

City and Borough of Sitka  
ANNUAL GRANTS FROM GENERAL FUND  
SUMMARY SHEET

Name of Organization: Alaska Sustainable Fisheries Trust

Alaska State Business License Number (if applicable): 932094

Name of Contact Person: Erin Fulton

Phone: 907-738-2275 Email: efulton@thealaskatrust.org

Mailing address: PO Box 2106 Sitka AK 99835

Grant Category (check either annual or special emergency grant, and check type of services for annual grant):

- Annual Grant:
  - Human Services or
  - Cultural and Educational Services
  - Community Development
- Special Emergency Grant

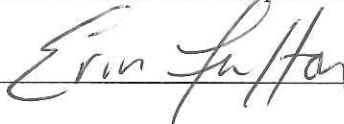
Dollars Requested: \$8,405.47

Match Dollars Committed: \$5,840.00 Percentage: 41%

Sources of Matched Dollars: Oak Foundation and National Fish & Wildlife Foundation

Brief Description of the Purpose of the Grant: The Alaska Sustainable Fisheries Trust is looking to enhance their current means of outreach and engagement through the creation of new educational, promotional and other 'hard copy' outreach materials, and the design and creation of a more dynamic and modern website.

I, Erin Fulton, do hereby certify that all information provided for this grant application is accurate and complete to the best of my knowledge.

Name: 

Title: Program Coordinator Date: 15 August 2014

### Project Description Overview:

The Alaska Sustainable Fisheries Trust (ASFT) is seeking funding through the Annual Cultural & Educational Services grant to support work creating educational and outreach materials for the Trust and its programs. The Trust's mission is to strengthen Alaskan fishing communities and marine resources through scientific research, education and economic opportunity. Having an accessible and engaging connection within the community is essential for the success of our programs (the Alaskans Own Community Supported Fishery, and notably, the to-be-launched Local Fish Fund quota-share financing program) and the fishermen of Southeast Alaska.

Specifically, the funds provided by this grant will support the design and creation of:

- An updated and engaging website for the Trust and its programs
- Dynamic and informative pamphlets, fliers and other 'hard copy' materials

The black cod and halibut quota share fisheries are an integral part of Sitka's economy, and as original quota holders are moving towards retirement, or outside of the fisheries, their quota becomes available only to those who have access to the large amount of capital required for a down payment on this highly valuable asset. Unfortunately, much of the capital available for purchasing quota is out of state. Many communities throughout Southeast Alaska are seeing their quota share bought up by out of state interests, meaning that the economic activity that is associated with quota shares is no longer in the community. With this issue in mind, the Local Fish Fund was created: to help facilitate quota share purchases and transfers to anchor existing quota share - and the associated economic vitality - in Sitka, and Southeast Alaska as a whole.

An essential part of the Local Fish Fund's success will be the connection between existing (and exiting) quota shareholders and the Trust's programs. As the public's interaction with organizations and programs such as the Trust occurs more and more online, the need for an interactive, alluring and accessible web presence is of the utmost importance. There are currently myriad different web hosting platforms, dynamic formatting, and mobile-compatible templates available that would help the Trust present itself as the compelling and forward thinking organization that it is, and would allow for easy navigation of the site for visitors on computers, smart phones and tablets. A current employee of ASFT has experience in website creation, and has expressed interest in creating a new and updated website. However, additional funding is required in order to pay for the hours spent in design and creation of the new site, in addition to fee required to set up the site on a new, more modern hosting platform.

The process of reworking the website content will also provide an opportunity to reshape this information into new outreach and educational materials. Alaskans Own CSF and the Local Fish Fund interact with and impact the people of Sitka and Southeast Alaska in different ways, which requires a variety of different materials and methods to best engage the people who will benefit the most from each program.

### Expected Outcomes:

Fishing is an integral part of the economy in Sitka, as well as its history and culture. Yet there is still a disconnect, with a love of fish and fisheries but a lack of understanding about the current issues associated with the fisheries today, such as with the quota share 'exodus' out of Alaska. Educating the public about the issues at hand, and in some cases how they can take part in solving these issues, will benefit the Trust and the entire city of Sitka.

