

Holley Bayne

From: jessica.deviche@sitkatriben-sns.gov on behalf of Grants Administrator, Sitka Tribe of Alaska <grants@sitkatriben-sns.gov>
Sent: Monday, May 19, 2025 3:45 PM
To: Holley Bayne
Subject: Fisheries Enhancement Fund Request
Attachments: Audit2023_PDF_Sitka Tribe_TribWide_FINAL.pdf; 2025 STA Fisheries Enhancement Fund Request.docx

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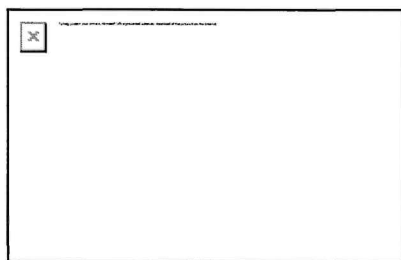
Good Afternoon Ms. Bayne,

Please find the Sitka Tribe of Alaska's proposal for part of the Fisheries Enhancement Fund attached. Please let me know if you have any questions.

Gunalchéesh,

Jessica Deviche
Grant Specialist

Sitka Tribe of Alaska
204 Siginaka Way
Sitka, AK 99835
grants@sitkatriben-sns.gov
O: (907) 747-3207



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204 SIGINAKA WAY, SUITE 300
SITKA, ALASKA 99835
MAIN: 907-747-3207
FAX: 907-747-4915
SITKATRIBE.ORG

6 June 2025

Holley Bayne, Administrator's Office
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 99835
RE: Fisheries Enhancement Fund Request

Ms. Bayne:

Please consider the following proposal to help fund continued operation of the Redoubt Lake sockeye salmon weir and ensure the Redoubt Lake Sockeye Salmon Management Plan can be implemented so that subsistence and commercial harvest of sockeye salmon can be maximized.

Redoubt Lake is by far the largest source of subsistence sockeye salmon in Southeast Alaska and an invaluable asset for the community of Sitka. Subsistence and commercial harvest regulations of Redoubt Lake sockeye salmon are set forth by the Redoubt Lake Sockeye Salmon Management Plan, developed in 2003 with extensive collaboration between tribal, state, federal, subsistence, sport, commercial, and conservation stakeholders and facilitated by the Sitka Fish and Game Advisory Committee. The management plan requires accurate in-season escapement data to liberalize subsistence and commercial harvest regulations. In 2024, over 9,000 subsistence sockeye salmon were reported harvested at Redoubt Lake. The directed commercial fishery harvested over 100,000 sockeye with an ex-vessel value of more than \$600,000. However, federal budget cuts threaten the viability of the weir. Without the monitoring weir in place, subsistence harvest opportunity will decrease significantly and there will be no directed commercial fisheries.

STA has secured funding for infrastructure improvements to reduce long-term monitoring costs at Redoubt. We propose using approximately 1/3rd of the available fish box tax funds (\$16,000) for supply and personnel costs to operate the Redoubt Lake weir. Example costs include replacement parts for the weir (e.g., electrical conduit, lumber), boat fuel for crew transportation, and personnel costs for weir staff.

Amount requested: \$16,000



History of the organization: The foundational document of the Sitka Tribe of Alaska is the constitution of the Sitka Community Association, approved by the Secretary of the Interior in 1938. In 1991, elections approved modifying the constitution and changing the organization's name to Sitka Tribe of Alaska. A compact with the Department of the Interior took effect in 1992 to remove federal obstacles to effective self-governance; reorganize tribal government programs and services; allow the Tribe meaningful authority to plan, conduct, and administer programs and services to meet the needs of tribal citizens; and establish a government-to-government relationship with the federal government. Sitka Tribe of Alaska entered into its first annual funding agreement with the Bureau of Indian Affairs in 1997 to further enable STA to govern at a local level. For more information, please see STA's website: <https://sitkatribes.org/who-we-are/our-history/>.

I have also attached STA's most recent basic financial statements and the independent auditor's report. Please contact Nadia Riley, Chief Financial Officer, at nadia.riley@sitkatribes-nstn.gov if you need any additional financial information.

Thank you for your thoughtful consideration. Please contact Jeff Feldpausch, Resource Protection Department Director, at jeff.feldpausch@sitkatribes-nstn.gov with questions.



Sitka Tribe of Alaska

*Basic Financial Statements,
Independent Auditor's Report
and
Single Audit Reporting Package
December 31, 2023*

redw
Advisors & CPAs

Sitka Tribe of Alaska

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Sitka Tribe of Alaska

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Independent Auditor's Report

Honorable Members of the Tribal Council
Sitka Tribe of Alaska

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Sitka Tribe of Alaska (the "Tribe"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tribe, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tribe and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tribe's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tribe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tribe's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the major funds budget to actual schedules as listed on table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tribe's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of the Tribe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tribe's internal control over financial reporting and compliance.

