



BRISTOL BAY

Regional Seafood Development Association

Bristol Bay Regional Seafood Development Association, Inc.

Audited Financial Statements
Years Ended December 31, 2020 and 2019

State Single Audit
Year Ended December 31, 2020

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Bristol Bay Regional Seafood Development Association, Inc.

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Bristol Bay Regional Seafood Development Association, Inc.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,493,039	5,152,813
Prepays	-	80,312
TOTAL ASSETS	\$ 5,493,039	5,233,125
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 7,190	14,317
Projects and contracts payable, net of encumbered projects and contracts of \$123,522 and \$65,000, respectively	296,615	71,008
Accrued payroll liabilities	31,791	24,009
Other liabilities	2,319	2,265
TOTAL LIABILITIES	337,915	111,599
Net assets:		
Without donor restrictions:		
Undesignated	2,214,655	1,682,580
Designated by the Board for the Budget Reserve	2,816,947	3,373,946
Designated by the Board for encumbered projects and contracts	123,522	65,000
Net assets without donor restrictions	5,155,124	5,121,526
TOTAL LIABILITIES AND NET ASSETS	\$ 5,493,039	5,233,125

The accompanying notes are an integral part of these financial statements.

Bristol Bay Regional Seafood Development Association, Inc.

Statements of Activities

	Years Ended	
	December 31,	
	<u>2020</u>	<u>2019</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
From operating activities:		
Support:		
Assessments	\$ 3,017,981	2,985,137
Grant income	100,000	-
Total support	<u>3,117,981</u>	<u>2,985,137</u>
Revenue:		
Sales	6,880	153,955
Other income	20,607	84,676
Total revenue	<u>27,487</u>	<u>238,631</u>
Total support and revenue	<u>3,145,468</u>	<u>3,223,768</u>
Expenses:		
Program services	2,865,029	2,234,718
Management and general	246,841	212,056
Total expenses	<u>3,111,870</u>	<u>2,446,774</u>
Change in net assets from operating activities and without donor restrictions	33,598	776,994
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Beginning of year	<u>5,121,526</u>	<u>4,344,532</u>
End of year	<u>\$ 5,155,124</u>	<u>5,121,526</u>

The accompanying notes are an integral part of these financial statements.

Bristol Bay Regional Seafood Development Association, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020

	Marketing	Fishery Development	Quality	Sustainability	Total Program Expense	Management and General	Total Expenses
Projects and contracts	\$ 1,026,069	88,459	205,714	762,497	2,082,739	-	2,082,739
Professional services	18,050	2,489	103	343,260	363,902	97,513	461,415
Payroll and related	122,320	75,904	30,902	41,550	270,676	110,630	381,306
Office Supplies	-	29,546	13,065	-	42,611	408	43,019
Board meeting	-	31,915	-	-	31,915	144	32,059
Discretionary	-	23,947	-	-	23,947	-	23,947
Travel - non board	3,151	6,396	-	-	9,547	6,396	15,943
Printing	-	6,373	4,619	-	10,992	4,638	15,630
Advertising	-	12,482	1,750	1,000	15,232	-	15,232
Miscellaneous	-	3,397	-	-	3,397	10,454	13,851
Conferences and meetings	2,855	5,801	-	-	8,656	1,875	10,531
Occupancy	-	-	-	-	-	7,699	7,699
Insurance	-	-	-	-	-	3,852	3,852
Computer and internet	216	-	-	-	216	2,245	2,461
Postage and mailing	87	1,040	72	-	1,199	987	2,186
TOTAL EXPENSES	\$ 1,172,748	287,749	256,225	1,148,307	2,865,029	246,841	3,111,870

If encumbrance requirements are met, additional projects and contracts expense will be incurred as follows:

Encumbered expenses	\$ -	-	-	123,522	123,522	-	123,522
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The accompanying notes are an integral part of these financial statements.

Bristol Bay Regional Seafood Development Association, Inc.

