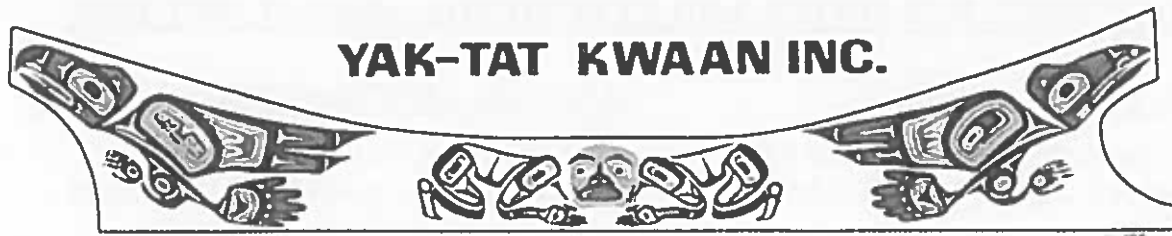




**NOTICE OF ANNUAL MEETING OF
YAK-TAT KWAAN, INC. SHAREHOLDERS**

**47th Annual Meeting of Shareholders
1:00 p.m. on Saturday, November 14, 2020
Yakutat, Alaska**

**CORPORATE PROXY STATEMENT AND
ANNUAL REPORT**



To the Shareholders of Yak-Tat Kwaan, Inc.:

Enclosed is your Annual Meeting packet, Declaration of Candidacy letters, your proxy statement, proxy form, return envelope, and the 2019 audit. The early bird deadline to vote your proxies is at 5:00 p.m. on November 6, 2020.

Your proxy form shows five board candidates, which includes three incumbents and two additional candidates. Their names are listed on the Proxy Form. **The label on the outside of your envelope you received in the mail shows how many shares you have and how many voting shares you have.** Please refer to the label or call the Kwaan Office if you are unsure.

Yak-Tat Kwaan had another profitable year again this year with a net income of \$799,230, which includes \$100,100 net profit from Yak Timber, Inc. This gives Yak-Tat Kwaan's net income of \$699,130. You will also note on the audit that the Kwaan's Total Assets on the Consolidated Balance Sheet increased from \$1,928,808 in 2018 to \$7,303,363. This is largely due to Yak Timber's equipment and their Contracts Receivable.

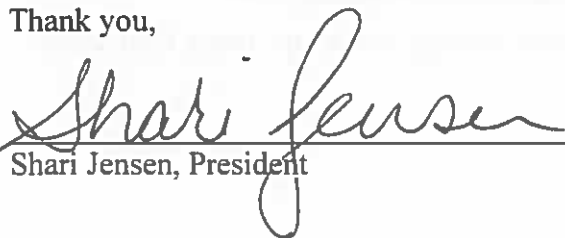
Between 2018 and 2019, Yak Timber borrowed a total of \$650,000 from Yak-Tat Kwaan for startup revenue. Yak Timber has paid their loan to the parent company back this month. This puts Yak-Tat Kwaan in the best cash flow position for the first time in about twenty years. As I've stated before, it's due in large because of the dedication and hard work of those who have served on the board. We may not always see eye-to-eye at times, but overall, when it comes down to it, we put our heads together and move forward.

Kwaan's shareholder database has further decreased to 479 Shareholders. The reduction is due to a combination of shareholder losses this past year and the settling of several estates. When existing shareholders become heirs, the number of shareholders decrease because of the loss of the shareholder to begin with, coupled with their heirs being existing shareholders.

We are working on making this annual meeting a virtual meeting where shareholders can participate via potential outlets such as Live on Facebook or Zoom. We will let you all know as soon as the board makes a determination which may be the best option that allows the majority of the shareholders to participate.

We encourage you to carefully review all of the information provided in this Annual Meeting Packet, and to vote your proxy by November 13, 2020. Shareholders, please send your proxy in as soon as possible using the envelope provided to ensure a quorum on November 14, 2020. If you get it in by 5:00 p.m. on November 6, 2020 you have a chance to win one the early bird prizes of: (2) \$1000 prizes or (2) \$500 prizes.

Thank you,



Shari Jensen, President

VOTE YOUR 2020 PROXY AND ATTEND THE ANNUAL MEETING

EARLY BIRD PRIZES:

Vote your proxy on or before 5:00 p.m. November 6, 2020 to be eligible for Early Bird Prizes.

Grand	\$1,000	for 2 winners
2 nd	\$500	for 2 winners

ANNUAL MEETING DOOR PRIZES:

Those attending the Annual Meeting in Yakutat, Alaska, on November 14, 2020, in person will be eligible for door prizes.

PRIZE RULES:

1. , You do not have to be present to win Early Bird Prizes.
2. You must be present to win door prizes.
3. To be eligible for the Early Bird prizes, your proxy must be received by the Inspector of Elections by 5:00 p.m. on November 6, 2020, at 5 p.m. Alaska Standard Time. Winners of Early prizes will be announced at the Annual Meeting.
4. Cash prizes in excess of \$600.00 will be reported to the IRS on a 1099 form by Yak-Tat Kwaan, Inc. on or before January 31, 2021. All prize winners will be responsible for applicable state and federal taxes.

ATTENTION: New Shareholders

If you have been made a Yak-Tat Kwaan, Inc. Shareholder for the first time through gifted or inherited shares, this might be the first Proxy Statement and Proxy Card you have received.