REDW_{LLC}

Phoenix, Arizona
September 19, 2024

Basic Financial Statements

Tribe-Wide Financial Statements

Sitka Tribe of Alaska
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 22,351,726	\$ 2,639,615	\$ 24,991,341
Investments	3,473,054	-	3,473,054
Accounts receivable	42,646	2,815	45,461
Lease receivable, current	140,870	-	140,870
Due from federal agencies	1,416,715	-	1,416,715
Internal balances, net	830,706	(830,706)	-
Prepaid expenses	228,491	-	228,491
Inventory	-	36,282	36,282
Total current assets	<u>28,484,208</u>	<u>1,848,006</u>	<u>30,332,214</u>
Noncurrent assets			
Lease receivable, net of current	928,737	-	928,737
Capital and right-to-use assets			
Capital assets, not being depreciated	1,487,707	95,510	1,583,217
Capital and right-to-use assets, net of depreciation/amortization	<u>7,528,753</u>	<u>753,043</u>	<u>8,281,796</u>
Total noncurrent assets	<u>9,945,197</u>	<u>848,553</u>	<u>10,793,750</u>
Total assets	<u>38,429,405</u>	<u>2,696,559</u>	<u>41,125,964</u>
Liabilities			
Current liabilities			
Accounts payable	476,386	411	476,797
Accrued payroll and liabilities	212,031	-	212,031
Accrued other liabilities	1,000	-	1,000
Unearned revenue	25,962,614	-	25,962,614
Lease payable, current portion	22,002	-	22,002
Subscription liabilities, current portion	26,667	-	26,667
Current portion of notes payable	<u>137,677</u>	<u>-</u>	<u>137,677</u>
Total current liabilities	<u>26,838,377</u>	<u>411</u>	<u>26,838,788</u>
Noncurrent liabilities			
Compensated absences	326,535	-	326,535
Lease payable, net of current portion	47,319	-	47,319
Subscription liabilities, net of current portion	77,972	-	77,972
Notes payable, net of current portion	<u>1,251,255</u>	<u>-</u>	<u>1,251,255</u>
Total noncurrent liabilities	<u>1,703,081</u>	<u>-</u>	<u>1,703,081</u>
Total liabilities	<u>28,541,458</u>	<u>411</u>	<u>28,541,869</u>
Deferred Inflow of Resources			
Deferred inflow - leases	<u>1,041,101</u>	<u>-</u>	<u>1,041,101</u>
Net Position			
Net investment in capital assets	8,382,305	848,553	9,230,858
Unrestricted	<u>464,541</u>	<u>1,847,595</u>	<u>2,312,136</u>
Total net position	<u>\$ 8,846,846</u>	<u>\$ 2,696,148</u>	<u>\$ 11,542,994</u>

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

Sitka Tribe of Alaska
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 4,211,260	\$ 470,975	\$ 1,299,989	\$ 385,822	\$ (2,054,474)	\$ -	\$ (2,054,474)
Social and economic services	2,021,147	-	2,199,982	-	178,835	-	178,835
Community services	154,883	-	-	-	(154,883)	-	(154,883)
Transportation	579,503	-	699,994	-	120,491	-	120,491
Resource protection	1,279,923	-	1,599,987	-	320,064	-	320,064
Economic development	632,388	-	899,993	-	267,605	-	267,605
Education	1,561,116	-	1,899,984	246,977	585,845	-	585,845
Legal and tribal courts	1,106,817	-	1,399,988	8,329	301,500	-	301,500
Interest on long-term debt	81,039	-	-	-	(81,039)	-	(81,039)
Total governmental activities	<u>11,628,076</u>	<u>470,975</u>	<u>9,999,917</u>	<u>641,128</u>	<u>(516,056)</u>	<u>-</u>	<u>(516,056)</u>
Business-type activities							
Sitka Tribal Enterprises	731,135	1,274,311	-	-	-	543,176	543,176
Tannery	18,391	2,754	-	-	-	(15,637)	(15,637)
Total business-type activities	<u>749,526</u>	<u>1,277,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,539</u>	<u>527,539</u>
Total primary government	<u>\$ 12,377,602</u>	<u>\$ 1,748,040</u>	<u>\$ 9,999,917</u>	<u>\$ 641,128</u>	<u>(516,056)</u>	<u>527,539</u>	<u>11,483</u>
General revenues							
Investment income					1,035,354	-	1,035,354
Indirect charges to enterprise funds					157,794	-	157,794
Employee retention tax credit					1,696,822	-	1,696,822
Total general revenues and expenses					<u>2,889,970</u>	<u>-</u>	<u>2,889,970</u>
Change in net position					2,373,914	527,539	2,901,453
Net position, beginning of year					6,472,932	2,168,609	8,641,541
Net position, end of year					<u>\$ 8,846,846</u>	<u>\$ 2,696,148</u>	<u>\$ 11,542,994</u>

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

Fund Financial Statements

Governmental Funds

Sitka Tribe of Alaska
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	BIA Compact	ARPA	Other Grants and Contracts	Total
Assets					
Cash and cash equivalents	\$ 110,263	\$ 2,300,324	\$ 19,482,240	\$ 458,899	\$ 22,351,726
Accounts receivable	42,646	-	-	-	42,646
Due from federal agencies	-	36,952	-	1,379,763	1,416,715
Due from other funds	712,883	10,022	6,001	101,800	830,706
Prepaid expenses	225,435	404	-	2,652	228,491
Lease receivable	1,069,607	-	-	-	1,069,607
Investments	1,131,666	-	-	2,341,388	3,473,054
Total assets	<u>\$ 3,292,500</u>	<u>\$ 2,347,702</u>	<u>\$ 19,488,241</u>	<u>\$ 4,284,502</u>	<u>\$ 29,412,945</u>
Liabilities, Deferred Inflows, and Fund Balances					
Accounts payable	\$ 318,555	\$ 47,378	\$ 6,001	\$ 104,452	\$ 476,386
Accrued payroll and liabilities	212,031	-	-	-	212,031
Accrued other liabilities	1,000	-	-	-	1,000
Unearned revenue	-	2,300,324	19,482,240	4,180,050	25,962,614
Total liabilities	<u>531,586</u>	<u>2,347,702</u>	<u>19,488,241</u>	<u>4,284,502</u>	<u>26,652,031</u>
Deferred inflows of resources					
Deferred inflows - leases	<u>1,041,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,041,101</u>
Fund balances					
Nonspendable					
Prepaid expenses	225,435	404	-	2,652	228,491
Restricted	-	(404)	-	-	(404)
Unassigned	<u>1,494,378</u>	<u>-</u>	<u>-</u>	<u>(2,652)</u>	<u>1,491,726</u>
Total fund balances	<u>1,719,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,719,813</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,292,500</u>	<u>\$ 2,347,702</u>	<u>\$ 19,488,241</u>	<u>\$ 4,284,502</u>	<u>\$ 29,412,945</u>

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

Sitka Tribe of Alaska
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2023

Fund balance — governmental funds	\$	1,719,813
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital and right-to-use assets	\$ 12,809,558	
Accumulated depreciation	<u>(3,793,098)</u>	9,016,460

Certain liabilities reported in the statement of net position are long-term in nature and not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(326,535)	
Notes payable	(1,388,932)	
Subscription liabilities	(104,639)	
Lease liabilities	<u>(69,321)</u>	<u>(1,889,427)</u>