A more successful website for the Trust will be one that is easily navigated by fishermen looking for information on a specific program or project, while at the same time being straightforward and enticing to someone of the general public who comes across the site.

In order to disseminate important information about the Trust and its programs to the community as effectively and comprehensibly as possible, each program and its respective section will be repopulated on the website in its entirety. For example, the new website will not be launched until the Trust and its programs have their core purpose presented. Each subsequent subsection, such as information for a specific aspect within a different community (information not required to understand the goals and work of the program) will be launched when that section is fully populated and operational, so as to avoid a surplus of 'page in progress' messages.

Ideally, the general framework of the site, with core descriptions of the Trust, Alaskans Own CSF, and the Local Fish Fund would be up and running by year's end. Additional sections containing more specific information and 'supplemental' materials like back issues of the Trust's newsletter, will be running by the early months of 2015. Currently, the program that interacts the most with the people of Sitka is Alaskans Own CSF, which begins subscribing members for the summer season by late March. Therefore having a completed website as near to that time as possible will be the goal. Creation of the new website and of new outreach and educational materials is estimated to require 0.20 FTE of the Program Associate position, approximately 416 hours. As there are other duties required by the Trust's employees, these weeks of work will be intermixed with other tasks essential to the organization, thus the longer timeline for when these pages will be launched online and printed.

Success for the project will be measured by the increased number of visits to the site, both in new and in return visits, as well as an increase in the amount of time spent on the site by visitors. It should also follow that with increased traffic to the website, we will also see an increase in Alaskans Own CSF subscriptions, and inquiries into quota share financing through the Local Fish Fund.

### Statement of Need:

The creation of outreach and educational materials, in addition to a re-vamped website, works towards the Trust's aim to educate the public about the health and current affairs associated with the fisheries of Southeast Alaska, to assist the fishing community in



successfully navigating these issues and to continue to support thriving and sustainable wild fisheries. While the Trust does have some funds set aside for outreach, it is predominantly for general upkeep and for the publication of the summer season's monthly newsletter, *Docklines*. Receiving this grant would allow for the Trust to go above and beyond upkeep of current website and newsletters, and create new materials and avenues by which to interact with the people of Sitka. A strong connection and means of communication between the Trust, fishermen, and the people of Sitka is essential for the continued growth of current programs, and the creation of new projects which reflect the needs of the community.

As can be seen in the budget below, the Trust is able to match 41% of the funding requested sum through grants received from the Oak Foundation and the National Fish & Wildlife Foundation.

#### Organizational Capacity:

The Trust was founded in 2007, with the goal of strengthening Alaskan fishing communities and marine resources through scientific research, education and economic opportunity. Soon thereafter, Alaskans Own Community Supported Fishery was started in Sitka, and branching out to Juneau and Anchorage in later years. Currently, Alaskans Own CSF has over 100 subscribers receiving seafood each month caught by local fishermen, and processed here in Sitka. Proceeds from Alaskans Own CSF go towards funding research work being done by the Alaska Longline Fishermen's Association Fishery Conservation Network - a group of Sitka fishermen who have volunteered to help test new gear and techniques to make fishing a more sustainable and economical enterprise.

The Trust is run by a board of directors:

- Gordon Blue, President
- Linda Behnken, Vice-Chair & Secretary
- Dan Falvey, Treasurer
- Greg Indreland
- James Swift

All members of the board have worked in fisheries here in Sitka and elsewhere throughout Alaska. Full-time staff of the Trust includes Gordon Blue - Executive Director, and Erin Fulton - Program Coordinator. During the summer of 2014, the Trust also hosted two interns: Andrew Cordova, a Yale undergraduate student who assisted in the creation of a prospectus and other materials to be used for the Local Fish Fund, and Wiebke Peters, a graduate of University of Bonn, Germany who is assisting in expansion of Alaskans Own and the Fishery Conservation Network into new communities throughout Southeast Alaska.

