



# BRISTOL BAY

Regional Seafood Development Association

## **Bristol Bay Regional Seafood Development Association, Inc.**

Audited Financial Statements  
Years Ended December 31, 2019 and 2018

State Single Audit  
Year Ended December 31, 2019

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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>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 5,152,813	4,304,437
Inventory	-	165,300
Prepays	80,312	7,215
	<u>80,312</u>	<u>7,215</u>
TOTAL ASSETS	<u>\$ 5,233,125</u>	<u>4,476,952</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 14,317	13,118
Projects and contracts payable, net of encumbered projects and contracts of \$65,000 and \$67,478, respectively	71,008	70,474
Accrued payroll liabilities	24,009	26,624
Other liabilities	2,265	22,204
	<u>2,265</u>	<u>22,204</u>
TOTAL LIABILITIES	<u>111,599</u>	<u>132,420</u>
 Net assets:		
Without donor restrictions:		
Undesignated	1,682,580	1,462,584
Designated by the Board for the Budget Reserve	3,373,946	2,814,470
Designated by the Board for encumbered projects and contracts	65,000	67,478
	<u>65,000</u>	<u>67,478</u>
Net assets without donor restrictions	<u>5,121,526</u>	<u>4,344,532</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,233,125</u>	<u>4,476,952</u>

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>2019</u>	<u>2018</u>
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
From operating activities:		
Revenue and support:		
Assessments	\$ 2,985,137	2,171,287
Sales	153,955	43,350
Other income	84,676	94,215
Total revenue and support	<u>3,223,768</u>	<u>2,308,852</u>
Expenses:		
Program services	2,234,718	1,478,719
Management and general	212,056	251,938
Total expenses	<u>2,446,774</u>	<u>1,730,657</u>
Change in net assets from operating activities and without donor restrictions	776,994	578,195
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
Beginning of year	<u>4,344,532</u>	<u>3,766,337</u>
End of year	<u>\$ 5,121,526</u>	<u>4,344,532</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, 2019

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

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.**

### Statement of Functional Expenses

Year Ended December 31, 2018

	Marketing	Organization Development	Quality	Sustain- ability	Total Program Expense	Management and General	Total Expenses
Projects and contracts	\$ 528,803	40,000	265,583	313,907	1,148,293	-	1,148,293
Payroll and related	51,023	45,253	43,486	18,026	157,788	117,844	275,632
Professional services	35,640	-	574	8,063	44,277	80,483	124,760
Board meeting	5,036	41,637	-	-	46,673	17,845	64,518
Travel - non board	6,371	7,110	-	-	13,481	13,216	26,697
Printing	3,633	9,563	7,925	131	21,252	4,424	25,676
Conferences and meetings	11,186	10,175	-	500	21,861	-	21,861
Occupancy	-	9,600	-	-	9,600	3,781	13,381
Miscellaneous	4	3,257	3,678	-	6,939	5,842	12,781
Postage and mailing	2,603	2,425	463	19	5,510	2,497	8,007
Insurance	-	-	-	-	-	4,545	4,545
Gifts	83	2,186	-	-	2,269	-	2,269
Computer and internet	776	-	-	-	776	1,461	2,237
<b>TOTAL EXPENSES</b>	<b>\$ 645,158</b>	<b>171,206</b>	<b>321,709</b>	<b>340,646</b>	<b>1,478,719</b>	<b>251,938</b>	<b>1,730,657</b>

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

Encumbered expenses	\$ -	-	2,478	65,000	67,478	-	67,478
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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>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 776,994	578,195
Change in operating assets and liabilities that provided (used) cash:		
Inventory	165,300	(165,300)
Prepays	(73,097)	(5,884)
Accounts payable	1,199	9,269
Projects and contracts payable, net	534	41,390
Accrued payroll liabilities	(2,615)	8,531
Other liabilities	(19,939)	18,768
NET CASH PROVIDED BY OPERATING ACTIVITIES	848,376	484,969
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>4,304,437</u>	<u>3,819,468</u>
End of year	<u>\$ 5,152,813</u>	<u>4,304,437</u>

