

# **Bering Sea Fisheries Research Foundation**

Financial Report  
December 31, 2011

Bering  
Sea  
Fisheries  
Research  
Foundation

**Financial  
Report**

December 31

2011

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## Independent Auditor's Report

To the Board of Directors  
**Bering Sea Fisheries Research Foundation**  
Seattle, Washington

We have audited the accompanying statements of financial position of **Bering Sea Fisheries Research Foundation** as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of **Bering Sea Fisheries Research Foundation's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As disclosed in Note 2, **Bering Sea Fisheries Research Foundation's** management is not recording in-kind revenues and expenses, which is not in accordance with generally accepted accounting principles.

In our opinion, with the exception of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of **Bering Sea Fisheries Research Foundation** as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey LLP*

Seattle, Washington  
October 11, 2012

**Financial  
Statements**

## Statements of Financial Position

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Bering Sea Fisheries Research Foundation  
December 31, 2011 and 2010

	2011	2010
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$809,820	\$383,739
Accounts receivable	95	- -
<b>Total current assets</b>	<b>809,915</b>	<b>383,739</b>
<b>Equipment</b>		
Survey equipment	91,918	94,042
Less accumulated depreciation	60,372	48,200
<b>Equipment, net</b>	<b>31,546</b>	<b>45,842</b>
<b>Total assets</b>	<b>\$841,461</b>	<b>\$429,581</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 51,069	\$ 37,217
<b>Net Assets</b>		
Unrestricted	790,392	392,364
<b>Total liabilities and net assets</b>	<b>\$841,461</b>	<b>\$429,581</b>

See notes to financial statements.

## Statement of Activities and Changes in Net Assets

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Bering Sea Fisheries Research Foundation  
Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Contributions	\$926,390	\$ -	\$926,390
Equipment rental income	4,000		4,000
Interest income	988	-	988
<b>Total support and revenue</b>	<b>931,378</b>	<b>-</b>	<b>931,378</b>
<b>Expenses</b>			
Program expenses:			
Consulting fees and travel	213,608	-	213,608
Research support and education	30,024	-	30,024
Survey project expense	247,036	-	247,036
Depreciation and other	14,296	-	14,296
<b>Total program expenses</b>	<b>504,964</b>	<b>-</b>	<b>504,964</b>
Management and general expenses:			
Legal and accounting	25,634	-	25,634
Office expense and other	2,752	-	2,752
<b>Total management and general expenses</b>	<b>28,386</b>	<b>-</b>	<b>28,386</b>
<b>Total expenses</b>	<b>533,350</b>	<b>-</b>	<b>533,350</b>
<b>Changes in net assets</b>	<b>398,028</b>	<b>-</b>	<b>398,028</b>
<b>Net Assets</b>			
Beginning of year	392,364	-	392,364
<b>End of year</b>	<b>\$790,392</b>	<b>\$ -</b>	<b>\$790,392</b>

See notes to financial statements.

## Statement of Activities and Changes in Net Assets

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Bering Sea Fisheries Research Foundation  
Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Contributions	\$529,405	\$ --	\$529,405
In-kind joint project contributions	48,753	--	48,753
Interest income	465	--	465
Release from restriction	20,990	(20,990)	--
<b>Total support and revenue</b>	<b>599,613</b>	<b>(20,990)</b>	<b>578,623</b>
<b>Expenses</b>			
Program expenses:			
Consulting fees and travel	194,707	--	194,707
Research support and education	60,241	--	60,241
Survey project expense	313,852	--	313,852
Depreciation and other	13,537	--	13,537
<b>Total program expenses</b>	<b>582,337</b>	<b>--</b>	<b>582,337</b>
Management and general expenses:			
Legal and accounting	34,568	--	34,568
Office expense and other	2,769	--	2,769
<b>Total management and general expenses</b>	<b>37,337</b>	<b>--</b>	<b>37,337</b>
<b>Total expenses</b>	<b>619,674</b>	<b>--</b>	<b>619,674</b>
<b>Changes in net assets</b>	<b>(20,061)</b>	<b>(20,990)</b>	<b>(41,051)</b>
<b>Net Assets</b>			
Beginning of year	412,425	20,990	433,415
<b>End of year</b>	<b>\$392,364</b>	<b>\$ --</b>	<b>\$392,364</b>

See notes to financial statements.



