

AKUTAN
ATKA
FALSE PASS
NELSON LAGOON
NIKOLSKI
ST. GEORGE

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

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www.apicda.com

Haginaa Kidul - Helping to Grow

APICDA

2015 Annual Report



WE
not
ME
has been the
foundation
to the
survival of
our culture
for 10,000
years.

To the APICDA Community:

It's both a great honor and tremendous responsibility to represent my home community of Atka and serve as Chair of the APICDA Board. Serving faithfully alongside residents from my region has truly given me a deep understanding of the challenges that face our communities and the impact of board decisions. The financial challenges in 2015 required the board to prioritize projects that have the strongest potential for the greatest economic contribution in the long-term.

Projects of a critical nature that are vital to our communities include the St. George Harbor, expansion of year-round operations at Bering Pacific Seafoods and Atka Pride Seafoods, Akutan Boat Harbor road access and dock improvements, full utilization of the Nelson Lagoon Fish Handling Facility for employment and profitability, assisting Nikolski in replacing their main water storage tank, and starting the feasibility process that includes location, environmental impact and design for a future Atka Harbor.

Many of the projects outlined above take significant time, funding and a concerted long-term effort to achieve. The board understands this approach and applauds the efforts of our community leaders and APICDA staff working in partnership to move forward on these projects. For example, this past year APICDA exerted a tremendous amount of effort to move the multi-million dollar St. George Harbor project forward with the many entities that need to be involved, which includes the U.S. Army Corps of Engineers, the City of St. George, St. George Tanaq Corp., St. George Traditional Council, Alaska Dept. of Transportation, U.S. Fish and Wildlife Service, Dept. of Homeland Security, Alaska Dept. of Environmental Conservation, and the National Oceanic and Atmospheric Administration.

APICDA has been building relationships and collaborating on infrastructure projects with local leadership since we were established in 1992. APICDA's success has always been shaped by the "We Not Me" philosophy of working in a cohesive team with our communities.

It's true this past year has been financially challenging, but we know how important it is to pull together in our region during difficult times— our survival depends on it. ■



Mark Snigaroff, Chair
Board of Directors
September 1, 2016

APICDA Board of Directors 2015



Mark Snigaroff
Atka
Board Chair
Term: 2014-2016



Andrew Lestenkof, Jr.
Nikolski
Vice-Chair
Term: 2013-2015



Justine Gundersen
Nelson Lagoon
Secretary / Treasurer
Term: 2013-2015



Nikki Hoblet
False Pass
Board Member
Term: 2013-2015



Rick Lauber
Fishing Industry
Board Member
Term: 2013-2015



Pete Crandall
Financial Industry
Ex-Officio
Term: 2014-2016



Harvey McGlashan
Akutan
Board Member
Term: 2014-2015



Bill Shaishnikoff
Unalaska
Ex-Officio
Term: 2014-2016



Mark Merculief
St. George
Board Member
Term: 2014-2016

2015 Committee Membership

Executive Committee

Mark Snigaroff – Atka
Andrew Lestenkof, Jr. – Nikolski
Justine Gundersen – Nelson Lagoon

Financial Investment Committee

Pete Crandall – Juneau
Bill Shaishnikoff – Unalaska
Mark Snigaroff – Atka

Training & Education Committee

Harvey McGlashan – Akutan
Mark Snigaroff – Atka
Mark Merculief – St. George

Policy & Procedures Committee

Rick Lauber – Florida
Justine Gundersen – Nelson Lagoon
Harvey McGlashan – Akutan

Budget & Audit Committee

Justine Gundersen – Nelson Lagoon
Pete Crandall – Juneau
Bill Shaishnikoff – Unalaska
Rick Lauber – Florida

Business Investments Committee

Rick Lauber – Florida
Pete Crandall – Juneau
Mark Snigaroff – Atka

Message from the CEO:

Since its inception, APICDA has always taken a community-first approach in evaluating opportunities and business ventures. We share the APICDA Board and residents' unwavering commitment to seeing our communities thrive. In 2015, we experienced a few temporary setbacks due to poorly performing investments and a host of other circumstances which led to sustained financial losses.

