

Norton Sound Economic Development Corporation



Report

2006-2010 Decennial Review

For submission to the State of Alaska, November 2012

Norton Sound Economic Development Corporation

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Findings

NSEDC has maintained/improved its performance over the decennial review period

It is the belief of Norton Sound Economic Development Corporation (NSEDC) that the extensive data and discussion presented in the body of this document will show that NSEDC has improved/maintained its performance in regard to the established criteria over the review period of 2006-2010.

In nearly every category measured through the decennial review process, the data reflect positively on NSEDC's performance. Over the five years that comprise the review period, increases have been recorded in employment, income, wages and population. NSEDC's contributions to employment and wages—both directly and indirectly—dramatically climbed during the review period, far outpacing the rate of overall job and wage growth otherwise documented in the region.

On the financial front, NSEDC grew its asset base while also increasing its investments each year, providing programs that support the region's fisheries and fishermen, improve and develop infrastructure, lower the cost of energy, provide training and scholarships to residents, and provide research and enhancement for regional commercial and subsistence fisheries, just to name a few.

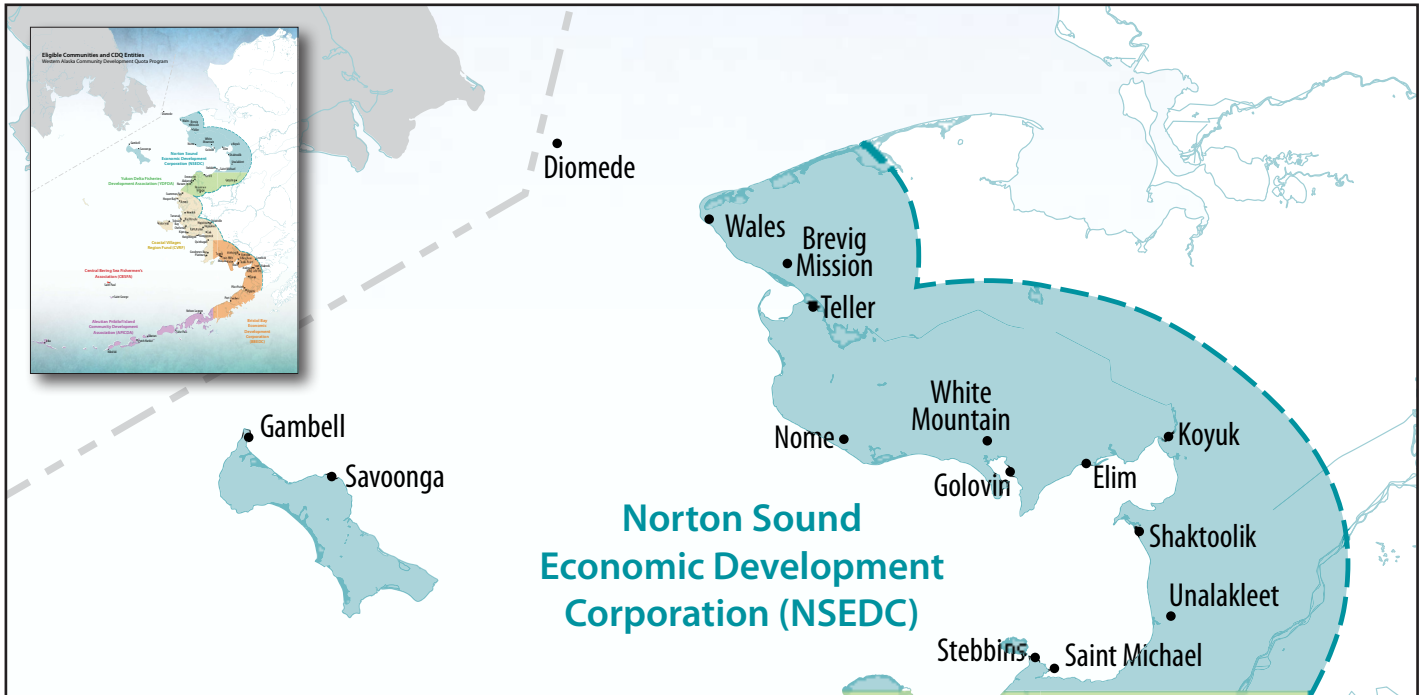
NSEDC set a record in each year of the review period in expenditures supporting its scholarship program, investing a total of more than \$2.5 million toward the education of member community residents. The number of scholarship recipients grew by 43% over the five-year period. NSEDC also dedicated more than \$520,000 to training efforts over the review period, providing valuable vocational, cultural and fisheries-related development for its member community residents.

All of NSEDC's programs and efforts would not be possible without NSEDC's CDQ allocations. NSEDC has taken full advantage of the opportunity created by the CDQ program by harvesting its allocations to the fullest extent possible. By honoring and fulfilling the expectation that it will fully harvest its allocations and use the proceeds to benefit its member communities, NSEDC has achieved the goals of its Community Development Plans.

Each example of NSEDC's improved performance is documented and evidenced by the data provided in the following sections of this report which evaluate each criterion.

Please address any questions regarding the content or conclusions of this report to:

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Introduction

In accordance with the Magnuson-Stevens Fishery Conservation and Management Act requirements set forth at 16 U.S.C. 1855(i)(1)(H)(i), the Norton Sound Economic Development Corporation (NSEDC) submits to the State of Alaska the following report detailing NSEDC’s performance in relation to the established decennial review criteria as outlined in 16 U.S.C. 1855(i)(1)(H)(ii). It is NSEDC’s intention to show through analysis of the available, measurable data that it has improved its overall performance over the review period of 2006-2010 in respect to the criteria.

Statement of eligibility

Representing the 15 member communities of Brevig Mission, Diomedes, Elim, Gambell, Golovin, Koyuk, Nome, St. Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales and White Mountain, NSEDC has been eligible to participate in the Community Development Quota Program for the entire review period of 2006-2010.

In compliance with the statutory language as defined in 16 U.S.C. 1855(i)(1)(E):

- During each year of the review period of 2006-2010, NSEDC maintained a board of directors, in accordance with NSEDC’s bylaws, comprised of resident fishermen from each member community;
- For each year during the review period when there was a relevant Western Alaska Community Development Association (WACDA) Administrative Panel rule or federal regulation in place, NSEDC filed an annual statement of compliance with the State of Alaska summarizing the purposes for which NSEDC made investments under clauses iii and iv under 16 U.S.C. 1855(i)(1)(A) in 2008-2010. These statements of compliance were approved by the NSEDC Board of Directors and signed by NSEDC’s Chief Executive Officer.
- During the review period of 2006-2010, NSEDC missed one deadline¹ as stipulated by a WACDA Administrative Panel rule. NSEDC has complied with all other requirements established by WACDA’s Administrative Panel.

¹ Due to delays in receiving its 2008 final audit, NSEDC issued its 2008 annual report 14 days (Aug. 14, 2009) past the deadline as stipulated in the WACDA Administrative Panel rule. NSEDC discussed the issue with the National Marine Fisheries Service which acknowledged that NSEDC was out of compliance with the WACDA rule, but issued no penalty. To the best of NSEDC’s knowledge, this was the sole instance of non-compliance during the review period.

Background

NSEDC is a private, non-profit corporation which initially incorporated on May 30, 1989 with the original goal of promoting economic development activities in the Norton Sound region. NSEDC re-organized in 1992 to focus its efforts on fisheries-related activities, expand its membership in the Norton Sound region, and to qualify as the managing entity for the Community Development Quota (CDQ) for the Norton Sound region.

Since the CDQ program's inception, NSEDC has represented the program's northernmost 15 communities of Brevig Mission, Diomed, Elim, Gambell, Golovin, Koyuk, Nome, St. Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales and White Mountain.

NSEDC's purpose is stated in Article Two of the corporation's bylaws:

“The Corporation is organized to design and implement the Western Alaska Community Development Quota Program, to develop commercial fishing industries in Western Alaska communities, and to engage in any related and incidental activities permitted under the Magnuson-Stevens Fishery Conservation and Management Act. Notwithstanding the foregoing, the Corporation shall not engage in any activity not permitted by a corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended.”

NSEDC's purpose is further explained through its mission statement:

“NSEDC will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities.”

Definitions of criteria

For the purposes of the decennial review, NSEDC defines the review criteria and identifies the data by which NSEDC will measure its performance as follows:

1) Changes in:

a. **Population:** Changes in population will be evaluated by comparing the number of residents in each of NSEDC's member communities in 2000 and in 2010. While the review period covers the years 2006-2010, changes in population will be measured using the 2000 and 2010 U.S. Census counts. NSEDC has opted to uti-

lize the Census count from 2000 rather than a population measurement in 2006 since the two Census measurements yield the most directly comparable data. The Census counts are also arguably the most accurate when compared to other interim population measurements.

b. **Poverty:** Changes in poverty will be evaluated by comparing the number of residents (for whom poverty is measured) who are living below the federally defined poverty threshold in 2000 and during the five-year period covering 2006-2010. Again, the available data requires that a comparison be made using the 2000 Census data since no appropriate data set could be found to measure 2006 as the comparison's starting point. The 2000 long-form Census data will be compared against the American Community Survey (ACS) five-year average for 2006-2010. Despite severe margins of error, the ACS data for 2006-2010 is the only available and relatively comparable source to measure poverty against the 2000 Census.

c. **Economic development:** Economic development in NSEDC's member communities will be evaluated using the following four measurements:

i) **Median household income:** This category will be evaluated by comparing the median household income for each of NSEDC's member communities as reported by the 2000 Census and the ACS 2006-2010 five-year average. The comparison between these two data sets is necessary for the same reasons as stated for the data used to measure poverty.

ii) **Per capita personal income:** This category will be evaluated by comparing the per capita personal income for each of NSEDC's member communities as reported by the 2000 Census and the ACS 2006-2010 five-year average. The comparison between these two data sets is necessary for the same reasons as stated for the data used to measure poverty.

iii) **Total wages:** This category will be evaluated by comparing the total wages for each of NSEDC's member communities on a year-by-year basis from 2007-2010. The total wage data for each year is obtained from the Alaska Department of Labor, Research and Analysis Section. Data at the community level is not available for 2006, thus 2007 will serve as the start date for the comparison.

iv) **Residents employed:** This category will be evaluated by comparing the number of residents employed in each of NSEDC's member communi-

ties on a year-by-year basis from 2007-2010. The total employment data for each year is obtained from the Alaska Department of Labor, Research and Analysis Section. Data at the community level is not available for 2006, thus 2007 will serve as the start date for the comparison.

2) **Financial performance:** NSEDC will measure its financial performance over the review period of 2006-2010 by evaluating the following categories on a year-by-year basis:

a. **Investments** (cumulative total and average annual): Investments will be examined in two manners:

i) **Per audited financial statements:** This measurement of investments includes statements of financial position balances of: property, plant and equipment (PPE) net of accumulated depreciation, investments in unconsolidated affiliates, IFQs, fishing rights, investments in marketable securities, and other long-term assets such as pre-paid leases, etc.

ii) **Delineated as fisheries-related and non-fisheries investments:** This measurement of investments will consider, on a yearly basis: total audited expenses; *less* depreciation expenses; *less* tax expense; *plus* purchases of property, plant and equipment (PPE); *plus* purchase of unconsolidated affiliates, IFQs, fishing rights, etc. These investment totals will be delineated in accordance with the WACDA Administrative Panel Investments Rule (Resolution 2012-01), as being either fisheries-related (or consistent with past practices as defined in federal statute and WACDA Resolution 2012-01) or non-fisheries investments.

b. **Total net assets:** The totals as reported in annual audited financial statements.

c. **Change in net assets:** Measured by calculating the difference in total net assets when comparing January 1 and December 31 each year.

d. **Return on assets:** Measured by dividing the change in net assets for a given year by the average of total net assets for that same year.

e. **Ratio of long-term debt to net assets:** Measured by dividing long-term debt totals for a given year by the total net assets for that same year.

3) **Performance in relation to:**

a. **Employment:** This category will be evaluated using two measurements, direct and indirect employment.

i) **Direct employment** will be reported on a year-by-year basis from 2006-2010 by detailing the number of unique individuals directly employed by NSEDC or any of its wholly owned subsidiaries and the total wages paid to those direct employees. NSEDC will provide a breakdown that shows how many of those direct employees (and wage totals) were CDQ community residents working in member communities, CDQ community residents working outside member communities, other Western Alaska residents, other Alaska residents, and non-residents.

ii) **Indirect employment** will be reported on a year-by-year basis from 2006-2010 by detailing the number of employment opportunities and corresponding wages created by NSEDC. These opportunities and wages are created through a number of NSEDC's programs and operations, such as: fish buying; partnerships with Bering Sea fish processors and harvesters; grant programs and other benefit programs operated by NSEDC. NSEDC will provide a breakdown that shows how many of those indirect employees (and wage totals) were CDQ community residents working in member communities, CDQ community residents working outside member communities, other Western Alaska residents, other Alaska residents, and non-residents.

b. **Scholarships** will be reported on a year-by-year basis from 2006-2010 by measuring the number of unique individuals receiving NSEDC-funded scholarships and NSEDC's total expenditures on scholarships.

c. **Training** will be reported on a year-by-year basis from 2006-2010 by measuring the number of unique training opportunities NSEDC supported and NSEDC's total, unique training expenditures on those training opportunities.

4) **Achievement of the goals of NSEDC's Community Development Plans (CDP)** will be measured on a year-by-year basis from 2006-2010 by evaluating NSEDC's harvest of its CDQ allocations. The actual harvest of NSEDC's allocations will be compared against the CDPs filed with WACDA for the years in which a WACDA Panel rule was in place regarding CDPs. For the years during which there was no filing of a CDP in the format established after the passing of the Coast Guard and Maritime Transportation Act of 2006, NSEDC will provide an equivalent that would have been submitted had a federal regulation or WACDA Panel rule been in place at the time.

Values assigned to criteria

NSEDC has assigned values to the main criteria by allocating a total of 100 points between the four criteria sets. A higher value signals that a category is weighted more significantly in determining NSEDC’s performance.

NSEDC will explain its rationale for its weighting of each criterion in the corresponding narrative for each category.

NSEDC assigns the following values to the decennial review criteria:

5	1) Changes in population, poverty level, and economic development in the entity’s member villages.
30	2) The overall financial performance of the entity, including fishery and non-fishery investments by the entity.
35	3) Employment, scholarships, and training supported by the entity.
30	4) Achieving the goals of the entity’s CDP.
100	



NSEDC’s Norton Sound Fisheries Research and Development employees at work to improve salmon runs near Nome.

Criteria 1: Changes in population, poverty level & economic development

Criteria to be measured:

Population: Changes in population in NSEDC’s 15 member communities and the region as a whole are measured and compared using 2000 and 2010 Census data.

Poverty: Changes in the poverty level in NSEDC’s 15 member communities and the region as a whole are measured and compared using 2000 Census data and the 2006-2010 five-year average compiled by the American Community Survey.

Economic development: Changes in economic development in NSEDC’s member communities and the region as a whole are measured and compared using a number of sources, including wage and employment data from 2007 through 2010 from the State of Alaska Department of Labor and Workforce Development, Research and Analysis Section; and median household income and per capita income data from the 2000 Census and the 2006-2010 five-year average compiled by the American Community Survey.

Limitation of data sources

The two sources used to measure poverty, per capita income and median household income merit discussion. While the limitations encountered when comparing data from the 2000 Census and American Community Survey (ACS) are discussed in the evaluation of poverty and economic development later in this section, a more complete examination of the two surveys is contained in the appendix.

Weight assigned to criteria: 5

NSEDC has assigned a value of 5 points in regard to the importance afforded the criteria examining changes in population, poverty level and economic development. Primarily driving this valuation is the poor quality and comparability of much of the data that is available to evaluate these criteria. Also influencing NSEDC’s weighting is the fact that many of the elements that cause or contribute to changes in these criteria are beyond the control or influence of NSEDC.

Overall performance: Improved

A) Population

Chart I-1: Population change in Norton Sound communities/region

Norton Sound Region Population				
Community	1999 ⁱ	2010 ⁱⁱ	Variance	Variance %
Brevig Mission	276	388	112	40.58%
Diomedede	146	115	-31	-21.23%
Elim	313	330	17	5.43%
Gambell	649	681	32	4.93%
Golovin	144	156	12	8.33%
Koyuk	297	332	35	11.78%
Nome	3,505	3,598	93	2.65%
St. Michael	368	401	33	8.97%
Savoonga	643	671	28	4.35%
Shaktoolik	230	251	21	9.13%
Stebbins	547	556	9	1.65%
Teller	268	229	-39	-14.55%
Unalakleet	747	688	-59	-7.90%
Wales	152	145	-7	-4.61%
White Mountain	203	190	-13	-6.40%
Total	8,488	8,731	243	2.86%

ⁱ Source: 2000 Census

ⁱⁱ Source: 2010 Census

Data: Population

NSEDC has measured the population change in its member communities between 1999 and 2010 using data from the 2000 and 2010 Census counts as shown in Chart I-1. The 2000 Census reported data from 1999. While this creates a starting point that falls outside of the review period, NSEDC believes the apples-to-apples comparison provided by the two decennial Census counts justifies their use. The



NSEDC member community Brevig Mission saw its population grow by more than 40% between 1999 and 2010. The northern community gained 112 residents.

Census is also regarded as the nation's authoritative population measurement tool.

Overall, the population of NSEDC's 15 member communities has grown by 243 residents when comparing the data between the 2000 and 2010 Censuses. This marks an increase of 2.9% as the total count climbed from 8,488 in 1999 to 8,731 in 2010.

Ten of NSEDC's 15 member communities saw population gains, ranging from 41% (an increase of 112 residents in Brevig Mission) to 2% (an increase of 9 residents in Stebbins) when comparing the two Census counts. Five of NSEDC's member communities saw population declines, ranging from 4.6% (a decline of 7 residents in Wales) to 21.2% (a decline of 31 residents in Diomedes).

Looking at the two snapshots provided by the Census data, it can be generally characterized that the region saw modest population growth during the 10-year period being examined. It is important to note that small fluctuations in population numbers can result in significant changes in the percentage of growth or decline for nearly all of NSEDC's communities due to their size.

NSEDC's performance: *Population*

In comparison to the national average of 9.7% and

state average of 13.3%, the region's reported population growth rate of 2.9% over the decade is modest but meaningful. Despite its modesty, NSEDC views population growth in the region as a positive sign in an era when out-migration is a concern for rural Alaska. NSEDC recognizes that many of the factors influencing population growth and decline are beyond the scope and control of the CDQ program. However, NSEDC's success in providing employment, improving infrastructure and developing commercial fisheries in the Norton Sound region are factors that can stem the flow of residents to larger communities outside the region in search of employment and opportunity.

When discussing factors that limit economic growth and prompt residents to relocate, the issue of astronomical fuel prices in rural Alaska cannot be ignored. Whether it is used for heating homes and businesses, producing electricity, or powering boats and vehicles, the crippling cost of fossil fuels in Western Alaska touches all corners of the economic landscape. The costs eat into businesses' profits and take a disproportionate bite out of residents' finances.

NSEDC has actively worked to address the crushing impact of high fuel prices in its member communities. Chief among the programs that have helped lower the cost of energy has been NSEDC's Consolidated Bulk Fuel purchasing program. Through the program, NSEDC acts as the purchasing agent for fuel suppliers in NSEDC member communities. This allows the suppliers to receive the fuel at a more advantageous price than had they purchased it on their own. NSEDC charges no administrative fees nor interest on the fuel purchased, further increasing the savings realized by the fuel vendors. Vendors have passed these savings on to consumers. NSEDC includes a clause in fuel contracts which allows it to publish the prices at which it purchased the fuel. The clause dissuades excessive mark-ups on fuel, ensuring the end consumer receives the benefit of the bulk fuel program.

NSEDC implemented the bulk fuel program in 2006 with nine participants, ordering 229,132 gallons of heating fuel and 75,976 gallons of unleaded gasoline at a total fuel cost of \$955,807. By 2010, those numbers jumped to 25 participants and more than 5.9 million gallons of fuel products at a total cost of nearly \$16.2 million. The increase in participation over the five-year review period bears testament to the popularity, success and benefit of the bulk fuel program.

In 2009, NSEDC's Board of Directors created the Com-

munity Energy Fund which allots \$1 million for each of NSEDC’s member communities to be used for projects that create more efficient energy systems which will lower utility costs for residents. During the review period, the program supported a wind energy generation project in Unalakleet. In the years following the review period member communities have availed themselves of the fund to support more efficient generators and a waste heat capture system to warm the municipal water supply in White Mountain, and more efficient and safe household energy meters for Gambell. NSEDC believes this initiative will make a real difference in the cost and supply of energy in the region as more member communities take advantage of the program.

NSEDC has also implemented one-time initiatives during times of particular duress for the region. During the onset of the economic crisis that struck the entire nation in 2008, and a time when fuel prices in the Norton Sound region skyrocketed, NSEDC provided each household in its member communities with an energy subsidy payment of \$500 that was applied to electric utility accounts. That effort led to \$1.18 million being applied to accounts representing 2,368 households.

B) Poverty

Data: Poverty

Before discussing the changes in poverty rates for NSEDC communities, it is critical to understand the limitations and differences in the two data sets being employed. To measure the change in poverty status, 1999 data from the 2000 Census is compared with a five-year average of 2006-2010 compiled by the American Community Survey (ACS).¹ There are no available data sources that allow a direct comparison between 2006 and 2010, thus the 2000 Census (which represents data from 1999) is used as the starting point.

The 2010 Census discontinued the practice of gathering long-form data, thus the ACS had to be employed to measure the change in poverty up to 2010 for this report. The ACS poverty data for communities as sparsely populated as

¹ An extended discussion of the different methodology employed by the Census and American Community Survey (ACS), as well as the sizeable margins of error in the ACS data, can be found in the appendix.

Chart I-2: Poverty rates and change in Norton Sound communities/region

Norton Sound Region Poverty Rates											
Community	1999 (2000 Census data)			2006-2010 ACS data (5-year average)						1999 vs. 2006-2010	
	Estimated individuals for whom poverty is measured	Estimated individuals below poverty Level	Estimated poverty rate	Estimated individuals for whom poverty is measured	Margin of error +/-	Estimated individuals below poverty level	Margin of error +/-	Estimated poverty rate	% Margin of error +/-	Estimated variance in residents below poverty level	% Variance
Brevig Mission	275	133	48.36%	315	88	136	65	43.17%	14.7%	3	-10.73%
Diomed	158	56	35.44%	126	48	73	51	57.94%	26.2%	17	63.46%
Elim	356	28	7.87%	330	83	89	62	26.97%	27.0%	61	242.90%
Gambell	590	168	28.47%	613	105	260	73	42.41%	10.6%	92	48.96%
Golovin	115	5	4.35%	117	44	28	40	23.93%	29.2%	23	450.43%
Koyuk	293	82	27.99%	328	73	189	63	57.62%	14.8%	107	105.89%
Nome	3,390	212	6.25%	3,299	200	187	154	5.67%	4.6%	(25)	-9.36%
St. Michael	319	73	22.88%	381	97	175	90	45.93%	18.2%	102	100.72%
Savoonga	702	204	29.06%	654	127	311	100	47.55%	12.8%	107	63.64%
Shaktoolik	230	14	6.09%	273	62	64	40	23.44%	14.8%	50	285.14%
Stebbins	585	245	41.88%	523	105	186	74	35.56%	13.1%	(59)	-15.08%
Teller	252	95	37.70%	267	77	108	48	40.45%	15.2%	13	7.30%
Unalakleet	752	83	11.04%	647	114	94	45	14.53%	7.1%	11	31.63%
Wales	153	28	18.30%	103	49	29	18	28.16%	19.1%	1	53.85%
White Mountain	210	47	22.38%	183	73	70	41	38.25%	18.7%	23	70.91%
Regional total	8,380	1,473	17.58%	8,159	1,345	1,999	964	24.50%	n/a	526	39.39%

those in the CDQ program only reports estimates as a five-year average from 2006-2010. These five-year averages are further complicated by significant margins of error which can render the data unreliable at best and often meaningless at its worst. For example, the ACS 2006-2010 five-year average reported the community of Golovin as having 28 residents living below the poverty line with a margin of error of +/-40. When applicable, margins of error are reported alongside ACS numbers in italicized parentheses with the +/- symbol. The Census data does not include margins of error. Limited comparability coupled with extreme margins of error severely inhibit the ability to draw conclusions when comparing the two data sets.

Despite their shortcomings, the decennial review process requires a comparison of the available data sets. Comparing data from the 2000 Census and the ACS five-year (2006-2010) estimates shows a nearly 7 percentage point increase in individuals² below the poverty level when considering the population of NSEDC's 15 member communities in total.

The 2000 Census estimated that 17.58% (1,473 out of 8,380) of residents in the region were living below the poverty line in 1999. The ACS five-year estimates report an estimated average of 24.5% of residents (1,999 [+/-964] out of 8,159 [+/-1,345]) in NSEDC member communities were living below the poverty line between 2006 and 2010.

It is worth noting that a Census Bureau study³ found that the 2000 Census survey reported incomes 4% higher on average than an ACS survey conducted in the same time period. It is not unreasonable to speculate that had the same methodology been used to derive the data for 2000 and 2010, there would have been less change in the reported poverty rate. In other words, a Census-to-Census comparison would have likely resulted in fewer residents being qualified as "in poverty" in 2010 since the Census tended to report incomes as higher. Conversely, an ACS-to-ACS comparison would have likely resulted in more residents being reported as "in poverty" in 2000. Such apples-to-apples comparisons, however, are impossible since there is no Census economic data for 2010 nor ACS data for NSEDC's region in 2000.

Using the Census-to-ACS comparison, three of NSEDC's 15 member communities saw estimates of lower average poverty rates in 2006-2010 when contrasting the two data sets. Brevig Mission saw an estimated decline from 48.4% in

2000 to 43.2% (+/-14.7%) in 2006-2010; Nome's estimated rate declined from 6.3% to 5.7% (+/-4.6%); and Stebbins' estimated rate dropped from 41.9% to 35.6% (+/-13.1%).

The scale of estimated poverty rate increases in the remaining 12 member communities ranged from 2.75 percentage points in Teller (37.7% in 2000 to 40.5% [+/-15.2%] in 2006-2010) to nearly 30 percentage points in Koyuk (27.9% to 57.6% [+/-14.8%]).

NSEDC's performance: Poverty

Given their limitations, it is difficult to judge NSEDC's performance in relation to poverty by simply contrasting the two available data sets. When the contrast is taken at simple face value, the economic trend for the region appears discouraging. Nearly all the other data in this report suggests otherwise, especially in terms of NSEDC's performance.

While these data sets show estimated poverty rates generally increased across the region, it is interesting to note that the region's estimated average per capita income and median household income climbed by 34% and 15%, respectively⁴. Likewise, employment data from the State of Alaska, as well as NSEDC's internal employment data, show increased wages and employment in the region between earlier periods and 2010. Without NSEDC's yearly increases in its contributions to the wage and employment base in its member communities, the region's poverty rate would likely be higher.

Further examination of the income data reveals more contrasts. While Diomedé registered the region's highest poverty rate in the 2006-2010 data, it experienced the region's largest estimated gain in median household income in 2010, nearly doubling to \$46,250 from \$22,500 in 1999. Diomedé also saw an estimated 42% increase in median family income and an estimated 20% increase in per capita income between 1999 and 2010. Similar contrasts can be found for other communities within the region.

NSEDC believes little weight can be given to the poverty data as represented by the ACS 2006-2010 five-year estimates. This does not indicate that NSEDC does not view poverty in the Norton Sound region as a problem and challenge to be confronted. Whatever the true poverty rate is, whether it be 5% or 25%, it is a number that should be continually targeted for reduction.

² A description of how poverty is determined and who in the population is counted toward a community's poverty rate is included in the appendix.

³ This finding is referenced in the ACS-Census discussion in the appendix. The Census Bureau's discussion on the subject can be found at http://www.census.gov/acs/www/Downloads/methodology/ASA_nelson.pdf

⁴ It must be noted that per capita and median household income data is also impaired by many of the same issues as found with the poverty data. See the discussion on median household and per capita income in this section for more detail.

NSEDC believes its breadth of programs—which include scholarships, employment, fisheries development, training, grants and business support, among many others—have worked to bring more opportunity, employment and income to its member community residents. Other sections of this report will demonstrate the success of those efforts which, in turn, should reduce the number of residents living below the poverty line.

C) Economic development

Data: Median household income

As with the data used to measure poverty, median household⁵ and per capita income data are derived from two different surveys, the American Community Survey (ACS) and the Census. Once again the available data require that the comparison be made starting with the year 1999 since sufficient data is not available to base the measurement on the review period’s starting year of 2006. The ACS data is only available as a five-year average covering 2006-2010. The comparison of median household income will be made between 1999 data from the 2000 Census and an average for 2006-2010 from the ACS.

The two survey tools differ in methodology on several counts. These differences are discussed in detail in the appendix. Specific to the discussion of income, a few key differences between the survey tools merit discussion. The Census and ACS differ in how respondents were asked about their income. The 2000 Census asked how much an individual or family earned in the calendar year 1999. The ACS asked about earnings “over the last 12 months,” a factor which could influence the response depending on the time of year the survey was conducted. The 2006-2010 ACS five-year data also contains significant margins of error—in the case of Wales the margin of error is *more than double* the estimated median household income value. Margins of error are not provided for Census data.

NSEDC’s performance: Median household income

The examination of NSEDC’s performance in regard to median household income is hobbled by the poor quality of the available data. As noted with the poverty discus-

Chart I-3: Median household income

Median Household Income					
Community	1999 ⁱ	2006-2010 (5-year average) ⁱⁱ	Margin of Error +/-	\$ Variance (1999 vs 2010)	% Variance (1999 vs 2010)
Brevig Mission	\$21,875	\$29,750	\$5,879	\$7,875	36.00%
Diomedede	\$23,750	\$46,250	\$14,429	\$22,500	94.74%
Elim	\$40,179	\$45,833	\$35,631	\$5,654	14.07%
Gambell	\$31,458	\$23,958	\$12,098	\$(7,500)	-23.84%
Golovin	\$31,875	\$32,083	\$6,095	\$208	0.65%
Koyuk	\$30,417	\$25,714	\$4,404	\$(4,703)	-15.46%
Nome	\$59,402	\$67,231	\$26,162	\$7,829	13.18%
St. Michael	\$33,036	\$33,750	\$18,576	\$714	2.16%
Savoonga	\$23,438	\$30,313	\$12,584	\$6,875	29.33%
Shaktolik	\$31,875	\$32,250	\$43,542	\$375	1.18%
Stebbins	\$23,125	\$31,250	\$4,258	\$8,125	35.14%
Teller	\$23,000	\$34,688	\$9,665	\$11,688	50.82%
Unalakleet	\$42,083	\$47,222	\$8,443	\$5,139	12.21%
Wales	\$33,333	\$21,667	\$44,049	\$(11,666)	-35.00%
White Mtn.	\$25,833	\$29,375	\$18,022	\$3,542	13.71%
Average ⁱⁱⁱ	\$44,469	\$51,222		\$6,754	15.19%

ⁱ Source: US Census Bureau, 2000 US Census (reports 1999 data)

ⁱⁱ Source: US Census Bureau, American Community Survey 5-Year Average Population Estimates and Characteristics

ⁱⁱⁱ Average is determined by: a) Multiplying each community’s median household income by its number of households. b) The sum of this “total household income” for each community is then divided by the total number of households in the region to determine the regional average median household income. (See expanded chart I-3 in charts section)

sion, the different methodologies employed by the surveys coupled with the sizeable margin of error for the 2006-2010 data impair NSEDC’s ability to draw meaningful conclusions when comparing the data sets.

Caveats aside, the estimated median household income, when averaged for NSEDC’s 15 member communities, climbed 15% between 1999 and 2006-2010, rising from \$44,469 to an average of \$51,222. Taking into consideration a Census Bureau study⁶ that showed the 2000 Census survey reported incomes on average 4% higher than an ACS survey conducted in the same time period, the growth in median household income may be even more significant than the estimated 15% during the review period. In other words, had the methodology used in the 2000 Census been used to measure median household income in 2010, the 2010 figures may have been higher than what was reported

⁶ This finding is referenced in the ACS-Census discussion in the appendix. The Census Bureau’s discussion on the subject can be found at http://www.census.gov/acs/www/Downloads/methodology/ASA_nelson.pdf

⁵ The definition and methodology behind measuring median household income is included in the appendix.

by the ACS.

The data showed gains in estimated median household income in 12 of NSED's member communities. Increases were as high as 95% in Diomede (\$23,750 in 1999 compared to an average of \$46,250 [\pm \$14,429] in 2006-2010) and 51% in Teller (\$23,000 in 1999 compared to an average of \$34,688 [\pm \$9,665] in 2006-2010).

The data showed three member communities falling back in estimated median household income between 1999 and 2006-2010. Wales marked the largest decline of 35%, falling from a reported \$33,333 in 1999 to an average of \$21,667 (\pm \$44,049) in 2006-2010. It is difficult to assign significance to the data for Wales, however, given the margin of error eclipses the reported income by more than twofold. The data for Gambell showed the next largest slide in estimated median household income of 24% (\$31,458 in 1999 to an average of \$23,958 in 2006-2010 [\pm \$12,098]).

While the margins of error render this data problematic when viewed on its own, expanding the discussion to include other income data casts further doubt on the significance of these numbers. The 2000 Census to 2006-2010 ACS comparison shows a 24% drop in estimated median household income for Gambell, while the same data sources show Gambell saw a 26% increase in estimated per capita income for the same time period. Likewise, data from the State of Alaska shows total wage increases of more than 11% in Gambell between 2007 and 2010.

Based solely on the ACS and Census data, NSED is unable to quantitatively evaluate its performance in regard to median household income without a large amount of speculation or conjecture. NSED, however, can say with certainty that its efforts to increase wages and employment in the Norton Sound region have been successful. While this area of performance will be evaluated in more detail in section III of this report, the wages and employment (both directly and indirectly) created by NSED warrant mention here in the absence of more reliable data.

Between 2006 and 2010, NSED more than doubled its direct wages paid to employees living in its member communities. That increase of more than \$1.6 million represented an increase of 119%. The number of member community residents living in-region directly employed by NSED also more than doubled from 160 to 326 over that five-year period. In terms of wages and employment indirectly created through NSED (payments to fishermen, positions with NSED Bering Sea fishing partners, employment created through NSED grants), wages climbed by \$1.16

Chart I-4: Per capita income

Per Capita Income					
Community	1999 ⁱ	2006-2010 (5-year average) ⁱⁱ	Margin of Error +/-	\$ Variance (1999 vs 2010)	% Variance (1999 vs 2010)
Brevig Mission	\$7,278	\$7,898	\$1,945	\$620	8.52%
Diomede	\$9,944	\$11,932	\$6,120	\$1,988	19.99%
Elim	\$10,300	\$12,549	\$3,009	\$2,249	21.83%
Gambell	\$8,764	\$11,022	\$2,432	\$2,258	25.76%
Golovin	\$13,281	\$12,298	\$4,170	\$(983)	-7.40%
Koyuk	\$8,736	\$8,212	\$2,249	\$(524)	-6.00%
Nome	\$23,402	\$33,726	\$3,981	\$10,324	44.12%
St. Michael	\$10,692	\$11,403	\$3,107	\$711	6.65%
Savoonga	\$7,725	\$8,326	\$1,468	\$601	7.78%
Shaktolik	\$10,491	\$14,800	\$3,566	\$4,309	41.07%
Stebbins	\$8,249	\$8,552	\$1,767	\$303	3.67%
Teller	\$8,617	\$11,716	\$3,155	\$3,099	35.96%
Unalakleet	\$15,845	\$20,575	\$3,927	\$4,730	29.85%
Wales	\$14,877	\$10,027	\$5,277	\$(4,850)	-32.60%
White Mtn.	\$10,034	\$15,749	\$8,277	\$5,715	56.96%
Average ⁱⁱⁱ	\$15,690	\$21,014		\$5,324	33.93%

ⁱ Source: US Census Bureau, 2000 US Census (reports 1999 data)

ⁱⁱ Source: US Census Bureau, American Community Survey 5-Year Average Population Estimates and Characteristics

ⁱⁱⁱ Average is determined by: a) Multiplying each community's per capita household income by its population. b) The sum of this "total per capita income" for each community is then divided by the region's total population to determine the regional average per capita income. (See expanded chart I-4 in charts section)

million, an increase of 38%. The number of individuals gaining employment indirectly through NSED climbed 35% with an increase of 72 people.

Data: Per capita income

As with the data used to measure poverty, median household and per capita income⁷ data are derived from two different surveys, the American Community Survey (ACS) and the Census. Once again the available data require that the comparison be made starting with the year 1999 since sufficient data is not available to base the measurement on the review period's starting year of 2006. The ACS data is only available as a five-year average covering 2006-2010. The comparison of per capita income will be made between 1999 data from the 2000 Census and an average for 2006-2010 from the ACS.

The two survey tools differ in methodology on several

⁷ The definition and methodology behind measuring per capita income is included in the appendix.

counts. These differences are discussed in detail in the appendix. Specific to the discussion of income, a few key differences between the survey tools merit discussion. The Census and ACS differ in how respondents were asked about their income. The 2000 Census asked how much an individual or family earned in the calendar year 1999. The ACS asked about earnings “over the last 12 months,” a factor which could influence the response depending on the time of year the survey was conducted. The 2006-2010 ACS five-year data also contains significant margins of error—in the case of three NSEDC communities it exceeds 50% of the estimated per capita income value. Margins of error are not provided for Census data.

NSEDC’s performance: *Per capita income*

The examination of NSEDC’s performance in regard to per capita income is hobbled by the poor quality of the available data. As noted with the poverty discussion, the different methodologies employed by the surveys coupled with the sizeable margin of error for the 2006-2010 data impair NSEDC’s ability to draw significantly meaningful conclusions when comparing the data sets.

Caveats aside, the estimated per capita income, when averaged for NSEDC’s 15 member communities, climbed by more than 34% between 1999 and 2006-2010, rising from \$15,690 in 1999 to an estimated average of \$21,014 from 2006-2010. Taking into consideration a Census Bureau study⁸ that showed the 2000 Census survey reported incomes on average 4% higher than an ACS survey in the same time period, the growth in per capita income may be even more significant than the estimated 34% during the review period. In other words, had the methodology used in the 2000 Census been employed to measure per capita income in 2010, the 2010 figures may have been higher than what was reported by the ACS.

Nine of NSEDC’s member communities saw per capita income gains of 20% or more, topped by White Mountain which climbed by 57% (\$10,034 in 1999 rising to an estimated average of \$15,749 (+/- \$8,277) in 2006-2010). Nome also registered a sizeable gain of 44%, climbing from \$23,402 in 1999 to an estimated average of \$33,726 (+/- \$3,981) in 2006-2010.

The data shows three of NSEDC’s member communities experiencing a decline in per capita income between 1999 and the five-year average from 2006-2010. The data shows

the largest slip of 33% occurring in Wales, dropping from \$14,877 in 1999 to an estimated average of \$10,027 (+/- \$5,277) between 2006-2010. Koyuk and Golovin accounted for the other two declines at 6% and 7%, respectively.

While the margins of error render this data problematic when viewed in a vacuum, expanding the discussion to include other income data casts further doubt on the significance of these numbers. The 2000 Census to 2006-2010 ACS comparison shows a 33% drop in estimated per capita income for Wales, while data from the State of Alaska shows total wage *increases* of more than 21% in Wales between 2007 and 2010.

Based solely on the ACS and Census data, NSEDC is unable to quantitatively evaluate its performance in regard to per capita income without a large amount of speculation or conjecture. NSEDC, however, can say with certainty that its efforts to increase wages and employment in the Norton Sound region have been successful. While this area of performance will be evaluated in more detail in section III of this report, the wages and employment (both directly and indirectly) created by NSEDC warrant mention in the absence of more reliable data.

Between 2006 and 2010, NSEDC more than doubled its direct wages paid to employees living in its member communities. That increase of more than \$1.6 million represented an increase of 119%. The number of member community residents living in-region directly employed by NSEDC also more than doubled from 160 to 326 over that five-year period. In terms of wages and employment indirectly created through NSEDC (payments to fishermen, positions with NSEDC Bering Sea fishing partners, employment created through NSEDC grants), wages climbed by \$1.16 million, an increase of 38%. The number of individuals gaining employment indirectly through NSEDC climbed 35% with an increase of 72 people.

Data: *Total wages*

Additional income data can be obtained from the State of Alaska Department of Labor and Workforce Development’s *Alaska Local and Regional Information* (ALARI). The ALARI total wage calculations are derived by matching Alaska Permanent Fund Dividend information with wage data gathered from Alaska unemployment insurance reports. A more detailed description of the ALARI data and its sources can be found in the appendix. However, it is important to note here that the ALARI total wage calculations do not take into consideration the self-employed. This applies to fishermen, a population segment that makes up a large portion of wage-earners in the Norton Sound region. Also excluded are the majority of residents who work with NSEDC’s partners in the

⁸ This finding is referenced in the ACS-Census discussion in the appendix. The Census Bureau’s discussion on the subject can be found at http://www.census.gov/acs/www/Downloads/methodology/ASA_nelson.pdf

Chart I-5: Total wages

Total Wages				
Community	Total Wages		2007 vs. 2010	
	2007	2010	Variance	Variance %
Brevig Mission	\$2,107,335	\$2,119,280	\$11,945	0.6%
Diomedede	\$1,262,839	\$1,002,054	\$(260,785)	-20.7%
Elim	\$1,991,358	\$2,267,181	\$275,823	13.9%
Gambell	\$3,471,320	\$3,868,445	\$397,125	11.4%
Golovin	\$1,604,678	\$1,933,689	\$329,011	20.5%
Koyuk	\$2,354,724	\$2,499,386	\$144,662	6.1%
Nome	\$67,101,334	\$73,659,678	\$6,558,344	9.8%
St. Michael	\$3,334,107	\$2,935,957	\$(398,150)	-11.9%
Savoonga	\$3,644,374	\$3,808,084	\$163,710	4.5%
Shaktoolik	\$1,958,276	\$2,084,219	\$125,943	6.4%
Stebbins	\$2,918,548	\$3,148,884	\$230,336	7.9%
Teller	\$1,683,320	\$2,025,501	\$342,181	20.3%
Unalakleet	\$9,681,779	\$12,398,932	\$2,717,153	28.1%
Wales	\$1,092,087	\$1,316,754	\$224,667	20.6%
White Mtn.	\$1,889,856	\$1,797,126	\$(92,730)	-4.9%
Total	\$106,095,935	\$116,865,170	\$10,769,235	10.2%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section (ADLWD)

Bering Sea/Aleutian Island (BSAI) fisheries. The data also excludes federal workers and members of the military.

Chart I-5 (Total wages) details a comparison between total wage data from 2007 and 2010. Data for 2006, the review period's starting year, is not available at the community level. A chart detailing total wages for NSEDC's 15 member communities for each year between 2007 and 2010 can be found in the expanded chart section at the end of this report.

NSEDC's performance: *Total wages*

When examining the population measured by the ALARI data, the Norton Sound region saw a \$10.8 million increase in total wages between 2007 and 2010. The rise from \$106.1 million in 2007 to \$116.87 million in 2010 marks a 10% gain over the four-year period.

In contrast, over those same four years, NSEDC increased its direct wages to residents in region by 70 percent, a climb of \$1.22 million. In 2010, NSEDC's direct wages of \$2.95 million to member community residents in region would account for more than 2.5% of the region's total wages, assuming each employee and his or her wages are captured in the ALARI data. This marks an increase from

2007 when NSEDC's direct wages of \$1.73 million to residents in region, using the same assumption, would account for 1.6% of the region's total wages. NSEDC's increase in direct wages of \$1.22 million to residents in-region between 2007 and 2010 makes up more than 11% of the overall increase of \$10.8 million for the region in total wages.

The assumption is that all—or nearly all—of the member community residents NSEDC directly employs are counted in the ALARI data since NSEDC pays unemployment insurance taxes on those employees. NSEDC also assumes that the great majority of its direct, in-region employees would have applied for the Alaska Permanent Fund Dividend, which is another component in determining whether a person is counted in the ALARI data.

Neither the 2007 nor the 2010 ALARI wage total takes into consideration the payments NSEDC made to fishermen for their deliveries to Norton Sound Seafood Products (\$1.98 million in 2007 and \$3.3 million in 2010). Likewise, the wages earned by the vast majority of regional residents who work aboard vessels in the distant Bering Sea fisheries are not counted in the ALARI data⁹. In 2010 this employment brought NSEDC member community residents \$553,289 in wages. In 2007 those wages totaled \$743,188.

These omissions notwithstanding, the state's ALARI data shows 12 of NSEDC's member communities experiencing a total wage increase between 2007 and 2010. The highest gain by percentage was registered by Unalakleet at 28%, rising from \$9.68 million in 2007 to \$12.4 million in 2010. Of the three communities reported to have total wage declines, Diomedede experienced the greatest percentage drop, falling 21% from \$1.26 million in 2007 to \$1 million in 2010.

Data: *Total employment*

The same method for gathering total wage data from the State of Alaska Department of Labor and Workforce Development's *Alaska Local and Regional Information* (ALARI) is also applied to total employment numbers in NSEDC's member communities. The ALARI total employment calculations are derived by matching Alaska Permanent Fund Dividend information with data gathered from Alaska unemployment insurance reports. A more detailed description of the ALARI data and its sources can be found in the appendix. However, it is important to note here that the ALARI total employment calculations do not take into consideration the self-employed. This includes fishermen, a

⁹ The port of hire for the majority of these residents working in the BSAI fisheries is most often Seattle. Through a reciprocal agreement between the states of Washington and Alaska, NSEDC's Washington-based fishing partners are not required to pay Alaska unemployment insurance tax.

population segment that makes up a large portion of wage-earners in the Norton Sound region. Also excluded are the majority of residents who work with NSEDC’s partners in the Bering Sea/Aleutian Island (BSAI) fisheries. The data also excludes federal workers and members of the military.

Chart I-6 details a comparison between total employment data from 2007 and 2010. Data for 2006, the review period’s starting year, is not available at the community level. A chart detailing total employment for NSEDC’s 15 member communities for each year between 2007 and 2010 can be found in the expanded chart section at the end of this report.

NSEDC’s performance: *Total employment*

An examination of the ALARI data on total employment for NSEDC member communities shows an overall gain of 4.5% between 2007 and 2010, an increase of 177 residents who held employment per the ALARI calculations. Eleven of NSEDC’s communities saw employment gains ranging from 16% in Unalakleet (58 more residents employed) to just under 1% (two more residents employed) in Gambell. The data shows four communities with employment reductions, led by Diomedede which slid by nearly 14% with the loss of 9 people reported as employed. The next largest reported reduction was a 7% loss in St. Michael with 12 fewer residents reported as employed.

Chart I-6: Total employment

Total Employment				
Community	Residents employed		2007 vs 2010	
	2007	2010	Variance	Variance %
Brevig Mission	132	147	15	11.4%
Diomedede	65	56	(9)	-13.8%
Elim	124	144	20	16.1%
Gambell	262	264	2	0.8%
Golovin	82	87	5	6.1%
Koyuk	152	155	3	2.0%
Nome	1,728	1,778	50	2.9%
St. Michael	181	169	(12)	-6.6%
Savoonga	243	270	27	11.1%
Shaktolik	110	108	(2)	-1.8%
Stebbins	225	236	11	4.9%
Teller	111	114	3	2.7%
Unalakleet	368	426	58	15.8%
Wales	70	79	9	12.9%
White Mtn.	97	94	(3)	-3.1%
Total	3,950	4,127	177	4.5%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section (ADLWD)



Workers at NSEDC’s Nome seafood plant process red king crab during a record season for resident fishermen in 2011.



Workers at NSEDC's Unalakleet seafood plant process salmon harvested from the region's fishermen. The plant employs residents from several member communities.

Again, NSEDC's rate of employment growth for residents in region far outpaced the overall total as reported by the ALARI data. NSEDC directly employed 98 more residents in region in 2010 (326 residents) than it did in 2007 (228 residents). This is an increase of 43% over the same four-year period that the ALARI data reported an overall increase of 4.5%. If the growth of NSEDC in-region, direct employment represented exclusively new entrants to the work force, NSEDC's additional employees between 2006 and 2010 would account for up to 55% of the region's total employment growth as reported by ALARI data. There is insufficient data, however, to determine exactly what percentage ALARI-reported employment growth can be attributed to NSEDC.

Other ALARI data speaks to NSEDC's growing significance as an employer. In 2007, the ALARI data counted NSEDC on the list of "Top Employers" in only four of NSEDC's member communities. By 2010, that number

climbs to 14 out of the 15 NSEDC member communities. As with the ALARI total wage calculations, the total employment numbers do not take into consideration residents working as fishermen in the Norton Sound region or as crew members in the BSAI fisheries with NSEDC's harvesting partners. These residents may appear in the data if they hold other employment that is counted by ALARI during the year. If they do not, however, a large number of residents in the region could be passed over by the ALARI measurement. There were 111 fishermen who delivered to NSEDC's seafood plants in 2007, a number that climbed 58% to 175 fishermen in 2010. In 2007 there were 35 residents who worked in the BSAI fisheries; 25 residents worked in those fisheries in 2010.

Conclusion/ Overall performance

Given the extreme limitations and low reliability of the available data, evaluating NSEDC's performance in regard to regional population, poverty and economic development trends is challenging when examining the available data alone. NSEDC's role in affecting these criteria can be better understood when including the hard numbers derived from NSEDC's own measurement of employment and wages it created. These figures show NSEDC has significantly increased employment numbers and wages—at a rate well above the region's average—over the five-year review period.

The only available data to measure the region-wide indicators is saddled with enormous margins of error, derived using different methodologies, and produces conflicting conclusions. These factors require that this category be examined lightly when measuring NSEDC's performance. More on the limitations and comparability of data measuring income and poverty can be found in a discussion comparing the Census to the American Community Survey in the appendix.

NSEDC recognizes that its programs, regional investments and employment opportunities play a role in creating positive trends in regard to the region's overall population, employment and income. However, multi-generational poverty and the barriers to economic development posed by the region's geographic isolation are challenges that any one entity cannot overcome on its own. NSEDC is proud of its record and believes that the available data shows it has created opportunity, employment, income and quality of life improvements that indicate a record of improved performance.

Criteria 2: Financial performance

Criteria to be measured

Investments: Investments are measured for each year of the review period through data derived from audited financial statements. Investments are also reported as being fisheries-related or non-fisheries-related, as required by 16 U.S.C. 1855(i)(1)(H)(ii)(I). Investments will be defined and delineated in accordance with WACDA Administrative Panel Resolution 2012-01, which provides:

Fisheries investments: An investment will be determined to be fishery-related if it has a purpose related to fisheries. The term will be broadly construed as defined by the WACDA Administrative Panel rule governing investments (Resolution 2012-01). Included under this category will be all investments determined to be consistent with past practices prior to March 1, 2006 as stated in the WACDA Panel rule and the statutory language as defined in clause iv of 16 U.S.C. 1855(i)(1)(E).

Non-fisheries investments: An investment will be determined to be non-fisheries-related if it has a purpose other than that related to fisheries and is not consistent with past practices prior to March 1, 2006 as stated in the WACDA Panel rule established through Resolution 2012-01 and the statutory language as defined in clause iv of 16 U.S.C. 1855(i)(1)(E).

Net assets: The evaluation of NSEDC’s financial performance

will also cover changes related to its net assets by measuring:

Total net assets: The totals as reported in annual audited financial statements.

Change in net assets: Measured by calculating the difference in total net assets when comparing Jan. 1 and Dec. 31 each year.

Return on net assets: Measured by dividing the change in net assets for a given year by the average of total net assets for that same year.

Long-term debt to net assets: Measured by dividing long-term debt totals for a given year by the total net assets for that same year.

Data sources

Totals reported in the evaluation of NSEDC’s financial performance are derived from NSEDC’s audited financial statements for each year of the review period and from data supplied by NSEDC’s accounting department.

Weight assigned to criteria: 30

NSEDC has assigned a value of 30 points of its overall performance rating toward the criteria examining its financial performance.

Overall performance: Improved

Chart II-1: Investments per audited financial statements

NSEDC Investments - Per audited financial statements						
	2006	2007	2008	2009	2010	Average Annual Investment Gain
Total Investments	\$88,231,695	\$105,825,728	\$98,615,895	\$113,686,193	\$132,814,323	
Investment Gains by Year	\$9,775,175	\$17,594,033	\$(7,209,833)	\$15,070,298	\$19,128,130	\$10,871,561

Data: Investments per audited financial statements

This measurement of investments includes statements of financial position balances of: property, plant and equipment (PPE) net of accumulated depreciation, investments in unconsolidated affiliates, IFQs, fishing rights, invest-

ments in marketable securities, and other long-term assets such as prepaid leases. This reporting is derived directly from NSEDC’s audited financial statements as reported yearly in its annual reports.

The “Total Investments” represent accumulated asset balances. The “Investments by Year” totals reflect the change in balances between the years of the review period.

NSEDC's performance: *Investments per audited financial statements*

NSEDC realized growth in its investment totals over the review period, a performance which is even more impressive when cast against the backdrop of a global economic crisis.

NSEDC's overall growth—and a year of loss in 2008—in investments during the review period has largely been driven by activity in the financial markets. Even when considering a loss in 2008, NSEDC's overall gain in marketable securities was roughly \$25 million over the review period.

NSEDC was not immune from the financial woes that erupted in 2008. Losses in the stock market largely drove the reduction of \$7.2 million in NSEDC's total investments that year when measured by this metric. As the financial world struggled to rebound in the years that followed, NSEDC quickly regained its footing and proceeded to grow its investments by 15% in 2009 compared to 2008. Between 2009 and 2010 investments again climbed 17%. When comparing the totals be-

tween the start of the review period in 2006 and its end in 2010, investments grew by 51%.

Second to the effect of marketable securities on these investment totals is the influence of NSEDC's investment in Individual Fishing Quota (IFQ) in the BSAI fisheries. NSEDC's investment in IFQ more than tripled over the review period, climbing from \$4.6 million in 2006 to nearly \$17.4 million in 2010. Major quota investments included brown king crab and cod. These investments in IFQ help stabilize and ensure financial security for NSEDC independent of its CDQ allocations.

NSEDC also experienced growth in property, plant and equipment (PPE) investments. These expenditures in PPE are made nearly exclusively within NSEDC member communities in support of its fishery operations. Over the review period, on average, NSEDC spent more than \$3.5 million a year in this category, for items such as the development of cold storage facilities, ice machines, tender vessels and other seafood plant equipment. The year 2010 was the high mark for this category of investment, with NSEDC dedicating more than \$5.7 million to PPE.

Chart II-2: Fisheries-related and non-fisheries-related investments

NSEDC Investments: Fishery- & non-fishery-related							
	2006	2007	2008	2009	2010	Average Annual Investment	Total Investments
Fisheries Investments	\$14,528,660	\$22,464,912	\$24,648,021	\$29,965,140	\$36,611,457	\$25,643,638	\$128,218,190
Non-Fisheries Investments	\$-	\$-	\$1,246,360	\$93,438	\$135,221	\$295,004	\$1,475,019
% of Fisheries Investments	100.0%	100.0%	95.2%	99.7%	99.6%	98.9%	98.9%
Total Investments	\$14,528,660	\$22,464,912	\$25,894,381	\$30,058,578	\$36,746,678	\$25,938,642	\$129,693,209

Data: *Fisheries-related and non-fisheries-related investments*

In 2012 the WACDA Administrative Panel approved the WACDA Administrative Panel Rule (Resolution 2012-01¹) which pertains to the CDQ groups' reporting of investments. The rule, created in absence of federal regulation, directs each group to define investments as "all expenditures made by a CDQ entity." The rule further defines what the groups may claim as fishery- or non-fishery-

related investments in conforming with the requirements established by the Coast Guard and Maritime Transportation Act of 2006. This statute limits the annual amount of non-fisheries-related investments to 20 percent. Language in both the WACDA Panel rule and federal statute contain a provision directing groups to include investments as fisheries-related if they are in line with past practices established prior to March 2006.

In accordance with this definition of investments, and the guidance in determining what may be credited to fisheries, NSEDC has determined the vast majority of its investments during the review period fall under the

¹ A complete copy of WACDA Resolution 2012-01 "Investments by CDQ Groups" is included in the appendix.

fishery-related category. The investments NSED reports as not relating to fisheries, nor in line with practices prior to 2006, are limited to an energy subsidy paid out to each member community household in 2008 and to expenditures made for NSED's Small Business Initiative program in 2008-2010.

This method of investment reporting also allows NSED to discuss and display how it utilizes its financial resources—largely gained through activity in the CDQ fisheries—to support programs and initiatives that align with its mission. These expenditures will be discussed in the following evaluation of NSED's performance.

NSED's performance: *Fisheries-related and non-fisheries-related investments*

In each year of the review period, NSED has increased its investment totals when measured in the terms set out by the WACDA Administrative Panel rule. Comparing 2006 to 2010, NSED's expenditures grew by 153%, increasing from \$14.5 million to \$36.7 million.

This increase in expenditures each year reflects NSED's growth in a number of different areas and operations. In reviewing NSED's performance, this section will detail many of the programs and initiatives to which NSED



The Bering Sea crabbing vessel *F/V Aleutian No. 1* has been a good investment and great partnership for NSED. A quarter interest in the vessel was gifted to the Bering Sea Women's Group, providing a funding source for the organization that supports victims of domestic violence in the Norton Sound region.

dedicates its resources. This section will also highlight investments that ensure NSED will be able to support and expand its programs and operations into the future.

Highlights of investment increases are noted for:

In-region fishery infrastructure: The majority of NSED's expenditures categorized as Plant, Property and Equipment (PPE) are dedicated to its in-region operations. NSED also contributes heavily to in-region infrastructure development through its grant programs. Over the review period, NSED made significant investments in seafood processing equipment at both its Unalakleet and Nome plants (more than \$3.7 million for large items such as cranes, machinery and cold storage facilities); in ice machines located in member communities where there are no processing plants (more than \$116,500); in tender vessels to serve resident fishermen (more than \$1.7 million); and in boat ramps, floating docks, trailers and loaders to help facilitate fishing in member communities (more than \$1.02 million). NSED also invested in property and structures to house its operations in Unalakleet and Nome, spending more than \$1.4 million on facility acquisitions and upgrades.

Bering Sea investment: NSED also made significant investments in its greater Bering Sea operations during the review period. Between 2006 and 2010, NSED attained full ownership in the crab vessel *F/V Aleutian No. 1* (NSED later sold/gifted a combined 50% of ownership) and the longliner *C/P Glacier Bay*. NSED also purchased the *F/V Pacific Star*, a vessel involved in research and charter work. NSED invested more than \$8.9 million in Bering Sea vessel purchases and upgrades over the review period. NSED invested nearly \$12.8 million (net) in Individual Fishing Quota for crab and cod species to help diversify its quota holdings and provide future income for its operations. NSED invested more than \$1.2 million in a seafood plant in Dutch Harbor primarily focusing on crab and cod. NSED also held an ownership stake in Glacier Fish Co., its harvesting partner for CDQ pollock allocations. Beyond the revenue NSED gains through its greater Bering Sea operations, an added benefit is realized through NSED's role as a stakeholder in these fisheries. This role adds import to NSED's voice when it weighs in on Bering Sea fishery issues that could affect its member communities.

Other infrastructure: NSED also supports the development of infrastructure in region through its Community Benefits granting programs. Primary among these

are the Community Benefit Share (CBS) and Outside Entity Funding (OEF) programs. The CBS dedicates a set amount of funds annually for each member community to use to address priorities determined through a public process. For the entire review period NSEDC has made available \$100,000 per community annually for a total of \$7.5 million between 2006-2010. The OEF program allows nonprofit, tribal and governmental entities in the region to receive grants from NSEDC for projects and infrastructure. Through these two programs communities have been able to add and develop critical infrastructure to serve needs such as utility service, sanitation service, search and rescue capability, fire response, safety equipment for whaling and fishing crews, community building and facility construction, elder care and meal services, communications equipment, and heavy equipment, among many other items. NSEDC has also supported energy infrastructure through its Community Energy Fund (CEF) program which allots \$1 million per member community for projects that increase the efficiency of community energy systems. During the review period \$1 million was contributed to a wind energy installation in Unalakleet.

Scholarships/training: While expenditures in this category are described in detail in the next section of the report, NSEDC's financial support of training and scholarships also merit mention in this section. On average, NSEDC spent approximately \$615,000 per year on scholarships and training for residents during the review period. These expenditures totaled \$3.07 million for 2006-2010.

Fisheries research and development: On average NSEDC spent more than \$1.5 million each year on its fisheries development and salmon rehabilitation programs in the Norton Sound region. These expenditures cover a broad array of initiatives and projects that work to research and improve salmon returns to the region's rivers, as well as develop more commercial fishing opportunity for residents. During the review period, NSEDC expanded this division, placing a biologist and staff in Unalakleet in addition to the Nome office.

On the salmon enhancement/rehabilitation side of operations, NSEDC conducted and funded numerous projects. Among these have been the fertilization of Salmon Lake to establish consistent sockeye salmon returns at a level that can be supported by the lake; enumeration projects on several rivers to establish solid run data and maximize the utilization of salmon once escapement goals have been met; chum and coho enhancement pro-



Residents of Diomedé help load the NSEDC tender vessel *Egavik* as part of the Clean Waters program under NSEDC's Fisheries Research and Development division. The program has not only improved marine and fishery habitat in each of NSEDC's member communities, it has also been a popular employment opportunity.

grams that collect eggs, incubate them and return them to rivers to improve or restore salmon runs; shoreside cleanup programs that remove marine and other debris; and advocacy work and technical assistance to other groups and agencies working to address salmon concerns in the region.

In regard to activities that support and promote the development of its regional fisheries, NSEDC's efforts again span several different initiatives and programs. Among these efforts have been the purchase of vessels and supporting crews to test fish for marketable species in the vicinity of NSEDC's northernmost member communities; the purchase of a research vessel and the expansion of the Alaska Department of Fish and Game's triennial Norton Sound research trawl survey to provide better understanding of stocks such as red king crab; aquatic camera surveys to investigate new commercial crab fisheries in region; and conducting aerial surveys and providing support for the Norton Sound commercial sac roe herring fishery.

Aside from its projects and initiatives, this division within NSEDC is an important source of employment



A fuel barge arrives in NSEDC member community White Mountain. NSEDC's Consolidated Bulk Fuel program is an example of NSEDC using its financial strength and stability to the benefit of communities. By purchasing fuel up front for participating entities and vendors, with no interest charges or fees, NSEDC obtains a better fuel price through economy of scale and strong credit.

for residents, many of them recent high school graduates or college-aged. Besides a good source of income, this work provides residents an opportunity to be involved in the management of their fisheries resources.

NSEDC's Fisheries Research and Development Program has also served as a conduit to bring more funding and resources to the region through matching grants. From 2008 to 2010, nearly \$340,000 in National Oceanic and Atmospheric Administration (NOAA) funding flowed to the region to support marine debris cleanup through a program overseen by the Marine Conservation Alliance Foundation and administered locally by NSEDC. NSEDC expanded the initiative beyond what could be accomplished with the grant support, establishing and funding a full-fledged cleanup program that covered each member community. NSEDC also was able to draw NOAA funding into the region through the Arctic-Yukon-Kuskokwim Sustainable Salmon Initiative. NSEDC utilized these funds along with its own resources to conduct separate studies on coho salmon in the Nome and Fish rivers during the Decennial Review period. These two projects brought in nearly \$764,000 in research funds to the region between 2007 and 2010 in addition to the resources NSEDC dedicated to the projects.

Consolidated Bulk Fuel program: NSEDC's Consolidated Bulk Fuel Program has allowed more than two dozen fuel vendors in its 15 member communities to offer lower prices to their customers. This has been achieved by NSEDC acting as the purchaser for all participating vendors, thus giving them the advantage

of economy of scale and strong credit. While NSEDC's expenditures for the fuel are reimbursed by the entities being supplied, NSEDC's financial strength allows it to shoulder the upfront costs of the fuel. NSEDC is also able to provide this service without charging interest or administrative fees to the participating vendors. Over the review period, NSEDC covered approximately \$30.9 million in up-front fuel costs for participants. NSEDC's administrative costs in running the program for the five-year period totaled under \$300,000.

Community Benefits programs: NSEDC also invests in the well-being of its member community residents through its Community Benefits Department. This division of NSEDC is a source of financial support both big and small. In addition to the Outside Entity Funding, Community Benefit Share and Community Energy Fund projects discussed above, the Community Benefits Department administers smaller grants and programs that cumulatively make a large impact. Community Benefits annually funds community cleanup projects, basketball tournaments, youth basketball and sports programs, school groups' travel and programs, funeral assistance, community dinners and celebrations, substance abuse prevention efforts, and emergency assistance, among other items. Some Community Benefit initiatives have reached out to each and every household in the region, such as the 2008 energy subsidy that provided \$500 toward each household's electric utility bill during a year when fuel prices jumped and economic turmoil was experienced worldwide. NSEDC invested nearly \$1.2 million in lowering electric bills for its region's residents that year.

Chart II-3: Change in net assets

NSEDC Net Assets					
	2006	2007	2008	2009	2010
Beginning net assets	\$91,852,807.00	\$107,861,043.00	\$110,190,946.00	\$123,591,320.00	\$135,253,502.00
Change in net assets	\$16,008,236.00	\$2,329,903.00	\$13,400,374.00	\$11,662,182.00	\$8,906,967.00
Total net assetsⁱ	\$107,861,043.00	\$110,190,946.00	\$123,591,320.00	\$135,253,502.00	\$144,160,469.00
Average net assets	\$99,856,925.00	\$109,025,994.50	\$116,891,133.00	\$129,422,411.00	\$139,706,985.50
Return on net assets ⁱⁱ	16.03%	2.14%	11.46%	9.01%	6.38%
Long-term debt	\$-	\$-	\$-	\$-	\$6,030,973.00
Long-term debt to net assets ⁱⁱⁱ	0.00%	0.00%	0.00%	0.00%	4.18%

ⁱ Net assets = Total assets minus total liabilities as reported on annual audited financial statements

ⁱⁱ Return on net assets = Change in net assets divided by average total net assets

ⁱⁱⁱ Long-term debt to net assets = Long-term debt divided by total net assets

Data: Net assets

NSEDC reports its net assets throughout the review period using totals reported in its audited financial statements for each year of the review period. These totals were arrived at using Generally Accepted Accounting Principles (GAAP).

Total net assets are reported as total assets minus total liabilities, as reported on annual audited financial statements. The reported return on net assets is derived by the change in net assets for the year divided by the average

total net assets for that year. The reported long-term debt to net assets ratio is derived by dividing long-term debt by the total net assets for the year.

The growth of net assets over each year of the review period is driven by revenue primarily gained from royalty payments and investment income, minus fisheries and other program expenses.

NSEDC's performance: Net assets

NSEDC's management of its finances has allowed for continued growth in net assets throughout the review period. Comparing 2006 to 2010, NSEDC's total net assets grew by nearly 34%, increasing from \$107.9 million to \$144.2 million. This growth represents a prudent and forward-thinking approach in regard to NSEDC's finances and future needs. The support of a strong asset base provides NSEDC with the assurance that it can continue supporting its programs and operations in the event of unforeseen circumstances. NSEDC's asset base also provides the ability to capitalize on opportunities—whether it be an in-region investment like a seafood plant or tender vessel, or an investment in its greater Bering Sea operations that could yield further financial support to in-region operations.

NSEDC maintains a healthy balance between its investments and other assets, dedicating a significant portion of its resources toward its in-region programs and fisheries while also ensuring it has the financial strength to provide for its member communities and to sustain and grow the organization into the future.



Work on NSEDC's cold-storage facility for its Nome seafood plant was largely completed in 2008. The facility is an example of NSEDC developing assets that ultimately create a better market for the region's commercial fishermen.

Criteria 3: Employment, scholarships & training

Criteria to be measured:

Employment: NSEDC's efforts to provide employment will be evaluated using two measurements:

1) **Direct employment** will be reported on a year-by-year basis from 2006-2010 by detailing the number of unique individuals directly employed by NSEDC or any of its wholly owned subsidiaries and the total wages paid to those direct employees. NSEDC will provide a breakdown that shows how many of those direct employees (and wage totals) were CDQ community residents working in member communities, CDQ community residents working outside member communities, other Western Alaska residents, other Alaska residents, and non-residents.

2) **Indirect employment** will be reported on a year-by-year basis from 2006-2010 by detailing the number of employment opportunities and corresponding wages created by NSEDC. These opportunities and wages are created through a number of NSEDC's programs and operations, such as: fish buying, partnerships with Bering Sea fish processors and harvesters, grant programs, and other benefit programs operated by NSEDC. NSEDC will provide a breakdown that shows how many of those indirect employees (and wage totals) were CDQ community residents working in member communities, CDQ community residents working outside member communities, other Western Alaska residents, other Alaska residents, and non-residents.

Scholarships: NSEDC's efforts to provide scholarships to residents in its member communities will be reported on a year-by-year basis from 2006-2010 by measuring the number of unique individuals receiving NSEDC-funded scholarships and NSEDC's total expenditures on scholarships.

Training: NSEDC's efforts to provide training to its member community residents will be reported on a year-by-year basis from 2006-2010 by measuring the number of unique training opportunities NSEDC supported and NSEDC's total expenditures on those training opportunities. Given the array of diverse training NSEDC supports, it is more appropriate to measure each training opportunity as opposed to measuring the number of unique individuals receiving training. For example, a member of a resident community could have

taken a NSEDC-sponsored Inupiaq language course as well as received training in refrigeration maintenance in the same year. Such items merit being reported as unique training opportunities.

Data sources:

Information gathered for this section of the report was derived from internal sources, including NSEDC's Accounting; Human Relations; and Education, Employment and Training departments.

Weight assigned to criteria: 35

NSEDC has assigned a value of 35 points of its overall performance rating toward the criteria examining its efforts to provide employment, scholarships and training.

Overall performance: Improved

A) Employment

During the review period, NSEDC has increased its totals in the direct employment category, both in terms of the number of individuals employed and wages provided. NSEDC has also bolstered the number of opportunities to earn wages through work with its industry partners and commercial fishing locally in the Norton Sound region. The portion of this section dedicated to employment will detail the success NSEDC has achieved on several fronts.

Data: *Employment*

Direct employment: NSEDC measures its direct employment by tallying the number and wages of unique individuals (identified by unique Social Security numbers) who are directly employed by NSEDC or its wholly owned subsidiaries. The direct employment is further broken down (*Chart III-2*) to show the number of employees who are:

- 1) Residents of NSEDC's 15 member communities
- 2) Residents of NSEDC member communities who have moved outside the region
- 3) Residents of Western Alaska communities which do not participate in the CDQ program or are not represented by NSEDC
- 4) Residents of the State of Alaska who did not originate



NSEDC's in-region fish-buying operations provide opportunities for residents to pursue careers in the maritime industry with jobs for tender vessel captains, crew members and maintenance personnel.

from NSEDC member communities

5) Residents of somewhere outside the State of Alaska.

Indirect employment: NSEDC measures its indirect employment by tallying the number and wages of unique individuals in three categories (*Chart III-3*):

1) **Partner employment:** This category accounts for employment created through NSEDC's partnerships with harvesters and processors in the Bering Sea/Aleutian Island fisheries, most often those harvesting NSEDC's CDQ and IFQ allocations. Wage and data information for unique employees (identified by unique Social Security numbers) are provided by the partners hiring the individuals.

2) **Grant- and program-related employment:** This category accounts for employment created through the programs and grants offered through NSEDC's Com-

munity Benefits Department. The two specific programs through which indirect employment is measured are the Outside Entity Funding (OEF) Program and the Community Benefit Share (CBS). The OEF program provides grants to non-profit organizations, tribal and governmental entities in each of NSEDC's member communities each year. The CBS has provided each member community with \$100,000 in funding each year from 2006-2010 to be used to address priorities as determined by the municipal government through a public meeting process.

3) **Payments to fishermen:** This category accounts for payments NSEDC makes to unique Norton Sound commercial fishery permit holders who make deliveries to NSEDC's fish-buying stations. The number of individuals counted only includes the permit holder and does not take into account deckhands working for each permit holder.