This Annual Meeting Packet (Proxy Statement) contains the information you will need to be able to vote (cast your Proxy Card) for the year's Annual Meeting of Shareholders. If you find you still have questions, please do not hesitate to give us a call. Contact the Yak-Tat Kwaan, Inc. office at (907) 784-3335 during regular business hours, Monday through Friday with your voting questions.

VOTING FOR DIRECTORS:

How Many Votes Do You Have?

If you received your proxy materials in the mail from Yak-Tat Kwaan, Inc., then the number of votes that you have is printed on your address label. You may also download/print a blank proxy from Yak-Tat Kwaan, Inc.'s website (www.yak-tatkwaan.com) or request another proxy from Yak-Tat Kwaan, Inc. (907) 784-3335, during regular business hours, Monday through Friday. The Corporate uses cumulative voting so each share of voting stock is entitled to one vote for each director to be elected. For example, this year three (3) directors will be selected, so if you own 100 shares, you have 300 votes to cast.

EXAMPLE: 100 SHARES X 3 DIRECTORS TO BE ELECTED = 300 VOTES

These votes can be distributed any way you determine among one to no more than three nominees.

Notice of 47th Annual Meeting of Shareholders

To the Shareholders of Yak-Tat Kwaan, Inc.:

We are pleased to notify you that 47th Annual Meeting of Shareholders will be transmitted live (Further information to follow) on November 14, 2020, at 1:00 P.M, local time, for the following purposes:

1. To elect three directors to the Board of Directors:
 - a. three directors to serve until the Annual Meeting of Shareholders in 2023;
2. To transact any other business that may properly come before the Annual Meeting.

Only voting Class A Shareholders of record at the close of business on October 15, 2020 the "Record Date"), will be entitled to vote at this meeting or any postponement or adjournment thereof. The stock transfer records of the Corporation will be closed from the Record Date until after the Annual Meeting Shareholders are strongly urged to participate in the Annual Meeting. Please complete, date, and promptly return your proxy in the postage pre-paid envelope provided. Whether or not you expect to be present, please sign and return the enclosed proxy, because a majority of the shares entitled to vote present at the meeting in person or by proxy is necessary to achieve quorum. If you wish to attend the Annual Meeting and vote in person, you may do so even though you have previously voted by proxy; your proxy will be deemed to be revoked by your vote as reflected on your ballot at the Annual Meeting. You may revoke your proxy at any time before it is exercised.

. A list of Shareholders of record as of the Record Date, is available for inspection at the Corporation's office in Yakutat, Alaska. To coordinate a hard copy review of these documents please contact Yak-tat Kwaan, Inc. during regular business hours, Monday through Friday. Along with this Notice, enclosed you will find:

1. The Yak-Tat Kwaan, Inc. Board of Director's Proxy Statement/Solicitation
2. Candidate Letters of Interest;
3. A Proxy Card (to be dated and returned according to the instructions herein); and
4. A copy of the Yak-Tat Kwaan, Inc. Financial Statement, year ended December 31, 2019.

The Proxy Card allows you to designate how you want your shares voted in the 2020 election of Yak-Tat Kwaan, Inc. Directors. This year there are 3 seats to be filled. Three seats whose terms will expire in 2023.

The enclosed Proxy also provides that the Proxy Holders may vote your shares at their discretion on any other matters that may properly come before the meeting. *Directors Verna Henniger, Marvin Adams, and Don Bremner* are designated as Proxy Holders on the proxy card, and these directors are NOT up for re-election this year. Remember, your proxy holder must attend the meeting in order to vote your ballot.

Shareholders are encouraged to mail their proxies well in advance of the November 13, 2020 filing deadline. If you have not mailed your proxy to the Inspector of Election by November 7, 2020, it is recommended that you fax the proxy to the office at 907-784-3622.

All proxies must be in the Inspector of Election's hands by 5:00 PM on Friday, November 13, 2020. Faxed copies of proxies will be accepted at 907-784-3622.

DATED this 16th day of October, 2020



Cynthia Petersen, Corporate Secretary



**47th Annual Meeting of
Shareholders of Yak-Tat Kwaan, Inc.
November 14, 2020**

Yakutat, Alaska

AGENDA

- 11:00 A.M. Registration Opens
- 12:00 P.M. **LUNCH/WELCOME**
JR/SR Mt. St. Elias Dancer Performance
- 12:30 P.M. **CALL TO ORDER**
WELCOME BY CHAIRPERSON OF THE BOARD
INVOCATION
INTRODUCTIONS
1. Approval of Agenda
 2. Minutes of Prior Annual Shareholders' Meeting
 3. President's Report
 4. Audit Report
 5. Inspector of Elections and Quorum Report
 6. Explanation of Voting Procedures
 7. Nominations
 8. Candidate Speeches
 9. **Voting Registration Closes – 3:00 p.m.**
 10. **Balloting Period Ends – 3:30 p.m.**
 11. Question and Answer Session
 12. Report of Elections Results
 13. Benediction
 14. Adjournment

RULES OF 47th ANNUAL MEETING OF SHAREHOLDERS

The following rules are hereby adopted and approved by the Board of Directors of the Corporation and shall govern the 47th Annual Meeting of Shareholders.

