



# Alaska Longline

## FISHERMEN'S ASSOCIATION

### Application to Fisheries Enhancement Fund City and Borough of Sitka

<b>Organization Name:</b>	Alaska Longline Fishermen's Association		
Street 1:	834 Lincoln Street Room 23		
City:	Sitka	State:	AK
Country:	USA	Zip Code:	99835
Telephone No.:	907 747 3400	Extension:	
Mobile:	907 738 3615	Fax:	907 747 3462
Email:	<a href="mailto:alfafish@acsalaska.net">alfafish@acsalaska.net</a> ; <a href="mailto:alfastaff@gmail.com">alfastaff@gmail.com</a>		
Website:	<a href="http://www.alfafish.org">www.alfafish.org</a>		

#### Summary of ALFA mission:

The Alaska Longline Fishermen's Association (ALFA) is a non-profit association of independent commercial hook and line vessel owners and crewmembers who promote sustainable harvest of marine fisheries, thriving coastal communities, and healthy marine ecosystems. ALFA represents fishermen in local, state and national marine management forums and actively engages fishermen in marine research, conservation and management to encourage innovative improvement to best fishing practices and promote resource stewardship.

## **Fisheries Enhancement Fund: Overview of Proposal**

Respectfully submitted by: Alaska Longline Fishermen's Association:

### **Summary**

The Sitka-based Alaska Longline Fishermen's Association (ALFA) is an alliance of small boat, commercial fishermen committed to sustainable fisheries and thriving coastal communities. Our members support science-based fisheries management through collaborative research, advocacy and innovation. We work to safeguard ocean health and improve the economic viability of small boat fishing.

This grant application is divided into the following 5 sections:

- History of our Organization (pages 2-3)
- What we will achieve with the Funding (pages 3-4)
- How the project will enhance Sitka's Fisheries (pages 4-5)
- Timeline and Evaluation of Project (pages 6-7)
- Project Staff (page 7-8)
- Budget (page 9)

### **The History of our Organization:**

ALFA was launched in 1978 by fishermen dedicated to protecting fish stocks from foreign fishing and to developing markets for locally harvested seafood. ALFA led a successful campaign to rebuild Alaska sablefish and rockfish stocks in the early 1980s, forgoing harvest until stocks rebuilt. When U.S.-based factory boats replaced the foreign fleet, ALFA again worked to protect the local fishing fleet and the communities that depend on it (NPFMC Amendment 14). In 1991, when the current ALFA executive director was hired, ALFA launched what became a six-year battle to eliminate trawling from the Southeast Alaska fishing grounds that support the local fishing fleet and contain a high abundance of cold water corals. During development of the Alaska halibut/sablefish catch share program, ALFA successfully championed measures to promote sustained participation by Alaska's small boat fleet. At the local level, ALFA actively participated in creating and championing the Sitka Local Area Management Plan, which prioritizes access for Sitka's non-commercial fishing residents to local halibut stocks, and at the national level ALFA has actively advocated for resource and community provisions during the last two and current reauthorizations of the Magnuson-Stevens Act. ALFA is also engaged in multiple national networks and willingly shares lessons learned regarding effective policy advocacy with community-based fishing groups from around the nation through the Maine Island Institute, the Marine Fish Conservation Network (MFCN) and the Community Fisheries Network (CFN).

Since 2000, ALFA has focused on raising awareness about halibut and salmon bycatch, promoting sustainable fisheries policy at the National level, and, closer to home, engaging ALFA members in collaborative research to improve our fleet's viability and stewardship. This collaborative research has included habitat and bycatch mapping, marine mammal avoidance and deterrent strategies, electronic catch monitoring, and fuel efficiency for small boats.

Core ALFA operations are supported by fishermen memberships, local and marine businesses, and an annual seafood raffle/ fundraiser. ALFA operated with a single staff member supported by these revenue sources from 1978 until the late 1990s. In the '90s, ALFA began to build a stronger state-wide presence and ALFA staff engaged in national policy development. After deliberative strategic planning in the early 2000s, ALFA expanded staff capacity, formed collaborative partnerships, secured additional grant support, and engaged fishing members in marine research and conservation initiatives. This collaborative research, which was formalized into the Fishery Conservation Network (FCN) in 2009, now attracts grant invitations from scientists and fishing organizations that recognize the potent skills and expertise that the organization brings to the table. ALFA does not hold any debt and is well recognized as a force for sustainable community-based fisheries at both the state and national level.

