

COPPER RIVER / PRINCE WILLIAM SOUND
MARKETING ASSOCIATION

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

TABLE OF CONTENTS

For the Year Ended June 30, 2023

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Copper River/Prince William Sound Marketing Association

We have reviewed the accompanying financial statements of Copper River/Prince William Sound Marketing Association (the Association) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Elgee Rehfeld

June 14, 2024

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS:

CURRENT ASSETS -

Cash and cash equivalents	\$ 31,740
---------------------------	-----------

Total current assets	31,740
----------------------	--------

LONG-TERM INVESTMENTS, undesignated	104,452
-------------------------------------	---------

LONG-TERM INVESTMENTS, board designated	634,679
---	---------

Total assets	<u>\$ 770,871</u>
--------------	-------------------

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

Accounts payable	\$ 8,606
------------------	----------

Healthcare reimbursement plan	5,227
-------------------------------	-------

Payroll liabilities	17,159
---------------------	--------

Total current liabilities	<u>30,992</u>
---------------------------	---------------

NET ASSETS -

Net assets without donor restriction	<u>739,879</u>
--------------------------------------	----------------

Total net assets	<u>739,879</u>
------------------	----------------

Total liabilities and net assets	<u>\$ 770,871</u>
----------------------------------	-------------------

See accompanying notes to financial statements and independent accountant's review report.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Changes in net assets without donor restrictions:

SUPPORT:	
State financial assistance - tax receipts	\$ 271,901
Member dues	<u>4,000</u>
Total support	<u>275,901</u>
REVENUES:	
Interest income	48,186
Other income	<u>4,733</u>
Total revenues	<u>52,919</u>
Total support and revenues	<u>328,820</u>
EXPENSES:	
Program services:	
Salmon marketing and promotion	251,736
Fleet outreach and programming	78,113
Supporting services -	
General and administrative	<u>115,437</u>
Total expenses	<u>445,286</u>
Change in net assets without donor restrictions	(116,466)
NET ASSETS, beginning of year	<u>856,345</u>
NET ASSETS, end of year	<u><u>\$ 739,879</u></u>

See accompanying notes to financial statements and independent accountant's review report.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	<u>Programming Services</u>		<u>Supporting Services</u>	
	<u>Fleet Outreach and Programming</u>	<u>Salmon Marketing and Promotion</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payroll	\$ 10,726	\$ 77,592	\$ 80,446	\$ 168,764
Professional services	51,874	43,992	6,080	101,946
Advertising	12,560	48,895	-	61,455
Travel	2,574	37,631	3,086	43,291
Supplies	379	37,057	5,536	42,972
Facilities	-	-	14,310	14,310
Postage and delivery	-	5,638	654	6,292
Insurance	-	-	2,503	2,503
Miscellaneous	-	901	1,421	2,322
Printing and duplication	-	30	1,401	1,431
Total expenses	<u>\$ 78,113</u>	<u>\$ 251,736</u>	<u>\$ 115,437</u>	<u>\$ 445,286</u>

See accompanying notes to financial statements and independent accountant's review report.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions and grants	\$ 275,901
Cash received from other sources	4,733
Cash received from interest	48,186
Cash paid to employees	(153,592)
Cash paid to suppliers	<u>(302,981)</u>
Net cash used for operating activities	<u>(127,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	<u>113,276</u>
Net cash provided by investing activities	<u>113,276</u>
Net decrease in cash and cash equivalents	(14,477)
Cash and cash equivalents at beginning of year	<u>46,217</u>
Cash and cash equivalents at end of year	<u><u>\$ 31,740</u></u>

See accompanying notes to financial statements and independent accountant's review report.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Copper River/Prince William Sound Marketing Association (the Association) is a Regional Seafood Development Association (RSDA) representing Prince William Sound drift and set gillnet fisherman and processors. The Association was created in 2005. The Association's mission is to increase the value of Copper River and Prince William Sound salmon through programs focused on brand enhancement, quality enhancement, effective partnerships, and competent organization management. The Association is almost entirely funded by a 1% regional seafood development tax of the drift and set gillnet fleet. The Association's operations include the following:

Fleet Outreach and Programming: Provides equipment and programs that benefit fishermen and the fleet.

Salmon Marketing and Promotion: Includes services that provide brand and quality enhancement, as well as sharing information about commercial fisheries and the seafood industry in Alaska.

The Association is controlled by a Board of Directors who has hired an Executive Director to carry on the day-to-day activities of the Association.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NOTES TO FINANCIAL STATEMENTS

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Association also classifies donor restricted amounts as net assets without donor restriction if it satisfied the donor restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue and Support Recognition

Revenue and support consists of tax receipts, investment and interest income, and other revenue. The tax receipts are considered to be contributions without donor restriction and are recognized when received.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all cash on-hand and in checking and savings accounts to be cash and cash equivalents.

Investments

Investments in the accompanying statement of financial position consists of mutual funds held in a money market account. All investments are measured at fair value.