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

## **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:

- Promote and market Alaska seafood products harvested in the region
- Research ways and means for increasing fisher revenues by improving quality and the market reputation for Bristol Bay Seafood
- Establish education, research, advertising, and sales promotions for seafood harvested in the region
- Research and implement ways and means for reducing fisher costs
- Prepare market research and product development plans for promoting seafood harvested in the region
- Cooperate with ASMI and other public or private entities engaged in seafood promotion, consumer education, seafood quality improvements or research in the areas of seafood harvesting, processing or distribution that may pertain to seafood harvested in the region
- Cooperate with commercial fishers, fisher organizations, seafood processors, AFDF, FITC, state and federal agencies and other relevant entities to investigate market reception to new seafood forms and to develop commodity standards and future markets for seafood products from the region
- Conduct other related activities as directed by its Board but only if permitted by governing laws and regulations
- The Association shall not advocate any position on state resource allocation issues, lobby the state or agencies of the state, or engage in an activity for which registration is required under AS 24.45.121.

#### **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>2019</u>	<u>2018</u>
Cash deposits in Alaskan bank. FDIC insured.	\$ 359,415	201,846
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.	1,419,452	1,288,121
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>3,373,946</u>	<u>2,814,470</u>
Total cash and cash equivalents	<u>\$ 5,152,813</u>	<u>4,304,437</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, 2019 and 2018, approximately \$218,000 and \$0 of the balances exceeded insured limits, respectively.

#### Inventory

The 2018 inventory consists of Refrigerated Sea Water (RSW) units and are stated at the lower of cost or net realizable value. Cost is determined on a specific identification basis.

## **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 one fishing season. The Board shall establish by resolution the method for setting, attaining, and maintaining the reserve account balance. Determination of the desired reserve level will be made annually at the same time as the Board approves the coming year's budget (no later than 45 days before year-end). No more than twenty-five percent of the budget reserve fund may be withdrawn annually from the budget reserve account to cover expenditures authorized in the Association's budget unless the Board, by two-thirds majority vote of the full Board, adopts a resolution approving the expenditure. As of December 31, 2019, the Board has designated revenue collected from the State of Alaska to be held for the Budget Reserve, calculated as follows for each respective season:

2006 - 2010 Season Reserve	\$ 1,421,217
2011 - 2015 Season Reserve	1,729,011
2015 Board approved withdrawals	(700,000)
2016 Season Reserve	384,722
2017 Board approved withdrawals	(275,000)
2017 Season Reserve	542,821
2018 Board approved withdrawals	(370,000)
2018 Season Reserve	746,284
2019 Board approved withdrawals	<u>(248,382)</u>
Total Budget Reserve	3,230,673
Interest and dividends earned to date	<u>143,273</u>
Total Budget Reserve and earnings	<u><u>\$ 3,373,946</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, 2019 and 2018.

## **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**

#### Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers* (ASU 2014-09), which created FASB Accounting Standards Codification 606, (ASC 606). ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Association's primary income stream and the related recognition of revenue is governed by other accounting standards and is specifically excluded from the coverage of ASC 606. In addition, the Association's revenue that is covered by ASC 606, if any, is immaterial and as a result is not impacted by the new guidance.

#### 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 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*.

## **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**

#### 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 24, 2020, the date which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

#### 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.

#### New Accounting Pronouncement

The Association has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, as management believes the standard improves the usefulness and understandability of the Association's financial reporting by adding clarification to characterizing and accounting for support and revenue. The Association adopted ASU 2018-08 with a date of the initial application of January 1, 2019, using the full-retrospective method. Thus, ASU 2018-08 has been applied retrospectively to all periods presented and these financial statements have been adjusted accordingly. The adoption of ASU 2018-08 did not have a significant impact on the Center's financial position, results of operations, or cash flows. No changes were required to previously reported net assets or changes in its net assets as a result of the adoption.