Statement of Functional Expenses

Year Ended December 31, 2019

	Marketing	Fishery Development	Quality	Sustainability	Total Program Expense	Management and General	Total Expenses
Projects and contracts	\$ 636,485	58,081	412,310	587,511	1,694,387	-	1,694,387
Professional services	25,872	23,780	-	98,806	148,458	54,620	203,078
Payroll and related	61,162	77,107	42,295	38,569	219,133	90,877	310,010
Board meeting	2,288	64,010	-	-	66,298	23,465	89,763
Travel - non board	4,073	11,598	-	-	15,671	19,646	35,317
Printing	3,180	5,646	429	-	9,255	3,276	12,531
Advertising	5,597	3,697	6,100	-	15,394	-	15,394
Miscellaneous	-	3,505	-	-	3,505	3,741	7,246
Conferences and meetings	30,647	14,068	-	1,520	46,235	139	46,374
Occupancy	-	9,600	-	-	9,600	5,768	15,368
Insurance	-	-	-	-	-	5,087	5,087
Computer and internet	737	278	-	-	1,015	3,300	4,315
Postage and mailing	2,101	2,046	1,570	50	5,767	2,137	7,904
TOTAL EXPENSES	\$ 772,142	273,416	462,704	726,456	2,234,718	212,056	2,446,774

If encumbrance requirements are met, additional projects and contracts expense will be incurred as follows:

Encumbered expenses	\$ -	-	-	65,000	65,000	-	65,000
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The accompanying notes are an integral part of these financial statements.

Bristol Bay Regional Seafood Development Association, Inc.

Statements of Cash Flows

	Years Ended	
	December 31,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 33,598	776,994
Change in operating assets and liabilities that provided (used) cash:		
Inventory	-	165,300
Prepays	80,312	(73,097)
Accounts payable	(7,127)	1,199
Projects and contracts payable, net	225,607	534
Accrued payroll liabilities	7,782	(2,615)
Other liabilities	54	(19,939)
NET CASH PROVIDED BY OPERATING ACTIVITIES	340,226	848,376
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>5,152,813</u>	<u>4,304,437</u>
End of year	<u>\$ 5,493,039</u>	<u>5,152,813</u>

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bristol Bay Regional Seafood Development Association, Inc. (the "Association" or "BBRSDA") was organized as an Alaska nonprofit corporation to implement the provisions of AS 44.33.065 for fishers operating within the Bristol Bay Region of Alaska. A primary goal of the Association is to promote, and market seafood harvested in the region and to thereby improve fisher revenues. Without limiting the generality of the foregoing, the Association shall implement a wide range of strategies for improving fisher income including:

- Promotion of seafood and seafood by-products that are harvested in the region and processed for sale.
- Promotion of improvements to the commercial fishing industry and infrastructure in the seafood development region.
- Establishment of education, research, advertising, or sales promotion programs for seafood products harvested in the region.
- Preparation of market research and product development plans for the promotion of seafood and their by-products that are harvested in the region and processed for sale.
- Cooperation with the Alaska Seafood Marketing Institute and other public or private boards, organizations, or agencies engaged in work or activities similar to the work of the organization, including entering into contracts for joint programs of consumer education, sales promotion, quality control, advertising, and research in the production, processing, or distribution of seafood harvested in the region.
- Cooperation with commercial fishermen, fishermen's organizations, seafood processors, the Alaska Fisheries Development Foundation, the Fisheries Industrial Technology Center, state and federal agencies, and other relevant persons and entities to investigate market reception to new seafood product forms and to develop commodity standards and future markets for seafood products.
- Conduct other related activities as directed by its Board but only if permitted by governing laws and regulations.

Basis of Accounting

The financial statement of the Association has been prepared on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities. Net assets are classified on the statement of financial position as net assets with or without donor restrictions based on the absence or existence and type of donor-imposed restrictions.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets without donor restrictions are those that are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for encumbered projects and contracts and for the Budget Reserve. All net assets are without donor restrictions for use by the Association for the years presented.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and any other highly liquid investments without restrictions and with an initial maturity of three months or less. In determining what money market fund to invest in, the Association puts tremendous weight on safety of principal.