Budget:

<b>Sitka General Fund Grant for Nonprofits Proposed Project Budget for the Alaska Sustainable Fisheries Trust</b>		
<i>Category</i>	<i>Unit</i>	<i>Cost</i>
<b>Personnel Hours (Program Associate)</b>		
Website	300	\$5,815.39
Outreach Materials	116	\$2,248.08
<b>Program Supplies</b>		
Site Transfer & Hosting	1 year	\$192.00
Printing - Pamphlets	100	\$150.00
Printing - Fliers	200	\$150.00
<b>TOTAL REQUESTED</b>		<b>\$8,405.47</b>
<b>Matching Funds</b>		
<i>Category</i>	<i>Source</i>	<i>Match Amount</i>
Promotional/Marketing Consultation	Oak Foundation	\$2,000.00
Personnel Hours (from Program Coordinator)	Oak Foundation	\$2,940.00
Special Edition Newsletters	National Fish & Wildlife Foundation	\$900
<b>TOTAL MATCH</b>		<b>\$5,840.00</b>

Required Documentation:

Please see attached documents.

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

DEPARTMENT OF THE TREASURY

Date:

**SEP 28 2012**

ALASKA SUSTAINABLE FISHERIES TRUST  
INC  
834 LINCOLN ST STE 23  
SITKA, AK 99835

Employer Identification Number:  
27-0594449  
DLN:  
17053357330021  
Contact Person:  
SHERRY Q WAN ID# 31052  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
170(b)(1)(A)(vi)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
July 22, 2009  
Contribution Deductibility:  
Yes  
Addendum Applies:  
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)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Specifically, we have determined that you are a Type I supporting organization under section 509(a)(3). A Type I supporting organization is operated, supervised, or controlled by one or more publicly supported organizations.

Specifically, we have determined that you are a Type II supporting organization under section 509(a)(3). A Type II supporting organization is supervised or controlled in connection with one or more publicly supported organizations.

Specifically, we have determined that you are a Type III functionally integrated supporting organization under section 509(a)(3). A Type III supporting organization is operated in connection with one or more publicly supported organizations. Your continued classification as a functionally integrated supporting organization will depend on you meeting the requirements of new final guidance.

Letter 947 (DO/CG)

ALASKA SUSTAINABLE FISHERIES TRUST

Specifically, we have determined that you are a Type III non-functionally integrated supporting organization under section 509(a)(3). A Type III supporting organization is operated in connection with one or more publicly supported organizations. Your continued classification as a non-functionally integrated supporting organization will depend on you meeting the requirements of new final guidance.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, 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,



Holly O. Paz  
Director, Exempt Organizations  
Rulings and Agreements

Enclosure: Publication 4221-PC



Alaska Department of Commerce, Community, and Economic Development  
Division of Corporations, Business and Professional Licensing  
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

**ALASKA SUSTAINABLE FISHERIES TRUST, INC**

PO BOX 2106 SITKA AK 99835

owned by

ALASKA SUSTAINABLE FISHERIES TRUST, INC

is licensed by the department to conduct business for the period

January 03, 2013 through December 31, 2014  
for the following line of business:

81 - Services



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location. It is not transferable or assignable.

Susan K. Bell  
Commissioner



## ALASKA CORPORATIONS DATABASE

[HTTP://COMMERCE.ALASKA.GOV/CBP/MAIN/CORPORATIONDETAIL.ASPX?ID=10003208](http://commerce.alaska.gov/cbp/main/corporationdetail.aspx?id=10003208)

Type	Name
Legal Name	Alaska Sustainable Fisheries Trust, Inc.

### ENTITY DETAILS

**Entity Type:**

Nonprofit Corporation

**Entity #:**

10003208

**Status:**

Good Standing

**AK Formed Date:**

2/23/2012

**Duration/Expiration:**

Perpetual

**Home State:**

ALASKA

**Next Biennial Report Due:**

7/2/2016

**Entity Mailing Address:**

P.O. BOX 2106, SITKA, AK 99835

**Entity Physical Address:**

834 LINCOLN STREET, ROOM 23 SAGE BUILDING, SITKA, AK 99835

**ASFT list of current grants:**

OAK Foundation:	\$250,000	through 3/31/2015	received
National Fish and Wildlife Foundation:	\$135,000	through 12/31/2015	committed
Private donors:	\$ 16,000	through 12/31/2014	com./received
Total:	<u>\$401,000</u>		

ALASKA SUSTAINABLE FISHERIES TRUST

FINANCIAL STATEMENTS

December 31, 2013

ALASKA SUSTAINABLE FISHERIES TRUST

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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 Sustainable Fisheries Trust  
Sitka, Alaska