It is common knowledge that the seafood industry overall has experienced a very difficult time for the past few years. In fact, many Alaskan seafood businesses are in their second or third year of consecutive net losses. This is due to a variety of reasons, including the strong U.S. dollar, which has resulted in a loss of buying power against foreign currencies, both overseas and domestically, the low price of pollock and salmon, and the oversupply of cod worldwide.

In addition to the industry's position, the financial performance of our operations has also led to a negative impact on our revenues. We lost money at Atka Pride Seafoods due to the lack of sablefish purchases and the high cost of labor. At Bering Pacific Seafoods we managed poorly and had high operating costs which, combined with the market conditions for salmon, resulted in significant losses. Cannon Fish Company, APICDA Vessels, and Tourism have all improved, but did experience a combined loss of just over a million dollars.

It is sobering, but of critical importance, to present the 2015 Annual Report and acknowledge that the difficult year we endured will have an impact on our communities. As an organization dedicated to the "We Not Me" community-first approach, our financial performance has been of significant concern. The challenges we experienced forced us to critically evaluate all levels of our operations which led, in turn, to substantial adjustments in our management practices and personnel throughout all of our companies.

On the plus side, the crab processing quota shares continue to be profitable as do many of our vessel

partnerships; we support a robust Training and Education program for our residents that has grown each year to meet the changing needs of our community members and their career goals.

The board and I believe that we will perform substantially better in 2016 and be in a stronger position to be profitable. We have put many new initiatives in place to improve our performance and are dedicated to the selfless values the residents of our region live out every day— a sincere commitment to see our communities thrive by working together. ■

Sincerely,



Larry Cotter, Chief Executive Officer



"False Pass is a We Not Me community focusing on what is best for our village and our residents." —NIKKI HOBLET



ATKA



FALSE PASS



CANNON FISH CO.



SEAFOOD EXPO



AKUTAN

HIGHLIGHTS 2015

- Contributed \$600,000 in grants to the six member APICDA communities.
- Invested \$274,201 in scholarships, internship programs, school and miscellaneous grants.
- Invested \$83,000 in communities and community outreach programs.
- Contributed \$368,000 in grants for community infrastructure, community associated miscellaneous donations and other industry related grants.
- Gross revenue increased by \$2,500,000 to \$60.6 million.
- Purchased in excess of \$42,501,000 worth of raw seafood in the region.
- Opened the newly expanded Bering Pacific Seafoods plant in January 2015 and processed fish through October 2015.
- Atka and False Pass processing facilities purchased and processed more than 6,729,000 pounds of fish.
- F/V *Exceller* harvested 2,744,000 pounds of fish.
- Provided \$178,000 in loans to fishermen.
- Bereavement fund assisted 7 families for a total of \$11,391 in support.
- Built a greenhouse in St. George to improve nutritional offerings and address the lack of fresh produce available.
- Opened a secondary processing plant in Kent, Washington that ties directly to APICDA's processing plants in Alaska— the Atka Pride Seafoods plant in Atka and the Bering Pacific Seafoods plant in False Pass— and enhanced the viability of all three facilities.
- Completed feasibility and planning phase of large-scale refrigerated containerization project in False Pass.
- Completed the second round of the Aleutian Marketplace Competition's business idea contest to stimulate commerce in the region and hosted a well-attended business plan writing workshop in partnership with the Alaska Small Business Development Center for residents to get coaching and assistance.
- Increased the award amount per resident for the Supplemental Education Scholarship, to better meet the needs of today's student, interested in pursuing vocational education. ■



APICDA Employment and Education

2015 CDQ In-Region Employment

	Individuals	Wages
Management/Admin	18	\$ 1,054,882
Board Members	9	\$ 176,742
Community Liaisons	7	\$ 52,250
Other Fishing	20	\$ 446,651
Internships	4	\$ 18,940
Other Employment	10	\$ 158,307
Totals	68 *	\$ 1,907,772

*Includes individuals that may have served in multiple positions

2015 Training & Education Expenditures

	Individuals	Expenditures
Scholarships		
Emil Berikoff Sr. Memorial Scholarship		
GPA and WINS	71	\$ 194,893
Supplemental Education Scholarship	5	\$ 6,730
Other Expenditures		
School Grants		\$ 59,678
Miscellaneous Grants		\$ 12,900
Total	76	\$ 274,201

APICDA Subsidiaries 2015

APICDA JOINT VENTURES, INC.