	<u>2020</u>	<u>2019</u>
Cash deposits in Alaskan bank. FDIC insured.	\$ 643,634	359,415
Cash deposits in Vanguard Treasury Money Market, VUSXX, which invests per its prospectus in short-term treasury securities (underlying securities are backed by the full faith and credit of the U.S. government). Not FDIC insured.	2,032,458	1,419,452
Cash deposits for Budget Reserve are held in Vanguard Federal Money Market Fund, VMFXX, which invests per its prospectus in short-term U.S. government securities (underlying securities are backed by the full faith and credit of the U.S. government). Not FDIC insured.	<u>2,816,947</u>	<u>3,373,946</u>
Total cash and cash equivalents	<u>\$ 5,493,039</u>	<u>5,152,813</u>

The Association's Vanguard accounts are protected by the Securities Investor Protection Corporation (SIPC) up to a maximum of \$250,000 for cash claims and \$500,000 total. Vanguard has obtained private insurance from Lloyd's of London Company (Lloyd's) to provide additional protection and security for client accounts. For customers who have reached the full SIPC limits, further protection (with a customer limit of \$1.75 million for cash) is provided by the Lloyd's policy, subject to an aggregate loss limit of \$250 million for all eligible customer claims. Funds other than those held at Vanguard are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, approximately \$394,000 and \$218,000 of the balances exceeded insured limits, respectively.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budget Reserve

Pursuant to its bylaws, the Board of Directors (Board) established a budget reserve account. The intent of the Board in establishing this fund is to ensure that the Association has options irrespective of the outcome of any single fishing season. The Board shall establish by resolution the method for setting, attaining, and maintaining the reserve account balance. Reserve funds are to be held in a single account but will be segmented into three categories for internal accounting purposes: Baseline Reserve, Specific Need Reserve, and Investment Reserve. The Baseline Reserve amount is set at \$2,500,000. This amount may be revised by the Board via action at a Board meeting or an email vote. Prior to each fiscal year, the board will identify reserve funds needed for specific future needs. This reserve component is intended to hold back funds for foreseeable organizational needs. Investment Reserve funds are intended to be spent on mission-appropriate activities as they arise and can be drawn upon with approval of the Board. As of December 31, 2020, the total Budget Reserve and earnings are outlined below.

Total Budget Reserve to date	\$ 2,658,860
Interest and dividends earned to date	<u>158,087</u>
Total Budget Reserve and earnings	<u><u>\$ 2,816,947</u></u>

Income Taxes

The Association is incorporated under the laws of the State of Alaska as a nonprofit corporation and is generally exempt from income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code.

Although the Association is generally exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Form 990-T and an income tax liability may be determined on those activities. The Association had no income derived from unrelated business activities for the years ended December 31, 2020 and 2019.

Termination Requirements

Upon the termination, dissolution or winding up of the Association, the Board of Directors, after paying or making provisions for the payment of all liabilities of the Association, shall distribute all assets of the Association to such organization or organizations engaged in activities substantially similar to those of the Association and at the time qualify as an exempt organization or organizations under Section 501(c)(6) of the Internal Revenue Code (IRC), or shall be distributed to federal, state or local government, for public purposes. Any such assets not so disposed of shall be disposed of by the appropriate U.S. District Court exclusively for such purposes or to such organization or organizations as said Court shall determine, which are organized and operated exclusively for such purposes.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Support

Contributions are recognized as revenue when received. All contributions are considered to be without restrictions unless specifically restricted by the donor. Contributions made by a granting agency that are conditioned upon the Association incurring certain qualifying expenditures are recognized as revenue as those expenditures are incurred. All restricted support received and released from restrictions within the same year are treated as support without restrictions.

Assessments - In May 2006, Bristol Bay driftnet permit holders voted pursuant to Alaska Statute 43.76.370 to approve a 1% seafood development tax on the ex-vessel price of seafood sold, the "assessment", on their harvests to support BBRSDA. The tax is collected by the State of Alaska and distributed to BBRSDA. The collection and disbursement process, from the salmon season in which the tax is collected until the assessment amount is received by BBRSDA, takes a year to complete. Because the funds are considered part of the State's general fund prior to distribution, BBRSDA does not recognize them as support until the beginning of the State fiscal year in which they will be distributed to BBRSDA. The Association receives substantially all its support from the State of Alaska. Annual funding by the State of Alaska is subject to appropriation by the legislature. A reduction in the annual appropriation by the State of Alaska would have a significant impact on the Association's ability to sustain operations at current levels.

