



Bristol Bay Regional Seafood Development Association, Inc.

Audited Financial Statements and Additional Information
Years Ended June 30, 2014 and 2013

State Single Audit and Required Attachments
Year Ended June 30, 2014

(With Independent Auditors' Reports Thereon)

Bristol Bay Regional Seafood Development Association, Inc.

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Bristol Bay Regional Seafood Development Association, Inc.

Statements of Financial Position

	June 30,	
	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,670,309	2,701,226
TOTAL ASSETS	<u>\$ 2,670,309</u>	<u>2,701,226</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 53,079	54,653
Grants and contracts payable, net of contingent grants and contracts of \$684,284 and \$568,342 for 2014 and 2013, respectively (see Note 3)	-	10,000
Due to related party	14,970	-
Deferred revenue	30,244	14,060
Other current liabilities	3,599	-
TOTAL LIABILITIES	<u>101,892</u>	<u>78,713</u>
Net assets:		
Unrestricted:		
Designated by the Board for commitments and contingencies (see Note 3)	684,284	568,342
Designated by the Board for budget reserve	2,075,085	1,768,157
Undesignated	(190,952)	286,014
Unrestricted net assets	<u>2,568,417</u>	<u>2,622,513</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,670,309</u>	<u>2,701,226</u>

Bristol Bay Regional Seafood Development Association, Inc.

Statements of Activities

	Years Ended	
	June 30,	
	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Revenue and other support:		
Assessments	\$ 1,226,269	1,360,904
Grants	383,815	188,878
Contributions	20,000	-
Interest income	648	772
Total unrestricted revenue and other support	<u>1,630,732</u>	<u>1,550,554</u>
Expenses:		
Program services	1,521,964	1,161,315
Management and general	162,864	69,298
Total expenses	<u>1,684,828</u>	<u>1,230,613</u>
Change in unrestricted net assets	(54,096)	319,941
UNRESTRICTED NET ASSETS:		
Beginning of year	<u>2,622,513</u>	<u>2,302,572</u>
End of year	<u>\$ 2,568,417</u>	<u>2,622,513</u>

Bristol Bay Regional Seafood Development Association, Inc.

Statements of Cash Flows

	Years Ended	
	June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (54,096)	319,941
Increase (decrease) in:		
Accounts payable	(1,574)	(982)
Grants and contracts payable	(10,000)	(45,381)
Due to related party	14,970	-
Deferred revenue	16,184	14,060
Other current liabilities	3,599	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(30,917)	287,638
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>2,701,226</u>	<u>2,413,588</u>
End of year	<u>\$ 2,670,309</u>	<u>2,701,226</u>

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statements

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 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.

The significant accounting policies followed by the Association are described below:

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Net assets are classified on the statement of financial position as unrestricted or temporarily restricted 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets are those currently available at the discretion of the Board for use in the Association's operations. All net assets are unrestricted for use by the Association or their temporary donor restrictions were met within the year presented.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statements, 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 during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and any other unrestricted highly liquid investments with an initial maturity of three months or less. The Association's cash investments and balances per year-end statements are described below. In determining what money market fund to invest in, the Association puts tremendous weight on safety of principal.

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash deposits in Alaskan bank. FDIC insured.	\$ 167,166	-
Cash deposits in Vanguard Prime Money Market Fund, VMMXX, investing in short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper and other money market securities. Not FDIC insured.	155,976	155,958
Cash deposits in Vanguard Admiral Treasury Money Market, FUSXX, investing in short-term money market securities whose interest and principal payments are backed by the full faith and credit of the U.S. government. Not FDIC insured.	272,082	777,111
Cash deposits for Budget Reserve held in Vanguard Prime Money Market Fund, VMMXX, investing in short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper and other money market securities. Not FDIC insured.	<u>2,075,085</u>	<u>1,768,157</u>
Total cash and cash equivalents	<u>\$ 2,670,309</u>	<u>2,701,226</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.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statements, Continued

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

Assessment 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 revenue until the beginning of the State fiscal year in which they will be distributed to BBRSDA.

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 April 15). 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 June 30, 2014, 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 Season Reserve	\$ 221,636
2007 Season Reserve	251,888
2008 Season Reserve	264,826
2009 Season Reserve	306,860
2010 Season Reserve	382,330
2011 Season Reserve	340,617
2012 Season Reserve	<u>306,928</u>
Total Budget Reserve	<u>\$ 2,075,085</u>

In June 2014, the Board approved the subsequent year budget with an authorization to use up to \$400,000 of the Budget Reserve.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statements, Continued

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

Public Support and Revenue Recognition

Contributions are recognized as revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions made by a granting agency that are conditioned upon the Association incurring certain qualifying costs are recognized as revenue as those costs are incurred. All temporarily restricted support received and released from restrictions within the same fiscal year are treated as unrestricted support.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program service expenses include the costs to market and promote the region's seafood, seek improvements to the area's infrastructure, and work to raise quality, while management and general expenses are those expenses that are not directly identifiable with program services.