A wholly owned profit subsidiary of APICDA formed in 1994. The majority of companies 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, Nelson Lagoon and other remote areas of the Alaska Peninsula. In its fifth 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. We own and operate eight vessels: AP 1, AP 2, Atka Pride, Nightrider, Nikka D, Pogo, Konrad 1 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 (headed and gutted) and fillet product forms.

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 P-cod, and serves as a salmon tender.

BERING PACIFIC SEAFOODS, LLC

A wholly owned and operated subsidiary of APICDA Joint Ventures. The plant has operated for six years,

with a major expansion project successfully completed in 2014. The plant, located in False Pass, processes salmon, halibut and sablefish in h&g and fillet product forms.

F/V EXCELLER, LLC

A 95/5 partnership between APICDA Joint Ventures and Peter McDonald. This vessel fishes for halibut, salmon, P-cod and sablefish.

F/V FARWEST LEADER, LLC

A 50/50 partnership between APICDA Vessels, Inc. and Trident Seafoods. This vessel is operated by Trident Seafoods and fishes for various species of crab and P-cod, and serves as a salmon tender.

FALSE PASS FUEL COMPANY

A wholly owned and operated subsidiary of APICDA. The False Pass Fuel Co. supplies fuel for local heating and road vehicle needs, Bering Pacific Seafoods plant operations, the City of False Pass and the fishing fleet.

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 dedicated to 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%). AJV serves as the managing partner. The fleet of five vessels inclusive of the F/LL Prowler, F/LL Ocean Prowler, F/LL Bering Prowler, F/LL Gulf Prowler and F/LL Arctic Prowler are longline catcher processors that fish for P-cod and sablefish in the Bering Sea and Gulf of Alaska.

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 wholly owned and operated subsidiary of APICDA. The company operates the Ugludax Lodge in Nikolski on Umnak Island as a high-end sport fishing and hunting destination.

CANNON FISH COMPANY

An 80/20 partnership between APICDA Joint Ventures and the Axtam Corporation. Cannon Fish Company (CFC) is a value-added seafood processing and marketing company. CFC focuses on sourcing and marketing premium finfish from around the globe to complement the premium Alaska fish sustainably harvested by our Aleutian fishermen.

APICDA Board of Director's 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. The board meets at least four times per 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 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 per month honorarium as compensation for time expended on corporate affairs through emails, phone conversations and correspondence review. The board, noting the additional time demands and additional responsibilities 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. APICDA and APICDA Joint Ventures compensated its nine directors a total of \$176,742 in 2015.

In 2015, APICDA and its subsidiaries paid the following professional service fees: \$38,446 in legal fees; \$54,765 in consultant fees; \$138,328 in accounting and auditing fees; \$142,846 in reserve fund management fees;

and APICDA Joint Ventures, Inc. paid \$170,475 in lobby fees (for lobbying activities in both Juneau and Washington D.C.).

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 2015. 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) Lawrence Cotter and the Chief Operating Officer (COO) John Sevier, were paid \$337,500, \$193,077 respectively in salary during calendar year 2015. Chief Administrative Officer (CAO) Gary Chythlook and Chief Financial Officer (CFO) Robert Smith were each paid \$155,770. Rounding out the top five compensated employees for the year was Cannon Fish Company (CFC) President Pat Rogan who received \$150,000. In addition, the board may compensate management with performance bonuses. These bonuses serve to recognize meritorious performance and to provide further incentives for management to strive for excellence as it pursues the corporation's goals and objectives. In 2015, no bonuses were paid.

In place of a defined benefit pension for senior management, the board of directors has established a deferred compensation package. The accrual rate varies by employee and no payments are made until the employee has completed five years' vesting and has retired. The payment period is twenty years. CEO Lawrence Cotter's accrual rate is \$5,000 per year of service and CFO Robert Smith's accrual is \$3,000 per year. ■



CONSOLIDATED FINANCIALS 2015

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 2015 audit began February 2016 and was concluded at the end of June 2016 by the Anchorage-based accounting firm of Altman, Rogers & Co. Altman Rogers found that the APICDA accounting department complied with Generally Accepted Accounting Principles (GAAP) standards.