The pass-through local option tax revenues appropriated from the general fund by the legislature (salmon development tax) is considered financial assistance for purposes of presentation in the schedule of state financial assistance as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. When possible, expenses are directly identified to particular programs and supporting services. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related, professional services (accounting, audit and tax fees), board meeting, printing, postage and mailing, computer and internet, occupancy, and travel, which are allocated on the basis of estimates of time and effort.

Subsequent Events

The Association has evaluated subsequent events through September 22, 2021, the date which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements, except as already disclosed.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,493,039	5,152,813
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,493,039</u>	<u>5,152,813</u>

As part of its liquidity management plan, the Association invests cash in excess of daily requirements in money market accounts. Although the Board does not intend to spend from money market accounts, these amounts could be made available if necessary.

NOTE 3 – ENCUMBERED PROJECTS AND CONTRACTS

Program projects and contracts authorized but unpaid at year-end are reported as liabilities. At December 31, 2020 and 2019, the projects and contracts authorized and payable within one year totaled \$296,615 and \$71,008, respectively.

The Association has also authorized program projects and contracts that are encumbered based on projects starting, specific performance or required reporting. The encumbered projects and contracts will be considered incurred when the encumbrance requirements are met. All current program projects and contracts are written to be completed within one year. The following is a summary of encumbered projects and contracts as of December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Projects and contracts encumbered upon receipt of required reports detailing performance	\$ 123,522	65,000
Total encumbered projects and contracts	<u>\$ 123,522</u>	<u>65,000</u>

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 4 – CONCENTRATIONS

In addition to revenue concentration, the Association incurred expenses of approximately \$676,940 to Rising Tide Communications which represents 22% of total expenses for 2020. The Association incurred expenses of approximately \$498,342 to Rising Tide Communications and \$281,095 to Bristol Bay Science and Research Institute, which represents 20 %and 11%, respectively, of total expenses for 2019.

NOTE 5 – CONTINGENCIES

Expenditures made pursuant to grants and contract awarded to BBRSDA are subject to audit by the grantor or their representatives. Amounts reflected in the financial statements and expenses in prior years have generally not been audited by grantor agencies. Accordingly, adjustments of amounts received under grants and contracts could result if the grants and contracts are audited by such agencies. Management of the Association believes no significant liability will result from the foregoing matters, and accordingly, no liabilities for amounts which may be payable have been recorded in the accompanying financial statements.

NOTE 6 – RISKS AND UNCERTANTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic adversely affected workforces, economies, and financial markets globally, including within the fishing industry and the Bristol Bay Region of Alaska. The Association has taken measures to provide personal protective equipment and services following social distancing, CDC guidelines, and state and local mandates. The Association has received additional grant and relief funding and continues to maintain adequate liquidity.

The pandemic remains a rapidly evolving situation. The Association cannot reasonably estimate the length or severity of this pandemic. The extent of the impact of COVID-19 on the Association’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak, impact on the fishing industry, customers, resource providers, employees, vendors, and financial markets all of which are uncertain and cannot be predicted or reasonably estimated. However, the pandemic has dramatically increased risk and uncertainty within global wild salmon markets resulting in higher operating costs for operators throughout the supply chain. The “base” ex-vessel price declined from \$1.35 per pound in 2019 to roughly \$0.70 per pound in 2020 (for most large processors). This price and payments to fishermen may be supplemented in coming months but as things currently stand, the pandemic will likely be a primary contributor to a substantial reduction in revenue realized by the Association in calendar year 2021.

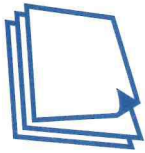
Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statement, Continued

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act. One component of the CARES Act was the paycheck protection program (“PPP”) which provides small business with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The Organization applied for and was accepted to participate in the second round of this program. During February 2021, the Organization received funding for \$54,502.

The loan is a two-year loan as of the date of deposit. The loan bears an annual interest rate of 1%. A borrower can apply for forgiveness once all loan proceeds for which the borrower is requesting forgiveness have been used. Borrowers can apply for forgiveness any time up to the maturity date of the loan. If borrowers do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred. It is the Organization’s intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Organization is eligible to apply for loan forgiveness in an amount equal to payments made during the respective 24-week period beginning on the loan date, providing that no more than 40% of the amount expended may be used for expenses other than payroll expenses



Independent Auditor's Report

To the Board of Directors
Bristol Bay Regional Seafood Development Association, Inc.
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of Bristol Bay Regional Seafood Development Association, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bristol Bay Regional Seafood Development Association, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – State Single Audit

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state financial assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021 on our consideration of Bristol Bay Regional Seafood Development Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bristol Bay Regional Seafood Development Association, Inc.'s internal control over financial reporting and compliance.