Net position of governmental activities	\$	<u>8,846,846</u>
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The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	BIA Compact	ARPA	Other Grants and Contracts	Total
Revenues					
Local sources	\$ 470,975	\$ -	\$ -	\$ -	\$ 470,975
Investments income	1,035,354	-	-	-	1,035,354
Indirect cost recoveries	2,180,944	-	-	-	2,180,944
Intergovernmental					
Federal sources	-	2,508,773	2,868,430	4,835,323	10,212,526
State of Alaska	-	-	-	428,519	428,519
Total revenues	<u>3,687,273</u>	<u>2,508,773</u>	<u>2,868,430</u>	<u>5,263,842</u>	<u>14,328,318</u>
Expenditures					
General government	3,131,396	224,687	955,160	316	4,311,559
Social and economic services	-	696,564	162,105	1,288,320	2,146,989
Community services	-	-	-	149,871	149,871
Transportation	-	-	-	726,752	726,752
Resource protection	3,146	270,237	-	1,316,843	1,590,226
Economic development	-	355,988	533,953	-	889,941
Education	-	620,959	853,044	384,132	1,858,135
Legal and tribal courts	9,353	340,338	-	1,087,367	1,437,058
Capital outlay	129,748	-	364,168	276,960	770,876
Debt service					
Principal	141,599	-	-	30,569	172,168
Interest	<u>78,327</u>	<u>-</u>	<u>-</u>	<u>2,712</u>	<u>81,039</u>
Total expenditures	<u>3,493,569</u>	<u>2,508,773</u>	<u>2,868,430</u>	<u>5,263,842</u>	<u>14,134,614</u>
Revenues over (under) expenditures	<u>193,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,704</u>
Other Financing Sources					
SBITA recognition	129,748	-	-	-	129,748
Employee retention tax credit	<u>1,696,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,822</u>
Total other financing sources	<u>1,826,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,826,570</u>
Net change in fund balances	2,020,274	-	-	-	2,020,274
Fund balances (deficit), beginning of year	<u>(300,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,461)</u>
Fund balances, end of year	<u>\$ 1,719,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,813</u>

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

Sitka Tribe of Alaska
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances — governmental funds \$ 2,020,274

Governmental funds report capital outlays as expenditures. However, in the statement of activities, costs of those assets are capitalized and are allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital outlay	\$ 770,876	
Depreciation and amortization expense	<u>(501,220)</u>	
		269,656

The issuance of long-term notes payable or entering into long-term lease agreements provides current financial resources to governmental funds, while the repayment of these obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes payable lease agreements:

Principal repayment	<u>172,168</u>	
		172,168

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Details of these items are as follows:

Recognition of SBITA agreement		(129,748)
Change in accrued compensated absences		<u>41,564</u>

Change in net position of governmental activities \$ 2,373,914

Proprietary Funds

Sitka Tribe of Alaska
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities Enterprise Funds		
	Sitka Tribal Enterprises	Tribal Tannery	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,623,922	\$ 15,693	\$ 2,639,615
Receivables	315	2,500	2,815
Due from other funds	54,263	-	54,263
Inventory	27,285	8,997	36,282
Total current assets	<u>2,705,785</u>	<u>27,190</u>	<u>2,732,975</u>
Noncurrent assets			
Capital assets	1,062,425	664,675	1,727,100
Accumulated depreciation	(620,065)	(258,482)	(878,547)
Net noncurrent assets	<u>442,360</u>	<u>406,193</u>	<u>848,553</u>
Total assets	<u>3,148,145</u>	<u>433,383</u>	<u>3,581,528</u>
Liabilities			
Current liabilities			
Accounts payable	392	19	411
Due to other funds	-	884,969	884,969
Total current liabilities	<u>392</u>	<u>884,988</u>	<u>885,380</u>
Net Position (Deficit)			
Net investment in capital assets	442,360	406,193	848,553
Unrestricted (deficit)	2,705,393	(857,798)	1,847,595
Total net position (deficit)	<u>\$ 3,147,753</u>	<u>\$ (451,605)</u>	<u>\$ 2,696,148</u>

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

Sitka Tribe of Alaska
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Sitka Tribal Enterprises	Tribal Tannery	Total
Operating Revenues			
Charges for goods and services	\$ 1,125,740	\$ 1,883	\$ 1,127,623
Other operating revenue	71,744	871	72,615
Investment income	6,664	-	6,664
Local source - other	70,163	-	70,163
Total operating revenues	<u>1,274,311</u>	<u>2,754</u>	<u>1,277,065</u>
Operating Expenses			
Salaries and benefits	300,247	-	300,247
Indirect expense	157,152	642	157,794
Depreciation	61,937	16,778	78,715
Gaming payouts and related expenses	43,452	-	43,452
Tour expense	70	-	70
Supplies and equipment	44,539	-	44,539
Professional services	26,221	-	26,221
Travel and training	2,050	-	2,050
Other expenses	31,286	-	31,286
Repairs and maintenance	12,558	214	12,772
Banking and insurance	14,335	605	14,940
Rental expense	8,794	-	8,794
Advertising, dues, and subscriptions	3,885	152	4,037
Utilities	24,609	-	24,609
Total operating expenses	<u>731,135</u>	<u>18,391</u>	<u>749,526</u>
Operating income (loss)	<u>543,176</u>	<u>(15,637)</u>	<u>527,539</u>
Change in net position	543,176	(15,637)	527,539
Net position (deficit), beginning of year	2,604,577	(435,968)	2,168,609
Net position (deficit), end of year	<u>\$ 3,147,753</u>	<u>\$ (451,605)</u>	<u>\$ 2,696,148</u>