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

Altman, Rogers & Co.'s complete "Audit and Report on Consolidated Financial Statements and Supplementary Information" is on file in the APICDA corporate office in Juneau, Alaska. Management compressed the financial information depicted on the following pages from that audit and report for 2015. ■

*"Pulling together
is a fundamental necessity
in rural Alaska."*

—HARVEY MCGLASHAN

AKUTAN

Assets	2015	2014
Current assets:		
Cash and cash equivalents	\$ 702,038	1,677,028
Restricted cash	406,666	406,471
Short-term investments	6,979,986	14,245,302
Accounts receivable:	5,394,986	3,903,720
Notes receivable - current - related party	17,554	20,609
Notes receivable - current	104,121	608,853
Inventory	13,903,100	15,476,996
Prepaid expenses	811,294	888,559
Total current assets	<u>28,319,745</u>	<u>37,227,538</u>
Investments:		
Investment in Out-of-Region Entities	10,477,600	9,741,852
Investment Partnerships with In-Region Entities	620,978	698,701
Total investments	<u>11,098,578</u>	<u>10,440,553</u>
Property and equipment, net	45,907,274	48,597,382
Intangible assets, net	8,447,180	8,441,702
Deferred income tax, non current	2,489,557	2,034,889
Notes receivable, net of current portion and allowance	1,704,617	1,706,380
Total assets	<u>\$ 97,966,951</u>	<u>108,448,444</u>
Liabilities and Net Assets		
Current liabilities:		
Notes payable - current	14,029,821	16,191,666
Accounts payable	3,399,755	4,109,660
Accrued payroll and related liabilities	311,753	531,304
Current pension payable	95,000	56,331
Interest payable	19,059	32,435
Taxes payable	631,966	781,561
Unearned deposits	198,652	197,500
Total current liabilities	<u>18,686,006</u>	<u>21,900,457</u>
Notes payable, net of current portion	14,349,367	17,942,485
Long-term pension payable	2,997,825	2,885,278
Total non current liabilities	<u>17,347,192</u>	<u>20,827,763</u>
Total liabilities	<u>36,033,198</u>	<u>42,728,220</u>
Net assets:		
Controlling interests:		
Temporarily restricted	96,972	99,625
Designated:		
Long-term reserves	7,103,697	14,790,446
Undesignated	56,205,141	51,720,363
Noncontrolling interests:		
Contributed capital	444,278	1,939,278
Unrestricted/designated	(1,916,335)	(2,829,488)
Total net assets	<u>61,933,753</u>	<u>65,720,224</u>
Total liabilities and net assets	<u>\$ 97,966,951</u>	<u>108,448,444</u>

See accompanying notes to consolidated financial statements.

Changes in Unrestricted Net Assets

2015 **2014**

Revenues:

Product sales:		
Fishing sales	\$ 30,893,080	30,811,830
Crab sales	13,443,387	12,625,617
Fuel sales	489,957	19,189
Total product sales	<u>44,826,424</u>	<u>43,456,636</u>
Other revenues, gains and other support:		
Royalties	10,981,337	9,680,740
Interest and dividends	331,763	337,953
Net (loss) on sale of property, equipment, and equity investments	-	(1,645)
Net realized and unrealized gains (losses) on investments	(467,581)	932,630
Equity in profit (loss) of Out-of-Region Investments	1,610,750	814,513
Equity in profit (loss) of In-Region Investments	(77,723)	(73,536)
Market share fees/value added fees	46,473	222,949
Fishing income	1,524,435	1,294,519
Software sales	18,000	12,000
Halibut income St. George Fishing	217,777	224,000
Tourism income	1,135,943	792,098
Rental income	126,135	123,112
Other income	254,802	233,645
Total revenues, gains, and other support	<u>60,528,535</u>	<u>58,049,614</u>
Net assets released from restrictions	99,625	111,962
Total revenues support and reclassifications	<u>60,628,160</u>	<u>58,161,576</u>