## Statements of Cash Flows

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Bering Sea Fisheries Research Foundation  
Years Ended December 31, 2011 and 2010

	2011	2010
<b>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities</b>		
Changes in net assets	<b>\$398,028</b>	<b>(\$ 41,051)</b>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	13,234	13,537
Loss on disposal of asset	1,062	--
Changes in operating accounts:		
Accounts receivable	(95)	20,990
Accounts payable and accrued expenses	13,852	18,522
<b>Total adjustments</b>	<b>28,053</b>	<b>53,049</b>
<b>Net cash provided by operating activities</b>	<b>426,081</b>	<b>11,998</b>
<b>Net increase in cash</b>	<b>426,081</b>	<b>11,998</b>
<b>Cash</b>		
Beginning of year	383,739	371,741
<b>End of year</b>	<b>\$809,820</b>	<b>\$383,739</b>

See notes to financial statements.

## Notes to Financial Statements

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Bering Sea Fisheries Research Foundation  
December 31, 2011 and 2010

### Note 1 - Nature of Organization and Summary of Significant Accounting Policies

#### Nature of Organization

Bering Sea Fisheries Research Foundation (the Foundation) was incorporated as an Alaska non-profit corporation on February 20, 2004. The Foundation has been granted tax-exempt status under Section 501(c)(6) of the Internal Revenue Code of the United States.

The Foundation's purposes are to aid, encourage, promote, and support scientific research and education regarding the shellfish and ancillary fisheries of the North Pacific, with special emphasis on those fisheries conducted off the coast of Alaska that are managed by the state of Alaska under authority granted by the National Marine Fisheries Service and the North Pacific Fishery Management Council. To date, the Foundation's focus has been to assist in developing and determining the best scientific approach and information for management of the Bering Sea crab fisheries so that these fisheries will be protected and preserved while producing the optimum yield.

The Foundation's primary activity has been to conduct joint research projects with the National Marine Fisheries Service (NMFS). To fund this research, the Foundation receives government grants and voluntary contributions from participants and other stakeholders in the Bering Sea crab fisheries.

BSFRF cooperative research in 2010 focused on completion of the compared efficiencies of the Foundation's Nephrops trawl with the NMFS standard 83-112 trawl for snow crab resource assessment. This research was designed and successfully completed using the side-by-side tow approach over an extensive area of the Bering Sea. Results were analyzed and presented to the Crab Plan Team and the North Pacific Fishery Management Council's Scientific and Statistical Committee, accepted by both and incorporated into the snow crab fishery management plan for the 2011 commercial fishery.

For 2011, the cooperative research focused first on collection using the Nephrops trawl, of a size/sex stratified sample of pre-molt snow crab for snow crab growth studies. About 1,000 animals were collected and returned live to Dutch Harbor Alaska for holding and collection of growth data needed for the snow crab management model. The second 2011 cooperative research effort was the design and successful completion of an "inshore survey" of Bristol Bay red king crab. This survey was conducted using the Nephrops survey trawl to quantify the abundance of adult and pre-recruit Bristol Bay red king crab in the geographic area between the Alaska Peninsula and the inshore extent of the standard NMFS survey area. Results have been presented to the Crab Plan Team and to the Scientific and Statistical Committee.

The approximate in-kind contribution for completing the NMFS portion of the cooperative research was (unaudited) \$130,000 in 2011 and \$78,200 in 2010.

#### Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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## Notes to Financial Statements

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Bering Sea Fisheries Research Foundation  
December 31, 2011 and 2010

### **Note 1 - Nature of Organization and Summary of Significant Accounting Policies** *(continued)*

#### **Cash**

Cash includes all cash balances maintained in bank deposit accounts. The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

#### **Equipment**

Equipment is stated at historical cost. Assets valued over \$1,500 with estimated useful lives in excess of one year are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years.

#### **Net Assets**

The activities of the Foundation are accounted for as follows:

##### **Unrestricted Net Assets**

Net assets not subject to donor-imposed restrictions that are general in nature or are for operating purposes.

##### **Temporarily Restricted Net Assets**

Net assets subject to donor-imposed time or use restrictions that have not been met.

##### **Permanently Restricted Net Assets**

Net assets consisting of the principal amounts of gifts, with stipulations that the funds be invested and the principal left intact.

There are no permanently restricted net assets as of December 31, 2011 or 2010.

There were no temporarily restricted net assets at December 31, 2011.

#### **Contributions**

Contributions, including unconditional promises to give, are recorded as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions received with donor-imposed restrictions are reported as restricted support unless the restriction is met in the same reporting period, in which case the contribution is reported as unrestricted support.

#### **Concentration**

In 2011, Royal Aleutian Seafoods Inc. and Trident Seafoods Corp. contributed approximately 15 percent and 12 percent of total contributions, respectively. In 2010, Royal Aleutian Seafoods Inc. and Trident Seafoods Corp. contributed approximately 20 percent and 11 percent of total contributions, respectively.

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## Notes to Financial Statements

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Bering Sea Fisheries Research Foundation  
December 31, 2011 and 2010

### Note 1 - Nature of Organization and Summary of Significant Accounting Policies *(concluded)*

#### Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Additionally, the Foundation has done an assessment of any uncertain tax positions, as required under Financial Accounting Standards Board's (FASB) accounting standard on Accounting for Uncertainty in Income Taxes (ASC 740), and has determined it currently has no uncertain tax benefits to record as a liability at December 31, 2011 and 2010.

### Note 2 - Generally Accepted Accounting Principles (GAAP) Exception

Except in those instances where the amount can be practically quantified, in-kind revenues and expenses are not being recorded. GAAP requires contributed services that either create or enhance a nonfinancial asset, and requires specialized skills to be recognized. Contributed goods are to be recognized at their fair-market value. As noted in Note 1, the approximate in-kind revenues required to be recognized in accordance with GAAP were (unaudited) \$130,000 in 2011 and \$78,200 in 2010. In-kind revenues recognized by the Foundation were \$0 in 2011 and \$48,753 in 2010.

### Note 3 - Related-Party Transactions

The Foundation has transactions with various entities that are owned or operated by board members or executive officers. Approximately 44 percent of contributions received in the years ended December 31, 2011 and 2010, were received from entities associated with board members or executive officers. The Foundation leases a vessel from Icicle Seafoods Inc. for research projects. Moreover, the Foundation contracts research to Natural Resource Consultants Inc., which also acts as manager of daily operations for the Foundation. The remaining related parties perform other auxiliary outsourced functions for the Foundation. The payments to the related parties for services and reimbursable costs at December 31 are as follows:

	2011	2010
Natural Resource Consultants Inc.	\$218,743	\$211,460
Icicle Seafoods Inc.	190,181	143,100
FMS Inc.	--	654
<b>Total</b>	<b>\$408,924</b>	<b>\$355,214</b>

Amounts payable to related parties as of December 31 are summarized as follows:

	2011	2010
Natural Resource Consultants Inc.	\$16,605	\$14,751

## **Notes to Financial Statements**

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Bering Sea Fisheries Research Foundation  
December 31, 2011 and 2010

### **Note 4 - Subsequent Events**

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 11, 2012, the date of issuance. No events or transactions were noted that required recognition or disclosure.