ALFA is now deeply engaged in supporting the next generation of fishermen and ensuring that they remain residents of coastal communities such as Sitka. There is research documenting the fact that fishery access permits and quota are being lost from rural Alaskan communities, and that gaining access to the fisheries off our shores is becoming increasingly difficult for young rural Alaska residents. The reasons are complex, but the high cost of entry, the financial risks new fishermen face and the lack of entry-level opportunities are three of the major obstacles young fishermen are facing. We are committed to helping young fishermen overcome these obstacles, and to ensuring that Sitka continues to have a strong economic base in commercial fisheries.

**What we will achieve with funding from the Sitka FEP:**

We are requesting \$10,000 from the Sitka Fisheries Enhancement Program to support our young fishermen's initiative. Each of the small projects outlined in the four objectives below are areas that we are actively applying for large grants in 2016. The support from the city of Sitka would enhance our capacity to achieve the goals outlined in this proposal as well as to provide the demonstration of support necessary to secure these larger grants.

We will use the funds to achieve four objectives: 1) expand apprentice or entry-level deckhand opportunities on commercial fishing boats; 2) facilitate inter-generational transfer of permits and quota to Sitka residents; 3) mentor new fishermen through Sitka-based education and training programs; and 4) Expand exports of local fish regionally and statewide through enhanced marketing of ALFA's rapidly growing Alaskans Own program.

Objective 1: We will achieve this objective by increasing capacity in ALFA's deckhand apprentice program. Over the past three years, successful, local longtime fishermen that are ALFA members have taken 26 first time deckhands fishing. These young people learn about safety at sea, regulatory compliance, and the responsibilities of deckhanding on a commercial fishing boat. They gain important skills and important knowledge about themselves and their ability to function on the exposed, dynamic and often challenging platform of a small boat on the ocean. And, because every skipper is looking for

experienced crew, this introduction to fishing helps these young fishermen secure a more permanent position on another fishing boat.

Objective 2: ALFA works closely with the Alaska Sustainable Fisheries Trust ([www.thealaskatrust.org](http://www.thealaskatrust.org)) to recapture fishery access for young fishermen. ALFA and ASFT have developed an innovative model that reduces entry-level costs and shares the risk between new fishermen and individuals or foundations willing to participate in loans. With funding from the Sitka FEP, we will target entry-level access for Sitka fishermen, support purchase of fishery access permits or quota, and increase revenue and jobs for Sitka. ASFT has a list of fishermen interested in borrowing from LFF. ALFA and ASFT are poised to secure partnerships to greatly enhance and expand current deliverables. For example, Haa Aani has expressed interest in providing loan officer and loan committee review services. Currently two buyers recommended by LFF are undergoing credit review by Haa Aani's loan committee for a quota share purchase financed with a Haa Aani loan using LFF terms; one ASFT recommended buyer received financing from Haa Aani in May to purchase a state limited entry permit. Once this review is complete and we have a decision from the Securities Commission we will resume discussions with Haa Aani.

Objective 3: Federal programs currently provide funding to organizations offering education and training to new farmers, ranchers or aquaculture workers. Fishermen currently DO NOT qualify for this federally supported training. With support from Sitka FEP, ALFA will work to expand this program to include fishermen and to enhance education and training opportunities for Sitka fishermen.

Objective 4: Expand exports of local fish regionally and statewide, in part through ALFA's program, Alaskans Own (AO). AO is a local Community Supported Fishery (CSF) program, similar to Community Supported Agriculture programs, which address an important environmental and socio-economic need by forging stronger consumer-producer relationships. By forward-funding a season of seafood, consumers invest in sustainable harvest and the community-based fishermen who catch their fish. The Alaskans Own (AO) CSF has a solid subscriber base, and every opportunity for exposure has yielded tangible impacts in increased number of subscriptions. There is a clear market demand for Sitka fish, particularly in interior Alaska. When we opened the CSF to Fairbanks for the first time this year, we received 35 signups in three days after an article about the program appeared in the Fairbanks Daily News-Miner newspaper. However, paid advertising, or even community event hosting is not possible within our current budget. With the support of FEP funding, AO will host local producer events and create shareable materials that tell the story of small-boat fishing, including information on gear types, challenges faced in the fisheries, and successful strategies to address these challenges. These would be adapted to promote products for a variety of small-scale producers and direct marketers.