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

Sitka Tribe of Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Sitka Tribal Enterprises	Tribal Tannery	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,398,036	\$ 2,754	\$ 1,400,790
Cash paid to employees	(376,993)	-	(376,993)
Cash paid to suppliers	(300,247)	(2,312)	(302,559)
Cash received from funds	<u>1,808,142</u>	<u>15,251</u>	<u>1,823,393</u>
Net cash provided by operating activities	<u>2,528,938</u>	<u>15,693</u>	<u>2,544,631</u>
Net change in cash and cash equivalents	2,528,938	15,693	2,544,631
Cash and cash equivalents, beginning of year	<u>94,984</u>	<u>-</u>	<u>94,984</u>
Cash and cash equivalents, end of year	<u>\$ 2,623,922</u>	<u>\$ 15,693</u>	<u>\$ 2,639,615</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 543,176	\$ (15,637)	\$ 527,539
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	61,937	16,778	78,715
Changes in operating assets and liabilities			
Accounts receivable	123,725	-	123,725
Interfunds receivable	1,808,142	15,251	1,823,393
Inventory	(7,073)	(699)	(7,772)
Accounts payable	<u>(969)</u>	<u>-</u>	<u>(969)</u>
Net cash provided by operating activities	<u>\$ 2,528,938</u>	<u>\$ 15,693</u>	<u>\$ 2,544,631</u>

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

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

1) Summary of Significant Accounting Policies

Reporting Entity

The Sitka Tribe of Alaska (the “Tribe”) is a Federal Indian Tribe organized in July 1938 under the Indian Reorganization Act of 1934. Tribal citizenship is based on Lineal Descendancy or Native American ancestry and residency in the Sitka, Alaska area. As an organized Federal Indian Tribe, the Tribe is eligible to administer grants and contracts from various federal and other agencies. The majority of its continuing funding is through a compact with the U.S. Department of Interior, Office of Self Governance Bureau of Indian Affairs.

The Tribe provides a variety of services including general government, social and economic services, community services, transportation, resource protection, economic development, education, and legal and tribal courts. The Tribe is legally separate and fiscally independent of other state and local governments.

TRIBE-WIDE AND FUND FINANCIAL STATEMENTS

The Tribe-wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Tribe. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Tribe, and for each function of the Tribe’s governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Tribe reports the following major governmental funds:

- *General Fund* – The General Fund is the primary operating fund of the Tribe. It accounts for all financial resources of the Tribe, except those required to be accounted for in another fund.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

- *BIA Compact Special Revenue Fund* – Accounts for funds received under a Self-Governance compact with the United States government pursuant to the authority granted by Title III of P.L. 100-472. Under the self-governance annual funding agreement, the Tribe provides education, economic development, resource protection, Indian child welfare and human services to tribal members.
- *ARPA Special Revenue Fund* – Accounts for funds received under the American Rescue Plan Act (ARPA) to provide relief for disruption caused by the Coronavirus (COVID-19) pandemic.
- *Other Grants and Contracts Special Revenue Fund* – Accounts for remaining grants and contracts administered by the Tribe not reported in a separate fund.

The Tribe reports the following major proprietary funds:

- *Sitka Tribal Enterprises Fund* – Accounts for activities of the Tribe which includes tour and gift shop services for visitors to Sitka, gaming activity, a cottage kitchen where community members can process foods and classes can be held, an environmental research lab that processes samples from around the State of Alaska, and a public transit service that operates under a contract with a local not-for-profit. The fund also includes three wholly owned corporations: Sitka Tribal Sports, STE Environmental, and STE Government services. These corporations were formed through the State of Alaska but have not conducted any business.
- *Tribal Tannery Fund* – Accounts for the activities of the Sitka Tribal Tannery, which provides quality fur/skin tanning services for the community of Sitka, clients who reside throughout the State, and customers living outside of Alaska.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting policies of the Tribe conform to generally accepted accounting principles (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments, including Indian tribes.

The tribe-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

Sitka Tribe of Alaska
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December 31, 2023

government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants revenues, which is generally recognized as revenue when earned as long as payment is expected to be received within 12 months after fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, unmatured interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments (if any), are recorded only when payment is due.

Intergovernmental revenue and local revenue are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and entering into long-term lease agreements are reported as other financing sources.

Proprietary (or enterprise) funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Tribe's enterprise funds are charges to customers for sales and services and gaming related revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Indirect Cost Allocations

Indirect costs that benefit all programs are not directly charged to programs. Indirect costs are allocated to each program based upon an agreement negotiated with cognizant agency, unless limited by grant or contract agreement, which provides for allocation of indirect costs based upon total direct expenses of each contract or grant.

ASSETS, LIABILITIES, NET POSITION AND FUND BALANCE

Deposits and Investments

All cash deposits are in a single financial institution and are carried at cost. The Tribe considers all investments in money market funds and certificate of deposits purchased with a maturity of three months or less to be cash equivalents. The Tribe considers money market funds in the brokerage account to be investments. Investments are presented in order of liquidity in the financial statements and, if held for long-term purposes, are reflected as noncurrent assets. The Tribe pools most of its cash resources of its various funds to facilitate the management of cash.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Investments are stated at fair market values determined by established trading market prices and any gains and losses (realized and unrealized) are included in the Tribe's financial activities. Transactions are recorded on the trade date.

Receivables

Receivables are comprised primarily of amounts due from the federal government, the State of Alaska, and customers. The Tribe has determined that all accounts receivable are collectible and therefore has not established an allowance for uncollectible accounts.

Internal Balances and Due to and Due from Other Funds

Interfund receivables and payables arising from interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are current obligations. Any residual balances outstanding between the governmental activities and business-type activities are reported in the tribe-wide financial statements as "internal balances."

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventory

Inventory is valued at cost, which approximates fair value, on a first-in, first-out basis and is recorded as expenditures when consumed.

Restricted Assets

Certain investments may be classified as restricted assets on the balance sheet due to external requirements to segregate the funds. These funds will not be available for the benefit of future residents of the Tribe until these external requirements have been met.

Lease Receivable and Deferred Inflows of Resources

The Tribe, as a lessor, reports a lease receivable and deferred inflow of resources for all leases meeting the requirements of GASB Statement No. 87, *Leases*. The lease receivable is recorded at the present value of the future lease payments. Over the lease term, the Tribe recognizes revenue from interest income and the amortization of the deferred inflow of resources. The Tribe considers these leases to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Capital and Right-to-Use Assets

Capital assets of the Tribe are recorded in the applicable governmental or business-type activities columns in the governmental-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives or are not individually greater than \$5,000 are not capitalized in the tribe-wide financial statements but are instead expensed.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the vendor, plus any capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Building structures and other improvements	10 – 40 years
Equipment	5 – 15 years

As a lessee, the Tribe leases certain assets and determines the classification of the lease at the commencement of the contract. Leases that have a maximum possible term of 12 months or less are expensed based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the Tribe at the term of the lease, and are an exchange or exchange-like transaction, the Tribe recognizes an intangible right-to-use lease asset and a corresponding lease liability.