1. The provisions of the Articles of Incorporation, Bylaws and Alaska law are the final authority as to the conduct of the Annual Meeting of Shareholders. These rules are to supplement the Articles and Bylaws and do not excuse the failure to do an act or follow a procedure specifically required by the Articles or Bylaws.

2. The President, or in the President's absence the Chairperson of the Board of Directors, shall preside at the Annual Meeting of Shareholders; and, in the absence of the President and the Chairperson of the Board of Directors, the Board of Directors may appoint any shareholder to act as Chairperson of the Annual Meeting.

3. The Secretary of the Corporation shall act as secretary of the Annual Meeting of Shareholders; and, in the Secretary's absence, the Chairperson may appoint any person to act as secretary of the Annual Meeting.

4. The Corporation shall hire a qualified individual to serve as Inspector of Election. The duties and instructions of said Inspector are attached hereto as Appendix A and incorporated herein by reference.

5. The Secretary of the Corporation shall prepare or have prepared under the Secretary's certification a voting list of the holders of all eligible voting shares and the number of shares held by each as of the record date. This voting list shall comply with the requirements of the Bylaws of the Corporation.

6. Use of proxies:

a. **Pursuant to the provisions of the Articles of Incorporation and Bylaws of the Corporation, valid proxies shall be recognized and voted at the Annual Meeting. Such proxies must be received by mail or fax at the office of Inspector of Elections by 5:00 p.m., Friday, November 13, 2020.**

b. All proxies shall be reviewed by the Inspector of Election who shall indicate on the proxy whether it is accepted.

c. Acceptance of proxies:

(i) Signatures: Proxies shall be signed exactly as the name of the Shareholder appears on the stock records. Proxies may be accepted if the difference between the signature and the name on the stock records is minor in the opinion of the Inspector of Election. If the signature on the proxy is unacceptable, authority for the different signatures must accompany the proxy for it to be valid. A person's mark shall constitute a valid signature if it is witnessed by two adults who know the individual.

(ii) Number of shares: The proxy will be accepted although it doesn't correctly state the number of shares it represents. In all instances a proxy will be accorded no more votes than the stock record/voting list shows the Shareholder to have as of the record date.

(iii) Conflicting Proxies:

(1) In the event more than one proxy is received without an execution date, the proxy bearing the latest postmark date shall be accepted;

(2) In the event there are several proxies, one of which has no postmark date, but shows a later execution date than appears on any postmarked proxies, that proxy shall be accepted;

(3) If there are proxies with different execution dates, and all are

postmarked on the execution date or later, the proxy with the latest execution date shall be accepted;

(4) If all proxies are dated but none are postmarked, the proxy with the latest execution date shall be accepted; and

(5) If none of the proxies have a postmark and all are undated or all have the same execution date, all shall be rejected for voting purposes; however one of the conflicting proxies shall be counted for the purpose of establishing a quorum.

(iv) Executed and valid proxies sent by fax and received by the deadline for proxies will be counted unless a challenge shows the signatures are unauthorized.

d. Revocation: Any proxy may be revoked by the Shareholder who has given it, either by delivering a revocation in writing to the office of the Inspector of Election by **5:00 p.m., Friday, November 13, 2020**, or by filing a later dated proxy as noted in subsection (c)(iii) above, or by voting in person at the Annual Meeting.

e. The proxy holder must be present at the meeting and actually cast a ballot on behalf of the Shareholder. Receipt of the proxy alone shall not constitute the voting of the proxy. The Inspector of Election will provide the proxy holder(s) with the information needed to vote the proxies.

7. Quorum: All voting shareholders who have registered at the Annual Meeting and the proxies held by Proxy holders shall be counted for the purposes of determining the presence of a quorum.

8. Release of Information: No information about proxy tabulation shall be released to any of the candidates, either before or during the Annual Meeting, until the total vote tabulation is reported to all Shareholders.

9. Challenges: All challenges made to the conduct of an election shall be made to the Inspector of Election who shall decide such challenges in accordance with their instructions, these Rules and Articles of Incorporation and Bylaws of the Corporation. In questions involving the right of a person to vote, the Shareholder List is to be determinative with respect to the stock held by an individual.

10. Voting: All voting done by ballot shall be on a ballot form which has been approved by the Board of Directors. The ballot shall indicate the Shareholder's name, the number of shares to be voted, the proposition to be voted upon, and shall be signed by the Shareholder or the proxy holder. The election of directors and other matters specifically identified in the notice of meeting shall be voted upon by written ballot. All routine matters (approval of minutes, etc.) shall be voted upon by hand or ballot if, in the presiding officer's discretion, the results of the vote are not clearly discernible. Non-routine matters not appearing on the notice of meeting may be decided by either a hand vote or by ballot, at the option of the presiding officer. At any time, however, one-tenth (1/10) of the Shareholders present at the meeting may move for a ballot vote on a non-routine matter.

11. Plurality Vote for Directors: The three (3) nominees for director who receive the highest number of votes shall be elected directors for a three-year term ending in 2023.

12. In all other matters not specifically covered by these Rules, the Articles of Incorporation and Bylaws, general principles of corporate law so far as are applicable within the spirit of the Alaska Native Claims Settlement Act and Alaska law shall govern.

DATED this 16th day of October, 2020


Cynthia Petersen, Corporate Secretary

APPENDIX A – INSPECTOR OF ELECTION
INSTRUCTIONS

The Board of Directors, believing that it is in the best interest of the Shareholders of the Corporation that an Inspector of Election be appointed to supervise the elections held by the Corporation, does hereby make and approve the following instructions for the Inspector of Election.