**How the project will enhance Sitka fisheries:**

Funding ALFA's young fishermen's initiative will benefit Sitka's fisheries by ensuring Sitkans continue to have access to adjacent fisheries and that fishing jobs and revenue

remain a cornerstone of Sitka's economy. Entry-level opportunities, expanded fishery access, and adequate training will strengthen Sitka's stake in the future of fisheries which will, in turn, strengthen Sitka's economic base. Fishing in Alaska has traditionally offered a way of life that many choose for the tangible connection to the ocean, the independence and self-determination it provides, and the opportunity to work alongside family. This way of life engenders a strong sense of place and a deep commitment to resource stewardship, with fishermen eager to safeguard ocean productivity for their children and grandchildren.

Limited access programs have significantly raised the cost of entry to Alaska's fisheries and are changing the character of the fishing fleet. As the cost of entry to fisheries rises, fishing is increasingly dominated by a more industrial and corporate model of extraction. Bigger operations pressure the system to allow increased consolidation of access privileges and to foster policy that marginalizes small operations. Corporate fishing operations seek profits now while overlooking long-term costs to ecosystem and community health. ALFA's mission is to hold space in the nation's fisheries for small, community-based operations; to ensure policy is scaled to meet the needs of this conservation-minded fleet; and to create market forces that support the economic success and political leverage of community-based fishermen. These bottom line objectives are central to both ALFA and the Alaska Sustainable Fisheries Trust, which works outside the fishery management forum toward the same goals.

**Project Timeline and Evaluation**

**TIMELINE:**

TIMELINE: July 2016-June 2017	2016		2017	
	Q3	Q4	Q1	Q2
<b>Objective 1) Expand apprentice or entry-level deckhand opportunities on commercial fishing boats</b>				
Task 1: Renew contract and requirements for Apprentice Mentorship, select 1-2 fishing vessels for delivery of program				
Task 2: Review and approval of Apprentice Training deployment plan				
Task 3: Release call for applicants select 6-8 individuals				
Task 4: select 6-8 individuals for apprentice opportunity				
Task 5: Submit interim and final report to Sitka FEP				
<b>Activity 2) Facilitate inter-generational transfer of permits and quota to Sitka residents through partnership development</b>				
Task 1: Secure partnerships to greatly enhance and expand current deliverables.				
Task 2: Explore and if possible, secure partnership with Haa Aani in providing loan officer and loan committee review services, thus preventing the recreation of these exact programs here in Sitka and most importantly, bringing the services to Sitka.				
Task 3. Apply to large grantors such as The Nature Conservancy and The Rasmuson Foundation for funding to support quota purchases and intergenerational quota transfer.				
<b>Activity 3) Mentor new fishermen through Sitka-based education and training programs</b>				
Task 1: Renew contract and requirements for Mentorship Program,				
Task 2: Review and approval of Training and Educational Plan				
Task 3: Release call for applicants				
Task 4: Seek Funding through federal program to enhance training/mentorship and educational opportunities for fishermen that are otherwise not available for Sitkans.				
<i>Project timeline continued on page 7</i>				

Project Timeline	Q2	Q3	Q1	Q2
<b>Activity 4) Expand exports of local fish regionally and statewide through enhanced marketing of ALFA's rapidly growing Alaskan's Own program.</b>				
Task 1: increase consumer appreciation, access, and consumption of sustainably harvested local seafood through enhanced marketing plans in Seattle, Fairbanks and Juneau				
Task 2: Improve viability and profitability of Alaskans Own through increased partners in Junea, Seattle and Fairbanks.				
Task 3: increase pounds of locally harvested seafood moved into local farmer's markets, institutions, businesses and restaurants. Bulk buyers identified and secured (a minimum of 4 new bulk purchasers secured in Juneau, Seattle, Fairbanks. )				
Task 4: Renew contracts and requirements as well as Marketing and Business plan for Alaskan's Own				
Task 5: Apply to USDA and other major grantors for development of Alaska's Own (two grants minimum)				

Overall progress will be monitored relative to achieving the metrics and expected results/outcomes identified above.

Both ALFA and ASFT programs will be evaluated individually to ensure each is contributing to organizational mission and strategic plan or is modified to achieve success.