The lease liability is measured at the commencement of the lease based on the present value of the payments expected to be made. The intangible right-to-use lease asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

Unearned Revenue

Unearned revenue arises when resources are received before the Tribe has legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Income Taxes

The Sitka Tribe of Alaska, as a federally recognized sovereign government, is exempt from federal and state income taxes. As such, no income taxes have been provided for in the accompanying financial statements.

Compensated Absences

All full-time employees earn and accrue paid time off (PTO). Expenditures for PTO are recorded when used in governmental funds. PTO is accrued when incurred in the tribe-wide and proprietary fund financial statements. Unused PTO is paid out to the employee upon termination or retirement.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Long-Term Obligations

In the tribe-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of the debt issued is reported as another financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the tribe-wide financial statements, net position is divided into three components:

- *Net investment in capital assets* – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- *Restricted net position* – consists of assets that are restricted by the Tribe's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- *Unrestricted* – all other net position is reported in this category.

Fund Balance

In the fund financial statements, fund balance includes five classifications as follows:

- *Nonspendable Fund Balance* – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.
- *Committed Fund Balance* – amounts that can be used only for the specific purposes determined by a formal action of the Council. Commitments may be changed or lifted by the Council taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – amounts intended to be used by the Tribe for specific purposes; intent can be expressed by the Council or designee. Such constraint is binding unless modified or eliminated by the Council or designee. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

- *Unassigned Fund Balance* – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available, should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Tribe's Special Revenue Funds are used to account for services provided to tribal members and other programs that are restricted or committed.

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued several Statements which have not yet been implemented by the Tribe. The Tribe will implement these Statements no later than the latest fiscal year required. The Tribe does not anticipate that any of the recently issued Statements would have a significant impact on the Tribe's financial statements.

For the year ended December 31, 2023, the Tribe implemented the provisions of GASB Statement No. 96, *Subscription-Based IT Arrangements* (SBITA). This statement addresses accounting and financial reporting for SBITAs, a type of information technology (IT) arrangement (i.e. software licensing). The statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription assets and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure.

2) Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at fiscal year-end, with the exception of some Special Revenue funds which are budgeted on project length.

Budgetary control is exercised at the fund level. The Tribal General Manager is authorized to transfer budget amounts within a fund; however, any supplemental appropriations that amend the total expenditures of any fund require Council approval. Reported budgeted amounts are as originally adopted or as amended by Council approval.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

3) Cash and Cash Equivalents

The Tribe maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as amounts "Due to other funds" or "Due from other funds." Additionally, cash accounts are maintained for proprietary funds, as well as a separate gaming account, as required by the State of Alaska.

The composition of cash and cash equivalents at December 31, 2023, is as follows:

Governmental activities	\$ 22,351,726
Business-type activities	<u>2,639,615</u>
	<u>\$ 24,991,341</u>
 Demand deposits	 \$ 24,983,590
Cash on hand	<u>7,751</u>
	<u>\$ 24,991,341</u>

On December 31, 2023, the carrying amount of the Tribe's total demand deposits were \$24,983,590 while the bank deposit balances were \$9,693,812.

Custodial Credit Risk – This is the risk that, in the event of a bank failure, the Tribe deposits will not be returned. The Tribe's bank accounts are provided with \$250,000 protection by the Federal Depository Insurance Corporation (FDIC). Amounts in excess of \$250,000 are collateralized with securities held by the Tribe's agent in the Tribe's name. The Tribe does not have a policy limiting its custodial credit risk.

4) Investments

A summary of the Tribe's investments at December 31, 2023, and the investment class concentration percentage, are as follows:

	Fair Value	Concentration Percentage
Certificates of deposit	\$ 40,000	1.2 %
U.S. Equity Securities (ETF)	1,807,398	52.0
U.S. Fixed Income Securities (ETF)	894,617	25.8
U.S. Treasury Securities	<u>731,039</u>	<u>21.0</u>
Total investments	<u>\$ 3,473,054</u>	<u>100.0 %</u>

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Interest Rate and Credit Risk

The Tribe's investments in the schedule above are not rated; weighted average maturity information for these funds is not available, except for the U.S. Treasury Securities and the Certificates of Deposit, which have a maturity of less than one year.

Fair Value Measurement

The Tribe measures and records its investments within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure fair value of the assets. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Exchange Trade Funds (ETF) – are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. As the ETF's quoted prices are available in active markets for identical assets, this results in a level 1 fair value measurement.

	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Equity Securities (ETF)	\$ 1,807,398	\$ 1,807,398	\$ -	\$ -
U.S. Fixed Income Securities (ETF)	894,617	894,617	-	-
U.S. Treasury Securities	731,039	731,039	-	-
	3,433,054	\$ 3,433,054	\$ -	\$ -
Certificates of deposit	40,000			
Total investments	\$ 3,473,054			

The categorization of investments within the hierarchy is based on the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table classifies each of the Tribe's investment classes by hierarchy level:

Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

On December 31, 2023, the Tribe held investments with the following associated credit risk:

Investment Type	Rating	Rating Agency	Investment Balance
U.S. Fixed Income Securities (ETF)	AAA-AA	Standard & Poor's	\$ 894,617

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Tribe's deposits. As of December 31, 2023, the Tribe's investments were not exposed to foreign currency risk.

