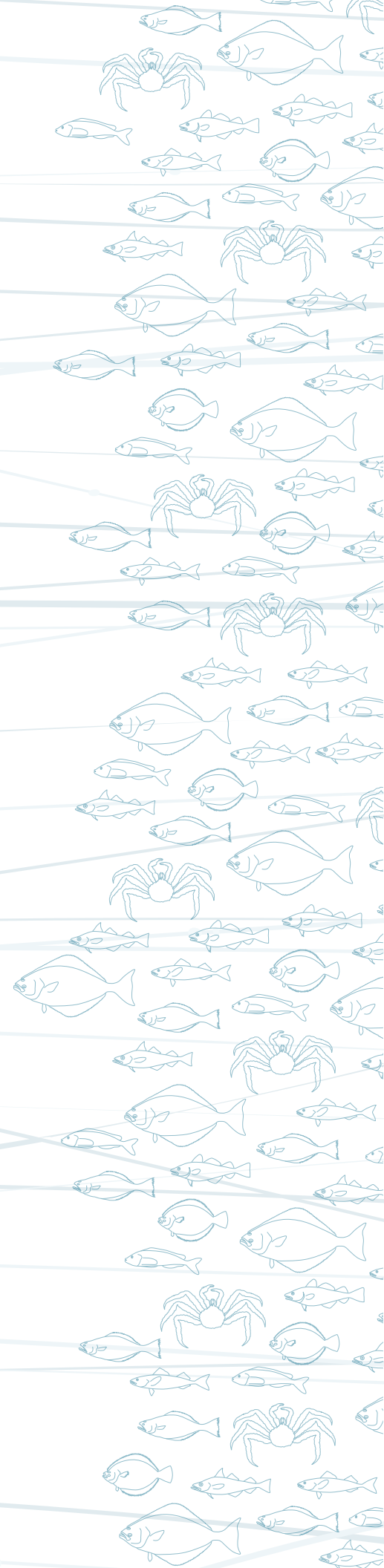
Mike Swetzof ('92-'94)
John Moller ('94-'95)
Emil Berikoff ('95-'11)
Bill Shaishnikoff ('12-Present)

Seafood Industry

Jim Branson ('92-'02) ('94 Vice Chair)
Rick Lauber ('02-Present)

Financial Industry

Jim O'Connell ('93-'99)
Pete Crandall ('99-Present)





Emil Berikoff, Sr.

1944 - 2011

It is with great sadness that we announce our longtime cherished board member Emil Berikoff passed away unexpectedly in Unalaska on December 15. Emil was a trusted board member for APICDA for 15 years. His contributions as a board member and to the APICDA communities were invaluable and irreplaceable. As of May 2012 the APICDA Higher Education Scholarship has been renamed to The Emil Berikoff Sr. Memorial Scholarship. He will be missed by us all and mourned by many.



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