Expenses:

Programs:		
Community development:		
Grants for education (scholarships/vocational)	206,130	224,295
Grants for projects	971,432	987,163
Community outreach	209,728	246,898
Total community development	<u>1,387,290</u>	<u>1,458,356</u>
Operations:		
Cost of goods sold:		
Fish costs	30,227,433	28,742,245
Crab costs	12,274,209	11,377,540
Fuel costs	390,753	16,612
Total cost of goods sold	<u>42,892,395</u>	<u>40,136,397</u>
Operations, continued:		
Crew	1,091,462	373,412
Labor	2,668,266	4,163,463
Boat/plant supplies, maintenance and repairs	2,092,242	1,604,097
Distribution operating expenses	74,861	85,111
Travel and transportation	124,667	103,360
Insurance	200,044	189,421
Nazan Bay Inn	39,540	37,386
Tourism	1,180,749	915,009
Licenses, taxes and fees	168,692	274,128
Halibut expenses St. George Fishing	229,014	260,754
Miscellaneous	5,288	2,494
Total operations	<u>7,874,825</u>	<u>8,008,635</u>
Total program expenses	<u>52,154,510</u>	<u>49,603,388</u>

Supporting services:

General and administrative:		
Travel and transportation	\$ 334,027	492,606
Labor	3,568,613	3,419,836
Office expense	1,353,572	1,210,604
Management fees	144,607	152,615
Directors' fees and per diem	354,016	370,527
Insurance	421,875	300,319
Professional fees	407,771	493,528
Licenses, taxes and fees	394,274	568,900
Repairs and maintenance	129,070	151,302
Miscellaneous	77,649	76,213
Total general and administrative	<u>7,185,474</u>	<u>7,236,450</u>
Interest and depreciation expense:		
Interest	836,635	670,433
Depreciation	4,690,027	3,378,251
Total interest and depreciation	<u>5,526,662</u>	<u>4,048,684</u>
Total expenses	<u>64,866,646</u>	<u>60,888,522</u>

Income tax benefit	454,668	310,522
(Decrease) in unrestricted net assets before extraordinary item and non-controlling interests	(3,783,818)	(2,416,424)
Extraordinary item	-	200,365
(Decrease) in unrestricted net assets before non-controlling interests	(3,783,818)	(2,216,059)
Increase in unrestricted net assets attributable to non-controlling interests	600,754	371,626
(Decrease) in unrestricted net assets	<u>(3,183,064)</u>	<u>(1,844,433)</u>
Change in temporarily restricted net assets:		
Contributions	96,972	99,625
Net assets released from restriction	(99,625)	(111,962)
Change in temporarily restricted net assets	<u>(2,653)</u>	<u>(12,337)</u>
Total change in net assets	\$ <u>(3,786,471)</u>	<u>(2,228,396)</u>

See accompanying notes to consolidated financial statements.

Summary of Significant Accounting Policies

I. Principals 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, LLC ("BPS"), and a 50% owner of Atka Pride Seafoods (APS).

On August 1, 2013, AJV purchased 100% of Cannon Fish Co. (CFC), which operates primarily as a secondary processor and wholesaler of frozen seafood products. During 2014, AJV sold 20% of its interest in CFC to an unrelated entity, which reduced its ownership in CFC to 80% as of July 31, 2014.

In January 2014, AJV purchased 100% of TNG, LLC, whose primary assets included fishing quota, a fishing vessel, and a 95% ownership interest in Exceller Partners, LLC (Exceller). During 2014, TNG, LLC was formally dissolved and its fishing assets were transferred to AVI while its ownership in Exceller as well as some fishing quota were transferred to AJV.

In May 2014, APICDA formed a wholly owned subsidiary, False Pass Fuel Company (FPFC), for the purpose of operating a commercial fuel sales operation in False Pass, Alaska.

On January 1, 2015, AJV reached an agreement with the Chaluka Corporation which resulted in the transfer of Chaluka Corporation's 50% ownership interest in the assets and operations of Ugludax Lodge to AJV, giving AJV 100% ownership in Ugludax Lodge, LLC.