A residency breakdown (*Chart III-4*) for those counted toward NSEDC's indirect employment is calculated in the same manner as that for direct employment. All fishermen are categorized as CDQ Residents In-Region, as are nearly all the employment positions created through NSEDC's program and grants. It is important to note that while those positions indicated in each of the three indirect employment categories represent unique individuals, those same individuals may be counted in other areas. As an extreme example, one person could be counted in all three categories of indirect employment as well as direct employment. For instance, a Norton Sound commercial salmon fisherman may also be counted under partner employment for working on a large crab vessel in the Bering Sea in February, be counted under grant-related employment for an OEF-funded construction job in June, and be counted as a direct employee for NSEDC by working at a seafood plant in August.

NSEDC's performance: *Employment*

NSEDC prides itself on its efforts to bolster employment and believes the data shows it has performed well in terms of job and wage creation. Between 2006 and 2010, NSEDC has directly paid nearly \$15.7 million in wages. Another \$17.8 million was paid out in indirect wages, whether it was through payments to fishermen, employment through NSEDC's partners or employment created and funded through NSEDC's programs. The two together total more than \$33.5 million in income over the five-year period.

Looking at the data comparatively (*Chart III-5*), the total wages directly and indirectly created by NSEDC climbed

Chart III-1: NSEDC employment

NSEDC Employment												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
Direct ⁱ	182	\$2,197,214	252	\$2,552,987	330	\$3,373,777	348	\$3,576,901	353	\$3,973,986	1,465	\$15,674,865
Indirect ⁱⁱ	205	\$3,020,851	211	\$3,268,084	179	\$4,110,053	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,438
Total	387	\$5,218,065	463	\$5,821,071	509	\$7,483,830	543	\$6,823,645	630	\$8,155,692	2,532	\$33,502,303

ⁱ "Direct" refers to unique individuals employed directly by NSEDC or one of its wholly owned subsidiaries.

ⁱⁱ "Indirect" refers to unique individuals employed by a NSEDC harvesting or processing partner, a fisherman or woman receiving payments for fish deliveries to NSEDC, or individuals receiving employment funded by a NSEDC grant or program (*breakdown provided in Chart III-3*).

Chart III-2: NSEDC direct employment residency breakdown

Direct Employment Residency Breakdown												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
CDQ Resident In-Region	160	\$1,347,963	228	\$1,734,397	307	\$2,361,496	316	\$2,689,914	326	\$2,949,711	1,337	\$11,083,481
CDQ Resident Out of Region	15	\$568,453	15	\$576,579	17	\$846,866	21	\$642,069	24	\$960,205	92	\$3,594,172
Other Western AK Resident	-	-	-	-	2	\$26,742	-	-	2	\$5,420	4	\$32,162
Other AK Resident	2	\$115,167	4	\$133,305	1	\$111,027	7	\$151,374	-	-	14	\$510,873
Non-Resident	5	\$165,631	5	\$108,706	3	\$27,646	4	\$93,545	1	\$58,650	18	\$454,178
Total Unique Individuals	182	\$2,197,214	252	\$2,552,987	330	\$3,373,777	348	\$3,576,902	353	\$3,973,986	1,465	\$15,674,866

56% between 2006 and 2010, increasing by nearly \$3 million. In the direct employment category, wages grew 81% (\$1.8 million) while indirect wages climbed 38% (\$1.2 million) over the five-year period.

Likewise, the number of people receiving employment through NSEDC also grew significantly over the review period. Direct employment climbed 94% between 2006 and 2010, rising from 182 employees in 2006 to 353 in 2010. Indirect employment grew by 35% over the same time period, rising from 205 in 2006 to 277 in 2010. Much of this growth was fueled by an increase in fishermen delivering to NSEDC, a subject to be addressed later in this section. Overall, direct and indirect employment increased at a combined rate of 63% between 2006 and 2010.

To gauge the significance of NSEDC's employment efforts in the region it is interesting to compare the five-year average of NSEDC's employee count with the American Community Survey's (ACS) 2006-2010 five-year average of the region's population in the workforce. The ACS reports an estimated average of 3,960 residents in the workforce for NSEDC's 15 member communities for 2006-2010. NSEDC's average, in-region direct employment of 267 individuals during that same period would cover 6.7% of the region's workforce. NSEDC's average indirect, in-region employment count of 202 for the five-year period would

account for 5.1% of the region's total workforce as reported by the ACS average. NSEDC's total (direct + indirect) in-region workforce average count of 469 for the 2006-2010 time period would account for 11.8% of the region's total workforce as reported by the ACS average.

This comparison must be made with a few caveats in that the ACS figures represent an estimated average and come with a sizeable margin of error. On the NSEDC side of the data, NSEDC's indirect and total (direct plus indirect) employment numbers may count some individuals more than once if they are employed through multiple NSEDC-supported programs or opportunities.

When examining residency, the wages and jobs created by NSEDC, both directly and indirectly, have always been predominately held by member community residents living within the region. In total, 91% (1,337 of 1,465) of NSEDC's direct employment positions have been held by member community residents living in region. The same trend holds true for indirect employment with 95% of the positions (1,009 of 1,067) held by member community residents living in region.

By far, NSEDC's largest in-region employment generator is commercial fishing activity. Employment through NSEDC's Norton Sound Seafood Products and pay-

Chart III-3: NSEDC indirect employment sources

NSEDC Indirect Employment by Source												
	2006		2007		2008		2009		2010		Total	
Bering Sea partner employment ⁱ	54	\$1,114,129	47	\$1,068,529	40	\$936,254	35	\$599,499	30	\$702,271	206	\$4,420,682
Grant-related employment ⁱⁱ	45	\$235,856	53	\$221,470	18	\$106,479	34	\$74,499	72	\$177,283	222	\$815,586
Payments to fishermen ⁱⁱⁱ	106	\$1,670,866	111	\$1,978,085	121	\$3,067,320	126	\$2,572,746	175	\$3,302,153	639	\$12,591,170
Total	205	\$3,020,851	211	\$3,268,084	179	\$4,110,053	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,438

ⁱ "Bering Sea partner employment" refers to unique individuals gaining jobs through NSEDC with its harvesting partners in the BSAI fisheries.

ⁱⁱ "Grant-related employment" refers to unique individuals receiving employment funded by a NSEDC grant or program.

ⁱⁱⁱ "Payments to fishermen" refers to unique fishermen or women receiving payments for fish delivered to NSEDC.

Chart III-4: NSEDC indirect employment residency breakdown

Indirect Employment Residency Breakdown												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
CDQ Resident In-Region	192	\$2,625,457	199	\$2,942,743	162	\$3,689,537	184	\$3,045,223	272	\$4,032,724	1,009	\$16,335,684
CDQ Resident Out of Region	4	\$111,507	4	\$112,122	5	\$128,484	5	\$101,435	1	\$31,859	19	\$485,407
Other Western AK Resident	8	\$269,038	8	\$213,219	8	\$196,229	6	\$100,087	4	\$117,123	34	\$895,696
Other AK Resident	-	\$-	-	\$-	4	\$95,802	-	\$-	-	\$-	4	\$95,802
Non-Resident	1	\$14,850	-	\$-	-	\$-	-	\$-	-	\$-	1	\$14,850
Total Unique Individuals	205	\$3,020,852	211	\$3,268,084	179	\$4,110,052	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,439

Chart III-5: NSEDC employment growth

NSEDC 2006 vs. 2010									
	2006		2010		Variance		Variance %		
	People	Wages	People	Wages	People	Wages	People	Wages	
Direct ⁱ	182	\$2,197,214	353	\$3,973,986	171	\$1,776,772	94%	81%	
Indirect ⁱⁱ	205	\$3,020,851	277	\$4,181,706	72	\$1,160,855	35%	38%	
Total	387	\$5,218,065	630	\$8,155,692	243	\$2,937,627	63%	56%	

ⁱ "Direct" refers to unique individuals employed directly by NSEDC or one of its wholly owned subsidiaries.

ⁱⁱ "Indirect" refers to unique individuals employed by a NSEDC harvesting or processing partner, a fisherman or woman receiving payments for fish deliveries to NSEDC, or individuals receiving employment funded by a NSEDC grant or program (breakdown provided in Chart III-3).

ments to fishermen are a vital source of income in many of NSEDC's member communities. The \$12.6 million in payments to fishermen over the five-year review period accounts for nearly 71% of all indirect wages and nearly 38% of all wages (direct and indirect) created through NSEDC. Employment created through NSEDC's seafood plants combined with payments to fishermen accounts for approximately 52% of all wages (direct and indirect) created through NSEDC between 2006 and 2010.

The number of fishermen delivering to NSEDC has steadily climbed over the review period, growing by 69 fishermen, which is a 65% increase between 2006 and 2010. The payments made to those fishermen also climbed 98% over

the same time period, increasing by nearly \$1.6 million. NSEDC has worked to expand and create new fishing opportunities for its resident fishermen, such as expanding its bait fish and winter crab buying programs, as well as increasing its tender presence to give more residents access to NSEDC's regional seafood plants. NSEDC has also brought floating processors to the region to facilitate various fisheries for resident fishermen.

The job opportunities at NSEDC's seafood processing plants extend beyond the communities in which the plants are located. Since 2009 NSEDC has operated an employment program that assists residents in member communities where there is no seafood plant to come to Nome

or Unalakleet for seasonal work. Through this program, residents are provided transportation to and from Nome, Unalakleet or Savoonga, and have lodging costs covered. NSEDC pays a stipend directly to the owner of the accommodations where the visiting resident stays. In 2009 and 2010 combined, a total of 78 member community residents received assistance to work at NSEDC's seafood plants in Unalakleet, Nome and Savoonga.

Providing opportunity for member community residents to work with NSEDC's harvesting and processing partners in the Bering Sea/Aleutian Island fisheries has also been a priority for NSEDC. Over the review period, member community residents have earned nearly \$3 million in combined wages through work with NSEDC's partners. NSEDC has also been a conduit for neighboring communities outside the CDQ program to place workers aboard these ships, allowing for another approximate \$900,000 in wages to flow into Western Alaska over the five-year period. In total, partner employment created through NSEDC has accounted for more than \$4.4 million in wages from 2006 to 2010.

A reduction can be seen in the number of residents employed and wages generated from partner employment when comparing the totals from 2006 and 2007 with those from the last three years of the review period. This reduction directly correlates with a drop in the total allowable catch of pollock allowed each year of the review period. This results in fewer trips to harvest the fish and fewer opportunities for employment on the vessels. Between 2007 and 2008, NSEDC's total allowable catch under its allocation fell by more than 28%. That same year saw nearly a 15% reduction in NSEDC-related positions with harvesting partners as well as a 12% drop in wages. This time period also coincides with the addition of the *F/V Alaska Ocean* in 2008/2009 to the fleet of Glacier Fish Co., NSEDC's harvesting partner. As one of the largest vessels in the American fishing fleet, the *F/V Alaska Ocean* has allowed NSEDC's pollock allocation to be harvested in fewer trips with its ability to stay at sea longer. This also created a slight downward effect on the number of opportunities to work with NSEDC's harvest partners.

NSEDC's employment opportunities come through a variety of sources. In addition to work at NSEDC's seafood plants and with harvesting partners, a large number of seasonal positions are created through NSEDC's Fisheries Research and Development Division. This division's extensive work throughout the region includes salmon enhancement and research, as well as environ-



NSEDC's Fisheries Research and Development Division provides a large number of jobs while directly involving the region's residents in the management of their fishery resources.

mental projects, test fisheries for viable commercial stocks, and research in the ocean waters of Norton Sound. This division requires a large number of field technicians to assist NSEDC's staff biologists. Not only do these jobs create sought-after summer employment, it introduces and involves many residents of NSEDC's member communities in the management of their fisheries resources.

B) Scholarships

NSEDC's scholarship program has been one of the most direct and widely utilized benefits for NSEDC member community residents. This section will show how NSEDC's scholarship program grew even larger over the review period, both in terms of NSEDC's investment and the number of residents receiving the benefit.

Chart III-6: NSEDG scholarships

NSEDG Scholarships											
2006		2007		2008		2009		2010		Total	
People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure
178	\$341,369	176	\$401,578	206	\$508,361	235	\$614,169	255	\$680,800	1,050	\$2,546,277

Data: Scholarships

NSEDG's scholarship data represents the unique number of individuals who received scholarships each year. Many of these recipients receive two scholarships per year, one for the fall semester and one for the spring. Scholarships are available for post-secondary education at a college or university, as well as for vocational training at various institutions.

NSEDG's performance: Scholarships

NSEDG's scholarship program has been one of its most successful benefit programs, giving member community residents access to the education and training necessary to return to the region as its next generation of leaders.

Between 2006 and 2010, NSEDG spent more than \$2.5 million to educate its member community residents. The number of people receiving these scholarships has climbed 43% over the five-year period from 178 in 2006 to 255 in 2010. Likewise, NSEDG's expenditures nearly doubled from \$341,369 in 2006 to \$680,800 in 2010.

NSEDG has placed a priority in making residents aware of the scholarship program. The results have been encouraging, resulting in more residents returning to the region as mechanics, nurses, pilots and administrators, to name a few. As more residents have taken advantage of NSEDG's scholarship program, NSEDG's Board of Directors has always supported dedicating the necessary financial backing to ensure those seeking assistance receive it.

Chart III-7: NSEDG training

NSEDG Training												
	2006		2007		2008		2009		2010		Total	
	People ⁱ	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure
Fisheries-related Training	60	\$112,614	20	\$123,947	32	\$75,431	30	\$52,261	47	\$98,046	189	\$462,299
Other Training ⁱⁱ	n/a	n/a	n/a	n/a	n/a	n/a	92	\$43,247	78	\$20,724	170	\$63,971
Total	60	\$112,614	20	\$123,947	32	\$75,431	122	\$95,508	125	\$118,770	359	\$526,270

ⁱ A person may be counted more than once in the training data since NSEDG's diverse opportunities limit the ability to track training recipients on an individual basis.

ⁱⁱ NSEDG did not delineate its training between fisheries-related and other training before 2009.

C) Training

NSEDG's initiatives and efforts to train residents of its member communities encompass a wide variety of activities. The following section highlights this diversity and NSEDG's dedication to supporting the training that leads to better jobs and enriched lives for its member community residents.

Data: Training

NSEDG provides and supports a wide array of training opportunities that include community-based programs, fisherman-specific training, vocational training, and staff and board development. Given the diverse opportunities, NSEDG reports its training data on the basis of unique op-

portunities versus the number of unique individuals trained. For example, a person may take part in a community-based Inupiaq language course and also receive training in heavy equipment operation, both through NSEDG support. The expenditure totals reported each year represent the total amount of dollars spent on all training opportunities.

NSEDG's performance: Training

NSEDG has maintained a solid performance in delivering training opportunities to member community residents over the review period. In total, NSEDG has provided 359 training opportunities between 2006 and 2010, spending \$526,270 on its efforts. The number of training recipients has generally climbed over the review period, starting at 60 in 2006 and increasing to 125 in 2010. The number of op-



NSEDC supports a variety of training programs, such as a net hanging class in Golovin for resident fishermen.

opportunities drastically increased in 2009 and 2010 compared to the previous three years. Expenditures on training were relatively similar in 2006, 2007 and 2010 at between \$112,000 and \$124,000 each year. Expenditures were lower in 2008 and 2009, however, 2009 saw the second highest number of training opportunities out of the five-year period.

The expenditures for and number of individuals receiving NSEDC-sponsored training each year fluctuate for a variety of reasons. Primary among these are the evolving training needs year-to-year for NSEDC's staff and the number of training requests NSEDC receives from its residents and member communities.

Many of the training opportunities NSEDC facilitates are spurred by requests from residents or entities within member communities. For a community-based training to occur, a minimum threshold of 10 residents must register. These classes cover a wide variety of areas, including fisheries-related courses like net hanging or marine safety; vocational classes such as driver's education, heavy equipment operation and welding courses; and community interest/cultural classes such as beading, language and skin sewing, to name a few. Trainings that occur in-region often require less in terms of expenditures while reaching a greater number of residents. Some training, however, requires or is better achieved by sending people out of region. These training opportunities often serve fewer individuals at a higher cost.

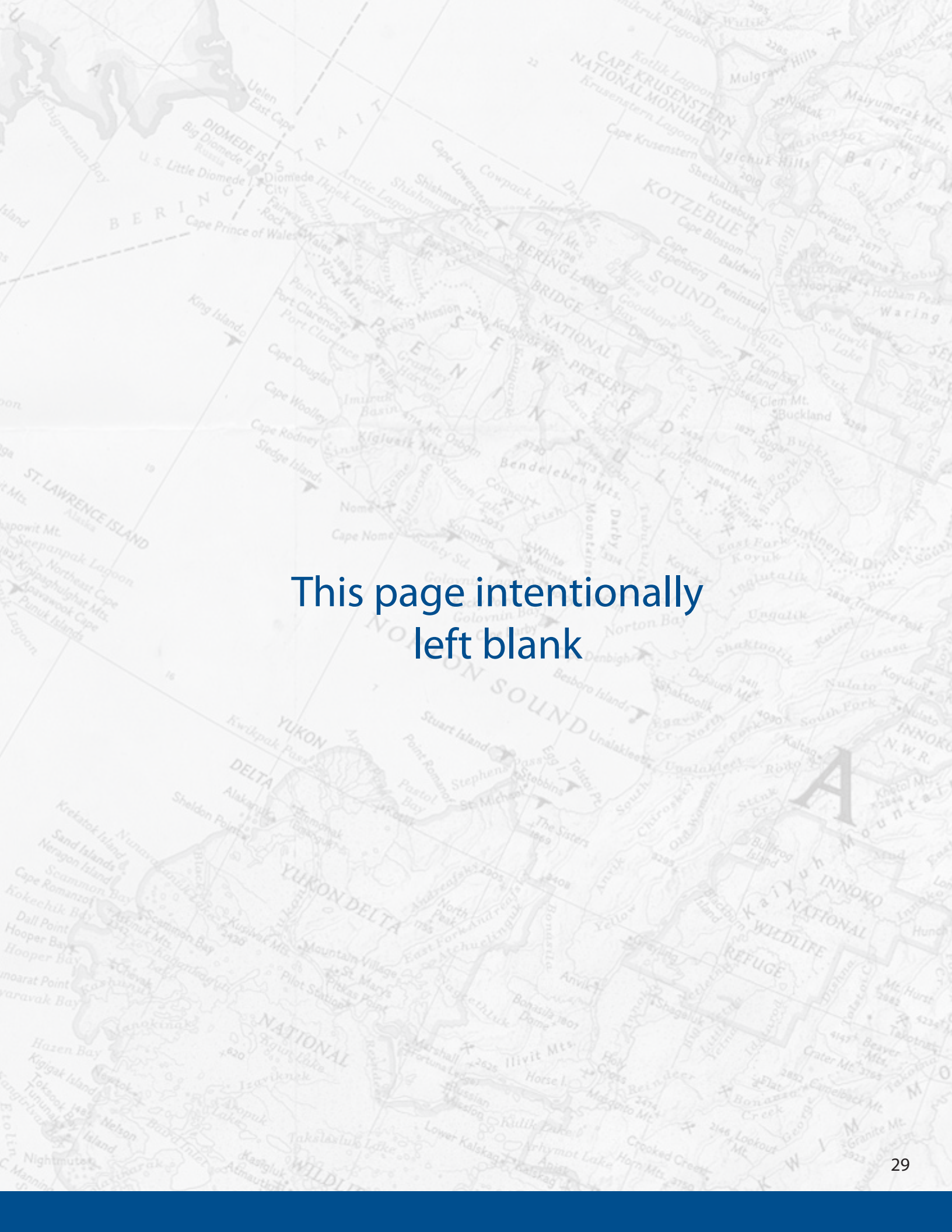
NSEDC also counts training it provides for its own direct employees and prospective hires for its Bering Sea/Aleutian Island harvesting and processing partners. At least twice a year, NSEDC sends interested residents to AVTEC-Alaska's Institute of Technology in Seward to be trained in seafood processing and safety skills. NSEDC's partners

often hire residents in Seward immediately after they successfully complete the training. Training for NSEDC's direct employees often comes in the form of refrigeration courses or vessel-specific training for those employed in NSEDC's seafood plants and on its tender boats.

NSEDC places a high value on the training opportunities it provides for its residents. Something as simple as receiving a driver's license can dramatically improve a resident's ability to find employment. While getting a driver's license is a normal course of action for the majority of people in more populated areas, the remote, rural and road-less nature of NSEDC's member communities makes getting a license a challenging endeavor. When NSEDC sends or sponsors an instructor to travel to its member communities, the classes always are full and often a second session is necessary to satisfy demand.

NSEDC's training helps the Norton Sound region's fishing fleet more efficiently, effectively and safely harvest its catch. Often member community residents act as both teacher and training recipient, which allows NSEDC's training programs to facilitate the passing down of knowledge from those who have worked and developed the region's fisheries to those who are getting their foot in the door or are broadening their skills. Examples of these training opportunities include net hanging classes, navigation courses, safety instruction and vessel repair.

Vocational training programs have been successful in developing a local workforce that is able to be called upon for construction and maintenance projects. These training investments pay off when it is local residents who are the ones behind the wheel of heavy equipment or wielding a hammer when a construction project occurs in their community.



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Criteria 4: Achievement of the Community Development Plan goals

Criteria to be measured:

Measurement of the achievement of the Community Development Plan (CDP) goals is facilitated through a year-by-year examination of the allocations made to NSEDC during the review period and NSEDC's performance in harvesting those allocations.

Data sources:

Allocation and harvest data for NSEDC is derived from internal sources and reports filed with the National Marine Fisheries Service. CDPs for 2009 and 2010 are included in the supporting documents section of this report as well as CDP equivalents for 2006-2008. The equivalents are included since there was no WACDA Administrative Panel rule in place during those years regarding CDPs. While a WACDA Panel rule was created in 2008, there still is no federal regulation governing CDPs.

It must be noted that NSEDC filed a CDP with the State of Alaska in 2005 to cover the years of 2006-2008. This CDP, written under a previously required format, was rendered

obsolete after the passage of the Coast Guard and Maritime Transportation Act of 2006. This legislation changed how CDPs would be handled. Since the 2006-2008 CDP filed with the state in 2005 was not utilized during the decennial review period, it will not be referenced for this report.

The equivalent CDPs provided are presented as they would have been filed had the WACDA Administrative Panel rule been in place for 2006-2008. The only substantive differences in the equivalent CDPs for 2006-2008 versus those filed for 2009 and 2010 are slight variations in which CDQ fisheries NSEDC planned to participate and the dates that comprise the various fishing seasons. Each of the five CDPs presented in this report include all CDQ fisheries for which NSEDC received an allocation that particular year.

Weight assigned to criteria: 30

NSEDC has assigned a value of 30 points of its overall performance rating toward the criteria examining its achievement of the goals of the CDP.

Overall performance: Improved

Through its ownership interest in Glacier Fish Co., NSEDC is part owner of the *F/V Alaska Ocean*. Acquired during the review period, the 376-foot vessel has performed well in its harvest of pollock.



Data: CDQ groundfish

Chart IV-1: NSEDG directed CDQ groundfish fisheries

NSEDG CDQ Groundfish (measured in metric tons)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
BS Pollock	22%	32,670.000	31,944.827	30,668.000	30,654.445	22,000.000	20,811.897	17,930.000	17,889.160	17,886.000	17,855.402	98.0%
AI Pollock	22%	418.000	-	418.000	-	418.000	-	418.000	-	418.000	-	0.0%
Pacific Cod	18%	2,561.940	2,529.266	2,304.720	2,266.849	3,261.035	3,258.012	3,374.827	3,372.888	3,226.483	3,226.445	99.5%
Sablefish	18%	50.760	49.194	53.640	53.571	51.480	45.299	48.960	38.500	50.220	48.682	92.2%
WAI Atka Mackerel	14%	162.820	160.863	100.800	89.912	253.193	247.263	253.197	242.538	308.631	308.631	97.3%
CAI Atka Mackerel	14%	420.000	375.603	310.800	286.784	364.058	338.736	486.918	475.591	443.470	442.957	94.8%
EAI/BS Atka Mackerel	14%	78.820	55.654	249.900	247.621	292.145	260.698	404.517	391.024	356.574	334.656	93.3%
WAI Pacific Ocean Perch	14%	53.340	50.887	81.060	61.501	114.004	101.465	97.670	79.651	97.969	92.159	86.9%
CAI Pacific Ocean Perch	14%	31.920	19.772	53.060	50.101	74.754	43.902	63.815	54.971	63.965	63.758	80.9%
EAI Pacific Ocean Perch	14%	32.340	17.651	52.220	40.814	73.406	59.962	62.916	44.902	63.216	57.906	77.9%
Yellowfin Sole	7%	502.460	359.080	714.000	633.470	1,754.361	345.598	1,637.433	5.947	1,707.609	471.490	28.7%
Rock Sole	11%	342.430	284.931	453.750	423.238	879.548	197.126	1,055.457	64.923	1,055.457	284.367	33.1%
BS Greenland Turbot	19%	26.980	2.170	23.940	11.036	35.578	22.235	103.480	48.361	85.793	1.052	30.8%
Arrowtooth Flounder	12%	117.000	19.400	180.000	91.028	963.000	98.869	963.000	622.427	963.000	109.839	29.6%
Flathead Sole	15%	219.450	38.830	337.500	83.464	800.264	63.119	960.312	73.890	960.312	154.441	12.6%
Total		37,688.260	35,908.128	36,001.390	34,993.834	31,334.826	25,894.181	27,860.502	23,404.773	27,686.699	23,451.785	89.5%

NSEDG's performance: CDQ groundfish

From the CDQ program's inception, its financial backbone has been the Bering Sea/Aleutian Islands (BSAI) groundfish fisheries. NSEDG has always worked to maximize its opportunities in the BSAI fisheries with the knowledge that success in this realm increases its ability to provide programs, initiatives and assistance to its member communities back home.

Over the five-year review period of 2006-2010, NSEDG has performed well in harvesting its CDQ allocations of groundfish, achieving an overall harvest rate of 90%. Primary among these allocations, both in terms of volume and importance to the CDQ program, has been that of Bering Sea pollock. From 2006-2010, NSEDG has on average achieved a 98% harvest rate of its Bering Sea pollock allocations. NSEDG did not harvest its CDQ allocations of Aleutian Islands pollock. Aleutian Islands pollock allocations are often not harvested due to the lack of productive, open fishing grounds. This is largely the result of area closures due to Steller sea lion protection measures. In 2006, the Aleutian

Island allocation was rolled into the Bering Sea allocation.

NSEDG achieved harvest rates of 90% or higher for Pacific cod, sablefish and mackerel. Of the three stocks of Pacific Ocean perch for which NSEDG has CDQ allocations, NSEDG achieved an average harvest of 82% over the review period.

Yellowfin sole, rock sole and flathead sole are the primary flatfish targets in the Bering Sea. Yellowfin sole harvest is often strongly correlated with market conditions. Rock sole and flathead sole can be somewhat market-driven, but its harvest is also significantly affected by the availability of limiting bycatch species, notably Pacific cod and halibut. Beginning in 2008, flatfish Total Allowable Catch (TAC) limits increased significantly due to reduced Bering Sea pollock TAC and its corresponding effect on the overall 2 million metric ton groundfish cap in the Bering Sea. This resulted in CDQ fishing becoming less attractive as vessels had more than enough quota for these species allocated to them under the Amendment 80 program.

Data: *CDQ crab*

Chart IV-2: NSEDC directed CDQ crab fisheries

NSEDC Directed CDQ Crab (measured in pounds)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Norton Sound Red King Crab	50%	17,025	17,025	11,813	11,813	15,450	15,450	14,063	14,063	15,000	15,000	100.0%
Bristol Bay Red King Crab	18%	279,486	271,394	366,894	366,894	366,552	365,005	288,162	288,162	267,102	267,102	99.4%
Bering Sea Opilio Crab	18%	669,312	666,943	658,188	652,757	1,134,612	1,134,612	1,053,900	975,652	864,306	864,306	98.0%
Bering Sea Bairdi Crab	18%	29,160	28,995	53,442	49,589	101,178	83,526	77,400	49,734	24,300	24,300	82.7%
Aleutians Islands Golden King Crab	21%	63,000	61,908	63,000	63,000	66,150	66,150	66,150	66,150	66,150	66,150	99.7%
St. Matthew Blue King Crab	14%	-	-	-	-	-	-	16,338	-	22,400	18,043	46.6%
Total		1,057,983	1,046,265	1,153,337	1,144,053	1,683,942	1,664,743	1,516,013	1,393,761	1,259,258	1,254,901	95.4%



NSEDC's performance: *CDQ crab*

Like with groundfish, NSEDC has maintained a strong performance record in harvesting its CDQ crab allocations. NSEDC achieved an average harvest of more than 95% of its allocations over the five-year period for all available species. NSEDC's most significant allocations, in terms of poundage, are of Bering Sea opilio crab and Bristol Bay red king crab. NSEDC harvested nearly 100% of its opilio crab allocation and 98% of its Bristol Bay red king crab. NSEDC also harvested 100% of its allocation of Norton Sound red king crab and nearly 100% of its Aleutian Islands golden king crab allocations over the review period.

Two fisheries did not yield as strong of results for NSEDC. Bering Sea bairdi crab were not found in marketable quantities in the western district in 2009, and the fishery in the western district has been closed since that year. When the year 2009 is not considered, NSEDC's harvest rate of Bering Sea bairdi crab climbs to approximately 90%. The St. Matthew blue king crab fishery was closed for many years for rebuilding prior to the fall of 2009. Fishing efforts in 2009 for both IFQ and CDQ were largely unsuccessful. The year 2010 produced better results in the St. Matthew blue king crab fishery with an 81% harvest rate for NSEDC's CDQ allocation.

NSEDC's CDQ allocation of Norton Sound red king crab is harvested by resident fishermen predominantly based out of Nome. The Norton Sound red king crab fishery is unique in that it occurs during the summer.

Data: *CDQ halibut*

Chart IV-3: NSEDC directed CDQ halibut fisheries

NSEDC CDQ Halibut (measured in pounds)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Halibut 4D	30%	144,900	144,623	203,668	197,791	159,210	134,712	141,210	129,103	146,250	145,368	94.5%

NSEDC's performance: *CDQ halibut*

NSEDC has achieved an outstanding harvest rate of nearly 95% for its CDQ halibut allocations. Much of this allocation is harvested by resident fishermen from NSEDC

member communities. It is the only commercial fishery readily available to the St. Lawrence Island residents of Savoonga. For these residents, the halibut season is an important opportunity to earn income.

Data: *CDQ prohibited species*

Chart IV-4: NSEDC CDQ prohibited species quota reserve

NSEDC Prohibited Species Quota Reserve ⁱ												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Zone 1 Red King Crab	12%	1,773	-	1,773	120	2,529	-	2,529	-	2,529	-	1.1%
Zone 1 Bairdi Tanner Crab	8%	5,880	2	5,880	251	8,389	78	8,389	-	7,105	306	1.8%
Zone 2 Bairdi Tanner Crab	10%	22,275	6	22,275	2,169	31,779	7	31,779	510	26,964	1,291	2.9%
Opilio Tanner Crab	8%	34,570	71	26,100	656	37,236	294	37,236	3,211	37,236	381	2.7%
Pacific Halibut	12%	41,040	23,402	41,040	33,984	41,160	27,126	41,160	19,815	47,160	35,162	65.9%
Chinook Salmon	22%	479	289	479	489	479	116	479	49	479	23	40.3%
Non-Chinook Salmon	22%	693	-	693	-	12	-	989	-	989	-	0.0%

ⁱ Crab and salmon are measured by the number of crab/salmon caught. Halibut is measured by metric ton.

NSEDC's performance: *CDQ prohibited species*

Along with its allocations for target species, NSEDC is allotted quota for the incidental harvest of prohibited, non-target species. Throughout the review period NSEDC has stayed well within its Prohibited Species Quota (PSQ) allocations.

NSEDC's incidental harvest of the various prohibited crab species hardly registered in comparison to its allocations. When looking at cumulative totals for the review period, the largest harvest was 2.9% of NSEDC's allocation for Zone 2 bairdi Tanner crab. The lowest harvest rate was 1.1% of NSEDC's allocation for Zone 1 red king crab.

While halibut accounted for NSEDC's highest percentage of PSQ allocation harvested, NSEDC stayed well under its limit at a cumulative rate of 66%.

NSEDC also registered low salmon PSQ harvests. NSEDC's

harvesting partners have worked hard to avoid the incidental harvest of salmon species. NSEDC's partners harvested only 40% of its Chinook allocation cumulatively over the review period. The non-target harvest of Chinook salmon in 2007 was abnormally large for the entire pollock fleet. Even so, the incidental catch of Chinook salmon attributed to NSEDC's CDQ allocation accounted for just 0.38% of the total harvest in 2007. When 2007 is not factored into the cumulative total, NSEDC's percentage of harvest for Chinook salmon drops to 25% of its allocation over the four years.

In regard to NSEDC's non-Chinook (chum) salmon PSQ harvest, a quota only exists for non-Chinook salmon caught in an area designated as the Catcher-Vessel Operational Area (CVOA). During the review period, NSEDC caught no non-Chinook salmon in the CVOA in the harvest of its CDQ allocations. Outside the CVOA, however, a high of 775 non-Chinook salmon were caught in 2007 and a low of 3 were caught in 2010 in the harvest of NSEDC's CDQ allocations.



Norton Sound Economic Development Corporation

Charts

2006-2010 Decennial Review

For submission to the State of Alaska, November 2012

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Norton Sound Region Population				
Community	1999ⁱ	2010ⁱⁱ	Variance	Variance %
Brevig Mission	276	388	112	40.58%
Diomedede	146	115	-31	-21.23%
Elim	313	330	17	5.43%
Gambell	649	681	32	4.93%
Golovin	144	156	12	8.33%
Koyuk	297	332	35	11.78%
Nome	3,505	3,598	93	2.65%
St. Michael	368	401	33	8.97%
Savoonga	643	671	28	4.35%
Shaktoolik	230	251	21	9.13%
Stebbins	547	556	9	1.65%
Teller	268	229	-39	-14.55%
Unalakleet	747	688	-59	-7.90%
Wales	152	145	-7	-4.61%
White Mountain	203	190	-13	-6.40%
Total	8,488	8,731	243	2.86%

Chart I-1: Population change in Norton Sound communities/region

ⁱ Source: 2000 Census

ⁱⁱ Source: 2010 Census

Chart I-2: Poverty rates and change in Norton Sound communities/region

Norton Sound Region Poverty Rates											
Community	1999 (2000 Census data)			2006-2010 ACS data (5-year average)						1999 vs. 2006-2010	
	Estimated individuals for whom poverty is measured	Estimated individuals below poverty Level	Estimated poverty rate	Estimated individuals for whom poverty is measured	Margin of error +/-	Estimated individuals below poverty level	Margin of error +/-	Estimated poverty rate	% Margin of error +/-	Estimated variance in residents below poverty level	% Variance
Brevig Mission	275	133	48.36%	315	88	136	65	43.17%	14.7%	3	-10.73%
Diomedes	158	56	35.44%	126	48	73	51	57.94%	26.2%	17	63.46%
Elim	356	28	7.87%	330	83	89	62	26.97%	27.0%	61	242.90%
Gambell	590	168	28.47%	613	105	260	73	42.41%	10.6%	92	48.96%
Golovin	115	5	4.35%	117	44	28	40	23.93%	29.2%	23	450.43%
Koyuk	293	82	27.99%	328	73	189	63	57.62%	14.8%	107	105.89%
Nome	3,390	212	6.25%	3,299	200	187	154	5.67%	4.6%	(25)	-9.36%
St. Michael	319	73	22.88%	381	97	175	90	45.93%	18.2%	102	100.72%
Savoonga	702	204	29.06%	654	127	311	100	47.55%	12.8%	107	63.64%
Shaktolik	230	14	6.09%	273	62	64	40	23.44%	14.8%	50	285.14%
Stebbins	585	245	41.88%	523	105	186	74	35.56%	13.1%	(59)	-15.08%
Teller	252	95	37.70%	267	77	108	48	40.45%	15.2%	13	7.30%
Unalakleet	752	83	11.04%	647	114	94	45	14.53%	7.1%	11	31.63%
Wales	153	28	18.30%	103	49	29	18	28.16%	19.1%	1	53.85%
White Mountain	210	47	22.38%	183	73	70	41	38.25%	18.7%	23	70.91%
Regional total	8,380	1,473	17.58%	8,159	1,345	1,999	964	24.50%	<i>n/a</i>	526	39.39%

Chart I-3: Median household income

Median Household Income								
Community	1999 ⁱ	1999 No. of Households ⁱ	2006-2010 (5-year average) ⁱⁱ	Margin of Error +/-	2006-2010 Avg. No. of Households ⁱⁱ	Margin of Error +/-	\$ Variance (1999 vs 2010)	% Variance (1999 vs 2010)
Brevig Mission	\$21,875	70	\$29,750	\$5,879	73	18	\$7,875	36.00%
Diomedea	\$23,750	41	\$46,250	\$14,429	29	11	\$22,500	94.74%
Elim	\$40,179	93	\$45,833	\$35,631	92	25	\$5,654	14.07%
Gambell	\$31,458	151	\$23,958	\$12,098	142	32	\$(7,500)	-23.84%
Golovin	\$31,875	42	\$32,083	\$6,095	43	12	\$208	0.65%
Koyuk	\$30,417	76	\$25,714	\$4,404	76	21	\$(4,703)	-15.46%
Nome	\$59,402	1,193	\$67,231	\$26,162	1,290	120	\$7,829	13.18%
St. Michael	\$33,036	95	\$33,750	\$18,576	84	19	\$714	2.16%
Savoonga	\$23,438	151	\$30,313	\$12,584	129	26	\$6,875	29.33%
Shaktoolik	\$31,875	57	\$32,250	\$43,542	69	18	\$375	1.18%
Stebbins	\$23,125	121	\$31,250	\$4,258	107	21	\$8,125	35.14%
Teller	\$23,000	72	\$34,688	\$9,665	77	24	\$11,688	50.82%
Unalakleet	\$42,083	228	\$47,222	\$8,443	204	38	\$5,139	12.21%
Wales	\$33,333	52	\$21,667	\$44,049	30	13	\$(11,666)	-35.00%
White Mtn.	\$25,833	64	\$29,375	\$18,022	56	19	\$3,542	13.71%
Averageⁱⁱⁱ	\$44,469		\$51,222				\$6,754	15.19%

ⁱ Source: US Census Bureau, 2000 US Census (reports 1999 data)

ⁱⁱ Source: US Census Bureau, American Community Survey 5-Year Average Population Estimates and Characteristics

ⁱⁱⁱ Average is determined by: a) Multiplying each community's median household income by its number of households. b) The sum of this "total household income" for each community is then divided by the total number of households in the region to determine the regional average median household income.

Per Capita Income

Community	1999 ⁱ	1999 Population ⁱ	2006-2010 (5-year average) ⁱⁱ	Margin of Error +/-	2006-2010 Est. Population ⁱⁱ	Margin of Error +/-	\$ Variance (1999 vs 2010)	% Variance (1999 vs 2010)
Brevig Mission	\$7,278	276	\$7,898	\$1,945	315	88	\$620	8.52%
Diomede	\$9,944	146	\$11,932	\$6,120	126	48	\$1,988	19.99%
Elim	\$10,300	313	\$12,549	\$3,009	330	83	\$2,249	21.83%
Gambell	\$8,764	649	\$11,022	\$2,432	613	105	\$2,258	25.76%
Golovin	\$13,281	144	\$12,298	\$4,170	117	44	\$(983)	-7.40%
Koyuk	\$8,736	297	\$8,212	\$2,249	328	73	\$(524)	-6.00%
Nome	\$23,402	3505	\$33,726	\$3,981	3519	36	\$10,324	44.12%
St. Michael	\$10,692	368	\$11,403	\$3,107	399	99	\$711	6.65%
Savoonga	\$7,725	643	\$8,326	\$1,468	660	127	\$601	7.78%
Shaktolik	\$10,491	230	\$14,800	\$3,566	273	62	\$4,309	41.07%
Stebbins	\$8,249	547	\$8,552	\$1,767	526	104	\$303	3.67%
Teller	\$8,617	268	\$11,716	\$3,155	267	77	\$3,099	35.96%
Unalakleet	\$15,845	747	\$20,575	\$3,927	647	114	\$4,730	29.85%
Wales	\$14,877	152	\$10,027	\$5,277	103	49	\$(4,850)	-32.60%
White Mtn.	\$10,034	203	\$15,749	\$8,277	183	73	\$5,715	56.96%
Average	\$15,690		\$21,014				\$5,324	33.93%

**Chart I-4:
Per capita income**

ⁱ Source: US Census Bureau, 2000 US Census (reports 1999 data)

ⁱⁱ Source: US Census Bureau, American Community Survey 5-Year Average Population Estimates and Characteristics

ⁱⁱⁱ Average is determined by: a) Multiplying each community's per capita household income by its population. b) The sum of this "total per capita income" for each community is then divided by the region's total population to determine the regional average per capita income.

Total Wages				
Community	Total Wages		2007 vs. 2010	
	2007	2010	Variance	Variance %
Brevig Mission	\$2,107,335	\$2,119,280	\$11,945	0.6%
Diomedea	\$1,262,839	\$1,002,054	\$(260,785)	-20.7%
Elim	\$1,991,358	\$2,267,181	\$275,823	13.9%
Gambell	\$3,471,320	\$3,868,445	\$397,125	11.4%
Golovin	\$1,604,678	\$1,933,689	\$329,011	20.5%
Koyuk	\$2,354,724	\$2,499,386	\$144,662	6.1%
Nome	\$67,101,334	\$73,659,678	\$6,558,344	9.8%
St. Michael	\$3,334,107	\$2,935,957	\$(398,150)	-11.9%
Savoonga	\$3,644,374	\$3,808,084	\$163,710	4.5%
Shaktoolik	\$1,958,276	\$2,084,219	\$125,943	6.4%
Stebbins	\$2,918,548	\$3,148,884	\$230,336	7.9%
Teller	\$1,683,320	\$2,025,501	\$342,181	20.3%
Unalakleet	\$9,681,779	\$12,398,932	\$2,717,153	28.1%
Wales	\$1,092,087	\$1,316,754	\$224,667	20.6%
White Mtn.	\$1,889,856	\$1,797,126	\$(92,730)	-4.9%
Total	\$106,095,935	\$116,865,170	\$10,769,235	10.2%

Chart I-5: Total wages

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section (ADLWD)

Total Employment				
Community	Residents employed		2007 vs 2010	
	2007	2010	Variance	Variance %
Brevig Mission	132	147	15	11.4%
Diomede	65	56	(9)	-13.8%
Elim	124	144	20	16.1%
Gambell	262	264	2	0.8%
Golovin	82	87	5	6.1%
Koyuk	152	155	3	2.0%
Nome	1,728	1,778	50	2.9%
St. Michael	181	169	(12)	-6.6%
Savoonga	243	270	27	11.1%
Shaktoolik	110	108	(2)	-1.8%
Stebbins	225	236	11	4.9%
Teller	111	114	3	2.7%
Unalakleet	368	426	58	15.8%
Wales	70	79	9	12.9%
White Mtn.	97	94	(3)	-3.1%
Total	3,950	4,127	177	4.5%

Chart I-6: Total employment

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section (ADLWD)

Chart I-7: Total wages & employment

Total Wages/Employment								
Community	2010		2009		2008		2007	
	Residents employed	Total Wages	Residents employed	Total Wages	Residents employed	Total Wages	Residents employed	Total Wages
Brevig Mission	147	\$2,119,280	161	\$2,835,130	150	\$2,021,549	132	\$2,107,335
Diomedes	56	\$1,002,054	63	\$857,025	60	\$1,016,819	65	\$1,262,839
Elim	144	\$2,267,181	129	\$2,103,169	126	\$2,045,496	124	\$1,991,358
Gambell	264	\$3,868,445	260	\$3,753,440	267	\$3,902,916	262	\$3,471,320
Golovin	87	\$1,933,689	80	\$1,811,358	79	\$1,667,674	82	\$1,604,678
Koyuk	155	\$2,499,386	151	\$2,382,777	154	\$2,269,122	152	\$2,354,724
Nome	1,778	\$73,659,678	1,756	\$69,708,732	1,787	\$69,652,525	1,728	\$67,101,334
St. Michael	169	\$2,935,957	185	\$3,352,309	172	\$3,267,997	181	\$3,334,107
Savoonga	270	\$3,808,084	277	\$4,319,409	274	\$4,572,850	243	\$3,644,374
Shaktolik	108	\$2,084,219	112	\$2,072,275	119	\$2,100,965	110	\$1,958,276
Stebbins	236	\$3,148,884	247	\$3,240,697	228	\$2,960,437	225	\$2,918,548
Teller	114	\$2,025,501	122	\$1,933,017	128	\$2,026,009	111	\$1,683,320
Unalakleet	426	\$12,398,932	380	\$10,986,985	387	\$9,886,711	368	\$9,681,779
Wales	79	\$1,316,754	81	\$1,278,598	75	\$1,151,420	70	\$1,092,087
White Mountain	94	\$1,797,126	91	\$1,873,778	89	\$1,803,501	97	\$1,889,856
Total	4,127	\$116,865,170	4,095	\$112,508,699	4,095	\$110,345,991	3,950	\$106,095,935
Average	275	\$7,791,011	273	\$7,500,580	273	\$7,356,399	263	\$7,073,062

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section (ADLWD)

Chart II-1: NSEDC investments per audited financial statements

NSEDC Investments - Per audited financial statements						
	2006	2007	2008	2009	2010	Average Annual Investment
Total Investments	\$88,231,695	\$105,825,728	\$98,615,895	\$113,686,193	\$132,814,323	
Investments by Year	\$9,775,175	\$17,594,033	\$(7,209,833)	\$15,070,298	\$19,128,130	\$10,871,561

Chart II-2: NSEDC fisheries-related and non-fisheries-related investments

NSEDC Investments: Fishery- & non-fishery-related							
	2006	2007	2008	2009	2010	Average Annual Investment	Total Investments
Fisheries Investments	\$14,528,660	\$22,464,912	\$24,648,021	\$29,965,140	\$36,611,457	\$25,643,638	\$128,218,190
Non-Fisheries Investments	\$-	\$-	\$1,246,360	\$93,438	\$135,221	\$295,004	\$1,475,019
% of Fisheries Investments	100.0%	100.0%	95.2%	99.7%	99.6%	98.9%	98.9%
Total Investments	\$14,528,660	\$22,464,912	\$25,894,381	\$30,058,578	\$36,746,678	\$25,938,642	\$129,693,209

Chart II-3: Change in net assets

NSEDG Net Assets					
	2006	2007	2008	2009	2010
Beginning net assets	\$91,852,807.00	\$107,861,043.00	\$110,190,946.00	\$123,591,320.00	\$135,253,502.00
Change in net assets	\$16,008,236.00	\$2,329,903.00	\$13,400,374.00	\$11,662,182.00	\$8,906,967.00
Total net assetsⁱ	\$107,861,043.00	\$110,190,946.00	\$123,591,320.00	\$135,253,502.00	\$144,160,469.00
Average net assets	\$99,856,925.00	\$109,025,994.50	\$116,891,133.00	\$129,422,411.00	\$139,706,985.50
Return on net assets ⁱⁱ	16.03%	2.14%	11.46%	9.01%	6.38%
Long-term debt	\$-	\$-	\$-	\$-	\$6,030,973.00
Long-term debt to net assets ⁱⁱⁱ	0.00%	0.00%	0.00%	0.00%	4.18%

ⁱ Net assets = Total assets minus total liabilities as reported on annual audited financial statements

ⁱⁱ Return on net assets = Change in net assets divided by average total net assets

ⁱⁱⁱ Long-term debt to net assets = Long-term debt divided by total net assets

Chart III-1: NSEDC employment

NSEDC Employment												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
Directⁱ	182	\$2,197,214	252	\$2,552,987	330	\$3,373,777	348	\$3,576,901	353	\$3,973,986	1,465	\$15,674,865
Indirectⁱⁱ	205	\$3,020,851	211	\$3,268,084	179	\$4,110,053	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,438
Total	387	\$5,218,065	463	\$5,821,071	509	\$7,483,830	543	\$6,823,645	630	\$8,155,692	2,532	\$33,502,303

ⁱ "Direct" refers to unique individuals employed directly by NSEDC or one of its wholly owned subsidiaries.

ⁱⁱ "Indirect" refers to unique individuals employed by a NSEDC harvesting or processing partner, a fisherman or woman receiving payments for fish deliveries to NSEDC, or individuals receiving employment funded by a NSEDC grant or program (breakdown provided in Chart III-3).

Chart III-2: NSEDC direct employment residency breakdown

Direct Employment Residency Breakdown												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
CDQ Resident In-Region	160	\$1,347,963	228	\$1,734,397	307	\$2,361,496	316	\$2,689,914	326	\$2,949,711	1,337	\$11,083,481
CDQ Resident Out of Region	15	\$568,453	15	\$576,579	17	\$846,866	21	\$642,069	24	\$960,205	92	\$3,594,172
Other Western AK Resident	-	-	-	-	2	\$26,742	-	-	2	\$5,420	4	\$32,162
Other AK Resident	2	\$115,167	4	\$133,305	1	\$111,027	7	\$151,374	-	-	14	\$510,873
Non-Resident	5	\$165,631	5	\$108,706	3	\$27,646	4	\$93,545	1	\$58,650	18	\$454,178
Total Unique Individuals	182	\$2,197,214	252	\$2,552,987	330	\$3,373,777	348	\$3,576,902	353	\$3,973,986	1,465	\$15,674,866

Chart III-3: NSEDG indirect employment sources

NSEDG Indirect Employment by Source												
	2006		2007		2008		2009		2010		Total	
Bering Sea partner employmentⁱ	54	\$1,114,129	47	\$1,068,529	40	\$936,254	35	\$599,499	30	\$702,271	206	\$4,420,682
Grant-related employmentⁱⁱ	45	\$235,856	53	\$221,470	18	\$106,479	34	\$74,499	72	\$177,283	222	\$815,586
Payments to fishermenⁱⁱⁱ	106	\$1,670,866	111	\$1,978,085	121	\$3,067,320	126	\$2,572,746	175	\$3,302,153	639	\$12,591,170
Total	205	\$3,020,851	211	\$3,268,084	179	\$4,110,053	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,438

ⁱ "Bering Sea partner employment" refers to unique individuals gaining jobs through NSEDG with its harvesting partners in the BSAI fisheries.

ⁱⁱ "Grant-related employment" refers to unique individuals receiving employment funded by a NSEDG grant or program.

ⁱⁱⁱ "Payments to fishermen" refers to unique fishermen or women receiving payments for fish delivered to NSEDG.

Chart III-4: NSEDG indirect employment residency breakdown

Indirect Employment Residency Breakdown												
	2006		2007		2008		2009		2010		Total	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
CDQ Resident In-Region	192	\$2,625,457	199	\$2,942,743	162	\$3,689,537	184	\$3,045,223	272	\$4,032,724	1,009	\$16,335,684
CDQ Resident Out of Region	4	\$111,507	4	\$112,122	5	\$128,484	5	\$101,435	1	\$31,859	19	\$485,407
Other Western AK Resident	8	\$269,038	8	\$213,219	8	\$196,229	6	\$100,087	4	\$117,123	34	\$895,696
Other AK Resident	-	\$-	-	\$-	4	\$95,802	-	\$-	-	\$-	4	\$95,802
Non-Resident	1	\$14,850	-	\$-	-	\$-	-	\$-	-	\$-	1	\$14,850
Total Unique Individuals	205	\$3,020,852	211	\$3,268,084	179	\$4,110,052	195	\$3,246,744	277	\$4,181,706	1,067	\$17,827,439

Chart III-5: NSEDC employment growth

NSEDC 2006 vs. 2010								
	2006		2010		Variance		Variance %	
	People	Wages	People	Wages	People	Wages	People	Wages
Directⁱ	182	\$2,197,214	353	\$3,973,986	171	\$1,776,772	94%	81%
Indirectⁱⁱ	205	\$3,020,851	277	\$4,181,706	72	\$1,160,855	35%	38%
Total	387	\$5,218,065	630	\$8,155,692	243	\$2,937,627	63%	56%

ⁱ "Direct" refers to unique individuals employed directly by NSEDC or one of its wholly owned subsidiaries.

ⁱⁱ "Indirect" refers to unique individuals employed by a NSEDC harvesting or processing partner, a fisherman or woman receiving payments for fish deliveries to NSEDC, or individuals receiving employment funded by a NSEDC grant or program (*breakdown provided in Chart III-3*).

Chart III-6: NSEDC scholarships

NSEDC Scholarships											
2006		2007		2008		2009		2010		Total	
People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure
178	\$341,369	176	\$401,578	206	\$508,361	235	\$614,169	255	\$680,800	1,050	\$2,546,277

Chart III-7: NSEDC training

NSEDC Training												
	2006		2007		2008		2009		2010		Total	
	People ⁱ	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure	People	Expenditure
Fisheries-related Training	60	\$112,614	20	\$123,947	32	\$75,431	30	\$52,261	47	\$98,046	189	\$462,299
Other Trainingⁱⁱ	n/a	n/a	n/a	n/a	n/a	n/a	92	\$43,247	78	\$20,724	170	\$63,971
Total	60	\$112,614	20	\$123,947	32	\$75,431	122	\$95,508	125	\$118,770	359	\$526,270

ⁱ A person may be counted more than once in the training data since NSEDC's diverse opportunities limit the ability to track training recipients on an individual basis.

ⁱⁱ NSEDC did not delineate its training between fisheries-related and other training before 2009.

Chart IV-1: NSEDC directed CDQ groundfish fisheries

NSEDC CDQ Groundfish (measured in metric tons)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
BS Pollock	22%	32,670.000	31,944.827	30,668.000	30,654.445	22,000.000	20,811.897	17,930.000	17,889.160	17,886.000	17,855.402	98.0%
AI Pollock	22%	418.000	-	418.000	-	418.000	-	418.000	-	418.000	-	0.0%
Pacific Cod	18%	2,561.940	2,529.266	2,304.720	2,266.849	3,261.035	3,258.012	3,374.827	3,372.888	3,226.483	3,226.445	99.5%
Sablefish	18%	50.760	49.194	53.640	53.571	51.480	45.299	48.960	38.500	50.220	48.682	92.2%
WAI Atka Mackerel	14%	162.820	160.863	100.800	89.912	253.193	247.263	253.197	242.538	308.631	308.631	97.3%
CAI Atka Mackerel	14%	420.000	375.603	310.800	286.784	364.058	338.736	486.918	475.591	443.470	442.957	94.8%
EAI/BS Atka Mackerel	14%	78.820	55.654	249.900	247.621	292.145	260.698	404.517	391.024	356.574	334.656	93.3%
WAI Pacific Ocean Perch	14%	53.340	50.887	81.060	61.501	114.004	101.465	97.670	79.651	97.969	92.159	86.9%
CAI Pacific Ocean Perch	14%	31.920	19.772	53.060	50.101	74.754	43.902	63.815	54.971	63.965	63.758	80.9%
EAI Pacific Ocean Perch	14%	32.340	17.651	52.220	40.814	73.406	59.962	62.916	44.902	63.216	57.906	77.9%
Yellowfin Sole	7%	502.460	359.080	714.000	633.470	1,754.361	345.598	1,637.433	5.947	1,707.609	471.490	28.7%
Rock Sole	11%	342.430	284.931	453.750	423.238	879.548	197.126	1,055.457	64.923	1,055.457	284.367	33.1%
BS Greenland Turbot	19%	26.980	2.170	23.940	11.036	35.578	22.235	103.480	48.361	85.793	1.052	30.8%
Arrowtooth Flounder	12%	117.000	19.400	180.000	91.028	963.000	98.869	963.000	622.427	963.000	109.839	29.6%
Flathead Sole	15%	219.450	38.830	337.500	83.464	800.264	63.119	960.312	73.890	960.312	154.441	12.6%
Total		37,688.260	35,908.128	36,001.390	34,993.834	31,334.826	25,894.181	27,860.502	23,404.773	27,686.699	23,451.785	89.5%

Chart IV-2: NSEDC directed CDQ crab fisheries

NSEDC Directed CDQ Crab (measured in pounds)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Norton Sound Red King Crab	50%	17,025	17,025	11,813	11,813	15,450	15,450	14,063	14,063	15,000	15,000	100.0%
Bristol Bay Red King Crab	18%	279,486	271,394	366,894	366,894	366,552	365,005	288,162	288,162	267,102	267,102	99.4%
Bering Sea Opilio Crab	18%	669,312	666,943	658,188	652,757	1,134,612	1,134,612	1,053,900	975,652	864,306	864,306	98.0%
Bering Sea Bairdi Crab	18%	29,160	28,995	53,442	49,589	101,178	83,526	77,400	49,734	24,300	24,300	82.7%
Aleutians Islands Golden King Crab	21%	63,000	61,908	63,000	63,000	66,150	66,150	66,150	66,150	66,150	66,150	99.7%
St. Matthew Blue King Crab	14%	-	-	-	-	-	-	16,338	-	22,400	18,043	46.6%
Total		1,057,983	1,046,265	1,153,337	1,144,053	1,683,942	1,664,743	1,516,013	1,393,761	1,259,258	1,254,901	95.4%

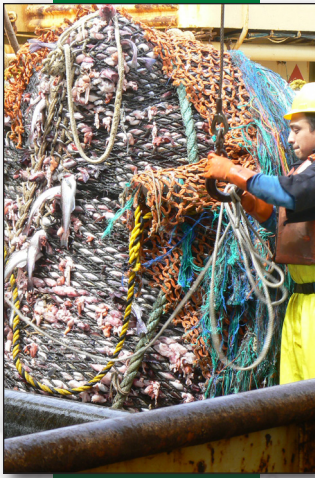
Chart IV-3: NSEDC directed CDQ halibut fisheries

NSEDC CDQ Halibut (measured in pounds)												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Halibut 4D	30%	144,900	144,623	203,668	197,791	159,210	134,712	141,210	129,103	146,250	145,368	94.5%

Chart IV-4: NSEDC CDQ prohibited species quota reserve

NSEDC Prohibited Species Quota Reserve ¹												
		2006		2007		2008		2009		2010		
Species/Allocation		Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Allocation	Harvest	Average Harvest
Zone 1 Red King Crab	12%	1,773	-	1,773	120	2,529	-	2,529	-	2,529	-	1.1%
Zone 1 Bairdi Tanner Crab	8%	5,880	2	5,880	251	8,389	78	8,389	-	7,105	306	1.8%
Zone 2 Bairdi Tanner Crab	10%	22,275	6	22,275	2,169	31,779	7	31,779	510	26,964	1,291	2.9%
Opilio Tanner Crab	8%	34,570	71	26,100	656	37,236	294	37,236	3,211	37,236	381	2.7%
Pacific Halibut	12%	41.040	23.402	41.040	33.984	41.160	27.126	41.160	19.815	47.160	35.162	65.9%
Chinook Salmon	22%	479	289	479	489	479	116	479	49	479	23	40.3%
Non-Chinook Salmon	22%	693	-	693	-	12	-	989	-	989	-	0.0%

¹ Crab and salmon are measured by the number of crab/salmon caught. Halibut is measured by metric ton.



Norton Sound Economic Development Corporation



Appendix

2006-2010 Decennial Review

For submission to the State of Alaska, November 2012

Norton Sound Economic Development Corporation

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1. Limitations of the available data

1.1 Census vs. American Community Survey (ACS) data

Since publishing Census 2000, the U.S. Census Bureau no longer releases detailed socioeconomic and demographic statistics through the decennial census, but now collects this information from the American Community Survey (ACS). The ACS collects data for geographic areas with populations of 20,000 or fewer on a five-year average basis. The ACS produces period estimates and these estimates do not measure characteristics for the same time frame as the decennial census estimates, which are interpreted to be a snapshot of April 1 of the census year¹. Accordingly, the ACS data includes a margin of error calculation that must be considered when making comparisons to Census 2000 data.

The 2006-2010 ACS five-year estimates reflect data collected throughout the year on an on-going, monthly basis between January 1, 2006 and December 31, 2010². The ACS asks for a respondent's income over the "past 12 months." For example, income data collected from the 2006-2010 ACS five-year survey reflect incomes over 2005-2010. Census 2000, however, collected the income data for a fixed period of time—"during 1999" (the last calendar year). Therefore, poverty and income comparisons must be made between the "snapshot" taken by the 2000 Census and the five-year (2006-2010) estimate provided by the ACS. It should also be noted that in a comparison study between Census 2000 income data and the 2000 ACS, income collected in Census 2000 was found to be about 4% higher than that in the 2000 ACS.³

Both the ACS and the decennial census sample data are based on information from a sample of the population. The data from the Census 2000 sample of about one-sixth of the population were collected using a "long-form" questionnaire, whose content was the model for the ACS. While some differences exist in the specific Census 2000 question wording and that of the ACS, most questions are identical or nearly identical. Important differences in the data collections methods do exist, however. Some of which include:

¹ Source: <http://www.census.gov/acs/www/Downloads/handbooks/ACSRuralAreaHandbook.pdf>

² Source: http://www.census.gov/acs/www/guidance_for_data_users/guidance_main/

³ Source: http://www.census.gov/acs/www/Downloads/methodology/ASA_nelson.pdf

Residence Rules: The residence rules for a census or survey determine the sample unit's occupancy status and household membership. The Census 2000 residence rules (where people should be counted) were based on the principle of "usual residence" on April 1, 2000. The decennial census attempts to restrict and determine a principal place of residence on one specific date for everyone enumerated. The ACS residence rules are based on a "current residence" concept since data are collected continuously throughout the entire year with responses provided relative to the continuously changing survey interview dates. While many people have definite ties to a single housing unit or group quarters, some people may stay in different places for significant periods of time over the course of the year. For example, fishing industry workers move with fishing seasons and may not live in any one location for the entire year.

Sample dates: The ACS yearly samples, spread over 12 months, collect information that is anchored to the day on which the sampled unit was interviewed, whether it is the day that a mail questionnaire is completed or the day that an interview is conducted by telephone. Individual questions with time references such as "last week" or "the last 12 months" all begin the reference period as of this interview date. The information on types and amounts of income refers to the 12 months prior to the day the question is answered. ACS interviews are conducted just about every day of the year, and all of the estimates that the survey releases are considered to be averages for a specific time period. The five-year estimates reflect the full 60-month period.

Most decennial census sample estimates are anchored in this same way to the date of enumeration. An important difference is that the distribution of census enumeration dates are highly clustered in March and April (when most census mail returns were received) with additional, smaller clusters seen in May and June (when non-response follow-up activities took place). This means that the data from the decennial census tend to describe the characteristics of the population and housing in the March through June time period (with an overrepresentation of March/April) while the ACS characteristics describe the characteristics nearly every day over the full calendar year⁴.

⁴ Source: <http://www.census.gov/acs/www/Downloads/handbooks/ACSRuralAreaHandbook.pdf>

1.2 Data difficulty encountered in previous studies

The Decennial Review is not the first instance in which organizations have encountered difficulty in examining the CDQ program's performance due to the lack of quality or sufficient wage and income data. An analysis prepared for the Alaska Department of Community and Economic Development in 2002 by Northern Economics cites the following:

“... Lack of Annual Community-Level Data

The second reason for the difficulty in assessing the CDQ program's performance is that many of the annual statistics on employment, income, and other measures that would be valuable to include in a socio-economic assessment, are available only at the level of

the borough or census area. Borough or census area statistics may not accurately represent socioeconomic conditions within CDQ communities because these communities comprise only a small proportion of the total number of communities within these political/demographic areas. ... [T]he 65 communities currently eligible to participate in the CDQ program account for less than half of the total population in the boroughs and census areas in which they are located. In only one borough (Bristol Bay) are all of the communities eligible to participate in the CDQ program. Therefore, much of the data that can be used to summarize impacts lacks the precision to be reliable.”

— From *“An Assessment of the Socioeconomic Impacts of the Western Alaska Community Development Quota Program,”* (page 1-3), prepared by Northern Economics for the Alaska Department of Community and Economic Development in November 2002.

2. Methodology of data sources

2.1 How poverty is calculated in the America Community Survey (ACS)

Source: US Census Bureau (www.census.gov/hhes/www/poverty/poverty-cal-in-acs.pdf)

“Poverty statistics presented in ACS reports and tables adhere to the standards specified by the Office of Management and Budget in Statistical Policy Directive 14. The Census Bureau uses a set of dollar value thresholds that vary by family size and composition to determine who is in poverty. Further, poverty thresholds for people living alone or with nonrelatives (unrelated individuals) and two-person families vary by age (under 65 years or 65 years and older).

If a family's total income is less than the dollar value of the appropriate threshold, then that family and every individual in it are considered to be in poverty. Similarly, if an unrelated individual's total income is less than the appropriate threshold, then that individual is considered to be in poverty. The poverty thresholds do not vary geographically. They are updated annually to allow for changes in the cost of living (inflation factor)

using the Consumer Price Index (CPI).

Poverty status was determined for all people except institutionalized people, people in military group quarters, people in college dormitories, and unrelated individuals under 15 years old. These groups were excluded from the numerator and denominator when calculating poverty rates.

Since the ACS is a continuous survey, people respond throughout the year. Because the income items specify a period covering the last 12 months, the appropriate poverty thresholds are determined by multiplying the base-year poverty thresholds (1982) by the monthly inflation factor based on the 12 monthly CPIs and the base-year CPI.

For further information on poverty data in the ACS, see “2008 Subject Definitions” at <http://www.census.gov/acs/www/UseData/Def.htm> ...”

Poverty thresholds: Tables detailing the poverty thresholds for each year of the decennial review period can be found online at <http://www.census.gov/hhes/www/poverty/data/threshld/index.html>.

2.2 Methodology behind Census and ACS income reporting

2.2.1 Median household income as reported by the 2000 Census¹:

Income of Households: This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one person, average household income is usually less than average family income. Although the household income statistics cover calendar year 1999, the characteristics of individuals and the composition of households refer to the time of enumeration (April 1, 2000). Thus, the income of the household does not include amounts received by individuals who were members of the household during all or part of calendar year 1999 if these individuals no longer resided in the household at the time of enumeration. Similarly, income amounts reported by individuals who did not reside in the household during 1999 but who were members of the household at the time of enumeration are included. However, the composition of most households was the same during 1999 as at the time of enumeration.

2.2.2 Median household income as reported by the American Community Survey 12-month data²:

Income of Households: This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one person, average household income is usually less than average family income. Although the household income statistics cover the past 12 months, the characteristics of individuals and the composition of households refer to the time of interview. Thus, the income of the household does not include amounts received by individuals who were members of the household during all or part of the past 12 months if these individuals no longer resided in the household at the time of interview. Similarly, income amounts reported by individuals who did not reside in the household during the past 12 months but who were members of the household at the time of interview are included. However, the composi-

tion of most households was the same during the past 12 months as at the time of interview.

The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households and families including those with no income. The median income for individuals is based on individuals 15 years old and over with income. Median income for households, families, and individuals is computed on the basis of a standard distribution.

2.2.3 Per capita income as reported by the 2000 Census³:

Per capita income is the mean income computed for every man, woman, and child in a particular group. It is derived by dividing the total income of a particular group by the total population in that group. (The aggregate used to calculate per capita income is rounded...) Per capita income is rounded to the nearest whole dollar.

2.2.4 Per capita income as reported by American Community Survey 12-month data⁴:

Per capita income is the mean money income received in the past 12 months computed for every man, woman, and child in a geographic area. It is derived by dividing the total income of all people 15 years old and over in a geographic area by the total population in that area. Note – income is not collected for people under 15 years old even though those people are included in the denominator of per capita income. This measure is rounded to the nearest whole dollar.

Money income includes amounts reported separately for wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income.

Receipts from the following sources are not included as income: capital gains, money received from the sale of property (unless the recipient was engaged in the business of selling such property); the value of income “in kind” from food stamps, public housing subsidies,

¹ Source: “Summary File 3: 2000 Census of Population and Housing, Technical Documentation.” (Page B-19)

² Source: “Summary File 3: 2000 Census of Population and Housing, Technical Documentation.” (Page B-19)

³ “Summary File 3: 2000 Census of Population and Housing, Technical Documentation.” (Page B-20)

⁴ Source: US Census Bureau website: http://quickfacts.census.gov/qfd/meta/long_INC910210.htm

medical care, employer contributions for individuals, etc.; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

Scope and Methodology:

These data are collected in the American Community Survey (ACS). The data are estimates and are subject to sampling variability. The data for each geographic area are presented together with margins of error at factfinder2.census.gov. The data are period estimates, that is, they represent the characteristics of the population over a specific 60-month data collection period.

Since answers to income questions are frequently based on memory and not on records, many people tended to forget minor or sporadic sources of income and, therefore, underreport their income. Underreporting tends to be more pronounced for income sources that are not derived from earnings, such as public assistance, interest, dividends, and net rental income.

2.3 Methodology behind State of Alaska Department of Labor & Workforce Development (ADOLWD) Alaska Local & Regional Information (ALARI) data

The Alaska Department of Labor and Workforce Development describes the methodology behind its ALARI data on its website (<http://live.laborstats.alaska.gov/alari/faqs.cfm>) as such:

“The data in Alaska Local and Regional Information are by place of residence—Alaska, Region, Borough/Census Area and Community—and residency is established by matching wage record file data with Permanent Fund Dividend (PFD) information.

Alaska Local and Regional Information is a snapshot of an area’s resident workforce rather than a snapshot

of an area’s economy. It’s more of a community profile than an economic profile. For example, all Alaska carpenters that fall within our “wage and salary” definition (are reported on an Alaska unemployment insurance quarterly report) who live in the geographic area are counted whether or not they work in the area.

The wage record file is derived from ADOLWD’s Occupational Database (ODB) and contains quarterly earnings, occupation and industry information on workers covered by unemployment insurance within Alaska. The PFD file is a list of Alaskans who either applied for or received a PFD. Workers included in the ODB were considered Alaska residents if they applied for a PFD in at least one of the two most recent years. Most of the data in Alaska Local and Regional Information is for Alaska residents only; nonresidents are not included in this data.

- For a match to occur, the worker’s social security number must have appeared in both the PFD and the wage file. Workers with missing social security numbers were excluded from the analysis.
- Alaska Local and Regional Information captures data for workers in private sector, state and local government covered by unemployment insurance within Alaska. Federal workers, military, and the self-employed are not included.
- Workers are assigned to the occupation and industry in which they earned the most money. A person will be counted only once, even if they worked in multiple occupations.
- The duration of a worker’s employment is not a factor in the count of workers - a person is counted as a worker once they earn any wages covered under Alaska’s unemployment insurance system.
- Some data that don’t reach confidentiality thresholds are suppressed.
- Some wages may have been earned elsewhere in the state.”

3. Documentation

Attachments:

- 3.1 CDQ Panel Rule – Resolution 2012-01: Investments by CDQ Groups
- 3.2 NSEDC Annual Statements of Compliance - 2008-2010
- 3.3 CDQ Panel Rule – Resolution 2010-07: Community Development Plans (CDP)
- 3.4 NSEDC CDPs 2009-2010 and CDP equivalents for 2006-2008
- 3.5 NSEDC Annual Reports 2006-2010

Attachment 3.1

CDQ Panel Rule – Resolution 2012-01: Investments by CDQ Groups

CDQ Panel Rule

Adopted by the CDQ Panel/
Western Alaska Community Development Association (WACDA)

Resolution 2012-01 **Investments by CDQ Groups**

The WACDA Board of Directors intends for this Resolution to be a CDQ Panel Rule binding on each of the six CDQ Entities pursuant to the terms of the WACDA Membership Agreement and to the Magnuson-Stevens Fishery Conservation and Management Act. The preceding statement is required by section 2.A of the September 28, 2007 WACDA Membership Agreement.

The CDQ Panel/WACDA Board of Directors has conducted a review and determined that this CDQ Panel Rule is lawful in all aspects. The preceding determination is required by section 2.B of the September 28, 2007 WACDA Membership Agreement.

This Resolution and CDQ Panel Rule is adopted to modify in part the “Investments by CDQ Groups” CDQ Panel Rule adopted by WACDA Resolutions 2008-02 and 2010-02, which expired March 17, 2011. This revised CDQ Panel Rule shall take effect on March 18, 2011 and extend for a period of two years from the effective date set out below.