5) Capital and Right-To-Use Assets

Governmental Activities

Capital and right-to-use assets for the year ended December 31, 2023, were as follows:

	Beginning Balance January 1, 2023	Increases	Transfers/ Decreases	Ending Balance December 31, 2023
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 588,858	\$ -	\$ -	\$ 588,858
Works of art	260,564	-	-	260,564
Buildings - work in progress	-	81,156	-	81,156
Equipment - work in progress	510,970	46,159	-	557,129
Total capital assets not being depreciated	1,360,392	127,315	-	1,487,707
Capital and right-to-use assets, being depreciated/amortized				
Right-to-use lease - buildings	136,113	-	-	136,113
Right-to-use subscription assets	-	129,748	-	129,748
Buildings	9,044,538	-	-	9,044,538
Equipment	1,497,639	513,813	-	2,011,452
Total capital and right-to-use assets, being depreciated/amortized	10,678,290	643,561	-	11,321,851
Less accumulated depreciation and amortization				
Right-to-use lease - buildings	31,943	34,069	-	66,012
Right-to-use subscription assets	-	27,803	-	27,803
Buildings	2,433,218	214,557	-	2,647,775
Equipment	826,717	224,791	-	1,051,508
Total accumulated depreciation and amortization	3,291,878	501,220	-	3,793,098
Total capital and right-to-use assets, being depreciated/amortized, net	7,386,412	142,341	-	7,528,753
Total capital and right-to-use assets, net	\$ 8,746,804	\$ 269,656	\$ -	\$ 9,016,460

Depreciation and amortization expense was charged to functions as follows:

General government	\$ 95,232
Social and economic services	100,244
Community services	5,012
Transportation	35,085
Resource protection	75,183
Economic development	40,098
Education	85,207
Legal and tribal courts	65,159
	<u>\$ 501,220</u>

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Business-Type Activities

Capital assets for the year ended December 31, 2023, were as follows:

	Beginning Balance January 1, 2023	Increases	Transfers/ Decreases	Ending Balance December 31, 2023
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 95,510	\$ -	\$ -	\$ 95,510
Total capital assets not being depreciated	95,510	-	-	95,510
Capital assets being depreciated				
Buildings	656,507	-	-	656,507
Equipment	1,158,044	-	(182,961)	975,083
Total capital assets being depreciated	1,814,551	-	(182,961)	1,631,590
Less accumulated depreciation				
Buildings	188,671	21,884	-	210,555
Equipment	794,122	56,831	(182,961)	667,992
Total accumulated depreciation	982,793	78,715	(182,961)	878,547
Net capital assets being depreciated	831,758	(78,715)	-	753,043
Business-type activities capital assets, net	\$ 927,268	\$ (78,715)	\$ -	\$ 848,553

6) Lease Receivable and Deferred Inflow Resources

The Tribe, as a lessor, leases office space to other governmental agencies. These leases were determined to be subject to GASB Statement No. 87, *Leases*. As such, the Tribe is reporting a total lease receivable of \$1,069,607 and a corresponding deferred inflow of resources of (\$1,041,101) in the statement of net position and general fund balance sheet. The anticipated future principal and interest in relation to these leases, is as follows:

	Principal	Interest	Total
2024	\$ 140,870	\$ 50,205	\$ 191,075
2025	127,400	44,144	171,544
2026	96,668	38,810	135,478
2027	104,210	33,494	137,704
2028	112,205	27,834	140,039
Thereafter	488,254	57,019	545,273
Total	\$ 1,069,607	\$ 251,506	\$ 1,321,113

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

7) Grant Receivables and Unearned Revenues

The following amounts represent balances due from or advanced from federal agencies associated with grants and other programs as of December 31, 2023:

	Grant Receivable	Unearned Revenue
U.S. Department of Treasury	\$ -	\$ 19,649,173
U.S. Department of Transportation	695,244	-
U.S. Department of Agriculture	31,776	5,574
U.S. Department of Commerce	289,883	707
U.S. Department of Justice	81,433	1,600
U.S. Department of the Interior	123,746	4,803,582
U.S. Department of Transportation	-	972,565
U.S. Health and Human Services	123,010	106,863
Environmental Protection Agency	12,971	-
State, private, and local	58,652	422,550
Total	<u>\$ 1,416,715</u>	<u>\$ 25,962,614</u>

8) Long-Term Liabilities

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Notes payable	\$ 1,502,660	\$ -	\$ (113,728)	\$ 1,388,932	\$ 137,677
Lease payable - Jun Tidelands	35,786	-	(1,703)	34,083	1,805
Lease payable - Oct Tidelands	16,676	-	(794)	15,882	841
Lease payable - CAC Rental	49,930	-	(30,574)	19,356	19,356
Subscription liabilities	-	130,008	(25,369)	104,639	26,667
Compensated absences	368,359	-	(41,824)	326,535	-
Governmental activities long-term obligations	<u>\$ 1,973,411</u>	<u>\$ 130,008</u>	<u>\$ (213,992)</u>	<u>\$ 1,889,427</u>	<u>\$ 186,346</u>

Notes payable at December 31, 2023, is comprised of the following individual notes:

Note payable to the First National Bank Alaska payable in monthly installments of \$3,692 including interest at 5.5% through August 2029.	\$ 214,511
Note payable to the First National Bank Alaska payable in monthly installments of \$12,312 including interest at 5.3% through September 2030.	1,174,421
Total notes payable	1,388,932
Less current portion	(137,677)
Total long-term notes payable	<u>\$ 1,251,255</u>

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

Annual debt service requirements to maturity for notes payable as of December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 137,677	\$ 54,379	\$ 192,056
2025	145,295	46,762	192,057
2026	153,332	38,724	192,056
2027	161,815	30,242	192,057
2028	170,766	21,290	192,056
Thereafter	<u>620,047</u>	<u>15,675</u>	<u>635,722</u>
	<u>\$ 1,388,932</u>	<u>\$ 207,072</u>	<u>\$ 1,596,004</u>

The Tribe has entered into several lease agreements, as a lessee, for buildings and land. The future lease payment obligations are outlined below:

	Principal Payment	Interest Payment	Total
2024	\$ 22,001	\$ 1,841	\$ 23,842
2025	2,805	1,280	4,085
2026	2,973	1,204	4,177
2027	3,152	1,124	4,276
Thereafter	<u>38,390</u>	<u>5,594</u>	<u>43,984</u>
Total	<u>\$ 69,321</u>	<u>\$ 11,043</u>	<u>\$ 80,364</u>

The Tribe entered a SBITA agreement with eCivis Inc. for grants management software. The future lease payment obligations are outlined below.