1. **Selection:** The Board of Directors shall appoint Sasha Anderstrom, who shall serve as Inspector of Election for the Corporation for the year 2020. Should the Inspector fail to attend the election or refuse or be unable to serve, then a substitute Inspector shall be appointed by the presiding officer of the meeting.

2. **Qualifications:** Inspector shall not be a Shareholder of the Corporation.

3. **Duties:** The Inspector shall determine the number of shares outstanding, the voting rights with respect to each, the number of shares represented at the Annual Meeting, the existence of a quorum, and the authenticity, validity and effect of proxies in accordance with the Rules for the Annual Meeting of Shareholders adopted by the Board; supervise and monitor the receiving of proxies, votes, ballots, consents, waivers, or releases; hear and determine all challenges and questions arising in connection with the vote; supervise and monitor the count and announce the result; and do such acts as are proper to conduct the election or vote with fairness to all Shareholders. The results of the election of directors will be kept confidential until voting results are announced to all Shareholders at the Annual Meeting.

4. **Oath of Inspectors of Election:** The Inspector appointed to act at any meeting of the Shareholders, before discharging their duties, shall swear the following oath to faithfully execute their duties at such meeting with strict impartiality and according to the best of their ability, and this oath so taken shall be subscribed by them:

STATE OF ALASKA)
)
_____ JUDICIAL DISTRICT)

I, Sasha Anderstrom, duly appointed Inspector of Election of the Corporation, do solemnly swear that I will fairly and impartially perform my duties as Inspector of Elections at the election to be held November 14, 2020, for directors of the Corporation or such other matters as may be required to be submitted to the vote of the Shareholders, and will faithfully and diligently canvass the votes cast at such election, and honestly and truthfully report the results of said election.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2020.

(SEAL)

Notary Public in and for Alaska
My Commission Expires: _____

5. **Extending Time for Voting:** the Inspector may keep the polls open for a reasonable time after the hour fixed for closing them, when additional time is needed to give all Shareholders ready and wanting to vote an opportunity to do so.

6. **Challenge to Shareholder's right to vote:** If the right to vote at any shareholder meeting shall be challenged, the Inspector of Election shall require the Shareholder List to be produced as evidence of the right of the person challenged to vote at such meeting, and all persons who may appear from such Shareholder List of the Corporation entitled to vote may vote at such meeting, in person or by proxy,
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subject to the provisions of the Statutes of the State of Alaska, the Alaska Native Claims Settlement Act (P.L. 92-203), the Articles of Incorporation and Bylaws of the Corporation, and such Rules as have been adopted by the Board of Directors.

7. Certification and Reports: The Inspector of Election shall certify to the presiding officer of the meeting the presence of a quorum as soon as it is established that one is present. The Inspector shall also certify the results of any voting to the presiding officer as soon as those results are known.

At the close of the meeting, the Inspector of Election shall file a report with the Secretary of the Corporation indicating:

- a. The number of shares entitled to vote at the meeting;
- b. The number of shares present in person or by proxy at the meeting and the percentage that the number represents of the total stock outstanding and entitled to vote;
- c. The results and complete tabulation of each round of balloting in any manner voted upon by ballot; and
- d. A full report on any challenge or other matters brought to the attention of the Inspector of Election, including a statement of the challenge, the evidence presented, and the action taken by the Inspectors.

This report shall be signed by the Inspector of Election.

BY ORDER OF THE BOARD OF DIRECTORS

DATED this 16th day of October, 2020



Cynthia Petersen, Corporate Secretary

YAK-TAT KWAAN, INC.
Yakutat, Alaska
BOARD OF DIRECTORS PROXY STATEMENT

The date of this Proxy Statement is October 16, 2020.

The Board of Directors of Yak-Tat Kwaan, Inc. hereby solicits your proxy in the form enclosed with this Statement for use at the Annual Meeting of Shareholders to be held virtually at a location to be determined at a later day, on November 14, at 1:00 a.m., local time, or at any postponements or adjournments thereof. The persons named as proxies in the form are *Directors Verna Henniger, Marvin Adams, and Don Bremner*, who have been designated as proxy holders by the Board of Directors ("Proxy Holders"). The Board of Directors is soliciting proxies for election as directors. The enclosed proxy form provides a space for you to choose which persons you wish to have your shares voted for in the election of directors. When proxies in the enclosed envelope are returned, properly executed and received prior to 5:00 p.m., Alaska Standard Time, on Friday, November 13, 2020, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions you provide.

Any person executing the enclosed proxy may revoke it by attending and voting in person at the Annual Meeting of Shareholders or by filing either a written statement revoking the proxy or by filing a duly executed proxy which bears a later date with the Inspector of Election no later than 5:00 p.m., local time, on Friday, November 13, 2020 or by voting in person at the Annual Meeting.

ALL PROXIES MUST BE RECEIVED BY THE INSPECTOR OF ELECTION BY MAIL OR FAX, BEFORE 5:00 P.M., ALASKA STANDARD TIME, FRIDAY, NOVEMBER 13, 2020. PROXIES RECEIVED AFTER 5:00 P.M., FRIDAY, NOVEMBER 13, 2020, WILL NOT BE VOTED AT THE MEETING.