I. Findings:

Whereas, the Federal statute which governs the Western Alaska Community Development Quota (CDQ) Program (section 305(i)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) (16 U.S.C. 1855(i)(1) et seq.) describes the “investments” that may be made by CDQ entities and requires an annual statement of compliance by each CDQ entity with respect to its “investments” (16 U.S.C. 1855(i)(1)(iii), (iv), and (v));

Whereas, the Federal CDQ statute requires a decennial review of each CDQ entity which may be in part based on the entity’s “investments” for the preceding ten-year period;

Whereas, the Federal CDQ statute does not define the term “investments”;

Whereas, the Federal CDQ statute requires the CDQ Panel/WACDA to “administer those aspects of the [CDQ] program not otherwise addressed by [the Federal CDQ statute]” and authorizes the CDQ Panel/WACDA to do so through private contractual arrangement (16 U.S.C. 1855(i)(1)(G)(iii)(I));

Whereas, the Federal CDQ statute requires the six CDQ entities to “comply with any...requirements established by the [CDQ Panel]” (16 U.S.C. 1855(i)(1)(E)(vi));

Whereas, on September 28, 2007, the six CDQ entities and CDQ Panel/WACDA entered into a

WACDA Membership Agreement which establishes the process that the CDQ Panel/WACDA must follow in adopting any “requirements” pursuant to the Federal CDQ statute that are to be binding on the six CDQ entities;

Whereas, the CDQ Panel has reviewed the CDQ investments requirements in the Federal CDQ statute and has determined that additional details are needed to provide clarity, avoid ambiguity, ensure consistency, and enable CDQ entities to reasonably comply with the investment requirement contained in the Federal statute;

II. Resolution/CDQ Panel Rule:

Now, therefore be it resolved that the CDQ Panel/WACDA Board of Directors hereby adopts the following CDQ Panel Rule which shall be binding on all six CDQ entities:

Investments by CDQ Entities

Section 1. Definition of “Investments”: For purposes of the Federal CDQ statute (16 U.S.C. 1855(i)(1) et seq.), the term “investments” shall mean “all expenditures made by a CDQ entity.”

Section 2. Definition of “Region”: For purposes of the Federal CDQ statute (16 U.S.C. 1855(i)(1) et seq.), the term “region” shall mean “the geographic area surrounding and including the member villages within 50 nautical miles of the baseline of the Bering Sea” consistent with the practices and understanding of the respective CDQ entities.

Section 3. Definition of “Fisheries-Related”: For purposes of the Federal CDQ statute (16 U.S.C. 1855(i)(1) et seq.), an investment shall be considered “fisheries-related” if it has a fisheries related purpose. This term shall be construed broadly in order to facilitate the CDQ entities’ ability to fulfill those purposes set forth in 16 U.S.C. 1855(i)(1)(A).

Section 4. Measurement of Other/Non-Fisheries Investments: The investments allowed under section 305(i)(1)(E)(iii) of the Federal CDQ statute (16 U.S.C. 1855(i)(1)(E)(iii)) shall not exceed 20 percent of the annual investments.

Section 5. Decennial Review. It is the sense of the CDQ Panel/WACDA that compliance by the CDQ entities with the investment requirements of the Federal CDQ statute should be measured on a ten-year basis in conjunction with the CDQ decennial review and that there should be no penalties for non-compliance on an annual basis.

Section 6. Past Practices. For purposes of section 305(i)(1)(E)(iv) of the Federal CDQ statute (16 U.S.C. 1855(i)(1)(E)(iv)), an investment’s purpose shall be considered “consistent with the practices of the entity prior to March 1, 2006” if the type of investment was practiced by the entity prior to such date, practiced by any of the other entities prior to such date, or was

otherwise allowed to be practiced by the entity prior to such date. This term shall be construed broadly in order to facilitate the CDQ entities' ability to fulfill those purposes set forth in 16 U.S.C. 1855(i)(1)(A).

Section 7. Annual Statement of Investments Compliance. Each CDQ entity shall use a standard format in preparing its annual written statement required under section 305(i)(1)(E)(v) of the Federal CDQ statute (16 U.S.C. 1855(i)(1)(E)(v)) (its "Annual Statement of Compliance"). The Annual Statement of Compliance must be submitted by not later than July 31 of each year.

Section 8. Compliance and Penalties. The Board of Directors and Chief Executive Officer of each CDQ Entity shall review each of its Annual Statements of Compliance to ensure compliance with this CDQ Panel Rule and with the relevant provisions of the Federal CDQ statute. Provided that its Annual Statement of Compliance is thereafter approved by its Board of Directors, signed by its Chief Executive Officer, and submitted as required under section 7 of this CDQ Panel Rule, the CDQ Entity shall have complied with this CDQ Panel Rule. Any penalties for non-compliance with this CDQ Panel Rule shall be limited to those allowed under section 7 of the September 28, 2007 WACDA Membership Agreement.

Section 9. Applicability. Investments made prior to March 18, 2011 shall be governed by the Panel Rules in effect at that time; this revised CDQ Panel Rule shall govern investments made beginning March 18, 2011 and for a period of two years from the effective date set out below.

Section 10. Termination of Rule. This CDQ Panel Rule shall automatically terminate on the date that is two years after the effective date identified below (in accordance with section 5.B of the September 28, 2007 WACDA Membership Agreement).

III. Adoption of Resolution

(1) First Approval: By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a Proposed CDQ Panel Rule and certify that the approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

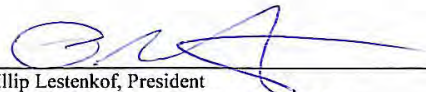
Signed this 23 day of April, 2012:



 Larry Cotter, Chief Executive Officer
 Aleutian Pribilof Island Community Development Association



 Robin Samuelsen, President/Chief Executive Officer
 Bristol Bay Economic Development Corporation



 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association



 Morgen Crow, Executive Director
 Coastal Villages Region Fund



 Simon Kimfeen, Chief Operating Officer
 Norton Sound Economic Development Corporation



 Ragnar Alstrom, Executive Director
 Yukon Delta Fisheries Development Association

(2) Second Approval: By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a CDQ Panel Rule and certify that: (1) this second approval has occurred at least 30 days after the first approval above; and (2) that the second approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

Signed this 29 day of June 2012:

(please see attached electronic signature consent forms for signatures)



 Larry Cotter, Chief Executive Officer
 Aleutian Pribilof Island Community Development Association

 Robin Samuelsen, President/Chief Executive Officer
 Bristol Bay Economic Development Corporation

 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association

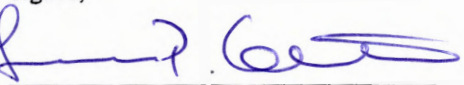
 Morgen Crow, Executive Director
 Coastal Villages Region Fund

 Simon Kinneen, Chief Operating Officer
 Norton Sound Economic Development Corporation


 Ragnar Alstrom, Executive Director
 Yukon Delta Fisheries Development Association

(3) Effective Date: By signing below, the WACDA President and Executive Director certify on behalf of WACDA that the requirements of section 2 of the September 28, 2007 WACDA Membership Agreement have been satisfied and that notice of this Resolution as approved for the second time, including a copy thereof, was sent by WACDA to each of the six CDQ entities and to the National Marine Fisheries Service on the following date which shall therefore be the effective date of this Resolution and CDQ Panel Rule:

Effective Date: 6/29/12

Signed,


 Larry Cotter, Chairman
 Western Alaska Community Development Association



 Aggie Blandford, Executive Director
 Western Alaska Community Development Association

Electronic Transmission

To: Aggie Blandford, WACDA Executive Director

From: Larry Cotter, APICDA CEO
Robin Samuelsen, BBEDC
President/CEO
Phillip Lestenkof, CBSFA President

Morgen Crow, CVRF Executive Director
Simon Kinneen, NSEDC COO
Ragnar Alstrom, YDFDA Executive Director

Date: May 31, 2012

Re: Signed consent for use of electronic signature

In accordance with Article VI Section 12 of the WACDA Bylaws, I hereby give consent for my electronic signature to be affixed to CDQ Panel Rule 2012-01 Investments by CDQ Groups, part III, subpart (2), Second Approval. This revised CDQ Panel Rule amends previous Panel Rules 2008-02 and 2010-02, which expired March 17, 2011. This CDQ Panel Rule shall take effect on March 18, 2011 and extend for a period of two years from the effective date. By signing below, I, as a member of the CDQ Panel/WACDA Board of Directors, approve the above referenced Resolution as a CDQ Panel Rule and certify that the approval of this Resolution has occurred in accordance with all relevant provisions of the WACDA Bylaws.

Consent:



Larry Cotter, CEO
Aleutian Pribilof Community Development Association

6/29/12

Date

Robin Samuelsen, President/CEO
Bristol Bay Economic Development Corporation

Date

Phillip Lestenkof, President
Central Bering Sea Fishermen's Association

Date

Morgen Crow, Executive Director
Coastal Villages Region Fund

Date

Simon Kinneen, COO
Norton Sound Economic Development Corporation

Date

Ragnar Alstrom, Executive Director
Yukon Delta Fisheries Development Association

Date

Please fax this signed consent to WACDA at (907) 868-7635 or email to ablandford@wacda.org

Electronic Transmission

To: Aggie Blandford, WACDA Executive Director

From: Larry Cotter, APICDA CEO
 Robin Samuelsen, BBEDC
 President/CEO
 Phillip Lestenkof, CBSFA President

Morgen Crow, CVRF Executive Director
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Consent:

 Larry Cotter, CEO
 Aleutian Pribilof Community Development Association

 Date



 Robin Samuelsen, President/CEO
 Bristol Bay Economic Development Corporation



 Date

 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association

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 Ragnar Alstrom, YDFDA Executive Director

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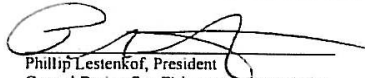
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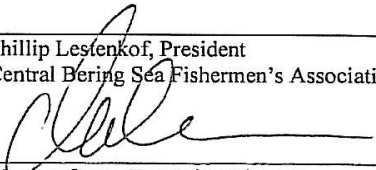
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Coastal Villages Region Fund

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6/15/12

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 Ragnar Alstrom, YDFDA Executive Director

Date: May 31, 2012

Re: Signed consent for use of electronic signature

In accordance with Article VI Section 12 of the WACDA Bylaws, I hereby give consent for my electronic signature to be affixed to CDQ Panel Rule 2012-01 Investments by CDO Groups, part III, subpart (2), Second Approval. This revised CDQ Panel Rule amends previous Panel Rules 2008-02 and 2010-02, which expired March 17, 2011. This CDQ Panel Rule shall take effect on March 18, 2011 and extend for a period of two years from the effective date. By signing below, I, as a member of the CDQ Panel/WACDA Board of Directors, approve the above referenced Resolution as a CDQ Panel Rule and certify that the approval of this Resolution has occurred in accordance with all relevant provisions of the WACDA Bylaws.

Consent:

 Larry Cotter, CEO
 Aleutian Pribilof Community Development Association

 Date

 Robin Samuelsen, President/CEO
 Bristol Bay Economic Development Corporation

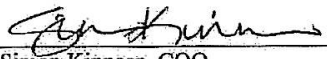
 Date

 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association

 Date

 Morgen Crow, Executive Director
 Coastal Villages Region Fund

 Date



 Simon Kinneen, COO
 Norton Sound Economic Development Corporation

June 4, 2012

 Date

 Ragnar Alstrom, Executive Director
 Yukon Delta Fisheries Development Association

 Date

Please fax this signed consent to WACDA at (907) 868-7635 or email to ablandford@wacda.org

Electronic Transmission

To: Aggie Blandford, WACDA Executive Director

From: Larry Cotter, APICDA CEO
Robin Samuelsen, BBEDC
President/CEO
Phillip Lestenkof, CBSFA President

Morgen Crow, CVRF Executive Director
Simon Kinneen, NSEDC COO
Ragnar Alstrom, YDFDA Executive Director

Date: May 31, 2012

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Consent:

Larry Cotter, CEO
Aleutian Pribilof Community Development Association

Date

Robin Samuelsen, President/CEO
Bristol Bay Economic Development Corporation

Date

Phillip Lestenkof, President
Central Bering Sea Fishermen's Association

Date

Morgen Crow, Executive Director
Coastal Villages Region Fund

Date

Simon Kinneen, COO
Norton Sound Economic Development Corporation

Date



Ragnar Alstrom, Executive Director
Yukon Delta Fisheries Development Association

06/25/2012
Date

Please fax this signed consent to WACDA at (907) 868-7635 or email to ablandford@wacda.org

Attachment 3.2
NSEDC Annual Statements of Compliance - 2008-2010

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Certificate of Corporate Resolution 09-09

2008 NSEDC Statement of Compliance

I, the undersigned, secretary of Norton Sound Economic Development Corporation (NSEDC), an Alaska private non-profit corporation, hereby certify that at a regular quarterly meeting of the board of directors held in Unalakleet, Alaska, on November 5, 2009, upon proper call and notice, or waiver thereof, at which there was a quorum present and voting, the board adopted the following resolutions by a majority vote of a quorum of the directors:

WHEREAS, the Magnuson-Stevens Fishery Conservation and Management Act (MSA) authorizes the Western Alaska Community Development Quota (CDQ) Program;

WHEREAS, the Norton Sound Economic Development Corporation is named as the entity within MSA to represent the 15 communities in the Norton Sound/Bering Strait region eligible to participate in the CDQ Program;

WHEREAS, the MSA specifies CDQ Program eligibility requirements, and specifically in Section 305(i)(1)(E)(v) that "each entity, following approval by its board of directors" shall submit a written statement summarizing the purpose for which it made investments generally considered to be either non-fisheries related, or, fisheries-related and/or consistent with practices prior to March 1, 2006;

NOW THEREFORE BE IT

RESOLVED that the NSEDC Board of Directors approves of the written Statement of Compliance signed by the NSEDC Chief Executive Officer and dated November 5, 2009.

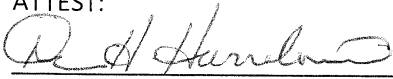
The foregoing resolution has not been altered or repealed and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have executed my name as Secretary of NSEDC this 5th day of November, 2009.



 Jerry Ivanoff, Secretary

ATTEST:



 Dan Harrelson, President



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Certificate of Corporate Resolution No 10-04

2009 NSEDC Annual Statement of Compliance

I, the undersigned, secretary of Norton Sound Economic Development Corporation, an Alaska non-profit corporation, hereby certify that at a special meeting of the board of directors held via teleconference, on July 22, 2010, upon proper call and notice, or waiver thereof, at which there was a quorum present and voting, the board adopted the following resolutions by a majority vote of a quorum of the directors:

WHEREAS, the Magnuson-Stevens Fishery Conservation and Management Act (MSA) authorizes the Western Alaska Community Development Quota (CDQ) Program;

WHEREAS, the Norton Sound Economic Development Corporation is named as the entity within MSA to represent the 15 communities in the Norton Sound/Bering Strait region eligible to participate in the CDQ Program;

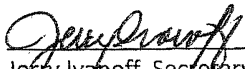
WHEREAS, the MSA specifies CDQ Program eligibility requirements, and specifically in Section 305(i)(1)(E)(v) that "each entity, following approval by its board of directors" shall submit a written statement summarizing the purpose for which it made investments generally considered to be either non-fisheries related, or, fisheries-related and/or consistent with practices prior to March 1, 2006,

NOW THEREFORE BE IT

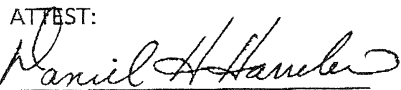
RESOLVED that the NSEDC Board of Directors approves of the written Annual Statement of Compliance signed by the NSEDC Chief Executive Officer and dated July 22, 2010.

The foregoing resolution has not been altered or repealed and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have executed my name as Secretary of NSEDC this 22nd day of July, 2010.



 Jerry Ivanoff, Secretary

ATTEST:

 Dan Harrelson, President

Resolution No. 10-04



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Certificate of Corporate Resolution No 11- 04

Approval of 2010 NSEDC Annual Statement of Compliance

I, the undersigned, secretary of Norton Sound Economic Development Corporation, an Alaska non-profit corporation, hereby certify that at a regular quarterly meeting of the board of directors held in Unalakleet, Alaska, on the 29th day of April, 2011, upon proper call and notice, or waiver thereof, at which there was a quorum present and voting, the board adopted the following preambles and resolution by a majority vote of a quorum of the directors:

WHEREAS, the Magnuson-Stevens Fishery Conservation and Management Act (MSA) authorizes the Western Alaska Community Development Quota (CDQ) Program;

WHEREAS, the Norton Sound Economic Development Corporation is named as the entity within the MSA to represent the 15 communities in the Norton Sound/Bering Strait region eligible to participate in the CDQ Program;

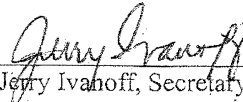
WHEREAS, the MSA specifies CDQ Program eligibility requirements, and specifically in Section 305(i)(1)(E)(v) that "each entity, following approval by its board of directors" shall submit a written statement summarizing the purpose for which it made investments, as allowed by the MSA as a non-fishery related investment, fishery related investment, or and investment for a purpose consistent with the practices of the entity prior to March 1, 2006.

NOW THEREFORE BE IT

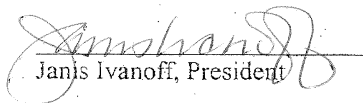
RESOLVED that the NSEDC Board of Directors approves the 2010 NSEDC Annual Statement of Compliance for submission by the NSEDC Chief Executive Officer.

The foregoing resolution has not been altered or repealed and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have executed my name as Secretary of NSEDC this 29th day of April, 2011.


Jerry Ivanoff, Secretary

ATTEST:


Janis Ivanoff, President



Attachment 3.3

CDQ Panel Rule – Resolution 2010-07: Community Development Plans

CDQ Panel Rule

Adopted by the CDQ Panel/
Western Alaska Community Development Association (WACDA)

Resolution 2010-07 **Community Development Plans**

The WACDA Board of Directors intends for this Resolution to be a CDQ Panel Rule binding on each of the six CDQ Entities pursuant to the terms of the WACDA Membership Agreement and to the Magnuson-Stevens Fishery Conservation and Management Act. The preceding statement is required by section 2.A of the September 28, 2007 WACDA Membership Agreement.

The CDQ Panel/WACDA Board of Directors has conducted a review and determined that this CDQ Panel Rule is lawful in all aspects. The preceding determination is required by section 2.B of the September 28, 2007 WACDA Membership Agreement.

This Resolution and CDQ Panel Rule is adopted to amend the contents and extend the effective date of the CDQ Panel Rule adopted by WACDA Resolution 2008-03.

I. Findings:

Whereas, the Federal CDQ statute requires the CDQ Panel/WACDA to “administer those aspects of the [CDQ] program not otherwise addressed by” the Federal CDQ statute and authorizes the CDQ Panel/WACDA to do so through private contractual arrangement (16 U.S.C. 1855(i)(1)(G)(iii)(I));

Whereas, on September 28, 2007, the six CDQ entities and CDQ Panel/WACDA entered into a WACDA Membership Agreement which establishes the process that the CDQ Panel/WACDA must follow in adopting any “requirements” pursuant to the Federal CDQ statute that are to be binding on the six CDQ entities;

Whereas, the Federal CDQ statute requires the six CDQ entities to “comply with...requirements established by” the CDQ Panel (16 U.S.C. 1855(i)(1)(E)(vi));

Whereas, the Federal CDQ statute that governs the Western Alaska Community Development Quota (CDQ) Program (section 305(i)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) (16 U.S.C. 1855(i)(1) et seq.)) defined a “community development plan” in 16 U.S.C. 1855(i)(1)(J);

Whereas, the Federal CDQ statute in 16 U.S.C. 1855(i)(1)(H)(ii) allows an entity to assign a relative value to how it achieved the goals of its community development plan for the purposes of the required decennial review as set forth in 16 U.S.C. 1855(i)(1)(H);

Whereas, the CDQ Panel has reviewed both the decennial review requirements and the statutory definition of a community development plan in the Federal CDQ statute and has determined that each group should maintain a minimum level of community development plan and that the content and formatting of such a community development plan must be consistent among all entities.

II. Resolution/CDQ Panel Rule:

Now, therefore be it resolved that the CDQ Panel/WACDA Board of Directors hereby adopts the following CDQ Panel Rule which shall be binding on all six CDQ entities:

Section 1. Community Development Plan. Each entity must maintain a community development plan (“CDP”) in compliance with 16 U.S.C. 1855(i)(1)(J)(i) or (ii).

Section 2. Minimum CDP Standards. If an entity chooses to maintain its CDP consistent with 16 U.S.C. 1855(i)(1)(J)(i), that CDP shall include the following information for each target CDQ fishery: 1) the type(s) of gear that will be used for harvest, 2) the general time period of such harvest, and 3) its bycatch avoidance plans with respect to the harvest of its share of fishery resources.

Section 3. Extended Reporting CDP Standards. If an entity chooses to maintain its CDP consistent with 16 U.S.C. 1855(i)(1)(J)(ii), that CDP shall include the following information and format:

Section 1	Executive Summary
Section 2	Community Profile
Section 3	Organizational Structure
Section 4	Harvesting and processing information
Section 5	Projects and programs that benefit the region

Section 4. Status, Filing, and Amendments. All CDPs must be kept up-to-date at least annually and also filed annually with WACDA. In addition to the foregoing, an entity may freely amend its CDP at any time; however, no amendments to a CDP can be made in the last twelve months of the decennial cycle if such amendments will be a basis for that entity’s evaluation purposes pursuant to 16 U.S.C. 1855(i)(1)(H).


Section 5. Compliance and Penalties. Any penalties for non-compliance with this CDQ Panel Rule shall be limited to those allowed under section 7 of the September 28, 2007 WACDA Membership Agreement.

Section 6. Termination of Rule. This CDQ Panel Rule shall automatically terminate on December 31, 2012.


III. Adoption of Resolution

(1) **First Approval:** By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a Proposed CDQ Panel Rule and certify that the approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

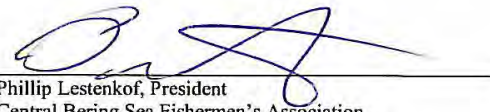
Signed this 14 day of December 2010,



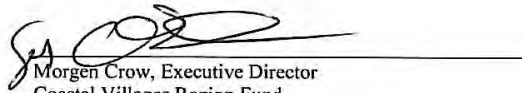
Larry Cotter, Chief Executive Officer
Aleutian Pribilof Community Development Association



Robin Samuelson, President/Chief Executive Officer
Bristol Bay Economic Development Corporation



Phillip Lestenkof, President
Central Bering Sea Fishermen's Association



Morgen Crow, Executive Director
Coastal Villages Region Fund



Simon Kinneen, Chief Operating Officer
Norton Sound Economic Development Corporation




Ragnar Alstrom, Executive Director
Yukon Delta Fisheries Development Association

(2) Second Approval: By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a CDQ Panel Rule and certify that: (1) this second approval has occurred at least 30 days after the first approval above; and (2) that the second approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

Signed this 15 day of March 2011:


 Larry Cotter, Chief Executive Officer
 Aleutian Pribilof Community Development Association


 Robin Samuelsen, President/Chief Executive Officer
 Bristol Bay Economic Development Corporation


 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association


 Morgen Crow, Executive Director
 Coastal Villages Region Fund



 Simon Kinneen, Chief Operating Officer
 Norton Sound Economic Development Corporation


 Ragnar Alstrom, Executive Director
 Yukon Delta Fisheries Development Association

(3) Effective Date: By signing below, the WACDA President and Executive Director certify on behalf of WACDA that the requirements of section 2 of the September 28, 2007 WACDA Membership Agreement have been satisfied and that notice of this Resolution as approved for the second time, including a copy thereof, was sent by WACDA to each of the six CDQ entities and to the National Marine Fisheries Service on the following date which shall therefore be the effective date of this Resolution and CDQ Panel Rule:

Effective Date: 4/28/11

Signed,


 Larry Cotter, Chairman
 Western Alaska Community Development Association


 Executive Director
 Western Alaska Community Development Association

Attachment 3.4
NSEDG CDPs 2009-2010 and CDP equivalents for 2006-2008

Community Development Plan 2009



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

420 L Street, Suite 310
Anchorage, AK 99501
Phone: (907) 274-2248
Fax: (907) 274-2249

Norton Sound Economic Development Corporation

2009 Community Development Plan

The Norton Sound Economic Development Corporation (NSEDC) is one of six entities eligible to participate in the Western Alaska Community Development Quota (CDQ) Program. NSEDC represents the following fifteen communities in the Norton Sound/Bering Straits region:

**Brevig Mission
Gambell
Nome
St. Michael
Unalakleet**

**Diomede
Golovin
Savoonga
Stebbins
Wales**

**Elim
Koyuk
Shaktoolik
Teller
White Mountain**

NSEDC has developed this 2009 Community Development Plan (CDP) in accordance with the standards set forth in the Magnuson-Stevens Fishery Conservation and Management Act (MSA) and further by the CDQ Panel Rule/Resolution 2008-03 – Community Development Plans.

Specifically, MSA requires under 16 U.S.C. 1855(i)(1)(J)(i) that NSEDC's CDP describe how it intends "to harvest its share of fishery resources allocated to the program."

The CDQ Panel rule further states that the CDP "shall include the following information for each target CDQ fishery: 1) the type(s) of gear that will be used for harvest, 2) the general time period of such harvest, and 3) its bycatch avoidance plans with respect to the harvest of its share of fishery resources."

Fishery	Gear Type	Fishing Season
BS Pollock	Trawl	January 20 – October 31
BSAI Pacific Cod	Longline	February 1 - December 31
Atka mackerel (541,542,543)	Trawl	January 20 – October 31
Pacific Ocean Perch (541, 542, 543)	Trawl	January 20 – October 31
BSAI Yellowfin Sole	Trawl	January 20 – October 31
BSAI Northern Rock Sole	Trawl	January 20 – October 31
BSAI Flathead Sole	Trawl	January 20 – October 31
BSAI Sablefish	Longline/Pot	March 15 – November 15
Halibut (Area 4D)	Longline	March 15 – November 15
Bristol Bay Red King Crab	Pot	October 15 - January 15
Aleutian Islands Golden King Crab	Pot	August 15 - May 15
Eastern Bering Sea Bairdi Crab	Pot	October 15 - March 31
Western Bering Sea Bairdi Crab	Pot	October 15 - March 31
Opilio Crab	Pot	October 15 - May 31
Norton Sound Red King Crab	Pot	June 15 - September 3

Bycatch Avoidance Plan

NSEDC has pre-fishery discussions with harvest partners to discuss bycatch avoidance issues. NSEDC's allocations to partners include both target species quotas as well as conservative bycatch allowances. Skippers use these figures and general bycatch thresholds to limit incidental harvests, and either change fishing areas or cease fishing if limits are exceeded. NSEDC monitors fishery progress electronically through both SeaState and National Marine Fisheries Service. Communication with the skippers occurs if high bycatch rates are encountered and NSEDC can stop fishing if needed.

Community Development Plan 2010



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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Norton Sound Economic Development Corporation

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St. Michael
Unalakleet**

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Savoonga
Stebbins
Wales**

**Elim
Koyuk
Shaktoolik
Teller
White Mountain**

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BSAI Flathead Sole	Trawl	January 20 – October 31
BSAI Sablefish	Longline/Pot	March 15 – November 15
Halibut (Area 4D)	Longline	March 15 – November 15
Bristol Bay Red King Crab	Pot	October 15 - January 15
Aleutian Islands Golden King Crab	Pot	August 15 - May 15
Eastern Bering Sea Bairdi Crab	Pot	October 15 - March 31
St. Matthew Blue King Crab	Pot	October 15 – February 1
Opilio Crab	Pot	October 15 - May 31
Norton Sound Red King Crab	Pot	June 15 - September 3

Bycatch Avoidance Plan

NSEDC has pre-fishery discussions with harvest partners to discuss bycatch avoidance issues, and incorporates provisions into harvest agreements that relates to the minimization of bycatch in the directed fisheries. NSEDC's allocations to partners include both target species quotas as well as conservative bycatch allowances. Skippers use these figures and general bycatch thresholds to limit incidental harvests, and either change fishing areas or cease fishing if limits are exceeded. NSEDC monitors fishery progress electronically through both SeaState and National Marine Fisheries Service. Communication with the skippers occurs if high bycatch rates are encountered and NSEDC can stop fishing if needed.

Community Development Plan: *2006 Equivalent**

** This document is provided as a proxy for a 2006 Community Development Plan (CDP) for NSEDC. No CDP in this format was filed for the years 2006-2008 as there was no federal regulation nor WACDA Panel rule in place governing such filings. This document recreates a CDP for 2006 per the WACDA Panel rule governing CDPs for 2009-2010.*



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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Norton Sound Economic Development Corporation

2006 Community Development Plan *Equivalent*

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Savoonga
Stebbins
Wales**

**Elim
Koyuk
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Teller
White Mountain**

NSEDC has developed this 2006 Community Development Plan (CDP) equivalent in accordance with the standards set forth in the Magnuson-Stevens Fishery Conservation and Management Act (MSA) and further by the CDQ Panel Rule/Resolution 2008-03 – Community Development Plans.

Specifically, MSA requires under 16 U.S.C. 1855(i)(1)(J)(i) that NSEDC's CDP describe how it intends "to harvest its share of fishery resources allocated to the program."

The CDQ Panel rule further states that the CDP "shall include the following information for each target CDQ fishery: 1) the type(s) of gear that will be used for harvest, 2) the general time period of such harvest, and 3) its bycatch avoidance plans with respect to the harvest of its share of fishery resources."

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BSAI Yellowfin Sole	Trawl	January 20 – December 31
BSAI Northern Rock Sole	Trawl	January 20 – December 31
BSAI Flathead Sole	Trawl	January 20 – December 31
BSAI Sablefish	Longline/Pot	March 5 – November 15
Halibut (Area 4D)	Longline	March 5 – November 15

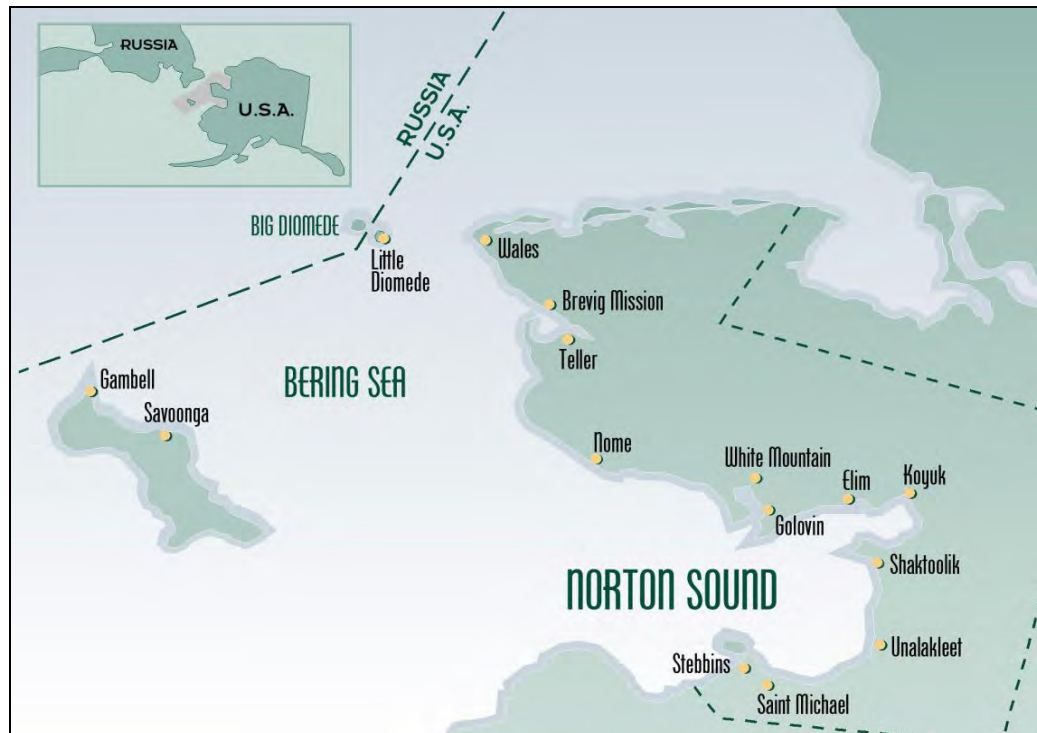
Bristol Bay Red King Crab	Pot	October 15 - January 15
Aleutian Islands Golden King Crab	Pot	August 15 - May 15
Bering Sea Bairdi Crab	Pot	October 15 - March 31
Bering Sea Opilio Crab	Pot	October 15 - May 31
Norton Sound Red King Crab	Pot	June 15 - September 3

Bycatch Avoidance Plan

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Community Development Plan: 2007 Equivalent*

* This document is provided as a proxy for a 2007 Community Development Plan (CDP) for NSED. No CDP in this format was filed for the years 2006-2008 as there was no federal regulation nor WACDA Panel rule in place governing such filings. This document recreates a CDP for 2007 per the WACDA Panel rule governing CDPs for 2009-2010.



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Norton Sound Economic Development Corporation

2007 Community Development Plan *Equivalent*

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Specifically, MSA requires under 16 U.S.C. 1855(i)(1)(J)(i) that NSEDC's CDP describe how it intends "to harvest its share of fishery resources allocated to the program."

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BSAI Northern Rock Sole	Trawl	January 20 – October 31
BSAI Flathead Sole	Trawl	January 20 – October 31
BSAI Sablefish	Longline/Pot	March 10 – November 15
Halibut (Area 4D)	Longline	March 10 – November 15

Bristol Bay Red King Crab	Pot	October 15 - January 15
Aleutian Islands Golden King Crab	Pot	August 15 - May 15
Bering Sea Bairdi Crab	Pot	October 15 - March 31
Bering Sea Opilio Crab	Pot	October 15 - May 31
Norton Sound Red King Crab	Pot	June 15 - September 3

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NSEDC has pre-fishery discussions with harvest partners to discuss bycatch avoidance issues, and incorporates provisions into harvest agreements that relates to the minimization of bycatch in the directed fisheries. NSEDC's allocations to partners include both target species quotas as well as conservative bycatch allowances. Skippers use these figures and general bycatch thresholds to limit incidental harvests, and either change fishing areas or cease fishing if limits are exceeded. NSEDC monitors fishery progress electronically through both SeaState and National Marine Fisheries Service. Communication with the skippers occurs if high bycatch rates are encountered and NSEDC can stop fishing if needed.

Community Development Plan: *2008 Equivalent**

** This document is provided as a proxy for a 2008 Community Development Plan (CDP) for NSEDC. No CDP in this format was filed for the years 2006-2008 as there was no federal regulation nor WACDA Panel rule in place governing such filings. This document recreates a CDP for 2008 per the WACDA Panel rule governing CDPs for 2009-2010.*



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

420 L Street, Suite 310
 Anchorage, AK 99501
 Phone: (907) 274-2248
 Fax: (907) 274-2249

Norton Sound Economic Development Corporation

2008 Community Development Plan *Equivalent*

The Norton Sound Economic Development Corporation (NSEDC) is one of six entities eligible to participate in the Western Alaska Community Development Quota (CDQ) Program. NSEDC represents the following fifteen communities in the Norton Sound/Bering Straits region:

**Brevig Mission
Gambell
Nome
St. Michael
Unalakleet**

**Diomede
Golovin
Savoonga
Stebbins
Wales**

**Elim
Koyuk
Shaktoolik
Teller
White Mountain**

NSEDC has developed this 2008 Community Development Plan (CDP) in accordance with the standards set forth in the Magnuson-Stevens Fishery Conservation and Management Act (MSA) and further by the CDQ Panel Rule/Resolution 2008-03 – Community Development Plans.

Specifically, MSA requires under 16 U.S.C. 1855(i)(1)(J)(i) that NSEDC’s CDP describe how it intends “to harvest its share of fishery resources allocated to the program.”

The CDQ Panel rule further states that the CDP “shall include the following information for each target CDQ fishery: 1) the type(s) of gear that will be used for harvest, 2) the general time period of such harvest, and 3) its bycatch avoidance plans with respect to the harvest of its share of fishery resources.”

Fishery	Gear Type	Fishing Season
BS Pollock	Trawl	January 20 – October 31
BSAI Pacific Cod	Longline	January 1 - December 31
Atka mackerel (541,542,543)	Trawl	January 20 – October 31
Pacific Ocean Perch (541, 542, 543)	Trawl	January 20 – October 31
BSAI Yellowfin Sole	Trawl	January 20 – October 31
BSAI Northern Rock Sole	Trawl	January 20 – October 31
BSAI Flathead Sole	Trawl	January 20 – October 31
BSAI Sablefish	Longline/Pot	March 8 – November 15
Halibut (Area 4D)	Longline	March 8 – November 15

Bristol Bay Red King Crab	Pot	October 15 - January 15
Aleutian Islands Golden King Crab	Pot	August 15 - May 15
Bering Sea Bairdi Crab	Pot	October 15 - March 31
Bering Sea Opilio Crab	Pot	October 15 - May 31
Norton Sound Red King Crab	Pot	June 15 - September 3

Bycatch Avoidance Plan

NSED has pre-fishery discussions with harvest partners to discuss bycatch avoidance issues, and incorporates provisions into harvest agreements that relates to the minimization of bycatch in the directed fisheries. NSED's allocations to partners include both target species quotas as well as conservative bycatch allowances. Skippers use these figures and general bycatch thresholds to limit incidental harvests, and either change fishing areas or cease fishing if limits are exceeded. NSED monitors fishery progress electronically through both SeaState and National Marine Fisheries Service. Communication with the skippers occurs if high bycatch rates are encountered and NSED can stop fishing if needed.

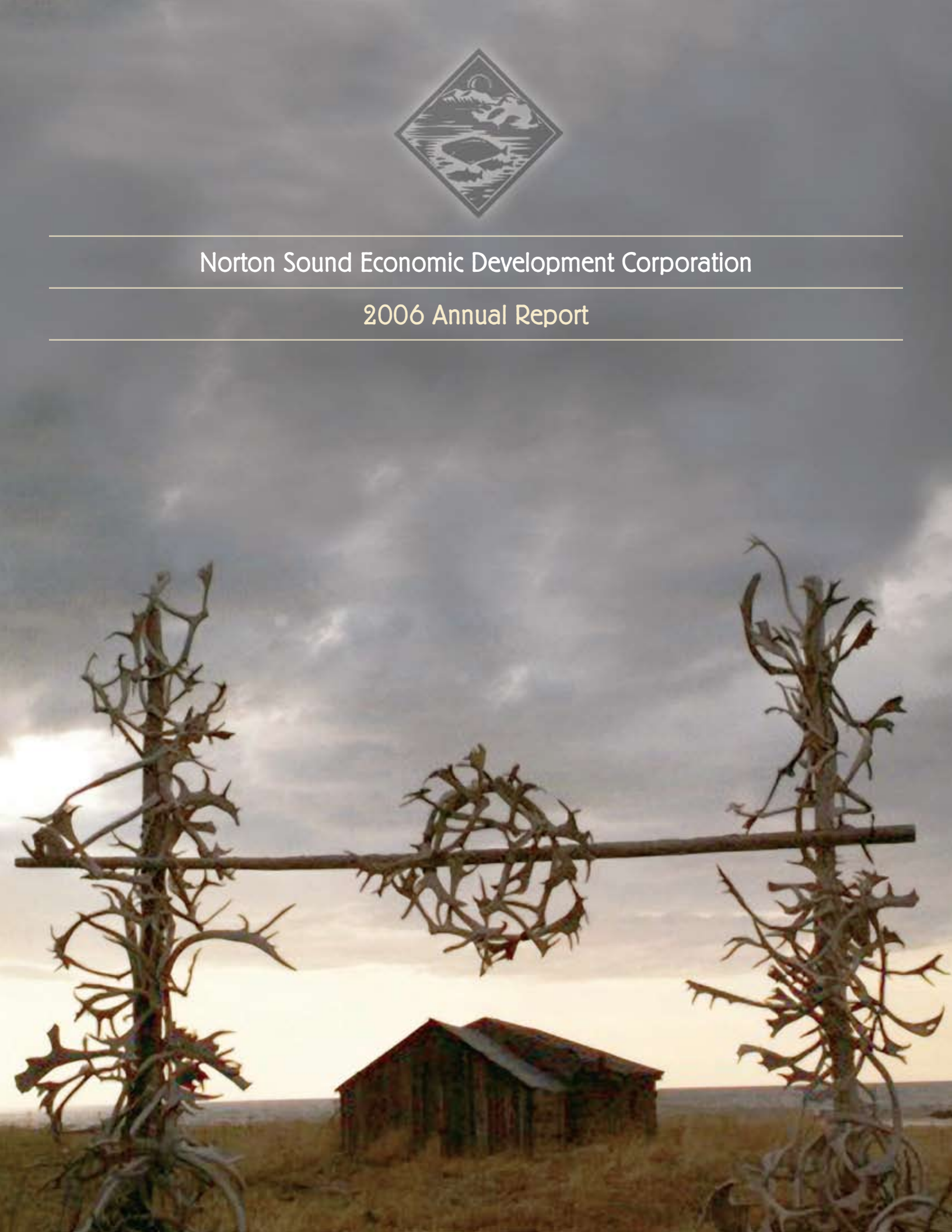
Attachment 3.5
NSED Annual Reports 2006-2010

NSEDC 2006 Annual Report



Norton Sound Economic Development Corporation

2006 Annual Report



NSEDC MISSION STATEMENT

“NSEDC will participate in and encourage the clean harvest of all Bering Sea fisheries to promote and provide economic development through education, employment, training and financial assistance to member communities and Western Alaska, while protecting subsistence resources.”



Cover photo: Golsolvia, just outside of St. Michael, Alaska.
Photo provided by Paul Ivanoff III.

THE YEAR IN REVIEW

Message From The Chairman



Another year has come and gone and life continues in our Norton Sound communities. Fuel prices and king crab stocks went up, the summer weather and our king salmon stocks came down. The cycles continue and we will persevere. Growth and change will continue in our region, just as it does with NSEDC. It is clear though, that our company's growth must be directly tied to the needs of our communities; without the communities there would be no need for us. In NSEDC's case, 2006 brought change to the laws governing the CDQ Program, organizational leadership and investment management. These changes did not take place overnight and the transition to adjust to these changes is ongoing in 2007. Throughout these improvements and adjustments in the organization, NSEDC has once again seen a profitable year with over \$16 million in growth while further expanding NSEDC's benefits to the Norton Sound region by adding the Clean Waters and Bulk Fuel Programs.

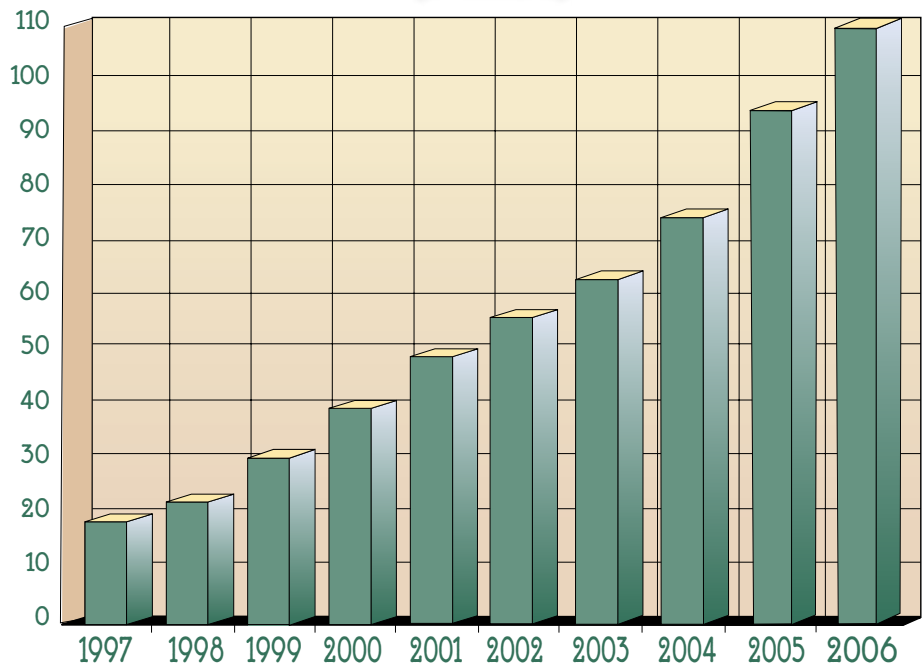
The laws that provide for the CDQ Program were modified in 2006, first in July within the Coast Guard Bill and then more thoroughly through

the December reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act. The new law reflects the maturation and growth of the six CDQ groups and makes important fundamental changes to the way the program functions. One of the most important results is the transition to unity amongst the six CDQ groups. The divisive and time consuming allocation process of the old CDQ Program is gone, and a new coalition has been built by the formation of the CDQ Panel comprised of representatives from each of the six groups and operating on consensus. With the inherent impetus for competition removed, the groups are moving forward in unison to bring results to member communities. The new law also provides for

spending money in the region on non-fisheries related programs, an important component for NSEDC as the abundance and diversity of our commercially-viable fish species is relatively low when compared to the population and economic conditions of our region. Another substantial change to the program involves the oversight and management of the groups. Once heavily regulated by the State of Alaska, the groups are now overseen by their constituents, much like ANCSA corporations. The CDQ Panel is currently developing further reporting requirements (over and above those required by law) to ensure that residents are well informed.

Changes and adjustments in organizational leadership are always the

NSEDC 2006 Fiscal Year Total Assets (in millions)



most difficult to make. Recognizing the need, initiating the change and acceptance of the decision by all involved is an arduous process. In October, the board made the decision to split the position of the President and Chief Executive Officer as a means of improving relationships between the board and management. This decision did not come without careful consideration. The board will continue to make decisions as we have in the past with the same mission, passion and values to provide a balance in establishing a financially solid organization and delivering benefits to the region.

Choosing the right investment strategy and investment management team to oversee NSEDC's financial portfolio and Bering Sea business ventures is not an easy task. Our track record is a successful one, but making tweaks and adjustments to evolve and keep on top of the game is essential in this business. The Board's first and foremost concern is the strength of the organization both financially and structurally. The ability to expand into new endeavors when the opportunity arrives or achieve investment goals is important for the long-term health of our organization; having a management team in place that recognizes and accomplishes that is essential.

Change is the only constant in business, but I am proud to say that the message I am delivering regarding our economic impact on the region is once again the same as years past – we saw another year of growth, delivered a record number of benefits to the region and expanded programs. Our programs

and business ventures were again very productive: \$2.4 million was invested in fisheries wages through activities of Norton Sound Seafood Products, over \$1 million in wages was earned by residents employed by Glacier Fish Company and Norton Sound Ventures, and over \$341,000 in post-secondary education and vocational training scholarships were awarded to residents. These direct benefits were on top of the \$2 million in grants and donations to organizations and entities in the region, an estimated \$200,000 saved by participants in the new Bulk Fuel Program and the well over 15 tons of debris and garbage that was removed from the shores around Unalakleet through the Clean Waters Program.

The NSEDC Board has taken some big steps and made some decisions that cannot be popular with everyone involved, but I will attest that we are moving ahead in good faith and working to make NSEDC more responsive to the needs of all of our communities. We've listened to your comments and concerns brought to us through the evaluation of NSEDC that

we solicited and are putting more people on staff to work with communities. We are excited to be expanding in our region and working to implement projects and programs that aren't just there, but actually bringing results. That's why we're here. But in order for these projects and programs to be worthwhile they need your acceptance and energy as well. NSEDC working with member communities can and will make a difference, and time will be the ultimate reflection of that.

I would personally like to thank the NSEDC Board of Directors and staff for all their hard work in the past year. It has been challenging, but we're heading toward a bright future and have a great (and growing) team in place. I look forward to building upon the changes and improvements we have made to undertake the challenges and tasks before us.

Sincerely,

Dan Harrelson

*NSEDC President and Board Chairman
White Mountain*



Stebbins, Alaska

NORTON SOUND SEAFOOD PRODUCTS

Since 1995, Norton Sound Seafood Products (NSSP), a division of NSEDC, has continued to support the Norton Sound region commercial fisheries. NSSP's activities include purchasing, processing, marketing, and selling herring, salmon, halibut, crab, and bait. NSSP operates facilities throughout the region including the Unalakleet plant, Savoonga halibut buying station, Norton Sound Seafood Center in Nome, and buying stations in Elim, Golovin, and Shaktoolik.

Commercial Norton Sound Herring & Salmon

The sac roe herring fishery started on June 8, 2006 and continued for 4 days.

Thirty-two Norton Sound permit holders delivered to Norquest Seafoods at an ex-vessel value of \$65,148 (\$150/Ton at ten percent).



In addition, NSEDC paid these fishermen a bonus incentive of \$100/Ton for ten percent and better, totaling \$43,333. From this amount \$12,725 was collected and applied toward NSEDC loan programs.

The Norton Sound salmon fishery was at its highest in 2006 compared to the past twelve years. Sixty salmon permit holders fished the Coho season, for a

total ex-vessel value of \$485,822. This included 167 pounds of king salmon, 180 pounds of red salmon, 869,908 pounds of coho salmon, and 68,389 pounds of chum salmon.

A \$.10 per pound price adjustment for all salmon landed in 2006 was approved by the board of directors.

Open-Access Norton Sound Red King Crab

The open-access crab season commenced July 1st and closed August 22nd. Twenty-seven fishermen delivered a total harvest of 379,000 pounds. The ex-vessel value totaled \$945,913. Fishermen were paid an average of \$35,034 each.



Salmon delivered to the Unalakleet Plant

2006 CDQ FISHERIES

NSEDC had another good year in harvesting of CDQ fisheries and yet another record in CDQ royalties paid to the company – almost \$13 million for all fisheries. NSEDC continues to work well with longstanding harvesting partners – Glacier Fish Company (GFC) and United States Seafood (USS) – as well as developing new opportunities and business relationships.



NSEDC working cooperatively with harvesting and processing partners shares in revenues generated from the harvest of CDQ resources and the eventual sale of CDQ-related products. NSEDC benefits from these partnerships through the payment of royalties, sharing of profits and distribution from ownership interests, in addition to employment opportunities created for NSEDC region residents.

Pollock

Pollock was once again our most valuable CDQ fishery. The CDQ pollock harvest generated roughly 81% of all CDQ royalties in 2006. GFC-owned and managed at-sea processing vessels, the *F/V Northern Glacier* and *F/V Pacific Glacier*, harvested about 33,084 metric tons of CDQ pollock on behalf of NSEDC. Pollock is harvested in the Bering Sea during two distinct fishing seasons – the A or roe season in the first quarter of the year and the B or

non-roe season in the last half of the year. GFC has been our CDQ harvesting partner for pollock since 1992. NSEDC is now a 50% owner of GFC.

Pacific Cod

The CDQ Pacific cod harvest accounted for nearly 7% of all CDQ royalties. NSEDC harvested about 2,279 metric tons of CDQ cod in fishing operations in the Bering Sea using GFC's two longline catcher-processing vessels, the *F/V Norton Sound* and *F/V Glacier Bay*. Cod is also harvested in two distinct fishing seasons at the beginning of the year in the A season and at the end in the B season.

Atka Mackerel/Pacific Ocean Perch

The CDQ harvest in bottom-trawl fisheries for Atka mackerel/POP, yellowfin sole and rock sole accounted for roughly 2% of all CDQ royalties. Product values in these fisheries have substantially risen in recent years. NSEDC harvested the entire CDQ allocation of Atka mackerel and POP and a small amount of quota transferred to NSEDC from another CDQ group. USS continued as our harvesting partner in these fisheries using the catcher-processing vessels, *F/V Seafreeze Alaska* and the *F/V Ocean Alaska*, and the catcher vessel, *F/V Alaska Beauty*.

Yellowfin Sole and Rock Sole

NSEDC also worked with USS to prosecute these CDQ fisheries in 2006.

For the year, NSEDC harvested more than three quarters of yellowfin sole and rock sole quotas in target fishing operations, leaving small amounts unharvested.

Greenland Turbot

CDQ Greenland turbot allocations in the Bering Sea and Aleutian Islands were reserved again this year for bycatch purposes only due to the low stock levels.

Sablefish

NSEDC harvested CDQ sablefish in the Bering Sea and Aleutian Islands working with the *F/V Sea Venture*, *F/V Lisa Marie* and *F/V Aleutian Spray*. Roughly one-half of the sablefish CDQ in both management areas were harvested.



Sablefish

Halibut

NSEDC facilitated the harvest of the entire quota of 144,900 pounds of CDQ halibut in Area 4D. We worked with eleven local fishing boats in Nome, three in Savoonga, the *F/V Shemya* and the *F/V Glacier Bay*. Local fishermen harvested and delivered about 38,000 pounds, while the Glacier Bay and the Shemya took the remaining quota. The halibut product produced from the Norton Sound Seafood Center was primarily sold as fresh fish to markets in Alaska and the Pacific Northwest.

Norton Sound Red King Crab

NSEDC harvested 32,560 pounds of CDQ crab from the 2006 Norton Sound red king crab fishery working with 11 local fishing boats. All but 1,400 pounds of CDQ crab was harvested. This CDQ crab was delivered to the Norton Sound Seafood Center in Nome and product was sold by NSSP into various markets. Yukon Delta transferred their CDQ allocation to NSEDC again this year for the local fishery.

Bristol Bay Red King Crab

The harvest of CDQ crab in the BSAI fisheries accounted for roughly 9% of all CDQ royalties paid to NSEDC. NSEDC harvested the entire 2006/07 quota of 279,486 pounds of red king crab CDQ using the *F/V Ocean Olympic* and the *F/V North Sea*. This quota was harvested in one month from late October to late November 2006. NSEDC worked with Royal Aleutian Seafoods in the processing and sales of product from this CDQ crab fishery. The final settlement price for Bristol Bay red king crab paid to the vessels was \$3.85 per pound.

Bering Sea Opilio Crab

NSEDC worked with the catch-processing vessel *F/V Baranof*, and the catcher vessels *F/V Ocean Olympic* and *F/V North Sea* to harvest the entire 2006/07 quota of 658,188 pounds of CDQ opilio crab. The *Baranof* is an at-sea catcher/processor which by regulation can take only 75% of the allocation in any CDQ crab fishery with the remaining 25% required to be delivered to and processed by a shoreside plant. This



Brown (also known as golden), Blue and Red King Crab. Photo courtesy of Fishermen's Express

quota was harvested in a timeframe from December 2006 to April 2007. NSEDC worked with Royal Aleutian Seafoods in the processing and sales of product delivered shoreside in this crab fishery. The initial settlement price for opilio crab paid to the catcher boats was \$1.50 per pound – final prices have yet to be set.

Eastern Aleutian Islands Golden King Crab

NSEDC harvested the entire CDQ allocation of 63,000 pounds in a single trip starting in late December using the *F/V Aleutian No. 1*. The CDQ fishery was conducted in combination with the IFQ fishery. NSEDC again worked with Royal Aleutian Seafoods in the

processing and sales of product. The final settlement price paid to the vessel was \$1.96 per pound.

St. Matthew and Pribilof Islands King Crab

The commercial fisheries for the Pribilof Islands and St. Matthew king crab were closed again for the 2006/07 season.

Bering Sea Bairdi Crab

NSEDC harvested the entire amount of the 2006/07 allocation of CDQ bairdi crab or 33,750 pounds in the eastern district and 19,692 pounds in the western district using the *F/V Baranof* and the *F/V Tempo Sea*. This quota was harvested in a timeframe from December 2006 to April 2007.



Opilio Crab (Chionoecetes bairdi)

NORTON SOUND FISHERIES

Research and Development Program

The Norton Sound Fisheries Research and Development (NSFR&D) Program is continuing to expand operations within the region, focusing on both representing all of our communities as well as moving into new types of research. We opened a new office in Unalakleet and added an eastern Norton Sound biologist to our staff in 2006. The purpose of this position is to give more dedicated attention to those communities in the southern Norton Sound area whose reliance on fisheries is long-standing and pronounced. We've also moved more fully into marine research through the acquisition of a research vessel. Overall, we're headed to a more comprehensive program and are working towards meeting the needs of member communities.

Moist Air Incubation/ Egg Planting

NSFR&D completed our third season

of moist-air incubation and egg planting in 2006. This fish culture process includes capturing spawning pairs of salmon, fertilizing and incubating the eggs until they reach the stable "eyed egg" stage, and then planting them back into good spawning areas (October for chum, December for coho). This process allows us to greatly increase survival as well as to pick and choose good/underutilized spawning areas. In 2006 we chose to concentrate on Snake River chum and Anvil Creek coho salmon. We planned to take eggs from the Nome River, but with a delay in permitting and the strong early return, a full egg take was not feasible.

We met our egg take goals for chum and coho in 2006. The mist incubation portion of the project ran much more smoothly than in previous years and survival was high for both chum and coho (mortality less than ten percent in both cases). We got good reviews on



Salmon eggs procured for the Mist Incubation Project

the health of the eggs from Alaska Department of Fish & Game (ADF&G) Pathology who would not allow operations if there was significant disease. Otolith (ear bone) marking, used for identification of these incubated fish, also went quite well. We use variation in temperature to put marks on the bone of the embryonic fish as they grow. Mist incubation allows for very precise control of water temperature unlike traditional hatchery methods.

Because of our practices and goals we have been able to expand our project to the Solomon River in 2007. The city of Nome and some private landowners have approached NSFR&D to perform habitat rehabilitation on Anvil Creek and Solomon River. The data we have gathered on egg take locations is useful in determining where to plant eggs and in specifying the qualities for spawning habitat for construction of fish habitat.

Sockeye Salmon Rearing Research

During the last five years, the sockeye salmon returns to Salmon Lake have blossomed. Unfortunately the size of sockeye smolt leaving the lake has declined to the levels seen over ten years



Trying to find the best fish for egg takes

ago. Biologists believe this is a result of the juvenile salmon over-browsing the zooplankton in the lake. It has been shown that undersize smolt do not survive as well at sea as larger smolt. The ADF&G has recommended that lake fertilization be started again to help develop more plankton in the lake. NSFR&D and Kawerak Fisheries Staff combined forces to consider the possibility that juvenile sockeye could rear in the lower Pilgrim River or Imuruk Basin. We spent a week in March of 2006 measuring and mapping the available habitat. We found that salt water intruded well up the rivers and now do not believe that many juvenile sockeye could survive in this estuary during the winter. A rare winter storm surge may have biased the results of this study. The results would hold for the winter of 2005-06. Research on the rearing locations of sockeye continues during the summer of 2007.

R/V Pandalus

In April, NSEDC acquired the research vessel *Pandalus* from ADF&G. Under a cooperative agreement with ADF&G the vessel was brought to Norton Sound in July to conduct two trawl surveys. ADF&G conducted the Triennial Norton Sound Red King Crab Trawl



2006 Northern Bering Sea Trawl Survey – 5.5 inch blue king crab

Survey, and then NSEDC conducted the Northern Bering Sea Trawl Survey (west of the ADF&G work). The combination of the two comprises the most extensive survey work in the region since 1976.

Clean Waters Program

The NSEDC Clean Waters Program began with surveys of several rivers and beaches around Norton Sound. A test clean up was conducted with the Marine Conservation Alliance Foundation (MCAF) on beaches and flood plains in the Unalakleet area. The clean up was designed as a pilot project to check budgeting accuracy and timetables for cleaning areas. In eight days a crew of six removed 30 truck loads (NSSP flat bed) of debris from the beaches and

flood plan north of the Unalakleet River. This included 15 boats and 206 plus gillnets. The information from the pilot project is being used to plan more clean ups with MCAF in 2007.

Salmon Research/ Management

NSEDC began actively working on Eastern Norton Sound salmon stock assessment and research issues. Assessment of the Shaktoolik River for a location and method to count salmon was initiated in 2006. Salmon on the Shaktoolik River are currently managed using data from the Unalakleet River, and NSFR&D is moving forward on examining how accurate this method is and implementing better management tools.

NSFR&D also continued work with LGL Alaska Research Associates Alaska on Nome River juvenile coho studies. We're looking at how juvenile salmon utilize habitat, how many fish are actually needed to provide stable returns, and how well salmon survive in their time at sea. We are planning to expand this project to other river systems in the near future to provide for better management of coho stocks around the region.



2006 Northern Bering Sea Trawl Survey – catch at one of the stations

EDUCATION, EMPLOYMENT & TRAINING

EDUCATION

A record number of Norton Sound residents applied for the NSEDC Scholarship in 2006! For the year, the entire NSEDC Scholarship Fund was utilized, with the need to supplement the fund, with \$132,288.50 awarded in the first quarter to ninety-one residents (74 post-secondary & 17 vocational), \$19,635.00 in the second quarter (6 post-secondary & 9 vocational), \$170,445.54 in the third quarter (102 post-secondary & 19 vocational), and \$18,000.00 in the fourth quarter (3 post-secondary & 9 vocational). The NSEDC Board of Directors approved a NSEDC Scholarship Fund Supplement of \$81,369.04, in addition to the \$260,000.00 budgeted for this program. This was the highest level of scholarship awards from inception to date with \$341,369.04 awarded to one hundred and seventy-eight of our post-secondary and vocational education students. As our Norton Sound residents strive to improve their employable skills through education, the NSEDC Board of Directors, upon recommendation of the NSEDC Scholarship Committee, filled this monetary void to meet the educational need requests of our most important resource, in terms of economic development, our people.

EMPLOYMENT

Sixteen processors of Norton Sound, working on the *F/T Pacific Glacier*, brought home \$202,027.82 in crew share wages. Twelve processors, working on the *F/T Northern Glacier*, brought home \$137,713.60 in the first quarter of 2006. Five processors worked on the *F/V Norton*

2006 Employment Statistics

Management/Administrative		
NSEDC	5	\$314,523.58
NSSP	7	\$312,364.81
Total Management/Administrative		
	12	\$626,888.39
CDQ Pollock Related	53	\$959,668.44
NSSP Employment	114	\$396,881.82
Other NSEDC Employment Skippers, Deckhands, etc.	10	\$98,980.00
Other Fishing		
GFC-Longline	10	\$139,255.91
Icicle Seafoods	1	\$7,642.51
Norton Sound Salmon	60	\$485,822.21
Norton Sound Herring	32	\$43,333.40
NSEDC CDQ		
Red King Crab	8	\$37,111.50
YDFDA CDQ		
Red King Crab	10	\$33,521.50
O/A Norton Sound		
Red King Crab	27	\$945,917.75
O/A Norton Sound		
Winter Red King Crab	0	\$0.00
CDQ 4D/4E Halibut	7	\$125,159.35
Total Other Fishing	124	\$1,817,764.13
NSEDC Community Outreach Liaisons		
	13	\$75,000.00
Interns		
NSEDC Administration	6	\$19,565.51
NSEDC Salmon Rehab.	11	\$64,742.84
Alaska Dept. Fish & Game	12	\$61,784.58
Kawerak, Inc.	8	\$95,559.11
Native Village of Unalakleet	1	\$25,733.52
City of Koyuk	1	\$6,019.42
Total Interns	39	\$273,404.98
GRAND TOTAL	366	\$4,248,587.76

Sound bringing home \$39,396.26 in crew share wages. Two processors on the *F/V Glacier Bay* brought home \$14,385.44 in crew share wages. The total for the first quarter of 2006 was thirty five Norton Sound residents working with Glacier Fish Company bringing home \$393,523.15 in crew share wages.

One resident worked with Icicle Seafoods in Seattle bringing home \$7,642.51 in the second quarter of 2006 with a total of \$15,285.02 for the year.

Eighteen Norton Sound residents worked with Glacier Fish Company on the *F/T Pacific Glacier* during the second quarter bringing home \$125,183.21 in crew share wages, eight worked on the *F/V Northern Glacier* with \$42,266.08 in crew share wages, two on the *F/V Norton Sound* bringing home \$29,059.39. The cumulative total for the second quarter of 2006 was \$196,508.68 in Glacier Fish Company crew share wages.

During the third quarter, 20 residents worked on the *F/T Pacific Glacier*

Education & Training Statistics

	People	Expenditures
Scholarships		
Post-Secondary	124	\$250,046.50
Vocational	54	\$91,322.54
Fisheries Related Training	60	\$112,614.45
TOTAL	221	\$453,983.49

bringing home \$159,692.79, 15 residents worked on the *F/T Northern Glacier* bringing home \$104,022.12, and 3 residents worked on the *F/V Norton Sound* reflecting \$16,632.10 in crew share wages for a cumulative total for the quarter of \$280,547.01.

Twelve Norton Sound residents went out on the *F/V Pacific Glacier* bringing home \$127,681.47 in crew share wages during the fourth quarter.

Ten processors went out on the *F/T Northern Glacier* bringing home \$60,881.32, one resident working on the *F/V Norton Sound* bringing home \$29,880.47, and one resident working on the *F/V Glacier Bay* bringing home

\$9,902.55 in crew share wages.

This brought the cumulative total of crew share wages from Glacier Fish Company to \$228,325.51 in the fourth quarter of 2006, bringing the cumulative total of crew share wages to \$1,098,905.35 for the year. Since 1992 to 2006, the cumulative total of crew share wages from Glacier Fish Company is \$11,035,985.66 and \$11,087,720.81 from all seafood processing companies.

TRAINING

With nineteen people given the opportunity, during February 4-16, 2006, a Fisheries Safety Orientation Class was sponsored in Seward at the Alaska Vocational Technical Center with Vivian Washington and George K.I. Dan of Stebbins, Stanley Milligrock, Patrick Thomas, Jason Herdt, Rhonda Komok-Herd of Teller, Ronald Ivanoff and David Kotongan Jr. of Unalakleet, and Donald Oliver of Nome, successfully completing the training session with a total class expense of \$35,865.85. Each of our trainees must complete their employment documentation in Nome with a physical examination, hearing test, and negative drug screen urinalysis at the Norton Sound Health Corporation. Complying with the U.S. Coast Guard Zero Tolerance Law, they cannot consume alcohol during training and



Fire Training, part of the Fisheries Safety Orientation Class held at AVTEC in Seward, Alaska

employment. A picture identification of some sort and birth certificate or social security card are also required. Each trainee must successfully complete the ten day training course in order to be eligible to work with Glacier Fish Company in the Bering Sea or any other fish processing company on the high seas.

During April 23-May 4, 2006, another fisheries safety orientation class was put on at AVTEC in Seward with Ephraim Bouchan Jr., Dwayne Thrasher, Letia Martin, John Nashoanak, Adaline Pete, Vincent Mathias, and Cyrilene Mike of Stebbins, Morgan Annogiyuk of Savoonga, William Cooper and Justin Nanouk of Unalakleet, and Shane Iknokinok of Nome/Anchorage

successfully completing the class.

A CPR/First Aid Class, total cost \$1476.00, was held in Nome on April 22, 2006 at the Northwest College Campus. Adam P. Boeckmann, Adam K. Boeckmann, Howard L. Farley, Howard Farley, Julie Farley, Johnnie Noyakuk, Eric Osborne, Josh Osborne, Ross Outwater, Phillip Pryzmont, Crystal Taxac, and Robin Thomas completed the course.

Howard Appel of Nome completed the Marine Safety Instructor Training with AMSEA in Sitka, Alaska on September 18-26, 2006 with a class expense of \$2471.40.

From November 5-15, 2006, a Fisheries Safety Orientation Class was held

at AVTEC in Seward with thirteen residents given the opportunity for this training and nine successfully completing the class. Matthew Thomas, Susan Omiak, and Galen Pushruk of Teller, George Koontz of Stebbins, Alice Anawrok of Unalakleet/Anchorage, Christopher John of Unalakleet, Geoffrey Milligrock of Nome, Johnee Seetof of Brevig Mission, and John Prentice of Koyuk successfully completed the training program, thereby completing all documentation work necessary to work on the high seas processing pollock. The Fisheries Safety Orientation Class expense summary reflected \$37,931.47 spent for the class.

2006 BOAT RAMP PROJECTS

NSEDC proposed to construct boat ramps in the communities of Golovin, White Mountain, Koyuk and Elim in 2006. This program was introduced in 2005 to improve the efficiency and safety of launching and landing subsistence and commercial fishing vessels in the region. Each community had the option to accept a boat ramp project or use the allotted funds for a project that would lie within the program guidelines of improving efficiency and safety of vessel launching and landing.

The design of the boat ramps was inspired by the Unalakleet boat ramp that was constructed in 2001 at the dock. The boat ramps are constructed of sixty 12' long, 8" deep and 1' wide concrete planks, reinforced with epoxy coated rebar and connected by wire cable and fittings. The site of the boat ramp is selected by the community and once

constructed is owned and maintained by the respective municipality.

- The community of Golovin chose to have a boat ramp constructed on the north beach near the site of the floating dock. Construction was completed in September 2006.
- The community of White Mountain chose to purchase a fork lift, a boat trailer and to fix the beachfront. The fork lift was delivered in 2006 and the

boat trailer will be delivered in the summer of 2007.

- The community of Elim chose to have a boat ramp constructed at Moses Point located near the site of a previous boat ramp. Construction was completed in September 2006.
- The community of Koyuk chose to purchase a CAT 960F Wheel Loader that will be delivered to Koyuk in the summer of 2007.



Front end loader purchased in lieu of boat ramp for Koyuk



NSEDC 2006 FISHERWOMAN SPOTLIGHT

Patti Dill Unalakleet, Alaska

Patti Dill, a NSEDC commercial fisherwoman, was born in Anchorage and raised in Unalakleet. She is the mother of four children: Nikki is her oldest at twenty, Jenny is sixteen, Hunter is twelve and her youngest, named Fisher, is seven. Hunter went fishing with his mom for the first time last year.

Patti started her fishing career with her grandpa at the early age of 12. Since then she has crabbed and fished herring and salmon. She prefers herring fishing because it is the shortest season and you stay busy the entire time. Her boat is named the *Nikki D.*

The most memorable experience throughout Patti's years of fishing is from her rookie year when she swamped her salmon boat. This happened when she and her crew decided to stay with their net and awoke to large swells. They tried pulling the beach line in and wound up dragging the anchor. The boat eventually beached

and they were unable to push it out. Since then it has been "smoother sailing".

When asked how the fisheries have changed, Patti says that there has not been a dedicated king salmon fishery for several years and the prices for fish have gone down, making it difficult when the price of gasoline and equipment have gone up. Despite the \$50 per ton price, Patti's best

season was when her boat caught well over 100 tons of herring.

Patti feels NSEDC has contributed to the Norton Sound fisheries by being the only salmon and herring buyer the past few years. She encourages other women to fish, jokingly adding that the men can stay home and raise the kids. We thank Patti for her participation in the Norton Sound fisheries.





NSEDC 2006 FISHERMAN SPOTLIGHT

Jory Peterson Golovin, Alaska

Young, driven and has a bright future – this description perfectly fits Jory Peterson, a successful fisherman out of Golovin, Alaska. His parents are Dean and Ruth Peterson. He has two brothers, Jason 24 and John 13. Eva Wilson is his paternal Grandmother and Floyd and Alice Fagerstrom are his maternal Grandparents.

Jory started fishing while he was still in high school with Paul Johnson from Unalakleet. Since then, with a loan from NSEDC, he has purchased his own fishing vessel, the “Solid Gold”. As Captain, Jory’s most exciting haul was his delivery of 6,002 pounds of red king crab.

In the short time that Jory has been commercially fishing he has noticed a significant increase in the number of vessels. He has

also noticed a movement for fishermen in the Norton Sound to be more involved and better understand management’s decisions.

When asked how NSEDC has contributed to the fishery, Jory said NSEDC has made his participation in the fishery possible. “They’ve provided the loan to purchase my vessel and gear and they’ve provided a plant

to deliver my catch to”.

Our last question for Jory was for him to describe his best season. Since he is only starting his career, he answered with what was probably his most memorable, “I’ve only been a captain for two years so I can’t really answer that question, but an experience etched in my mind is burning my hand on a flare. Operating

a vessel with one hand bandaged and the other with broken fingers was challenging. The whole experience reinforced the importance of safety for me.” We look forward to many more safe deliveries and thank Jory for his participation.



REVOLVING LOAN PROGRAM

Since 1993, NSEDC has assisted many local fishermen in participating more competitively in the Norton Sound commercial fisheries including the herring, salmon, red king crab, halibut, and baitfish.

NSEDC offers low interest, minimal down payment loans to local residents for vessel and equipment upgrades and for purchasing fishing gear, outboard motors, Norton Sound Salmon Permits, Lower Yukon Salmon Permits, Norton Sound Herring Permits, and Norton Sound Red King Crab License Limitation Program (LLP) Permits.