I have audited the accompanying financial statements of the Alaska Sustainable Fisheries Trust (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

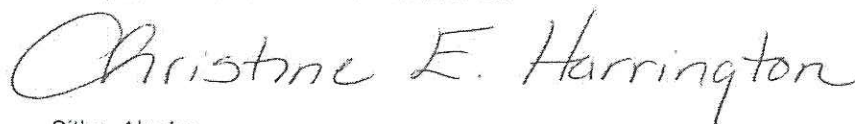
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 judgement, 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 Sustainable Fisheries Trust 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 2, 2014

ALASKA SUSTAINABLE FISHERIES TRUST

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 51,006	\$ 80,075
Accounts receivable	-	1,206
<b>Total current assets</b>	<u>51,006</u>	<u>81,281</u>
	<u>\$ 51,006</u>	<u>\$ 81,281</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 10,634	\$ 649
Accrued payroll taxes	1,636	1,774
Deferred revenue	<u>25,200</u>	<u>47,316</u>
<b>Total current liabilities</b>	37,470	49,739
<b>Net assets:</b>		
Unrestricted, undesignated	<u>13,536</u>	<u>31,542</u>
<b>Total net assets</b>	<u>13,536</u>	<u>31,542</u>
	<u>\$ 51,006</u>	<u>\$ 81,281</u>

ALASKA SUSTAINABLE FISHERIES TRUST

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues, gains and other support:		
Grant revenue	\$ 109,492	\$ 44,086
Alaskans Own sales	90,094	37,532
Contract income	3,000	-
Donations	<u>5,500</u>	<u>12,575</u>
Total revenues, gains and other support	208,086	94,193
Expenses:		
Alaskans Own	89,740	34,883
Capacity building	102,428	37,970
Management support	<u>33,924</u>	<u>13,912</u>
Total expenses	<u>226,092</u>	<u>86,765</u>
Change in net assets	(18,006)	7,428
Net assets, beginning of year	<u>31,542</u>	<u>24,114</u>
Net assets, end of year	<u>\$ 13,536</u>	<u>\$ 31,542</u>

ALASKA SUSTAINABLE FISHERIES TRUST  
STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2013 and 2012

	December 31, 2013			December 31, 2012			
	Management and General	Capacity Building	Alaskans Own	Management and General	Capacity Building	Alaskans Own	Total
Expenses:							
Cost of goods sold	\$ -	\$ -	\$ 62,687	\$ -	\$ -	\$ 25,050	\$ 25,050
Personal services	20,293	54,112	13,625	6,558	15,421	-	21,979
Professional services	5,677	41,840	10,000	3,638	19,639	7,550	30,827
Travel and conferences	7	3,500	-	-	-	-	-
Small equipment	8	537	-	-	963	-	963
Insurance	2,224	-	-	1,215	-	876	2,091
Office expense	5,709	886	593	2,348	1,650	197	4,195
Other direct costs	6	1,553	2,835	153	297	1,210	1,660
	<u>\$ 33,924</u>	<u>\$ 102,428</u>	<u>\$ 89,740</u>	<u>\$ 13,912</u>	<u>\$ 37,970</u>	<u>\$ 34,883</u>	<u>\$ 86,765</u>



ALASKA SUSTAINABLE FISHERIES TRUST

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from granting and contracting agencies	\$ 90,376	\$ 91,402
Cash received from contributors	5,500	12,575
Cash received from customers	91,300	36,327
Cash paid to suppliers	(128,077)	(64,356)
Cash paid to employees	<u>(88,168)</u>	<u>(20,205)</u>
Net cash provided by operating activities	<u>(29,069)</u>	<u>55,743</u>
Net increase in cash and cash equivalents	(29,069)	55,743
Cash and cash equivalents, beginning of year	<u>80,075</u>	<u>24,332</u>
Cash and cash equivalents, end of year	<u>\$ 51,006</u>	<u>\$ 80,075</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ (18,006)	\$ 7,428
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	1,206	(1,206)
Increase in accounts payable	9,985	431
Increase (decrease) in payroll taxes payable	(138)	1,774
Increase (decrease) in deferred revenue	<u>(22,116)</u>	<u>47,316</u>
Total adjustments	<u>(11,063)</u>	<u>48,315</u>
Net cash provided by operating activities	<u>\$ (29,069)</u>	<u>\$ 55,743</u>

ALASKA SUSTAINABLE FISHERIES TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

Organization

The Alaska Sustainable Fisheries Trust (ASFT) is a nonprofit organization whose mission is to strengthen the health of Alaska fishing communities and marine resources by investing in sustainable harvesting practices and marketing.