September 22, 2021

STATE SINGLE AUDIT

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of State Financial Assistance

Year Ended December 31, 2020

(See Independent Auditor's Report)

<u>Program Title</u>	<u>Program Number</u>	<u>Program Amount</u>	<u>Amount Received</u>	<u>Expenditures</u>
Department of Commerce, Community and Economic Development: Pass through local option tax revenues appropriated from the general fund by the legislature:				
Salmon Development Tax	* N/A	<u>\$3,017,981</u>	<u>3,017,981</u>	<u>2,984,383</u>

* Major program

The accompanying notes to schedule of state financial assistance are an integral part of this schedule.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to Schedule of State Financial Assistance

Year Ended December 31, 2020

Basis of Presentation

The accompanying schedule of state financial assistance (Schedule) includes the state award activity of Bristol Bay Regional Seafood Development Association, Inc. (BBRSDA) under programs of the State of Alaska for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of BBRSDA, it is not intended to and does not present the financial position, changes in net assets or cash flows of BBRSDA.

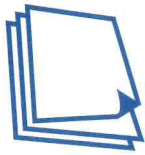
Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in BBRSDA's financial statements.

Nature of Revenues

In May 2006, Bristol Bay driftnet permit holders voted pursuant to Alaska Statute 43.76.370 to approve a 1% seafood development tax on the ex-vessel price of seafood sold, the "assessment", on their harvests to support BBRSDA. The tax is collected by the State and distributed to BBRSDA. The collection and disbursement process, from the salmon season in which the tax is collected until the assessment amount is received by BBRSDA, takes a year to complete. Because the funds are considered part of the State's general fund prior to distribution, BBRSDA does not recognize them as support until the beginning of the State fiscal year in which they will be distributed to BBRSDA. The Association receives substantially all of its support from the State of Alaska. Annual funding by the State of Alaska is subject to appropriation by the legislature. A reduction in the annual appropriation by the State of Alaska would have a significant impact on the Association's ability to sustain operations at current levels.

The pass-through local option tax revenues appropriated from the general fund by the legislature (salmon development tax) is considered financial assistance for purposes of presentation in the schedule of state financial assistance as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Bristol Bay Regional Seafood Development Association, Inc.
Anchorage, Alaska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bristol Bay Regional Seafood Development Association, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bristol Bay Regional Seafood Development Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bristol Bay Regional Seafood Development Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bristol Bay Regional Seafood Development Association, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

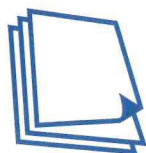
As part of obtaining reasonable assurance about whether Bristol Bay Regional Seafood Development Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 22, 2021



Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

To the Board of Directors
Bristol Bay Regional Seafood Development Association, Inc.
Anchorage, Alaska

Report on Compliance for Each Major State Program

We have audited Bristol Bay Regional Seafood Development Association, Inc.'s compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Bristol Bay Regional Seafood Development Association, Inc.'s major state programs for the year ended December 31, 2020. Bristol Bay Regional Seafood Development Association, Inc.'s major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bristol Bay Regional Seafood Development Association, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Bristol Bay Regional Seafood Development Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Bristol Bay Regional Seafood Development Association, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Bristol Bay Regional Seafood Development Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Bristol Bay Regional Seafood Development Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bristol Bay Regional Seafood Development Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bristol Bay Regional Seafood Development Association, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



September 22, 2021

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified? Yes

None Reported

Material weakness(es) identified? Yes

No

Noncompliance material to financial statements? Yes

No

State Financial Assistance

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

Unmodified

Internal control over major programs:

Significant deficiency(ies) identified? Yes

None Reported

Material weakness(es) identified? Yes

No

Dollar threshold used to distinguish a state major program:

\$150,000

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no reportable matters.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no reportable matters.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no reportable matters.