**ALFA Management Team**

Linda Behnken, ALFA	Ms. Behnken is the Executive Director of ALFA and has served in this capacity since 1991. Ms. Behnken has a BA from Dartmouth College and a Masters in Environmental Science from Yale University. Ms. Behnken served on the North Pacific Fishery Management Council (NPFMC) from 1992-2001 and co-chaired the NPFMC's Essential Fish Habitat Committee. Ms. Behnken was awarded the National Fisherman Highliner award in 2009 for her work promoting healthy marine ecosystems and strong coastal communities, and was a keynote speaker at the 2009 Young Fishermen's Summit in Anchorage, Alaska. Ms. Behnken has fished commercially for over 30 years, and served on the North Pacific Fishery Management Council for nine years. Ms. Behnken
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	<p>knows the seafood industry from both the “boots on deck” and policy perspective. As a more than 30 year resident of the remote island community of Sitka Alaska, Ms. Behnken has a deep knowledge of and commitment to rural communities. Ms. Behnken helped launch Alaskans Own to build connections between ALFA’s conservation-minded small boat fishermen and consumers who care about local and sustainably sourced seafood. With other talented staff, Ms. Behnken has built ALFA from a minor organization with an annual budget of less than \$50,000 to a well-recognized local, regional and national leader in sustainable fisheries.</p>
<p>Daniel Falvey, ALFA</p>	<p>Mr. Falvey has a BA in resource management and policy from Western Washington University and training in Geographic Information Systems analysis from Penn State World Campus. He has owned/operated commercial fishing vessels in Alaska since 1984. Mr. Falvey served on the Advisory Panel to the NPFMC from 1991-2004, and has served on the Advisory Panel of the North Pacific Research Board since 2010. Mr. Falvey was awarded the National Fisherman Highliner award in 2011. Through his involvement with ALFA, Mr. Falvey has successfully coordinated several cooperative research projects, and is a member of the Council’s EM workgroup and Observer Advisory Committee. Mr. Falvey will serve as the project’s financial manager and be responsible for contract management, project implementation, and reporting.</p>
<p>Willow Moore, ALFA</p>	<p>Ms. Moore is the Assistant Director of ALFA. After spending the last six years serving as Executive Director of Brave Heart Volunteers, Willow has been delighted to join the dynamic ALFA team. Ms. Moore holds a degree in nursing, an undergraduate degree in psychology and is finishing a Masters of Public Administration in Natural Resource Management degree (Graduation date: December 2016), all from University of Alaska. In 2013 Ms. Moore was the recipient of the Rasmuson educational award for Emerging Leaders and in 2014 was a Rasmuson Foundation Sabbatical award winner. Throughout her 20 years of work in the nonprofit sector, Ms. Moore has specialized in executive management and program development and sustainability, working to build and support business strategies and objectives through effective marketing plans, increased partnerships, developing performance-measurement systems, and improved integration of quality, operational, and financial information. Ms. Moore has lived in Sitka since 2001, and is deeply committed to locally and sustainably harvested seafood. Ms. Moore and her family were among the program’s first subscribers when the Alaskan’s Own program was founded.</p>

**Budget**

**Staff Time (for all 4 objectives)**

Description	# of Units	Per Unit Cost	Total
Alfa Staff Time	175	\$40.00	\$7,000.00

**Total Staff Time** **\$7,000.00**

ALFA staff time to coordinate stakeholder and marketing involvement and outreach, grant reporting, and administration requirements. Duties will be assigned to ALFA staff members as appropriate.

**Marketing and Promotion/Printing**

Description	# of Units	Per Unit Cost	Total
Outreach materials	4 (1 per each project)	\$750.00	\$3,000.00

**Total Printing** **\$3,000.00**

For all four objectives outlined in this proposal, ALFA will conduct outreach to consumers, partners, fishermen and local producers in all four objectives outlined above, and will include project updates on the ALFA and AO websites as well as in ALFA newsletters. ALFA/AO will communicate at least monthly with subscribers and businesses carrying AO product via email, email and printed material; and will host events in each subscriber community to build awareness and thank subscribers for their participation as well as to provide outreach opportunities for new subscribers.

\*Marketing estimates are based on 3 different quotes from local and state printing vendors.

**Enclosed:**

ALFA contracts with a third-party bookkeeper and at this time does not have pro forma financial statements. ALFA is audited yearly and if appropriate, ALFA would like to submit extra financial documentation to provide the necessary documentation for the project. Please see enclosed the following attachments, we are happy to provide any necessary further information:

- IRS Non-Profit Status
- ALFA 990
- ALFA Balance Sheet as of April 30<sup>th</sup> 2016
- ALFA Income Statement as of April 2016
- Latest available ALFA Audited financials 2014-2015 (we are very happy to provide the last five years of audited financial statements if appropriate.)