Board Designation of Net Assets Without Donor Restrictions

The Association has established an operating reserve to which it contributes 10% of the RSDA assessment on an annual basis. The Association will continue to fund the reserve account until the balance is equal to one year of operating costs based on a three-year average assessment as determined by the State of Alaska Department of Revenue. The reserve is shown as net assets without donor restriction in the statement of financial position. The designations are evaluated periodically (see Note 5).

Right-of-Use Lease Assets and Lease Liabilities

The Association does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases"), or leases with a present value of lease payments over the lease term below \$5,000 (lease threshold), on the statement of net position. The lease expense for these short-term and lease threshold leases is recognized on a straight-line basis over the lease term within other occupancy in the statement of functional expenses. The Association did not have any leases with a term of 12 months or more as of June 30, 2023.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Association is organized under Section 501(c)(6) of the Internal Revenue Code as a nonprofit, tax-exempt organization. The Association is not classified as a private foundation. The Association follows the provisions of FASB ASC 740 *Income Taxes*, and management believes that it has appropriate support for any tax positions taken. The Association'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, have a three-year statute of limitations.

Functional Allocation of Expenses

The cost of providing the Association's various programs 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. The Association uses grant costing as its basis for allocating costs among program and administrative categories. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Payroll expenditures are allocated based on each employee's area of service to the organization.

Fair Value Measurements

The Association follows FASB ASC 820 *Fair Value Measurement and Disclosure*, which provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

Recently Adopted Accounting Pronouncements

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this update supersede much of the existing authoritative guidance for leases. This guidance requires lessees to recognize right-of-use assets and liabilities on their balance sheet for all leases with terms longer than twelve months. In June of 2020, FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, that deferred the effective date for the Association until annual periods beginning after December 15, 2021, with early application permitted. The Association adopted ASU 2016-02, as amended by ASU 2020-05, July 1, 2022, applying the changes retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment utilizing optional practical expedients. The adoption of the standard had no impact on net assets as the Association did not have any applicable leases for the year ended June 30, 2023.

Reclassifications

Certain prior year financial statement balances have been reclassified to conform to the current year presentation.

Subsequent Events

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

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of June 30, 2023:

Financial assets at year end*:	
Cash and cash equivalents	\$ 31,740
Long-term investments	<u>739,131</u>
Total financial assets	<u>770,871</u>
Less those unavailable for general expenditure within one year, due to board designation -	
Cash and investments subject to board designation -	
Long-term investments, board designated	<u>(634,679)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 136,192</u>

* Total assets, less nonfinancial assets (e.g. real property, prepaid expenses)

NOTE 3 – INVESTMENTS

The Association's held-to-maturity investments are stated at fair value. Cost and fair value of investments at June 30, 2023 are as follows:

	Amortized Cost	Unrealized Gain (Loss)	Fair Value
Cash	\$ 23,393	\$ -	\$ 23,393
Mutual funds:			
Domestic stocks	182,469	37,959	220,428
International stocks	107,517	10,426	117,943
Domestic bonds	304,941	10,429	315,370
International bonds	<u>62,055</u>	<u>(58)</u>	<u>61,997</u>
Total investments	<u>\$ 680,375</u>	<u>\$ 58,756</u>	<u>\$ 739,131</u>

Interest income of \$48,186 reported in the statement of activities for the year ended June 30, 2023, consists of interest, dividends, and unrealized gain, net of investment management fee expenses.

NOTE 4 – FAIR VALUE MEASUREMENT

FASB ASC 820 *Fair Value Measurement and Disclosure* defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

orderly transaction between market participants. It also establishes a three-level hierarchy that describes the inputs that are used to measure assets or liabilities. The three levels include Level 1 (quoted prices in active markets in identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Level 1
Investments:		
Cash and cash equivalents	\$ 23,393	\$ 23,393
Mutual funds:		
Domestic stocks	220,428	220,428
International stocks	117,943	117,943
Domestic bonds	315,370	315,370
International bonds	61,997	61,997
Total	<u>\$ 739,131</u>	<u>\$ 739,131</u>

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions for the year ended June 30, 2023 are as follows:

Undesignated	\$ 136,192
Designated - Operating reserve	<u>634,679</u>
Total net assets without donor restrictions	<u>\$ 770,871</u>

NOTE 6 – SHORT TERM LEASES

The Association leases office space and a storage locker in Cordova, Alaska. Rent expense from the lease for the year ended June 30, 2023 was \$9,246. Minimum rent expense on an annual basis, based on the current lease, is \$9,246 for fiscal year 2023.

NOTE 7 – CONCENTRATIONS AND CONTINGENCIES

Economic Dependency

The Association receives a substantial amount of support from the 1% regional seafood development tax. This tax is collected from members of the drift and set gillnet fleet. The tax is calculated as a percentage of the price paid by the processors to the fishermen. If a significant reduction in the level of this support were to occur, it would have a significant adverse effect on the Association's programs and activities.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Regional Seafood Development Association

The Association is under the threshold of eligibility to require a State Single Audit in FY2023. However, expenditures made pursuant to RSDA statutes may be subject to additional audits by government agencies or their representatives. Accordingly, adjustments of amounts received or receivable from the regional seafood development tax could result if the Association is audited by such agencies.

Depository Concentration

The Association has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.