Rules governing conduct of the Annual Meeting have been established by the Board of Directors and are included herein; any Shareholder may review a copy of these rules on the Corporation's website at <http://yak-tatkwaan.com>. To coordinate a hard copy review of these documents please contact the Yak-Tat Kwaan office at 907-784-3335, during regular business hours, Monday through Friday.

Voting rights are vested in the holders of Class A common stock (hereinafter referred to as "common stock") of Yak-Tat Kwaan, Inc. There are 1,000,000 authorized Class A shares, and 33,542 outstanding Class A shares. The total number of voting shares is 30,607 shares of which 15,305 are required for quorum. There are 757 outstanding Class B Shares, which are non-voting shares. A voting Shareholder is entitled to one vote per share of common stock, except that in the election of directors each Shareholder is entitled to as many votes as shall equal the number of shares held by the Shareholder multiplied by the number of directors to be elected, and the Shareholder may cast all of such votes for a single nominee or distribute them among any two or more nominees as the Shareholder sees fit. For example, if you own 100 shares of common stock you may give three of the nominees 100 votes each, or you may give one of the nominees all 300 votes, or split the votes up any way you wish. Only Shareholders of record as of the Record Date, will be entitled to vote at the Annual Meeting of Shareholders.

The Board of Directors proposes to bring the following matters before the Shareholders at the Annual Meeting of Shareholders:

1. To elect three directors to the Board of Directors:
2. three directors to serve until the Annual Meeting of Shareholders in 2023.

Jim Thomas
PO Box 76
Lummi Island, WA 98262
jimthomas@isomedia.com
360-961-4429

Treasured Shareholder: Without you there would not have been a "land claims" – hard to believe that was 49 years ago. There would not have been a Yak-Tat Kwaan, Inc., or a Sealaska. There would not have been Alaska Native Corporations. In the next 49 years – will there still be shareholders? There are still some of our grandparents, great grandparent, even Parents who where there in 1971. They're among us as witnesses that you CAN think 49 years ahead and preserve what was reserved to us by our ancestors and the United States Congress. Look at your feet!! There is a child crawling there – she/he will be 49 years old or more – are we the ones who will make sure there's something at home – at Yakutat that will be the ROOTS of our being as a Native people, as Tlingits whose history goes back beyond when the glaciers reached far out to sea?

I can't believe it's been three years since I was last elected with such a wonderful number of votes. Thank you! I've been a part of a fast moving-forward through economics that now gives us hope for *49 years from now*. My eyes saw that my little home town would not grow unless business could survive in Yakutat and young people could return with their children; that the school system could thrive and that more and more of our very own people would walk this land (dlutk/) as Haa Aanee (our village) and proudly grow old here (Yakutat). I still strongly cling to that.

So when I reviewed the benefits of harvesting our second growth trees and the Kwaan Board approved a subsidiary company (Yak Timber, Inc) I wholeheartedly supported the start up and growth of the company. What did I see in this business was not the wonder of harvest, but what could come from it. Most of the timber we were selling to China was 8" and up (really small based on what was sold through Koncor in the 80's when 400 million board feet was sold from our land.) What amazed us was that a third of our harvest was under 7" - 6". (Not good for overseas sales) And they're essentially trees – not brush and wood waste. Ideal for BIOMASS. So we looked at this not as a problem, but as a real asset. When you combine all this biomass with the thinning of our forest (23,000 acres) we have the "heat-source" to power not just Yakutat (selling to the grid) but to power and heat our own economic development projects. The things we can do are phenomenal.

So I'm not thinking in 49 years – most of us won't be about for that long, but I'm thinking in 2 – 5 year increments. In 5 years today's 18 year olds will be 23. Ideal for learning the technology of making electricity from heat – the burning of the biomass. We've had some serious looks with the best of engineers advising and studying the process, with and for us. And look at how many will be training to run some all of our drying plants (lumber/chips for the burning plants) and the many agricultural fruits, vegetables and other products that can be sold very competitively because the power is coming from our own plants at little or no cost!! IT IS POSSIBLE. AND EVERYBODY will be paying a lot less than .58 per kilowatt. Businesses will want to operate in Yakutat. Then of course, will come the condominiums, the apartments and if desirable, the hotel. And mixed into it all WILL THE YAKUTAT TLINGIT VILLAGE.

In ten years, I foresee a vibrant Yakutat, filled with our Kwaan shareholder and offspring families. All because we harvested now and learned to use the BIOMASS to our overall benefit. The more we make in business, the more we grow, the nicer that letter will be when there's a dividend enclosed. And I believe in dividends.

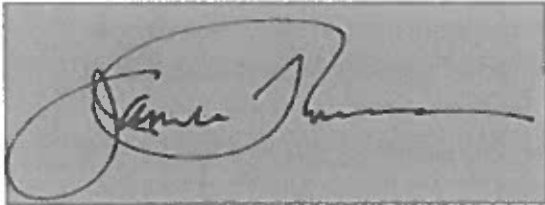
On the Yak-Tat Kwaan Board I am serving as Treasurer which makes me judicious over funds and future responsibilities and reserves. I am also Finance Chair, on the Board of Tech Port, advisor on the Fish Committee and several other committees. On Yak Timber, Inc, I am serving as Chairman of the Board.

There are so many other projects that kwaan will explore and bring to life for the benefit of the shareholders everywhere. We're developing into quite a team and I hope that you will see fit to put me back into the corporate board mix.