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: APR 09 2010

ALASKA LONGLINE FISHERMEN'S  
ASSOCIATION  
PO BOX 1229  
SITKA, AK 99835

Employer Identification Number:  
01-0951115  
DLN:  
600098021  
Contact Person:  
DENISE L. TAMAYO ID# 95120  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
January 6, 2009  
Contribution Deductibility:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,



Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

Enclosure: Publication 4221-NC

Letter 948 (DO/CG)

ALFA  
Balance Sheet  
As of April 30, 2016

	Apr 30, 16
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
First Bank Checking	278,613.56
First Bank Savings	66,054.34
Gaming Account	6,106.93
PayPal	546.70
PayPal Alaskans Own	7,160.54
Petty Cash	121.40
<b>Total Checking/Savings</b>	358,603.47
<b>Accounts Receivable</b>	
11000 - Accounts Receivable	1,831.25
<b>Total Accounts Receivable</b>	1,831.25
<b>Other Current Assets</b>	
1200 - Undeposited Funds	1,295.00
1220 - Loan to ASFT	20,000.00
1500 - Security Deposit	750.00
<b>Total Other Current Assets</b>	22,045.00
<b>Total Current Assets</b>	382,479.72
<b>Fixed Assets</b>	
15000 - Furniture and Equipment	7,090.00
<b>Total Fixed Assets</b>	7,090.00
<b>Other Assets</b>	
18700 - Rent Deposit	200.00
<b>Total Other Assets</b>	200.00
<b>TOTAL ASSETS</b>	<b>389,769.72</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 - Accounts Payable	21,457.82
<b>Total Accounts Payable</b>	21,457.82
<b>Other Current Liabilities</b>	
Payroll Tax Liability	2,465.26
Sales Tax Payable	60.48
<b>Total Other Current Liabilities</b>	2,525.74
<b>Total Current Liabilities</b>	23,983.56
<b>Total Liabilities</b>	23,983.56
<b>Equity</b>	
32000 - Retained Earnings	118,696.18
Net Income	247,089.98
<b>Total Equity</b>	365,786.16
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>389,769.72</b>

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Accrual Basis

**ALFA**  
**Income Statement**  
 January through April 2016

	Jan - Apr 16
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 - Grant Income	158,783.57
4005 - Contract Income	163,892.19
4010 - Individual Membership Dues	11,180.00
4020 - Business Membership	10,800.00
4030 - Donation Income	1,150.00
4040 - Fundraising Income	625.00
4050 - Retail Sales	4,293.00
4060 - Alaskans Own Fish Sales	39,786.00
	390,509.76
<b>Total Income</b>	<b>390,509.76</b>
<b>Cost of Goods Sold</b>	
5000 - Cost of Goods Sold	1,170.33
5002 - Credit Card Merchant Fees	517.93
5010 - Fish Purchases	15,321.45
	17,009.71
<b>Total COGS</b>	<b>17,009.71</b>
<b>Gross Profit</b>	<b>373,500.05</b>
<b>Expense</b>	
100 - Personnel Services Expense	
110 - Payroll Tax Expense	2,882.76
120 - Director Salary	15,000.00
130 - Salary & Wages	18,326.67
140 - Worker's Comp	1,204.00
	37,413.43
<b>Total 100 - Personnel Services Expense</b>	<b>37,413.43</b>
200 - Direct Supp to Target Pop	
250 - Dues, Subscript. & Memberships	3,100.00
270 - Vessel Support	1,865.32
	4,965.32
<b>Total 200 - Direct Supp to Target Pop</b>	<b>4,965.32</b>
300 - Consultants & Contracted	
330 - Accounting	2,823.85
360 - Professional Services	15,927.50
390 - Other Contractual/Professional	7,264.60
	26,015.95
<b>Total 300 - Consultants &amp; Contracted</b>	<b>26,015.95</b>
400 - Travel & Conferences	
410 - NPFMC	5,377.92
420 - IPHC	1,544.82
430 - Outreach Travel	13,371.10
450 - Board Of Fisheries	500.37
460 - Other Travel	2,525.29
	23,319.50
<b>Total 400 - Travel &amp; Conferences</b>	<b>23,319.50</b>
500 - Equipment & Capital Expenditure	
530 - Computer	819.00
540 - Scientific	18,709.59
	19,528.59
<b>Total 500 - Equipment &amp; Capital Expenditure</b>	<b>19,528.59</b>
600 - Other Direct Costs	
601 - Postage, Shipping, PO Rental	162.05
602 - Rent	3,643.00
603 - Telephone/Internet	1,239.85
605 - Office	93.11
606 - Software/Computer Supplies	417.41
607 - Program	4,088.55
610 - Advertising/Printing	1,271.17
625 - Donations Made	14.69
680 - Meeting Expense	208.22
695 - Taxes, Licenses & Permit	100.00