Year Ending December 31,	Principal	Interest	Total
2024	\$ 26,667	\$ 54,379	\$ 81,046
2025	28,030	46,762	74,792
2026	29,465	38,724	68,189
2027	<u>20,477</u>	<u>30,242</u>	<u>50,719</u>
	<u>\$ 104,639</u>	<u>\$ 170,107</u>	<u>\$ 274,746</u>

9) Retirement Plans

The Tribe maintains a 401(k)-retirement plan. All employees who have attained 18 years of age and are either (1) full-time or (2) part-time and have performed one year of service are eligible to participate in the plan. Employees may make contributions up to the legal limit established by federal regulations. The Tribe matches 100% of the employee's contribution, not to exceed 5% of the employee's gross salary. The Tribe contributed \$151,782 to the plan during 2023.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

10) Interfund Receivables, Payables, and Transfers

Interfund receivables and payables are shown as “Due To” and “Due From” in each of the individual funds. Interfund balances represent cash collected or disbursed on behalf of another fund.

Individual fund interfund receivable and payable balances at December 31, 2023, are as follows:

	Due From Other Funds	Due To Other Funds
<i>Governmental Funds</i>		
General fund	\$ 712,883	\$ -
BIA compact	10,022	-
ARPA	6,001	-
Other grants and contracts	101,800	-
<i>Proprietary Funds</i>		
Sitka Tribal Enterprises	54,263	-
Tribal Tannery	-	884,969
Total	<u>\$ 884,969</u>	<u>\$ 884,969</u>

11) Deficit Fund Balance

The Tannery Proprietary Fund had a deficit fund balance of \$451,605 as of December 31, 2023. The deficit will be addressed as an operating activity during the next annual budgeting cycle.

12) Risk Management

The Tribe is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors, omissions, and natural disasters for which the Tribe carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2023

13) Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Tribe. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Tribe management expects such amounts, if any, to be immaterial.

Required Supplementary Information

*Schedule of Revenue, Expenditures, and Changes in
Fund Balance – Budget to Actual*

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget to Actual
Major Fund – General Fund
For the Year Ended December 31, 2023

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources - other	\$ 108,659	\$ 108,659	\$ 470,975	\$ 362,316
Indirect cost recoveries	2,784,096	2,784,096	2,180,944	(603,152)
Investment income, net	-	-	1,035,354	1,035,354
Total revenues	<u>2,892,755</u>	<u>2,892,755</u>	<u>3,687,273</u>	<u>794,518</u>
Expenditures				
General government	2,737,638	2,737,638	3,131,396	(393,758)
Resource protection	-	-	3,146	(3,146)
Education	-	-	-	-
Legal and tribal courts	-	-	9,353	(9,353)
Capital outlay	71,117	71,117	129,748	(58,631)
Debt service				
Principal	84,000	84,000	141,599	(57,599)
Interest	-	-	78,327	(78,327)
Total expenditures	<u>2,892,755</u>	<u>2,892,755</u>	<u>3,493,569</u>	<u>(600,814)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>193,704</u>	<u>\$ 193,704</u>
Other Financing Sources				
SBITA recognition			129,748	
Employee retention tax credit			<u>1,696,822</u>	
Total other financing sources			<u>1,826,570</u>	
Revenues and other financing sources over expenditures			2,020,274	
Fund deficit, beginning of year			<u>(300,461)</u>	
Fund balance, end of year			<u>\$ 1,719,813</u>	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget to Actual
Major Fund – BIA Compact Special Revenue Fund
For the Year Ended December 31, 2023

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal sources	2,446,832	2,446,832	2,508,773	61,941
Total revenues	<u>2,446,832</u>	<u>2,446,832</u>	<u>2,508,773</u>	<u>61,941</u>
Expenditures				
General government	333,295	333,295	224,687	108,608
Social and economic services	497,924	497,924	696,564	(198,640)
Resource protection	251,403	251,403	270,237	(18,834)
Economic development	338,600	338,600	355,988	(17,388)
Education	698,254	698,254	620,959	77,295
Legal and tribal courts	327,356	327,356	340,338	(12,982)
Total expenditures	<u>2,446,832</u>	<u>2,446,832</u>	<u>2,508,773</u>	<u>(61,941)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget to Actual
Major Fund – ARPA Fund
For the Year Ended December 31, 2023

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Federal sources	\$ 13,659,168	\$ 13,659,168	\$ 2,868,430	\$ (10,790,738)
Total revenues	<u>13,659,168</u>	<u>13,659,168</u>	<u>2,868,430</u>	<u>(10,790,738)</u>
Expenditures				
General government	2,104,369	2,104,369	955,160	1,149,209
Social and economic services	257,113	257,113	162,105	95,008
Community services	7,050,000	7,050,000	-	7,050,000
Transportation	530,000	530,000	-	530,000
Resource protection	137,105	137,105	-	137,105
Economic development	475,761	475,761	533,953	(58,192)
Education	2,344,820	2,344,820	853,044	1,491,776
Capital outlay	<u>760,000</u>	<u>760,000</u>	<u>364,168</u>	<u>395,832</u>
Total expenditures	<u>13,659,168</u>	<u>13,659,168</u>	<u>2,868,430</u>	<u>10,790,738</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Notes to Required Supplementary Information
December 31, 2023

1) Budgetary Information

Budgetary Information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 in the notes to the financial statements.

The budgeted amounts presented include any amendments made. Management of the Tribe may authorize transfer of budgeted amounts within departments. Changes to the overall budget must be approved by council action.