2006 REVOLVING LOANS

Community	Loan Amount
Elim	\$7,295.00
Nome	\$31,724.68
Shaktoolik	\$74,275.64
St. Michael	\$14,937.95
Stebbins	\$9,845.20
Unalakleet	\$66,819.78
TOTAL	\$204,898.25

Large Vessel

Community	Loan Amount
Elim	\$7,600.00
Nome	\$71,645.33
Shaktoolik	\$89,630.31
TOTAL	\$168,875.64

GRAND TOTAL \$373,773.89

Terms:

- ✦ \$16,000 maximum for permit holders
- ✦ 7-year payback/5-year payback for outboards
- ✦ 10% down payment & 8% interest rate per annum
- ✦ Credit check and 90 day delinquency limit

In 2006, NSEDC made twenty-five loans in the sum of \$204,898.25 to local residents in the communities of Elim, Nome, Shaktoolik, St. Michael, Stebbins and Unalakleet.

Large Vessel Loan Option

The Large Vessel Loan Option provides further assistance to local fishermen in acquiring suitable vessels and vessel re-powers for participation in the Norton Sound red king crab and 4D/4E halibut commercial

fisheries. NSEDC designed the Large Vessel Loan Option to maximize benefits to the fishermen at a minimal cost to them. This Option was introduced in 2001 and is still available as funds are repaid back into the program.

Terms:

- ✦ \$80,000 maximum for LLP Permit holders
- ✦ \$55,000 maximum for non LLP Permit holders
- ✦ 5% minimum down payment
- ✦ 0% interest for first 3 years
- ✦ 2% interest commencing in 4th year of loan
- ✦ Credit check and 90 day delinquency limit

In 2006, NSEDC made four Large Vessel Loans in the sum of \$168,875.64 to local commercial fishermen of Elim, Nome and Shaktoolik.



Boats docking at the Nome Small Boat Harbor

NSEDC 2006 BALANCE SHEET

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION
 Consolidated Statements of Financial Position
 December 31, 2006 and 2005

Assets	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$14,963,027	8,501,699
Designated cash and cash equivalents	2,137,124	1,225,908
Investments in marketable securities, short-term	40,675,026	31,064,190
Accounts receivable	1,033,206	2,271,098
Interest receivable	74,951	54,628
Inventory	698,097	996,640
Prepaid expenses and other assets	8,000	8,500
	<u>59,589,431</u>	<u>44,122,663</u>
Investments in marketable securities	6,591,133	5,631,990
Designated investments in marketable securities	7,896,736	7,553,496
Notes receivable, net	1,812,995	1,262,407
Investment in Glacier Fish Company, LLC	18,218,331	19,768,787
Investment in Norton Sound Ventures, LLC	6,185,865	6,703,322
Investment in Individual Fishing Quota	4,607,431	4,607,431
Property, plant, and equipment, net	3,085,143	2,675,518
Prepaid rent	972,030	451,786
	<u>\$108,959,095</u>	<u>92,777,400</u>
	<u><u>\$108,959,095</u></u>	<u><u>92,777,400</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$1,098,052	924,593
Net assets:		
Unrestricted:		
Undesignated	97,827,183	83,073,403
Designated	10,033,860	8,779,404
	<u>107,861,043</u>	<u>91,852,807</u>
Commitments and contingencies	<u>\$108,959,095</u>	<u>92,777,400</u>
	<u><u>\$108,959,095</u></u>	<u><u>92,777,400</u></u>

2006 NSEDC BOARD OF DIRECTORS



Walter Seetot
BREVIG MISSION



Mary Menadelook
DIOMEDE



Charles Saccheus, Sr.
ELIM



Gilbert Ungott
GAMBELL



Dean Peterson
GOLOVIN



Elvina Naranjo
KOYUK



Don Stiles
NOME



Victor Joe
ST. MICHAEL



Truman Kava
SAVOONGA



Harvey Sookiayak
SHAKTOOLIK



Wilfred Katcheak
STEBBINS



Norman Menadelook
TELLER



Paul Johnson
UNALAKLEET



Luther Komonaseak
WALES



Dan Harrelson
WHITE MOUNTAIN



2006 Executive Committee

Dan Harrelson, *Chairman*
Don Stiles, *Vice-Chairman*
Dean Peterson, *Secretary*
Harvey Sookiayak, *Treasurer*
Norman Menadelook
Sergeant-at-Arms

2006 Corporate Officers

Eugene Asicksik, *President*
Janis Ivanoff, *Vice-President*
Jerry Ivanoff, *Secretary*
Chris Cook, *Treasurer*

Contractors

Jon Zuck
CDQ Manager & Technical Advisor

Steve Rieger & Company LLC
Norton Sound Investment Company

NSEDC Staff Anchorage

Eugene Asicksik
Chief Executive Officer

Janis Ivanoff
Vice President & Community Benefits Director

Kathy Wheelahan
Community Outreach Coordinator

Katie Peterson
Community Projects Coordinator

Chris Cook
Controller & CFO

Nina Razina
Senior Accountant

Virginia Nashalook
Accountant

Hazel Sagoonick
Accountant

Pearl Dotomain
Administrative Assistant

NSEDC Staff Unalakleet

Jerry Ivanoff
EET Coordinator

Carol Charles
Administrative Assistant

NSFR&D • Nome

Simon Kinneen
NSFR&D Director

Charlie Lean
Fisheries Biologist

Wes Jones
Fisheries Biologist

NSSP Staff

Tom Magwire
NSSP General Manager

Josh Osborne
NSSC Plant Manager

Richard Ferry
Facilities Engineer

Crystal Taxac
Office Manager

Ross Outwater
NSSC Retail

William Johnson
Unalakleet Plant Manager

Community Outreach Liaisons

Johnee Seetot
Brevig Mission

Etta Menadelook
Diomede

Emily Murray
Elim

Shirley Antogham
Gambell

Sherri Lewis-Amaktoolik
Golovin

Ruby Nassuk
Koyuk

NSSC
Nome

Shirley Martin
St. Michael

Charlotte Kava
Savoonga

Reuben Paniptchuk
Shaktoolik

Atha Foxie
Stebbins

Sarah Okbaok
Teller

EET Office
Unalakleet

Joanne Keyes
Wales

Davis Lincoln
White Mountain

NSEDC 2006 COMMUNITY HIGHLIGHTS

Brevig Mission

- ♦ Walter Seetot served as Board Member
- ♦ Johnee Seetot served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 2 residents
- ♦ 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the Brevig Mission Little Huskies for their Little Dribblers Program
- ♦ GFC employed 1 resident on board the *F/V Northern Glacier & F/V Glacier Bay*

Diomedea

- ♦ Mary Menadelook served as Board Member
- ♦ Etta Menadelook served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 1 resident
- ♦ NSEDC contributed \$3,000 to the Diomedea Dribblers for their Little Dribblers Program

Elim

- ♦ Charles Saccheus Sr. served as Board Member
- ♦ Emily Murray served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 4 residents
- ♦ 2 residents completed internships with ADF&G sponsored by NSEDC
- ♦ 1 local fisherman participated in the Norton Sound salmon fishery
- ♦ 2 local fishermen participated in the Norton Sound herring fishery
- ♦ NSEDC contributed \$3,000 to the Aniguiin School for their Little Dribblers Program
- ♦ GFC employed 2 resident on board *F/V Northern Glacier*
- ♦ GFC employed 1 residents on board *F/V Glacier Bay*
- ♦ NSEDC contributed \$92,288 to the City of Elim for a boat ramp project
- ♦ City of Elim participated in the 2006 Consolidated Bulk Fuel Program

Gambell

- ♦ Gilbert Ungott served as Board Member

- ♦ Shirley Antogham served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 2 residents
- ♦ 1 resident completed an administrative internship sponsored by NSEDC
- ♦ NSEDC contributed \$3,000 to the Gambell School for their Little Dribblers Program
- ♦ City of Gambell participated in the 2006 Consolidated Bulk Fuel Program

Golovin

- ♦ Dean Peterson served as Board Member
- ♦ Sherri Lewis served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 3 residents
- ♦ 1 local fisherman participated in the Open Access Norton sound red king crab fishery
- ♦ NSEDC contributed \$3,000 to the Golovin Lynx for their Little Dribblers Program
- ♦ NSEDC contributed \$87,433 to the City of Golovin for a boat ramp project

Koyuk

- ♦ Elvina Naranjo served as Board Member
- ♦ Ruby Nassuk served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 3 residents
- ♦ 1 resident completed an internship with the City of Koyuk sponsored by NSEDC
- ♦ 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the Koyuk Malemute School for their Little Dribblers Program
- ♦ GFC employed 1 resident on board *F/V Pacific Glacier*
- ♦ NSEDC contributed \$75,000 to the City of Koyuk for a front-end loader in lieu of the Boat Ramp Project
- ♦ City of Koyuk participated in the 2006 Consolidated Bulk Fuel Program
- ♦ Koyuk Native Corporation participated in the 2006 Consolidated Bulk Fuel Program

Nome

- ♦ Don Stiles served as Board Member

- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 83 residents
- ♦ 3 residents were certified in Fisheries Safety Orientation Training under the EET Program
- ♦ 1 resident was certified in Marine Safety Instructor Training under the EET Program
- ♦ 11 residents were certified in a CPR/First Aid Class under the EET Program
- ♦ 21 residents completed internships with ADF&G, Kawerak, and NSFR&D sponsored by NSEDC
- ♦ 6 local fishermen participated in the 4D/4E CDQ Norton Sound halibut fishery
- ♦ 4 local fishermen participated in the NSEDC CDQ Norton Sound red king crab fishery
- ♦ 5 local fishermen participated in the YDFDA CDQ Norton Sound red king crab fishery
- ♦ 14 local fishermen participated in the Open Access Norton sound red king crab fishery
- ♦ GFC employed 3 residents on board *F/V Pacific Glacier*
- ♦ GFC employed 1 resident on board *F/V Northern Glacier*
- ♦ GFC employed 2 residents on board *F/V Norton Sound*
- ♦ NSEDC contributed \$1,200 to the Junior High Boys Basketball Program; \$1,200 to the Junior High Girls Basketball Program and \$1,266 to the Nome Pee Wee Basketball Program for their Little Dribblers Program
- ♦ NSEDC contributed \$31,650 to Norton Sound Health Corporation for the Injury Prevention Program
- ♦ NSEDC contributed \$22,000 to Norton Sound Heath Corporation for the Tribal Healer Program
- ♦ NSEDC contributed \$11,535 to Alaska Department of Fish & Game for the Salmon Lake sockeye salmon restoration program
- ♦ NSEDC contributed \$118,772 to Eric Osborne & UAF for a Nome-bases Marine Advisory Program agent
- ♦ NSEDC contributed \$19,058 to Kawerak, Inc. for the Escapement Goal Discussions Technical Advisor
- ♦ NSEDC contributed \$4,900 to Nome Public Schools for a Classroom Salmon Incubation Demonstration

St. Michael

- ♦ Victor Joe served as Board Member
- ♦ Shirley Martin served as Community Outreach Liaison

- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 2 residents
- ♦ 2 local fishermen participated in the Norton Sound herring fishery
- ♦ 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the SMK Little Dribblers/Jr. Storm for their Little Dribblers Program
- ♦ GFC employed 1 resident on board *F/V Pacific Glacier*

Savoonga

- ♦ Sam Mokiyyuk served as Board Member
- ♦ Charlotte Kava served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 4 residents
- ♦ 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the Savoonga Husky Pups for their Little Dribblers Program
- ♦ GFC employed 1 resident on board *F/V Norton Sound*
- ♦ City of Savoonga participated in the 2006 Consolidated Bulk Fuel Program

Shaktoolik

- ♦ Harvey Sookiayak served as Board Member
- ♦ Reuben Paniptchuk served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 4 residents
- ♦ 1 resident completed an administrative internship sponsored by NSEDC
- ♦ GFC employed 1 resident on board *F/V Northern Glacier & F/V Norton Sound*
- ♦ 3 local fishermen participated in the NSEDC CDQ Norton Sound red king crab fishery
- ♦ 3 local fishermen participated in the YDFDA CDQ Norton Sound red king crab fishery
- ♦ 6 local fishermen participated in the Open Access Norton sound red king crab fishery
- ♦ 22 local fishermen participated in the Norton Sound salmon fishery
- ♦ 18 local fishermen participated in the Norton Sound herring fishery
- ♦ NSEDC contributed \$3,000 to the Shaktoolik Elementary Basketball Dribblers for their Little Dribblers Program
- ♦ City of Shaktoolik participated in the 2006 Consolidated Bulk Fuel Program

- ♦ Shaktoolik Native Corporation participated in the 2006 Consolidated Bulk Fuel Program

Stebbins

- ♦ Wilfred Katcheak served as Board Member
- ♦ Atha Foxie served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 8 residents
- ♦ 9 residents were certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the Stebbins Snow Owls and the Stebbins White Owls for their Little Dribblers Program
- ♦ GFC employed 9 residents on board *F/V Pacific Glacier & F/V Northern Glacier*
- ♦ City of Stebbins participated in the 2006 Consolidated Bulk Fuel Program

Teller

- ♦ Joseph Garnie served as Board Member
- ♦ Sarah Okbaok served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 3 residents
- ♦ 7 residents were certified in Fisheries Safety Orientation Training under the EET Program
- ♦ NSEDC contributed \$3,000 to the Teller School for their Little Dribblers Program
- ♦ GFC employed 2 residents on board *F/V Pacific Glacier*
- ♦ GFC employed 3 residents on board *F/V Northern Glacier*

Unalakleet

- ♦ Paul Johnson served as Board Member
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 44 residents
- ♦ 6 residents were certified in Fisheries Safety Orientation Training under the EET Program
- ♦ 7 residents completed internships with NSEDC, NSFR&D, Kawerak, & Native Village of Unalakleet/NSSP sponsored by NSEDC
- ♦ NSEDC contributed \$3,000 the Unalakleet Wolf Pups for their Little Dribblers Program
- ♦ GFC employed 3 residents on board *F/V Northern Glacier*
- ♦ GFC employed 1 resident on board *F/V Pacific Glacier & F/V Norton Sound*
- ♦ Icicle Seafoods employed 1 resident
- ♦ 1 local fisherman participated in the YDFDA

- CDQ Norton Sound red king crab fishery
- ♦ 4 local fishermen participated in the Open Access Norton sound red king crab fishery
- ♦ 38 local fishermen participated in the Norton Sound salmon fishery
- ♦ 10 local fishermen participated in the Norton Sound herring fishery
- ♦ City of Unalakleet participated in the 2006 Consolidated Bulk Fuel Program
- ♦ NSEDC contributed \$30,000 to the Native Village of Unalakleet for an addition to the Aaron Paneok & Myles Gonangnan Memorial Hall
- ♦ NSEDC contributed \$30,000 to Unalakleet Schools for a Rural Student Coordinator

Wales

- ♦ Frank Oxereok served as Board Member
- ♦ Joanne Keyes served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 1 resident
- ♦ NSEDC contributed \$3,000 to the Wales Seawolf Jammers for their Little Dribblers Program

White Mountain

- ♦ Dan Harrelson served as Board Member
- ♦ Davis Lincoln served as Community Outreach Liaison
- ♦ Received \$100,000 Community Benefit Share
- ♦ NSEDC awarded academic scholarships to 10 residents
- ♦ 2 resident completed internships with NSEDC and ADF&G sponsored by NSEDC
- ♦ 1 resident was certified in a CPR/First Aid Class under the EET Program
- ♦ 1 local fisherman participated in the 4D/4E CDQ Norton Sound halibut fishery
- ♦ 1 local fisherman participated in the NSEDC CDQ Norton Sound red king crab fishery
- ♦ 1 local fisherman participated in the YDFDA CDQ Norton Sound red king crab fishery
- ♦ 1 local fisherman participated in the Open Access Norton sound red king crab fishery
- ♦ NSEDC contributed \$3,000 to the White Mountain Wolf Pups for their Little Dribblers Program
- ♦ NSEDC contributed \$91,539 to the City of White Mountain for lumber production equipment
- ♦ NSEDC contributed \$120,000 to the City of White Mountain for the purchase of a new forklift and fixing the beachfront in lieu of the Boat Ramp Project



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Norton Sound Economic Development Corporation

420 L Street, Suite 310
Anchorage, AK 99501
Phone: (907) 274-2248 or (800) 650-2248
Fax: (907) 274-2249
Website: www.nsedc.com

Norton Sound Economic Development Corporation

Education, Training & Employment Office
P.O. Box 193
Unalakleet, AK 99684
Phone: (907) 624-3190 or (800) 385-3190
Fax: (907) 624-3183

Norton Sound Seafood Products

P.O. Box 323
Unalakleet, AK 99684
Phone: (907) 624-3014
Fax: (907) 624-3808

Norton Sound Seafood Center

P. O. Box 906
Nome, AK 99762
Phone: (907) 443-2304
Fax: (907) 443-2457

Norton Sound Fisheries Research & Development

P.O. Box 358
Nome, AK 99762
Phone: (907) 443-2477
Fax: (907) 443-2478

Eastern Norton Sound Fisheries Research & Development

P.O. Box 193
Unalakleet, AK 99684
Phone: (907) 624-3193
Fax: (907) 624-3183



NSEDC 2007 Annual Report



*Norton Sound
Economic
Development
Corporation*

2007 Annual Report

NSEDC Mission Statement

“NSEDC will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities.”

Cover photo courtesy of Jeff Erickson
– The vessel, *Silver Pearl*, is owned by Clarence “Junie” Towarak.

The Year In Review

Message From The Chairman



At NSEDC, the year 2007 was one of progressive development. Notable highlights include the changes in organizational leadership that have provided for a renewed management perspective, implementation of new program requirements for the CDQ program through the 2006 and 2007 Magnuson-Stevens Act (MSA) amendments, the consolidation of some of NSEDC’s assets following the dissolution of our subsidiary, Norton Sound Investment Company (NSIC), and the reporting of certain income streams as taxable.

The 2006 and 2007 amendments to the law governing the CDQ program included new reporting requirements; CDQ groups are now required to include financial audit information as part of the annual report to their member communities. This marks no material change to NSEDC reporting, as we have presented audited financial information in our annual reports for a number of years. The publication of this annual report was delayed due to NSEDC retaining a new auditing firm, Altman, Rogers & Co., late in the audit process, after determining that it was in the corporation’s best interest to terminate our relationship with our past auditors. Despite this delay, Altman, Rogers & Co. reported that NSEDC’s financial statements are free from any mis-

statement and our management practices and internal controls sufficiently and in good faith meet the accounting principles generally accepted in the United States.

Following the 2006 MSA amendments, a panel of representatives from each CDQ group, now called the Western Alaska Community Development Association (WACDA), formed to make consensual decisions about the governance of the CDQ program. With the continuous development of this CDQ panel and the corresponding representation of NSEDC, we now have the opportunity to collaborate more effectively with our CDQ counterparts to obtain the most benefit from the CDQ program.

In 2007, NSEDC dissolved most of our partnership interests in Norton Sound Ventures (NSV). The Board of Directors decided to discontinue the partnership in an effort to streamline our offshore fishing assets to improve the efficiency and profitability of our operations. In the dissolution process, NSEDC effectively bought out some of NSV’s assets while retaining partial ownership rights to several crab vessels and the respective gear.

One notable result of the dissolution of NSV is that NSEDC now has full ownership rights to the *F/V Aleutian No. 1*, a crab vessel that fishes in the Aleutian Islands and Bering Sea. Along with the purchase of this vessel, NSEDC has also obtained additional crab quotas for Aleutian Islands golden king crab, Bristol Bay red king crab, opilio crab, and bairdi crab. We feel this investment will solidify our position in the crab market and help facilitate future growth opportunities

in crab fisheries.

Also in 2007, NSEDC retained tax experts to review and advise the board regarding certain aspects of tax reporting. The board's objective in undertaking this review was the protection of NSEDC's tax-exempt status and the long-term conservation of the organization's assets. After a thorough review by outside advisors, the board determined that income from certain assets should be treated as taxable, even if this income is used to further NSEDC's exempt purpose. As a result of this determination, the board decided to report that income as taxable on the organization's 2006 and 2007 IRS and state tax filings and to file an amended return (along with other required returns) for the organization's 2005 taxable year. Further, the board determined it prudent to begin the process of forming a for-profit subsidiary corporation and to eventually transfer assets that generate taxable income to the subsidiary to reduce unrelated business income in the future.

NSEDC earned over \$13 million in revenue from various CDQ fisheries in 2007. These revenues made it possible for NSEDC programs to continue to contribute to our member communities throughout the region. NSEDC helped Norton Sound residents save over \$200,000 in fuel expenses through our Consolidated Bulk Fuel Program, paid over \$1 million in crew share wages to residents of the region, and removed 240,000 pounds of debris from the shores and riverbanks of Shaktoolik, Unalakleet, and White Mountain through our Clean Waters Program. Additional noteworthy achievements are the scholarships totaling over \$400,000 awarded to 176 residents of the region through our post-secondary education and vocational training program. In 2007, the scholarship amount increased

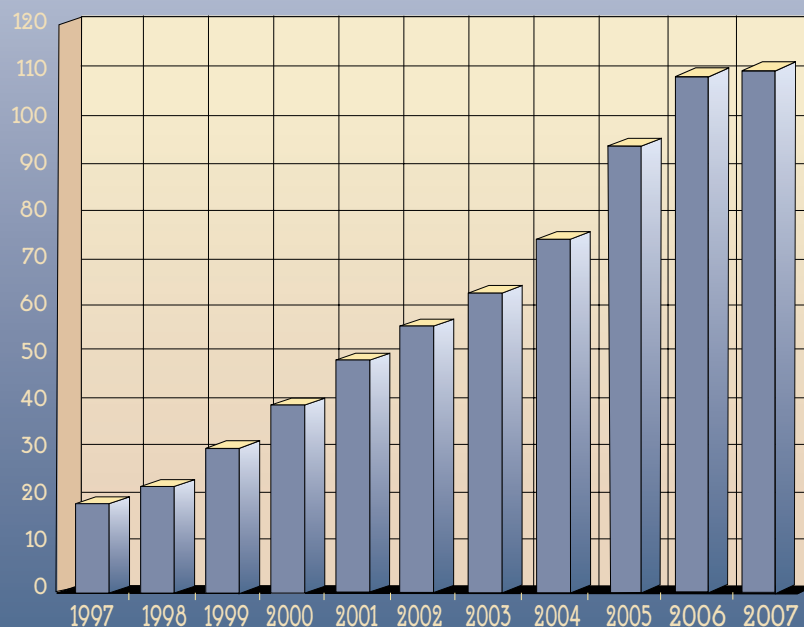
from \$1,500 per semester to \$2,000 per semester for those recipients who met the requirements for the award.

NSEDC has continually impacted our region through the Community Benefits Department, which this year completed the Boat Ramp Program by providing funding to the final five communities for improvement projects. As they did in 2006, the Board also approved \$100,000 in Community Benefit Shares to each of our 15 member communities, as well as providing over \$1 million in financial contributions to local and regional organizations to administer their internal programs. Another project included the beginning of construction on the NSSP Cold Storage Facility in Nome that will allow for increased cold storage capacity for our king crab and halibut operations.

NSEDC is well positioned to continue delivering strong results, as we have been doing and did again in 2007 – from achieving record revenue to delivering millions of dollars in benefits directly to the region's communities and residents. While facing obstacles, NSEDC has taken a long-term view, gone on offense, and positioned the organization to deal with those obstacles head-on.

Let me close by expressing my pride in the NSEDC Board of Directors, staff, and our harvesting partners for bringing us to this point and my gratitude to the residents of our member communities for your unwavering support. I hope that you are pleased with how NSEDC is performing and evolving and I trust that you share my excitement about the role NSEDC continues to play in our region.

Norton Sound Economic Development Corporation 2007 Fiscal Year Total Assets (in millions)



Norton Sound Seafood Products

Since 1995, Norton Sound Seafood Products (NSSP), a division of NSEDC, has continued to support the commercial fisheries of the Norton Sound region. NSSP's activities include purchasing, processing, marketing, and selling herring, salmon, halibut, crab, and bait. NSSP operates facilities throughout the region including the Unalakleet plant, Savoonga halibut buying station, Norton Sound Seafood Center in Nome, and buying stations in Teller, Elim, Golovin, and Shaktoolik.



Open-Access Norton Sound Red King Crab

The 2007 open-access red king crab season, which started on the 1st of July, came to an end on the 7th of August. Twenty-six fishermen delivered to the plant a total of 253,135 pounds of crab. The ex-vessel value totaled \$622,018. Fishermen were paid an average of \$23,924 each. The crab were delivered to the plant in Nome or tendered from Golovin to Nome with the *F/T Norton Bay*, skippered by Saul Paniptchuk

and deckhand Jeffrey Paniptchuk. NSSP hired 45 processors for the crab season.

CDQ Halibut Season

The halibut season was successful; 128,062 pounds were delivered to the Nome and Savoonga plants. Ten fishermen delivered 29,607 pounds of halibut to the Savoonga plant. There were eight fishermen delivering to the Nome plant for a total of 98,455 pounds landed. The ex-vessel value totaled \$429,917. Fishermen were paid an average of \$23,884.

Port Clarence Salmon

The first year of this salmon fishery produced high quality fish. Three fishermen made deliveries during the month-long season. A total of 8,792 pounds of sockeye salmon and 20,761 pounds of chum salmon were delivered to the Teller buying station for an ex-vessel value of \$8,670. Fishermen were paid an average of \$2,890.

Unalakleet Salmon

The 2007 Unalakleet salmon season went well overall. There was a decent chum salmon fishery in Moses Point and a very large coho salmon fishery in eastern



Pallets of salmon processed and ready to ship from Unalakleet



Teller fishery buying station

Norton Sound. The king salmon run was poor, and the pink salmon run was not as strong as expected.

Sixteen fishermen from Shaktoolik, eleven from Elim, and forty-five from Unalakleet delivered to the Norton Sound Seafood Products plant in Unalakleet or to the tender vessel 212 pounds of king salmon, 151,657 pounds of chum salmon, 10,603 pounds of pink salmon, 1,003,103 pounds of Coho salmon and 16 pounds of red salmon.

Altogether fishermen were paid a total of \$651,829.70 for salmon, with the majority of the income coming from coho salmon.

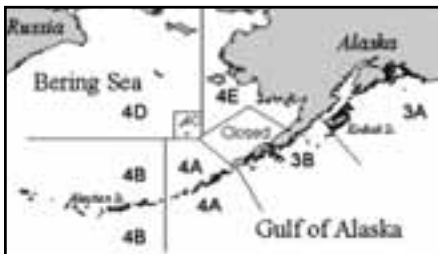


Salmon being offloaded at the Norton Sound Seafood Unalakleet processing plant.

Norton Sound Seafood Products

Savoonga Plant & NSEDC's History in the Area 4D Halibut Fishery

The Pacific halibut fishery is managed by the International Pacific Halibut Commission (IPHC) in conjunction with the North Pacific Fishery Management Council. The fishery is broken down into area designations with specific quotas in each area. The regions adjacent to St. Lawrence Island and Nome are Areas 4D and 4E, shown on the map below. At the 1993 IPHC meetings in Canada, NSEDC was granted an experimental 20,000 pound halibut fishery for Area 4D. The intent of the experimental fishery was to give fishermen a chance to start a local halibut fishery while collecting catch information on halibut in the area.



Map source: www.iphc.washington.edu/halcom/commerc/regmap.htm

In support of the halibut fishery, NSEDC contributed \$50,000 to the community of Savoonga for the development of an ice-making system. A market was established out of Nome and NSEDC staff visited Gambell and Savoonga to assist fishermen with permit applications, Coast Guard vessel registration, and arranging for all the necessary equipment and gear for the season.

At the urging of NSEDC, the experimental halibut fishery was extended into 1994. The catch limit was increased to 35,000 pounds. NSEDC continued their support of local fishermen and four to six residents were hired and trained to operate the buying station in Savoonga. That year 20,654 pounds of dressed

halibut was harvested by Norton Sound residents.

The harvest goal for 1995 was 50,000 pounds, which was expected to increase to 96,200 in 1996. The time had come to plan for long term support of the local fishery. The St. Lawrence Island Halibut Project began with the City of Savoonga committing a building site, site work and an ice house. The Alaska Department of Community and Economic Development provided matching funds to begin construction of a halibut plant.

A processing facility was not the only objective of the St. Lawrence Island Halibut Project. NSEDC, the Bering Sea Fishermen's Association, and a Marine Advisor from the University of Alaska worked with the community of Savoonga and the Ivisa Fishermen's Association to



NSEDC and the Alaska Department of Community and Economic Development provided funding for the Savoonga halibut processing plant.

provide technical support and knowledge to local fishermen on product quality, the use of longline fishing gear, the regulatory process and oversight of the halibut fishery by the IPHC, National Marine Fisheries Service, Alaska Department of Fish & Game, and the new CDQ halibut management systems.



Savoonga plant workers icing halibut and preparing totes for shipping to Nome.

Once the plant was complete deliveries to the Nome and Savoonga plant grew steadily over the next two years and reached a remarkable 112,392 pounds in 1998, as shown in the chart below.

More recent support of the halibut fishery out of Savoonga was provided in 2007 when NSEDC allocated \$120,000 for the construction of a boat ramp. The planks were constructed by West Coast Construction Company in Unalakleet and are scheduled to be installed in 2008.

The Savoonga plant has had its busy seasons over the years but there are times, usually when there is year round work available, that fishing activity decreases. Whatever quota is not delivered by either Nome or Savoonga area fishermen is typically contracted for harvest by a fishing partner. 2007 was a great year for local fishermen and we hope it is a sign of good times to come!

For more information, visit www.iphc.washington.edu

Halibut Delivered by Norton Sound Fishermen	
YEAR	TOTAL POUNDS HARVESTED
1994.....	20,654
1995.....	46,200
1996.....	68,497
1997.....	69,516
1998.....	112,392
1999.....	25,610
2000.....	16,000
2001.....	77,836
2002.....	97,581
2003.....	72,027
2004.....	78,149
2005.....	46,558
2006.....	38,000
2007.....	128,062

NSEDC 2007 Fisherman Spotlight Clarence "Junie" Towarak, Jr.

Clarence Towarak, Jr. (a.k.a. Junie) is a lifelong resident of Unalakleet, Alaska. He is the son of Clarence and Guerie Towarak. Junie currently resides in midtown Unalakleet with his wife, Linda, and his sons, Donald and Dean. Junie also has a daughter named Aimee and a granddaughter named Sierra.

Junie began commercial fishing in 1960, when he was in high school. He bought his first outboard motor and built his own skiff. Every year he goes out commercial fishing for herring, salmon, and crab. Junie goes out crabbing with his same crew every year, but when it comes to herring and salmon he brings younger kids. The reason being: he loves seeing young kids get involved with fishing. Junie has fished in the Bristol Bay region for 20 years and started crabbing when the small boat fishery started up around 1994. The experiences that stand out the most were when he went out herring fishing. He said he could recall all of the good camping memories while herring fishing.

After decades of being a fisherman, Junie has noticed some major changes in commercial fishing. One big change is the attitude of fishermen. This negative change in attitude makes fishing not as enjoyable as it once was. "Competitiveness is good, but we have to set our limits," Junie stated. He also said that he enjoyed fishing with the old-timers who



Clarence Towarak, Jr. onboard his boat, the *Silver Pearl*.

respected each other.

Junie has three boats he uses to commercial fish. The first is named *Running Bear* and is used for herring and crabbing. The second boat, *Silver Pearl*, is also used for crabbing and the third, *Dadoot Sea*, his wife's boat, is used for herring and salmon fishing.

Junie delivers salmon harvests to the Southern Norton Sound Seafood Products processing plant in Unalakleet and during the years when there was a sac-roe herring fishery, he sold to the buyers that traveled to the Norton Sound. He sells his red king crab harvests directly to Aquatech in Anchorage from his home port of Unalakleet.

We spoke with Lamar Ballard of Aquatech about their experience in working with Clarence. They said "Clarence has proven to be a most capable professional in how he manages his fishing business. He is a man of his word and doesn't promise what he can't deliver. He has been a reliable fisherman and one of the top producers. Clarence has been a pleasure to work with."

Although it requires more work on his part and from his crew to sell his red king crab harvest independently, he saves time and fuel by not having to travel to Nome or to the tender near Golovin to make deliveries. This also allows Junie to spend more time at home in Unalakleet, for which his wife Linda is appreciative.

Junie says his best season is, "When I come home and everyone is healthy and survived a good hard-working fishing season and there are no injuries. To me a good season is watching young fishermen emerge and have good control of their 'money matters.'" His tip to fishermen is, "Reinvest in your equipment and save for a rainy day." He says that he would like to see anyone, especially fishermen, maximize the use of our God-given resources.

2007 CDQ Fisheries

NSEDC is pleased to report a banner year in CDQ royalties paid to the company. Nearly \$13.2 million was earned in the various CDQ species, thanks in no small part to an excellent suite of harvesting partners. Glacier Fish Company (GFC) and U.S. Seafoods (USS) have been partners for a long time, and we continue to enjoy the benefits of working with them. Additionally, we've continued to work well with other CDQ groups in the harvest of quotas; mutually beneficial relationships.

Pollock

Pollock was once again our most valuable CDQ fishery. CDQ pollock harvest accounted for just over 75% of our CDQ revenue. As we have since 1992, we used

Glacier Fish Company pollock catcher processors, the *F/V Pacific Glacier* and *F/V Northern Glacier* to harvest 30,649 metric tons of CDQ pollock. Our A season pollock (also known as "roe season") was harvested in the first quarter, while the B season pollock was taken in the third and fourth quarters. As 50% owners, we also derive benefits from the harvest of CDQ pollock through distributions from GFC.

Pacific Cod

The CDQ Pacific cod harvest accounted for over 7% of all CDQ royalties. NSEDC harvested about 2,280 metric tons of CDQ cod in fishing operations in the Bering Sea, primarily using GFC's two longline catcher-processor vessels,

the *F/V Norton Sound* and *F/V Glacier Bay*. This accounts for about 99% of our total allocation for directed cod fishing. Cod is also harvested in two distinct fishing seasons at the beginning of the year in the A season and at the end in the B season

Atka Mackerel/Pacific Ocean Perch (POP)

The CDQ harvest in bottom-trawl fisheries for Atka mackerel/POP, yellowfin sole and rock sole accounted for almost 2% of all CDQ royalties. NSEDC harvested the entire CDQ allocation of Atka mackerel (661 tons) and POP (186 tons), as well as a small amount of quota transferred to NSEDC from another CDQ group. USS



This picture shows an example of sealife found in the Bering Sea during an *R/V Pandalus* survey.

continued as our harvesting partner in these fisheries using the catcher-processing vessels, *F/V Seafreeze Alaska* and the *F/V Ocean Alaska*.

Yellowfin Sole and Rock Sole

NSEDC also worked with USS to prosecute the yellowfin sole and rock sole CDQ fisheries in 2007. For the year, NSEDC harvested its entire allocation of yellowfin sole (702 tons). Additionally, 397 out of the 410 tons of directed rock sole allocation were harvested.

Sablefish

NSEDC harvested CDQ sablefish in the Bering Sea and Aleutian Islands working with the *F/V Sea Venture*, *F/V Lisa Marie* and *F/V Aleutian Spray*. Approximately 60 tons of Aleutian Islands black cod were harvested, while 53 tons were taken in the Bering Sea.

Halibut

NSEDC harvested 197,523 pounds of CDQ halibut in Area 4D/E during the year working with local fishermen operating in the region and the *F/V Glacier Bay*. Local fishermen harvested and delivered 128,062 pounds of CDQ halibut to the Norton Sound Seafood Center in Nome and the buying station in Savoonga between July 24 and September 30. The *F/V Glacier Bay* took 69,461 pounds of CDQ halibut during two trips in late July and early August.

Norton Sound Red King Crab

NSEDC harvested 23,611 pounds of CDQ red king crab in Norton Sound during the second quarter working with eight local fishing boats delivering to the NSSC in Nome. Only 14 pounds of the combined NSEDC and Yukon Delta allocation was not harvested.



Norton Sound Red King Crab

Bristol Bay Red King Crab

The harvest of CDQ red king crab in the BSAI fisheries accounted for almost 14% of CDQ royalties paid to NSEDC. NSEDC harvested the entire 2007/08 quota of 366,894 pounds of CDQ red king crab using the *F/V North Sea* in the 4th quarter.

Bering Sea Opilio Crab

NSEDC worked with the *F/V Baranof*, *F/V Ocean Olympic* and *F/V North Sea* to harvest the entire 2006/07 quota of 658,188 pounds of CDQ opilio. The *Baranof* is an at-sea catcher/processor which by regulation can take only 75% of the allocation in any CDQ crab fishery. The remaining 25% is required to be delivered to, and processed by, a shoreside plant. This quota was harvested in

the timeframe from December 2006 to April 2007.

Eastern Aleutian Islands Golden King Crab

NSEDC harvested its CDQ allocation of 63,000 pounds in the third quarter using its catcher vessel, the *F/V Aleutian No. 1*. The CDQ fishery was again conducted in combination with the IFQ fishery. The golden king crab fishery is prosecuted using longline pot gear.

Bering Sea Bairdi Crab

NSEDC harvested the entire amount of the 2006/07 allocation of CDQ bairdi crab (33,750 pounds in the eastern district and 19,692 pounds in the western district) using the *F/V Baranof* and the *F/V Tempo Sea*. This quota was harvested in the timeframe from December 2006 to April 2007.

Norton Sound Fisheries

Research and Development Program

Program Overview

The Norton Sound Fisheries Research and Development Program (NSFR&D) has embraced the goal of sustainable fisheries and fish stocks by focusing our program on maintaining self-supporting fish stocks and scientific stock management. The Fisheries Development aspect of the program has received great assistance from the University of Alaska Marine Advisory Program and Heidi Herter, the new agent in Nome. The NSFR&D Program's rapid growth over the last two years caused the professional staff to initiate their own planning just before the company, as a whole, began their planning. The results were nearly parallel. NSFR&D will work to support the best management of the most heavily utilized fish stocks (eg. crab, king salmon, red salmon, etc.) so that management has the best available tools to keep them healthy. Research will focus on fishery issues that have broad implications for the region or on specific issues that are in need of more information to be adequately managed. An example of recent research is the chum salmon genetic research with USFWS, about to be published in the Canadian Journal of Fisheries. Another proposal was submitted in cooperation with Eastern Carolina University for funding research on climate change on sea ice residency.

Moist Air Incubation and Eyed Egg Planting

NSFR&D continues to be a leader in the development of moist air salmon egg incubation and eyed egg implants. Our projects in 2007 included the planting of silver salmon eggs in Anvil Creek and chum salmon eggs in the Snake and



Marjorie Tahbone is gutting a chum salmon on the Snake River so she can collect a kidney sample to evaluate potential disease.

Solomon Rivers. Our previous success brought a request from the Chickaloon Village Traditional Council to assist them in developing a king salmon moist air incubation and eyed egg implant project on Moose Creek, ten miles east of Palmer. They were off to a rough start and wanted some coaching and practical experience in the operation of their equipment. We helped them select planting sites and prepare for egg planting; providing over the phone advice on incubation. Two of their biologists accompanied the NSFR&D crew planting coho salmon eggs. Chickaloon Village is trying to rehabilitate Moose Creek much as we are working on Anvil Creek. They recently removed an old dam and regraded the stream opening a former spawning site. They are now working to jump start the king salmon run so that the entire spawning habitat is utilized. Anvil Creek was once a more productive silver salmon stream and we have worked at cleaning the concretion of years of mining sediment and the replacement of juveniles into a system that had salmon extirpated by mining impacts and over harvest.

Red Salmon

The Seward Peninsula has enjoyed much improved red salmon runs over the past decade. NSEDC has played a significant role in that improvement by fertilizing Salmon Lake to improve productivity. In 2007, NSFR&D distributed 16 tons of fertilizer in Salmon Lake and monitored plankton levels in the lake to document the effect of fertilization. NSFR&D conducted smolt research on the Pilgrim River in cooperation with the Alaska Department of Fish and Game (ADF&G) and the U.S. Geological Survey



Didson sonar at work on the Shaktoolik River.

to document the size or health of the outmigrating juvenile salmon and the duration of their migration in freshwater. NSEDC provided a grant to assist Kawerak, Inc. in counting the adult return to the Pilgrim River and NSFR&D helped to acquire a count of adults returning to Glacial Lake. Although these have little commercial value at present they support a very significant subsistence fishery. NSEDC is interested in developing a small commercial fishery, but it is likely the subsistence harvest will be the primary use of these two stocks for the foreseeable future.

Clean Waters

The Clean Waters Program is another program that NSFR&D has shown leadership in. The success of the 2006 clean-up brought recognition for the program and we were requested to fly the entire coast of the Alaska Bering Sea to inventory the extent of marine debris in 2007. Local site clean-ups were completed in Shaktoolik, Unalakleet, and White Mountain. The total weight of



Boat loads of debris were taken along the shoreline of Unalakleet through the Clean Waters Program.

the collected debris in 2007 was 201,600, bringing the total to 240,000 pounds collected to date! There is great cooperation in each community, though the large amount of debris makes this project one that will require several years to complete in each of the region's communities.

Salmon Research and Management

Salmon research and management is one of NSFR&D's priorities. The goal of having a representative indicator of salmon escapement in each fishing district is intended to insure that all salmon stocks

are managed well. The Shaktoolik Subdistrict has long been managed on the basis of returns at Unalakleet. There are studies showing that Unalakleet salmon mingle with Shaktoolik salmon in the ocean, but little is known about the Shaktoolik system as far as historic returns or spawning potential. In 2007, a site was selected and highly advanced fish counting sonar equipment was purchased for the Shaktoolik River. Genetic samples were collected from king salmon in the Shaktoolik River as well. This is the beginning of an independently managed salmon system – work that is long overdue.

Salmon that rear in freshwater –silver, sockeye, and king salmon – are often more affected by how much fresh water habitat they have than the number of eggs that are laid or the marine life stage. Until recently, judgments on salmon management have all focused on escapement in this region. NSFR&D with the help of LGL Alaska Research Associates, Inc. have found that rearing habitat is a good predictor of returns on the Nome River silver salmon. The success on the Nome River helped us to successfully apply for research funding on the Fish River silver salmon habitat with ADF&G and LGL. The intent of this new research is to see if a common habitat assessment method can be applied over all Norton Sound silver salmon streams.



Rhonda Sparks holds the seine up to keep the chum in that were just hauled in on the Solomon River for the egg samples.

Crab Management

Red king crab is one of the bread and butter fisheries of Norton Sound, which makes it a primary concern for the NSFR&D program. In 2006, NSFR&D participated in a trawl survey to assess the red king crab population of Norton Sound. This information is then used to model the crab population and predict the allowable harvest of the crab stock. The model was reexamined in 2007 due to some concerns raised in the southern Bering Sea models. NSFR&D staff was interested in this process and consulted with the ADF&G on the changes and the assumptions used in the model. Recent information indicates that red king crab

is longer lived than previously thought, especially in Norton Sound.

Over the winter, the Alaska Board of Fisheries considered the management of the Bering Sea crab fisheries. NSFR&D staff submitted several proposals to allow for a potential blue king crab fishery and to better manage the red king crab fishery. This required working with local stakeholders and the advisory committees to find suitable compromises that would be passed by the Board of Fisheries. In the end, the proposals were supported by the advisory committees and Fish and Game.

Preparation for the next trawl survey to inventory the red king crab and other

benthic organisms of Norton Sound and the northern Bering Sea began in the fall of 2007. The crew of the *R/V Pandalus* drew the attention of the NSFR&D staff to a new device being developed by the Kodiak Fish and Game staff. NSFR&D staff was able to accompany the crab biologists in Kachemak Bay while they used the new camera sled. We are assisting the Kodiak staff to use this new tool to survey the St. Matthews opilio crab stock so that the sled will be available to survey portions of the Norton Sound crab management section. The comparison of the two surveys will be of interest in assessing opportunity for opilio fishing in the area between St. Matthews and St. Lawrence Islands.

2007 Asset Report

Formerly Norton Sound Investment Company

During 2007 NSEDC consolidated its offshore fishing assets. The end result is a more focused and efficient fishing operation.

Glacier Fish Company (GFC) successfully operated all four of its vessels throughout the year. With high pollock quotas and fair prices the company had a very good year. There were no major interruptions to fishing, no market problems, and no detrimental fishery management changes. At the end of the year we were notified of significantly lower pollock catch limits for 2008 but are expecting higher market prices as a result.

The past year saw the dissolution of most of NSEDC's participation in the Norton Sound Ventures (NSV) partnership. This partnership lasted for several years and brought NSEDC into the crab fisheries, especially brown crab, at the time of rationalization. We learned much from our partners, gained valuable experience, and

increased the variety of our investments. Ultimately, the partners decided to go in different directions.

During the summer we took full ownership of the *F/V Aleutian No 1*. One of the few brown crab vessels fishing in the Aleutian Islands, she is a well maintained, efficient platform for fishing single and longline crab pots. Due to the investments we had under NSV, we also received a substantial amount of Aleutian Islands brown crab quota as well as quota for Bristol Bay red king crab, opilio and baridi Tanner crab. We intend to use the *Aleutian No. 1* as a brown crab boat for much of the year fishing NSEDC's IFQ and CDQ, as well as leasing IFQs from others. We also plan to fish much of NSEDC's opilio CDQ and IFQs in the beginning of each year. This plan was fully underway during the fall when the boat successfully landed 550,000 pounds of brown crab. We are fully managing this

vessel with the assistance of Rip Carlton. Mr. Carlton has well over twenty years experience captaining crab boats. He and our fall fishing captain, Rick Alvarez, are two of the most experienced brown crab boat captains in the industry.

We purchased direct ownership of 50% of the *F/V Glacier Bay* as another part of the NSV dissolution. This effectively gives us 75% ownership of the vessel since GFC is the only other owner. GFC has successfully managed this freezer longliner for several years and will continue to do so. In the end, NSEDC has retained partial ownership of three crab vessels (*F/V Alaskan Beauty*, *F/V Ocean Olympic* and *F/V Pacific Star*) as well as a collection of crab fishing gear. The dissolution agreement calls for the sale of these vessels and gear as soon as possible. By the end of the 2007 year, all remained unsold, but efforts were well underway to sell the *F/V Alaskan Beauty*.

2007 NSEDC VESSELS

Vessels owned jointly with or through Glacier Fish Company.



F/T Pacific Glacier

276-foot factory trawler that produces frozen-at-sea Alaska pollock fillet and surimi, as well as Pacific Whiting surimi and fillet, Alaska pollock roe, and Alaska cod fillets.



F/T Northern Glacier

201-foot factory trawler that produces frozen-at-sea Alaska pollock fillet, pollock mince blocks, pollock surimi, pollock roe, shatter pack Alaska cod fillets, and cod roe.



C/P Norton Sound

136-foot catcher processor that produces frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, and cod roe.



C/P Glacier Bay

154-foot catcher processor that produces frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, and cod roe.

Vessels owned 100% by NSEDC.



F/V Aleutian No. 1

105-foot crab vessel fishes in the Aleutian Islands and Bering Sea. It is used to fish NSEDC's IFQ and CDQ brown crab and much of our opilio crab.



F/T Golovin Bay

38-foot tender vessel supports NSSP operations in the region.



F/T Norton Bay

39-foot tender vessel supports NSSP operations in the region.



RSW Besboro Barge

This 33-foot vessel with a 30,000-pound storage capacity supports NSSP operations in the region.

Other vessels owned jointly with Norton Sound Ventures are the *F/V Alaskan Beauty*, *F/V Ocean Olympic*, and the *F/V Pacific Star*.

Community Benefits Department

A Year in Review

Shoreside Infrastructure Improvements Program

Boat Ramp Projects

The Boat Ramp Program was introduced in 2005 to improve the efficiency and safety of launching and landing subsistence and commercial fishing vessels in the region. Since implementation, each member community has been allotted \$120,000 for a boat ramp project or in lieu of a boat ramp, the option to use the funds for a project that meets the program guidelines. In 2007, Diomedé, Wales, Brevig Mission, Savoonga and Gambell were the final five communities allocated money for boat ramp projects. Following is a description of how each community used the NSEDC Boat Ramp Program to meet their priorities.

- Diomedé opted to purchase a 2003 CAT 908 Loader with a bucket, forks, hydraulic angle snow blade, hydraulic oil and spare parts for the loader for \$91,000. Special thanks and recognition to Kawerak, Inc. for assisting in the delivery of the loader to Diomedé.
- Gambell used the funds to purchase a 2003 CAT D5G LGP Wide Pad Dozer with a cutting edge, hydraulic oil and spare parts for the dozer for \$82,989.70.
- Teller purchased a 2002 621D Case



This 2003 CAT 908 Loader was purchased for Diomedé through the NSEDC Boat Ramp Program.

Loader and two spare buckets/forks for \$118,278.66.

- Wales used the funds for the purchase of a 2005 Caterpillar 420D 4ETCB backhoe loader for \$93,435 and a 2007 Honda TRX500FM7 ATV for \$8,149. The ATV will allow community members to utilize boat trailers, which were previously funded by NSEDC.
- Brevig Mission opted out of the boat ramp option with the intention to use the allotted funds as a match for future funding to design and build a small boat harbor within the existing lagoon.
- Savoonga chose to install a community boat ramp on the northeast shore near the community. The boat ramp is constructed of sixty 12' long, 8" deep and 1' wide concrete planks, reinforced with epoxy coated rebar and connected by wire cable and fittings. The site of the boat ramp is selected by the community and upon installation is owned and maintained by the respective municipality. West Coast Construction of Unalakleet will oversee the construction of the cement planks and installation of the boat ramp in 2008.

NSSP Cold Storage Facility

The construction of the Cold Storage Facility upgrades at NSSC in Nome commenced in summer 2007. LCMF, Inc. is the Architectural & Engineering Firm and Alaska Mechanical, Inc. is the General Contractor. The construction will replace the existing cold storage system of portable freezer vans that the NSSC currently uses with a permanent structure that will have freezer rooms capable of holding 175,000 pounds of palletized and racked crab, halibut, salmon, cod and other product, to maximize efficiency. The facility will be constructed on a



Savoonga block and tackle purchased through an Outside Entity Funding grant.

concrete pad, with aluminum exterior walls and insulated panels.

In addition to cold storage, the facility will also include a sheltered crab tank room, increased ice making equipment and a hydraulic powered crane. Each of the sub-components will enhance NSSP's red king crab and halibut operations in Nome and allow for potential future expansion.

Community Benefit Share

The NSEDC Board of Directors declared a \$100,000 NSEDC Community Benefit Share (CBS) for 2007. This is the second successive year in the program's nine year history that \$100,000 was declared. The CBS reflects NSEDC's commitment to prudent financial management and dedication to its communities. Each member community receives an equal distribution and the remittance of the CBS is made to each city government. The decision on how the community will apply the funds is decided through a public process at the municipal level. The CBS is fully funded through NSEDC's investments outside of our allocations, and NSEDC feels proud

to direct investment returns to integral efforts to strengthen the economy of the Norton Sound region.

Consolidated Bulk Fuel Program

The 2007 Consolidated Bulk Fuel Program expanded in its second year of the program increasing the number of participants and the amount of fuel delivered. A total of nineteen participants in thirteen of NSEDC's member communities, plus Shishmaref, received 964,345 gallons of heating fuel and 274,730 gallons of unleaded gasoline which was delivered by Delta Western, Inc at a total cost of \$3,674,231.35.

For program eligibility, each entity must have sufficient fuel storage with a U.S. Coast Guard approved header and be a local fuel vendor, municipal or tribal

government, or native corporation. NSEDC acts as an agent on behalf of the participants to coordinate the order, issue a Request for Proposals (RFP) to fuel suppliers, evaluate the proposals and award a contract, as well as serve as a single point of contact for the supplier and communities. No interest or fees are charged to participants for administration of the program.

Recognizing that the results and benefits of this program are substantial and far reaching makes NSEDC extremely proud and eager to invest such considerable time and resources into the program. Participants not only receive the benefit of lower fuel prices than they would receive going out to bid independently, but they also benefit from lower administrative costs by NSEDC coordinating



There was a great turnout at the Diomed Fishermen's Fair, March 2007



A future Gambell fisherman shows his latest catch - what a smile! July 2007



NSEDC staff member Sye Larson, contract helper Jefford Kingekuk, and several Savoonga community members are entertained by an intense sumo wrestling match during the Savoonga Fishermen's Fair.



A bungee basketball participant is being cheered on at the Shaktoolik Fishermen's Fair, June 2007



Scene at the White Mountain Fishermen's Fair, June 2007

the majority of this activity and foregoing any fees or interest. It is estimated the participants saved more than \$200,000 in direct fuel purchases and participants who are fuel vendors in their communities passed savings on to residents in the form of lower fuel prices at the pump.

Substance Abuse Prevention Program

Little Dribblers Program

In 2007, the Little Dribblers Program was funded for the third consecutive year. Through this program, the Board donates a \$3,000 contribution to each of NSEDC's member community school sites, and to Shishmaref, for the Little Dribblers elementary school basketball programs.

The sport of basketball is a favorite activity in the Norton Sound region and it provides a healthy alternative to drugs, alcohol and delinquency. The funding has not only helped to develop the skills and promote teamwork of young players, but allowed opportunities for elementary teams to host tournaments, travel to other tournaments, and purchase jerseys and equipment. The program is well received by elders, adults and youngsters alike.

Fishermen's Fairs

NSEDC continued visits to member communities to host Fishermen's Fairs in honor of local subsistence and commercial fishermen for their hard work and commitment to the fisheries of the Norton Sound region. Fairs took place in Diomedes in March, in White Mountain

and Shaktoolik in June, and in Gambell and Savoonga in July.

Fair activities included: sumo wrestling, a moon bounce, an obstacle course, a bungee basketball challenge, a fish pond, and a prize walk. NSEDC served sandwiches and pizza from Subway and Airport Pizza in Nome, fresh fruits and salads, and beautiful cakes prepared by Judie Kotongan of Unalakleet. Activities were followed by door prizes, including certificates to local vendors for groceries, gasoline and heating fuel, and regional airlines for tickets and freight, and NSEDC regalia.

NSEDC will continue hosting Fishermen's Fairs each summer until each member community has been visited and each fisherman is honored.

Outside Entity Funding

The Board of Directors approved thirty-one requests for funding proposals from outside entities in 2007, for a total approved amount of \$1,565,344.

Organization	Amount Approved		Amount Approved
ADF&G 2007 Summer Interns.....	\$ 59,762	Native Village of Shaktoolik Youth & Elders Cabin Upgrades.....	\$ 55,456
Chinik Eskimo Community Large Boat Trailer.....	\$ 55,000	Native Village of Teller SAR Equipment	\$ 13,238
City of Diomedes Burn Box.....	\$ 147,600	Native Village of Unalakleet Elders Lunch Program	\$ 30,000
City of Elim Beacon for Moses Point	\$ 1,385	Native Village of Unalakleet Salmon Counting Tower.....	\$ 119,027
City of Elim Old School Rehabilitation.....	\$ 76,132	Native Village of Wales Trail Staking.....	\$ 10,000
City of Elim Wood Burning Boiler	\$ 25,000	Native Village of Wales Transportable Repeater System	\$ 21,600
City of Savoonga Dump Truck	\$ 100,000	Native Village of White Mountain CampFire USA.....	\$ 6,930
City of Shaktoolik Large Boat Trailer.....	\$ 55,000	Native Village of White Mountain Elders Lunch Program	\$ 42,876
City of Unalakleet Fuel Tank Disposal.....	\$ 115,000	Nome Chamber of Commerce Cruise Ship Marketing DVD	\$ 75,905
City of White Mountain Fire Safety Building	\$ 100,000	Nome Civil Air Patrol Start-up Costs	\$ 12,940
City of White Mountain Fish & Meat Processing Equipment.....	\$ 39,132	Nome Elementary School Salmon Incubation	\$ 4,700
Kawerak, Inc. Salmon Enumerations Camps & Internships.....	\$ 144,959	Nome Eskimo Community 2007 Summer Youth Camp	\$ 32,000
Koyuk SAR Snowmachine	\$ 6,809	Nome Fishermen's Association Hobson Creek Project.....	\$ 128,204
Martin L. Olson Schools Activities.....	\$ 19,623	Nome Preschool Assoc., Inc. Scholarships, Supplies & Training.....	\$ 18,000
Native Village of Elim Future Leaders Workshop	\$ 8,200	Savoonga Whaling Captains Association Equipment Purchase	\$ 26,250
		Wales Volunteer Fire Department Start-up Equipment Costs	\$ 14,616



The NSEDC Outside Entity Funding Program provided funds for upgrades to the Shaktoolik Youth & Elders Camps

Education, Employment & Training

2007 Report

EDUCATION

On behalf of the NSEDC Board of Directors, the NSEDC Scholarship Committee awarded one hundred seventy-six Norton Sound residents a scholarship for a total of \$401,577.99. With an annual budget of \$464,000 for 2007, the NSEDC Scholarship Fund for the year reflected a surplus of \$62,422.01. Good luck to all our scholarship recipients as they strive for their post-secondary education and to find gainful employment upon their completion.

The NSEDC Board of Directors, upon recommendation of the NSEDC Scholarship Committee, voted to increase the NSEDC Scholarship to \$2,000 per semester beginning in the fall semester of 2007. Each applicant must fill out the NSEDC Scholarship Application and include two letters of recommendation, a letter of acceptance from the institution they are attending, official transcripts, and a current photograph before the specified deadline. Each applicant must maintain twelve credit units with a 2.0 GPA or a positive progress report to be eligible for a continuing scholarship. Applicants can now use the Seward Peninsula Application Network Scholarship (SPANS) to apply for scholarships from NSEDC, Kawerak, Inc., Norton Sound Health Corporation, and the Bering Straits Foundation. The NSEDC Board of Directors recognizes that true economic development begins with the education of our most important resource, our people, to enable them to take the jobs available in our communities.

EMPLOYMENT

Glacier Fish Company employed twenty four Norton Sound seafood processors

on board our vessels in the first quarter with a total of \$276,021.81 in crew share wages, twenty-four processors in the second quarter with \$198,329.11 in crew share wages, thirty-eight processors in the third quarter with \$370,928.08 in crew share wages, and twenty-four processors in the fourth quarter with \$197,921.76 in crew share wages paid – for a cumulative total of \$1,043,200.76 in crew share wages for 2007. This brought the cumulative total of crew share wages paid to Norton Sound processors to

\$11,822,699.43. With \$532,974.92 paid in wages to Norton Sound processors from all other seafood processors from 1992-2007, the cumulative total paid to our seafood processors from 1992-2007 is \$12,355,674.35.

Now that's bringing home the bacon for the last fifteen, going on sixteen years! Thank you to Glacier Fish Company for their employment efforts to allow our processors to bring home crew share wages back to the region!! With the price

2007 EMPLOYMENT STATISTICS

	PEOPLE	WAGES
Management/Administrative		
NSEDC	7	\$487,053.69
NSSP	9	\$348,750.73
Total Management/Administrative	16	\$835,804.42
CDQ Pollock Related	37	\$706,168.88
NSSP Employment	156	\$513,877.27
Other NSEDC Employment	8	\$93,895.00
Other Fishing		
GFC - Longline	1	\$76,154.48
O/A Norton Sound Winter Red King Crab	7	\$20,259.00
O/A Norton Sound Red King Crab	26	\$723,798.45
NSEDC CDQ Red King Crab	8	\$36,185.00
YDFDA CDQ Red King Crab	7	\$20,622.50
Norton Sound Salmon	73	\$660,499.81
Norton Sound Herring	7	\$19,631.70
NSEDC CDQ Halibut	19	\$497,088.11
Total Other Fishing	148	\$2,054,239.05
NSEDC Community Outreach Liaisons	13	\$78,000.00
Interns		
NSEDC Administration	2	\$19,921.64
NSEDC Salmon Rehab.	5	\$67,952.05
Alaska Dept. of Fish & Game	7	\$70,039.38
Kawerak, Inc.	7	\$80,644.67
Native Village of Unalakleet	1	\$4,400.00
Fisheries Development	37	\$89,210.13
Total Interns	59	\$332,167.87
GRAND TOTAL	437	\$4,614,152.49

2007 Education & Training Statistics

Scholarships	People	Expenditures
Post-Secondary	139	\$334,077.99
Vocational	37	\$67,500.00
Fisheries Related Training	20	\$123,946.93
TOTAL	196	\$525,524.92

of gas at \$5.25 per gallon and \$6.40 per gallon for fuel oil, or higher, our residents will need to have continued employment in the Bering Sea. Good fishing and be safe!!

TRAINING

On March 11-21, 2007, a seafood processing class was sponsored at the Alaska Vocational Technical Educational Center (AVTEC) in Seward with twenty people given the opportunity to participate, at a total cost of \$32,469.00. Completing the course and ready to work with drug screen urinalysis, hearing test, and physical examination documented were Wayne Kotongan, Morris Katchatag, Craig Ivanoff, and Jack Koutchak, III of Unalakleet; Lawrence Kingeekuk of Savoonga; Adam Saccheus of Elim; Elias Milligrock of Shishmaref; Doug O'Donnell, Cyrus Savetilik, Danielle Topkok, and David Miller, Sr. of Teller; and Martin Lincoln of White Mountain.

A one-day (ten-hour) Emergency Procedures and Onboard Drills Course to meet USCG Requirements on fishing vessels was held in Nome on April 27-28, 2007, with Doug Jensen of AMSEA and Howard Appel of Nome as instructors.

Rich Ferry received refrigeration training at Garden City, Kansas and a General Industry Trainer 503 class in Seattle, Washington. Eleanor Bahr went to

training in Portland, Oregon, for OSHA safety training. William Johnson, Harry Muktoyuk, and Josh Osborne went to Seattle for OSHA 511 Safety Standards for Industry. Marlin Sookiayak of Shaktoolik was assisted to get his driver's license prior to employment on the North Slope. Calvin Paniptchuk was assisted to get his hazwoper certification to also help him with employment on the North Slope.

The May 13-23, 2007, NSEDC Seafood Processing Class was cancelled for the first time since inception due to a lack of applicants. All arrangements were cancelled.

Seventeen Norton Sound residents were given an opportunity for seafood processing at AVTEC in Seward on October 14-23, 2007, with a cost of \$37,375.95. Francis Aparezuk, Charleen Dan, and Xavier Pete, Jr. of Stebbins; Galen Ivanoff, and Joseph Katchatag, III of Unalakleet; Samuel Goodhope of Brevig Mission; Maggie Topkok and Julia Lee of Teller; Michael Kulukhon of Gambell; and George Lewis of Nome/Golovin successfully completed the class.

Bruce Johnson and Frank Doty of Unalakleet went to refrigeration training at the Refrigeration School, Inc. in Phoenix, Arizona, from October 2007 to April 2008, with a total expense of \$54,101.98.

NSEDC Scholarship Spotlight



Carrie
Ojanen
Cockerham

My name is Carrie Ojanen Cockerham. I graduated on June 10, 2007 from Walla Walla College, now called Walla Walla University. I graduated with honors with a Bachelor of Arts degree in English and in French.

I started out studying biology in college. I wanted to be a marine biologist. While taking general honors classes, however, I had to take several writing classes. In those classes, I discovered that I love writing. I found I have a lot to say about my family and about where I grew up. I was born and raised in Nome, Alaska. I grew up in a very close family. We went camping, boating, sledding, berry picking, fishing, and hunting together. I grew up going out to fish camp with my grandparents. In college, I was very homesick. I missed the Alaskan way of life. To make myself feel better, to feel connected to my family and to my home, I wrote about them. I eventually changed my major to English with a concentration in writing.

As part of my studies, I decided to spend a year in France to study French. I really wanted to travel and I loved the French language. It was a good experience. I would recommend to anyone interested in studying abroad to do so. I had a good time studying French language and culture and I got to travel to several other countries while on school breaks.

This fall, I will begin graduate studies at the University of Montana. I will be pursuing a Master of Fine Arts degree in creative writing, focusing in poetry. When I have completed my studies at the University of Montana, I would like to teach creative writing, I think it is very important that people learn how to express themselves creatively.

I would advise young people to read widely because you never know what you may encounter in reading that may spark an interest for life. If you want to go

to college, but you aren't sure what you want to study, take a lot of general studies classes to begin with. That way you can discover where your interests lie. Your college years are a great time to travel. See if your university or college has a study abroad program and participate in it! Take as many honors courses as you can. Not only are they interesting, but the people who take them with you will be interesting and become good friends. If you are struggling with any subject, take advantage of any tutoring your

college or university may offer. Don't be afraid to make an appointment with your professor or a teacher's assistant to get all the help you need. To high schoolers: Apply for internships with your congressional delegation.

I would like to say thanks to my parents, Dave and Rudi Ojanen, who encouraged me every step of the way in the pursuit of my education. I would also like to say thank you to NSEDC for their continued financial support throughout my college years.

Revolving Loan Program

Since 1993, NSEDC has assisted many local fishermen in participating in the Norton Sound commercial fisheries including the herring, salmon, red king crab and halibut.

NSEDC offers low interest, minimal down payment loans to local residents for vessel and equipment upgrades and for purchasing fishing gear, outboard motors, Norton Sound Salmon Permits, Lower Yukon Salmon Permits, Norton Sound Herring Permits, and Norton Sound Red King Crab License Limitation Program (LLP) Permits.

Terms:

- \$16,000 maximum for permit holders
- 7-year payback/5-year payback for outboards
- 10% down payment & 8% interest rate per annum
- Credit check and 90 day delinquency limit

In 2007, NSEDC made twenty-seven loans in the sum of \$200,681.52 to local residents in the communities of Elim, Nome, Savoonga, Shaktoolik, Teller and Unalakleet.

Large Vessel Loan Option

The Large Vessel Loan Option provides further assistance to local fishermen in acquiring suitable vessels and vessel repairs for participation in the Norton Sound red king crab and 4D/4E halibut commercial fisheries. NSEDC designed the Large Vessel Loan Option to maximize benefits to the fishermen at a minimal cost to them. This option was introduced in 2001 and is still available as funds are repaid back into the program.

Terms:

- \$100,000 maximum for LLP permit holders
- \$75,000 maximum for non LLP permit holders
- 5% minimum down payment
- 0% interest for first 3 years
- 2% interest commencing in 4th year of loan
- Credit check and 90 day delinquency limit

In 2007, NSEDC made five Large Vessel Loans in the sum of \$175,645.54 to local commercial fishermen.



2007 REVOLVING LOANS

COMMUNITY	LOAN AMOUNT
Elim	\$22,982.85
Nome	\$14,546.64
Savoonga	\$25,279.28
Shaktoolik	\$53,973.81
Teller.....	\$14,410.00
Unalakleet.....	\$69,488.94
Total.....	\$200,681.52
Nome	\$53,574.79
Nome	\$73,256.07
Nome	\$17,989.68
Nome	\$15,575.00
Nome	\$15,250.00
Total.....	\$175,645.54
GRAND TOTAL	\$376,327.06

Norton Sound Economic Corporation

Schedule of General and Administrative Expenses

Year Ended December 31, 2007

BOARD EXPENSES:

Stipends/Honorariums	\$ 132,563
Transportation	84,136
Per Diem	193,908
Insurance	50,636

STAFF:

Salaries	132,769*
Benefits	32,643*
Payroll Taxes	21,493*

TRAVEL/PER DIEM:

Staff	204,965
Contract Personnel/Consultants	8,738

TRAINING:

Staff	10,469
Board Members	40,846
Audit/Accounting	79,466
Legal Fees	322,235

OTHER:

Meetings Space, Catering & Meal Expenses	2,462
Contract Services	174,980
Rent	254,326**
Supplies and Equip. Purchases	118,698
Postage/Freight	10,052
Communications	29,793
Insurance	141,551
Dues and Subscriptions	6,935
Equipment R and M	5,399
Equipment/Storage Rentals	3,148
Advertising/Brokerage	10,233
Fees and Licenses	8,129
Miscellaneous	250,762
Donations and Contributions	25,391
Depreciation	201,523
Bad Debt Expense/Recoveries	15,076
Discretionary Grants	468,427

Total Administrative:

\$ 3,041,752

* The amounts shown on this statement only reflect the salaries, benefits and payroll taxes of NSEDC's administration.

The totals for all of NSEDC's salaries, benefits and payroll taxes are \$1,954,431, \$566,931, and \$189,451, respectively.

** This amount includes the Anchorage office, Unalakleet office, Nome office and apartment.

Norton Sound Economic Corporation

Consolidated Statement of Financial Position

December 31, 2007

Assets

Current assets:

Cash and cash equivalents	\$ 4,254,388
Restricted cash and cash equivalents	2,677,839
Investments in marketable securities, short term	40,151,080
Accounts receivable	894,486
Interest receivable	181,970
Inventory	486,033
Prepaid expenses and other assets	8,600
Total current assets	<u>48,654,396</u>

Notes receivable, net of allowance of \$489,872	<u>3,515,608</u>
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Investments:

Investment in marketable securities	21,524,103
Restricted investments in marketable securities	7,753,270
Investment in Glacier Fish Company, L.L.C.	18,904,214
Investment in PS Fisheries, L.L.C.	288,613
Investment in Ocean Olympic, L.L.C.	744,261
Investment in Glacier Bay Fisheries, L.L.C.	1,539,675
Goodwill in GB Fisheries, LLC	440,854
Investment in quota share units	8,110,088
Property, plant, and equipment, net of accumulated depreciation of \$3,632,046	5,432,396
Prepaid leases, net of accumulated amortization of \$167,926	937,174
Total investments	<u>65,674,648</u>

Total assets	<u>\$ 117,844,652</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	4,162,426
Income tax payable for fiscal year(s):	
2007	400,645
2005 - 2006	3,556,017
Total liabilities	<u>8,119,088</u>

Net assets:

Unrestricted - undesignated	99,294,455
Restricted - undesignated	10,431,109
Total net assets	<u>109,725,564</u>

Total liabilities	<u>\$ 117,844,652</u>
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See accompanying notes to consolidated financial statements

Norton Sound Economic Corporation

Consolidated Statement of Activities

Year Ended December 31, 2007

Changes in unrestricted net assets:	
Revenues and support:	
Harvesting revenue	\$ 14,484,728
Crab revenue	1,310,774
Fishing and fish processing	3,291,955
Investment income, net	3,554,659
Other income	259,127
Revolving loan income	9,335
Total unrestricted revenues, gains and other support	<u>22,910,578</u>
Expenses and losses:	
Program services:	
CDQ harvest management	449,716
CDQ crab marketing	8,160
Fisheries development	540,918
Salmon rehabilitation and enhancement	889,231
Training and scholarships	850,201
Revolving loan program	39,191
Shoreside improvements	1,189,329
Community benefits	1,731,682
Bulk fuel	77,922
Community outreach	454,597
Tender vessel management	367,120
NSIC	1,022,018
CDQ fees	52,810
Total program services	<u>7,672,895</u>
Fishing and fish processing	5,076,916
Administrative expenses	3,041,752
Aleutian #1 expenses	1,391,590
Total expenses	<u>17,183,153</u>
Equity in earnings of limited liability company	6,274,597
Loss on disposal of fixed assets	<u>(4,307)</u>
Increase in unrestricted net assets from operations, before taxes	<u>11,997,715</u>
Income tax (expense) benefit:	
Current year tax expense	(2,950,365)
Prior years tax expense and penalties	(7,182,829)
Total income tax expense	<u>(10,133,194)</u>
Increase in unrestricted net assets	1,864,521
Net assets, beginning of year	<u>107,861,043</u>
Net assets, end of year	<u>\$ 109,725,564</u>

See accompanying notes to consolidated financial statements

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements • December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Norton Sound Economic Development Corporation (Company) is a non-profit corporation organized to represent the Norton Sound region of Alaska in the Community Development Quota (CDQ) program. The CDQ program was established by the federal government in 1992. The program was established by reserving 7.5%, (subsequently increased to 10%), of the total allowable catch, (TAC), of Pollock for the Bering Sea and Aleutian Islands areas of Alaska. The reserve was then allocated to the CDQ groups. The program has been expanded to include other species and a greater portion of the Pollock TAC. The Company's 2007 Pollock allocation was 30,668 metric tons. The CDQ allocation program is on a calendar year basis and allocations awarded cannot be taken in subsequent years if the previous year's allocations were not fully utilized.