ASFT's programs include the following:

Capacity Building - This program is funded by a grant from the Oak Foundation. The objectives of this grant are to raise capital to establish a functioning lending program that enables community based fishermen to purchase Individual Fishing Quota Shares (IFQs) and results in a sustainable revolving loan program.

The Oak Foundation grant is also being used to build Alaskans Own (discussed below) capacity and increase both the volume of fish sold and the number of communities participating in the program.

The final objective of this capacity building grant is to prepare communication and marketing materials to assist with capitalizing ASFT; documenting and publicizing the Fisheries Conservation Network (FCN) stewardship innovations among community based fishermen; and enhancing the demand for seafood produced by community-based sustainable fisheries. FCNs facilitate and enhance the flow of information among scientist, fishermen and managers in order to provide fishermen with the necessary tools to be the best stewards of the sea while engaging them in essential research.

Alaskans Own - This program markets sustainably caught seafood which is locally processed and delivered to subscribers in Anchorage, Juneau and Sitka, Alaska. Alaskans Own invests in the future of wild Alaskan fisheries and the fishing communities whose caring practices are vital to ocean health. It is part of a network of Community Supported Fisheries.

The significant accounting policies followed are described below:

Basis of Accounting

The financial statements of the Alaska Sustainable Fisheries Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

ASFT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are net assets that are not subject to donor-imposed stipulations or restrictions. Temporarily restricted net assets represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the organization or by the passage of time. Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. There are no temporarily or permanently restricted net assets as of December 31, 2012 and 2013.

Revenue Recognition

Revenue consist primarily of grants, contributions and sales of Alaskan caught fish. Contributions and grants that are unrestricted are recorded as revenue in the statement of activities when received.

## ALASKA SUSTAINABLE FISHERIES TRUST

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1. - continued**

Grant funds restricted by the donor, grantor, or other outside party for a particular purpose are deemed to be earned when ASFT has incurred expenditures in compliance with the specific restrictions. However, any advance payments on grants received but not used in compliance with the requirements of the grants are reflected as deferred revenue until the grant restriction has been complied with. Compliance is usually incurring expenditures that are required by the grant agreement.

#### Accounts Receivable

Accounts receivable consist of amounts due from Alaskans Own subscribers. Management considers these receivables to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

#### Income Taxes

The Corporation is organized under Section 501(c)(3) of the U.S. Internal Revenue Code as a non-profit, tax-exempt organization. ASFT's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those tax returns, which, in general, is three years.

#### 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 accounts.

#### Deferred Revenue

Deferred revenue includes advances from granting agencies which were not spent or otherwise obligated at the end of the year.

#### Advertising Costs

Advertising costs are expensed as incurred.

#### Functional Allocation of Expenses

The cost of providing ASFT's program and other activities has 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.

#### 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.

#### Subsequent Events

ASFT's management 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.

ALASKA SUSTAINABLE FISHERIES TRUST

NOTES TO FINANCIAL STATEMENTS

**Note 2. Concentrations of Credit Risk and Contingencies**

ASFT receives a substantial amount of its support from private grants. If a significant reduction in the level of this support were to occur, it may have an adverse effect on ASFT's programs and activities. Also, these programs are subject to program compliance review by the grantors. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although ASFT expects such amounts, if any, to be immaterial.

**Note 3. Related Party Transactions**

The President of the Board of Directors is also the Executive Director of ASFT. In the final quarter of 2012, ASFT paid the Executive Director compensation in the amount of \$7,269. Prior to this, ASFT paid a management consulting firm \$15,825 for equivalent services provided by the same individual. The Chairman of the Board of Directors, rather than the President, is responsible for conducting the Board meetings.