I follow the rule: "That which I started in you, I will finish."

Khoo nux (really lots) Goo Nu(tl) Cheesh (Thank you).

Jim Thomas
kHatsai
G'I Neix Kwaan; Kwaash Gi' Kwaan

A rectangular box containing a handwritten signature in black ink. The signature is cursive and appears to read "Jim Thomas".

Terri Ann Bogren
Anchorage, AK
Cell/Text 206-304-3419
Terriannforyki@outlook.com

I am submitting my name, Terri Ann Bogren, as a candidate for the Yak-Tat Kwaan Inc. I am the Raven daughter of Nina Hansen and Russell Bogren. I lived in Yakutat until 1988. I currently reside in Anchorage, and have the pleasure of coming home as often as I can, to enjoy our people and the amazing community we all call "Home".

I have decided to run because I feel that I would be an asset, with my life and accounting work experience, to represent our shareholders. I care about our community, our corporation and doing what I can to help our shareholders. I would like to offer my assistance to encourage our shareholders voice their ideas and concerns, to work together, united, to make YKI the best for the current and future shareholders.

We are fortunate to have the amazing opportunities that we have with YKI. I am happy to see our shareholders working for our corporation in all aspects, personally, physically and with all they have to give. I would like to see our culture kept, enhanced and utilize modernization to make the corporation the best it can be for our shareholders and the amazing community we all call home.

I am available for you, to meet in person, I will let you all know when I will be in Yakutat or here in Anchorage. By phone/text 206-304.3419, fb msg and e-mail: terriannforyki@outlook.com

We all have something different to offer, we have separate strengths, together we can do anything. I am asking for your support and trust to represent you as a board of director for our corporation?

Thank you,
Gunalcheesh,
Terri Ann Bogren

Dear shareholders,

I am running for the YAK-TAT KWAAN board of directors.

I am a lifelong resident of Yakutat. If you know me you know how proud I am to be from Yakutat. I raised my family here. I grew up here Commercial and subsistence fishing as may of you reading this did also. I have owned and operated my own ocean fishing business here since 2002. Business name is

Fish Yakutat

Boat name is

Tlingit Warrior

Even tho my wife Joy moved to Sitka for work 5 years ago and younger 2 sons for their education. I still commercial power troll here most of the winter and early spring. My son Gabriel graduated from Mt Edgumbe and son Gavin is graduating from Sitka high next year.

I would appreciate your support.

Gunalcheesh

Gary Klushkan

Sheri Nelson

P.O. Box 117 • Yakutat, AK 99689
Phone: (907) 784-3876 • E-Mail: Eyak.Raven@gmail.com

October 15, 2020

Dear Yak-Tat Kwaan Shareholders:

I am Sheri Nelson, Jaax'inaa See', Eyak-Tlingit & Norwegian, Kik'sadi, Raven-Frog and seeking for your vote again at the next Yak-Tat Kwaan, Inc. (YKI) Annual Shareholder Meeting & Elections!

I was raised in "God's Country" as most of you and we grew up believing we could be anything we wanted or change the world! Our Mom's & Grandmother's gave us that and our Dad's & Grandfather's built it, "Home is where your heart is!" the world may not be just Yakutat once your grown but it is where our corporation is and I still believe that we can make the dream they gave to us, to our children and grandchildren by creating a financially successful corporation. We are on our way of building a financially strong corporation but need to be smart and vigilant on decisions we make in the future.

After serving for three years I have learned, experienced and feel more confident, stronger and have the courage to be more effective as one of your YKI Board of Director's. I will continue to work hard for the corporation by building a better working relationship at the board level, help create better communication with our shareholders and work hard on transparency and providing timely newsletters.

Please feel free to contact me via phone number, email or cell number (907) 957-8589 texts, if you would like to share your thoughts, ideas or would like more information from me. Gunal'cheesh, in advance for your vote, I will continue to work hard for you, our values and beliefs.

Sincerely,

Sheri Nelson

YAK-TAT KWAAN INC.,
2020 Election

Candidate: Melony K. Jackson

My name is Melony K. Jackson and I would like to continue to serve my fellow shareholders and community members in my hometown of Yakutat, Alaska. I am asking for your vote to serve you.

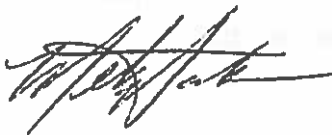
This last year has been an unprecedented one with COVID-19. However, this pandemic has not slowed down the board of directors in continuing with the momentum to fulfill our purpose... our mission. I feel our board is on the right path with working to be more transparent with decision-making and open communication with shareholders.

My roots are strong in Yakutat. I would like our corporation to reinvest in our community and one of the ways I feel we can do that is by developing a strategy to give shareholders their land. Many of our Yak-Tat Kwaan shareholders are paying high rent versus owning a home. I would like to see the board create opportunities for shareholders to build a home. I would like to see families have the option to return and reunite with family members, especially now.

I strongly believe in investing in our land, our community and our people. I would like our decisions to benefit our shareholders today and to also be of benefit to our future shareholders of tomorrow.

With that, I'm committed to being a working member of the board. I promise to continue to work hard for all of you and to be that voice you can trust.