As a result of the enactment into law of Section 416 of the Coast Guard and Maritime Transportation Act as of 2006, which amended Section 305(i) (1) of the Magnuson-Stevens Fishery Conservation and Management Act, the Company's receipt of CDQ allocations was fixed at the same percentage level as its 2003 allocations for all allocated species and such percentages may not be changed until 2012. The Company has entered into an agreement for the duration of the CDQ allocation with a harvester to harvest the allocations. Amounts received vary depending upon the specific availability and market prices.

The Company's primary purpose is to develop and sustain new and ongoing economic activity in the Norton Sound region. In its mission, the Company outlined its intentions to provide a balance between local economic development oriented towards the residents in the region and active participation in the distant-water fisheries in the Bering Sea and Aleutian Islands. The Company began implementing programs to educate, train, and employ people of the region; build infrastructure to help support the new and existing fisheries; start new fisheries through locally initiated development efforts; support the local salmon, herring, crab, and halibut fishermen; restore salmon runs in the region for both commercial and subsistence users; provide gear, vessel, and secure equity interests in companies and vessels. The Company has not entered into any significant long-term agreements or commitments other than its agreements with the harvesters of its CDQ allocations.

During 2007, the Company acquired three limited liability companies (LLCs), GB Fisheries, LLC, Ocean Olympic, LLC, and PS Fisheries, LLC. The LLCs were acquired through the dissolution of Norton Sound Ventures, LLC and through purchase agreements. Norton Sound Economic Development Corporation has a 59.52% interest and a 50% voting interest in Ocean Olympic, LLC, a 31.97% interest and a 50% voting interest in PS Fisheries, LLC. GB Fisheries, LLC is a wholly owned subsidiary.

Accounting Estimates and Assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from the estimates and assumptions.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary GB Fisheries, LLC. All significant intercompany transactions and accounts have been eliminated in the consolidation.

Basis of Presentation

The accompanying financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Company exercises fiscal and operational control.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues and support are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Contingent royalty payments are recognized when the amount is fixed and determinable and collection is assured.

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

Cash and Cash Equivalents

The Company considers cash and short-term instruments with original maturities of 90 days or less to be cash equivalents.

Investments in Marketable Securities

The Company carries investments at fair value. The change in the fair value is included in the consolidated statement of activities.

Investments in marketable securities consist of mutual funds, equity securities, U.S. Agency obligations, and corporate debt securities. For purposes of the calculating realized gains and losses, cost is determined by the specific identification method on a trade date basis.

Classification of investments as short-term and long-term is based on the length of time management intends to hold the investment. Management intends to hold short-term investments less than one year.

Inventory

Inventory is valued at the lower of aggregate cost or fair value (first in, first out).

Investments in Limited Liability Companies

The equity method of accounting is used to account for the Company's investment in the Glacier Fish Company LLC, Ocean Olympic, LLC, GB Fisheries, LLC, and PS Fisheries, LLC, whereby the Company records its proportionate share of the LLC's net income or loss.

In December 2003, the Financial Accounting Standards Board issued FIN 46R, Consolidation of Variable Interest Entities, that provides guidance in determining when variable interest entities should be consolidated in the financial statements of the primary beneficiary. The provisions of this interpretation were effective for fiscal years beginning after December 15, 2004. An evaluation of Norton Sound Economic Development Corporation's investments in variable interest entities indicated that consolidation is not required under the FIN 46R.

Investment in Individual Fishing Quota

The Company has investments in fishing rights under the Individual Fishing Quotas (IFQ) program, which was established by the federal and state governments to allocate the halibut and sablefish to the established fishers based on historical catch. IFQ's are considered an indefinite life intangible asset and are carried at cost and measured annually for impairment.

Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost when purchased or at fair market value of date of gift, when donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally two to ten years.

Provision for Loans, Accounts Receivable, Notes, and Contract Losses

The Company provides for loans, accounts receivable, notes, and contract losses based on the estimated losses determined through management's periodic reviews of the outstanding loan portfolio. The estimation of the losses considers prior loan charge-offs and recoveries against the allowance as well as the economic conditions and the character of the credit risks. The allowance for loans, accounts receivable, notes, and contract losses is subjective and may be adjusted in the future.

Community Development Quota

The fair value of the quota received by the Company from the Federal Government is not considered to be determinable within reasonable limits. Accordingly, no value has been assigned to the quota in the financial statements.

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

Income Taxes

The Company is exempt from the federal and state income taxes under provisions of Section 501(c) (4) of the Internal Revenue Code, except for taxes on unrelated business income. In evaluation of unrelated business income, the Company has adopted the provisions of FIN48, Accounting for Uncertainty in Income Taxes, which is an interpretation of FASB 109.

Commitments and Contingencies

Liabilities for loss on contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that the liability has been incurred and the amount of the assessment or cost can be reasonably estimated.

Designated Cash and Investments

The Company's Board of Directors has designated \$2,677,839 in cash and cash equivalents and \$7,753,270 of long-term investments at December 31, 2007 for the Education Endowment Fund. As part of the CDQ program and past approved Community Development Plans, the Company in the past has contributed a portion of the CDQ proceeds to the Education Endowment Fund, which is intended to finance training and scholarships.

NOTES RECEIVABLE

Notes receivable consist of the following at December 31, 2007:

Loans to individuals	\$4,005,480
Less allowance	(489,872)
	<u>\$3,515,608</u>

Loans to individuals have scheduled repayments over one to seven years at 6% to 10%. The Company waived interest on loans to individuals from 1993 through 2006 due to the economic disaster in the fishing industry. Principal repayments are primarily made through individual payments and from a portion of the proceeds from the sale of the individuals' commercial harvests; accordingly, the notes are considered long-term in nature. These notes are secured by the equipment purchased or vessels purchased with borrowed funds.

The allowance for doubtful accounts was \$489,872 at December 31, 2007 and the expense recognized for doubtful accounts was \$11,320.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at December 31, 2007:

Furniture and equipment	\$ 895,825
Plant improvements	5,456,098
Tender vessels	2,589,679
Construction in progress	55,835
Land	67,005
Accumulated depreciation	(3,632,046)
Net property, plant, and equipment	<u>\$ 5,432,396</u>

Depreciation expenses for 2007 was \$400,589.

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

PREPAID RENT LEASES

The Company participated in the construction and improvement of the City of Nome Small Boat Harbor by paying the City of Nome \$550,000 in 1998. In October 1999, in return for its payment, the Company executed a real property and preferential use agreement for approximately 40,000 square feet of Small Boat Harbor property and preferential use of that portion of the mooring and docking space immediately adjacent to the leased premises for an initial term of 35 years, and other considerations. In March 2006, the Company paid an additional \$555,100 for improvements to the harbor. The payments are being amortized over the life of the agreement. Amortization expense for the year ended December 31, 2007 was \$34,856.

EMPLOYEE RETIREMENT PLAN

The Company had a defined contribution employee retirement plan covering all employees who are at least 18 years of age, have attained 1,000 hours of service with the Company. The Company expensed \$89,712 in 2007 for its contributions.

OPERATING LEASES

The Company leases Anchorage office space and the Unalakleet plant under lease agreements. Rent expense was \$165,065 for the year ended December 31, 2007. The Company is expected to pay \$165,065 during 2008 in future minimum lease payments.

UNRELATED BUSINESS INCOME

The Company has reported to the Internal Revenue Service and the State of Alaska unrelated business income and paid unrelated business income tax, with respect to its 2005, 2006, and 2007 fiscal years. The Company believes that it has taken the appropriate steps to resolve any potential tax liability for its past years, and the Company is not under either a federal or state audit. The rules regarding the assessment of tax for past years are not certain, however, and no assurance can be given that neither the Internal Revenue Service nor the Alaska Department of Revenue will assert the Company is liable for tax for years prior to 2005.

At December 31, 2007 the Company recorded income tax payable of \$3,886,017 associated with its 2005 return, paid \$3,626,811 for its 2006 return during 2007, and recorded income tax payable at \$330,000 for a refund that was received. The federal income tax benefit for 2007 is \$2,263,817 of which \$2,100,000 was prepaid and the income tax liability for the State of Alaska is \$686,548 of which \$600,000 was prepaid. The underpayment of \$250,365 has been accrued as income tax payable. Penalties and interest were accrued as income tax payable on December 31, 2007 of \$150,280.

The amounts accrued and those paid for 2005 and 2006 were classified as a change in estimate and presented separately from the current year income tax expense on the Statement of Activities.

GEOGRAPHIC AND BUSINESS CONCENTRATION

The Company's primary operations are involved in the fisheries of the Norton Sound and Bering Sea regions of Alaska. The program revenue received by the Company is largely a result of the Company's ability to contract the harvesting of the CDQ allocations received from the federal government. The majority of the Company's sales transactions were to Glacier Fish Company. The Company hires the majority of its seasonal labor from the Norton Sound region. As a result of the geographic and natural resource concentration, the Company's growth and activities depend upon the viability of the North Pacific fisheries of Pollock, halibut, crab, and other species, the continued allocation of harvesting quotas by the federal government, and the ability to obtain skilled labor from the region. Any deterioration or improvements in these fisheries, quota allocations, or the labor pool could have a significant effect on the Company.

DISPUTES AND CLAIMS

The Company is involved in various disputes and claims. Due to the early stages of these matters, the Company's legal counsel is unable to provide opinions as to the outcome or quantify any potential liability. Management believes the resolution of these matters will not have a material effect on financial position, results of activities, or cash flows.

NSEDC 2007 Financial Disclosure Information

Description of compensation policy for directors.

Per diem and honorariums shall be paid to directors for each day they attend meetings of the Board, any committee of the Board, or any meeting attended at the request of NSEDC, the President/CEO, or the Board of Directors (i.e. meetings with partners, meetings with the State or meetings regarding the CDQ program). Per diem and honorariums may be paid in advance of meetings held outside a member community, and any director who does not attend a portion of such meeting shall reimburse NSEDC in an amount determined by multiplying the total advance by the percentage of the meeting unattended. The rate of per diem shall be \$350 per day for the summer season (May – September) and \$250 per day for the winter season (October – April) for board members and board members alone. Honorariums (\$250 per meeting) shall be paid on a pro rata basis for days where meetings are partially attended by directors. If weather, flight schedules, or other acts out of the control of a director cause a director to arrive prior to the start of a meeting or cause a delay in departing after a meeting, that director shall be paid per diem in accordance with current federal per diem rates for each additional day the director is caused to be at the meeting location.

Total amount paid to directors

Compensation for 19 directors in 2007 was \$ 326,471.00.

Employee Compensation:

Top 5 highest paid personnel in 2007

In 2007, the top five highest paid personnel of NSEDC earned the following salaries: Chief Executive Officer Eugene Asicksik (\$210,521.29), Vice President & Community Benefits Director Janis Ivanoff (\$104,995.33), NSFR&D Director Simon Kinneen (\$93,712.75), Education, Employment & Training Coordinator Jerry Ivanoff (\$91,646.68); and Fisheries Biologist Charlie Lean (\$75,739.31).

Related Party Transactions

Description of any transactions over the amount of \$20,000 with any director or their family members, include:

Name of the director	Name of the family member, if applicable	Position held by the director or family member, if applicable	Nature of the amount of the transaction
Peterson, Dean	Peterson, Ruth (wife)	Loan recipient	Large Vessel Loan
Saccheus, Charles Sr.	Saccheus, Charles Jr. (son)	Loan recipient	Large Vessel Loan
Sookiayak, Harvey	Sookiayak, Lars (son)	Loan recipient	Large Vessel Loan

These loans were processed with the same criteria as other loans.

Legal Proceedings Involving Directors

Description of any legal proceedings in which a director has an interest adverse to the CDQ Entity, including the name of the director:

- None

Professional Fees

List of totals

Legal \$397,618
 Consulting \$740,267
 Accounting \$78,866
 Lobbying \$10,611

Auditor Relationship

Auditor is Altman, Rogers & Co.

Description of any disagreement by the CDQ Entity with any auditor in the past two years:

- The accounting firm of Altman, Rogers & Co. was retained by NSEDC to audit its 2007 financial statements after NSEDC was unable to resolve disagreements with KPMG LLP relating to income that NSEDC treated as taxable income on its 2006 and 2007 federal and state tax returns.

Description of any non-audit services supplied by the auditor with disclosure of the fees paid for the non-audit services as a percentage of the total fees paid to the auditor:

- Non-audit service was for tax services related to the preparation of 990 forms. Total fees for non-audit services amounted to \$23,700 or ~30% of total fees paid to KPMG

Committees

Membership of any committees of the CDQ Entity that provide:

Audit Functions:

- None

Nomination or compensation functions, including a description of the committee's functions and dates of any meetings held by the committee:

- Executive Committee

The Executive Committee members for 2007 were Dan Harrelson, Chairman; Dean Peterson, Vice-Chairman; Harvey Sookiayak, Sergeant-at-arms; Paul Johnson and Joe Garnie.

The Executive Committee is responsible for planning the work of the full Board, setting meeting schedules and agendas, insuring accountability of operations of the Corporation, setting guidelines between regular meetings, clarifying policy, and referring work or issues to other committees. The Executive Committee may exercise all of the authority of the full Board in the management of the Corporation, except where action of the Board of Directors is otherwise specified by statute, regulation, the bylaws, or the articles of incorporation.

The committee held meetings on January 23, February 28, April 4, May 24, July 25, August 15 and October 29, 2007.

- Compensation Committee

The Compensation Committee members for 2007 were Dan Harrelson, Jack Carpenter, Henry Ivanoff and Paul Johnson.

The Compensation Committee is responsible for reviewing requests by NSEDC management for increases in pay or annual bonuses for NSEDC officers and staff, and shall recommend approval or denial of such requests to the Board of Directors.

The committee had meetings on January 25, February 28 and April 4, 2007.

2007 NSEDC Board Of Directors



Walter Seetot
P.O. Box 52
Brevig Mission, AK 99785
2004–2007 Term



Mary Menadelook
P.O. Box 7043
Diomedede, AK 99762
2004–2007 Term



Charles Saccheus, Sr.
P.O. Box 39090
Elim, AK 99739
2006–2009 Term



Gilbert Ungott
P.O. Box 75
Gambell, AK 99742
2005–2008 Term



Dean Peterson
P.O. Box 62032
Golovin, AK 99762
2005–2008 Term



Elvina Naranjo
P.O. Box 53047
Koyuk, AK 99753
2005–2008 Term



Don Stiles
P.O. Box 575
Nome, AK 99762
2006–2009 Term



Victor Joe
P.O. Box 95
St. Michael, AK 99659
2006–2009 Term



Sam Mokiuyuk
P.O. Box 47
Savoonga, AK 99769
2006–2009 Term



Harvey Sookiayak, Sr.
P.O. Box 13
Shakttoolik, AK 99771
2007–2010 Term



Wilfred Katcheak
P.O. Box 71048
Stebbins, AK 99671
2005–2008 Term



Joe Garnie
P.O. Box 582
Teller, AK 99778
2006–2009 Term



Paul Johnson
P.O. Box 329
Unalakleet, AK 99684
2004–2007 Term



Frank Oxereok, Jr.
P.O. Box 524
Wales, AK 99783
2005–2008 Term



Dan Harrelson
P.O. Box 190
White Mountain, AK 99784
2007–2010 Term



NSEDC Board of Directors hard at work at the 2007 3rd quarter meetings.



NSEDC 2007 Staff & Liaisons

Administration

Dan Harrelson
President

Eugene Asicksik
Chief Executive Officer

Camille Cruz
Human Resources Director

Pearl Dotomain
Administrative Assistant

Tasha Huffman
Controller

Nina Razina
Senior Accountant

Virginia Nashalook
Accountant

Hazel Sagoonick
Accountant

Dick Tremaine
Asset Manager

Chelsea Ryan
Accountant Assistant

Yvonne Ashenfelter
Administrative Intern

Community Benefits

Janis Ivanoff
Vice President & Community Benefits Director

Katie Peterson
Community Projects Coordinator

Kathy Whelehan
Community Outreach Coordinator

Fred Eningowuk
Community Development Coordinator

Paul Ivanoff, III
Community Development Coordinator

Education, Employment and Training

Jerry Ivanoff
Secretary & EET Coordinator

Carol Charles
Administrative Assistant

Norton Sound Fisheries Research & Development

Simon Kinneen
NSFR&D Director

Charlie Lean
Fisheries Biologist

Wes Jones
Fisheries Biologist

Norton Sound Seafood Products

Josh Osborne
NSSP General Manager

Richard Ferry
Facilities Engineer

Crystal Taxac
NSSP Accountant

William Johnson
Unalakleet Plant Manager

Mitch Demientieff
Plant Foreman

Contractors

Jon Zuck
CDQ Harvest Manager & Technical Advisor

Steve Rieger & Company LLC
Financial Advisor

Community Outreach Liaisons

Johnee Seetot
Brevig Mission

Etta Ahkinga
Diomede

Emily Murray • *Elim*

Shirley Antogham
Gambell

Sherri Lewis • *Golovin*

Ruby Nassuk • *Koyuk*

Shirley Martin
St. Michael

Charlotte Kava • *Savoonga*

Reuben Paniptchuk
Shaktoolik

Atha Foxie • *Stebbins*

Sarah Okbaok • *Teller*

Joanne Keyes • *Wales*

Davis Lincoln
White Mountain

NSEDC 2007 COMMUNITY HIGHLIGHTS

Brevig Mission

- Walter Seetot served as Board Member
- Johnee Seetot served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 2 residents
- NSEDC contributed \$3,000 to the Brevig Mission School for their Little Dribblers Program
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident on board *F/V Northern Glacier*
- City of Brevig Mission and Brevig Mission Native Corporation were participants in the Consolidated Bulk Fuel Program

Diomedede

- Mary Menadelook served as Board Member
- Etta Ahkinga served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC contributed \$3,000 to the Diomedede School for their Little Dribblers Program
- NSEDC contributed \$147,600 to the City of Diomedede for a burn box
- NSEDC hosted a Fishermen's Fair in honor of local commercial and subsistence fishermen
- City of Diomedede received a 2003 Caterpillar 908 Loader for \$91,000 in lieu of the Boat Ramp Project funding

Elim

- Charles Saccheus, Sr. served as Board Member
- Emily Murray served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 3 residents
- NSEDC contributed \$3,000 to the Elim School for their Little Dribblers Program
- 2 residents completed an internship with NSEDC and ADF&G sponsored by NSEDC
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident on board *F/V Northern Glacier* & *F/V Glacier Bay*
- NSEDC contributed \$1,385 to the City of Elim for a beacon at Moses Point
- NSEDC contributed \$76,132 to the City of Elim for the Old High School Rehabilitation project
- NSEDC contributed \$25,000 to the City of Elim to purchase a wood-burning boiler

- NSEDC contributed \$8,200 to the Native Village of Elim for Future Leaders workshops
- The City of Elim was a participant in the Consolidated Bulk Fuel Program

Gambell

- Gilbert Ungott served as Board Member
- Shirley Antoghome served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 3 residents
- NSEDC contributed \$3,000 to the Gambell School for their Little Dribblers Program
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- City of Gambell was a participant in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair in honor of local commercial and subsistence fishermen
- City of Gambell received a 2003 CAT D5G LGP Wide Pad Dozer for \$66,500 in lieu of the Boat Ramp Project funding

Golovin

- Dean Peterson served as Board Member
- Sherri Lewis served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 7 residents
- NSEDC contributed \$3,000 to the Golovin School for their Little Dribblers Program
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- NSEDC contributed \$55,000 to Chinik Eskimo Community for a large boat trailer
- NSEDC contributed \$19,623 to Martin L. Olson School's activities
- City of Golovin was a participant in the Consolidated Bulk Fuel Program

Koyuk

- Elvina Naranjo served as Board Member
- Ruby Nassuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 4 residents
- NSEDC contributed \$3,000 to the Koyuk School for their Little Dribblers Program
- GFC employed 1 resident on board *F/V Pacific Glacier*
- NSEDC contributed \$6,809 to Koyuk Search and Rescue for a snomachine
- City of Koyuk and Koyuk Native Corporation

were participants in the Consolidated Bulk Fuel Program

Nome

- Don Stiles served as Board Member
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 86 residents
- NSEDC contributed \$3,000 to the Nome Elementary School for their Little Dribblers Program
- 17 residents completed internships with NSEDC, ADF&G, and Kawerak, Inc. sponsored by NSEDC
- GFC employed 3 resident on board *F/V Pacific Glacier*
- GFC employed 1 resident on board *F/V Norton Sound*
- NSEDC contributed \$144,959 to Kawerak, Inc. for Salmon Enumeration camps and internships
- NSEDC contributed \$75,905 to the Nome Chamber of Commerce Cruise Ship Marketing DVD
- NSEDC contributed \$12,940 the Nome Civil Air Patrol for start-up costs
- NSEDC contributed \$4,700 to the Nome Elementary School Salmon Incubation project
- NSEDC contributed \$32,000 to the Nome Eskimo Community for the 2007 Summer Youth Camp
- NSEDC contributed \$128,204 to the Nome Fishermen's Association Hobson Creek project
- NSEDC contributed \$18,000 to the Nome Preschool Association, Inc. for scholarships, supplies and training
- NSEDC contributed \$59,762 to the Alaska Department of Fish and Game for 2007 summer interns

Savoonga

- Sam Mokiyak served as Board Member
- Charlotte Kava served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 3 residents
- NSEDC contributed \$3,000 to the Savoonga School for their Little Dribblers Program
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- NSEDC contributed \$100,000 to the City of Savoonga to purchase a dump truck
- NSEDC contributed \$26,250 to the Savoonga Whaling Captains Association to purchase whaling equipment

- City of Savoonga was a participant in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair in honor of local commercial and subsistence fishermen
- City of Savoonga received a boat ramp as part of the Boat Ramp Project

Shaktoolik

- Harvey Sookiayak, Sr. served as Board Member
- Reuben Paniptchuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 3 residents
- NSEDC contributed \$3,000 to the Shaktoolik School for their Little Dribblers Program
- 12 residents completed internships with NSEDC and ADF&G sponsored by NSEDC
- NSEDC contributed \$55,000 to the City of Shaktoolik for a large boat trailer
- NSEDC contributed \$55,456 to the Native Village of Shaktoolik for Youth & Elders camp upgrades
- NSFR&D Clean Waters Program collected 43,600 pounds of debris
- NSEDC hosted a Fishermen's Fair in honor of local commercial and subsistence fishermen
- City of Shaktoolik and Shaktoolik Native Corporation were participants in the Consolidated Bulk Fuel Program

St. Michael

- Victor Joe served as Board Member
- Shirley Martin served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 3 residents
- NSEDC contributed \$3,000 to the St. Michael School for their Little Dribblers Program
- GFC employed 2 residents on board *F/V Pacific Glacier*
- GFC employed 1 resident on board *F/V Northern Glacier* & *F/V Glacier Bay*
- City of St. Michael was a participant in the Consolidated Bulk Fuel Program

Stebbins

- Wilfred Katcheak served as Board Member
- Atha Foxie served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 4 residents
- NSEDC contributed \$3,000 to the Stebbins School for their Little Dribblers Program
- 3 residents were certified in Fisheries Safety Orientation Training under the EET Program

- GFC employed 7 residents on board *F/V Pacific Glacier* & *F/V Northern Glacier*
- City of St. Michael was a participant in the Consolidated Bulk Fuel Program

Teller

- Joe Garnie served as Board Member
- Sarah Okbaok served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 1 resident
- NSEDC contributed \$3,000 to the Teller School for their Little Dribblers Program
- 6 residents were certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident on board *F/V Pacific Glacier*
- GFC employed 3 residents on board *F/V Northern Glacier*
- NSEDC contributed \$13,238 to the Native Village of Teller for Search and Rescue equipment
- City of Teller was a participant in the Consolidated Bulk Fuel Program
- City of Teller received a 2002 Case 621D Loader for \$110,679 in lieu of the Boat Ramp Project

Unalakleet

- Paul Johnson served as Board Member
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 40 residents
- NSEDC contributed \$3,000 to the Unalakleet School for their Little Dribblers Program
- 4 residents completed internships with NSEDC and ADF&G sponsored by NSEDC
- 2 residents attended Refrigeration School, Inc.
- 6 residents were certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 3 residents on board *F/V Pacific Glacier* & *F/V Northern Glacier*
- NSEDC contributed \$115,000 to the City of Unalakleet for fuel tank disposal
- NSEDC contributed \$15,000 to the Native Village of Unalakleet for an Elders Lunch Program
- City of Unalakleet and Unalakleet Native Corporation were participants in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters program collected 107,000 pounds of debris
- NSEDC contributed \$119,027 to the Native Village of Unalakleet for Counting Tower project

Wales

- Frank Oxereok, Jr. served as Board Member
- Joanne Keyes served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 1 resident
- NSEDC contributed \$3,000 to the Wales School for their Little Dribblers Program
- NSEDC contributed \$10,000 to the Native Village of Wales for trail staking
- NSEDC contributed \$21,600 to the Native Village of Wales for a Transportable Repeater System
- NSEDC contributed \$14,616 to the Wales Volunteer Fire Department for start-up equipment costs
- City of Wales was a participant in the Consolidated Bulk Fuel Program
- City of Wales received a 2005 Caterpillar 420D Backhoe Loader for \$93,435 in lieu of the Boat Ramp Project

White Mountain

- Dan Harrelson served as Board Member
- Davis Lincoln served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- NSEDC awarded academic scholarships to 10 residents
- 20 residents completed internships sponsored by NSEDC
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- NSEDC contributed \$3,000 to the White Mountain School for their Little Dribblers Program
- NSEDC contributed \$100,000 to the City of White Mountain for a Fire Safety Building
- NSEDC contributed \$39,132 to the City of White Mountain for Fish & Meat Processing Equipment
- NSEDC contributed \$6,930 to the Native Village of White Mountain for CampFire USA
- NSEDC contributed \$42,876 to the Native Village of White Mountain for the Elders Lunch Program
- City of White Mountain was a participant in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair in honor of local commercial and subsistence fishermen
- NSFR&D Clean Waters program collected 51,000 pounds of debris

Norton Sound Economic Development Corporation

420 L Street, Suite 310
Anchorage, AK 99501
Phone: (907) 274-2248 or (800) 650-2248
Fax: (907) 274-2249
Website: www.nsedc.com

Norton Sound Economic Development Corporation Nome Office

P.O. Box 358
Nome, AK 99762
Phone: (907) 443-2477 or (888) 650-2477
Fax: (907) 443-2478

Norton Sound Economic Development Corporation Unalakleet Office

P.O. Box 193, Unalakleet, AK 99684
Phone: (907) 624-3190 or (800) 385-3190
or (907) 624-3193 + Fax: (907) 624-3183



Northern Norton Sound Seafood Products

P. O. Box 906
Nome, AK 99762
Phone: (907) 443-2304
Fax: (907) 443-2457

Southern Norton Sound Seafood Products

P.O. Box 323
Unalakleet, AK 99684
Phone: (907) 624-3014
Fax: (907) 624-3808

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NSEDC 2008 Annual Report



Norton Sound
Economic
Development
Corporation



2008 Annual Report

NSEDC Mission Statement

“NSEDC will participate
in the Bering Sea
fisheries to provide
economic development
through education,
employment, training and
financial assistance to
our member communities.”



The Year in Review

Message From The Chairman



2008 marked another year of evolution and advancement at NSEDC. With the formation of both the for-profit subsidiary Siu Alaska Corporation and the NSEDC Education Foundation, staff transitions, the acquisition of the *F/V Alaska Ocean* and new partnership with Nissui USA through our existing partners Glacier Fish Company (GFC), it has been an exciting year.

In June 2008, GFC finalized the acquisition of Alaska Ocean Seafoods (AOS) which owns the *F/V Alaska Ocean*, a 376 foot catcher processor, the largest pollock fishing vessel in the US fleet and overall, a very complementary addition to the GFC organization. The addition of AOS almost doubles GFC's pollock holdings to 6.22 percent of the Bering Sea quota as well as doubling its hake allocation. The acquisition was one-hundred percent financed through GFC. A significant benefit of the acquisition was the addition of Nissui USA as a partner in GFC. Nissui USA is a wholly owned subsidiary of one of Japan's largest seafood companies. Through this new partnership, both GFC and NSEDC now have the advantage of being included in a group of seafood suppliers, processors, and marketers that operate worldwide. In June, NSEDC staff hosted Nissui representatives from Japan and Washington State on a tour of NSSP operations providing an introduction to our fishery resources, products and

processing techniques.

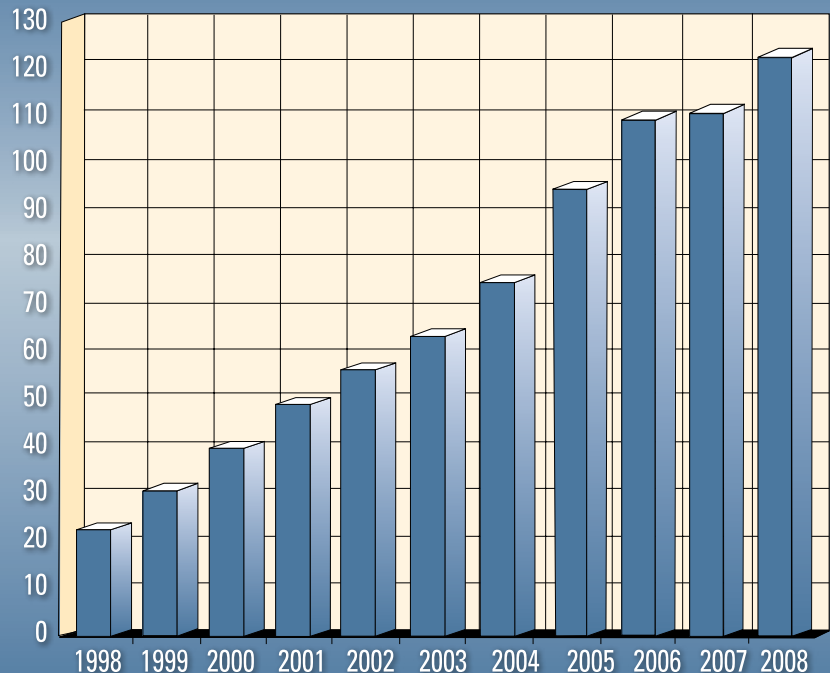
In 2008, on behalf of the Board, staff continued with the process of forming a for-profit subsidiary, Siu Alaska Corporation (Siu), in response to a NSEDC-initiated legal review of tax law and NSEDC's corporate structure, which ultimately led NSEDC to determine it necessary to report certain income as taxable. By forming Siu and transferring assets that generate taxable income to the subsidiary, NSEDC will reduce future unrelated business income, thereby protecting our non-profit status. Siu's function will be to earn profits and return dividends to NSEDC for its non-profit activities.

Also in 2008, Board and staff began the process of forming the NSEDC Education

Foundation (Foundation). The purpose of the Foundation is to support educational opportunities for residents of the Norton Sound region. Initial activities will include the administration of higher education and vocational training scholarships. Though still in the early organizational stages, appointment of the Foundation Board members is complete and the first Board meeting occurred in late January 2009. NSEDC and the Foundation will provide updates on Foundation activities as it continues moving forward.

CDQ revenue from various fisheries was about \$11.2 million in 2008. Though pollock was most profitable, other fisheries such as crab added greatly to our portfolio and helped diversify our income base. From these revenues, NSEDC was able to

**Norton Sound Economic
Development Corporation
2008 Fiscal Year Total Assets**
(in millions)



continue providing benefits to our member communities throughout the region. Some of these benefits include the record amount of \$513,261 in scholarships awarded to students of the region through our post-secondary education and vocational training program, fuel cost savings to participants through the Consolidated Bulk Fuel Program, payments of \$1,147,411.31 to NSSP employees, \$3,067,320.33 to Norton Sound fishermen, and the \$100,000 to each of our member communities through the Community Benefit Share. Also brought into the region was \$924,592.62 in crew share wages to our seafood processors through employment with GFC, the *Aleutian No. 1* and other harvesting partners.

This year was the first of the Small Business Initiative, administered by the Community Benefits Department. Regional entrepreneurs that met the requirements competed for awards of up to \$35,000 for the creation or expansion of small businesses. The inaugural competition awarded \$105,000 to small business owners of the region who completed the application requirements and were chosen by a panel of independent judges to be the most worthy of the awards. This competition will continue yearly as a means of promoting economic development while aiding small business owners of the Norton Sound region.

Responding to the substantial increases in energy costs, the Board approved a one-time \$500 energy subsidy for all qualifying Norton Sound households in 2008. The subsidy was paid directly to residential electric utility accounts of those households who completed the application process. Credits of \$1,184,000 to 2,368 electric utility accounts were applied throughout the region. Though an immediate solution to the problem of rising energy costs in rural Alaska, this one-time subsidy was not the long-term solution that the Board hopes to provide for the Norton Sound area residents. Under direction of the Board, staff is currently exploring more long-term energy cost-saving options for future inclusion to NSEDC's programs.

Construction of the Norton Sound Seafood Center cold storage facility in Nome continued throughout 2008, and once completed this facility will aid in furthering the development and expansion of the red king crab, halibut, salmon, herring, bait, cod and other emerging fisheries in the Norton Sound. This facility will replace the cold storage system of portable freezer vans with a permanent structure having freezer rooms capable of holding 175,000 pounds of palletized and racked product. The facility will be in full operation for the 2009 season.

Salmon bycatch in the pollock fishery continues to be an important issue for Alaskan fisheries – residents, industry, and CDQ groups alike. The North Pacific Fishery Management Council made strides in 2008 to place an upper limit on the number of salmon that can be taken in the pollock fishery. The issues are complex and emotional but in the end the Council will attempt to work to find a balance that prevents bycatch of salmon that significantly affects salmon runs and the people who depend on them while not precluding the pollock fishery from continuing in a economically reason-

able fashion.

As a member of the Western Alaska Community Development Association (WACDA), NSEDC continues to build, expand upon, and benefit from working relationships with other CDQ groups. NSEDC is proud to be associated with the outstanding boards and staff of our fellow CDQ corporations and look forward to moving ahead with them in bringing the CDQ Program to new heights.

In closing, on behalf of the NSEDC Board of Directors, I would like to express my appreciation for the hard work and dedication of our staff. Staff, under the guidance of our newly appointed chief executive, are the doers of the organization and make it possible for the Board to deliver our programs throughout the Norton Sound region. Thank you also to our harvesting partners, and most importantly, to the residents of our member communities for your input and consistent support. We look forward to further contributing to and enhancing the economic growth of the Norton Sound region as well as the promising future before us.



NSFR&D conducted herring surveys in June of 2008 to assist the NSSP herring fishery. The black spots in the middle are schools of herring.

Norton Sound Fisheries Research and Development

Program Overview

The Norton Sound Fisheries Research and Development Program (NSFR&D), with the approval of the NSEDC Board, has prioritized our goals to focus work on red king crab, chinook salmon and sockeye salmon. These are three of the most important fishery stocks to Norton Sound residents and ensuring their sustainable use is a top priority. In addition to these priority species, NSEDC is studying coho salmon, chum salmon, halibut, cod and other fisheries on the basis of supplemental funding or cost-sharing with the priority projects.

Moist Air Incubation and Eyed Egg Planting

2008 marked the fourth year of this project. Although the planting to date has only involved chum and coho salmon, the project is the foundation for working with chinook and other salmon species. During the summer, NSFR&D recorded the first returns from the initial egg plant in 2004 of chum salmon in Hastings Creek. Fourteen four-year old adults were captured, the only chum salmon found in the creek, and all were found to have NSFR&D's mark on the otolith bone. This modest success is noteworthy because there is no natural return of chum salmon to this watershed. It is likely a similar number of five-year olds will return during 2009. The initial egg plant in 2004 was handicapped by the requirement of planting in marginal habitat and inexperienced staff using unfamiliar equipment. Staff is now much more practiced and the egg planting sites are chosen on the basis of habitat suitability and under-utilization by the target stock. Egg plantings in 2008 included chum salmon in the Solomon River and coho salmon in Anvil Creek. The intent is to rehabilitate depleted runs and rejuvenate degraded spawning habitats; this method is very well-suited to those goals.

Red Salmon

Since 1996, NSFR&D has been fertilizing Salmon Lake with the goal of increasing sockeye salmon returns. The Pilgrim River count of sockeye salmon in 2008 was roughly 20,000, which is about half of the recent 5-year average count. The count, however, was over twice the average escapements of the previous 40 years and allowed for a subsistence harvest of over 5,000 sockeye salmon. There is strong evidence that the recent increased returns of sockeye salmon are due in part to the fertilization program. Earlier investigations of lake productivity found there were periods of high salmon production in the past; this supports the theory that production was related to the nutrient level derived from salmon carcasses. Those same carcasses also bring eggs. These eggs become juvenile salmon which can over-browse the lake. The fertilization program seeks to substitute the marine derived nutrients brought in by adult salmon without contributing to the depletion caused by too many juvenile salmon.

Clean Waters

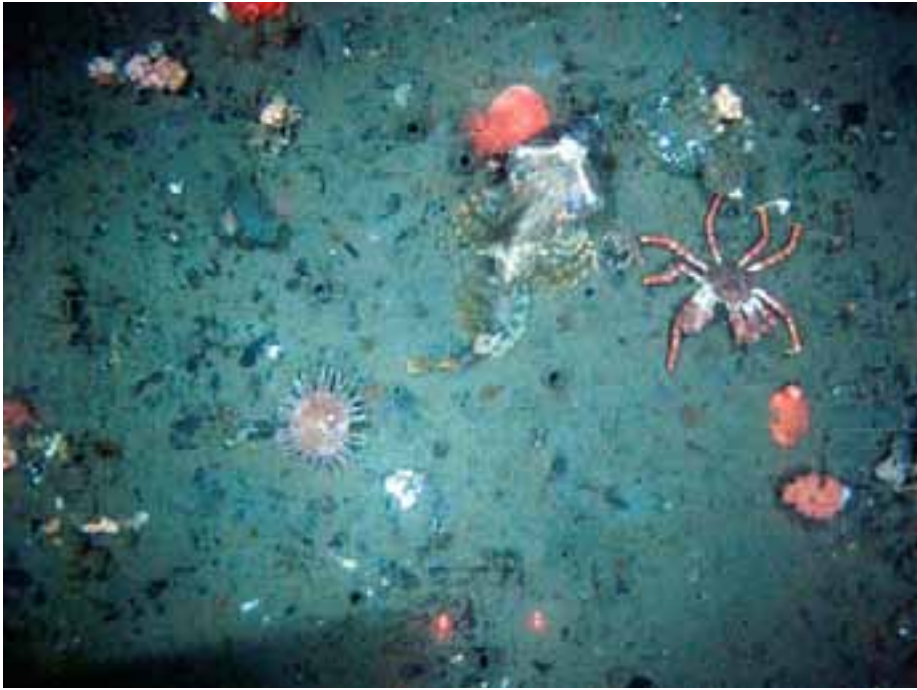
The Clean Waters Program has quickly become a favorite project within the region. It addresses the issue of flotsam on well-utilized portions of the coast, and it provides employment to rural residents of the region. In 2008, beaches were cleaned near the communities of Savoonga, Gambell, and Golovin. A total of 123,198 pounds of debris was gathered in 2008. Most of the removed debris came from sources outside the region. A large portion of it was generated from both foreign and domestic large-scale fishing. This program is funded in part by generous donations from the Marine Conservation Alliance Foundation.

Salmon Research and Management

Local fisheries and the respective management are of great importance to regional residents and the NSEDC Board. The Norton Sound region has rarely had state-supported research staff, in contrast to the management districts to the south. The NSEDC Board realized this and has



This underwater glimpse of adult coho salmon was taken in the Nome River where NSFR&D had a salmon smolt project, one of their many salmon restoration projects during the 2008 season.



This picture was taken with the new camera sled onboard the R/V Pandalus during the 2008 ADF&G and NSFR&D survey south of St. Lawrence Island. Shown are a sculpin, lyre crab and several other bottom creatures.

funded supplementary seasonal staffing and research efforts to address salmon management. One of our goals has been to have escapement projects on representative salmon stocks and rivers throughout the region. NSEDC supports supplemental technicians on projects operated by the Alaska Department of Fish and Game, operating several projects using State protocols to ensure Fish and Game has the needed information to effectively manage local fisheries. We are now working to develop better indices of survival and return by counting the number of juvenile salmon transitioning to saltwater. The three species that rear in fresh water for multiple years are often more affected by habitat and food conditions in their juvenile years than the number of adults that were able to spawn. The two coho salmon smolt projects in the Nome and Fish River are showing promising results as potential management tools. Likewise, the investigations of sockeye salmon and the effects of fertilizer are a means of setting escapement needs and boosting sockeye production.

Management of salmon fisheries in eastern Norton Sound is based largely on salmon counts of a single river system, the Unalakleet River. There are five river systems

that support these fisheries, and using only a single tributary of a single river as an escapement index does not adequately address the declining chinook salmon stocks. To address this problem, NSFR&D is developing a DIDSON Sonar salmon counting station on the Shaktoolik River, one of the most important salmon streams in the region. In 2008, the DIDSON Sonar was in place and personnel were trained to use the equipment.

Crab Management

During the 2008 season, the triennial Norton Sound red king crab survey occurred as scheduled. NSFR&D cooperated with Fish and Game to survey portions of the northern Bering Sea using a new camera sled and the R/V Pandalus as the survey vessel. Some excellent photo transects were collected



This picture is one of 200,000 pictures taken during the 2008 R/V Pandalus survey south of St. Lawrence Island. Shown is an anemone.

from the area south of St. Lawrence Island. Fish and Game is processing the photos they collected near St. Matthews Island. When they have developed the method for that assessment, NSFR&D plans to repeat the method for the St. Lawrence transects and compare the results. This will provide important information on the status and habitat of the opilio crab in the northern Bering Sea. Unfortunately attempts to survey sites further north with the camera sled were thwarted by poor weather. The red king crab survey was completed despite some of the worst weather conditions ever encountered on the surveys. NSEDC's portion of the survey time was crucial to complete the survey; without this assistance, managers would have been missing information and the management of the stock would have been more conservative. The management outlook for 2009 has not yet been published, but the quota is expected to be slightly up from the 2008 season with the complete survey results providing the quality assurance needed to precisely manage the fishery.

New Projects

The NSFR&D Program has continued to grow over the years. During the 2008 season, Kawerak Inc. decided to trim their fisheries program and turned back funding that was offered to assist in the operation of three salmon counting weirs. NSEDC assumed the operation of the Pilgrim River weir and Fish and Game assisted in the operation of both the Eldorado and Snake River weirs. Fish and Game's assistance was greatly appreciated, especially given the short notice that NSFR&D would continue to operate the weirs.

2008 Asset Report

In 2008 NSEDC further consolidated its off-shore fishing assets and continued to strive to increase its profitability. Major events included Glacier Fish Company's (GFC) acquisition of the *C/P Alaska Ocean* and NSEDC's purchase of additional Aleutian Islands golden king crab quota. Also of great importance was the welcoming of Nissui USA as a partner in GFC.



Glacier Fish Company

During the pollock fishery in February, Glacier Fish Company suffered a devastating fire on the *F/T Pacific Glacier*. The fire raged for 12 hours but was successfully contained due to crew training and preparedness, as well as the on-scene assistance from many other pollock fishing vessels and firefighting crews. No one was seriously injured but the fire caused \$20 million in damages. The vessel returned to Seattle and spent the remainder of the year in the shipyard. Insurance covered the majority of the financial costs. Taking advantage of the situation, vessel and equipment improvements were made.



In February 2008, the F/T Pacific Glacier suffered a devastating fire. Thankfully there were no serious injuries but the fire caused \$20 million in damages.

Another significant event for GFC was the acquisition of the *F/V Alaska Ocean* and welcoming Nissui USA as a partner. Measuring 376 feet, the *F/V Alaska Ocean* is the largest harvesting platform in the United States. The purchase almost doubled GFC's pollock holdings to 6.22 percent of the Bering Sea



In June 2008, GFC finalized the acquisition of Alaska Ocean Seafoods (AOS) which owns the F/V Alaska Ocean, a 376 foot vessel, the largest pollock fishing vessel in the US fleet and overall, a very complementary addition to the GFC organization.

quota and doubled its hake allocation off Oregon. A significant benefit of the acquisition was the addition of Nissui USA as a 25 percent partner in GFC. Nissui is a wholly-owned subsidiary of Nippon Suisan Kaisha, Ltd., one of the largest Japanese seafood companies. This places GFC in a family of companies in the U.S., including Unisea and Gorton's, that have similar relationships to other seafood suppliers, processors, and marketers around the world. With Nissui joining the partnership, NSEDC's ownership interest is now 37.5 percent.

Norton Sound Ventures & NSEDC Partnership Dissolution

In 2008, some of the assets from the 2007 dissolution of the Norton Sound Ventures (NSV) and NSEDC partnership were still under negotiation. NSEDC purchased the remaining interest in the PS Fisheries partnership and therefore owns half of the *F/V Pacific Star*. This vessel was chartered for coastal survey work off California during the last half of 2008. The *F/V Alaskan Beauty* was sold in January 2008 and a sales agreement was in place to sell the *F/V Ocean Olympic* at year end. The only remaining assets in NSV, to be distributed among partners in 2009, consist of miscellaneous fishing gear, permits, and cash on hand.

Aleutian No. 1 LLC

The *F/V Aleutian No. 1* performed profitably and without major incident during its first full year under NSEDC management. This success was due in part to the work of our operations manager/captain Rip Carlton and captain Rick Alvarez. The financial success can be attributed to NSEDC's purchase of Aleutian Islands golden king crab quota for use on the boat along with high dock-side prices. The boat harvested one million pounds of opilio (snow) crab and 1.2 million pounds of golden king crab, making it one of the top earners in the entire crab fleet. As the year ended, the NSEDC Board was in the process of transferring ownership of *F/V Aleutian No. 1* to Siu Alaska Corporation. In turn, the Siu Board was considering the sale of 25 percent interest in the boat to the captains and donating another 25 percent interest to Bering Sea Women's Group.



NSEDC invited Nissui representatives to visit the Norton Sound region and introduced them to our fishery resources, products and processing techniques.

Norton Sound Seafood Products

Northern Norton Sound Seafood Products

Since 1995, Norton Sound Seafood Products (NSSP), a division of NSEDC, has continued to support and contribute to the marketability of commercial fisheries in the Norton Sound region. NSSP's activities include purchasing, processing, marketing, and selling herring, salmon, halibut, crab, and bait. NSSP operates facilities throughout the region including the Unalakleet plant, Savoonga halibut buying station, Norton Sound Seafood Center in Nome, and buying stations in Teller, Golovin, and Shaktoolik.

Open-Access Norton Sound Red King Crab

The 2008 open access season began on June 23rd and closed August 19th. There was a second buyer registered in 2008 and some fishermen acted as catcher/sellers and sold a portion of their catch dockside. A total of 364,235 pounds of crab were taken, 19 fishermen delivered to the plant or had their crab tendered from Golovin to Nome via the *Norton Bay*, for a total of 311,876 pounds of crab. The ex-vessel value of the fishery totaled \$990,205.25. Fishermen were paid an average of \$52,116 each. NSSP hired 19 people as processors for the open access and CDQ crab season. A post-season adjustment totaling \$155,938 was given for crab.

CDQ Norton Sound Red King Crab

The 2008 CDQ fishery opened on August 17th and closed on September 3rd. Total harvest was 30,900 pounds, 100 percent of the CDQ allocation. Seven vessels participated with 18 landings. The ex-vessel value was \$98,871.50, an average of \$14,124.57 per participating boat.

Winter Norton Sound Red King Crab Fishery

Eight fishermen participated in the 2008 winter crab fishery. 12,293 pounds were delivered. The total paid to fishermen was \$36,899.



Savoonga fishermen bring these huge halibut in using open skiffs. In 2008 they delivered 23,976 pounds to the Savoonga plant.

CDQ Halibut Season

The halibut season was successful with nine fishermen delivering 164,198 pounds to the Nome plant for an ex-vessel value of \$574,693. Nome fishermen were paid an average of \$63,854. Six fishermen using open skiffs delivered 23,976 pounds to the Savoonga plant for an ex-vessel value of \$71,661. Savoonga fishermen were paid an average of \$11,943. A post-season adjustment for both Nome and Savoonga totaled \$60,837.44

Port Clarence Salmon

A late opening this year limited the number of sockeye (red) salmon caught. Two fishermen made deliveries during this season.



Southern Norton Sound fishermen delivered a total of 862,216 pounds of salmon. With their post-season settlement salmon fishermen were paid \$1,023,465

A total of 627 pounds of sockeye salmon, 2,156 pounds of chum salmon, and 2,839 pounds of pink salmon were delivered to the Teller buying station for an ex-vessel value of \$1,002.49.

NSSP would like to thank all the fishermen and staff that made 2008 a great season.

Southern Norton Sound Seafood Products

Southern Norton Sound had another good fishing season. Operations started in late May with bait herring. Ninety tons were harvested by nine fishermen. Total value to the fishermen was \$54,397.50.



Southern NSSP processes whole skeins of fresh salmon eggs to be sold to markets.

The salmon fishery started with Elim fishermen making a delivery of pink salmon. The total pink salmon harvest for the southern region was 186,012 pounds with a value of \$43,077. Chum harvest was 111,499 pounds with a value of \$57,495. The coho fishery has been great the last few years and 2008 was no exception. Total coho salmon harvest was 862,216 pounds with a value of \$658,489.15 and with a post season adjustment fishermen were paid a total of \$922,243.15 for coho salmon.

Southern NSSP employed a total of 120 workers throughout the fishing season. Three tender vessels and one buying barge were in operation serving the communities of Golovin, Elim, Norton Bay, Shaktoolik and Unalakleet. There were fifty-two fishermen in Unalakleet, twenty in Shaktoolik, twelve in Elim and three in Golovin. NSSP would like to thank the Alaska Department of Fish and Game for continuing to help us maximize the harvest of our salmon resources.

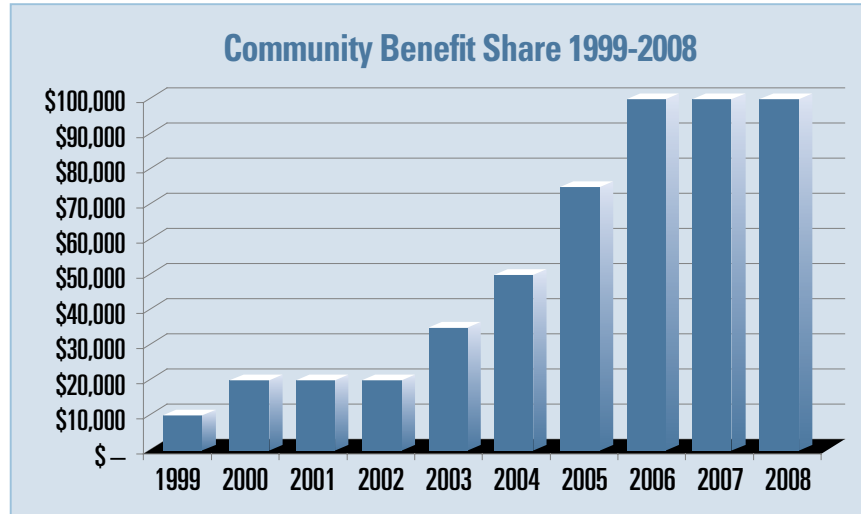
NSEDC Community Benefits

Community Benefit Share

At the 2008 third quarter meeting, the Norton Sound Economic Development Corporation (NSEDC) Board of Directors declared \$100,000 for the 2008 NSEDC Community Benefit Share (CBS). This is the third year the benefit share was declared at this amount. Throughout the ten year history of the CBS, NSEDC has distributed \$7,950,000 directly to our member communities.

The community decides how the benefit share will be utilized through a public process at the municipal level. Each member community receives an equal distribution of the share and the remittance is made to the municipal government. The CBS is fully funded through NSEDC's investments outside of its allocations and NSEDC is proud to make investments that strengthen the economy of the Norton Sound region.

The NSEDC board and staff have become increasingly aware of the need to ensure accountability of not just how NSEDC funds are spent, but also the process by which the use of those funds is selected. Through communication with communities, we have



learned that not all residents are aware of the process used to make these decisions. As we become more liberal in the regulation of this program with regard to eligible uses, NSEDC will continue to state our appreciation and stress the importance of the communities' proactive approach to ensuring that their residents are aware and have the ability to participate in the decision-making process for use of the funds. Ownership of each funding proposal by all residents will assist in NSEDC's intent to demonstrate,

region-wide, our commitment to making the Norton Sound a better place to live.

Outside Entity Funding Program

NSEDC funding for projects managed by outside entities comes from Second Generation Funds. In 2008, the NSEDC Board of Directors approved \$827,066 for projects to be administered through the Outside Entity Funding Program. *(See chart below)*

2008 Outside Entity Funding Projects

ENTITY	PROJECT	APPROVED AMOUNT
Alaska Department of Fish & Game	Intern Program	\$ 74,156
Native Village of Unalakleet	Camp JB	\$ 72,351
Kawerak, Inc.	Salmon Enumeration	\$ 91,176
University of Alaska Fairbanks	Norton Sound MAP Agent	\$ 114,223
Nome Fishermen's Association	Hobson Creek Incubation Facility	\$ 41,500
Norton Sound Marine Harvesters Association	Large Vessel Trailer	\$ 76,073
Norton Sound Health Corporation	CT Scan	\$ 100,000
Norton Sound Health Corporation	Oral Health Prevention Program	\$ 37,429
City of Teller	Sanitation Truck	\$ 57,220
Citizens of Gambell	Wellness Through Music	\$ 7,579
City of Savoonga	Search & Rescue Equipment	\$ 26,876
Native Village of Koyuk	Elders Meals and Activities Program	\$ 29,402
Bering Straits School District	State Championship Broadcasting	\$ 14,200
White Mountain	School Ski Shed	\$ 11,351
City of Brevig Mission	Bulk Fuel Tank Disposal	\$ 68,900
Native Village of Wales	Sprinkler System Upgrade	\$ 4,630
TOTAL		\$ 827,066



Students from the Bering Straits School District did live broadcasts from several sporting events with funds donated through NSEDC's 2008 Outside Entity Funding.

Fishermen's Fairs

NSEDC hosted Fishermen's Fairs in Wales, Brevig Mission and Teller in July to honor local commercial and subsistence fishermen for their hard work and continued support of Norton Sound fisheries.

Activities included: sumo wrestling, a moon bounce, an obstacle course, a bungee basketball challenge, a fish pond, and a prize walk. NSEDC served Subway sandwiches and pizza from Airport Pizza in Nome, fresh fruits and salads, and cakes prepared by Judy Kotonagan of Unalakleet. Activities were followed by door prizes which included certificates to local vendors for groceries, gasoline, and heating fuel, certificates for

regional airlines round-trip tickets and freight, and NSEDC regalia.



NSEDC hosted the 2008 Fishermen Fairs in Wales, Brevig Mission and Teller. As always we brought a lot of fun activities, great food and door prizes. These are held to honor local commercial and subsistence fishermen.

Consolidated Bulk Fuel Program

The Consolidated Bulk Fuel Program was administered for the third consecutive year in 2008. Through this program, NSEDC acts as a purchasing agent on behalf of participants by coordinating orders, issuing the request for proposals to fuel suppliers, evaluating the proposals, and awarding the contract. NSEDC staff then serves as a single

point of contact between the fuel supplier and the participants. The main attraction of this program is that NSEDC is responsible for all payments to the fuel supplier, offering participants payment plans payable directly to NSEDC. NSEDC does not charge interest or fees, resulting in additional savings for all participants. To be eligible, participants must be an entity located within one of NSEDC's member communities or Shishmaref that has sufficient fuel storage with a U.S. Coast Guard approved header and be a local fuel vendor, municipal or tribal government, or a native corporation.

In 2008, the program continued to expand in terms of the number of participants and the amount of fuel delivered. Twenty-one participants from fourteen communities received 929,802 gallons of Diesel #1 Heating Fuel and 287,926 gallons of Unleaded Gasoline delivered for a total cost of \$5,840,101. The fuel vendor was Delta Western, Inc.

Shoreside Infrastructure Improvements Program

Ice Machine in Shaktoolik

Purchased for NSSP operations and installed and operating in 2008, the new ice machine improves the efficiency and quality of the Southern Norton Sound fisheries.



NSEDC funded BSSD \$14,200 for their State Championship Broadcasting project. The students did an excellent job. Residents who were unable to attend these sporting events appreciated the opportunity to see them live.

Loan Programs

Revolving Loan

NSEDC has assisted many local fishermen to more competitively participate in the herring, salmon, red king crab, halibut, and baitfish Norton Sound commercial fisheries.

NSEDC offers low interest, minimal down payment loans to local residents for vessel and equipment upgrades and for purchasing fishing gear, outboard motors, Norton Sound Salmon Permits, Lower Yukon Salmon Permits, Norton Sound Herring Permits, and Norton Sound Red King Crab License Limitation Program (LLP) Permits. In 2008, the terms of the Revolving Loan were:

- \$16,000 maximum for permit holders
- 7-year payback/5-year payback for outboards
- 10% down payment and 8% interest rate per annum
- Credit check and 90 day delinquency limit

In 2008, NSEDC made twenty-nine loans in the sum of \$268,024.24 to local residents in

the communities of Elim, Golovin, Nome, Savoonga, Shaktoolik, Teller and Unalakleet.

Large Vessel Loan

The Large Vessel Loan provides further assistance to local fishermen in acquiring suitable vessels and vessel re-powering for participation in the Norton Sound red king crab and 4D/4E halibut commercial fisheries. NSEDC designed the Large Vessel Loan to maximize benefits to the fishermen at a minimal cost to them. This loan was introduced in 2001 and is still available as funds are repaid back into the program. In 2008, the terms of the Large Vessel Loan were:

Terms:

- \$100,000 maximum for LLP Permit holders
- \$75,000 maximum for non LLP Permit holders
- 5% minimum down payment
- 0% interest for first 3 years
- 2% interest commencing in 4th year of loan
- Credit check and 90 day delinquency limit

In 2008, NSEDC made three Large Vessel Loans in the sum of \$155,210.83 to local commercial fishermen of Nome and Shaktoolik.

2008 Revolving Loans

Community Loan Amount

Elim	\$3,870.00
Golovin	\$28,949.00
Nome	\$59,562.02
Savoonga	\$15,106.00
Shaktoolik	\$76,381.38
Teller	\$4,820.00
Unalakleet	\$79,335.84
Total	\$268,024.24

2008 Large Vessel Loans

Community Loan Amount

Nome	\$57,426.88
Shaktoolik	\$97,783.95
Total	\$155,210.83

GRAND TOTAL \$423,235.07

Savoonga Boat Ramp Installation

The Savoonga boat ramp was installed by Unalakleet based West Coast Construction in the fall of 2008 and was immediately put to use. The local residents notified NSEDC that the ramp required adjustments and lengthening. NSEDC budgeted to extend the ramp to make the boat ramp more effective for the local fleet.

Substance Abuse Prevention Program

The Little Dribblers Program was administered in each of the fifteen member communities and Shishmaref for the third consecutive year. As part of NSEDC's Substance Abuse Prevention Program, NSEDC donates \$3,000 to the elementary school basketball programs. Basketball is a favorite activity in the Norton Sound, not only promoting physical fitness, but also providing a healthy



Elementary basketball programs in NSEDC's fifteen member communities and Shishmaref received \$3,000 in funding through NSEDC's Little Dribbler Program.

alternative to drugs, alcohol and delinquency. "Little Dribblers" is a favorite amongst youth, adults and elders alike.

Small Business Initiative

NSEDC Awards \$105,000 in Small Business Grants

NSEDC was excited to announce the inaugural NSEDC Small Business Initiative (SBI) competition in 2008. The SBI is an annual event to foster economic development by awarding regional entrepreneurs grants of up to \$35,000 to establish or expand small businesses.

The Small Business Initiative is aimed at identifying and funding business ideas that stimulate and facilitate local economic development. In 2008, NSEDC sought ideas that demonstrated economic sustainability for both existing small businesses and the formation of new businesses.

The competition is judged by five independent judges selected from throughout the region. The judges awarded a total of \$105,000 in grants to four entrepreneurs. Those grantees include:

- **Aksik Clip-on Radiator Fins** owned by Edmond Apassingok of Gambell – \$35,000
- **Animal House** owned by Sandra Morgan of Nome – \$32,000
- **NJ Construction** owned by Nathan Nagaruk of Nome – \$23,500
- **Kuupiaq House** owned by Karen and Karl Erickson of Unalakleet – \$14,500

The 2009 NSEDC Small Business Initiative application process closes on July 15, 2009 and awards will be made in early October.

2008 Energy Subsidy

NSEDC Board Approves \$500 Energy Subsidy

In response to the dramatic increase in energy costs in 2008, the Board of Directors approved a one-time subsidy to assist residents of its member communities in meeting those increased costs. The idea was introduced at the 2008 2nd quarter Board of Directors meetings and the Board



As part of our Substance Abuse Prevention Program, NSEDC donated \$3,000 for the third year to elementary school basketball programs.

subsequently held a workshop to discuss several options and develop the scope of the program.

The Board approved a one-time subsidy paid directly to residential electric utility accounts during the winter of 2008-2009. Recognizing that an energy subsidy program would assist residents in all member communities while meeting an important need, the Board allocated funds previously intended for the 2009 Outside Entity Funding Program to finance the 2008 Energy Subsidy Program.

Through a valiant outreach effort by NSEDC staff along with two local hires from Nome and Diomed, the majority of the eligible

households had signed up to participate. At the end of November, each household that applied was credited \$500. In total, 2,368 households signed up and \$1,184,000 was applied directly to electric utility accounts. The thorough and timely implementation of this program was made possible by the cooperation from the Kamiak, Inc. utility providers and staff in each community.

The Board of Directors is confident that this program helped ease the immediate burden of rising energy costs affecting the region, but acknowledged that this is a one-time subsidy and a short-term solution and directed staff to examine long-term solutions.



In 2008 the NSEDC Board approved a one-time \$500 energy subsidy to all qualifying Norton Sound households. In total \$1,184,000 was paid to 2,368 electric utility accounts.

2008 CDQ Fisheries

NSEDC experienced another successful year in CDQ harvests and associated royalty income. Total CDQ revenue for 2008 was about \$11.2 million. This figure is down from the previous year as anticipated with the lower pollock quotas, but overall our markets and operations are healthy and things look bright for the future. We again would like to acknowledge our strong partnerships with Glacier Fish Company (GFC), U.S. Seafoods (USS), and Kanaga Island Fisheries who have helped to make our operations successful. We also continue to benefit from great working relationships with other CDQ groups.

Pollock

Pollock was once again our most valuable CDQ fishery. CDQ pollock harvest accounted for about 65 percent of our CDQ revenue. Glacier Fish Company pollock catcher processors, the *F/V Pacific Glacier*, the *F/V Northern Glacier*, and the *F/V Alaska Ocean* combined to harvest 22,000 metric tons of CDQ pollock. Our A season pollock (also known as “roe season”) was harvested in the first quarter, while the B season pollock was taken in the third quarter.

Pacific Cod

The CDQ Pacific cod harvest accounted for almost 11 percent of CDQ royalties. NSEDC harvested a little over 3,000 metric tons of CDQ cod in fishing operations in the Bering Sea, primarily using GFC’s two longline catcher-processor vessels, the *F/V Norton Sound* and *F/V Glacier Bay*.

Atka Mackerel/Pacific Ocean Perch

The CDQ harvest in bottom-trawl fisheries for Atka mackerel/POP, yellowfin sole and rock sole accounted for about 2 percent of all CDQ royalties. On behalf of NSEDC, U.S. Seafoods harvested 93 percent of available CDQ Atka mackerel and 78 percent of the Pacific Ocean Perch.

Yellowfin Sole and Rock Sole

U.S. Seafoods harvested approximately 20

percent of both NSEDC’s allocations of Yellowfin sole and rock sole. Changes in the management of these benthic fisheries as well as the increased harvest limits affected the value of CDQ allocations to harvesting partners.

Sablefish

NSEDC harvested CDQ sablefish in the Bering Sea and Aleutian Islands working with two other CDQ groups – Bristol Bay Economic Development Corporation and Yukon Delta Fisheries Development Association. Royalties from sablefish accounted for about 1 percent of CDQ revenue in 2008.

Halibut

Local NSEDC fishermen had a fantastic halibut season in 2008, harvesting all of NSEDC’s quota and more in what was the best season we’ve experienced. A total of 188,174 pounds of CDQ halibut was harvested by local fishermen, with 23,976 pounds landed in Savoonga and 164,198 pounds landed in Nome. NSEDC received generous transfers of halibut from BBEDC and CVRF to keep our fishermen fishing later in the season – special thanks those groups for their help!

Norton Sound Red King Crab

The entire allocation of 30,900 pounds of Norton Sound Red King Crab CDQ was harvested by local fishermen in 2008. NSEDC receives 50 percent of the CDQ allocation

for Norton Sound and acquired the remaining 50 percent of the allocation from YDFDA for local fishermen.

Bristol Bay Red King Crab

Bristol Bay Red King Crab CDQ fishing accounted for a little over 11 percent of CDQ revenue in 2009. The *F/V North Sea* and other participants in the Sea Boat Coop harvested the red king crab on behalf of NSEDC.

Bering Sea Opilio Crab

The *F/V Aleutian No. 1* and the *C/P Baranof* harvested NSEDC’s opilio crab CDQ (a little over 1.1 million pounds) in 2008. Opilio revenues accounted for a little over 9 percent of total CDQ royalties in 2008.

Eastern Aleutian Islands Golden King Crab

NSEDC harvested its CDQ allocation of 66,150 pounds in 2008 using its catcher vessel, the *F/V Aleutian No. 1*. The CDQ fishery was again conducted in combination with the IFQ fishery. The Golden King Crab fishery is prosecuted using longline pot gear.

Bering Sea Bairdi Crab

NSEDC harvested approximately half of its bairdi allocation in 2008. A large biomass of almost legal-sized crab was present during the fishery which bodes well for future years but made it tough for crabbers to land their quotas without sorting through a lot of sublegal crab.



In 2008 the *R/V Pandalaus*, armed with a new camera sled, aided ADF&G and NSFR&D with the triennial Norton Sound red king crab survey. Photo transects may provide important information on the status and habitat of the opilio crab in northern Bering Sea. (see article on page 4)

Education, Employment & Training

Education

In the 2008 first quarter, the NSEDC Scholarship Committee, on behalf of the NSEDC Board of Directors, awarded eighty-eight Norton Sound residents a \$2,000 post-secondary scholarships for the spring 2008 semester totaling \$166,901. Sixteen students received the NSEDC vocational education scholarship for a total of \$32,000.

Twenty-four Norton Sound students received a NSEDC scholarship in the second quarter for a total of \$36,859.

In the third quarter, one hundred thirty-five Norton Sound students were awarded a NSEDC scholarship with a total expenditure of \$261,501.

In the fourth quarter, nine scholarships were awarded to Norton Sound residents pursuing their post-secondary education for a total of \$16,000.

The NSEDC Scholarship Committee awarded scholarships to Norton Sound residents totaling \$198,901 in the first quarter; \$36,859 in the second quarter; \$261,501 in the third quarter; and \$16,000 in the fourth quarter for a total of \$513,261 in 2008. Thanks to the NSEDC Board of Directors for providing an all time high number of scholarship awards to our



In 2008 the F/V Aleutian No. 1 harvested 1.2 million pounds of golden king crab, making it one of the top earners in the entire crab fleet. Two Norton Sound residents worked on board the F/V Aleutian No. 1 in 2008.

students looking to enhance their employable skills.

Employment

In the 2008 first quarter, eleven Norton Sound residents worked on the *F/T Pacific Glacier* bringing home \$150,931.64 in crew share wages, ten worked on the *F/T Northern Glacier* bringing home \$68,731.04 in crew share wages, two worked on the *F/V Glacier Bay* bringing home \$60,334.09 in crew share wages, and one resident worked on the *F/V Norton Sound* bringing home \$5,906.02 for a total of \$285,902.79 for the quarter. One processor worked on the *F/V Aleutian No. 1* and brought home \$21,424.47 in wages. David Hatton of Westward Seafood was recruiting for land-based employees for the company's fish plants.

Eight Norton Sound processors worked on the *F/T Pacific Glacier* in the second quarter bringing home \$27,833 in labor wages. Fourteen Norton Sound processors worked on the *F/T Northern Glacier* bringing home \$107,280.08 in crew share wages. Three processors worked on the *F/V Norton Sound* and brought home \$36,614.57 in wages. One processor worked on the *F/V Glacier Bay* with \$20,317.29 in crew share wages. The cumulative total of all Norton Sound processors' crew share wages for the second quarter of 2008 was \$192,044.94.

The *F/T Pacific Glacier* was up on dry dock in the third quarter. On the *F/T Northern Glacier*, fourteen Norton Sound processors brought home \$190,166.80 in crew share wages. Two Norton Sound seafood processors worked on the *F/T Alaska Ocean* bringing home \$20,927.50 in crew share wages. One processor worked on the *F/V Norton Sound* and brought home \$6631.03 in crew share wages. One processor worked on the *F/V Aleutian No. 1* bringing home \$5,344.27 in crew share wages.

During the fourth quarter of 2008, twenty-two Norton Sound seafood processors brought home \$202,150.52 in crew share wages from Glacier Fish Company. For 2008, the crew share wages paid to our seafood processors was \$897,823.88 bringing the cumulative total from 1992-2008 to \$12,432,676.03 from Glacier Fish Company and \$12,985,250.95 from all seafood processing companies.

2008 NSEDC Education & Training Statistics

	People	Expenditures
Scholarships		
Post-Secondary	225	\$425,824.00
Vocational	47	\$87,437.00
Total Scholarships	272	\$513,261.00
Fisheries Related Training	32	\$75,430.86
TOTAL	304	\$588,691.86

2008 Employment Statistics

	People	Wages
Management/Administration		
NSEDC	8	\$529,706.40
NSSP	9	\$383,851.31
Total Management/Administration	17	\$913,557.71
CDQ Pollock Related	37	\$797,644.63
NSSP Employment	188	\$763,560.00
Other NSEDC Employment	19	\$208,319.22
Other Fishing		
GFC - Longline	1	\$100,179.25
O/A Norton Sound Winter		
Red King Crab	7	\$36,899.00
O/A Norton Sound Red King Crab	26	\$1,146,143.25
NSEDC CDQ Red King Crab	8	\$49,435.75
YDFDA CDQ Red King Crab	7	\$49,435.75
Norton Sound Salmon	73	\$1,023,817.64
Norton Sound Herring	7	\$54,397.50
NSEDC CDQ Halibut	19	\$707,191.44
Total Other Fishing	148	\$3,167,499.58
NSEDC Community Outreach		
Liaisons	13	\$78,000.00
Interns		
NSEDC Administration	3	\$31,750.66
NSEDC Salmon Rehab.	10	\$146,222.08
Alaska Dept. of Fish & Game	7	\$8,862.05
Fisheries Development	73	\$331,400.93
Total Interns	93	\$518,235.72
GRAND TOTAL	515	\$6,446,816.86

Training

February 17-27, 2008 a Fisheries Safety Orientation Class (FSOC) was held at AVTEC in Seward. Six trainees successfully finished the program and received their certificates completing their documentation for employment with Glacier Fish Company: Orpha Oozevaseuk of Gambell, Mossadeque Reza and Charlie Pehle of Unalakleet, Warren Daniels of Elim, Maggie Lou Akaran of St. Michael, and Jerraine Raymond of Stebbins. The total cost of the class was \$28,563.24.

Fifteen Norton Sound residents were given the opportunity to participate in the FSOC on November 30-December 10, 2008 and six trainees completed the training session ready to work for a total cost of \$33,085.94: Clark Okpealuk and Misty Miller of Teller, Jeffrey Katchatag and Elizabeth Paniptchuk of Unalakleet, Wayne Foxie of Stebbins, and Patrick Soolook of Little Diomed. Jerry Ivanoff would like to commend Mr. Patrick Soolook of Little Diomed for successfully completing this training and is the first trainee from Little Diomed to do so since 1992; hopefully leading the way for more to follow.

Frank Doty and Bruce Johnson of Unalakleet completed refrigeration training at Refrigeration School, Inc. in Phoenix, Arizona, on April 22, 2008. They went on for their Ammonia Refrigeration Operator I training at Raleigh, North Carolina on May 19-22, 2008 with an expense of \$5,849.10.

Bruce Johnson and Frank Doty of Unalakleet successfully completed Ammonia Refrigeration Operator II training at Garden City, Kansas, with a cost of \$7,932.58. They will have to complete Operator III and IV training to complete their ammonia training, which requires them to acquire the schematics and information on the ammonia refrigeration system in Unalakleet.