Advertising

The Association expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2014 and 2013 were \$95 and \$4,500, respectively.

Subsequent Events

The Association has evaluated subsequent events through December 12, 2014, the date these financial statements were available to be issued. The Association's year end was changed to a calendar year end effective for the period July 1, 2014 through December 31, 2014. There were no material subsequent events that required recognition or additional disclosure in these financial statements except as disclosed.

NOTE 2 - 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 these activities.

The Association's Form 990 informational returns are generally no longer subjected to examination by federal or state tax authorities for years before June 30, 2011.

Bristol Bay Regional Seafood Development Association, Inc.

Notes to the Financial Statements, Continued

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Program grants and contracts authorized but unpaid at year end are reported as liabilities. At June 30, 2014 and 2013, the grants and contracts authorized and payable within one year totaled \$0 and \$10,000, respectively.

The Association has also authorized program grants and contracts that are contingent on projects starting, specific performance or required reporting. The contingent grants and contracts will be considered unconditional when the contingency requirements are met. All program grants and contracts are written to be completed within one year. The following is a summary of contingent grants and contracts as of June 30, 2014 and 2013:

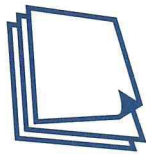
	<u>2014</u>	<u>2013</u>
Grants and contracts contingent upon projects starting	\$ 274,726	206,000
Grants and contracts contingent upon specific performance	163,333	30,000
Grants and contracts contingent upon receipt of required reports detailing performance	246,225	332,342
Total contingent grants and contracts	<u>\$ 684,284</u>	<u>568,342</u>

Expenses made pursuant to grants and contracts awarded to BBRSDA are subject to audit by the grantor or their representatives. Amounts reflected in the financial statements and expenses in prior periods 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 4 - RELATED PARTIES

The Association has contracted with Neqleq Consulting (Neqleq) for professional services regarding sustainability. The sole owner of Neqleq is a board member of the Association for the year ended June 30, 2014. The Association temporarily contracted with a board member for management services as an interim executive director during 2014.

The Association incurred professional services of approximately \$36,000 from Neqleq for the year ended June 30, 2014. Accounts payable of \$14,970 was due to Neqleq at June 30, 2014. The Association incurred management services of approximately \$15,000 from a board member for the year ended June 30, 2014.



Independent Auditors' Report

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

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 June 30, 2014 and 2013, and the related statements of activities 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.

Auditors' 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 audit 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 auditors' 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 June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are 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, the 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 December 12, 2014 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.

Thomas, Head & Griesen PC

December 12, 2014

STATE SINGLE AUDIT

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of State Financial Assistance

Year Ended June 30, 2014

(See Independent Auditors' Report)

<u>Program Title</u>	<u>Program Number</u>	<u>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>\$ 1,226,269</u>	<u>1,226,269</u>	<u>1,301,013</u>
		<u>\$ 1,226,269</u>	<u>1,226,269</u>	<u>1,301,013</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 June 30, 2014

General

The accompanying Schedule of State Financial Assistance presents the activity of Bristol Bay Regional Seafood Development Association, Inc. (BBRSDA).

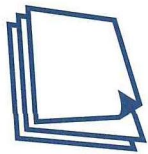
Basis of Accounting

The accompanying Schedule of State Financial Assistance is presented using 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 revenue until the beginning of the State fiscal year in which they will be distributed to BBRSDA.

BBRSDA did not receive any grant funds from the State of Alaska or request state financial assistance under Alaska Statute 44.33.065 during the fiscal year ending June 30, 2014.



THOMAS, HEAD & GREISEN, PC

CERTIFIED PUBLIC ACCOUNTANTS

Kevin E. Branson, CPA
John A. Letourneau, CPA
Debra K. Mason, CPA/CFF, CFE
Erich R. Lamirand, CPA
Cindy L. Hulquist, CPA
Ronald E. Greisen, CPA/ABV/CFF

Independent Auditors' 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.

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 June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014.