## **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>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,152,813	4,304,437
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,152,813</u>	<u>4,304,437</u>

As part of its liquidity management plan, the Association invests cash in excess of daily requirements in money market accounts. Annually, the Board designates a portion of its operating surplus to its Budget Reserve (Note 1). Although the Board does not intend to spend from this designated fund, 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, 2019 and 2018, the projects and contracts authorized and payable within one year totaled \$71,008 and \$70,474, 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, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Projects and contracts encumbered upon specific performance	\$ -	2,478
Projects and contracts encumbered upon receipt of required reports detailing performance	<u>65,000</u>	<u>65,000</u>
Total encumbered projects and contracts	<u>\$ 65,000</u>	<u>67,478</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 \$498,300 to Rising Tide Communications and \$281,000 to Bristol Bay Science and Research Institute, which represents 20% and 11%, respectively, of total expenses for 2019. The Association incurred expenses of approximately \$420,600 to Rising Tide Communications, \$211,600 to Pacific West Refrigeration, and \$189,200 to Bristol Bay Science and Research Institute, which represents 24%, 12%, and 11%, respectively, of total expenses for 2018.

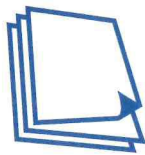
### **NOTE 5 - CONTINGENCIES**

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 - SUBSEQUENT EVENT**

The outbreak of the 2019 coronavirus disease ("COVID-19"), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread, adversely affected workforces, economies, and financial markets globally, including within the fishing industry and the Bristol Bay Region of Alaska.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Association's operations and financial results will depend on future developments. The COVID-19 pandemic has dramatically increased risk and uncertainty within global wild salmon markets, as well as 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 COVID-19 pandemic will likely be a primary contributor to a substantial reduction in revenue realized by the Association in calendar year 2021.



## 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, 2019 and 2018, 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, 2019 and 2018, 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.

### **Emphasis of Matter with Respect to Change in Accounting Principle**

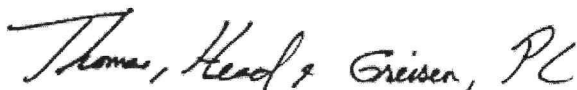
As discussed in Note 1 to the financial statements, Bristol Bay Regional Seafood Development Association, Inc. adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

### **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 24, 2020 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 24, 2020



STATE SINGLE AUDIT

**Bristol Bay Regional Seafood Development Association, Inc.**

Schedule of State Financial Assistance

Year Ended December 31, 2019

(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>\$ 2,985,137</u>	<u>2,985,137</u>	<u>2,208,143</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, 2019

### **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, 2019. 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.

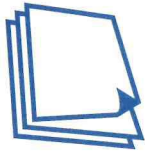
### **Basis of Accounting**

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, 2019, 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 24, 2020.

***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.

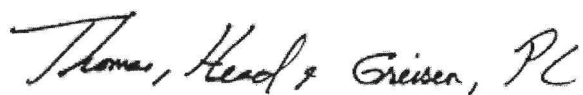
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, 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**

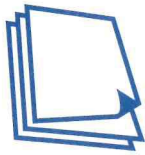
As part of obtaining reasonable assurance about whether Bristol Bay Regional Seafood Development Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 24, 2020



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, 2019. 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, 2019.

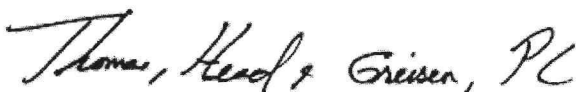
### **Report on Internal Control over Compliance**

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 24, 2020

**Bristol Bay Regional Seafood Development Association, Inc.**

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2019

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:		<b>Unmodified</b>
Internal control over financial reporting:		
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**State Financial Assistance**

Type of auditor’s report issued on compliance for major programs:		<b>Unmodified</b>
Internal control over major programs:		
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Dollar threshold used to distinguish a state major program:		<b>\$150,000</b>

**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.