With a cost of \$1,997, twelve residents from Stebbins and St. Michael completed a UAF Northwest Campus Introduction to Quick-Books Class: Arlene Kobuk, Laya Dan, Susie Johnson, Minnie Kobuk, Daisy Katcheak, Rosina Lockwood, Sonya Nashoanak, Branson Pete, Yvonne Pete, Jori Raymond, Gertrude Steve, and Ada Snowball.

REGIONALLY OPERATED VESSELS



F/V Norton Bay

Length: 39 feet

Products: Supports NSSP operations in the Norton Sound region.



F/V Golovin Bay

Length: 38 feet

Products: Supports NSSP operations in the Norton Sound region.



Besboro Barge

Length: 33 feet

Products: Supports buying and processing operations for local fishermen in the Norton Sound region.



F/V Egavik

Length: 61.5 feet

Products: Supports NSSP operations in the Norton Sound region.

BERING SEA OPERATED VESSELS



F/V Pacific Star

Length: 180 feet

Products: Variety of crab but is chartered several times a year for NOAA surveys.



F/V Aleutian No. 1

Length: 105.3 feet

Products: CDQ golden king crab, red king crab, opilio crab and bairdi crab in the Aleutian Islands and Bering Sea.

DEVELOPMENT CORPORATION VESSELS

GLACIER FISH COMPANY OPERATED VESSELS



F/T Pacific Glacier

Length: 276 feet

Crew Capacity: 106

Products: Frozen-at-sea Alaska pollock fillet and surimi, as well as Pacific Whiting surimi and fillet, Alaska pollock roe, and Alaska cod fillets.



F/T Northern Glacier

Length: 201 feet

Crew Capacity: 64

Products: Frozen-at-sea Alaska pollock fillet, pollock mince blocks, pollock surimi, pollock surimi, Pollock roe, shatter pack Alaska cod fillets, cod roe.



F/V Alaska Ocean

Length: 376 feet

Crew Capacity: 150

Products: Bering Sea pollock and Pacific Whiting surimi and fillet, pollock roe, fishmeal, fish oil.



C/P Norton Sound

Length: 136 feet

Crew Capacity: 21

Products: Frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, cod roe.



C/P Glacier Bay

Length: 154 feet

Crew Capacity: 24

Products: Frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, cod roe.

NSEDC Education Foundation

NSEDC strengthens its support for education

In 1993, the NSEDC Board of Directors stated their goal of establishing an education foundation and began making annual contributions to an investment account. In 2003 the Board titled the account the NSEDC Education Endowment Fund and in 2008 directed staff to begin forming the Foundation.

NSEDC Corporate Resolution 08-08, adopted in August 2008, directed the formation of an Alaskan non-profit, tax-exempt corporation named the NSEDC Education Foundation. The sole member is Norton

Sound Economic Development Corporation and it has a substantially independent five member board of directors.

In November 2008, the Board further directed the filing of the Articles of Incorporation, adopted initial bylaws, elected five board members, made an initial contribution of \$250,000, and pledged a \$15 million contribution upon recognition of tax exempt status by the IRS. The Foundation board has two NSEDC affiliated seats and three non-affiliated seats and all five seats have staggered three year terms. The initial five board members are Wilfred Katcheak (Stebbins, NSEDC affiliated), Victor Joe (St.

Michael, NSEDC-affiliated), Laura Lawrence (Nome), Eric Morris (White Mountain), and Janice Dickens (Unalakleet).

The NSEDC Board will control the bylaws and appoint Foundation directors and the Foundation Board will hire a separate staff to administer the activities, eventually including the NSEDC scholarship and vocational training programs.

The purpose of the Foundation is to provide support for the advancement of education opportunities for residents of the Norton Sound, including the funding of scholarships and vocational training.

Siu Alaska Corporation

NSEDC forms Siu Alaska Corporation to protect non-profit Status

Upon its entrance into the CDQ Program, NSEDC was established as a 501(c)4 private non-profit corporation. As a result of this, the company does not pay state or federal taxes on income related to its non-profit status. This income includes that derived from Community Development Quota (quota granted to NSEDC), Individual Fishing Quota (quota that NSEDC has purchased including halibut, sablefish and crab) interests, stock market investments, and assets within and income generated in the Norton Sound region.

Through a completely self-initiated legal review, NSEDC determined that some of its assets are taxable and considered unrelated to its non-profit status: the ownership interest in Glacier Fish Company, Glacier Bay Fisheries, PS fisheries, and the *F/V Aleutian No 1*.

If a non-profit, like NSEDC, earns too much unrelated business income (in proportion to

non-taxable income) it risks losing its non-profit status and possibly making it liable for taxes on those assets that were previously considered related to their non-profit purpose. To avoid this situation NSEDC created the for-profit subsidiary, Siu Alaska Corporation (Siu) in 2008.

Siu is one-hundred percent owned by NSEDC. It will be endowed with the vessels and businesses that fall outside of NSEDC's tax-exempt purpose. Siu will also investigate

and pursue future for-profit investments. Their sole purpose is to earn profits and return dividends to NSEDC.

The Siu Board of Directors consists of three NSEDC-affiliated seats and four non-affiliated seats. The Siu Board held organizational meetings in the last part of 2008 to familiarize themselves with the assets that would be endowed to Siu and, working with NSEDC, start the process of transferring those assets.



Siu Alaska Corporation's (Siu) Board of Directors, from left to right Don Stiles, Harvey Sookiyak, Neal Foster, Isaiah Towarak, Dan Harrelson and John Baker. John Eckels was also on the Board at this time but wasn't available for the picture. In 2008 NSEDC formed Siu, a for-profit subsidiary one hundred percent owned by NSEDC, to protect NSEDC's non-profit status.

Norton Sound Economic Corporation

Schedule of General and Administrative Expenses

Year Ended December 31, 2008

BOARD EXPENSES:

Stipends/Honorariums	\$145,600
Transportation	137,200
Per Diem	275,251
Insurance	38,555

STAFF:

Salaries	272,134*
Benefits	99,457*
Payroll Taxes	25,127*

TRAVEL/PER DIEM:

Staff	162,736
Contract Personnel/Consultants	1,678

TRAINING:

Staff	12,773
Board Members	17,963
Audit/Accounting	66,874
Legal Fees	368,987

OTHER:

Meetings Space, Catering & Meal Expenses	52,172
Contract Services	181,874
Rent	283,033
Supplies and Equip. Purchases	63,670
Postage/Freight	16,205
Communications	35,042
Insurance	196,814
Dues and Subscriptions	2,887
Equipment R and M	1,234
Equipment/Storage Rentals	5,647
Advertising/Brokerage	12,622
Fees and Licenses	(3,054)
Miscellaneous	103,371
Donations and Contributions	17,369
Depreciation	316,164
Bad Debt Expense/Recoveries	145
Discretionary Grants	472,128

Total Administrative:

\$3,381,658

** The amounts shown on this statement only reflect the salaries, benefits and payroll taxes of NSEDC's administration. The totals for all of NSEDC's salaries, benefits and payroll taxes are \$2,350,817, \$617,847, and \$219,250 respectively.*

Norton Sound Economic Corporation

Consolidated Statements of Financial Position

December 31, 2008 and 2007

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 11,445,023	4,254,388
Designated cash and cash equivalents	3,257,582	2,677,839
Investments in marketable securities, short term	26,350,617	40,151,080
Accounts receivable	3,670,845	1,092,371
Interest receivable	233,522	181,970
Inventory	695,628	486,033
Prepaid expenses and other assets	37,733	8,600
Short-term notes receivable	4,305,635	2,001,165
Total current assets	49,996,585	50,853,446
Notes receivable, net of allowance of \$526,511 and \$489,872, in 2008 and 2007	1,653,883	1,514,443
Investments:		
Investment in marketable securities	15,506,092	21,524,103
Designated investments in marketable securities	4,595,312	7,753,270
Investment in Glacier Fish Company, LLC	29,614,006	18,904,214
Investment in Pacific Star Fish, LLC	814,557	288,613
Investment in Ocean Olympic, LLC	66,044	744,261
Investment in Glacier Bay Fisheries, LLC	1,085,154	1,539,675
Goodwill in Glacier Bay Fisheries, LLC	440,854	440,854
Goodwill in Pacific Star Fish, LLC	617,251	-
Investment in quota share units	9,966,883	8,110,088
Total investments	62,706,153	59,305,078
Property, plant, and equipment, net of accumulated depreciation of \$4,220,196 in 2008 and \$3,632,046 in 2007	8,656,806	5,432,396
Prepaid leases, net of accumulated amortization of \$202,781 in 2008 and \$167,926 in 2007	902,319	937,174
Life insurance surrender value	326,891	267,497
Other notes receivable	2,417,137	-
Total assets	\$ 126,659,774	118,310,034
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	2,201,762	4,162,426
Income tax payable		
2008	823,323	-
2007	43,369	400,645
2005 - 2006	-	3,556,017
Total liabilities	3,068,454	8,119,088
Net assets:		
Unrestricted:		
Undesignated	115,738,426	99,759,837
Designated	7,852,894	10,431,109
Total net assets	123,591,320	110,190,946
Total liabilities and net assets	\$ 126,659,774	118,310,034

See accompanying notes to consolidated financial statements.

Norton Sound Economic Corporation

Consolidated Statements of Activities
Years Ended December 31, 2008 and 2007

	2008	2007
Changes in unrestricted net assets		
Revenues and support:		
Harvesting revenue	\$ 12,312,560	14,484,728
Crab revenue	6,079,850	1,310,774
Fishing and fish processing	4,372,207	3,291,955
Investment income, net	(16,361,188)	3,554,659
Grant revenues	864,750	465,382
Other income	445,822	259,127
Revolving loan income	14,797	9,335
Total unrestricted revenues, gains and other support	<u>7,728,798</u>	<u>23,375,960</u>
Expenses and losses:		
Program services:		
CDQ harvest management	304,740	449,716
CDQ crab marketing	3,180	8,160
Fisheries development	804,513	540,918
Salmon rehabilitation and enhancement	626,867	889,231
Training and scholarships	873,560	850,201
Revolving loan program	60,175	39,191
Shoreside improvements	318,245	1,189,329
Community benefits	1,670,240	1,731,682
Bulk fuel	1,271,038	77,922
Norton Sound Marketplace	62,860	-
Community outreach	460,802	454,597
Tender vessel management	633,903	367,120
NSIC	307,758	1,022,018
CDQ fees	-	52,810
Total program services	<u>7,397,881</u>	<u>7,672,895</u>
Fishing and fish processing	6,539,644	5,076,916
Administrative expenses	3,381,658	3,041,752
Aleutian #1 expenses	4,060,696	1,391,590
Total expenses	<u>21,379,879</u>	<u>17,183,153</u>
Equity in earnings of limited liability company	5,141,284	6,274,597
Gain on sale of Glacier Fish Company, LLC	9,082,729	-
Gain on redistribution of capital in Glacier Fish Company, LLC	16,710,220	-
Loss on disposal of fixed assets	-	(4,307)
Increase in unrestricted net assets from operations, before taxes	<u>17,283,152</u>	<u>12,463,097</u>
Income tax (expense) benefit:		
Tax expense	(3,882,778)	(2,950,365)
Prior years tax expense and penalties	-	(7,182,829)
Total income tax expense	<u>(3,882,778)</u>	<u>(10,133,194)</u>
Increase in unrestricted net assets	13,400,374	2,329,903
Net assets, beginning of year, as restated	<u>110,190,946</u>	<u>107,861,043</u>
Net assets, end of year (restated)	<u><u>123,591,320</u></u>	<u><u>110,190,946</u></u>

See accompanying notes to consolidated financial statements

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements • December 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Norton Sound Economic Development Corporation (Company) is a non-profit corporation organized to represent the Norton Sound region of Alaska in the Community Development Quota (CDQ) program. The CDQ program was established by the federal government in 1992. The program was established by reserving 7.5%, (subsequently increased to 10%), of the total allowable catch (TAC), of Pollock for the Bering Sea and Aleutian Islands areas of Alaska. The reserve was then allocated to the CDQ groups. The program has been expanded to include other species and a greater portion of the Pollock TAC. The Company's 2008 and 2007 Pollock allocation was 22,000 and 30,668 metric tons, respectively. The CDQ allocation program is on a calendar year basis and allocations awarded cannot be taken in subsequent years if the previous year's allocations were not fully utilized.

As a result of Section 416 of the Coast Guard and Maritime Transportation Act as of 2006, which amended Section 305(i) (1) of the Magnuson-Stevens Fishery Conservation and Management Act, the Company's receipt of CDQ allocations was fixed at the same percentage level as its 2006 allocations for all allocated species and such percentages may not be changed until 2012. The Company has entered into an agreement for the duration of the CDQ allocation with a harvester to harvest the pollock allocations. Amounts received vary depending upon the specific availability and market prices.

The Company's primary purpose is to develop and sustain new and ongoing economic activity in the Norton Sound region. The Company's mission outlines its intentions to provide a balance between local economic development oriented towards the residents in the region and active participation in the distant-water fisheries in the Bering Sea and Aleutian Islands. The Company implements programs to educate, train, and employ people of the region; build infrastructure to help support the new and existing fisheries; start new fisheries through locally initiated development efforts; support the local salmon, herring, crab, and halibut fishermen; restore salmon runs in the region for both commercial and subsistence users; provide gear, vessel, and secure equity interests in companies and vessels. The Company has not entered into any significant long-term agreements or commitments other than its agreements with the harvesters of its CDQ allocations.

In 2007, the Company acquired three limited liability companies (LLCs), GB Fisheries, LLC, Ocean Olympic, LLC, and PS Fisheries, LLC. The LLCs were acquired through the dissolution of Norton Sound Ventures, LLC and through purchase agreements. Norton Sound Economic Development Corporation has a 59.52% interest and a 50% voting interest in Ocean Olympic, LLC, a 31.97% interest and a 50% voting interest in PS Fisheries, LLC, GB Fisheries, LLC is a wholly owned subsidiary.

In 2008, the Company sold 25% of its interest in Glacier Fish Company, LLC and acquired 100% ownership in PS Fisheries, LLC.

Accounting Estimates and Assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from the estimates and assumptions.

Principles of Consolidation

In 2007, the consolidated financial statements include the accounts of the Company and its wholly owned subsidiary GB Fisheries, LLC. In 2008, the consolidated financial statements include GB Fisheries LLC, PS Fisheries, LLC and Siu Alaska Corporation a wholly owned subsidiary formed in 2008. All significant intercompany transactions and accounts have been eliminated in the consolidation.

Basis of Presentation

The accompanying financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Company exercises fiscal and operational control.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues and support are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Contingent royalty payments are recognized when the amount is fixed and determinable and collection is assured.

Cash and Cash Equivalents

The Company considers cash and short-term instruments with original maturities of 90 days or less to be cash equivalents.

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

Investments in Marketable Securities

The Company carries investments at fair value. The change in the fair value is included in the consolidated statement of activities.

Investments in marketable securities consist of mutual funds, equity securities, U.S. Agency obligations, and corporate debt securities. For purposes of calculating realized gains and losses, cost is determined by the specific identification method on a trade date basis.

Classification of investments as short-term and long-term is based on the length of time management intends to hold the investment. Management intends to hold short-term investments less than one year.

Inventory

Inventory is valued at the lower of aggregate cost or fair value (first in, first out).

Short Term Notes Receivable

These amounts represent amounts due from Communities and Village Corporations for bulk fuel purchases.

Investments in Limited Liability Companies

The equity method of accounting is used to account for the Company's investment in the Glacier Fish Company, LLC, Ocean Olympic, LLC and PS Fisheries, LLC (2007 only), whereby the Company records its proportionate share of the LLC's net income or loss.

In December 2003, the Financial Accounting Standards Board issued FIN 46R, Consolidation of Variable Interest Entities, that provides guidance in determining when variable interest entities should be consolidated in the financial statements of the primary beneficiary. The provisions of this interpretation were effective for fiscal years beginning after December 15, 2004. An evaluation of Norton Sound Economic Development Corporation's investments in variable interest entities indicated that consolidation is not required under the FIN 46R.

Investment in Individual Fishing Quota

The Company has investments in fishing privileges under the Individual Fishing Quotas (IFQ) program, which was established by the federal and state governments to allocate halibut, sablefish, and various crab species to the established fishers based on historical catch. IFQ's are considered an indefinite life intangible asset and are carried at cost and measured annually for impairment.

Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost when purchased or at fair market value of date of gift, when donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally two to ten years.

Provision for Loans, Accounts Receivable, Notes, and Contract Losses

The Company provides for loans, accounts receivable, notes, and contract losses based on the estimated losses determined through management's periodic reviews of the outstanding loan portfolio. The estimation of losses considers prior loan charge-offs and recoveries against the allowance as well as the economic conditions and the character of the credit risks. Allowances for loans, accounts receivable, notes, and contract losses are subjective and may be adjusted in the future.

Community Development Quota

The fair value of the quota received by the Company from the Federal Government is not considered to be determinable within reasonable limits. Accordingly, no value has been assigned to the quota in the financial statements.

Income Taxes

The Company is exempt from the federal and state income taxes under provisions of Section 501(c) (4) of the Internal Revenue Code, except for taxes on unrelated business income. In evaluation of unrelated business income, the Company has adopted the provisions of FIN48, Accounting for Uncertainty in Income Taxes, which is an interpretation of FASB 109.

Commitments and Contingencies

Liabilities for loss on contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that the liability has been incurred and the amount of the assessment or cost can be reasonably estimated.

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

Designated Cash and Investments

The Company's Board of Directors has designated \$3,257,582 and \$2,677,839 in cash and cash equivalents and \$4,595,312 and \$7,753,270 of long-term investments at December 31, 2008 and 2007, respectively for the Education Endowment Fund. As part of the CDQ program and past approved Community Development Plans, the Company previously contributed a portion of the CDQ proceeds to the Education Endowment Fund, which is intended to finance training and scholarships.

NOTES RECEIVABLE

Notes receivable consist of the following at December 31, 2008:

Loans to individuals	\$ 2,180,394
Less allowance	(526,511)
	<u>\$ 1,653,883</u>

Notes receivable consist of the following at December 31, 2007:

Loans to individuals	\$ 2,004,315
Less allowance	(489,872)
	<u>\$ 1,514,443</u>

Short-term notes receivable are advances to Communities and Village Corporations for bulk fuel purchases.

Balance December 31, 2007	\$ 2,001,165
Balance December 31, 2008	\$ 4,305,635

Other notes receivable of \$2,417,137 is an interest only note due from a fishing company, secured by fishing quota shares. Interest is at prime plus .25% and payments start on January 15, 2009 and continue through January 15, 2014.

Loans to individuals have scheduled repayments over one to seven years at 6% to 10%. The Company waived interest on loans to individuals from 1993 through 2008 due to the economic disaster in the fishing industry. Principal repayments are primarily made through individual payments and from a portion of the proceeds from the sale of the individuals' commercial harvests; accordingly, the notes are considered long-term in nature. These notes are secured by the equipment or vessels purchased with borrowed funds.

The allowance for doubtful accounts was \$526,512 and \$489,871 and the expense recognized for doubtful accounts was \$36,640 and \$11,320 at December 31, 2008 and 2007, respectively.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at December 31:

	2008	2007
Furniture and equipment	\$1,065,761	895,825
Plant improvements	8,203,417	5,456,098
Tender vessels	3,484,984	2,589,679
Construction in progress	55,835	55,835
Land	67,005	67,005
Accumulated depreciation	(4,220,196)	(3,632,046)
Net property, plant, and equipment	<u>\$8,656,806</u>	<u>5,432,396</u>

Depreciation expenses for 2008 and 2007 was \$588,150 and \$400,589, respectively.

PREPAID RENT LEASES

The Company participated in the construction and improvement of the City of Nome Small Boat Harbor by paying the City of Nome \$550,000 in 1998. In October 1999, in return for its payment, the Company executed a real property and preferential use agreement for approximately 40,000 square feet of Small Boat Harbor property and preferential use of that portion of the mooring and docking space immediately adjacent to the

Norton Sound Economic Corporation

Notes to Consolidated Financial Statements, Continued

leased premises for an initial term of 35 years, and other considerations. In March 2006, the Company paid an additional \$555,100 for improvements to the harbor. The payments are being amortized over the life of the agreement. Amortization expense for the year ended December 31, 2008 and 2007 was \$34,856 for each year.

EMPLOYEE RETIREMENT PLAN

The Company had a defined contribution employee retirement plan covering all employees who are at least 18 years of age and have attained 1,000 hours of service with the Company. The Company expensed \$91,546 in 2008 for its contributions and \$89,712 in 2007.

OPERATING LEASES

The Company leases Anchorage office space, the Unalakleet plant and office, and space in White Mountain under lease agreements. Rent expense was \$319,414 and \$327,716 for the years ended December 31, 2008 and 2007, respectively. The Company is expected to pay \$244,146 in future minimum lease payments.

UNRELATED BUSINESS INCOME

The Company has reported to the Internal Revenue Service and the State of Alaska unrelated business income and paid unrelated business income tax, with respect to its 2005, 2006, 2007, and 2008 fiscal years. The Company believes that it has taken the appropriate steps to resolve any potential tax liability for its past years, and the Company is not under either a federal or state audit. The rules regarding the assessment of tax for past years are not certain, however, and no assurance can be given that neither the Internal Revenue Service nor the Alaska Department of Revenue will assert the Company is liable for tax for years prior to 2005.

At December 31, 2008 the Company recorded income tax payable of \$823,323 and \$3,956,662 in 2007 associated with its 2005 return, paid \$3,626,811 for its 2006 return during 2007, and recorded income tax payable at \$330,000 for a refund that was received of this amount, \$43,369 was paid in 2009. The federal income tax liability for 2008 is \$2,979,199 of which \$2,445,024 was prepaid and the income tax liability for the State of Alaska is \$903,579 of which \$733,152 was prepaid. The underpayment of \$704,602 has been accrued as income tax payable. Penalties and interest of \$118,721 for 2008 and \$70,645 for 2007 were accrued as income tax payable.

The amounts accrued and those paid for 2005 and 2006 were classified as a change in estimate and presented separately from the current year income tax expense on the Statement of Activities for the year ended December 31, 2007.

GEOGRAPHIC AND BUSINESS CONCENTRATION

The Company's primary operations are involved in the fisheries of the Norton Sound and Bering Sea regions of Alaska. The program revenue received by the Company is largely a result of the Company's ability to contract the harvesting of the CDQ allocations received from the federal government. The majority of the Company's sales transactions were to Glacier Fish Company. The Company hires the majority of its seasonal labor from the Norton Sound region. As a result of the geographic and natural resource concentration, the Company's growth and activities depend upon the viability of the North Pacific fisheries of pollock, halibut, crab, and other species, the continued allocation of harvesting quotas by the federal government, and the ability to obtain skilled labor from the region. Any deterioration or improvements in these fisheries, quota allocations, or the labor pool could have a significant effect on the Company.

DISPUTES AND CLAIMS

The Company is involved in various disputes and claims. Due to the early stages of these matters, the Company's legal counsel is unable to provide opinions as to the outcome or quantify any potential liability. Management believes the resolution of these matters will not have a material effect on financial position, results of activities, or cash flows.

PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2008, an error was discovered in which revenue from the Federal Public Works and Economic Development Facilities Grant was not recognized in 2007. The effects of the error resulted in an understatement of accounts receivable, net assets and revenues by \$465,382. The 2007 amounts have been restated to reflect this adjustment.

NSEDC 2008 Financial Disclosure Information

Description of compensation policy for directors:

Per diem and honorariums shall be paid to directors for each day they attend meetings of the Board, any committee of the Board, or any meeting attended at the request of NSEDC, the president or CEO, or the Board of Directors (i.e. meetings with partners, meetings with the State or meetings regarding the CDQ Program). Per diem and honorariums may be paid in advance of meetings held outside a member community, and any director who does not attend such meeting shall reimburse the Corporation in such amount. The rate of per diem shall be \$350 per day for board members and board members alone. Honorarium shall be paid at the rate of \$250 per meeting. An additional \$50 will be paid to the chairman of the Board for each Board meeting. If weather, flight schedules, or other acts out of the control of a director cause a director to arrive prior to the start of a meeting or cause a delay in departing after a meeting, that director shall be paid additional per diem for each additional day the director is caused to be at the meeting location.

Total amount paid to directors:

Compensation for 15 directors in 2008 was \$422,144.

Employee Compensation:

Top 5 highest paid personnel in 2008

In 2008, Eugene Asicksik received \$175,000 in compensation for his position as Chief Executive Officer. Vice-President and Community Benefits Director Janis Ivanoff earned \$140,675.82; Asset Manager Dick Tremaine earned \$111,203.17; Community Development Quota Manager Simon Kinneen earned \$108,727.17; and Education, Employment and Training Coordinator Jerry Ivanoff earned \$99,343.33.

Related Party Transactions:

Description of any transactions over the amount of \$20,000 with any director or their family members, include:

Name of Director	Name of the family members, if applicable	Position held by the director or family member, if applicable	Nature of the amount of the transaction
Peterson, Dean	Peterson, Ruth (wife)	Loan recipient	Large Vessel Loan
Saccheus, Charles Sr.	Saccheus, Charles Jr. (son)	Loan recipient	Large Vessel Loan
Sookiayak, Harvey	Sookiayak, Lars (son)	Loan recipient	Large Vessel Loan

Legal proceedings involving directors:

Description of any legal proceedings in which a director has an interest adverse to the CDQ Entity, including the name of the director.

- None

Professional fees:

List of totals

Legal	\$396,613
Consulting	\$128,323.24
Accounting	\$66,874
Lobbying.....	\$18,333

Auditor Relationship

Auditor is Altman, Rogers & Co.

Description of any disagreement by the CDQ Entity with any auditor in the past two years:

- There were no disagreements with Altman, Rogers & Co. for 2008 and 2007.
- NSEDC was unable to resolve disagreements with KPMG LLP relating to income that NSEDC treated as taxable income on its 2006 and 2007 federal and state tax returns.

Description of any non-audit services supplied by the auditor with disclosure of the fees paid for the non-audit services as a percentage of the total fees paid to the auditor:

- Non-audit service was for tax services related to the preparation of 990 forms. Total fees for non-audit services amounted to \$10,178 or ~16% of total fees paid to Altman, Rogers & Co.

Committees

Membership of any committees of the CDQ Entity that provide:

Audit Functions:

- None

Nomination or compensation functions, including a description of the committee's functions and dates of any meetings held by the committee:

- Executive Committee

The Executive Committee members for 2008 were Dan Harrelson, Chairman; Dean Peterson, Vice-Chairman; Harvey Sookiyak, Sergeant-at-arms; Don Stiles and Joe Garnie.

The Executive Committee is composed of the three (3) officers of the Board and two additional directors. The Executive Committee is responsible for planning the work of the full Board, setting meeting schedules and agendas, insuring accountability of operations of the Corporation, setting guidelines between regular meetings, clarifying policy, and referring work or issues to other committees. The Executive Committee may exercise all of the authority of the full Board in the management of the Corporation, except where action of the Board of Directors is otherwise specified by statute, regulation, the bylaws, or the articles of incorporation.

The committee held meetings on January 7, April 14, July 28, and November 3, 2008.

- Compensation Committee

The Compensation Committee members for 2008 were Dan Harrelson, Henry Ivanoff and Jack Carpenter.

The Compensation Committee is responsible for reviewing requests by NSEDC management for increases in pay or annual bonuses for NSEDC officers and staff, and shall recommend approval or denial of such requests to the Board of Directors.

The committee held a meeting on April 16, 2008.

2008 NSEDC Board of Directors



Reggie Barr
P.O. Box 86
Brevig Mission, AK 99785
2007-2010 Term



Mary Menadelook
P.O. Box 7043
Diomedede, AK 99762
2008-2011 Term



Charles Saccheus, Sr.
P.O. Box 39090
Elim, AK 99739
2006-2009 Term



Ramona Tungiyon
P.O. Box 162
Gambell, AK 99742
(term ended 2008)



Dean Peterson
P.O. Box 62032
Golovin, AK 99762
2008-2011 Term



Elvina Naranjo
P.O. Box 53047
Koyuk, AK 99753
2008-2011 Term



Don Stiles
P.O. Box 575
Nome, AK 99762
2006-2009 Term



Truman Kava
P.O. Box 154
Savoonga, AK 99769
2006-2009 Term



Victor Joe
P.O. Box 59095
St. Michael, AK 99659
2006-2009 Term



Harvey Sookiyak, Sr.
P.O. Box 13
Shaktoolik, AK 99771
2007-2010 Term



Wilfred Katcheak
P.O. Box 71048
Stebbins, AK 99671
2008-2011 Term



Joe Garnie
P.O. Box 582
Teller, AK 99778
2006-2009 Term



Frank Katchatag
P.O. Box 59
Unalakleet, AK 99684
2007-2010 Term



Frank Oxereok, Jr.
P.O. Box 524
Wales, AK 99783
2008-2011 Term



Dan Harrelson
P.O. Box 190
White Mountain, AK 99784
2007-2010 Term



2008 NSEDC Staff & Liaisons

Administration

Dan Harrelson
President

Robert Walsh
Chief Executive Officer

Janis Ivanoff
Vice President & Community Benefits Director

Simon Kinneen
CDQ Manager

Tasha Huffman
Controller

Dick Tremaine
Asset Manager

Camille Cruz
Human Resources Director

Virginia Nashalook
Senior Accountant

Chelsea Ryan
Accountant

Hazel Sagoonick
Accountant

Heather Karmun
Accountant

Pearl Dotomain
Administrative Assistant

Community Benefits

Paul Ivanoff, III
Community Development Coordinator

Katie Peterson
Community Projects/ Development Coordinator

Kathy Wheelehan
Community Outreach Coordinator

Education, Employment and Training

Jerry Ivanoff
Secretary & EET Coordinator

Carol Charles
Administrative Assistant

Norton Sound Fisheries Research & Development

Charlie Lean
NSFR&D Director

Wes Jones
Fisheries Biologist

Norton Sound Seafood Products

Josh Osborne
Northern NSSP Manager

William Johnson
Southern NSSP Manager

Richard Ferry
Facilities Engineer

Crystal Taxac
Office Manager

NSEDC Community Outreach Liaisons

Jhnee Seetot • *Brevig Mission*
Frances Ozenna • *Diomedede*
Emily Murray • *Elim*
Shirley Antogham • *Gambell*
Sherri Lewis • *Golovin*
Ruby Nassuk • *Koyuk*
Shirley Martin • *St. Michael*
Charlotte Kava • *Savoonga*
Reuben Paniptchuk • *Shaktoolik*
Atha Foxie • *Stebbins*
Sarah Okbaok • *Teller*
Joanne Keyes • *Wales*
Davis Lincoln • *White Mountain*



Delta Western was the Consolidated Bulk Fuel vendor for 2008. They are shown here making a delivery to White Mountain. Twenty-one participants from fourteen communities received 929,802 gallons of Diesel #1 Heating Fuel and 287,926 gallons of Unleaded Gasoline. (see article on page 8)

NSEDC 2008 COMMUNITY HIGHLIGHTS

Brevig Mission

- Reggie Barr served as Board Member
- Johnee Seetot served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Brevig Mission School for their Little Dribblers Program
- 92 households received a \$500 Energy Subsidy credit to electric utility accounts
- GFC employed 1 resident on board the *F/V Northern Glacier & F/V Glacier Bay*
- City of Brevig Mission and Brevig Mission Native Corporation were participants in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair to thank local commercial and subsistence fishermen for their support of local fisheries

Diomede

- Mary Menadelook served as Board Member
- Frances Ozenna served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Diomede School for their Little Dribblers Program
- 45 households received a \$500 Energy Subsidy credit to electric utility accounts
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program

Elim

- Charles Saccheus, Sr. served as Board Member
- Emily Murray served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Elim School for their Little Dribblers Program
- 84 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 1 resident
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program

- GFC employed 1 resident on board the *F/V Norton Sound*
- 2 residents completed internships with NSEDC and ADF&G sponsored by NSEDC
- City of Elim was a participant in the Consolidated Bulk Fuel Program

Gambell

- Ramona Tungiyen served as Board Member
- Shirley Antoghome served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Gambell School for their Little Dribblers Program
- 139 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 4 residents
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident on board the *F/V Northern Glacier*
- 18 residents completed internships sponsored by NSEDC
- City of Gambell was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program collected and disposed of 66,540 pounds of debris

Golovin

- Dean Peterson served as Board Member
- Sherri Lewis served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Golovin School for their Little Dribblers Program
- 51 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 6 residents
- 13 residents completed internships sponsored by NSEDC
- City of Golovin was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program collected and disposed of 22,031 pounds of debris

Koyuk

- Elvina Naranjo served as Board Member
- Ruby Nassuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Koyuk School for their Little Dribblers Program
- 89 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 3 residents
- GFC employed 1 resident on board the *F/V Pacific Glacier*
- 2 residents completed internships with ADF&G sponsored by NSEDC
- City of Koyuk and Koyuk Native Corporation were participants in the Consolidated Bulk Fuel Program

Nome

- Don Stiles served as Board Member
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Nome Elementary School for their Little Dribblers Program
- 1,038 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 99 residents
- GFC employed 1 resident on board the *F/V Pacific Glacier*
- GFC employed 1 resident on board the *F/V Norton Sound*
- 13 residents completed internships with NSEDC and ADF&G sponsored by NSEDC

Savoonga

- Truman Kava served as Board Member
- Charlotte Kava served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Savoonga School for their Little Dribblers Program

- 161 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 6 residents
- 28 residents completed internships sponsored by NSEDC
- City of Savoonga was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program collected and disposed of 34,627 pounds of debris

Shaktoolik

- Harvey Sookiyak, Sr. served as Board Member
- Reuben Paniptchuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Shaktoolik School for their Little Dribblers Program
- 59 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 6 residents
- 5 residents completed internships sponsored by NSEDC
- City of Shaktoolik and Shaktoolik Native Corporation were participants in the Consolidated Bulk Fuel Program

St. Michael

- Victor Joe served as Board Member
- Shirley Martin served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the St. Michael School for their Little Dribblers Program
- 99 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 2 residents
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program
- 5 residents completed Intro to QuickBooks training under the EET Program
- City of St. Michael was a participant in the Consolidated Bulk Fuel Program

Stebbins

- Wilfred Katcheak served as Board Member
- Atha Foxie served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share

- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Stebbins School for their Little Dribblers Program
- 111 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 8 residents
- 2 residents were certified in Fisheries Safety Orientation Training under the EET Program
- 7 residents completed Intro to QuickBooks training under the EET Program
- GFC employed 3 residents on board the *F/V Northern Glacier*
- GFC employed 2 residents on board the *F/V Pacific Glacier*
- City of Stebbins was a participant in the Consolidated Bulk Fuel Program

Teller

- Joe Garnie served as Board Member
- Sarah Okbaok served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Teller School for their Little Dribblers Program
- 73 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 3 residents
- 2 residents were certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident on board the *C/P Alaska Ocean* and *F/V Northern Glacier*
- 1 resident completed an internship sponsored by NSEDC
- Teller Native Corporation was a participant in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair to thank local commercial and subsistence fishermen for their support of local fisheries

Unalakleet

- Frank Katchatag served as Board Member
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Unalakleet School for their Little Dribblers Program
- 218 households received a \$500 Energy Subsidy credit to electric utility accounts

- NSEDC awarded academic scholarships to 52 residents
- 4 residents were certified in Fisheries Safety Orientation Training under the EET Program
- 2 residents attended the Garden City Ammonia Program's ammonia refrigeration training
- GFC employed 6 residents on board the *F/V Northern Glacier* and 1 resident on board the *F/V Pacific Glacier*
- GFC employed 2 residents on board the *C/P Alaska Ocean*
- 7 residents completed internships sponsored by NSEDC
- Unalakleet Native Corporation was a participant in the Consolidated Bulk Fuel Program

Wales

- Frank Oxereok, Jr. served as Board Member
- Joanne Keyes served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Wales School for their Little Dribblers Program
- 47 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 3 residents
- 1 resident completed an internship sponsored by NSEDC
- NSEDC hosted a Fishermen's Fair to thank local commercial and subsistence fishermen for their support of local fisheries
- City of Wales and Native Village of Wales were participants in the Consolidated Bulk Fuel Program

White Mountain

- Dan Harrelson served as Board Member
- Davis Lincoln served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the White Mountain School for their Little Dribblers Program
- 61 households received a \$500 Energy Subsidy credit to electric utility accounts
- NSEDC awarded academic scholarships to 10 residents
- 1 resident completed an internship sponsored by NSEDC
- City of White Mountain was a participant in the Consolidated Bulk Fuel Program

Norton Sound Economic Development Corporation

420 L Street, Suite 310

Anchorage, AK 99501

Phone: (907) 274-2248 or (800) 650-2248

Fax: (907) 274-2249

Website: www.nsedc.com

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Norton Sound Economic Development Corporation Nome Office

P.O. Box 358

Nome, AK 99762

Phone: (907) 443-2477 or (888) 650-2477

Fax: (907) 443-2478

Norton Sound Economic Development Corporation Unalakleet Office

P.O. Box 193, Unalakleet, AK 99684

Phone: (907) 624-3190 or

(800) 385-3190 or

(907) 624-3193

Fax: (907) 624-3183

Northern Norton Sound Seafood Products

P. O. Box 906

Nome, AK 99762

Phone: (907) 443-2304

Fax: (907) 443-2457

Southern Norton Sound Seafood Products

P.O. Box 323

Unalakleet, AK 99684

Phone: (907) 624-3014

Fax: (907) 624-3808

NSEDC 2009 Annual Report

NORTON SOUND
ECONOMIC
DEVELOPMENT
CORPORATION



2009
ANNUAL
REPORT

THE YEAR IN REVIEW

Message From The Chairman



For Norton Sound Economic Development Corporation (NSEDC), 2009 was a year of new beginnings. In addition to continuing core programs, we established the Community Energy Fund program, purchased the Inaliq tender vessel, completed construction of the cold storage facility at the Norton Sound Seafood Center, and filled several key positions within our corporate family.

One of the most exciting new projects approved by the Board in 2009 was the NSEDC Community Energy Fund (CEF) program, which is intended to help satisfy the growing need for affordable, reliable energy infrastructure within the Norton Sound region. Through the CEF, NSEDC has set aside one million dollars for each of its fifteen member communities. The funds are to be used to assist with upgrading community power generation and distribution systems, implementing alternative/renewable energy projects, and adjusting existing power systems. NSEDC's hope is that these projects will foster economic growth and improved quality of life in the communities by reducing energy costs and providing long-term, sustainable energy solutions. The first project to be funded by the CEF, the Unalakleet Valley Electric Cooperative (UVEC) Wind Farm, was completed in October and is expected to provide substantial diesel fuel savings, reducing energy costs in Unalakleet for years to come. NSEDC staff has formalized the application process for the CEF program, which is administered through the NSEDC Community Benefits Department, and instructions can be found on NSEDC's website.

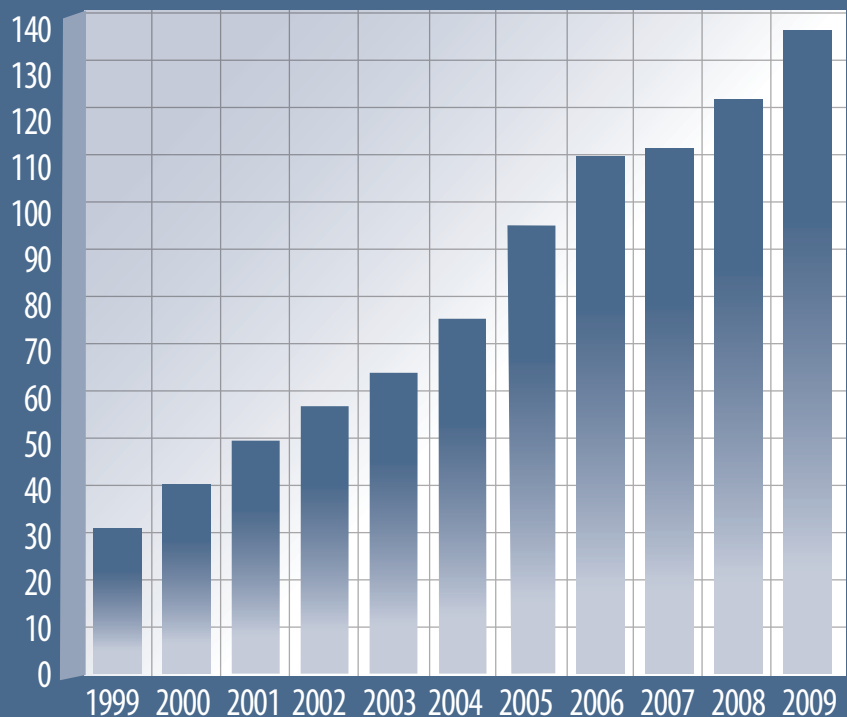
Two other accomplishments in 2009 were the purchase of Norton Sound Seafood Products' (NSSP) fourth tender vessel, the Inaliq, and the completion of the NSSP cold storage facility in Nome. The Inaliq was brought into service in June and joined the existing tender fleet the Golovin Bay, Norton Bay, Egavik, and the buying barge Besboro. Before the 2009 season, the Inaliq went through extensive shipyard work, including repowering with two computer-monitored, fuel-efficient John Deere engines and the installation of an RSW system for tendering crab. In addition to the tender vessel purchase, NSSP, in partnership with the U.S. Economic Development Administration, completed construction of the cold storage facility at the Norton Sound Seafood Center in Nome. The facility was introduced to NSSP crab and halibut operations in June. The Inaliq and cold storage facility are welcome additions to NSSP fishing operations.

NSEDC formed Siu Alaska Corporation in late 2008 to house assets that generated taxable income and in 2009 welcomed John Eckels as the subsidiary's Chief Executive Officer and Richard Tremaine as its Asset Manager.

While continually seeking opportunities for expansion and growth, NSEDC also remains committed to continuing its existing, core programs. The NSEDC Community Benefits Department experienced another successful year for the Small Business Initiative grant program, the Consolidated Bulk Fuel program, the Community Benefit Share, and the Outside Entity Funding program.

NSEDC's Education Employment and Training program also sponsored a number of community-based trainings and classes in addition to awarding a record amount of \$622,169 in scholarships to students from the Norton Sound region.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION
2009 Fiscal Year Total Assets
(in millions)





Koyuk, Alaska

NSEDC's Norton Sound Fisheries Research and Development Program (NSFR&D) had another busy field season overseeing its salmon enumeration, mist incubation, and smolt projects. The Clean Waters Program improved the condition of the beaches in Gambell, Brevig Mission, Saint Michael, Stebbins, and Little Diomed and has grown so that it employs nearly double the number of seasonal employees hired in prior years. NSFR&D also saw the start of a new project in the 2009 season, as the Board approved funding for a Port Clarence Test Fishery Project under NSFR&D's Northern Communities Fishery Development Plan. Through the project, longline fishing gear was purchased (with boats to be purchased in 2010) and the first steps were taken to assess the potential for halibut, cod, and other fisheries resources in the Port Clarence area.

Recognizing the importance of subsistence activities to residents of our member communities and to all of rural Alaska, NSEDC has consistently voiced the

need to reduce bycatch to the North Pacific Fishery Management Council (Council) and directly to our harvesting partners. In April, the Council adopted a two-tier management plan for Chinook salmon bycatch that involves a simple hard cap option as well as a hard cap with an approved incentive plan agreement. The new management program will be implemented during the 2011 fishing season. Chum salmon bycatch analysis alternatives were still under review in 2009 and are expected to be defined at the Council's June 2010 meeting in Sitka.

In July and August, NSEDC held Fishermen's Fairs in Elim, Koyuk, and Nome. With the conclusion of the Elim and Koyuk fairs, NSEDC has hosted a fair in all fifteen of its member communities. All of the fairs were well received by community members and provided NSEDC with the opportunity to show its appreciation for the contributions which individuals and local entities have made to the region's subsistence and commercial fisheries.

In closing, I would like to thank the Board and staff for another productive year. Over the years, NSEDC has developed a strong set of core programs and activities, which provide the basis for our efforts to support economic development and fisheries operations in the region. The potential for the CEF and other initiatives launched in 2009 to build on these successes is exciting and we look forward to realizing their potential in the coming years.

Dan Harrelson

President and Chairman



NORTON SOUND FISHERIES RESEARCH AND DEVELOPMENT

Program Overview

The Norton Sound Fisheries Research and Development Program (NSFR&D) seeks to maximize opportunities for both subsistence and commercial harvests with projects that integrate fisheries research with applied fisheries biology. NSFR&D's priority is to help maintain sustainable populations of the region's most heavily utilized species: king salmon, red salmon, and red king crab. In addition to efforts directed at these species, NSFR&D also administers an on-going Clean Waters beach clean-up project, manages a number of projects that focus on increasing Coho and chum salmon returns, supports research and fisheries management activities, and pursues development of new fisheries within Norton Sound. In early 2009, a third biologist and two technicians were hired to assist with NSFR&D's increasing amount of activity.

Red Salmon Fertilization

One of NSFR&D's projects aimed at sustaining red salmon populations is the fertilization of Salmon Lake, which has had low levels of returns for a

number of years. Lake fertilization is intended to boost juvenile salmon's survival rates, by increasing the amount of algae or phytoplankton, which in turn increases the amount of zooplankton on which the juvenile salmon feed. The fertilization project began in 1996 with NSEDC funding fifty percent of the project. NSEDC has administered the full program since 2008. Based on studies of the effect of fertilization levels, NSFR&D has adopted an approach that uses only low levels of fertilization, in order to avoid over-population of Salmon Lake with juvenile salmon. Over-population is a partial cause of the low return rates in past years, as crowding results in smaller juvenile salmon that do not survive as well at sea. The current project goal is to maintain an escapement of 30,000 adults with a subsistence harvest of approximately 10,000 fish.

Clean Waters

The Clean Waters beach clean-up project nearly doubled in size in 2009, as fifty-six people were employed on crews in Gambell, Brevig Mission,

Saint Michael, Stebbins, and Little Diomedé. All of the projects significantly reduced the amount of debris in the communities' coastal areas. However, additional work will be needed in Saint Michael, Gambell, and Little Diomedé. In Saint Michael, the clean-up crew encountered scrap metal from abandoned or wrecked sternwheeler boats from the early 1900s, some portions of which were declared historic relics and could not be disturbed. NSFR&D will be seeking community input from Saint Michael on how to proceed with the clean-up efforts as it cannot continue without receiving additional permits. In Gambell, a fuel shortage delayed the start of the clean-up by several weeks, which made it difficult to complete all of the necessary activities. Gambell's clean up was also more extensive than other communities because of the amount of debris brought to Saint Lawrence Island by the strong ocean currents. In Little Diomedé, additional vessel support is required for debris removal. Clean up efforts will continue when an appropriate vessel becomes available. Due to the popularity of the clean-up projects and the resulting environmental and employment benefits, NSFR&D anticipates continuing the Clean Waters beach clean-up projects.

Increasing Coho and Chum Salmon Runs

In 2009, NSFR&D continued activities related to its salmon egg planting projects in Hastings Creek and Anvil Creek. In Hastings Creek, chum salmon eggs were planted in 2004 and the first year returns were recorded in 2008. In 2009, second year returns were recorded at Hastings Creek. As in 2008, the results were encouraging and indicated that the only chum salmon in Hastings Creek were those planted by NSFR&D. The combined 2008 and 2009 results indicated the return of one adult for each original spawning fish. The initial analysis shows a return rate of half of the actual return, since roughly one-half of the returning adults strayed to the Nome or Snake rivers. The high stray rate may be due to frequent closures of the mouth of Hastings Creek from wave action.



NSEDC, in cooperation with ADF&G and LGL Alaska Research Associates, study Coho smolt in the Niukluk River to estimate escapement needs and to help predict Coho salmon returns.



NSEDC staff Randall Willoya and Adrian Barr sort juvenile salmon and mark Coho smolt as part of the study to estimate the number of smolt moving down the Fish River drainage.

In Anvil Creek, Coho salmon eggs were planted in 2005. It appears that the Anvil Creek planting contributed to the late return of more than fifty Coho salmon to Dry Creek, which generally has a return of only one or two Coho adults. The return results for both Hastings Creek and Anvil Creek egg plants are encouraging as both have resulted in more adults returning than the wild stocks in the area. The Coho planting seems to yield three returning adults for each adult that spawned. The wild return was roughly one returning adult for every six that spawned - a very poor survival rate. While egg takes for Coho and chum egg planting were cancelled due to poor salmon returns in northern Norton Sound, NSFR&D continues to collect salmon to inspect otolith bones, which carry a marker that identifies if the salmon was one planted by NSFR&D.

Research and Management Activities

NSFR&D works cooperatively with governmental agencies and universities on fisheries research projects in order to further the amount of data available about species in the region, provide job opportunities and training to Norton Sound residents, and provide residents with the opportunity to play a larger role in the operation and management of local fisheries. As part of this effort, NSFR&D sponsors

internships with the Alaska Department of Fish and Game and the University of Alaska Fairbanks Marine Advisory Program. NSFR&D has placed salmon counting stations on the Snake, Eldorado, Pilgrim, Shaktoolik and North rivers. NSFR&D and its cooperators have also developed papers on escapement goals and return predictors for Nome River Coho salmon, Fish River smolt habitat requirements, and blue king crab morphometrics, which are currently under review.

Development of New Fisheries

In 2009, the NSEDC Board of Directors authorized a new project to investigate possible subsistence or

commercial fisheries of non-salmon species near Port Clarence and the Bering Strait. The authorization was based on a review of the federal and state trawl surveys, which indicated that longline fisheries for halibut, cod and other species might be feasible. As part of this project, three sets of longline gear have been distributed in Brevig Mission and Teller and longline gear has been assembled for Wales and Diomedea. NSEDC has also budgeted for boats to be purchased in 2010 for each of these communities to conduct exploratory work, in the hope that the local fishermen will discover potential for new fisheries within the Norton Sound.



Four to five inches long, these three year old Coho salmon head out to sea for the last time before returning to spawn.

NSEDC COMMUNITY BENEFITS

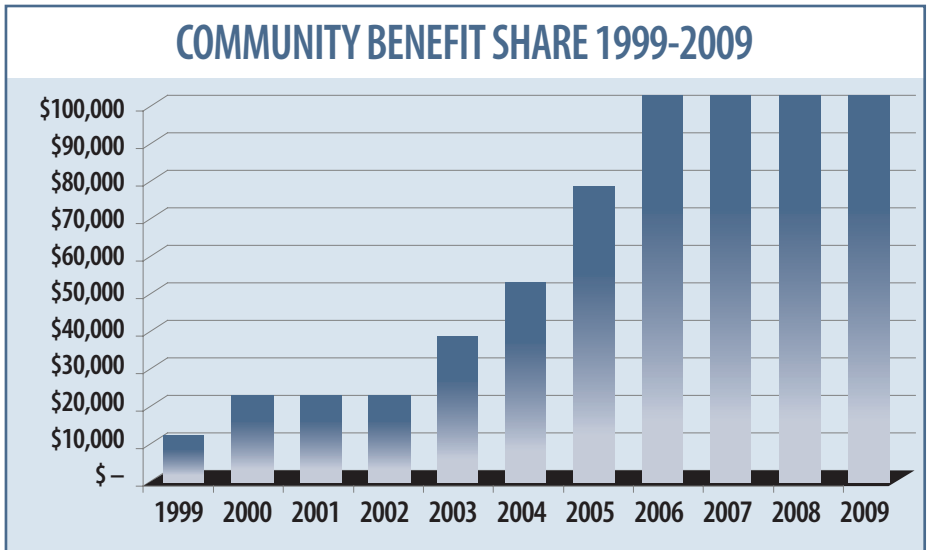
Community Benefit Share

At the 2009 third quarter meeting, the Norton Sound Economic Development Corporation (NSEDC) Board of Directors declared \$100,000 for the 2009 NSEDC Community Benefit Share (CBS). Throughout the eleven-year history of the CBS, NSEDC has distributed \$630,000 to each member community; bringing a total investment of \$9,450,000 directly into the Norton Sound region through this program.

Each member community receives an equal distribution of the share and the remittance is made to the municipal government. Through a public meeting process, the community decides how the benefit share will be utilized.

Consolidated Bulk Fuel Program

The Consolidated Bulk Fuel Program was administered for the fourth consecutive year in 2009. Through this program, NSEDC acts as a purchasing agent on behalf of participants by coordinating or-



ders, issuing requests for proposals to fuel suppliers, evaluating the proposals, and awarding the contract. NSEDC staff then serves as a single point of contact between the fuel supplier and participants. A main attraction of this program is that NSEDC is responsible for all payments to the fuel supplier, offering participants payment plans that are payable directly

to NSEDC. NSEDC does not charge interest or fees for administering this program, resulting in additional savings for all participants. Each year the program continues to expand in terms of the number of participants and the amount of fuel delivered. In 2009, twenty-four participants from fourteen communities received 1,130,767 gallons of Diesel #1 Heating Fuel



Koyuk residents participate in the "Prize Walk" at the 2009 Fishermen's Fair. As of 2009, NSEDC has hosted a Fishermen's Fair in each of our fifteen communities. The Fishermen's Fairs are held in honor of the local subsistence and commercial fishermen and their support of the Norton Sound fisheries.

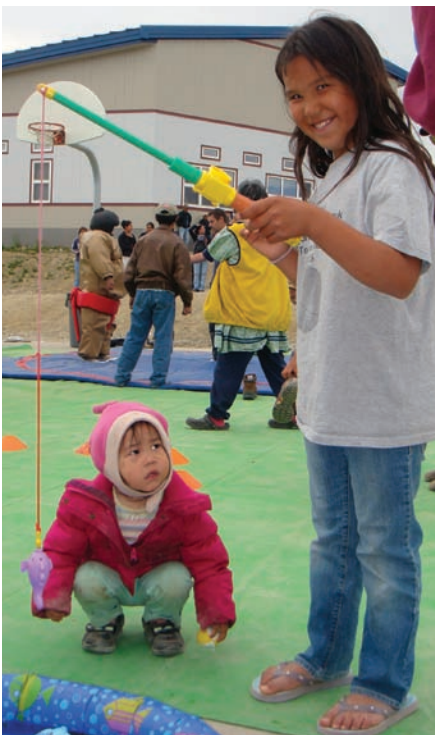


NSSC's cold storage facility in Nome opened for operations in June 2009.

and 405,003 gallons of Unleaded Gasoline delivered for a total cost of \$4,439,918.47.

Fishermen's Fairs

NSEDC continued Fishermen's Fairs in honor of local subsistence and commercial fishermen for their hard work and continued support of Norton Sound fisheries. Fairs were hosted in Elim and Koyuk in July and in Nome in August. NSEDC has now hosted a Fishermen's Fair in each of its fifteen member communities. A second round of fairs will begin in the summer of 2011.



Tatiana Otten (left) and Helga Takak (right) enjoyed the "Fish Pond" at Elim's Fishermen's Fair.

Shoreside Infrastructure Improvements Program

To further the development and expansion of the red king crab, halibut, salmon, herring, bait, cod, and other emerging fisheries in the Norton Sound region, NSEDC applied for a grant from the Economic Development Administration, a bureau of the U.S. Department of Commerce, in 2006. The \$1,500,000 grant award, along with matching funding from NSEDC, was used to construct a cold storage facility that features additional ice making capacity and live crab holding tanks. The grant also allowed NSEDC to procure a hydraulic crane for the existing Norton Sound Seafood Center (NSSC) in Nome.

The cold storage facility, located next to the seafood plant, is capable of efficiently storing 180,000 pounds of palletized and racked crab, halibut, salmon, cod, and other fish species. The new cold storage facility replaced NSSC's previous cold storage system of portable freezer conex vans, which were costly to maintain and operate. The facility's sheltered crab tank room hosts two 12'x10' and two 10'x10' holding tanks, reducing the need for immediate processing and extending the life of the harvested crab. This means less dead-loss, and in turn, increased profits to the fishermen.

Substance Abuse Prevention Program

The Little Dribblers Program was once again administered in each of the fifteen member communities and Shishmaref. As part of NSEDC's Substance Abuse Prevention Program, NSEDC donates \$3,000 to schools' elementary basketball programs. Basketball is a favorite sports activity in the Norton Sound



SBI Grant Recipient James Adams of Adams Northwest Driving Instruction.

region; it not only promotes physical fitness but also provides a healthy alternative to drugs, alcohol and delinquency. "Little Dribblers" is a favorite amongst youth, adults and elders alike.

Small Business Initiative

Thirty-one applications were received for the second annual NSEDC Small Business Initiative (SBI) grant program. Five applicants received a total of \$105,000 to establish or expand their small business. Grantees are listed in the chart below.

Community Energy Fund

In 2009, the Board approved the creation of the Community Energy Fund program, setting aside one million dollars for each of its fifteen member communities. The program was created as a means to facilitate the development of safe and reliable energy infrastructure in the Norton Sound region through the installation and construction of upgrades to community power generation and distribution systems, alternative/renewable energy

2009 NSEDC SMALL BUSINESS INITIATIVE GRANTS

Business Name	Business Owner	Location of Business	Award Amount
Adams Northwest Driving Instruction	James Adams	Nome	\$30,533
Western Alaska Sawmill	Fred Sagoonick	Shaktoolik	\$30,000
Snowflake Multimedia	Kendra Nichols-Takak	Nome	\$19,467
Bearing Song	Sarah Hofstetter	Nome	\$15,000
Idele's Sub-Shop & Eatery	Idele Aningayou-Desdier	Gambell	\$10,000

projects, and projects with potential for energy cost reduction.

In April 2009, the NSEDC Board approved the first \$1 million CEF grant, a proposal by the Unalakleet Valley Electric Cooperative for assistance with the construction of six 100 KW Northwind windmills. The construction of the windfarm was completed in October 2009. As of May 31, 2010, the wind turbines have saved an estimated 32,000 gallons of diesel fuel, equivalent to approximately \$83,200 for the residents of Unalakleet.



Little Dribbler Tournament in Teller, Alaska



Koyuk Malemute Little Dribblers

NSEDC LOAN PROGRAMS

Revolving Loan Program

Since 1993, NSEDC has assisted many local fishermen to more competitively participate in the Norton Sound commercial fisheries including herring, salmon, red king crab, halibut, and baitfish.

NSEDC offers low interest, minimal down payment loans to local residents for vessel and equipment upgrades and for purchasing fishing gear, outboard motors, Norton Sound salmon permits, Lower Yukon salmon permits, Norton Sound herring permits, and Norton Sound red king crab License Limitation Program (LLP) permits.

Terms:

- \$25,000 maximum for permit holders
- Up to 7-year payback term
- 10% minimum down payment
- Credit check and 90 day delinquency limit
- 0% interest for first 3 years
- 2% interest commencing in 4th year of loan

In 2009, NSEDC made thirty-two loans totalling \$300,563.20 to local residents in the communities of Elim, Golovin, Nome, Saint Michael, Shaktoolik, Teller and Unalakleet.

Large Vessel Loan Option

The Large Vessel Loan Option provides further assistance to local fishermen in acquiring suitable vessels and vessel re-powers for participation in the Norton Sound red king crab and 4D/4E halibut commercial fisheries. NSEDC designed the Large Vessel Loan Option to maximize benefits to fishermen at minimal cost to them. This option was introduced in 2001 and is still available as funds are repaid back into the program. In 2009, the terms of the Large Vessel Loan were:

Terms:

- \$100,000 maximum for LLP permit holders
- \$75,000 maximum for non-LLP permit holders
- 5% minimum down payment
- Credit check and 90 day delinquency limit
- 0% interest for first 3 years
- 2% interest commencing in 4th year of loan

2009 REVOLVING LOANS

Community	Loan Amount
Elim	\$27,210.85
Golovin	\$6,543.00
Nome	\$36,455.65
Shaktoolik	\$129,457.36
Saint Michael	\$4,211.99
Teller	\$15,771.85
Unalakleet	\$80,912.50
Grand Total	\$300,563.20



Please visit www.nsedc.com for more loan information and applications.

NORTON SOUND SEAFOOD PRODUCTS

Norton Sound Seafood Products (NSSP), a division of NSEDC, has supported and provided a market for commercial fisheries in the Norton Sound for over fourteen years. NSSP purchases, processes, markets, and sells herring, salmon, halibut, crab, and bait. NSSP's facilities include the Unalakleet plant, Savoonga halibut buying station, Norton Sound Seafood Center in Nome, and buying stations in Teller, Golovin and Shaktoolik.

Housing and Transportation Assistance

Seeking to expand employment to residents outside of Nome and Unalakleet, the NSEDC Board of Directors approved a new program in 2009. The program provides housing and transportation assistance to those applicants residing in communities surrounding Nome and Unalakleet. Of the eighty-eight residents that worked at the Norton Sound Seafood Center, nineteen area residents received housing assistance to work in Nome and the halibut plant in Savoonga in 2009. Of the one hundred twenty residents employed at the Unalakleet plant, thirty-two received housing assistance.

Open-Access & CDQ Norton Sound Red King Crab

In 2009 the CDQ and Open Access fisheries ran concurrently with the seasons starting on June 15th

and closing September 20th. In three hundred fifty-nine landings, four CDQ fishermen were paid a total of \$85,619.78 for delivery of 28,125 pounds of crab and twenty-five Open Access fishermen were paid a total of \$1,053,648.31 for delivery of 332,415 pounds of crab.

CDQ Halibut

The number of Savoonga fishermen increased from six to twelve in 2009. Using open skiffs, they delivered 25,762 pounds of halibut to the Savoonga plant with an ex-vessel value of \$79,678.45.

In Nome, twelve fishermen delivered a total of 117,526 pounds of halibut with an ex-vessel value totaling \$375,002.16. Each fisherman was paid an average of \$31,250.17. The 2009 delivery totals were notably lower than those in 2008, as the unusual length of the 2009 crab season and inclement weather conditions that forced fishing boats into port limited the number of halibut landings.

Salmon

2009 was another successful year for salmon fishermen. The market price for Coho salmon remained strong during the season. Prices, per pound, were \$1.50 for Coho salmon, \$0.35 for chum salmon, and \$0.25 for pink salmon. NSSP paid fishermen \$0.05 less per pound for salmon delivered to tender vessels. In total, salmon fishermen received



145,873 pounds of halibut was delivered to the NSSC. The photo, courtesy of Peggy Fagerstrom, shows Don Stiles and Adem Boeckmann with a portion of the catch.

\$960,537.00 for their harvests.

Fillets were produced for retail sales at the Norton Sound Seafood Center in Nome and approximately 37,000 pounds of processed roe was recovered.

NSSP thanks the fishermen and tender vessel crews for taking exceptional care of the product.
Thank you for a great season!



2009 NSSP COMMERCIAL HARVEST								
COMMUNITY	POUNDS							
	RED	COHO	CHUM	PINK	CDQ CRAB	OPEN ACCESS CRAB	HALIBUT	HERRING
ELIM	--	77,582	11,445	1,164	--	1,763	--	--
GOLOVIN	--	6,644	130	--	--	25,507	--	--
KOYUK	--	8,559	5,185	697	--	--	--	--
NOME	--	--	--	--	28,125	194,423	110,639	--
SAVOONGA	--	--	--	--	--	--	25,762	--
SHAKTOOLIK	235	131,824	77,033	13,539	--	58,549	6,887	--
UNALAKLEET	322	458,486	146,186	31,124	--	52,173	--	53,517

EDUCATION, EMPLOYMENT & TRAINING

Education

The NSEDC Scholarship Program has historically been one of the most distinctive benefit programs offered by the corporation. In 2009, a record total of \$622,169 was awarded to students seeking higher education at an accredited college or vocational school. Of this total, \$235,335 was awarded in the first quarter to one hundred twenty-six students; \$50,500 was awarded in the second quarter to twenty-six students; \$316,334 was awarded in the third quarter to one hundred sixty-three students; and \$20,000 was awarded in the fourth quarter to ten students.

Employment

In partnership with Glacier Fish Company (GFC) and Aleutian No. 1 LLC, NSEDC offers employment opportunities to regional residents on commercial fishing vessels for the Bering Sea pollock and Bering Sea/Aleutian Islands crab fisheries. Employment on these vessels represents an important opportunity for Norton Sound residents to gain greater knowledge and experience with Bering Sea commercial fishing. These jobs also allow residents to earn and bring home significant wages. In the first quarter, the *F/T Northern Glacier*, *F/T Alaska Ocean*, *C/P Glacier Bay*, and *F/V Aleutian No. 1* crews included eighteen Norton Sound residents who brought home a combined total of \$149,308 in crew share wages. In the second quarter, the *F/T Pacific Glacier*, *F/T Northern Glacier*, *F/T Alaska Ocean*, *C/P Norton Sound*, and *C/P Glacier Bay* crews included twenty-five Norton Sound residents, who brought home a combined total of \$269,905 in crew shares. In the third quarter, the *F/T Pacific Glacier*, *F/T Alaska Ocean*, *C/P Norton Sound*, and *F/V Aleutian No. 1* crews included thirty Norton Sound residents who earned a combined total of \$256,879 in crew share wages. In the fourth quarter, the *F/T Pacific Glacier*, *F/T Alaska Ocean*, *C/P Norton Sound*, *C/P Glacier Bay*, and *F/V Aleutian No. 1* crews included twenty-two Norton Sound residents who earned a combined total of \$116,248 in crew share wages.



Winton Weyapuk, Jr. (standing) was the instructor for the Inupiaq Language class in Wales, Alaska.

Training

The Education, Employment and Training (EET) program helps to support the training efforts of various organizations in each of NSEDC's member communities by sponsoring community-based training programs and classes throughout the year. In 2009, community-based training sponsorships were provided to help fund Inupiaq language classes in Wales and Unalakleet, the Mary's Igloo Traditional Council Sled Building Class, a Gambell

"Behind the Wheel" drivers education class, a Brevig Mission Sewing Class, a crab pot class in Savoonga, and a spoon making (Qayuutaq) class in Koyuk.

The EET Program also provided funding for Norton Sound residents to attend an Indian Valley Seafood Processing Class, a marine safety drill instructor course, a hazard analysis and critical control point training class, and Alaska Vocational Technical Center seafood processing classes.

2009 NSEDC EDUCATION AND TRAINING STATISTICS		
	People	Expenditures
Scholarships		
Post-Secondary	273	\$516,169.00
Vocational	52	\$106,000.00
Total Scholarships	325	\$622,169.00
Fisheries Related Training	30	\$52,260.75
Other Training	92	\$43,246.90
Total Training	122	\$95,507.65
TOTAL	447	717,676.65

2009 EMPLOYMENT STATISTICS*

	People	Wages
Management/Administrative		
NSEDC	12	\$758,819.89
NSSP	6	\$286,274.20
Total Management/Administrative	18	\$1,045,094.09
CDQ Pollock Related	78	\$543,012.38
NSSP Employment	177	\$577,716.17
Other NSEDC Employment	34	\$532,011.90
Other Fishing		
GFC - Longline	8	\$43,701.88
Aleutian No. 1	6	\$70,674.00
O/A Norton Sound Winter Red King Crab	8	\$25,344.00
O/A Norton Sound Red King Crab	23	\$1,007,292.05
NSEDC CDQ Red King Crab	4	\$50,706.29
Norton Sound Salmon	88	\$1,024,997.94
Norton Sound Herring	5	\$16,055.10
NSEDC CDQ Halibut	30	\$446,503.09
Pacific cod/saffron cod	3	\$1,847.70
Total Other Fishing	175	\$2,687,122.05
NSEDC Community Outreach Liaisons	14	\$77,700.00
Interns		
NSEDC Administration	2	\$12,138.23
NSEDC Salmon Rehab.	5	\$71,362.02
Alaska Dept. of Fish & Game	5	\$60,790.52
Fisheries Development	76	\$408,028.54
Total Interns	88	\$552,319.31
GRAND TOTAL	584	\$6,014,975.90

*Information in this chart represents the employment of individuals residing in the Norton Sound region.

2009 CDQ FISHERIES

Quota Management

In 2009, NSEDC actively managed the harvest of fish quota in over twenty commercial fisheries off the coast of Alaska – including both Community Development Quota (CDQ) and Individual Fishing Quotas (IFQ).

NSEDC enters into contractual agreements with harvesters and processors to share in revenues generated from the harvest of CDQ and IFQ resources and the eventual sale of related products. NSEDC benefits from these arrangements through the payment of royalties or lease fees, sharing of profits and distribution from ownership interests, in addition to employment opportunities created for Norton Sound residents.

2009 CDQ Fisheries

NSEDC conducted directed CDQ fishing operations for Alaska pollock in the Bering Sea, Pacific cod and

sablefish in the Bering Sea/Aleutian Islands, golden king crab (also known as brown crab) in the Eastern Aleutian Islands, red king crab in Bristol Bay and Norton Sound, opilio and bairdi tanner crab in the Bering Sea, Greenland turbot and arrowtooth flounder in the Bering Sea, Atka mackerel in the Aleutian Islands, and Pacific halibut in IPHC Area 4D. There was no directed fishery for CDQ yellowfin, flathead sole and rock sole during 2009. The harvest of these flatfish quotas continues to be particularly difficult due to the high levels of Total Allowable Catch (TAC) in the open access fisheries and lower product values.

NSEDC works with a variety of harvesting partners in the pursuit of these target fisheries. NSEDC also continues working with longstanding harvesting partners – Glacier Fish Company (GFC) and United States Seafood (USS) – as well as taking advantage of new opportunities and business relationships.

Although 2009 quota levels were lower in some key fisheries such as pollock, and values were depressed for many seafood products such as cod, NSEDC still had another good year, generating over \$11.6 million in royalties in the harvest of these CDQ fisheries.

2009 IFQ Fisheries

NSEDC started acquiring IFQ in 1997 and now owns access to a range of fisheries including sablefish in the Bering Sea/Aleutian Islands and Gulf of Alaska, halibut in IPHC Area 3B, and a variety of crab fisheries.

In 2009, NSEDC generated almost \$1.6 million in lease fees and royalties from harvests in these fisheries while working with a wide range of harvesters. A summary of harvests and harvesters are shown in the table below.

NSEDC thanks our harvesting and processing partners for another successful year!

CDQ FISHERY	TARGET HARVEST AMOUNT	MT/LB.	HARVESTER
POLLOCK	17,930	mt	F/T Northern Glacier, F/T Pacific Glacier, F/T Alaska Ocean (Glacier Fish Company)
PACIFIC COD	3,111	mt	F/V Prowler (APICDA) and C/P Norton Sound, C/P Glacier Bay (GFC)
CRAB			
E. Aleutian Is. brown king	66,150	lb.	F/V Aleutian No. 1 (A1 LLC)
Bristol Bay red king	288,162	lb.	F/V North Sea, F/V Bering Sea (CVRF)
Bering Sea Opilio	1,053,900	lb.	F/V Aleutian No. 1(A1 LLC) and F/V Baranof (Romanzof Fishing Co.)
Bering Sea Bairdi	49,734	lb.	F/V Seabrooke (Seabrooke Ent.), F/V Western Mariner (BBEDC)
Bering Sea Bairdi	24,300	lb.	F/V Bering Sea (CVRF)
Norton Sound red king	28,125	lb.	Norton Sound Fishermen
OTHER GROUND FISH			
Atka mackerel	1,197	mt	F/V Seafreeze Alaska, F/V Alaska Knight, F/V Ocean Alaska (US Seafoods)
Pacific Ocean Perch (POP)	230	mt	
Arrowtooth flounder	532	mt	F/V Ocean Alaska (US Seafoods)
Greenland turbot	43	mt	
SABLEFISH			
Aleutian Islands	75	mt	F/V Judi B (BBEDC)
Bering Sea	10	mt	F/V Lisa Marie, F/V Andronica (YDFDA)
HALIBUT			
	65,801	lb.	F/V Shemya (Shemya Fisheries), F/V Saint Paul (CBSFA)
	143,288	lb.	Norton Sound Fishermen
IFQ FISHERY	TARGET HARVEST AMOUNT	LB.	HARVESTER
SABLEFISH			
Central Gulf of Alaska	138,938	lb.	F/V Provider, F/V Silver Storm, F/V Current (Fishermen's Wild Alaskan Seafood) and C/P Norton Sound (GFC)
Western Gulf of Alaska	47,944	lb.	C/P Norton Sound (GFC), F/V Current (FWAS)
Aleutian Islands	48,639	lb.	C/P Norton Sound (GFC)
HALIBUT - 3B	29,806	lb.	F/V Provider (FWAS)
CRAB			
E. Aleutian Is. brown king	550,004	lb.	F/V Aleutian No. 1 (A1 LLC)
Bristol Bay red king	65,083	lb.	F/V Bering Sea, F/V North Sea (CVRF) and F/V Baranof (Romanzof)
Bering Sea Opilio	270,115	lb.	F/V Aleutian No. 1 (A1 LLC) and F/V Baranof (Romanzof)
Bering Sea Bairdi	11,432	lb.	F/V Seabrooke (Seabrooke Ent.)
Bering Sea Bairdi	10,647	lb.	F/V Seabrooke (Seabrooke Ent.)