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05/26/16

Accrual Basis

**ALFA**  
**Income Statement**  
**January through April 2016**

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	<u>Jan - Apr 16</u>
696 - Volunteer Stipend	3,600.00
Total 600 - Other Direct Costs	14,838.05
69800 - Uncategorized Expenses	21.75
Total Expense	126,102.59
Net Ordinary Income	247,397.46
Other Income/Expense	
Other Income	
800 - Interest/Div Income	154.24
Total Other Income	154.24
Other Expense	
Ask Brandie	461.72
Total Other Expense	461.72
Net Other Income	-307.48
Net Income	<u>247,089.98</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

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# CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

## Independent Auditor's Report

Board of Directors  
Alaska Longline Fishermen's Association  
Sitka, Alaska

I have audited the accompanying financial statements of the Alaska Longline Fishermen's Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

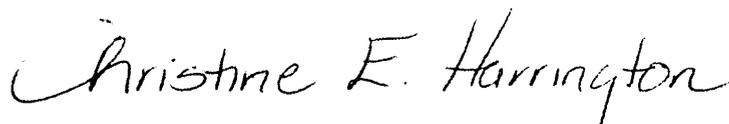
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alaska Longline Fishermen's Association as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Sitka, Alaska  
June 6, 2014

ALASKA LONGLINE FISHERMAN'S ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 219,826	\$ 234,026
Accounts receivable	-	2,810
Grants receivable	25,439	28,313
Total current assets	<u>245,265</u>	<u>265,149</u>
	<u>\$ 245,265</u>	<u>\$ 265,149</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 4,031	\$ 1,937
Accrued payroll taxes	1,683	1,630
Deferred revenue	116,190	135,185
Total current liabilities	121,904	138,752
Net assets:		
Unrestricted, undesignated	123,361	126,397
Total net assets	<u>123,361</u>	<u>126,397</u>
	<u>\$ 245,265</u>	<u>\$ 265,149</u>

ALASKA LONGLINE FISHERMAN'S ASSOCIATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2013 and 2012

	December 31, 2013			December 31, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues, gains and other support:</b>						
Grant revenue	\$ 154,926	\$ -	\$ 154,926	\$ 153,192	\$ -	\$ 153,192
Contract revenue	113,261	-	113,261	125,178	-	125,178
Product sales	4,615	-	4,615	2,592	-	2,592
Membership dues	39,800	-	39,800	32,200	-	32,200
Interest	403	-	403	435	-	435
Fundraising	5,990	-	5,990	5,740	-	5,740
Donations	6,618	-	6,618	14,959	-	14,959
Net assets released from restriction due to satisfaction of program requirements		-	-	154,227	(1,035)	153,192
<b>Total revenues, gains and other support</b>	<b>325,613</b>	<b>-</b>	<b>325,613</b>	<b>488,523</b>	<b>(1,035)</b>	<b>487,488</b>
<b>Expenses and losses:</b>						
Marine conservation and protection	247,247	-	247,247	265,731	-	265,731
Information outreach to public policy forums	32,725	-	32,725	10,779	-	10,779
Management support	48,677	-	48,677	59,591	-	59,591
<b>Total expenses</b>	<b>328,649</b>	<b>-</b>	<b>328,649</b>	<b>336,101</b>	<b>-</b>	<b>336,101</b>
<b>Change in net assets</b>	<b>(3,036)</b>	<b>-</b>	<b>(3,036)</b>	<b>152,422</b>	<b>(1,035)</b>	<b>151,387</b>
<b>Net assets, beginning of year</b>	<b>126,397</b>	<b>-</b>	<b>126,397</b>	<b>127,167</b>	<b>1,035</b>	<b>128,202</b>
<b>Net assets, end of year</b>	<b>\$ 123,361</b>	<b>\$ -</b>	<b>\$ 123,361</b>	<b>\$ 279,589</b>	<b>\$ -</b>	<b>\$ 279,589</b>

See notes to financial statements.