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 first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Independent Auditors' 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

Page 2 of 2

Compliance and Other Matters

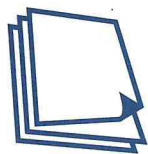
As part of obtaining reasonable assurance about whether Bristol Bay Regional Seafood Development Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Thomas, Head & Griesen PC

December 12, 2014



THOMAS, HEAD & GREISEN, PC

CERTIFIED PUBLIC ACCOUNTANTS

Kevin E. Branson, CPA
John A. Letourneau, CPA
Debra K. Mason, CPA/CFF, CFE
Erich R. Lamirand, CPA
Cindy L. Hulquist, CPA
Ronald E. Greisen, CPA/ABV/CFF

Independent Auditors' 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.

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 June 30, 2014. 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.

Auditors' 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 June 30, 2014.


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 to determine the 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.


December 12, 2014

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of Findings and Questioned Costs and Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

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?	<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: **Unmodified**

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: **\$75,000**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no reportable matters

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no reportable matters.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior year findings and questioned costs.

ADDITIONAL INFORMATION

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of Functional Expenses

Year Ended June 30, 2014

(See Independent Auditors' Report)

	Marketing	Organization Development	Quality	Research	Sustain- ability	Total Program Expense	Management and General	Total Expenses
Professional services	\$ 174,286	52,837	-	149,338	113,939	490,400	40,955	531,355
Program grant awards and contracts	142,715	10,000	10,000	176,755	44,241	383,711	-	383,711
Sustainability awareness	-	-	-	-	345,831	345,831	-	345,831
Management services	-	45,833	-	-	-	45,833	65,173	111,006
Board meeting	240	55,852	-	-	9,444	65,536	42,511	108,047
Travel - non board	35,533	21,350	-	3,702	34,123	94,708	2,660	97,368
Printing	30,502	10,838	-	-	1,880	43,220	8,366	51,586
Conferences and meetings	17,379	2,910	-	-	965	21,254	-	21,254
Computer and internet	11,859	2,534	-	-	3,480	17,873	187	18,060
Dues and subscriptions	5,139	737	-	-	-	5,876	-	5,876
Program supplies	3,659	256	-	-	-	3,915	173	4,088
Insurance	-	-	-	-	-	-	2,020	2,020
Postage and mailing	351	644	-	-	119	1,114	207	1,321
Telephone	45	989	-	11	64	1,109	7	1,116
Office supplies	-	937	-	-	-	937	136	1,073
Business meals	-	492	-	-	-	492	-	492
Bank fees	-	-	-	-	-	-	439	439
Advertising	95	-	-	-	-	95	-	95
Miscellaneous	-	60	-	-	-	60	30	90
TOTAL EXPENSES	\$ 421,803	206,269	10,000	329,806	554,086	1,521,964	162,864	1,684,828
If contingencies are met, additional grant and contract expenses will be incurred as follows:								
Contingent grants	\$ 24,000	-	30,000	629,284	1,000	684,284	-	684,284

Bristol Bay Regional Seafood Development Association, Inc.

Schedule of Functional Expenses

Year Ended June 30, 2013

(See Independent Auditors' Report)

	Marketing	Organization Development	Quality	Research	Sustain- ability	General Program	Total Program Expense	Management and General	Total Expenses
Professional services	\$ 203,749	47,642	10,589	7,626	30,856	221,862	522,324	34,259	556,583
Program grant awards and contracts	121,260	-	232,351	8,187	46,200	-	407,998	-	407,998
Management services	-	82,933	-	-	-	-	82,933	14,567	97,500
Board meeting	4,053	52,864	-	-	-	-	56,917	12,952	69,869
Printing	28,304	17,841	-	-	1,410	360	47,915	4,135	52,050
Travel - non board	19,517	5,609	-	-	1,912	198	27,236	77	27,313
Conferences and meetings	-	3,224	-	-	1,056	-	4,280	411	4,691
Advertising	4,000	-	500	-	-	-	4,500	-	4,500
Computer and internet	-	2,896	-	-	480	-	3,376	188	3,564
Miscellaneous	199	1,500	-	-	-	-	1,699	115	1,814
Insurance	-	-	-	-	-	-	-	2,015	2,015
Telephone	969	33	-	-	-	-	1,002	-	1,002
Program supplies	-	-	-	-	577	-	577	-	577
Dues and subscriptions	-	468	-	-	-	-	468	-	468
Bank fees	-	-	-	-	-	-	-	279	279
Office supplies	-	-	-	-	-	-	-	260	260
Postage and mailing	-	90	-	-	-	-	90	11	101
Business meals	-	-	-	-	-	-	-	29	29
TOTAL EXPENSES	\$ 382,051	215,100	243,440	15,813	82,491	222,420	1,161,315	69,298	1,230,613
If contingencies are met, additional grant and contract expenses will be incurred as follows:									
Contingent grants	\$ 87,215	10,000	60,000	383,027	28,100	-	568,342	-	568,342