Sincerely,



Melony K. Jackson
Self Governance Coordinator
Tanana Chiefs Conference
122 1st Avenue, Suite 600
Fairbanks, Alaska

**YAK-TAT KWAAN, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
(With Independent Auditor's Report Thereon)

Years Ended December 31, 2019 and 2018



PORTER & ALLISON
INC
CERTIFIED PUBLIC ACCOUNTANTS

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**YAK-TAT KWAAN, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
(With Independent Auditor's Report Thereon)

Years Ended December 31, 2019 and 2018

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Yak-Tat Kwaan, Inc. and Subsidiaries
Yakutat, Alaska

We have audited the accompanying consolidated financial statements of Yak-Tat Kwaan, Inc. (an Alaska corporation) and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in stockholders' equity, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of TecPort Solutions, Inc., the investment in which, as described in Note 4 to the consolidated financial statements, is accounted for by the equity method of accounting. The equity in TecPort Solutions, Inc. was \$363,155 and \$383,441 as of December 31, 2019 and 2018, respectively, and the proportionate share of its net loss was (\$18,286) and (\$26,969), respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TecPort Solutions, Inc., is based solely on the report of the other auditors. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yak-Tat Kwaan, Inc. and Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, Yak-Tat Kwaan, Inc. discovered that its previously issued financial statements included certain errors related to the consolidation of Yak Timber, LLC. Yak-Tat Kwaan, Inc. restated its consolidated balance sheet as of December 31, 2018 and consolidated statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Porter & Allison, Inc.

Anchorage, Alaska
October 15, 2020

CONSOLIDATED FINANCIAL STATEMENTS

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

	2019	Restated 2018
Assets		
Current Assets:		
Cash	\$ 501,198	\$ 524,902
Contracts receivable	562,091	69,902
Prepaid expenses	40,068	-
Other current assets	13,000	136,666
Total Current Assets	<u>1,116,357</u>	<u>731,470</u>
Property and Equipment:		
Land and buildings	3,158,727	3,158,727
Vehicles and equipment	920,606	479,204
Furniture and fixtures	28,724	28,724
Software	28,700	28,700
Less accumulated depreciation	(3,002,128)	(2,881,458)
Total Property and Equipment	<u>1,134,629</u>	<u>813,897</u>
Property Under Capital Lease Obligations:		
Leased equipment	5,380,101	-
Less accumulated amortization	(692,879)	-
Total Property Under Capital Lease Obligations	<u>4,687,222</u>	<u>-</u>
Investment in unconsolidated affiliates	365,155	383,441
Total Assets	<u>\$ 7,303,363</u>	<u>\$ 1,928,808</u>
	Liabilities and Stockholders' Equity	
Current Liabilities:		
Accounts payable	\$ 151,669	\$ 542
Unearned rent	180	-
Accrued expenses	47,591	1,827
Security deposits	3,500	2,500
Dividends payable	59,522	34,921
Current portion of capital lease liability	1,376,377	-
Short-term loans	346,866	-
Total Current Liabilities	<u>1,985,705</u>	<u>39,790</u>
Capital lease liability, net of current portion	3,077,087	-
City assessment payable	-	104,677
Total Liabilities	<u>5,062,792</u>	<u>144,467</u>
Stockholders' Equity:		
Class A, \$0 par value; 1,000,000 shares authorized; 33,906 shares issued and outstanding	-	-
Class B, \$0 par value; 500,000 shares authorized; 394 shares issued and outstanding	-	-
Contributed capital	1,274,987	1,274,987
Retained earnings	965,584	509,354
Total Stockholders' Equity	<u>2,240,571</u>	<u>1,784,341</u>
Total Liabilities and Stockholders' Equity	<u>\$ 7,303,363</u>	<u>\$ 1,928,808</u>

See accompanying notes to consolidated financial statements.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Consolidated Statements of Operations Years Ended December 31, 2019 and 2018

	2019	Restated 2018
Sales:		
Lease revenue	\$ 539,642	\$ 477,900
Timber sales	3,884,211	-
Fees for services	30,000	30,200
Total Sales	4,453,853	508,100
 Cost of goods sold	 2,199,094	 61,996
Gross Profit	2,254,759	446,104
 Selling, general and administrative expenses	 2,215,656	 605,543
Gain (Loss) from Operations	39,103	(159,439)
 Other Income (Expense):		
Resource revenue	865,130	608,516
Miscellaneous income	81,766	45,477
Interest income	2,556	1,667
Other revenue	100	390
Equity earnings (loss) in TecPort Solutions, Inc.	(18,286)	(26,969)
Interest expense	(171,139)	-
Total Other Income (Expense)	760,127	629,081
 Income before provision for income taxes	 799,230	 469,642
 Provision for income taxes	 -	 -
Net Income	\$ 799,230	469,642

See accompanying notes to consolidated financial statements.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2019 and 2018

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2018	\$ 1,274,887	142,612	1,417,499
Net Income (Restated)	-	469,642	469,642
Contributions	100	-	100
Distributions to shareholders	-	(102,900)	(102,900)
Balance, December 31, 2018 (Restated)	1,274,987	509,354	1,784,341
Net Income	-	799,230	799,230
Distributions to shareholders	-	(343,000)	(343,000)
Balance, December 31, 2019	<u>\$ 1,274,987</u>	<u>965,584</u>	<u>2,240,571</u>