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013 and 2012

	December 31, 2013				December 31, 2012			
	Marine Conservation and Protection	Information Outreach to Public Policy Forums	Management Support	Total	Marine Conservation and Protection	Information Outreach to Public Policy Forums	Management Support	Total
Expenses:								
Cash operating activities:								
Personal services	\$ 51,074	\$ -	\$ 26,839	\$ 77,913	\$ 36,544	\$ -	\$ 29,801	\$ 66,345
Direct support to target population	31,405	-	3,401	34,806	34,635	-	3,045	37,680
Professional services	137,554	29,029	4,322	170,905	164,921	6,180	15,177	186,278
Travel and conferences	9,163	3,696	2,991	15,850	13,155	4,599	200	17,954
Small equipment	10,911	-	-	10,911	1,286	-	52	1,338
Other direct costs	7,140	-	11,124	18,264	15,190	-	11,316	26,506
	<u>\$ 247,247</u>	<u>\$ 32,725</u>	<u>\$ 48,677</u>	<u>\$ 328,649</u>	<u>\$ 265,731</u>	<u>\$ 10,779</u>	<u>\$ 59,591</u>	<u>\$ 336,101</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from granting and contracting agencies	\$ 254,876	\$ 261,261
Cash received from members and contributors	57,023	52,681
Interest received	403	435
Cash paid to suppliers	(248,642)	(268,200)
Cash paid to employees	(77,860)	(66,447)
Net cash provided (used) by operating activities	<u>(14,200)</u>	<u>(20,270)</u>
Net change in cash and cash equivalents	(14,200)	(20,270)
Cash and cash equivalents, beginning of year	<u>234,026</u>	<u>254,296</u>
Cash and cash equivalents, end of year	<u>\$ 219,826</u>	<u>\$ 234,026</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ (3,036)	\$ (1,805)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	2,810	(2,810)
(Increase) decrease in grants receivable	2,874	(28,313)
Increase (decrease) in accounts payable	2,094	1,556
Increase (decrease) in payroll taxes payable	53	(102)
Increase (decrease) in deferred revenue	(18,995)	11,204
Total adjustments	<u>(11,164)</u>	<u>(18,465)</u>
Net cash provided by operating activities	<u>\$ (14,200)</u>	<u>\$ (20,270)</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

**Note 1. Organization and Summary of Significant Accounting Policies**

**A. Organization**

Alaska Longline Fishermen's Association ("ALFA") is a non-profit association of independent commercial longline vessel owners and crewmembers who are committed to continuing the sustainable harvest of sablefish, halibut, and groundfish, while supporting healthy marine ecosystems and strong coastal communities through resource stewardship and participation in federal, state, and local forums.

ALFA's income includes membership dues, donations, and grant and contract revenue. During 2013, ALFA administered the following grants and contracts:

The Oak Foundation grant which has three objectives. One, to establish a rockfish bycatch reporting network to increase the conservation of these resources. Two, to minimize potentially dangerous interaction with sperm whale as a result of the depredation activities of these marine mammals on longline gear. Third, to launch the Alaska Sustainable Fisheries Trust marketing initiative to connect conservation minded consumers with community-based fishermen to foster sustainable harvesting of high quality seafood.

Three grants from the National Fish and Wildlife Foundation, one to test at-sea electronic monitoring of the Alaskan halibut and sablefish IFQ fisheries, a second to evaluate GPS data loggers as a low cost alternative to satellite based Vessel Monitoring System (VMS), and a third to engage stakeholders in the process of transitioning at-sea monitoring of the Alaskan halibut and sablefish IFQ fisheries from the pilot program stage to an operational program. The first EM project has four objectives:

- Engage stakeholders in developing a workable at-sea monitoring process through collaborative research and outreach;
- Field test at-sea monitoring hardware in the Alaskan halibut and sablefish catch share fisheries to ensure system reliability on a range of vessels and in varied fishing conditions;
- Develop and field test a cost effective means of rotating EM hardware among vessels and retrieving data;
- Summarize and apply study findings to inform development and implementation of the restructured North Pacific Observer Program.

The data logger project has two objectives: First to field test several different off-the-shelf data logger systems on Alaskan halibut and sablefish vessels, and second to evaluate the results and summarize the findings to inform stakeholders and fishery management decisions related to at-sea vessel monitoring.

The EM transition project a three objectives:

- Support the design, submission, and review of the EM Exempted Fishery Permit (EFP), including the sampling plan and data review protocols, to experimentally develop the performance standards, operational procedures, and operator responsibilities necessary to integrate EM as a component of the NPRP for fixed gear vessels.
- Strengthen the National Marine Fisheries Service (NMFS) EM pilot program and incorporate the pilot program objectives into a structured, collaborative transition process for the fixed gear fisheries.