Effective January 1, 2015, AJV transferred substantially all of its tourism-related assets and liabilities to its wholly owned subsidiary, Aleutian Adventures, LLC, which was formed in 2014 for the purpose of managing tourism operations.

In accordance with accounting principles generally accepted in the United States of America, APICDA, AJV, ALE, AVI, BPS, APS, FPFC, Exceller, Ugludax Lodge and CFC have been consolidated for the year ended December 31, 2015. The consolidated entity is referred to as APICDA in these financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Operations

Description of Programs and Supporting Services:

APICDA Joint Ventures, Inc. is; a 25% owner of Golden Dawn, LLC, a vessel engaged in commercial fishing in Alaska; a 50% owner in the Barbara J, LLC, a vessel engaged in commercial fishing in Alaska, became a 25% owner of the newly-formed Alaska Longline LLC which was renamed to Prowler Fisheries, LLC in 2015.

AJV accounts for its investments in Golden Dawn, LLC, Prowler Fisheries, LLC, Kayux Development, LLC, Nelson Lagoon Storage Company, LLC, Barbara J, LLC, and Starbound, LLC using the equity method. All other companies are consolidated.

AVI is a 50% owner of Farwest Leader, LLC, a vessel engaged in commercial fishing in Alaska. AVI accounts for its investment in Farwest Leader, LLC by the equity method.

II. Investments

APICDA carries investments at fair value. On December 31, 2015, they totaled \$6,979,986 and consisted of mutual funds, equity securities, U.S. agency obligations, and corporate debt securities.

III. Trade Accounts Receivable, 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. Receivables are charged off when all collection efforts have been exhausted. APICDA had \$5,394,986 in accounts receivable at the end of 2015.

IV. Inventory

Inventory consists of retail merchandise and fish to be sold at wholesale. Retail merchandise is stated at cost. Fish is valued at lower of cost or market. On December 31, 2015, APICDA had \$13,903,100 in inventory value.

V. Intangible Assets

APICDA has \$8,447,180 in Intangible assets consisting primarily of fishing and processing quota shares. APICDA is carrying \$337,241 of Goodwill.

VI. Property and Equipment

The value of the depreciable property and equipment on December 31, 2015 was \$62,309,307 and there was accumulated depreciation of \$17,936,365 for a net property and equipment carrying value of \$44,372,942. APICDA also held \$1,534,332 in assets that are not being depreciated.

VII. Income Taxes

In January 2014, APICDA received an IRS PLR ruling in regards to the income received from the harvesting, processing, marketing and sale of its Program allocations. The income is not considered gross income derived from any unrelated trade or business and, thus, is not unrelated business taxable income.

VIII. Notes Receivable

On December 31, 2015, APICDA had notes receivable of \$1,534,330. Of this total \$104,121 was classified as current.

IX. Equity Investments

On December 31, 2015, the value of APICDA's equity investments in entities both in and out of the region totaled \$11,098,578

X. Notes Payable

APICDA had seven term notes payable on December 31, 2015 totaling \$15,843,177 of which \$1,493,810 was classified as the current portion.

XI. Lines of Credit

APICDA had two operational lines of in force. The combined outstanding balance of the two lines on December 31, 2015 was \$12,536,011.

XII. Grants

APICDA provides financial assistance to organizations in southwestern Alaska for purposes of economic development and educational scholarships. In 2015, these grants totaled \$1,486,915.

XIII. Leases

In 2015, APICDA had five property leases ranging in length from 16 to 99 years in length. Payments made to Lessors totaled \$222,644 in 2015

XIV. Operating Leases

Through a subsidiary company, APICDA leases fully equipped fishing vessels to individuals to harvest fishery resources. The lessee is charged a percentage of the value of their harvest as a lease fee. In 2015, \$435,521 in lease fees were collected.

XV. Commitments and Contingencies

APICDA is a guarantor on a loan. The amount of debt guaranteed by APICDA on December 31, 2015, for that loan, totaled \$9,075,000.



*“Cooperation is
the only way to live
on St. George Island—
we are Unangan.”*

—MARK MERCULIEF

ST. GEORGE