SIU ALASKA CORPORATION 2009



Siu Alaska Corporation (Siu) is a for-profit subsidiary formed and 100% owned by NSEDC. The purpose of Siu is to earn profits and return dividends to NSEDC for its non-profit activities. 2009 was Siu's first full year of operation. NSEDC provided Siu with a strong initial asset base consisting of investments in Aleutian No. 1 LLC, PS Fisheries LLC, GB Fisheries LLC, and Glacier Fish Company LLC. Siu completed start-up activities in 2009; the corporation is managing its existing assets and continually exploring opportunities for growth.

Glacier Fish Company

Despite Total Allowable Catch (TAC) reductions of over eighteen percent and fluctuating market prices, Glacier Fish Company (GFC), joined by new partner Nissui, was profitable in 2009. The company

harvested over 170 million pounds of fish and sold over 53 million pounds of processed fish. GFC also completed repairs on the *F/T Pacific Glacier*, which suffered an on-board fire in 2008, and prepared the vessel for the pollock B season. Thank you to all the employees at Glacier Fish Company for a safe and successful year.

F/V Aleutian No. 1

In 2009, the *F/V Aleutian No. 1* was upgraded to enhance operating efficiency and increase safety for the crew. The crew, including Captains Rip Carlton and Rick Alvarez, Norton Sound's own Luke Smith from Golovin and White Mountain, and Sam Goodhope from Brevig Mission, had a successful season. They fished primarily for golden king crab along the Aleutian Islands. The *F/V Aleutian No. 1* landed approximately 1.2 million pounds of crab, which enabled the LLC to make distributions, including to its member the Bering Sea Women's Group.

F/V Pacific Star

In 2009, the *F/V Pacific Star* worked off the coasts



F/V Aleutian No. 1

of California and Oregon under a charter for ocean bottom surveying and mapping. The five-year certification check was due in 2009, though it required a substantial amount of work, it positioned the vessel for smooth sailing in the coming years.

Siu looks forward to the continued success of these enterprises and to developing new investments, in order to provide NSEDC with the resources to fulfill its mission and goals in the Norton Sound region.



F/T Alaska Ocean

REGIONALLY OPERATED VESSELS



T/V Norton Bay

Length: 39 feet

Products: Supports NSSP buying and processing operations for local fishermen in the Norton Sound region.



T/V Inaliq

Length: 62.5 feet

Products: Supports NSSP buying and processing operations for local fishermen in the Norton Sound region.



T/V Golovin Bay

Length: 38 feet

Products: Supports NSSP buying and processing operations for local fishermen in the Norton Sound region.



T/V Egavik

Length: 61.5 feet

Activity: Supports NSSP buying and processing operations for local fishermen in the Norton Sound region.



Besboro Barge

Length: 33 feet

Products: Supports buying and processing operations for local fishermen in the Norton Sound region.

OTHER VESSELS



F/V Pacific Star

Length: 180 feet

Products: Chartered by NOAA several times a year for survey work.

DEVELOPMENT CORPORATION VESSELS



F/V Aleutian No. 1

Length: 105.3 feet

Products: CDQ golden king crab, red king crab, opilio crab and bairdi crab in the Aleutian Islands and Bering Sea.



F/T Alaska Ocean

Length: 376 feet

Products: Bering Sea pollock and Pacific Whiting surimi and fillets, pollock roe, fishmeal, fish oil.



F/T Pacific Glacier

Length: 276 feet

Products: Frozen-at-sea Alaska pollock fillets and surimi, as well as Pacific Whiting surimi and fillets, Alaska pollock roe, and Alaska cod fillets.



F/T Northern Glacier

Length: 201 feet

Products: Frozen-at-sea Alaska pollock fillets, pollock mince blocks, pollock surimi, pollock surimi, Pollock roe, shatter pack Alaska cod fillets, cod roe.



C/P Norton Sound

Length: 136 feet

Products: Frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, cod roe.



C/P Glacier Bay

Length: 154 feet

Products: Frozen-at-sea H&G Alaska cod, H&G Alaska pollock, skin-on pin bone-in fillets, Alaska pollock roe, cod roe.

Norton Sound Economic Development Corporation

Schedule of General and Administrative Expenses Year Ended December 31, 2009

BOARD EXPENSES:

Stipends/Honorariums	151,850
Transportation	158,076
Per Diem	352,694
Insurance	49,272

STAFF:

Salaries	1,018,792
Benefits	282,388
Payroll Taxes	118,185

TRAVEL/PER DIEM:

Staff	194,336
Contract Personnel/Consultants	2,362

TRAINING:

Staff	20,621
Board Members	413
Audit/Accounting	121,968
Legal Fees	514,893

OTHER:

Meetings Space, Catering & Meal Expenses	44,806
Contract Services	367,746
Rent	190,467
Supplies and Equip. Purchases	120,161
Postage/Freight	13,654
Communications	41,787
Insurance	282,447
Dues and Subscriptions	3,643
Equipment R and M	1,820
Equipment/Storage Rentals	15,807
Advertising/Brokerage	4,931
Fees and Licenses	22,785
Miscellaneous	130,584
Donations and Contributions	811,320
Depreciation	299,737
Discretionary Grants	121,018

Total Administrative:

5,458,563

** The amounts shown on this statement only reflect the salaries, benefits and payroll taxes of NSEDC's administration. The totals for all of NSEDC's salaries, benefits and payroll taxes are \$2,846,245, \$700,089 and \$292,166 respectively.*

Norton Sound Economic Development Corporation

Consolidated Statements of Financial Position

December 31, 2009 and 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 7,784,013	11,445,023
Designated cash and cash equivalents	2,403,272	3,257,582
Investments in marketable securities, short term	26,664,934	26,350,617
Accounts receivable	6,846,523	3,670,845
Interest receivable	128,686	233,522
Inventory	442,989	695,628
Prepaid expenses and other assets	152,093	37,733
Short-term notes receivable	5,737,640	4,305,635
Total current assets	<u>50,160,150</u>	<u>49,996,585</u>
Notes receivable, net of allowance of \$572,784 and \$526,511, in 2009 and 2008	<u>1,603,211</u>	<u>1,653,883</u>
Investments:		
Investment in marketable securities	24,427,962	15,506,092
Designated investments in marketable securities	6,969,299	4,595,312
Investment in Glacier Fish Company, LLC	29,695,694	29,614,006
Investment in Pacific Star Fisheries, LLC	-	814,557
Investment in Ocean Olympic, LLC	-	66,044
Investment in Glacier Bay Fisheries, LLC	756,937	1,085,154
Goodwill in Glacier Bay Fisheries, LLC	440,854	440,854
Goodwill in Pacific Star Fisheries, LLC	1,123,118	617,251
Investment in quota share units	10,560,851	9,966,883
Total investments	<u>73,974,715</u>	<u>62,706,153</u>
Property, plant, and equipment, net of accumulated depreciation of \$6,072,606 in 2009 and \$4,220,196 in 2008	12,179,081	8,656,806
Prepaid leases, net of accumulated amortization of \$237,636 in 2009 and \$202,781 in 2008	867,463	902,319
Life insurance surrender value	389,413	326,891
Other notes receivable	2,417,137	2,417,137
Total assets	<u>\$ 141,591,170</u>	<u>126,659,774</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	5,222,652	2,201,762
Income tax payable		
2008	303,474	823,323
2007	-	43,369
Total current liabilities	<u>5,526,126</u>	<u>3,068,454</u>
Noncurrent deferred income tax liability	811,542	-
Total liabilities	<u>6,337,668</u>	<u>3,068,454</u>
Net assets:		
Controlling interests:		
Unrestricted net assets:		
Undesignated	125,038,145	115,738,426
Designated	9,372,571	7,852,894
Non-controlling interests:		
Contributed capital	653,604	-
Unrestricted/Undesignated net assets	189,182	-
Total net assets	<u>135,253,502</u>	<u>123,591,320</u>
Total liabilities and net assets	<u>\$ 141,591,170</u>	<u>126,659,774</u>

See accompanying notes to consolidated financial statements

Norton Sound Economic Development Corporation

Consolidated Statements of Activities
Years Ended December 31, 2009 and 2008

Changes in unrestricted net assets:	2009	2008
Revenues and support:		
Harvesting revenue	13,281,016	12,312,560
Crab revenue	4,054,077	6,079,850
Fishing and fish processing	3,286,570	4,372,207
Investment income, net	10,665,071	(16,361,188)
Charter revenue	516,376	-
Grant revenues	169,868	864,750
Other income	523,408	445,822
Revolving loan income	19,271	14,797
Total unrestricted revenues, gains and other support	<u>32,515,657</u>	<u>7,728,798</u>
Expenses and losses:		
Program services:		
CDQ harvest management	161,673	304,740
CDQ crab marketing	-	3,180
Fisheries development	998,571	804,513
Salmon rehabilitation and enhancement	827,433	626,867
Training and scholarships	1,072,626	873,560
Revolving loan program	110,442	60,175
Shoreside improvements	1,278,391	318,245
Community benefits	1,737,621	1,670,240
Bulk fuel	54,998	1,271,038
Small Business Initiative	93,439	62,860
Community outreach	478,251	460,802
Tender vessel management	1,054,661	633,903
NSIC	84,271	307,758
CDQ fees	39,550	-
Total program services	<u>7,991,927</u>	<u>7,397,881</u>
Fishing and fish processing	6,145,138	6,539,644
Administrative expenses	3,748,171	3,381,658
Administrative expenses Siu	1,538,880	-
Administrative expenses Education Foundation	171,512	-
Pacific Star Fisheries, LLC expenses	687,890	-
Aleutian No. 1, LLC expenses	4,652,950	4,060,696
Total expenses	<u>24,936,468</u>	<u>21,379,879</u>
Equity in earnings of limited liability company	3,529,397	5,141,284
Gain on sale of Glacier Fish Company, LLC	-	9,082,729
Gain on redistribution of capital in Glacier Fish Company, LLC	-	16,710,220
Gain on disposal of investment and fixed assets	222,916	-
Increase in unrestricted net assets from operations, before taxes and non-controlling interests	11,331,502	17,283,152
Income tax (expense) benefit:		
Tax expense	(811,542)	(3,882,778)
Increase in unrestricted net assets before non-controlling interests	10,519,960	13,400,374
Increase (decrease) in unrestricted net assets attributable to non-controlling interest	(299,436)	-
Increase in unrestricted net assets attributable to controlling interest	<u>\$10,819,396</u>	<u>13,400,374</u>

See accompanying notes to consolidated financial statements

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Norton Sound Economic Development Corporation (Company) is a non-profit corporation organized to represent the Norton Sound region of Alaska in the Community Development Quota (CDQ) program. The CDQ program was established by the federal government in 1992. The program was established by reserving 7.5%, (subsequently increased to 10%), of the total allowable catch (TAC), of pollock for the Bering Sea and Aleutian Islands areas of Alaska. The reserve was then allocated to the CDQ groups. The program has been expanded to include other species and a greater portion of the pollock TAC. The Company's 2009 and 2008 pollock allocation was 17,930 and 22,000 metric tons, respectively. The CDQ allocation program is on a calendar year basis and allocations awarded cannot be taken in subsequent years if the previous year's allocations were not fully utilized.

As a result of Section 416 of the Coast Guard and Maritime Transportation Act as of 2006, which amended Section 305(i) (1) of the Magnuson-Stevens Fishery Conservation and Management Act, the Company's receipt of CDQ allocations was fixed at the same percentage level as its 2006 allocations for all allocated species and such percentages may not be changed until 2012. The Company has entered into an agreement for the duration of the CDQ allocation with a harvester to harvest the pollock allocations. Amounts received vary depending upon the specific availability and market prices.

The Company's primary purpose is to develop and sustain new and ongoing economic activity in the Norton Sound region. The Company's mission outlines its intentions to provide a balance between local economic development oriented towards the residents in the region and active participation in the distant-water fisheries in the Bering Sea and Aleutian Islands. The Company implements programs to educate, train, and employ people of the region; build infrastructure to help support the new and existing fisheries; start new fisheries through locally initiated development efforts; support the local salmon, herring, crab, and halibut fishermen; restore salmon runs in the region for both commercial and subsistence users; provide gear, vessels, and secure equity interests in companies and vessels. The Company has not entered into any significant long-term agreements or commitments other than its agreements with the harvesters of its CDQ allocations.

In 2008, the Company sold 25% of its interest in Glacier Fish Company, LLC and acquired 100% ownership in PS Fisheries, LLC.

In 2009, Siu Alaska Corporation sold 25% and donated 25% of its 100% interest in Aleutian No. 1, LLC, dissolved its investment in Ocean Olympic, LLC and acquired 100% of Pacific Star Fisheries, LLC.

Accounting Estimates and Assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from the estimates and assumptions.

Principles of Consolidation

In 2008, the consolidated financial statements include GB Fisheries, LLC, PS Fisheries, LLC and Siu Alaska Corporation, a wholly owned subsidiary formed in 2008. In 2009, the consolidated financial statements include Aleutian No. 1, LLC, PS Fisheries, LLC and Pacific Star Fisheries, LLC, which are consolidated into Siu Alaska Corporation. Additionally, the consolidated financial statements include the NSEDC Education Foundation. All significant intercompany transactions and accounts have been eliminated in the consolidation.

Basis of Presentation

The accompanying financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Company exercises fiscal and operational control.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues and support are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Contingent royalty payments are recognized when the amount is fixed and determinable and collection is assured.

Fair Value of Financial Instruments

The Company must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the Company's investments. The carrying amounts of the Company's investments were determined based on quoted market prices.

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

The carrying amount of the notes receivable approximates fair value for those financial instruments with interests at variable rates, as those rates approximate current market rates for notes with similar maturities.

The fair value of the notes receivable that do not have set consistent payment cannot be determined since there is no active market to compare.

Cash and Cash Equivalents

The Company considers cash and short-term instruments with original maturities of 90 days or less to be cash equivalents.

Investments in Marketable Securities

The Company carries investments at fair value. The change in the fair value is included in the consolidated statement of activities.

Investments in marketable securities consist of mutual funds, equity securities, U.S. Agency obligations, and corporate debt securities. For purposes of calculating realized gains and losses, cost is determined by the specific identification method on a trade date basis.

Classification of investments as short-term and long-term is based on the length of time management intends to hold the investment. Management intends to hold short-term investments less than one year.

Inventory

Inventory is valued at the lower of aggregate cost or fair value (first in, first out).

Short-Term Notes Receivable

These amounts represent amounts due from Communities and Village Entities for bulk fuel purchases.

Investments in Limited Liability Companies

The equity method of accounting is used to account for the Company's investment in the Glacier Fish Company, LLC, Ocean Olympic, LLC and Glacier Bay Fisheries, LLC, whereby the Company records its proportionate share of the LLC's net income or loss.

Generally Accepted Accounting Principles (GAAP) provides guidance in determining when variable interest entities should be consolidated in the financial statements of the primary beneficiary. An evaluation of Norton Sound Economic Development Corporation's investments in variable interest entities indicated that consolidation is not required under GAAP.

Investment in Individual Fishing Quota

The Company has investments in fishing privileges under the Individual Fishing Quotas (IFQ) program, which was established by the federal and state governments to allocate halibut, sablefish, and various crab species to the established fishers based on historical catch. IFQ's are considered an indefinite life intangible asset and are carried at cost and measured annually for impairment.

Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost when purchased or at fair market value of date of gift, when donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally two to ten years.

Provision for Loans, Accounts Receivable, Notes, and Contract Losses

The Company provides for loans, accounts receivable, notes, and contract losses based on the estimated losses determined through management's periodic reviews of the outstanding loan portfolio. The estimation of losses considers prior loan charge-offs and recoveries against the allowance as well as the economic conditions and the character of the credit risks. Allowances for loans, accounts receivable, notes, and contract losses are subjective and may be adjusted in the future.

Community Development Quota

The fair value of the quota received by the Company from the federal government is not considered to be determinable within reasonable limits. Accordingly, no value has been assigned to the quota in the financial statements.

Income Taxes

The Company is exempt from the federal and state income taxes under provisions of Section 501(c) (4) of the Internal Revenue Code, except for taxes on unrelated business income. In evaluation of unrelated business income, the Company follows GAAP, when accounting for uncertainty in income taxes. The Company's policy is to include penalties and interest associated with income taxes in income tax expense.

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

Commitments and Contingencies

Liabilities for loss on contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that the liability has been incurred and the amount of the assessment or cost can be reasonably estimated.

Designated Cash and Investments

The Company's Board of Directors has designated \$2,403,272 and \$3,257,582 in cash and cash equivalents and \$6,969,299 and \$4,595,312 of long-term investments at December 31, 2009 and 2008, respectively for the Education Endowment Fund. As part of the CDQ program and past approved Community Development Plans, the Company previously contributed a portion of the CDQ proceeds to the Education Endowment Fund, which is intended to finance training and scholarships.

INVESTMENTS

A summary of marketable securities at December 31, 2009 follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
Bonds and Notes	\$20,392,274	20,570,353	178,079
Equities	<u>38,539,309</u>	<u>37,491,842</u>	<u>1,047,467</u>
	<u>\$58,931,583</u>	<u>58,062,195</u>	<u>(869,388)</u>

Composed of:

Investment in marketable securities, short-term	\$26,664,934
Investment in marketable securities, long-term	24,427,962
Designated investment in marketable securities	<u>6,969,299</u>
	<u>\$58,062,195</u>

Investment income, net, consist of the following at December 31, 2009:

Realized (losses) gains, net	\$(1,109,558)
Dividend and interest	2,249,110
Unrealized gains (losses), net change for the year	9,742,520
Investment management fees	<u>(217,001)</u>
	<u>\$10,665,071</u>

A summary of marketable securities at December 31, 2008 follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
Bonds and Notes	\$16,871,264	16,340,921	(530,343)
Equities	<u>45,443,695</u>	<u>30,111,100</u>	<u>(15,332,595)</u>
	<u>\$62,314,959</u>	<u>46,452,021</u>	<u>(15,862,938)</u>

Composed of:

Investment in marketable securities, short-term	\$26,350,617
Investment in marketable securities, long-term	15,506,092
Restricted investment in marketable securities	<u>4,595,312</u>
	<u>\$46,452,021</u>

Investment income, net consists of the following at December 31, 2008:

Realized (losses) gains, net	\$(5,191,894)
Dividend and interest	2,955,273
Unrealized gains (losses), net change for the year	(13,639,849)
Investment management fees	<u>(484,718)</u>
	<u>\$(16,361,188)</u>

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. The Company does not have investments for which quoted market prices are not available.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. The following table provides information as of December 31st about the Company's financial assets measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value:				
Investments - 2009	<u>\$58,062,195</u>	<u>-</u>	<u>-</u>	<u>58,062,195</u>
Investments - 2008	<u>\$46,452,021</u>	<u>-</u>	<u>-</u>	<u>46,452,021</u>

Given the narrow definition of Level 1 and the Company's investment asset strategy, all of the Company's investment assets are classified in Level 1. Changes in investments are presented on the statement of activities as investment income or loss.

ACCOUNTS RECEIVABLE

The balance of accounts receivable at December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Trade and Royalties	\$4,631,175	2,791,045
Grants	1,034,618	864,750
Taxes	1,165,915	-
Other	14,815	15,050
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$6,846,523</u>	<u>3,670,845</u>

NOTES RECEIVABLE

Notes receivable consist of the following at December 31, 2009:

Loans to individuals	\$2,221,398
Less allowance	<u>(618,187)</u>
	<u>\$1,603,211</u>

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

Notes receivable consist of the following at December 31, 2008:

Loans to individuals	\$2,180,394
Less allowance	<u>(526,511)</u>
	<u>\$1,653,883</u>

Short-term notes receivable are advances to Communities and Village Entities for bulk fuel purchases.

Balance December 31, 2009	\$5,737,640
Balance December 31, 2008	\$4,305,635

Other notes receivable of \$2,417,137 is an interest only note due from BAT Fishing LLC, secured by fishing quota shares. Interest is at prime plus .25% and payments started on January 15, 2009 and continue through January 15, 2014.

Loans to individuals have scheduled repayments over one to seven years at 0% to 2%. The Company waived interest on loans to individuals from 1993 through 2009 due to the economic disaster in the fishing industry. Principal repayments are primarily made through individual payments and from a portion of the proceeds from the sale of the individuals' commercial harvests; accordingly, the notes are considered long-term in nature. These notes are secured by the equipment or vessels purchased with borrowed funds.

The allowance for doubtful accounts was \$572,784 and \$526,512 and the expense recognized for doubtful accounts was \$89,845 and \$36,640 at December 31, 2009 and 2008, respectively.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$1,121,805	1,065,761
Plant improvements	8,828,363	8,203,417
Vessels	7,928,616	3,484,984
Construction in progress	55,835	55,835
Land	317,068	67,005
Accumulated depreciation	<u>(6,072,606)</u>	<u>(4,220,196)</u>
Net property, plant, and equipment	<u>\$12,179,081</u>	<u>8,656,806</u>

Depreciation expense for 2009 and 2008 was \$1,130,759 and \$588,150, respectively.

PREPAID RENT LEASES

The Company participated in the construction and improvement of the City of Nome Small Boat Harbor by paying the City of Nome \$550,000 in 1998. In October 1999, in return for its payment, the Company executed a real property and preferential use agreement for approximately 40,000 square feet of Small Boat Harbor property and preferential use of that portion of the mooring and docking space immediately adjacent to the leased premises for an initial term of 35 years, and other considerations. In March 2006, the Company paid an additional \$555,100 for improvements to the harbor. The payments are being amortized over the life of the agreement. Amortization expense for the year ended December 31, 2009 and 2008 was \$34,856 for each year.

EMPLOYEE RETIREMENT PLAN

The Company has a defined contribution employee retirement plan covering all employees who are at least 18 years of age and have attained 1,000 hours of service with the Company. The Company expensed \$95,818 in 2009 for its contributions and \$91,546 in 2008.

OPERATING LEASES

The Company leases Anchorage office space, the Unalakleet plant and office, and space in White Mountain under lease agreements. Rent expense was \$278,017 and \$319,414 for the years ended December 31, 2009 and 2008, respectively. The Company is expected to pay \$248,646 in future minimum lease payments, for the next five years.

UNRELATED BUSINESS INCOME

The Company has reported to the Internal Revenue Service and the State of Alaska unrelated business income and paid unrelated business income tax, with respect to its 2005, 2006, 2007, and 2008 fiscal years. The Company believes that it has taken the appropriate steps to resolve any potential tax liability for its past years, and the Company is not under either a federal or state audit. The rules regarding the assessment of tax for past years are not certain, however, and no assurance can be given that neither the Internal Revenue Service nor the Alaska Department of Revenue will assert the Company is liable for tax for years prior to 2005.

Norton Sound Economic Development Corporation

Notes to Consolidated Financial Statements • December 31, 2009

At December 31, 2008 the Company recorded income tax payable of \$823,323 and \$3,956,662 in 2007 associated with its 2005 return, paid \$3,626,811 for its 2006 return during 2007, and recorded income tax payable at \$330,000 for a refund that was received of this amount, \$43,369 was paid in 2009. The federal income tax liability for 2008 is \$2,979,199 of which \$2,445,024 was prepaid and the income tax liability for the State of Alaska is \$903,579 of which \$733,152 was prepaid. The underpayment of \$704,602 has been accrued as income tax payable. Penalties and interest of \$118,721 for 2008 and \$70,645 for 2007 were accrued as income tax payable. \$519,849 of this was paid to the IRS in 2009 and \$303,475 was paid to the State of Alaska in 2010. The Company believes that none of its activities subject it to taxation of unrelated business taxable income for 2009. However, all subsidiaries conduct activities which are subject to federal and state taxation (Note XII).

GEOGRAPHIC AND BUSINESS CONCENTRATION

The Company's primary operations are involved in the fisheries of the Norton Sound and Bering Sea regions of Alaska. The program revenue received by the Company is largely a result of the Company's ability to contract the harvesting of the CDQ allocations received from the federal government. The majority of the Company's sales transactions were to Glacier Fish Company, LLC. The Company hires the majority of its seasonal labor from the Norton Sound region. As a result of the geographic and natural resource concentration, the Company's growth and activities depend upon the viability of the North Pacific fisheries of pollock, halibut, crab, and other species, the continued allocation of harvesting quotas by the federal government, and the ability to obtain skilled labor from the region. Any deterioration or improvements in these fisheries, quota allocations, or the labor pool could have a significant effect on the Company.

DISPUTES AND CLAIMS

The Company is involved in various disputes and claims. Due to the early stages of these matters, the Company's legal counsel is unable to provide opinions as to the outcome or quantify any potential liability. Management believes the resolution of these matters will not have a material effect on financial position, results of activities, or cash flows.

INCOME TAXES

The Company is subject to income tax only from the activities of its for-profit subsidiary, Siu Alaska Corporation, which is consolidated with Aleutian No. 1, LLC, PS Fisheries, LLC, Pacific Star Fisheries, LLC, GB Fisheries, LLC and Glacier Fish Company, LLC.

The significant types of temporary differences and carry forwards that give rise to deferred taxes are federal and state net operating loss carry forwards, federal and state contribution carry forwards, state income tax, education credit carry forward, and book to tax differences on LLC K-1's.

The components of the net deferred income taxes are as follows:

		<u>2009</u>	
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Noncurrent deferred tax asset	\$1,733,604	610,491	2,344,095
Noncurrent deferred tax liability			
valuation allowance	<u>(2,472,158)</u>	<u>(683,479)</u>	<u>(3,155,637)</u>
Total noncurrent deferred tax liability	<u>\$(738,554)</u>	<u>(72,988)</u>	<u>(811,542)</u>

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2009, Siu Corporation has remaining NOLs of approximately \$4,220,795 for Federal income tax purposes and \$4,220,795, for Alaska State income tax purposes. The NOLs, if not utilized, will begin to expire in 2029.

As of December 31, 2009 Siu Alaska Corporation has remaining contribution carry forwards of approximately \$778,442 for Federal income tax purposes and \$578,442 for Alaska State income tax purposes. The Alaska Income Tax Education carry forward for 2009 is approximately \$150,000. These carry forwards, if not utilized, will begin to expire in 2030.

The net accumulated book to tax differences on LLC K-1's for 2009 is approximately \$(1,171,372).

CONCENTRATION CREDIT RISK

The Company maintains unrestricted, restricted cash, and cash equivalents at a financial institution located in Alaska. Accounts at the institution are secured by Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 and 2008 amounts in excess totaled \$9,937,286 and \$14,452,605, respectively. However, the Company maintains funds which are held in an overnight sweep account.

The Company maintains investments with UBS, Scottrade, and Charles Schwab. Investments are protected by the Securities Investor Protection Corporation (SIPC). The SIPC protects customers up to \$500,000 per customer.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 3, 2010, the date which the financial statements were available for issue and no issues requiring disclosure were identified.

Norton Sound Economic Development Corporation

FINANCIAL DISCLOSURE INFORMATION

Description of compensation policy for directors:

Per diem and honorariums are paid to directors for each day meetings are attended. The rate of per diem is \$350 per day. Honorarium is paid at the rate of \$250 per meeting. An additional \$50 is paid to the Chairman of the Board for each Board meeting.

Total amount paid to directors:

Compensation for NSEDC's seventeen directors (fifteen current and two whose terms ended in 2009) was \$430,554 in 2009.

Compensation for Siu Alaska Corporation's nine directors (seven current and two whose terms ended in 2009) was \$24,317.

Compensation for NSEDC Education Foundation's five directors was \$21,588.

Employee Compensation:

Top five highest paid personnel within NSEDC and the majority-owned subsidiaries

Vice-president and Chief Executive Officer Janis Ivanoff earned \$151,041.67; Chief Operating Officer Simon Kinneen earned \$124,941.59; Education, Employment and Training Coordinator Jerry Ivanoff earned \$97,107.42; Controller Rick Walicki earned \$93,337.50; and Norton Sound Fisheries Research & Development Coordinator Charlie Lean earned \$88,093.83.

Siu Alaska Corporation President and Chief Executive Officer John Eckels earned \$106,250.00 in 2009. Asset Manager Richard Tremaine earned \$52,050.65 as an employee of NSEDC (Jan-Jun) and \$61,677.72 as an employee of Siu Alaska Corporation (Jun-Dec).

NSEDC Education Foundation President and Executive Director Barb Nickels earned \$42,826.83.

Related Party Transactions:

Description of any transactions over the amount of \$20,000 with any director or their family members, include:

- None

Legal proceedings involving directors:

Description of any legal proceedings in which a director has an interest adverse to the CDQ Entity, including the name of the director.

- None

Professional fees:

List of totals*

Legal \$643,497.66

Consulting \$813,453.37

Accounting \$171,847.95

Lobbying \$17,918.00

**Includes those professional fees incurred as General and Administrative Expenses (see schedule on page 14) and those incurred as non-administrative expenses.*

Auditor Relationship

Auditor is Altman, Rogers & Co.

Description of any disagreement by the CDQ Entity with any auditor in the past two years:

- There were no disagreements with Altman, Rogers & Co. for 2009 and 2008.

Description of any non-audit services supplied by the auditor with disclosure of the fees paid for the non-audit services as a percentage of the total fees paid to the auditor:

Norton Sound Economic Development Corporation

FINANCIAL DISCLOSURE INFORMATION

- Non-audit service was for tax services related to the preparation of 990 forms. Total fees for non-audit services amounted to \$18,200 or approximately 15% of total fees paid to Altman, Rogers & Co.

Committees

Nomination or compensation functions, including a description of the committee's functions and dates of any meetings held by the committee:

- Executive Committee

The Executive Committee members for 2009 were Dan Harrelson, Chairman; Dean Peterson, Vice-Chairman; Frank Katchatag, Sergeant-at-arms; Elvina Naranjo and Harvey Sookiayak.

The Executive Committee is responsible for planning the work of the full Board, setting meeting schedules and agendas, ensuring accountability of operations of the Corporation, setting guidelines between regular meetings, clarifying policy, and referring work or issues to other committees. The Executive Committee may exercise all of the authority of the full Board in the management of the Corporation, except where action of the Board of Directors is otherwise specified by statute, regulation, the bylaws, or the articles of incorporation.

The committee held meetings on January 26, April 22, July 28, November 3, and December 9, 2009.

- Compensation Committee

The Compensation Committee members for 2009 were Dan Harrelson and Harvey Sookiayak.

The Compensation Committee is responsible for reviewing requests by NSEDC management for increases in pay or annual bonuses for NSEDC officers and staff, and shall recommend approval or denial of such requests to the Board of Directors.

The committee did not meet in 2009.



NSFR&D crew travel to a smolt counting station on the Nome River.

2009 NSEDC BOARD OF DIRECTORS



Reggie Barr

P.O. Box 86
Brevig Mission, AK 99785
Term 2007-2010



Mary Menadelook

P.O. Box 7043
Diomedede, AK 99762
(resigned Nov. 2009)



Charles Saccheus, Sr.

P.O. Box 39090
Elim, AK 99739
Term 2006-2009



Joel James

P.O. Box 162
Gambell, AK 99742
Term 2008-2011



Dean Peterson

P.O. Box 62032
Golovin, AK 99762
Term 2008-2011



Elvina Naranjo

P.O. Box 53047
Koyuk, AK 99753
Term 2008-2011



Don Stiles

P.O. Box 575
Nome, AK 99762
Term 2006-2009



Truman Kava

P.O. Box 154
Savoonga, AK 99769
Term 2006-2009



Victor Joe

P.O. Box 59095
St. Michael, AK 99659
Term 2006-2009



Harvey Sookiayak, Sr.

P.O. Box 13
Shaktoolik, AK 99771
Term 2007-2010



Wilfred Katcheak

P.O. Box 71048
Stebbins, AK 99671
Term 2008-2011



Joe Garnie

P.O. Box 582
Teller, AK 99778
Term 2006-2009



Frank Katchatag

P.O. Box 59
Unalakleet, AK 99684
Term 2007-2010



Frank Oxereok, Jr.

P.O. Box 524
Wales, AK 99783
Term 2008-2011



Dan Harrelson

P.O. Box 190
White Mountain, AK 99784
Term 2007-2010



2009 NSEDC STAFF & LIAISONS

ADMINISTRATION

Dan Harrelson
President

Janis Ivanoff
Vice President & Chief Executive Officer

Simon Kinneen
Chief Operating Officer

Richard Walicki
Treasurer & Controller

Camille Cruz
Human Resources Director

Aggie Blandford
Special Projects Coordinator

Virginia Nashalook
Senior Accountant

Chelsea Ryan
Accountant

Joel Cladouhos
Accountant

Heather Karmun *(until Aug 2009)*
Accountant

Hannah Sookiayak *(started Nov 2009)*
Accountant

Roy Ashenfelter *(Sept-Nov 2009)*
CDQ Manager

Pearl Dotomain
Administrative Assistant

COMMUNITY BENEFITS

Tiffany Martinson *(until Aug 2009)*
Community Benefits Director

Paul Ivanoff III
*Community Development
Coordinator*

Katie Peterson
*Community Development
Coordinator*

Kathy Wheelehan
*Community Outreach
Coordinator*

Yvonne Galsy Ashenfelter
*Community Benefits
Specialist*

Roy Ashenfelter *(started Nov 2009)*
*Community Development
Coordinator*

EDUCATION, EMPLOYMENT AND TRAINING

Jerry Ivanoff
Secretary & EET Coordinator

Carol Charles
Administrative Assistant

NORTON SOUND FISHERIES RESEARCH & DEVELOPMENT

Charlie Lean
NSFR&D Director

Wes Jones
Fisheries Biologist

Kevin Keith
Fisheries Biologist

Jacob Ivanoff
Fisheries Technician

Sye Larson
Fisheries Technician

NORTON SOUND SEAFOOD PRODUCTS

William Johnson
Southern NSSP Manager

Richard Ferry
Northern NSSP Manager

Crystal Taxac
NSSC Office Manager

Harold Muktoyuk
Plant Foreman (seasonal)

Orville Toolie
*Savoonga Plant Manager
(seasonal)*

Justina Noongwook
Data Clerk (seasonal)

Elizabeth Ivanoff
*Accountant/Office Assistant
(seasonal)*

NSEDC COMMUNITY OUTREACH LIAISONS

Johne Seetot
Brevig Mission

Andrew Milligrock
Diomed

Emily Murray • *Elim*

Shirley Antogham
Gambell

Sherri Lewis • *Golovin*

Ruby Nassuk • *Koyuk*

Shirley Martin • *St. Michael*

Charlotte Kava • *Savoonga*

Reuben Paniptchuk
Shaktoolik

Atha Foxie • *Stebbins*

Warren Lake III • *Teller*

Joanne Keyes • *Wales*

Davis Lincoln • *White Mountain*



The Savoonga Whaling Captains Association received a \$5,000 grant from NSEDC to assist with their annual subsistence bowhead whale hunt.

NSEDC 2009 COMMUNITY HIGHLIGHTS

Brevig Mission

- Reggie Barr served as Board Member
- Johnee Seetot served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Brevig Mission School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 2 residents
- 23 residents took a sewing class under the EET Program
- GFC employed 1 resident aboard *F/V Northern Glacier*, *F/V Glacier Bay* and *F/V Alaska Ocean*
- 14 residents completed internships sponsored by NSEDC
- City of Brevig Mission and Brevig Mission Native Corporation were participants in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program funded collection and disposal of shoreside debris

Diomedede

- Mary Menadelook served as Board Member
- Andrew Milligrock served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Diomedede School for their Little Dribblers Program
- 6 residents completed internships sponsored by NSEDC
- Etta Ahkinga d.b.a Little Store was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program funded collection and disposal of shoreside debris
- 5 school teachers were transported to Diomedede via NSSP's tender vessel Inaliq allowing school to start on time

Elim

- Charles Saccheus, Sr. served as Board Member
- Emily Murray served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative

- NSEDC contributed \$3,000 to the Elim School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 2 residents
- 2 residents were certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident aboard *F/V Glacier Bay*
- 2 residents completed internships sponsored by NSEDC
- City of Elim and Native Village of Elim/Elim Native Store were participants in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair to thank local subsistence and commercial fishermen for their support of local fisheries

Gambell

- Joel James served as Board Member
- Shirley Antoghome served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Gambell School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 4 residents
- 9 residents took a "Behind the Wheel" class through UAF Northwest Campus and earned a State of Alaska Drivers License under the EET Program
- 7 residents completed internships sponsored by NSEDC
- City of Gambell was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program funded collection and disposal of shoreside debris
- 1 resident was awarded a \$10,000 Small Business Initiative grant

Golovin

- Dean Peterson served as Board Member
- Sherri Lewis served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Golovin School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 5 residents
- 1 resident was certified in Fisheries Safety Orientation Training under the EET Program

- 2 residents completed internships sponsored by NSEDC
- NSEDC sponsored 1 resident to attend the Alaska Young Fishermen's Summit
- City of Golovin was a participant in the Consolidated Bulk Fuel Program
- Golovin Native Corporation was awarded \$207,283 grant for a rock quarry feasibility study

Koyuk

- Elvina Naranjo served as Board Member
- Ruby Nassuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Koyuk School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 4 residents
- City of Koyuk and Koyuk Native Corporation were participants in the Consolidated Bulk Fuel Program
- NSEDC hosted a Fishermen's Fair to thank local subsistence and commercial fishermen for their support of local fisheries
- 1 resident completed an internship sponsored by NSEDC

Nome

- Don Stiles served as Board Member
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Nome Elementary School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 132 residents
- 2 residents were certified in Fisheries Safety Orientation Training under the EET Program
- GFC employed 1 resident aboard *F/V Pacific Glacier*
- 7 residents completed internships sponsored by NSEDC
- NSEDC hosted a Fishermen's Fair to thank local subsistence and commercial fishermen for their support of local fisheries
- 3 residents were awarded Small Business Initiative grants in the amounts of \$30,533; \$19,467 and \$15,000

Savoonga

- Truman Kava served as Board Member

- Charlotte Kava served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Savoonga School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 4 residents
- 12 residents took a crab pot building class under the EET Program
- City of Savoonga was a participant in the Consolidated Bulk Fuel Program
- 13 residents participated in the NSSP commercial halibut fishery
- Savoonga Whaling Captains Association received \$5,000 for equipment and fuel

Shaktoolik

- Harvey Sookiayak, Sr. served as Board Member
- Reuben Paniptchuk served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Shaktoolik School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 4 residents
- 1 resident completed a Marine Safety Drill Instructor Course under the EET Program
- 5 residents completed internships sponsored by NSEDC
- GFC employed 1 resident aboard *F/V Pacific Glacier* and one aboard *F/V Alaska Ocean*
- NSEDC sponsored 1 resident to attend the Alaska Young Fishermen's Summit
- City of Shaktoolik, Shaktoolik Native Corporation and the Native Village of Shaktoolik were participants in the Consolidated Bulk Fuel Program
- 1 resident was awarded a \$30,000 Small Business Initiative grant

St. Michael

- Victor Joe served as Board Member
- Shirley Martin served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the St. Michael School for

- their Little Dribblers Program
- NSEDC awarded academic scholarships to 3 residents
- GFC employed 3 residents aboard *F/V Pacific Glacier*
- 14 residents completed internships sponsored by NSEDC
- City of St. Michael was a participant in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program funded collection and disposal of shoreside debris

Stebbins

- Wilfred Katcheak served as Board Member
- Atha Foxie served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Stebbins School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 11 residents
- GFC employed 1 resident aboard *F/V Northern Glacier* and 2 residents aboard *F/V Alaska Ocean*
- 15 residents completed internships sponsored by NSEDC
- City of Stebbins and Ferris General Store were participants in the Consolidated Bulk Fuel Program
- NSFR&D Clean Waters Program funded collection and disposal of shoreside debris

Teller

- Joe Garnie served as Board Member
- Warren Lake III served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative
- NSEDC contributed \$3,000 to the Teller School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 4 residents
- 26 residents participated in a sled building class under the EET Program
- GFC employed 1 resident aboard *F/V Pacific Glacier*
- 1 resident completed an internship sponsored by NSEDC
- Teller Native Corporation was a participant in the Consolidated Bulk Fuel Program

Unalakleet

- Frank Katchatag served as Board Member
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local

- NSEDC representative
- NSEDC contributed \$3,000 to the Unalakleet School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 48 residents
- 3 residents were certified in Fisheries Safety Orientation Training under the EET Program
- 5 residents participated in an Indian Valley Seafood Processing class under the EET Program
- 9 residents took a Conversational Inupiaq class with UAF Northwest Campus under the EET Program
- GFC employed 3 residents aboard *F/V Northern Glacier*, 4 residents aboard *F/V Pacific Glacier* and 7 residents aboard *F/V Alaska Ocean*
- 8 residents completed internships sponsored by NSEDC
- City of Unalakleet and Unalakleet Native Corporation were participants in the Consolidated Bulk Fuel Program
- UVEC received a \$1,000,000 Community Energy Fund Grant

Wales

- Frank Oxereok, Jr. served as Board Member
- Joanne Keyes served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the Wales School for their Little Dribblers Program
- NSEDC awarded an academic scholarship to 1 resident
- 14 residents took a Conversational Inupiaq class with UAF Northwest Campus under the EET Program
- City of Wales and Native Village of Wales were participants in the Consolidated Bulk Fuel Program

White Mountain

- Dan Harrelson served as Board Member
- Davis Lincoln served as Community Outreach Liaison
- Received \$100,000 Community Benefit Share
- \$5,000 was contributed to substance, alcohol or suicide prevention activities at the discretion of the local NSEDC representative.
- NSEDC contributed \$3,000 to the White Mountain School for their Little Dribblers Program
- NSEDC awarded academic scholarships to 13 residents
- 3 residents completed an internship sponsored by NSEDC
- City of White Mountain and the White Mountain Native Store were participants in the Consolidated Bulk Fuel Program

NSEDC MISSION STATEMENT

“NSEDC will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities.”



Norton Sound Economic Development Corporation

420 L Street, Suite 310

Anchorage, AK 99501

Phone: (907) 274-2248 or (800) 650-2248

Fax: (907) 274-2249

Website: www.nsedc.com

Norton Sound Economic Development Corporation Nome Office

P.O. Box 358

Nome, AK 99762

Phone: (907) 443-2477 or (888) 650-2477

Fax: (907) 443-2478

Norton Sound Economic Development Corporation Unalakleet Office

P.O. Box 193

Unalakleet, AK 99684

Phone: (907) 624-3190 or

(800) 385-3190 or

(907) 624-3193

Fax: (907) 624-3183

Northern Norton Sound Seafood Products

P. O. Box 906

Nome, AK 99762

Phone: (907) 443-2304

Fax: (907) 443-2457

Southern Norton Sound Seafood Products

P.O. Box 323

Unalakleet, AK 99684

Phone: (907) 624-3014

Fax: (907) 624-3808

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NSEDC 2010 Annual Report

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION



2010 ANNUAL REPORT

BREVIK MISSION › DIOMEDE › ELIM › GAMBELL › GOLOVIN
KOYUK › NOME › SAVOONGA › SHAKTOOLIK › ST. MICHAEL
STEBBINS › TELLER › UNALAKLEET › WALES › WHITE MOUNTAIN

THE YEAR IN REVIEW

Message From the Chairman

It is with pleasure, by and large, that NSEDC looks back on 2010—a year marked by growth and service.

While we like to focus on the positive, we must acknowledge that 2010 also dealt us great sadness with the loss of U.S. Senator Ted Stevens. Like so many individuals and organizations in Alaska, NSEDC and the Community Development Quota program lost a great friend and champion with the Senator's passing. Ted Stevens figures large in the fact that NSEDC can report continued growth and service to our member communities as the CDQ program prepares to celebrate 20 years of existence.

I and NSEDC would like to honor Senator Stevens for his vision, dedication, advocacy and tireless work on behalf of Western Alaska and the Community Development Quota program. Legislation that bears the late Senator's name has ensured both the sustainability of our fisheries and Western Alaska's ability to benefit from them.

We choose to not remember the Senator for his tragic passing, but to honor his memory by wholly investing ourselves in making his vision for strong and sustainable communities in Western Alaska a reality. May his leadership and energy be an example for us all.

New initiatives

Among NSEDC's new efforts in 2010 within the region, we introduced a program to deliver portable welding equipment to member communities, provided the tools for our northern communities to test fish for commercial harvest opportunities, and partnered with a major operator of restaurants to supply the Norton Sound Seafood House in the Anchorage airport.

The innovative welding program aims

to facilitate the repair of vessels in member communities. The initiative allowed for the purchase of portable welding units that could be brought to boats in each village, rather than bringing the boat into a shop. Eleven of NSEDC's member communities received training in using the equipment.

NSEDC continued to work to investigate commercial fishing opportunities for residents in our northern member communities. New boats, fishing gear and funding for crews to test fish were provided for Teller, Brevig Mission, Wales and Diomed. Results were limited in the initial efforts conducted in 2010. However, test fishing did not get underway until later in the season, meaning the jury's still out as far as the potential for commercial fisheries in the area. The program was slated to continue in 2011.

People passing through the Anchorage airport will now be able to get a taste of the fine seafood harvested from our region's waters with the 2010 opening of the Norton Sound Seafood House. Norton Sound Seafood Products provides salmon, red king crab and halibut that is served at the HMSHost-operated restaurant in the main concourse.

Expanding opportunity

In regard to our involvement in the distant Bering Sea fisheries, NSEDC, through its subsidiary Siu Alaska Corp., grew with the acquisition of a seafood processing plant in Dutch Harbor in partnership with Copper River Seafoods. Siu also took full ownership of the longliner Glacier Bay and its associated fishing rights. These investments, in turn, widen NSEDC's ability to institute and support programs and services within our region.

While we were busy with several new initiatives in 2010, much of NSEDC's effort and emphasis in the year went



into administering and improving our core programs offered to residents and member communities.

NSEDC continues to place a priority on connecting residents with training and education—whether it leads to employment opportunities, passes on traditional knowledge or adds to a fisherman's set of skills. In 2010, NSEDC distributed a record \$680,000 in scholarships for post-secondary and vocational training as the number of residents taking advantage of the program continually increases.

We are seeing the return on this investment in the number of scholarship recipients who return to the region upon graduation. This new generation is establishing itself as our graduates and training recipients take on quality jobs with their new skill sets and assume leadership roles within our member communities.

NSEDC's efforts to support education goes beyond scholarships. In 2010, NSEDC sponsored several residents as they attained various certifications and licenses in relation to the fishing industry. NSEDC also supports a number of community-based classes that promote the sharing of knowledge between community members. Several communities hosted classes in 2010 that ranged from wood-carving, beading

A LOOK BACK AT 2010



and Inupiaq language to CPR, first aid and driver's education. Many of these courses engaged residents as both teacher and student.

In 2010, NSEDC continued its work to support and facilitate commercial fishing opportunities for resident fishermen. For the first time in years, a herring buyer came to Norton Sound in June. NSEDC negotiated with Icicle Seafoods to bring a processing vessel and tender boats to the region, allowing area fishermen to jumpstart their season. While small in quantity compared to herring fisheries in other parts of the state, the quality of the fish from Norton Sound is unsurpassed with roe percentages that cannot be matched elsewhere. Salmon fishermen had a strong year, earning more than \$1.1 million combined for their catch. Crab harvests were robust, netting resident fishermen a combined total of more than \$1.47 million. Halibut fishermen enjoyed a good season, with Savoonga and Nome harvesters landing near equal shares of the 111,217-pound catch. NSEDC worked to offer residents the opportunity to harvest and sell more fish to Norton Sound Seafood Products during the winter, including red king crab and assorted finfish.

NSEDC also worked to maintain and strengthen our offerings through the Community Benefits Department. Our

bulk fuel program that provides lower-cost fuel to communities continues to expand both in terms of the number of entities participating and the amount of fuel purchased. NSEDC endeavors to further ease the burden of high energy prices through the Community Energy Fund. The fund allots \$1 million to each member community for projects that improve power generation facilities—whether it is through upgrades, the introduction of alternative or renewable systems, or the adjustment of existing equipment.

The Small Business Initiative continues to attract and support entrepreneurs with start-up or expansion funds through a competitive grant process. NSEDC continued its support of individual communities through the Community Benefit Share of \$100,000 to each municipality. Member communities also receive support through the Outside Entity Funding process that allows municipalities, tribal organizations, nonprofit groups and agencies to apply for funds that, in turn, advance projects that improve the region's economic and social landscape.

We maintained our focus on helping assure and improving subsistence and commercial fish harvests through NSEDC's Norton Sound Fisheries Research and Development (NSFR&D) program. We continued the Salmon Lake fertilization program to improve

the return of sockeye salmon. NSEDC also continued the popular Clean Waters program that creates employment in our communities while at the same time clearing local beaches of debris and litter. In 2010 NSFR&D noted success from its work to re-establish or improve salmon runs in area rivers through egg incubation and planting. The program continued to support research and management activities through projects such as fish counting towers and weirs as well as the development of scientific papers on salmon and crab issues.

By all accounts, 2010 was a busy year for NSEDC and we expect more great things in 2011. It has been a pleasure to work with my fellow board members and NSEDC's staff in 2010, and I would like to thank them for their dedication and effort. The result has been an organization that is stable and successful so that it can remain an effective and responsive source of support and economic opportunity for our member communities and residents.

Regards,

Dan Harrelson,
Chairman of the Board

NORTON SOUND FISHERIES RESEARCH & DEVELOPMENT

The Norton Sound Fisheries Research and Development program (NSFR&D) seeks to maximize opportunities for both subsistence and commercial harvests with projects that integrate fisheries research with applied fisheries biology. This program's priority is to help maintain sustainable populations of the region's most sought-after species: king salmon, red salmon and red king crab.

NSFR&D also manages a number of projects that focus on increasing Coho and chum salmon returns; supports research and fisheries management activities; and pursues development of new fisheries within Norton Sound. In addition to these efforts, NSFR&D administers environmentally oriented projects. The ongoing Clean Waters beach cleanup project and the participation on both the Norton Sound and Golovin Bay watershed alliances illustrates the program's involvement with a broader range of issues beyond just fish.

Environmental activities

The 2010 Clean Waters beach cleanup project employed more than 60 people on crews in Elim, Koyuk, Wales, Teller and Little Diomed. All of the projects significantly reduced the amount of debris in the communities' coastal areas. With the exception of Nome, each community has now had a beach cleanup in its vicinity.

Several sites in the region have a need for more work because of historical debris deposits or because of ocean current deposition on exposed coastlines. Some debris has been identified but not yet removed due to its large size (such as abandoned storage tanks) or due to its hazardous nature (such as electrical transformers that have been poorly stock-piled). Solutions for these specific problems will require permitting and cooperation from outside entities. Due to their popularity and the resulting environmental and employment benefits, NSFR&D anticipates continuing the Clean Waters beach cleanup projects.

Two watershed monitoring alliances established themselves during 2010. The Norton Sound Watershed Alliance is modeled after a similar group comprised of Yukon River communities. The intent of this group is to coordinate local efforts to have the critical mass to affect large project development or to address regional environmental concerns. The Golovin Bay Watershed Alliance is a coalition of the village IRAs and village corporations of Golovin, White Mountain and Council. These communities realize that natural resources and their development are tied to the watersheds where they reside. The initial areas of focus are creating an inventory of land forms and significant resources, and identifying threats and solutions. NSFR&D participates in these groups' meetings as both a stakeholder and advisor.

Increasing Coho and chum salmon runs

In 2010, NSFR&D continued activities related to its salmon egg planting projects in Hastings and Anvil creeks. In Hastings Creek, chum salmon eggs were planted

in 2004 with the first-year returns recorded in 2008. NSFR&D monitored the returns in 2008, 2009 and 2010, and these results indicate the return of one adult for each original spawning fish with roughly one-half of the returning adults straying to the Nome or Snake rivers. The high stray rate may be due to frequent closures of the mouth of Hastings Creek from wave action.

In Anvil Creek, Coho salmon eggs were planted in 2005, 2006 and 2007. It appears that the Anvil Creek planting contributed to the late return of more than 50 Coho salmon to Dry Creek in 2009 and more than 100 in 2010. These are remarkable returns to a waterway which generally has a return of only one or two Coho adults. The return results for both Hastings and Anvil creek egg plants are encouraging as both have resulted in more adults returning than the wild stocks in the area. The Coho planting seems to yield three to nine returning adults for each adult that spawned. The wild return in 2009 was roughly one re-

continued on next page



A sunny day at the Pilgrim River weir north of Nome. Fisheries technicians keep track of salmon passing through the weir, both in terms of numbers and species.



NSFR&D staff take an ice core from Salmon Lake to determine the timing of annual algae growth. The work is in relation to NSEDC's fertilization effort in the lake.

continued from previous page

turning adult for every six that spawned, and in 2010 the wild return was one adult for two that spawned—in either case a very poor survival rate.

Egg plants continued in 2010 with a chum egg plant on the Solomon River and a Coho egg plant on Anvil Creek. NSFR&D continues to collect salmon to inspect otolith bones, which carry a marker that identifies if the salmon was planted by NSFR&D.

Red salmon fertilization

With the aim of sustaining red salmon populations, NSFR&D conducts fertilization efforts in Salmon Lake, which has seen low sockeye returns for the past few years. Lake fertilization is intended to boost juvenile salmon survival rates by increasing the amount of algae or

phytoplankton in the lake. This, in turn, increases the amount of zooplankton on which the juvenile salmon feed. Evidence suggests fertilization efforts have worked in the past.

The fertilization project began in 1996 with NSEDC funding 50 percent of the effort. NSEDC has administered the full program since 2008 after the other partners opted to not continue with the program.

After studying the effect of fertilization levels, NSFR&D has adopted an approach that uses only low levels of fertilization to avoid the over-population of Salmon Lake with juvenile salmon. Returns to the river skyrocketed in the mid-2000s, leading to an over-population of the lake. Over-population is a partial cause of the low return rates in past years, as crowding results in

smaller juvenile salmon that do not survive as well at sea.

The current project goal is to maintain an escapement of 30,000 adults with a subsistence harvest of approximately 10,000 fish. The out-migrating sockeye smolt during the spring of 2010 were, on average, the largest observed since monitoring began. This is a very positive sign and indicates that the current level of fertilization is adequate for the low number of salmon in the lake.

Research and management activities

NSFR&D works cooperatively with governmental agencies and universities on fisheries research projects to further the amount of data available

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NSFR&D fisheries technicians working on Niukluk River smolt project strike a pose for the camera.

FISHERIES RESEARCH & DEVELOPMENT

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about species in the region, to provide job opportunities and training to Norton Sound residents, and to give residents the opportunity to play a larger role in the operation and management of local fisheries. As part of this effort, NSFR&D sponsors internships with the Alaska Department of Fish and Game and the University of Alaska Fairbanks Marine Advisory Program. NSFR&D has placed salmon counting stations on the Snake, Eldorado, Pilgrim, Shaktoolik and North rivers. NSFR&D and its cooperators have also developed papers on escapement goals and return predictors for Nome River Coho salmon, Fish River smolt habitat requirements, and blue king crab morphometrics. These papers are currently under review.

Development of new fisheries

The Northern Community Developing Fishery Project provided longline gear and 20-foot Lund boats to the four northern communities' test fish-

ing crews. The boats were in place in Teller, Diomed, Brevig Mission and Wales in early August with three of the four crews deploying longlines. The crews in the Bering Strait were hampered by the lack of sheltered waters which limited the fishable days and caused the loss of gear. The crews fishing closer to Port Clarence were able to spend more time fish-



The Northern Community Developing Fishery Project provided funding for four 20-foot boats and wages for crews to test the waters for commercial fishing opportunities near Teller, Brevig Mission, Wales and Diomed.

ing. Results were limited from initial fishing efforts. Test fishing should be conducted for an entire season before the final analysis occurs.

The Norton Sound herring fishery was able to target sac roe herring for the first time in four years due to a cooperative agreement with Icicle Seafoods, NSEDC and Norton Sound Seafood Products. The NSFR&D biologists flew aerial surveys to support the herring fleet in locating marketable herring and to direct fishing and processing vessels through the extensive sea ice.

Although the sea ice limited the harvest to about 70 percent of the intended volume, the Norton Sound harvest had the largest and highest roe quality herring caught in the Pacific. The recently implemented critical habitat requirements to protect spectacled eiders added a new wrinkle to positioning the processing vessel and reporting harvest. A NSFR&D employee served as a bird observer during the fishery. This fishery was once the most important commercial fishery in Northwestern Alaska; the success of the past season provides hope that it will again be an important fishery for Norton Sound residents.

COMMUNITY BENEFITS

Inherent in its name, the Community Benefits department is tasked with administering a multitude of programs and initiatives aimed at strengthening NSEDC's member communities.

The scope of the Community Benefits department's work is broad, covering diverse elements such as bulk fuel purchasing, small business support, substance abuse prevention, energy project support, and direct grants to NSEDC member communities and regional entities. The following is a brief summary of activities and programs managed by the Community Benefits department in 2010.

Community Benefit Share

Since 1999, NSEDC has provided a monetary distribution to each member community to be used as the community sees fit. Throughout the 12-year history of the Community Benefit Share, NSEDC has distributed \$730,000 to each of its 15 member communities. In total the program has invested nearly \$11 million directly into the region.

As it has for the past several years, NSEDC's Board of Directors set the 2010 Community Benefit Share at \$100,000 for each community. Remittance of the share is made to each municipal government which determines how the funds are spent through a public meeting process.

Consolidated Bulk Fuel Program

The high cost of fuel in the Norton Sound region affects nearly every as-

pect of life, whether it's gas to power a boat for commercial or subsistence fishing or fuel oil used to heat most homes and businesses. Working to secure a lower cost on fuel for participating entities, NSEDC has operated its Consolidated Bulk Fuel Program for five years.

Through this program, NSEDC acts as a purchasing agent on behalf of participants by coordinating orders, issuing requests for proposals to fuel suppliers, evaluating the proposals, and awarding the contract. NSEDC staff then serves as a single point of contact between the fuel supplier and participants. A main attraction of this program is that NSEDC is responsible for all payments to the fuel supplier, offering participants payment plans that are payable directly to NSEDC. NSEDC does not charge interest or fees for administering this program, thereby offering additional savings for participants.

The program continued to expand in 2010 in terms of the number of participants and the amount of fuel delivered. Delta Western Inc. delivered fuel to 25 participants in 15 communities that received a total of nearly 6 million gallons of different fuel types

at a total cost of nearly \$16.2 million. A breakdown of the fuel purchased is as follows:

Fuel	Gallons
Jet-A / Diesel #1 HS	2,940,176
RUL / Unleaded Gasoline	1,176,677
ULSD #2 / Diesel #2	1,206,933
ULSD #1	604,700

Substance Abuse Prevention Program

NSEDC recognizes that part of supporting its member communities is helping to ensure their residents have the ability to reach their full potential. To that end, NSEDC has directed funds and efforts toward programs that aim to prevent residents from falling prey to substance abuse.

The Little Dribblers Program provides regional youth, families and elders a healthy activity around which communities can rally. NSEDC continues to support the program in its 15 member communities and Shishmaref by donating \$3,000 to each school's basketball

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Future nurses (l to r) Sarah Weaver, Jackie Ivanoff, Jessica Mute and Amber Ryan, along with nursing instructor Bridgett Watkins, celebrate the conclusion of the first year of nursing school in Nome. Through its Outside Entity Funding program, NSEDC provided significant financial support to help nurture the new degree program in the region.



COMMUNITY BENEFITS

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programs. Basketball is a favorite sports activity in the Norton Sound region; it not only promotes physical fitness but also provides a healthy alternative to drugs, alcohol and delinquency. Little Dribblers is a favorite amongst youth, adults and elders alike.

Additionally, NSEDC board members have a \$5,000 discretionary grant available to them to fund an organization or program of their choice that focuses on substance and alcohol abuse prevention activities in their respective communities.

Small Business Initiative

NSEDC recognizes that some of the best ideas to spur economic development come from those who are working to start their own business. The development of more regionally owned businesses helps create employment for residents and also bolsters the local economy by keeping funds in the region.

To foster and support that entrepreneurial spirit, NSEDC sponsored its third annual Small Business Initiative in 2010. The competitive grant program divides up to \$105,000 among winning propos-

2010 Small Business Initiative Grant Winners				
Business	Description	Owner(s)	Location	Award
AK Body	Personal fitness & training service	Crystal Tobuk	Nome	\$12,000
Coffey Shop	Coffee shop with pool table	Morris Coffey	Stebbins	\$13,000
Iññaiguktunja	Monthly regional newspaper	Marie Tozier	Nome	\$21,000
Little Store	Expansion of grocery store	Etta Ahkinga	Diomedede	\$26,000
Triple Creek Fabrication & Repair	Machine, fabrication & repair shop	Brian Marvin	Nome	\$13,000
Little Tykes Childcare	Childcare center	Krystal Wongittilin & Brian Hensley	Nome	\$20,000

als. In 2010, NSEDC received 15 Small Business Initiative applications. The panel of judges, who are independent of NSEDC, selected five winners (see table above).

Community Energy Fund

In 2009, the Board approved the creation of the Community Energy Fund program, setting aside \$1 million for each member community. The program was created as a means to facilitate the development of safe, efficient and reliable energy infrastructure in the Norton Sound region through the installation and construction of upgrades to community power generation and distribution systems, alternative/renew-

able energy projects, and projects with potential for energy cost reduction.

Most member communities have yet to expend their energy funds. No projects were submitted to NSEDC in 2010.

Outside Entity Funding

Several significant changes were made to the Outside Entity Funding (OEF) program in 2010. Each member community will now receive an equal share of program funding based on 90 percent of the total funds allocated to the OEF program annually. In 2010 each community received \$60,000 for projects identified as a priority.

Another significant change are the Community-Based Review Committees (CRC), consisting of each respective community's NSEDC director and at least two other director-appointed residents. OEF applications were compiled by community and submitted to the CRC committees for their review and recommendations.

The administration of the OEF Program will continue to be overseen by NSEDC Community Benefits department staff.

For the 2010 Outside Entity Funding Program, all recommendations brought to the full board by the CRC were approved. The communities of Gambell and Stebbins opted to carry forward their share of the OEF funding for future use. Any com-



Nome Search and Rescue members examine a new response boat purchased with NSEDC's Outside Entity Funding.

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community's remaining balance from 2010 will also be carried forward for their use during the 2011 OEF Program year.

The remaining 10 percent of the total

OEF funds, \$100,000, was allotted for regional non-profits. In 2010 that funding was awarded to Kawerak, Inc. for its Bering Strait Health Consortium Nursing Program. A total of nearly \$660,000 in OEF funding was awarded to member communities in addition to more than

\$470,000 awarded for fisheries-related projects through the NSEDC Fisheries Research and Development Department's budget, approved by the NSEDC Board of Directors in December. A breakdown of the OEF funding for 2010 is displayed in the table below.

2010 Outside Entity Grant Funding		
Organization	Project Title	Amount
Bering Straits Foundation	Imangmiut King Island Dancers	\$17,500
Brevig Mission School	Open Gym Coordinators	\$9,700
Chinik Eskimo Community	Cultural Revival	\$16,136
City of Brevig Mission	Public Facilities Upgrade/Repair and Old Clinic Remodel	\$50,300
City of Elim	Front End Loader Purchase	\$45,000
City of Koyuk	Fishermen's Floating Dock	\$9,558
City of Koyuk	Solar Powered Repeater Station	\$38,161
City of Savoonga	Steel Garage	\$53,000
City of Shaktoolik	Washeteria Upgrade	\$54,632
City of St. Michael	Welding Shop	\$60,000
City of Teller	HBT Service and Teller Emergency Service Vehicle	\$7,899
City of Teller	Garage Door and Repairs	\$12,100
City of Wales	Welder-Generator Equipment	\$2,931
City of White Mountain	White Mountain Loader Purchase	\$60,000
Mary's Igloo Traditional Council	Search and Rescue Snowmachine	\$7,017
Mary's Igloo Traditional Council	Cultural Education	\$8,366
Mary's Igloo Traditional Council	"Preserving our Past" Elder & Youth Cultural Camp and Shelter Cabin	\$21,604
Native Village of Diomedea	Tribal Elder Assistance Program	\$46,470
Native Village of Diomedea	Little Diomedea Whaling Equipment and Supply Upgrade Project	\$11,213
Native Village of Elim	Tubuktulik Watershed Project	\$15,000
Native Village of Koyuk	Burn Box Construction	\$9,631
Native Village of Koyuk	Completion of Koyuk IRA Building	\$2,650
Native Village of Teller	Community Use Generator	\$3,015
Native Village of Unalakleet	Elder Nutrition and Services	\$42,530
Native Village of Wales	Kingimiut Dance Festival	\$44,750
Nomad Charities and Nomad Films	"The Island In Between" - Film Production of Savoonga Whaling	\$7,000
Fisheries-related Grants		
Alaska Department of Fish & Game	Fisheries Interns	\$65,000
University of Alaska Fairbanks	Marine Advisory Program - Bering Strait Region	\$20,000
Kawerak, Inc.	Norton Sound Fisheries Restoration and Enhancement Summit	\$28,215
Native Village of Elim	Salmon Fishery Protection Project	\$15,000
City of Elim	Purchase 9800R Caterpillar Loader	\$240,000
City of Koyuk	Fishermen's Channel Marker	\$11,984
City of Nome	Purchase Search and Rescue/Oil Spill Response Harbor Vessel	\$175,000
City of Savoonga	Klamath Boat/Motor/Trailer	\$40,000
City of Savoonga	L120 Loader Purchase	\$100,000
Norton Sound Marine Harvesters	Large Boat Trailer Repair & Maintenance	\$61,000

NORTON SOUND SEAFOOD PRODUCTS

For more than 15 years, Norton Sound Seafood Products (NSSP) has proudly supported regional fisheries through the creation and cultivation of markets for commercially harvested fish.

Norton Sound Seafood Products purchases, processes, markets and sells a variety of seafood harvested by resident fishermen. Catches include herring, salmon, halibut, crab and bait fish. A number of facilities operated by Norton Sound Seafood Products serve our resident fishermen, including the Norton Sound Seafood Center in Nome, a plant in Unalakleet, the Savoonga halibut buying station, and buying stations in Golovin and Shaktoolik. Norton Sound Seafood Products further works to support fishermen by deploying tenders to purchase salmon, crab and herring on the grounds. The tenders allow the fish to be chilled and preserved as they are quickly moved to market.

Norton Sound red king crab

The first delivery of Norton Sound red king crab arrived on June 30 in 2010. When the fishery came to a close on August 24, CDQ fishermen had caught 30,000 pounds of crab (NSEDG leased 15,000 pounds from YDFDA's CDQ allocation) and were paid a total of nearly \$111,000. Winter and summer open-access fishermen caught 361,207 pounds of Norton Sound red king crab and were paid a total of more than \$1.36 million. The average Norton Sound crab fisherman earned \$42,500 in 2010.



Photo courtesy of Adem Boeckmann

Halibut fishermen work the waters of Norton Sound in late September.

Halibut

Norton Sound fishermen landed a total of 111,217 pounds of halibut which was split nearly evenly between harvesters from Nome (55,818 pounds) and Savoonga (55,399 pounds). Twenty area halibut fishermen earned a total of more than \$418,000, averaging \$17,430 each for their fishing efforts.

Expanded winter fishing program

The NSEDG Board of Directors, in an effort to bring the benefits of fishing to more Norton Sound residents, authorized the Norton Sound Seafood Center to purchase Norton Sound red king crab and finfish from area villages during the winter. Although a fledgling

program, comments have been positive and interest in taking part in the winter fisheries is increasing.

Village Employment Program

The Village Employment Program first authorized by the Board in 2009 continues to enable Norton Sound Seafood Products to increase employment opportunities to village residents by offering housing assistance in Nome and Unalakleet.

Twelve area residents traveled to Nome to work under this program in 2010. Ninety-seven area residents worked

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in the halibut and crab industry at the Norton Sound Seafood Center in Nome and the Savoonga Halibut Plant.

Salmon

More resident fishermen are involved in harvesting salmon than in any other regional fishery. Harvests, mostly based out of NSEDC's eastern communities, brought in nearly \$1.22 million spread out between 119 fishermen in 2010. This equates to an average payout of more than \$10,230 per fisherman.

Herring

The Norton Sound herring fishery was able to target sac roe herring for the first time in four years due to a cooperative agreement with Icicle Seafoods, NSEDC and Norton Sound Seafood Products. More than \$185,700 was earned by 31 fishermen in the fast-paced fishery. With an average roe percentage above 13 percent, the Norton Sound fishery produced the highest quality catch in the state.

A worker at the Nome Norton Sound Seafood Products seafood plant off-loads a tote full of Norton Sound red king crab from a local fisherman during the summer of 2010. The crab will immediately be processed or held in a live tank for retail and wholesale markets.



2010 NSSP Harvest by Community

Community*	Pounds									Tons
	Red	Coho	Chum	Pink	King	CDQ Crab	Open Access Crab	Halibut	Cod	Herring
Elim	16	71,811	144,529	30,649	52	-	17,889	-	-	45.37
Golovin	15	37,569	95,828	5,241	13	-	21,031	-	-	-
Koyuk	56	12,696	41,846	7,626	-	-	-	-	-	-
Nome	-	5,548	18,458	257	-	29,392	260,426	55,818	9,789	28.49
Savoonga	-	-	-	-	-	-	-	55,399	-	-
Shaktoolik	117	76,661	244,594	8,242	-	-	32,161	-	-	115.3
Unalakleet	525	246,764	220,856	31,528	1,594	-	25,617	-	1,519	434.4
St. Michael	-	-	-	-	-	-	-	-	-	25.26
Stebbins	-	-	-	-	-	-	-	-	-	38.96

* "Community" refers to where a fisherman resided, not necessarily where he or she fished.

EDUCATION, EMPLOYMENT AND TRAINING

Central to NSEDC's mission to spur and sustain economic development in the region is offering opportunities for residents to gain the skills and education necessary to find and create meaningful employment. The Education, Employment and Training division works to fulfill that mission through a robust scholarship program, by providing and connecting residents to employment opportunities, and a diverse training program that helps build both resumes and community ties.

Highlights on the 2010 efforts of these three programs that comprise the EET division's name are detailed below.

Education

The scholarship program continues to be one of the most utilized and direct benefit programs NSEDC offers. In 2010, NSEDC again set a new high mark in total funds awarded to scholarship recipients by distributing more than \$680,000 to students pursuing higher education at an accredited college or vocational school.

The popularity of the scholarship program spurred the board of directors to authorize an amendment placing an additional \$50,000 into the initial budget of \$650,000 for the year. Regional scholarship recipients ranged from a student attending law school in Vermont to students studying structural welding in Seward. The majority of scholarship recipients were pursuing their education in Alaska.

Employment

In partnership with Glacier Fish Company (GFC) and Aleutian No. 1 LLC, NSEDC offers employment opportunities to regional residents on commercial fishing vessels for the Bering Sea pollock and cod, and Bering Sea/Aleutian Islands crab fisheries. Employment on these vessels represents an important opportunity for Norton Sound residents to gain greater knowl-

edge and experience with Bering Sea commercial fishing. These jobs also allow residents to earn and bring home significant wages. Overall in 2010, residents of the region earned a combined total of \$721,740 by participating in the distant Bering Sea fisheries.

In the first quarter, the F/V *Pacific Glacier*, F/T *Alaska Ocean*, C/P *Glacier Bay*, and F/V *Aleutian No. 1* crews included 23 Norton Sound residents who brought home a combined total of \$167,894 in crew share wages. In the second quarter, crews from the same set of boats included 21 Norton Sound residents who brought home a combined total of \$198,990 in wages. In the third and fourth quarters, 16 regional residents worked on the vessels F/T *Alaska Ocean* and C/P *Glacier Bay*, earning a combined total of \$354,850.