# ALASKA LONGLINE FISHERMEN'S ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### Note 1. - continued

- Support stakeholder participation in EM planning meetings and national workshops to share lessons learned, identify best practices, and to collaborate with fishery managers, stock assessment scientists, and third party experts to identify management needs and monitoring objectives which advance EM.

Two contracts with the Central Bering Sea Fishermen's Association to continue development and testing of active and passive deterrent strategies for sperm and killer whales, and to conduct tagging operations on sperm whales to track their location and movement.

A contract with the Sitka Sound Science Center to coordinate fishing vessel participation in whale deterrent testing programs.

Grants and contracts were approximately 82% and 83% of ALFA's total revenue for the year ended December 31, 2013 and 2012, respectively.

### B. Basis of Presentation

The accounting records of the ALFA are maintained on the accrual basis of accounting under which revenues are recognized when earned and liabilities and expenses when incurred. Grant revenues are recorded as earned after allowable costs related to the grant have been incurred.

ALFA is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets represent the portion of the net assets of ALFA that are neither permanently nor temporarily restricted.

Temporarily restricted net assets are that portion of net assets restricted by the donor, grantor or other outside parties whose restriction either expires by the passage of time or can be fulfilled and removed by the actions of ALFA. When the restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent the portion of the net assets from contributions and grants whose use by ALFA is limited by donor-imposed stipulations which neither expire by the passage of time nor can be removed by an action of ALFA. ALFA has no permanently restricted net assets.

### C. Revenue Recognition

Grants funds restricted by the donor, grantor, or other outside party for a particular purpose are deemed to be earned when ALFA has incurred expenditures in compliance with the specific restrictions. However, any advance payments on grants received but not used in accordance with the requirements of the grants are reflected as deferred revenue until the grant restriction has been released.

### D. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

**Note 1. - continued**

**E. Subsequent Events**

ALFA has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

**F. Assets, Liabilities and Net Assets**

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market. For the purposes of the statement of cash flows cash equivalents include cash in bank and savings accounts.

Property and Equipment

The Organization's only property and equipment is used office furniture and computer equipment. None of these items meet the criteria for capitalization and have been recognized as an expense when purchased

Deferred Revenue

Deferred revenue represents amounts for which the revenue recognition criteria have not been met. In the case of ALFA, deferred revenue results from grant funds received prior to incurring allowable grant costs or contract advances received prior to fulfilling the terms of the contract.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(6) of the U.S. Internal Revenue Code. The organization's Form 990s, *Return of Organizations Exempt from Income Tax* are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitation on those tax returns, which, in general, is three years.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The cost of providing ALFA's programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on an estimate by management of time spent supporting each function.

**Note 2. Cash and Cash Equivalents**

Cash and cash equivalents includes the following at December 31,:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$ 219,555	\$ 232,608
PayPal deposits	150	1,306
Petty cash	121	112
	<u>\$ 219,826</u>	<u>\$ 234,026</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

**Note 2. - continued**

Demand deposits are guaranteed under the Federal Deposit Insurance Corporation up to a maximum of \$250,000 of total deposits in a bank. At December 31, 2013 and 2012, the bank balance was \$238,080 and 248,958, respectively. The entire bank balance was insured at the end of each of the years. Paypal deposits are held by FDIC insured banks. Individual customer balances are subject to FDIC pass-through deposit coverage up to a total of \$100,000.

**Note 3. Accounts and Grants Receivable**

Accounts receivable at December 31, 2012 include amounts due from a vendor. There were no accounts receivable at December 31, 2013.

Grants receivable at December 31, 2013 and 2012 include amounts due from the National Fish and Wildlife Foundation for allowable expenses under the terms of the grant. Management considers grants receivable to be fully collectible at both year-ends. Accordingly, no allowance for doubtful accounts has been recorded.

**Note 4. Deferred Revenue**

Deferred revenue includes both advances from granting agencies which were not spent or otherwise obligated at the end of the year and advances on contracts with third parties. ALFA recognizes contract income based on the estimated percent of completion at year end.

Deferred revenue includes the following at December 31,:

	<u>2013</u>	<u>2012</u>
Advances from granting agencies	\$ 37,278	\$ 50,262
Unearned contract revenue	<u>78,912</u>	<u>84,923</u>
	<u>\$ 116,190</u>	<u>\$ 135,185</u>