Schedule of Expenditures of Federal Awards

Sitka Tribe of Alaska

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Program Expenditures
U.S. Department of Agriculture				
King Lake Sockeye Salmon Stock Assessment	10.U01		\$ -	\$ 103,635
Invasive Species Management Plan Development and Implementation	10.680		-	8,538
Partnership Agreement	10.699		-	66,982
Total U.S. Department of Agriculture			-	179,155
U.S. Department of Commerce				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		384	292,349
<i>Passed through WHOI</i>				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA20NOS4780195	90,000	231,066
Total Center for Sponsored Coastal Ocean Research Coastal Ocean Program			90,384	523,415
Total U.S. Department of Commerce			90,384	523,415
U.S. Department of Interior				
COVID-19 - Aid to Tribal Government	15.020		-	316
Tribal Self-Governance Program	15.022		-	2,437,977
Tribal Tourism Grant (TTGP)	15.032		-	34,989
COVID-19 Indian Social Services Welfare Assistance	15.113		-	92,210
Tribal Climate Resilience	15.156		-	149,959
Tribal Wildlife Grants	15.639		-	29,084
Total U.S. Department of Interior			-	2,744,535
U.S. Department of Justice				
Legal Assistance for Victims	16.524		-	91,629
Treatment Court Discretionary Grant Program	16.585		-	107,676
Violence Against Women Discretionary Grants for Indian Tribal Governments	16.587		27,366	151,617
Tribal Justice Assistance	16.596		-	205,392
Tribal Justice Systems	16.608		-	205,190
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736		17,279	101,009
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758		-	75,078
VOCA Tribal Victim Services Set-Aside Program	16.841		-	498,277
Total U.S. Department of Justice			44,645	1,435,868
U.S. Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program	20.509		-	987,477
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		-	6,042
Total Formula Grants for Rural Areas and Tribal Transit Program			-	993,519
Total U.S. Department of Transportation			-	993,519
U.S. Department of Treasury				
COVID-19 - Coronavirus Relief Fund	21.019		-	(8,000)
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,787,275
COVID-19 - Cares Capital Projects Fund	21.029		-	570
COVID-19 - Local Assistance & Tribal Consistency Fund	21.032		-	81,156
Total U.S. Department of Treasury			-	2,861,001
National Science Foundation				
<i>Passed through Rand Corp.</i>				
Biological Sciences	47.070	SCON-00000139	-	(2,548)
Total National Science Foundation			-	(2,548)
U.S. Environmental Protection Agency				
State and Tribal Response Program Grants	66.817		-	124,710
Indian Environmental General Assistance Program	66.926		-	78,028
Total U.S. Environmental Protection Agency			-	202,738

See accompanying notes to the schedule of expenditures of federal awards.

Sitka Tribe of Alaska

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Program Expenditures
U.S. Department of Health and Human Services				
Special Program for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians	93.047		\$ 23,665	\$ 130,137
Aging Cluster				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.053		<u>762</u>	<u>1,699</u>
Total Aging Cluster			<u>762</u>	<u>1,699</u>
National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians	93.054		8,714	22,778
COVID-19 - National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians	93.054		<u>6,770</u>	<u>6,770</u>
Total National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians			<u>15,484</u>	<u>29,548</u>
<i>Passed through University of Alabama</i>				
Environmental Health	93.113	A301966	-	172,055
<i>Passed through National Indian Health Board</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	NU38OT000302-01-02	-	37,449
Low-Income Homehold Water Assistance Program	93.499		-	27,179
MaryLee Allen Promoting Safe and Stable Families Program	93.556		-	11,234
Low-Income Home Energy Assistance Program	93.568		-	105,262
Community Services Block Grant	93.569		-	65,726
COVID-19 - Community Services Block Grant	93.569		<u>-</u>	<u>23,384</u>
Total Community Services Block Grant			<u>-</u>	<u>89,110</u>
CCDF Cluster				
Childcare and Development Block Grant	93.575		-	187,651
COVID-19 - Childcare and Development Block Grant	93.575		<u>322,049</u>	<u>430,106</u>
Total CCDF Cluster			<u>322,049</u>	<u>617,757</u>
Promote the Survival and Continuing Vitality of Native American Languages	93.587		-	38,553
Stephanie Tubbs Jones Child Welfare Services Program	93.645		-	10,618
<i>Passed through University of Alaska Southeast</i>				
Biomedical Research and Research Training	93.859	UAS 20-0041 (Sitka)	<u>-</u>	<u>9,293</u>
Total U.S. Department of Health and Human Services			<u>361,960</u>	<u>1,279,894</u>
Total federal expenditures			<u>\$ 496,989</u>	<u>\$ 10,217,577</u>

See accompanying notes to the schedule of expenditures of federal awards.

Sitka Tribe of Alaska
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023f9

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Sitka Tribe of Alaska under programs of the federal government for the year ended December 31, 2023. The information in this schedule for federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2) Assistance Listing Numbers

The program titles and assistance listing numbers were obtained from the federal or pass-through grantor or the 2023 Federal Assistance Listings. When no assistance listing number had been assigned to a program, the federal identifier as applied and followed by a “U” and chronological two-digit numbers to represent unidentified assistance listing numbers.

3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

4) Indirect Cost Rate

The Sitka Tribe of Alaska has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5) Outstanding Federal Loans

The Tribe had no outstanding federal loan balances at December 31, 2023.

Sitka Tribe of Alaska
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

6) Reconciliation of Expenditures

The following is a reconciliation of the expenditures reported on the Tribe's schedule of expenditures of federal awards to expenditures reported in the Tribe's statement of revenues, expenditures, and changes in fund balance.

Expenditures on schedule of expenditures of federal awards	\$ 10,217,577
Funding from state and local grants	428,519
Expenditures funded from all other Tribal sources	<u>3,488,518</u>
Total expenditures according to financial statements	<u>\$ 14,134,614</u>

Single Audit Section

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

Members of the Council
Sitka Tribe of Alaska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Sitka Tribe of Alaska (the "Tribe") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements, and have issued our report thereon dated September 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tribe's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tribe's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tribe's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

REDW_{LLC}

Phoenix, Arizona
September 19, 2024

Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance

Members of the Council
Sitka Tribe of Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sitka Tribe of Alaska's (the "Tribe") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Tribe's major federal programs for the year ended December 31, 2023. The Tribe's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Tribe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Tribe and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Tribe's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Tribe's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Tribe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Tribe's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Tribe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Tribe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Tribe's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REDW LLC

Phoenix, Arizona
September 19, 2024

Sitka Tribe of Alaska
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies reported?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies reported?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
16.596	Tribal Justice Assistance
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Sitka Tribe of Alaska
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Sitka Tribe of Alaska
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

No financial statements or federal award findings reported for the fiscal year ended December 31, 2022.