Since NSEDC's inception, residents of the region have earned more than \$14.3 million by working with our industry partners in the distant-water fisheries through 2010.

Employment opportunities related to NSEDC also occur closer to home. In 2010 Norton Sound Seafood Products (NSSP), which has plants in Nome, Unalakleet and Savoonga, paid out nearly \$1 million in wages. In the summer months, the number employed by NSSP swells when residents from

regional villages will come to Nome and Unalakleet for work. In the third quarter of 2010, NSSP employment approached 180 workers.

NSEDC also provides opportunities for the region's youth to work and gain job skills in a variety of fields. Each summer, young people from member communities help keep NSEDC's Fisheries Research and Development division running by working as fish technicians. These technicians perform a wide range of field work on rivers throughout the region. NSEDC also helps our younger community members prepare for administrative careers through internships in each member community and in our various offices. An internship is also available with our partner, Glacier Fish Co., in its Seattle office.

Employment for the past several years has also been provided through the Fisheries Research and Development division's Clean Waters program. This program hires local crews to conduct beach cleanups in the vicinity of their community.

Training

From welding and refrigeration courses to carving and Inupiaq language classes, the Education, Employment and Training division supports community-based training

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2010 NSEDC Education & Training Statistics		
	People	Expenditures
Scholarships		
Post-Secondary	301	\$590,800
Vocational	45	\$90,000
Total Scholarships	346	\$680,800
Fisheries Related Training	47	\$98,046
Other Training	78	\$20,724
Total Training	125	\$118,770
Total	471	\$799,570

2010 EMPLOYMENT STATISTICS

	People	Wages
Management/Administrative		
NSEDC	26	\$1,687,793.82
NSSP	7	\$234,172.49
Total Management/Administrative	33	\$1,921,966.31
CDQ Pollock Related*	58**	\$533,325.60**
<p><i>* Pollock-related employment is represented by the number of positions filled on a quarterly basis, not individual employees.</i></p> <p><i>** As of 2010, pollock-related figures no longer count residents who moved from NSEDC member communities or live in neighboring communities.</i></p>		
NSSP Employment	183	\$998,762.61
Other NSEDC Employment	70	\$724,777.34
Other Fishing		
GFC – Longline*	1	\$23,421.58
<p><i>* Data reflects employment through the second quarter of 2010, before Glacier Fish Co. sold much of its cod assets to Siu Alaska Corp.</i></p>		
Aleutian No. 1	1	\$31,000
O/A Norton Sound Winter Red King Crab	11	\$37,734.55
O/A Norton Sound Red King Crab	23	\$1,325,278.23
NSEDC CDQ Red King Crab	7	\$110,807.84
Norton Sound Salmon	119	\$1,217,803.68
Norton Sound Herring	31	\$185,721.64
NSEDC CDQ Halibut	20	\$418,337.41
Pacific cod / Saffron cod	7	\$5,465.40
Whitefish	1	\$1,004.50
Total Other Fishing	221	\$3,356,574.83
NSEDC Community Outreach Liaisons	16	\$74,750
NSEDC Interns	5	\$21,888.83
Fishery Technicians		
NSEDC Salmon Rehabilitation	10	\$73,098.30
NSEDC Fisheries Development	48	\$193,716.62
ADF&G Fishery Technician Interns (NSEDC funded)	4	\$37,264.83
Total Technicians	62	\$304,079.75
TOTAL EMPLOYMENT*	648	\$7,936,125.27

* "Total Employment" in this chart refers to those directly employed by NSEDC and those earning money through NSEDC-supported fisheries activity.



NSEDC's Employment, Education and Training Division sponsors residents from member communities in seafood processing training. This training can lead to jobs with NSEDC's partners on large fishing vessels in the Bering Sea.

EDUCATION, EMPLOYMENT & TRAINING

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efforts. In 2010, those efforts resulted in residents completing programs in fisheries

safety orientation and seafood processing in Seward, refrigeration maintenance/repair in Sitka, and nautical training for one boat captain in Anchorage.

Community-based classes included a distance education Inupiaq language course through Nome's UAF Northwest Campus, a wood carving class in Koyuk, an Athabascan beading class in Unalakleet, a CPR class in Unalakleet, a first aid course for St. Michael's search and rescue team, and a driving permit class in St. Michael. The training division also sponsored Nita Towarak of Unalakleet in taking an Alaska Native Language Instructor course at the University of Alaska Fairbanks so she could return and teach Inupiaq in the region.

A unique program initiated in 2010 brought portable welding equipment to most member communities. The program was designed to provide the communities the means to repair boats by bringing the welder to the boat rather than taking the boat to a shop. Marlin Sookiayak of Shaktoolik traveled to White Mountain, Elim, Koyuk, Golovin, Teller, Savoonga, Gambell, Stebbins, St. Michael, Unalakleet and Shaktoolik to deliver community welding cart orientations.

NSEDC LOAN PROGRAMS

Since 1993, NSEDC has helped the region's resident fishermen participate and become more competitive in the Norton Sound commercial fisheries through its loan programs. Loans are available for fishermen targeting catches that include herring, salmon, red king crab, halibut and baitfish.

Revolving Loan Program

NSEDC offers low-interest loans with minimal down payments to local residents for vessel and equipment upgrades, and for purchasing fishing gear, outboard motors, Norton Sound salmon permits, Lower Yukon salmon permits, Norton Sound herring permits, and Norton Sound red king crab License Limitation Program (LLP) permits. In 2010, NSEDC made 31 loans totaling more than \$320,500 to residents in the communities of Elim, Golovin, Koyuk,

Nome, Savoonga, Saint Michael, Shaktoolik and Unalakleet.

Revolving Loan Terms:

- \$25,000 maximum for permit holders
- Up to seven-year payback term
- 10% minimum down payment
- Credit check and 90-day delinquency limit
- 0% interest for first three years
- 2% interest commencing in fourth year of loan

Large Vessel Loan Option

The Large Vessel Loan Option provides further assistance to local fishermen in acquiring suitable vessels and vessel powers for participation in the Norton Sound red king crab and 4D/4E halibut commercial fisheries. NSEDC designed the Large Vessel Loan Option to maxi-

mize benefits to fishermen at minimal cost to them. This option was introduced in 2001 and is still available as funds are repaid back into the program. In 2010, one large vessel loan was made for \$52,000 to a Nome resident.



NSEDC's loan programs allow fishermen to upgrade their equipment, purchase larger boats and acquire permits and gear.

QUOTA MANAGEMENT

In 2010, NSEDC actively managed the harvest of fish quota in more than 20 commercial fisheries off the coast of Alaska, including both Community Development Quota (CDQ) and Individual Fishing Quotas (IFQ).

NSEDC enters into contractual agreements with harvesters and processors to share in revenues generated from the harvest of CDQ and IFQ resources, and

the eventual sale of related products. NSEDC benefits from these arrangements through the payment of royalties or lease fees, sharing of profits and distribution from ownership interests, in addition to employment opportunities created for Norton Sound residents.

2010 CDQ Fisheries

NSEDC conducted directed CDQ fishing operations for:

- Alaska pollock in the Bering Sea
- Pacific cod and sablefish in the Bering Sea/Aleutian Islands
- Golden king crab (also known as brown crab) in the Eastern Aleutian Islands
- Red king crab in Bristol Bay and Norton Sound
- Opilio crab in the Bering Sea

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CDQ Fishery	Target Harvest	Harvester
POLLOCK	18,795 mt	<i>F/T Alaska Ocean, F/T Pacific Glacier</i> (Glacier Fish Co. (GFC))
PACIFIC COD	3,146 mt	<i>C/P Norton Sound, C/P Glacier Bay</i> (GFC); <i>C/P Bristol Leader, C/P Bering Leader</i> (Alaskan Leader Fisheries)
CRAB		
E. Aleutian Is. golden king	66,150 lbs	<i>F/V Aleutian No. 1</i> (A1 LLC)
Bristol Bay red king	267,102 lbs	<i>F/V North Sea, F/V Bering Sea</i> (Coastal Villages Crab LLC)
Bering Sea opilio	864,306 lbs	<i>F/V Aleutian No. 1</i> (A1 LLC)
St. Matthew blue king	18,043 lbs	<i>Wassilie B</i> (Coastal Villages Crab LLC)
Norton Sound red king	15,000 lbs	Norton Sound Resident Fishermen
OTHER GROUND FISH		
Atka mackerel	1,409 mt	<i>F/V Seafreeze Alaska, F/V Alaska Knight</i> (US Seafoods)
Pacific Ocean perch (POP)	260 mt	<i>F/V Seafreeze Alaska, F/V Alaska Knight</i> (US Seafoods)
Yellowfin sole	464 mt	<i>F/V Legacy</i> (US Seafoods)
Rock sole	255 mt	<i>F/V Legacy</i> (US Seafoods)
Flathead sole	110 mt	<i>F/V Legacy</i> (US Seafoods)
Arrowtooth flounder	88 mt	<i>F/V Legacy</i> (US Seafoods)
SABLEFISH		
Aleutian Islands	149,913 lbs	<i>F/V Cynosure</i> (HAT, LLC)
Bering Sea	99,207 lbs	<i>F/V Ballyhoo</i> (Arctic Packer, LLC)
HALIBUT		
Bering Sea (Area 4D)	111,217 lbs	Norton Sound Resident Fishermen
Bering Sea (Area 4D)	65,233 lbs	<i>F/V Shemya</i> (Shemya Fisheries); <i>F/V Saint Paul</i> (CBSFA)
IFQ FISHERY	Target Harvest	Harvester
SABLEFISH		
Central Gulf of Alaska	124,275 lbs	<i>F/V Provider</i> (Wild Alaskan Seafoods, Inc.); <i>F/V Clipper Express</i> (Clipper Seafoods)
Western Gulf of Alaska	47,747 lbs	<i>F/V Clipper Express</i> (Clipper Seafoods)
Aleutian Islands	47,078 lbs	<i>C/P Norton Sound, C/P Glacier Bay</i> (GFC); <i>F/V Frontier Mariner</i> (Clipper Seafoods)
Bering Sea	2,141 lbs	<i>F/V Ballyhoo</i> (Arctic Packer, LLC)
HALIBUT		
Gulf of Alaska (Area 3B)	27,071 lbs	<i>F/V Alaskan Pride, F/V Provider</i> (Wild Alaskan Seafoods, Inc.)
CRAB		
E. Aleutian Is. golden king	550,004 lbs	<i>F/V Aleutian No. 1</i> (A1 LLC)
W. Aleutian Is. golden king	241,522 lbs	<i>F/V Aleutian No. 1</i> (A1 LLC)
Bristol Bay red king	60,140 lbs	<i>F/V North Sea, F/V Bering Sea, F/V Arctic Sea</i> (Coastal Villages Crab LLC); <i>F/V Baranof</i> (Romanzof Fishing Co, LLC)
Bering Sea Opilio	513,401 lbs	<i>F/V Aleutian No. 1</i> (A1 LLC); <i>F/V Fierce Allegiance</i> (R. Mezich/CBSFA); <i>F/V Bristol Mariner</i> (K. Kaldestad/BBEDC)

NSEDC QUOTA MANAGEMENT

continued from previous page

- Yellowfin sole, Rock sole, Flathead sole and Arrowtooth flounder in the Bering Sea
- Atka mackerel in the Aleutian Islands
- Pacific halibut in the Bering Sea (Area 4D and 4E)

NSEDC works with a variety of harvesting partners in the pursuit of these target fisheries. NSEDC also continues working with long-standing harvesting partners, such as Glacier Fish Co. and United States Seafood, as well as taking advantage of new opportunities and business relationships.

Groundfish quota levels in 2010 did not change significantly and prices in general were strong. Crab quota levels were down slightly, but prices were extraordinary, some hitting record highs. Overall NSEDC had an excellent year, generating nearly \$15 million in royalties in the harvest of these CDQ fisheries.

2010 IFQ Fisheries

NSEDC started acquiring IFQ in 1997 and now owns access to a range of fisheries, including sablefish in the Bering Sea/Aleutian Islands, halibut in the Gulf of Alaska (Area 3B), and a variety of crab fisheries.

In 2010 NSEDC generated nearly \$2 million in lease fees and royalties from harvests in these fisheries while working with a wide range of harvesters. A summary of harvests and harvesters are shown in the table on page 14.



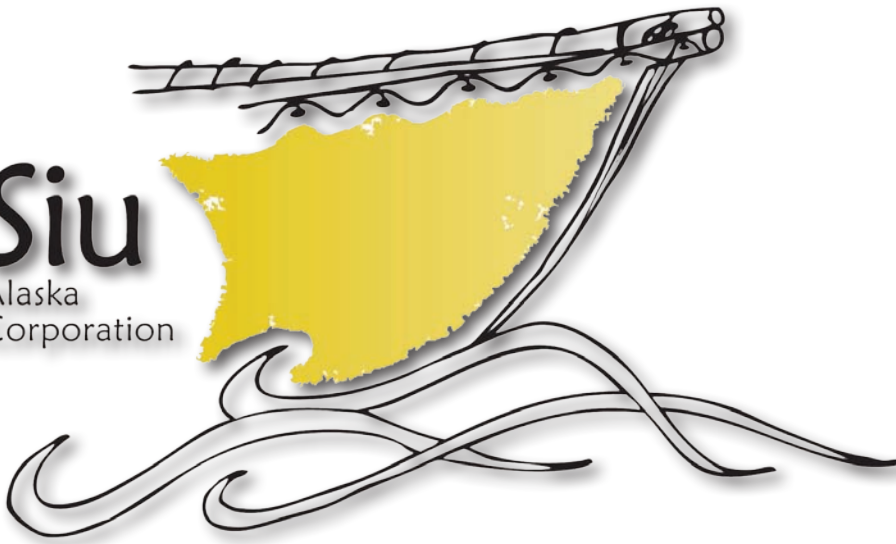
Not all of NSEDC's allocation of Community Development Quota is harvested in the distant Bering Sea. NSEDC works with resident fishermen to harvest CDQ allocations of red king crab and halibut from waters in and around Norton Sound.



An aerial view of Wales, one of NSEDC's northernmost communities.

SIU ALASKA CORPORATION

Siu
Alaska
Corporation



For Siu Alaska Corporation—NSEDC’s 100-percent-owned, for-profit subsidiary—2010 was a year of growth. During the year, Siu realized full ownership of a couple of assets that were previously held jointly with partners. Siu also forged a new partnership with Copper River Seafoods to become a 50 percent owner of the Bering Fisheries seafood plant in Dutch Harbor.

Dutch Harbor Acquisitions

Formed in August 2010, Dutch Harbor Acquisitions is a jointly owned operation between Siu and Copper River Seafoods that owns and operates a seafood plant in Dutch Harbor under the name Bering Fisheries. While Siu is 50 percent owner in the operation, Copper River Seafoods acts as the primary and operating partner. The Bering Fisheries seafood plant is the only American-owned—let alone, Alaskan-owned—plant in Dutch Harbor and processes crab, cod, halibut and other fish species.

During the fall and early winter of 2010, crews readied the plant for operations that commenced in January 2011. Among the ships making deliveries to the plant was the crabbing vessel *F/V Aleutian No. 1*, jointly owned

by Siu, its captains and the Bering Sea Women’s Group.

Glacier Bay Fisheries

Prior to 2010, and for a portion of the year, Siu shared ownership of the longliner *C/P Glacier Bay* and its cod fishing rights with Glacier Fish Co. In July, Siu purchased Glacier Fish Co.’s 50 percent interest in a cod fishing license to become the full owner. In December, Siu took the additional step of purchasing Glacier Fish Co.’s 50 percent share in the catcher/processor vessel *C/P Glacier Bay* to become the sole owner.

For the 2010 B season, Clipper Seafoods harvested Siu’s cod, bringing in 2.1 million pounds.

Aleutian No. 1

Siu owns 50 percent of the crabbing vessel *F/V Aleutian No. 1* with the remaining interest split evenly between captains Rip Carlton and Rick Alvarez, and the Nome-based Bering Sea Women’s Group. Strong crab prices made for a good year for the *F/V Aleutian No. 1* as it harvested 1.2 million pounds of golden king crab and 1 million pounds of opilio crab.

Siu is proud to have regional ties to *F/V Aleutian No. 1* through both the Bering Sea Women’s Group’s ownership

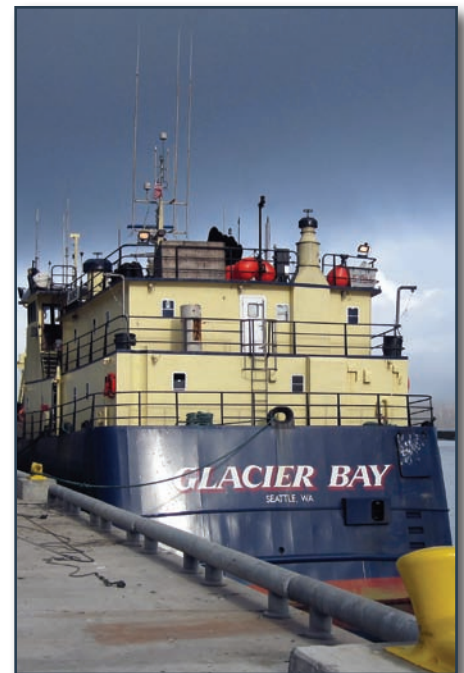
stake and crew members who hail from NSEDC member communities. Luke Smith from Golovin/White Mountain has worked on the vessel for several seasons.

Pacific Star

The *Pacific Star* spent the summer of 2011 conducting bottom surveys around the Aleutian Islands. The vessel has a history of being chartered for bottom surveys and mapping in Alaska and along the west coast of the lower 48.

Glacier Fish Company

Despite a low Total Allowable Catch for pollock in 2010, Glacier Fish Co. had a successful year. To concentrate on its core business of pollock fishing, Glacier Fish Co. divested itself of its cod operation by selling its share of the *C/P Norton Sound* and the *C/P Glacier Bay* along with their related fishing rights. Other developments with Glacier included the preparation of the *F/T Northern Glacier* to begin a new flatfish operation in early 2011. Siu and NSEDC continue to enjoy their partnership with Glacier Fish Co.



Siu Alaska, NSEDC’s for-profit subsidiary, acquired full ownership of the vessel C/P Glacier Bay and its cod fishing rights from Glacier Fish Co. in 2010.

NSEDC VESSELS 2010

REGIONALLY OPERATED



T/V Norton Bay

Length: 39 feet

Service: Supports NSSP buying and processing operations for resident fishermen in the Norton Sound region.



T/V Golovin Bay

Length: 38 feet

Service: Supports NSSP buying and processing operations for resident fishermen in the Norton Sound region.



Besboro Barge

Length: 33 feet

Service: Supports NSSP buying and processing operations for resident fishermen in the Norton Sound region.



T/V Inaliq

Length: 62.5 feet

Service: Supports NSSP buying and processing operations for resident fishermen in the Norton Sound region.



T/V Egavik

Length: 73.7 feet

Service: Supports NSSP buying and processing operations for resident fishermen in the Norton Sound region.

NSEDC-AFFILIATED



C/P Glacier Bay

Length: 136 feet

Products: Frozen-at-sea H&G Pacific cod, H&G Alaska pollock, skin-on pin bone-in fillets.



F/V Pacific Star

Length: 180 feet

Service: Chartered by agencies for survey work.



F/T Northern Glacier

Length: 201 feet

Products: Frozen-at-sea Alaska pollock fillets, pollock mince blocks, pollock surimi, pollock roe, shatter pack Pacific cod fillets, cod roe.



F/T Pacific Glacier

Length: 276 feet

Products: Frozen-at-sea Alaska pollock fillets and surimi, Pacific Whiting surimi and fillets, Alaska pollock roe.



F/V Aleutian No. 1

Length: 105.3 feet

Harvests: Golden king crab and opilio crab in the Aleutian Islands and Bering Sea.



F/T Alaska Ocean

Length: 376 feet

Products: Bering Sea pollock and Pacific Whiting surimi and fillets, pollock roe, fishmeal, fish oil.



C/P Norton Sound

Length: 136 feet

Products: Frozen-at-sea H&G Pacific cod, H&G Alaska pollock, skin-on pin bone-in fillets.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Schedule of General and Administrative Expenses

Year Ended December 31, 2010

BOARD EXPENSES:

Stipends/Honorariums	\$ 142,600
Transportation	114,689
Per Diem	275,193
Insurance	192,466

STAFF:

Salaries	1,188,566
Benefits	425,046
Payroll Taxes	123,156

TRAVEL/PER DIEM:

Staff	204,595
Contract Personnel/Consultants	568

TRAINING:

Staff	4,454
Board Members	4,441
Audit/Accounting	64,484
Legal Fees	260,149

OTHER:

Meetings Space, Catering & Meal Expenses	49,840
Contract Services	450,149
Rent	185,747
Supplies and Equip. Purchases	75,660
Postage/Freight	15,007
Communications	43,966
Insurance	298,649
Dues and Subscriptions	11,296
Equipment R and M	4,302
Equipment/Storage Rentals	13,819
Advertising/Brokerage	11,423
Fees and Licenses	141,568
Interest expense	183,294
Miscellaneous	321,185
Donations and Contributions	39,332
Depreciation	57,338
Discretionary Grants	43,361

Total Administrative:	\$ 4,946,343
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* The amounts shown on this statement reflect the combined expenses for NSEDC and Siu Alaska Corp. The amounts shown on this statement also only reflect the salaries, benefits and payroll taxes of NSEDC and Siu Alaska Corp.'s administration. The totals for all of NSEDC's salaries, benefits and payroll taxes are \$4,029,883, \$798,408 and \$403,422, respectively.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Consolidated Statements of Financial Position December 31, 2010 and 2009

Assets	2010	2009
Current Assets:		
Cash and cash equivalents	\$ 4,329,788	7,784,013
Designated cash and cash equivalents	2,580,615	2,403,272
Investments in marketable securities, short term	47,981,847	26,664,934
Accounts receivable	6,599,797	6,846,523
Interest receivable	112,194	128,686
Inventory at cost	1,171,894	442,989
Prepaid expenses and other assets	679,966	152,093
Short-term notes receivable	<u>12,275,678</u>	<u>5,737,640</u>
Total current assets	<u>75,731,779</u>	<u>50,160,150</u>
Notes receivable, net allowance of \$502,304 and \$572,784, in 2010 and 2009, respectively	<u>1,611,488</u>	<u>1,603,211</u>
Investments:		
Investment in marketable securities	11,341,923	24,427,962
Designated investments in marketable securities	7,955,440	6,969,299
Investment in Glacier Fish Company, LLC	28,230,516	29,695,694
Investment in Unaatuq, LLC	450,000	-
Investment in Dutch Harbor Acquisitions, LLC	1,125,961	-
Investment in Pacific Star Fisheries, LLC	1,123,118	1,123,118
Investment in Glacier Bay Fisheries, LLC	-	756,937
Goodwill in Glacier Bay Fisheries, LLC	-	440,854
Investment in quota share units	<u>17,372,602</u>	<u>10,560,851</u>
Total investments	<u>67,599,560</u>	<u>73,974,715</u>
Property, plant and equipment, net of accumulated depreciation of \$12,319,225 in 2010 and \$6,072,606 in 2009	16,400,309	12,179,081
Prepaid leases, net of accumulated amortization of \$272,492 in 2010 and \$237,636 in 2009	832,607	867,463
	315,492	389,413
Life insurance surrender value	<u>2,417,137</u>	<u>2,417,137</u>
Other notes receivable		
Total assets	<u>164,908,372</u>	<u>141,591,170</u>
Liabilities and Net Assets		
Current liabilities:		
Line of credit	8,250,000	-
Accounts payable and accrued expenses	5,186,368	5,222,652
Income tax payable	-	303,474
Current portion, note payable	<u>536,577</u>	<u>-</u>
Total current liabilities	<u>13,972,945</u>	<u>5,526,126</u>
Noncurrent liabilities:		
Note payable	6,030,973	-
Noncurrent deferred income tax liability	<u>743,985</u>	<u>811,542</u>
Total noncurrent liabilities	<u>6,774,958</u>	<u>811,542</u>
Total liabilities	<u>20,747,903</u>	<u>6,337,668</u>
Net assets:		
Controlling interests:		
Unrestricted net assets:		
Undesignated	132,615,466	125,038,145
Designated	10,536,055	9,372,571
Non-controlling interests:		
Contributed capital	653,604	653,604
Unrestricted/Undesignated net assets	<u>355,344</u>	<u>189,182</u>
Total net assets	<u>144,160,469</u>	<u>135,253,502</u>
Total liabilities and net assets	<u>\$ 164,908,372</u>	<u>141,591,170</u>

See accompanying notes to consolidated financial statements.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Consolidated Statements of Activities

December 31, 2010 and 2009

Changes in unrestricted net assets:		2010	2009
Revenues and support:			
Harvesting revenue	\$	15,349,884	13,281,016
Crab revenue		7,084,729	4,054,077
Fishing and fish processing		3,864,358	3,286,570
Investment income, net		7,027,497	10,665,071
Charter revenue		177,375	516,376
Grant revenues		-	169,868
Other income		449,792	523,408
Revolving loan income		16,813	19,271
Total unrestricted revenues, gains & other support		<u>33,970,448</u>	<u>32,515,657</u>
Expenses and losses:			
Program services:			
CDQ harvest management		181,505	161,673
Fisheries development		859,294	998,571
Salmon rehabilitation and enhancement		852,690	827,433
Training and scholarships		1,076,420	1,072,626
Revolving loan program		(119,093)	110,442
Shoreside improvements		1,219,487	1,278,391
Community benefits		1,346,141	1,737,621
Bulk fuel		72,997	54,998
Small Business Initiative		135,221	93,439
Community outreach		448,315	478,251
Tender vessel management		1,226,367	1,054,661
NSIC		107,318	84,271
CDQ fees		-	39,550
Total program services		<u>7,406,662</u>	<u>7,991,927</u>
Fishing and fish processing		6,866,695	6,145,138
Administrative expenses		3,791,434	3,748,171
Administrative expenses Siu		1,154,909	1,538,880
Administrative expenses Education Foundation		-	171,512
Glacier Bay Fisheries, LLC expenses		62,836	-
Pacific Star Fisheries, LLC expenses		667,212	687,890
Aleutian No. 1, LLC expenses		6,712,405	4,652,950
Total expenses		<u>26,662,153</u>	<u>24,936,468</u>
Equity in earnings of limited liability company		1,464,978	3,529,397
Gain on disposal of investment and fixed assets		-	222,916
Increase in unrestricted net assets from operations, before taxes and non-controlling interests		8,773,273	11,331,502
Income tax (expense) benefit:			
Tax (expense) benefit		<u>153,694</u>	<u>(811,542)</u>
Increase in unrestricted net assets before non-controlling interests		8,926,967	10,519,960
(Increase) decrease in unrestricted net assets attributable to non-controlling interest		<u>(186,162)</u>	<u>299,436</u>
Increase in unrestricted net assets attributable to controlling interest	\$	<u>8,740,805</u>	<u>10,819,396</u>

See accompanying notes to consolidated financial statements.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

December 31, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Norton Sound Economic Development Corporation (Company) is a non-profit corporation organized to represent the Norton Sound region of Alaska in the Community Development Quota (CDQ) program. The CDQ program was established by the federal government in 1992. The program was established by reserving 7.5%, (subsequently increased to 10%), of the total allowable catch (TAC), of pollock for the Bering Sea and Aleutian Islands areas of Alaska. The reserve was then allocated to the CDQ groups. The program has been expanded to include other species and a greater portion of the pollock TAC. The Company's 2010 and 2009 pollock allocation was 17,886 and 17,930 metric tons, respectively. The CDQ allocation program is on a calendar year basis and allocations awarded cannot be taken in subsequent years if the previous year's allocations were not fully utilized.

As a result of Section 416 of the Coast Guard and Maritime Transportation Act as of 2006, which amended Section 305(i) (1) of the Magnuson-Stevens Fishery Conservation and Management Act, the Company's receipt of CDQ allocations was fixed at the same percentage level as its 2006 allocations for all allocated species and such percentages may not be changed until 2012. The Company has entered into an agreement for the duration of the CDQ allocation with a harvester to harvest the pollock allocations. Amounts received vary depending upon the specific availability and market prices.

The Company's primary purpose is to develop and sustain new and ongoing economic activity in the Norton Sound region. The Company's mission outlines its intentions to provide a balance between local economic development oriented towards the residents in the region and active participation in the distant-water fisheries in the Bering Sea and Aleutian Islands. The Company implements programs to educate, train, and employ people of the region; build infrastructure to help support the new and existing fisheries; start new fisheries through locally initiated development efforts; support the local salmon, herring, crab, and halibut fishermen; restore salmon runs in the region for both commercial and subsistence users; provide loans for gear, vessels, and secure equity interests in companies and vessels. The Company has not entered into any significant long-term agreements or commitments other than its agreements with the harvesters of its CDQ allocations.

Siu Alaska Corporation (Siu) was formed on June 5, 2008. Siu's main office is located in Anchorage, Alaska. Siu was organized to hold, operate, manage and invest assets and engage in any lawful purpose to provide dividends to Siu's parent corporation, Norton Sound Economic Development Corporation (NSED). These operations are conducted through Siu's wholly owned subsidiaries, Glacier Bay Fisheries, LLC, and PS Fisheries, LLC, which owns 100% of the Pacific Star Fisheries, LLC. Siu held 50% of Glacier Bay Fisheries, LLC in 2009, then acquired the remaining 50% of the Limited Liability Company in 2010. Siu is a 50% member of Aleutian No. 1, LLC (A1), a 50% member of Dutch Harbor Acquisitions, and a 37.5% member of Glacier Fish Company, LLC. Even though Siu is only a 50% owner of A1, it is considered the controlling member.

Accounting Estimates and Assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from the estimates and assumptions.

Principles of Consolidation

In 2010, the consolidated financial statements include Aleutian No. 1, LLC, PS Fisheries, LLC, Pacific Star Fisheries, LLC and Glacier Bay Fisheries, LLC, which are consolidated into Siu Alaska Corporation. All significant intercompany transactions and accounts have been eliminated in the consolidation.

In 2009, the consolidated financial statements include Aleutian No. 1, LLC, PS Fisheries, LLC and Pacific Star Fisheries, LLC, which are consolidated into Siu Alaska Corporation. Additionally, the consolidated financial statements include the NSED Education Foundation.

On December, 23, 2010, Siu purchased the remaining 50 percent interest of Glacier Bay Fisheries, LLC, which they previously held 50% of the non-controlling interest. The purchase agreement was made between Glacier Fish Company LLC, a Washington limited liability company and Siu. The balance sheet of Glacier Bay Fisheries LLC, is consolidated as of December 31, 2010. The operations of Glacier Bay Fisheries LLC, are presented on the equity method for the period prior to December 23, 2010 and consolidated for the period between December 24 and December 31, 2010. On June 14, 2010, Siu contributed additional

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

December 31, 2010

capital to Glacier Bay Fisheries LLC, in the amount of \$2,184,373, which Glacier Bay Fisheries LLC, used to pay down debt. The additional capital contribution by Siu and the debt repayment by Glacier Bay Fisheries LLC, was netted for purposes of the Consolidated Statement of Cash Flows at December 31, 2010.

Basis of Presentation

The accompanying financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Company exercises fiscal and operational control.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues and support are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Contingent royalty payments are recognized when the amount is fixed and determinable and collection is assured.

Fair Value of Financial Instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties that is other than in a forced or liquidation sale. Fair values are based on quoted market prices when available.

The Company must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) inventory, (4) prepaid expenses, (5) certain other current assets, (6) accounts payable and (7) other current liabilities. The carrying amounts reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

Cash and Cash Equivalents

The Company considers cash and short-term instruments with original maturities of 90 days or less to be cash equivalents.

Investments in Marketable Securities

The Company carries investments at fair value. The change in the fair value is included in the consolidated statement of activities.

Investments in marketable securities consist of mutual funds, equity securities, U.S. Agency obligations, and corporate debt securities. For purposes of calculating realized gains and losses, cost is determined by the specific identification method on a trade date basis.

Classification of investments as short-term and long-term is based on the length of time management intends to hold the investment. Management intends to hold short-term investments less than one year.

Inventory

Inventory is valued at the lower of aggregate cost or fair value (first in, first out).

Short-Term Notes Receivable

These amounts represent amounts due from Communities and Village Entities for bulk fuel purchases.

Investments in Limited Liability Companies

In 2010 the equity method of accounting is used to account for the Company's investment in Glacier Fish Company, LLC, and Dutch Harbor Acquisitions, LLC.

In 2009 the equity method of accounting is used to account for the Company's investment in Glacier Fish Company, LLC, and Glacier Bay Fisheries, LLC.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

December 31, 2010

Investment in Individual Fishing Quota

The Company has investments in fishing privileges under the Individual Fishing Quotas (IFQ) program, which was established by the federal and state governments to allocate halibut, sablefish, and various crab species to the established fishers based on historical catch. IFQs are considered an indefinite life intangible asset and are carried at cost and measured annually for impairment.

Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost when purchased or at fair market value of date of gift, when donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally two to ten years. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Intangible Assets

Intangible assets are comprised primarily of fishing rights, permits and loan fees.

In accordance with Accounting Standard Codification (ASC) 350 Intangibles, Goodwill and Others, effective January 1, 2002, the Company discontinued amortizing the intangible assets with indefinite lives. The Company reviews the fishing permits for impairment annually on December 31, and more frequently if circumstances warrant. The Company performed the annual review as of December 31, 2010 and 2009 and determined that the fishing permits continue to have indefinite lives and that there was no impairment of these assets. Amortization of other intangibles is computed on a straight-line basis over the respective time periods of the facilities.

Provision for Loans, Accounts Receivable, Notes, and Contract Losses

The Company provides for loans, accounts receivable, notes, and contract losses based on the estimated losses determined through management's periodic reviews of the outstanding loan portfolio. The estimation of losses considers prior loan charge-offs and recoveries against the allowance as well as the economic conditions and the character of the credit risks. Allowances for loans, accounts receivable, notes, and contract losses are subjective and may be adjusted in the future.

Community Development Quota

The fair value of the quota received by the Company from the federal government is not considered to be determinable within reasonable limits. Accordingly, no value has been assigned to the quota in the financial statements.

Income Taxes

The Company is exempt from the federal and state income taxes under provisions of Section 501 (c) (4) of the Internal Revenue Code, except for taxes on unrelated business income. In evaluation of unrelated business income, the Company follows GAAP when accounting for uncertainty in income taxes. The Company's policy is to include penalties and interest associated with income taxes in other expense.

Commitments and Contingencies

Liabilities for loss on contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that the liability has been incurred and the amount of the assessment or cost can be reasonably estimated.

Designated Cash and Investments

The Company's Board of Directors has designated \$2,580,615 and \$2,403,272 in cash and cash equivalents and \$7,955,440 and \$6,969,299 of long-term investments at December 31, 2010 and 2009, respectively for the Education Endowment Fund. As part of the CDQ program and past approved Community Development Plans, the Company previously contributed a portion of the CDQ proceeds to the Education Endowment Fund, which is intended to finance training and scholarships.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

INVESTMENTS

A summary of marketable securities at December 31, 2010 follows:

	Cost	Fair Value	Unrealized Gain (loss)
Bonds and Notes	\$21,211,324	21,508,163	296,839
Equities	<u>41,007,593</u>	<u>45,771,047</u>	<u>4,763,454</u>
	<u>62,218,917</u>	<u>67,279,210</u>	<u>5,060,293</u>

Composed of:

Investment in marketable securities, short-term	47,981,847
Investment in marketable securities, long-term	11,341,923
Designated investment in marketable securities	<u>7,955,440</u>
	<u>\$67,279,210</u>

Investment income, net, consist of the following at December 31, 2010:

Realized (losses) gains, net	\$(541,506)
Dividend and interest	1,687,227
Unrealized gains (losses), net change for the year	6,049,271
Investment management fees	<u>(167,495)</u>
	<u>\$7,027,497</u>

A summary of marketable securities at December 31, 2009 follows:

	Cost	Fair Value	Unrealized Gain (loss)
Bonds and Notes	20,392,274	20,570,353	178,079
Equities	<u>38,539,309</u>	<u>37,491,842</u>	<u>(1,047,467)</u>
	<u>58,931,583</u>	<u>58,062,195</u>	<u>(869,388)</u>

Composed of:

Investment in marketable securities, short-term	26,664,934
Investment in marketable securities, long-term	24,427,962
Designated investment in marketable securities	<u>6,969,299</u>
	<u>58,062,195</u>

Investment income, net, consist of the following at December 31, 2009:

Realized (losses) gains, net	(1,109,558)
Dividend and interest	2,249,110
Unrealized gains (losses), net change for the year	9,742,520
Investment management fees	<u>(217,001)</u>
	<u>10,665,071</u>

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

• Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

• Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

• Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information as of December 31st about the Company's financial assets measured at fair value on a recurring basis.

Assets at fair value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments – 2010	<u>\$67,279,210</u>	<u>—</u>	<u>—</u>	<u>\$67,279,210</u>
Investments – 2009	<u>\$58,062,195</u>	<u>—</u>	<u>—</u>	<u>\$58,062,195</u>

Given the narrow definition of Level 1 and the Company's investment asset strategy, all of the Company's investment assets are classified in Level 1. Changes in investments are presented on the statement of activities as investment income or loss.

Fair values of assets measured on a nonrecurring basis using Level 2 inputs at December 31, were as follows:

	<u>2010</u>	<u>2009</u>
	<u>Level 2</u>	<u>Level 2</u>
Intangible assets	<u>\$17,372,602</u>	<u>\$10,560,851</u>

ACCOUNTS RECEIVABLE

The balance of accounts receivable at December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Trade and Royalties	\$6,347,733	4,631,175
Grants	-	1,034,618
Member	170,000	-
Taxes	-	1,165,915
Other	82,064	14,815
Less allowance for doubtful accounts	<u>—</u>	<u>—</u>
Net accounts receivable	<u>\$6,599,797</u>	<u>6,846,523</u>

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

NOTES RECEIVABLE

Notes receivable consist of the following at December 31, 2010:

Loans to individuals	\$2,110,671
Less allowance	<u>(499,183)</u>
	<u>\$1,611,488</u>

Notes receivable consist of the following at December 31, 2009:

Loans to individuals	\$2,221,398
Less allowance	<u>(618,187)</u>
	<u>\$1,603,211</u>

Short-term notes receivable are advances to Communities and Village Entities for bulk fuel purchases.

Balance December 31, 2010	\$12,275,678
Balance December 31, 2009	5,737,640

Other notes receivable of \$2,417,137 is an interest only note due from BAT Fishing LLC, secured by fishing quota shares. Interest is at prime plus 25% and payments started on January 15, 2009 and continue through January 15, 2014.

Loans to individuals have scheduled repayments over one to seven years at 0% to 2%. Investment revenue is recorded when earned. The Company waived interest on loans to individuals from 1993 through 2009 due to the economic disaster in the fishing industry. Principal repayments are primarily made through individual payments and from a portion of the proceeds from the sale of the individuals' commercial harvests; accordingly, the notes are considered long-term in nature. These notes are secured by the equipment or vessels purchased with borrowed funds.

The allowance for doubtful accounts was \$502,304 and \$572,784 and the income or expense recognized for doubtful accounts was \$70,480 recovery, and \$89,845 as an expense at December 31, 2010 and 2009, respectively.

CONTINGENCY

The Company is a member of a global risk-sharing group to provide personal injury insurance for vessel personnel. Unlike "pure insurance," where the premium rate is fixed in advance, the premium is estimated and subject to adjustment (up or down) depending on the actual claims for the group during the year.

INVESTMENT IN SIU ALASKA CORPORATION AND SUBSIDIARIES

The Company received \$3,238,389 and \$4,275,925 in distributions for the years ended December 31, 2010 and 2009, respectively.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$1,185,187	1,121,805
Plant improvements	9,447,523	8,828,363
Vessels	17,713,921	7,928,616
Construction in progress	55,835	55,835
Land	317,068	317,068
Accumulated depreciation	<u>(12,319,225)</u>	<u>(6,072,606)</u>
Net property, plant, and equipment	<u>\$16,400,309</u>	<u>12,179,081</u>

Depreciation expense for 2010 and 2009 was \$1,411,516 and \$1,095,903, respectively.

PREPAID RENT LEASES

The Company participated in the construction and improvement of the City of Nome Small Boat Harbor by paying the City of Nome \$550,000 in 1998. In October 1999, in return for its payment, the Company executed a real property and preferential use agreement for approximately 40,000 square feet of Small Boat Harbor property and preferential use of that portion of the mooring and docking space immediately adjacent to the leased premises for an initial term of 35 years, and other considerations. In March 2006, the Company paid an additional \$555,100 for improvements to the harbor. The payments are being amortized over the life of the agreement. Amortization expense for the year ended December 31, 2010 and 2009 was \$34,856 for each year.

EMPLOYEE RETIREMENT PLAN

The Company has a defined contribution employee retirement plan covering all employees who are at least 18 years of age and have attained 1,000 hours of service with the Company. The Company expensed \$131,741 in 2010 for its contributions and \$95,818 in 2009.

OPERATING LEASES

The Company leases Anchorage office space and the Unalakleet plant and office under lease agreements. Rent expense was \$298,646 and \$278,017 for the years ended December 31, 2010 and 2009, respectively. The Company is expected to pay \$248,646 in future minimum lease payments, for the next five years.

GEOGRAPHIC AND BUSINESS CONCENTRATION

The Company's primary operations are involved in the fisheries of the Norton Sound and Bering Sea regions of Alaska. The program revenue received by the Company is largely a result of the Company's ability to contract the harvesting of the CDQ allocations received from the federal government. The majority of the Company's sales transactions were to Glacier Fish Company, LLC. The Company hires the majority of its seasonal labor from the Norton Sound region. As a result of the geographic and natural resource concentration, the Company's growth and activities depend upon the viability of the North Pacific fisheries of pollock, halibut, crab, and other species, the continued allocation of harvesting quotas by the federal government, and the ability to obtain skilled labor from the region. Any deterioration or improvements in these fisheries, quota allocations, or the labor pool could have a significant effect on the Company.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

DISPUTES AND CLAIMS

The Company is involved in various disputes and claims. Due to the early stages of these matters, the Company's legal counsel is unable to provide opinions as to the outcome or quantify any potential liability. Management believes the resolution of these matters will not have a material effect on financial position, results of activities, or cash flows.

INCOME TAXES

The Company is subject to income tax only from the activities of its for-profit subsidiary, Siu Alaska Corporation, which is consolidated with Aleutian No. 1, LLC, PS Fisheries, LLC, Pacific Star Fisheries, LLC, and Glacier Bay Fisheries, LLC.

If applicable, it is the Corporation's policy to report interest and penalties associated with any income taxes in income tax expense. Income tax expense for the year ended December 31, 2010 consists of the following:

	<u>2010</u>
Federal	\$154,848
State	(1,154)
Total Income Tax Expense	<u>\$153,694</u>

The Corporation's deferred taxes at December 31, 2010 are comprised of the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current deferred tax asset	\$ -	-	-
Current deferred tax liability	-	-	-
Variation allowance	-	-	-
Net current deferred tax asset (liability)	<u>-</u>	<u>-</u>	<u>-</u>
Non-current deferred tax asset	\$706,930	306,499	1,013,429
Non-current deferred tax liability	(1,376,776)	(380,638)	(1,757,414)
Variation allowance	-	-	-
	<u>\$(669,846)</u>	<u>(74,139)</u>	<u>(743,985)</u>

The significant types of temporary differences that give rise to deferred taxes are federal and state net operating loss carry forwards, contribution carry forwards, book to tax differences on LLC K-1's, and the difference between book and tax basis depreciation.

A valuation allowance on a deferred tax asset is provided when it is more likely than not that some portion of the deferred tax asset will not be realized.

At December 31, 2010, the Corporation had net operating loss carry forwards of approximately \$690,371 for federal income tax purposes which, if not utilized, will begin to expire in the year 2029.

At December 31, 2010, the Corporation had net operating loss carry forwards of approximately \$311,135 for Alaska State income tax purposes which, if not utilized, will begin to expire in the year 2029.

At December 31, 2010, the Corporation had contribution carry forwards of approximately \$555,262 for federal income tax purposes which, if not utilized, will begin to expire in the year 2015.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

December 31, 2010

At December 31, 2010, the Corporation had contribution carry forwards of approximately \$734,498 for Alaska State income tax purposes which if not utilized, will begin to expire in the year 2015.

At December 31, 2010, the Corporation had net accumulated book to tax differences on LLC K-1's of approximately (\$3,739,299).

The Company has adopted ASC 740-10 as it relates to uncertain federal or state tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2008 and 2009 years are open and subject to examination by the Internal Revenue Service. However, the Company is not currently under audit nor has the Company been contacted by any jurisdiction.

Based on the evaluation of the Company's tax positions, management believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2010.

CONCENTRATION CREDIT RISK

The Company maintains unrestricted, restricted cash, and cash equivalents at a financial institution located in Alaska. Accounts at the institution are secured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for 2009. At December 31, 2010 FDIC coverage was \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts. At December 31, 2010 and 2009 amounts in excess totaled \$1,872,425 and \$9,937,286 respectively.

The Company maintains investments with Key Bank, Scottrade, and Charles Schwab. Investments are protected by the Securities Investor Protection Corporation (SIPC). The SIPC protects customers up to \$500,000 per customer.

LONG TERM DEBT

On August 24, 2010, Siu signed a note payable with Wells Fargo Bank for \$6,700,000, with a variable interest payable until paid in full. At December 31, 2010 the balance of the note payable was \$6,567,550 and a current interest rate of 3.014%. For the year ended December 31, 2010, the Company incurred \$43,859 of interest expense.

Total outstanding	\$6,567,550
Less: current portion	<u>536,577</u>
Long term portion	<u>\$6,030,973</u>

Future maturities of debt are as follows:

2011	\$ 536,577
2012	564,030
2013	592,884
2014	623,217
2015	<u>4,250,842</u>
Total	<u>\$6,567,550</u>

Siu utilized a \$1,750,000 revolving line of credit with interest due monthly. The line of credit has a variable interest rate, which was 3.275% as of December 31, 2010. The line of credit is unsecured, but has been guaranteed by NSEDC. The credit line limit is \$8,000,000.

Norton Sound Economic Development Corporation utilized a \$6,500,000 line of credit with interest due monthly. The line of credit has a variable interest rate, which was 1.375% as of December 31, 2010.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements December 31, 2010

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses is based primarily on the proportion of time spent by employees on the various activities.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2011, the date which the financial statements were available for issue. Management considers the following transaction the only significant subsequent event:

On February 2, 2011 BSAI Partners LLC, of which Siu is a 50% owner, purchased seven shore based trawl vessels involved in the Bering Sea pollock fishery along with the vessels' related fishing rights. The directly owned fishing rights equate to approximately 2.9% of the Bering Sea pollock fishery. The vessels and their fishing rights are each owned in partnership with Maruha Capital Investment and affiliates, minority owners. In addition, BSAI Partners purchased a crab vessel and the assets associated with Alaska Boat Company.

Financial Disclosure Information

Description of compensation policy for directors:

Per diem and honorariums are paid to directors for each day meetings are attended. The rate of per diem is \$350 per day. Honorarium is paid at the rate of \$250 per meeting. An additional \$50 is paid to the Chairman of the Board for each Board meeting.

Total amount paid to directors:

Compensation for NSEDC's seventeen directors (fifteen current and two whose terms ended in 2010) was \$458,188 in 2010.

Compensation for Siu Alaska Corporation's seven directors was \$21,759.

Employee Compensation:

Top five highest paid personnel within NSEDC and the majority-owned subsidiaries

Vice-president and Chief Executive Officer Janis Ivanoff earned \$150,051.29; Chief Operating Officer Simon Kinneen earned \$129,273.48; General Counsel Kyan Olanna earned \$115,218.27; Education, Employment and Training Coordinator Jerry Ivanoff earned \$110,015.13; and Controller Rick Walicki earned \$101,045.62.

Siu Alaska Corporation President and Chief Executive Officer John Eckels earned \$150,000.00 and Asset Manager Richard Tremaine earned \$113,866.56.

Related Party Transactions:

Description of any transactions over the amount of \$20,000 with any director or their family members, include:

- None

Legal proceedings involving directors:

Description of any legal proceedings in which a director has an interest adverse to the CDQ Entity, including the name of the director.

- None

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Financial Disclosure Information

Professional fees:

List of totals*

Legal.....\$260,149

Consulting.....\$450,149

Accounting.....\$64,484

Lobbying.....\$0

**Includes those professional fees incurred as General and Administrative Expenses (see schedule on page 19) and those incurred as non-administrative expenses.*

Auditor Relationship

Auditor is Altman, Rogers & Co.

Description of any disagreement by the CDQ Entity with any auditor in the past two years:

- There were no disagreements with Altman, Rogers & Co. for 2010 and 2009.

Description of any non-audit services supplied by the auditor with disclosure of the fees paid for the non-audit services as a percentage of the total fees paid to the auditor:

- Non-audit service was for tax services related to the preparation of 990 forms. Total fees for non-audit services amounted to \$9,616 or approximately 16.5% of total fees paid to Altman, Rogers & Co.

Committees

Nomination or compensation functions, including a description of the committee's functions and dates of any meetings held by the committee:

- Executive Committee

The Executive Committee members for 2010 were Dan Harrelson, Chairman; Dean Peterson, Vice-Chairman; Frank Katchatag, Sergeant-at-arms; Don Stiles and Harvey Sookiyak.

The Executive Committee is responsible for planning the work of the full Board, setting meeting schedules and agendas, ensuring accountability of operations of the Corporation, setting guidelines between regular meetings, clarifying policy, and referring work or issues to other committees. The Executive Committee may exercise all of the authority of the full Board in the management of the Corporation, except where action of the Board of Directors is otherwise specified by statute, regulation, the bylaws, or the articles of incorporation.

The committee held meetings on February 2, March 24, April 26, August 3 and November 1, 2010 .

- Compensation Committee

The Compensation Committee members for 2010 were Dan Harrelson, Dean Peterson, Orville Ahkinga and Harvey Sookiyak.

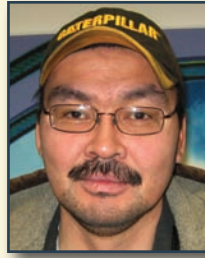
The Compensation Committee is responsible for reviewing requests by NSEDC management for increases in pay or annual bonuses for NSEDC officers and staff, and shall recommend approval or denial of such requests to the Board of Directors.

The committee met on February 4, 2010.

2010 NSEDC BOARD OF DIRECTORS



Reggie Barr
P.O. Box 86
Brevig Mission, AK 99785
(2007-2010)



Orville Ahkinga
P.O. Box 7046
Diomedede, AK 99762
(2007-2010)



Oscar Takak, Sr.
P.O. Box 39021
Elim, AK 99739
(2009-2012)



Joel James
P.O. Box 162
Gambell, AK 99742
(2008-2011)



Dean Peterson
P.O. Box 62032
Golovin, AK 99762
(2008-2011)



Elvina Naranjo
P.O. Box 53047
Koyuk, AK 99753
(2008-2011)



Don Stiles
P.O. Box 575
Nome, AK 99762
(2009-2012)



Truman Kava
P.O. Box 154
Savoonga, AK 99769
(2009-2012)



Victor Joe
P.O. Box 59095
St. Michael, AK 99659
(2009-2012)



Harvey Sookiayak
P.O. Box 13
Shaktoolik, AK 99771
(2007-2010)



Wilfred Katcheak
P.O. Box 71048
Stebbins, AK 99671
(2008-2011)



Joseph Garnie
P.O. Box 582
Teller, AK 99778
(2009-2012)



Frank Katchatag
P.O. Box 59
Unalakleet, AK 99684
(2007-2010)



Frank Oxereok, Jr.
P.O. Box 524
Wales, AK 99783
(2008-2011)



Dan Harrelson
P.O. Box 190
White Mountain, AK 99784
(2007-2010)

2010 NSEDC STAFF AND LIAISONS

Administration

Dan Harrelson

President

Janis Ivanoff

Vice President & Chief Executive Officer

Simon Kinneen

Chief Operating Officer

Richard Walicki

Treasurer & Controller

Kyan Olanna

General Counsel

Kathy Wheelehan

Executive Assistant

Camille Cruz

Human Resources Director

Aggie Blandford

Special Projects Coordinator

Virginia Nashalook

Senior Accountant

Chelsea Ryan

Accountant

Joel Cladouhos

Accountant (through November 2010),

Quota Manager (as of December 2010)

Matt Coates

Accountant (starting November 2010)

Hannah Sookiayak

Accountant (through November 2010)

Darlene Dewey

Accounting Assistant (starting July 2010)

Pearl Dotomain

Administrative Assistant

Community Benefits

Paul Ivanoff III

Community Benefits Director

Roy Ashenfelter

Community Development Coordinator

Yvonne Galsy Ashenfelter

Community Benefits Specialist

N.S. Fisheries Research and Development

Charlie Lean

NSFR&D Director

Wes Jones

Fisheries Biologist

Kevin Keith

Fisheries Biologist

Jacob Ivanoff

Fisheries Technician

Sye Larson

Fisheries Technician

(through September 2010)

Fred Jay Ivanoff

Clean Waters Program Coordinator

Norton Sound Seafood Products

Middy Johnson

Southern NSSP Manager

(through August 2010)

Richard Ferry

Northern NSSP Manager

Josh Osborne

Northern NSSP Production Manager

(March through December 2010)

Crystal Taxac

NSSC Office Manager

(through August 2010)

Paula Davis

NSSC Office Manager (starting May 2010)

Orville Toolie

Savoonga Plant Manager (seasonal)

Duane Seppilu

Savoonga Office Manager (seasonal)

Harold Muktoyuk

Plant Foreman (seasonal)

Frank Doty

Refrigeration Technician (seasonal)

Bruce Johnson

Refrigeration Technician (seasonal)

Elizabeth Ivanoff

Accountant/Office Assistant (seasonal)

Justina Noongwook

Data Clerk (seasonal)

Education, Employment & Training

Jerry Ivanoff

NSEDC Corporate Secretary

& EET Coordinator

Carol Charles

Administrative Assistant

NSEDC Community Outreach Liaisons

Brevig Mission

Johnee Seetot

(January to August 2010)

Darla Olanna

(September to December 2010)

Diomedea

Andrew Milligrock

Elim

Emily Murray

Gambell

Shirley Antogham

(through September 2010)

Golovin

Sherri Lewis

Koyuk

Ruby Nassuk

Savoonga

Charlotte Kava

Shaktoolik

Reuben Paniptchuk

St. Michael

Shirley Martin

(January to May 2010)

Charlene Austin

(June to July 2010)

Stebbins

Atha Foxie

Teller

Warren Lake

(January to March 2010)

Wilma Ongtawasruk

(July to December 2010)

Wales

Joanne Keyes

White Mountain

Davis Lincoln

2010 NSEDC COMMUNITY HIGHLIGHTS

Brevig Mission

- Reggie Barr served as Board Member
- Johnee Seetot and Darla Olanna served as Community Outreach Liaisons
- The City of Brevig Mission received a \$100,000 Community Benefit Share
- NSEDC presented information about scholarships and vocational training at a career fair
- Three residents of Brevig Mission received NSEDC scholarships throughout the year
- Glacier Fish Co. employed two residents as crew members, one aboard the *Pacific Glacier* and one aboard the *Alaska Ocean*
- NSEDC contributed \$3,000 to the Brevig Mission School for its Little Dribblers program
- The City of Brevig Mission and the Brevig Mission Native Corp. participated in NSEDC's Consolidated Bulk Fuel program
- The City of Brevig Mission received \$50,300 in NSEDC Outside Entity Funding for public facilities upgrades and repairs, and the remodel of the old clinic
- The Brevig Mission School received \$9,700 in NSEDC Outside Entity Funding for open gym coordinators
- Brevig Mission was provided a boat and funding for a crew to test fish for marketable species in proximity to the community
- \$5,000 was contributed to the Brevig Mission School dance group through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Brevig Mission for a community cleanup

Diomedes

- Orville Ahkinga served as Board Member
- Andrew Milligrock served as Community Outreach Liaison
- NSEDC hosted a community meeting in Diomedes
- The City of Diomedes received a \$100,000 Community Benefit Share
- The 2010 NSEDC Clean Waters program provided employment while removing litter from local beaches
- A Diomedes resident was awarded a \$26,000 Small Business Initiative grant

- NSEDC contributed \$3,000 to the Diomedes School for its Little Dribblers program
- The Little Store participated in NSEDC's Consolidated Bulk Fuel program
- The Native Village of Diomedes received more than \$46,400 in NSEDC Outside Entity Funding for the Tribal Elder Assistance program
- The Native Village of Diomedes received more than \$11,200 in NSEDC Outside Entity Funding for the upgrading of whaling equipment and supplies
- Diomedes was provided a boat and funding for a crew to test fish for marketable species in proximity to the community
- \$5,000 was contributed to the Native Village of Diomedes's skin sewing class through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Diomedes for a community cleanup

Elim

- Oscar Takak, Sr. served as Board Member
- Emily Murray served as Community Outreach Liaison
- The City of Elim received a \$100,000 Community Benefit Share
- NSEDC presented information about scholarships and vocational training at a career fair
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Elim
- The 2010 NSEDC Clean Waters program provided employment while removing litter from local beaches
- Six residents of Elim received NSEDC scholarships throughout the year
- Glacier Fish Co. employed one resident as a crew member aboard the *Pacific Glacier*
- Four residents were certified in Fisheries Safety Orientation Training under NSEDC's EET program
- NSEDC contributed \$3,000 to the Elim School for its Little Dribblers program
- The City of Elim and the Native Village of Elim/ANICA participated in NSEDC's Consolidated Bulk Fuel program
- The Native Village of Elim received \$15,000 in NSEDC Outside Entity Fund-

- ing for the Tubuktulik Watershed Project
- The City of Elim received \$45,000 in NSEDC Outside Entity Funding for the purchase of a front end loader
- The City of Elim received \$240,000 in NSEDC fisheries funding for the purchase of a 9800R Caterpillar loader
- The Native Village of Elim received \$15,000 in NSEDC fisheries funding for a salmon fishery protection project
- \$5,000 was contributed to the Aniguiin School student activities fund and ski team through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Elim for a community cleanup
- NSEDC contributed \$1,000 toward the Elim Lloyd Stewart Nagaruk Basketball Tournament

Gambell

- Joel James served as Board Member
- Shirley Antoghome served as Community Outreach Liaison
- The City of Gambell received a \$100,000 Community Benefit Share
- NSEDC presented information about scholarships and vocational training at a career fair
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Gambell
- Two residents of Gambell received NSEDC scholarships throughout the year
- NSEDC contributed \$3,000 to the Gambell School for its Little Dribblers program
- The City of Gambell participated in NSEDC's Consolidated Bulk Fuel program
- \$5,000 was contributed to the City of Gambell's cultural identities program through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 toward the Gambell Shootout Basketball Tournament

Golovin

- Dean Peterson served as Board Member
- Sherri Lewis served as Community Out-

continued on next page

2010 NSEDC COMMUNITY HIGHLIGHTS

continued from previous page

- reach Liaison
- The City of Golovin received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Golovin
- Six residents of Golovin received NSEDC scholarships throughout the year
- Glacier Fish Co. employed one resident as a crew member aboard the *Alaska Ocean*
- NSEDC sponsored one resident who earned an Operator of Uninspected Passenger Vessel (OUPV) captain's license
- NSEDC contributed \$3,000 to the Golovin School for its Little Dribblers program
- The City of Golovin participated in NSEDC's Consolidated Bulk Fuel program
- The Chinik Eskimo Community received more than \$16,100 in NSEDC Outside Entity Funding for a cultural revival project
- \$5,000 was contributed to the Martin L. Olson School's after-school activities through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Golovin for a community cleanup

Koyuk

- Elvina Naranjo served as Board Member
- Ruby Nassuk served as Community Outreach Liaison
- The City of Koyuk received a \$100,000 Community Benefit Share
- NSEDC sponsored a Traditional Wood Carving class
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from the City of Koyuk
- The 2010 NSEDC Clean Waters program provided employment while removing litter from local beaches
- Six residents of Koyuk received NSEDC scholarships throughout the year
- Glacier Fish Co. employed one resident as a crew member aboard the *Pacific Glacier*
- One resident was certified in Fisheries Safety Orientation Training under NSEDC's EET program.
- NSEDC contributed \$3,000 to the Koyuk

School for its Little Dribblers program

- The City of Koyuk and the Koyuk Native Corp. participated in NSEDC's Consolidated Bulk Fuel program
- The City of Koyuk received more than \$9,500 in NSEDC Outside Entity Funding for a fishermen's floating dock
- The City of Koyuk received more than \$38,100 in NSEDC Outside Entity Funding for an solar-powered repeater station
- The Native Village of Koyuk received more than \$9,600 in NSEDC Outside Entity Funding for the construction of a burn box
- The Native Village of Koyuk received more than \$2,600 in NSEDC Outside Entity Funding for the completion of the Koyuk IRA Building
- The City of Koyuk received more than \$11,900 in NSEDC fisheries funding for a fishermen's channel marker
- \$5,000 was contributed to the Koyuk School's Little Dribblers program, middle school basketball, a class trip and entertainment equipment through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 toward the Norton Sound Tip-off basketball tournament

Nome

- Don Stiles served as Board Member
- The City of Nome received a \$100,000 Community Benefit Share
- NSEDC staff participated in a mass casualty drill
- NSEDC sponsored a Qawairaq Inupiaq Language class through UAF Northwest Campus
- One hundred forty-seven residents of Nome received NSEDC scholarships throughout the year
- Four Nome residents were awarded Small Business Initiative grants totaling \$66,000
- Glacier Fish Co. employed two residents as crew members aboard the *Pacific Glacier*
- Two residents were certified in Fisheries Safety Orientation Training under NSEDC's EET program
- NSEDC contributed \$3,000 to Nome Elementary School for its Little Drib-

blers program

- The Bering Straits Foundation received \$17,500 in NSEDC Outside Entity Funding for the Imangmiut King Island Dancers
- The City of Nome received \$175,000 in NSEDC fisheries funding for the purchase of a search and rescue/spill response/harbor vessel
- \$5,000 was contributed to the Nome Public Schools' boys and girls basketball programs through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- The Norton Sound Marine Harvesters received \$61,000 in NSEDC fisheries funding for the repair and maintenance of a large boat trailer

Savoonga

- Truman Kava served as Board Member
- Charlotte Kava served as Community Outreach Liaison
- The City of Savoonga received a \$100,000 Community Benefit Share
- NSEDC presented information about scholarships and vocational training at a career fair
- One resident of Savoonga received a NSEDC scholarship throughout the year
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Savoonga
- NSEDC contributed \$3,000 to the Savoonga School for its Little Dribblers program
- The City of Savoonga participated in NSEDC's Consolidated Bulk Fuel program
- The City of Savoonga received \$53,000 in NSEDC Outside Entity Funding for a steel garage
- Nomad Charities and Nomad Films received \$7,000 in NSEDC Outside Entity Funding for the production of "The Island In Between," a film on Savoonga whaling
- The City of Savoonga received \$40,000 in NSEDC fisheries funding for a Klamath boat, a trailer and a motor
- The City of Savoonga received \$100,000 in NSEDC fisheries funding for the purchase of a L120 loader

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2010 NSEDC COMMUNITY HIGHLIGHTS

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- \$5,000 was contributed to the City of Savoonga for a playground and baseball field through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Savoonga for a community cleanup

Shaktoolik

- Harvey Sookiyak, Sr. served as Board Member
- Reuben Paniptchuk served as Community Outreach Liaison
- The City of Shaktoolik received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Shaktoolik
- NSEDC presented information about scholarships and vocational training at a career fair
- \$5,000 was contributed to the Native Village of Shaktoolik Spring Whaling Survival Camp through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- Five residents of Shaktoolik received NSEDC scholarships throughout the year
- Glacier Fish Co. employed three residents as crew members, one who worked on both the *Pacific Glacier* and the *Alaska Ocean*, and two who solely worked on the *Alaska Ocean*
- NSEDC contributed \$3,000 to the Shaktoolik School for its Little Dribblers program
- The City of Shaktoolik, Shaktoolik Native Corp. and the Native Village of Shaktoolik participated in NSEDC's Consolidated Bulk Fuel program
- The City of Shaktoolik received more than \$54,600 in NSEDC Outside Entity Funding for a washeteria upgrade
- NSEDC contributed \$1,000 to the City of Shaktoolik for a community cleanup
- NSEDC contributed \$1,000 to the Native Village of Shaktoolik for a community cleanup
- NSEDC contributed \$1,000 to the Shaktoolik Basketball Committee

St. Michael

- Victor Joe served as Board Member
- Shirley Martin and Charlene Austin served as Community Outreach Liaisons
- The City of St. Michael received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from St. Michael
- Twenty residents attended a NSEDC-sponsored Driver's Permit Workshop
- 13 residents attended a NSEDC-sponsored search and rescue first aid class
- Four residents of St. Michael received NSEDC scholarships throughout the year
- Glacier Fish Co. employed one resident as a crew member who worked aboard both the *Pacific Glacier* and the *Alaska Ocean*
- Two residents were certified in Fisheries Safety Orientation Training under NSEDC's EET program
- NSEDC contributed \$3,000 to the St. Michael School for its Little Dribblers program
- The City of St. Michael participated in NSEDC's Consolidated Bulk Fuel program
- The City of St. Michael received \$60,000 in NSEDC Outside Entity Funding for a welding shop
- \$5,000 was contributed to the Native Village of St. Michael's Helper Project through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 toward the St. Michael Turkey Tournament (basketball)

Stebbins

- Wilfred Katcheak served as Board Member
- Atha Foxie served as Community Outreach Liaison
- The City of Stebbins received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Stebbins
- \$5,000 was contributed to Tapraq Inc.'s Easter activities and spring cleanup through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities

- NSEDC presented information about scholarships and vocational training at a career fair
- A Stebbins resident was awarded a \$13,000 Small Business Initiative grant
- Six residents of Stebbins received NSEDC scholarships throughout the year
- Glacier Fish Co. employed three residents as crew members, two aboard the *Pacific Glacier* and one aboard the *Alaska Ocean*
- NSEDC contributed \$3,000 to the Stebbins School for its Little Dribblers program
- The City of Stebbins and the Ferris General Store participated in NSEDC's Consolidated Bulk Fuel program

Teller

- Joe Garnie served as Board Member
- Warren Lake and Wilma Ongtowasruk served as Community Outreach Liaisons
- The City of Teller received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Teller
- The 2010 NSEDC Clean Waters program provided employment while removing litter from local beaches
- NSEDC presented information about scholarships and vocational training at a career fair
- Four residents of Teller received NSEDC scholarships throughout the year
- Glacier Fish Co. employed one resident as a crew member aboard the *Alaska Ocean*
- One resident was certified in Fisheries Safety Orientation Training under NSEDC's EET program
- NSEDC contributed \$3,000 to the Teller School for its Little Dribblers program
- The Teller Native Corp. participated in NSEDC's Consolidated Bulk Fuel program
- The City of Teller received nearly \$7,900 in NSEDC Outside Entity Funding for HBT service and an emergency service vehicle
- The City of Teller received more than \$12,000 in NSEDC Outside Entity Funding for a garage door and repairs
- The Mary's Igloo Traditional Council received more than \$7,000 in NSEDC Outside Entity Funding for a search and

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2010 NSEDC COMMUNITY HIGHLIGHTS

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- rescue snowmachine
- The Mary's Igloo Traditional Council received more than \$8,300 in NSEDC Outside Entity Funding for a cultural education project
- The Mary's Igloo Traditional Council received more than \$21,600 in NSEDC Outside Entity Funding for the "Preserving our Past" elder and youth cultural camp and a shelter cabin
- The Native Village of Teller received more than \$3,000 in NSEDC Outside Entity Funding for a community-use generator
- Teller was provided a boat and funding for a crew to test fish for marketable species in proximity to the community
- \$5,000 was contributed to the Native Village of Teller's sixth annual Teller Cultural Festival and the Mary's Igloo Traditional Council's second annual Elder and Youth Culture Camp through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC contributed \$1,000 to the City of Teller for a community cleanup

Unalakleet

- Frank Katchatag served as Board Member
- The City of Unalakleet received a \$100,000 Community Benefit Share
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from Unalakleet
- NSEDC sponsored an Athabascan Beading class through UAF Northwest Campus
- NSEDC sponsored a Cardiopulmonary Resuscitation (CPR) class
- \$5,000 was contributed to the Unalakleet School's student store and student activities through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- Forty-nine residents of Unalakleet received NSEDC scholarships throughout the year
- Glacier Fish Co. employed 10 residents as crew members, five aboard the *Pacific Glacier*, three aboard the *Alaska Ocean*, and two who worked on both ships.
- NSEDC sponsored two residents who earned their Operator of Uninspected

Passenger Vessel (OUPV) captain's license

- Four residents were certified in Fisheries Safety Orientation Training under NSEDC's EET program
- NSEDC contributed \$3,000 to the Unalakleet School for its Little Dribblers program
- The City of Unalakleet and Unalakleet Native Corp. participated in NSEDC's Consolidated Bulk Fuel program
- The Native Village of Unalakleet received more than \$42,500 in NSEDC Outside Entity Funding for nutrition and other services for elders
- NSEDC contributed \$1,000 to the City of Unalakleet for a community cleanup
- NSEDC contributed \$1,000 toward the David Paul Paniptchuk Basketball Tournament

Wales

- Frank Oxereok, Jr. served as Board Member
- Joanne Keyes served as Community Outreach Liaison
- The City of Wales received a \$100,000 Community Benefit Share
- NSEDC hosted a Northern Communities' Fisheries Development meeting in April
- The 2010 NSEDC Clean Waters program provided employment while removing litter from local beaches
- NSEDC contributed \$3,000 to the Wales School for its Little Dribblers program
- The City of Wales participated in NSEDC's Consolidated Bulk Fuel program
- The City of Wales received more than \$2,900 in NSEDC Outside Entity Funding for welder and generator equipment
- The Native Village of Wales received more than \$44,700 in NSEDC Outside Entity Funding for the Kingimiut Dance Festival
- Wales was provided a boat and funding for a crew to test fish for marketable species in proximity to the community

White Mountain

- Dan Harrelson served as Board Member
- Davis Lincoln served as Community Outreach Liaison
- The City of White Mountain received a \$100,000 Community Benefit Share
- NSEDC sponsored a Hazardous Waste Operations and Emergency Response class.

Five attending received certifications

- \$5,000 was contributed to Native Village of White Mountain's youth wellness activities, the White Mountain School's student activities, and the City of White Mountain's kids programs through the local NSEDC board member's discretionary grant for substance abuse, alcohol abuse or suicide prevention activities
- NSEDC sponsored a Community Welding Cart Orientation class for a representative from White Mountain
- Eight residents of White Mountain received NSEDC scholarships throughout the year
- NSEDC contributed \$3,000 to the White Mountain School for its Little Dribblers program
- The City of White Mountain and White Mountain Native Store participated in NSEDC's Consolidated Bulk Fuel program
- The City of White Mountain received \$60,000 in NSEDC Outside Entity Funding for the purchase of a loader
- NSEDC contributed \$1,000 for the Robert "Putto" Charles Basketball Tournament

Region-wide

- NSEDC contributed \$100,000 to the Bering Strait Health Consortium toward a nursing degree program based at the University of Alaska Fairbanks Northwest Campus in Nome
- NSEDC contributed \$65,000 to fund fisheries interns for the Alaska Department of Fish and Game
- NSEDC contributed \$20,000 to the Marine Advisory Program for the Bering Strait region
- NSEDC contributed more than \$28,200 to Kawerak for the Norton Sound Fisheries Restoration and Enhancement Summit
- NSEDC contributed nearly \$7,500 to Norton Sound Health Corp. toward a radio repeater on Newton Peak used for region-wide emergency communication
- NSEDC contributed \$5,000 to Alaska Legal Services for public legal defense services
- NSEDC contributed \$2,000 toward the Lonnie O'Connor Iditarod Basketball Classic tournament

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NSEDCC MISSION STATEMENT

*NSEDCC will participate in the Bering
Sea fisheries to provide economic
development through education,
employment, training and financial
assistance to our member communities.*

BREVIG MISSION › DIOMEDE › ELIM › GAMBELL
GOLOVIN › KOYUK › NOME › SAVOONGA
SHAKTOOLIK › ST. MICHAEL › STEBBINS › TELLER
UNALAKLEET › WALES › WHITE MOUNTAIN