See accompanying notes to consolidated financial statements.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	Restated 2018
	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Net Income	\$ 799,230	\$ 469,642
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	813,549	54,536
Equity in loss of unconsolidated affiliates	18,286	26,969
Changes in operating assets and liabilities:		
Contracts receivable	(492,189)	(58,385)
Prepaid expenses	(40,068)	905
Other current assets	123,666	(136,666)
Accounts payable	151,127	(22,419)
Credit cards payable	-	(741)
Unearned rent	180	-
Accrued expenses	45,764	1,352
Security deposits	1,000	500
City assessment payable	(104,677)	-
Dividends payable	24,601	(23,242)
Net Cash Flows from Operating Activities	<u>1,340,469</u>	<u>312,451</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(441,402)	(132,425)
Proceeds from note receivable	-	80,000
Net Cash Flows from Investing Activities	<u>(441,402)</u>	<u>(52,425)</u>
Cash Flows from Financing Activities:		
Contributions from owners	-	100
Proceeds from issuance of short-term loans	346,866	-
Payments for capital leases	(926,637)	-
Dividends received from investment in unconsolidated affiliate	-	56,100
Dividends declared and paid	(343,000)	(102,900)
Net Cash Flows from Financing Activities	<u>(922,771)</u>	<u>(46,700)</u>
Net Increase (Decrease) in Cash	(23,704)	213,326
Cash, beginning of year	<u>524,902</u>	<u>311,576</u>
Cash, end of year	\$ <u>501,198</u>	\$ <u>524,902</u>

See accompanying notes to consolidated financial statements.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Yak-Tat Kwaan, Inc. was incorporated under the Alaska Business Corporation Act as a village corporation on November 11, 1973, pursuant to provisions of the Alaska Native Claims Settlement Act (ANCSA or the Act) enacted by Congress on December 16, 1971. ANCSA authorized the formation of twelve geographic regional corporations within the State of Alaska and a number of village corporations within each region. Yak-Tat Kwaan, Inc. is a village corporation located within the geographic region encompassed by Sealaska Corporation.

Principles of Consolidation

The consolidated financial statements include the accounts of Yak-Tat Kwaan, Inc. its wholly-owned subsidiaries, Broken Oar Construction, LLC, Kwaan Holding, LLC, and Yak Timber, LLC (collectively, the Corporation).

Kwaan Holding Company, LLC is a wholly owned subsidiary of the Corporation, and is set up as a holding company. Kwaan Holding Company, LLC has 100% ownership in The Kwaan Plaza, LLC, The Ridge Road Complex, LLC, Malaspina Properties LLC, YKI Marine Complex LLC, and Little White House Properties, LLC.

The consolidated financial statements do not include the accounts of TecPort Solutions, Inc. (Note 4). This 51% owned investment is recorded using the equity method of accounting, which is at original cost plus or minus the Corporation's cumulative proportion of net income or net loss subsequent to the original investment less distributions. This investment is accounted for using the equity method of accounting due to substantive participating rights of its other owners.

Significant intercompany transactions are eliminated in consolidation.

Alaska Native Claims Settlement Act

The Act

The Act provides for the division of the State of Alaska into twelve regional areas, each of which is represented by a regional corporation. Further, a thirteenth regional corporation was established for those Alaska Natives residing outside of Alaska. Each regional area has, in turn, a number of village corporations which were also established by the Act. Enrollees to the regional and village corporations are shareholders of such corporations and are required to be Alaska Natives as defined in the Act.

Alaska Native Fund

ANCSA established the Alaska Native Fund (the Fund) into which an aggregate of \$962,500,000 was deposited from Federal Government appropriation and royalty on minerals owned by the State of Alaska and the Federal Government.

Distributions

Distributions of monies from the Fund to each of the twelve Alaska regional corporations commenced on October 18, 1973. Distributions of the monies were completed March 31, 1983. The regional corporations have in turn allocated to each village corporation its share of the distributions as explained below. The distributions have been recorded as contributed capital. In addition to the appropriated funds and royalties

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

provided by the Fund, ANCSA, pursuant to Section 7(i) provides that: 70 percent of revenue received by each of the twelve regional corporations in Alaska, from timber and subsurface resources owned by them, is to be divided annually among the twelve corporations in proportion to the number of shareholders in each of the twelve regions. The regional corporations in turn allocate each village corporation a share of such revenues pursuant to section 7(j) of ANCSA. The distribution to village corporations and non-village shareholders is to be 50 percent of the section 7(i) monies received by Sealaska Corporation (Sealaska).

All distributions to village corporations are to be made according to the ratio that the number of outstanding shares of Sealaska's common stock owned by shareholders of a village corporation bears to the total number of Sealaska's common stock outstanding.

Land Selections

ANCSA also provides for the selection of land by the village corporations. The village corporations will receive the surface estate in such land and the regional corporations will receive the subsurface estate. On the 23,040 acres of land that the Corporation is entitled to select under the Act, conveyance for 23,040 has been received.

During 2001, the Corporation completed a timber cruise on 6,081 acres of land received pursuant to the Act. The total value of the timbers was estimated at \$34,586,770. The estimated value of the remaining 16,959 acres of land selected has either not been determined or there is no significant stand on valuable timber. At this time, the Corporation's Board of directors does not intend to harvest any timber.

Common Stock and Earnings per Share

One hundred shares of the Corporation's voting Class A common stock were issued, pursuant to the Act, to each Native person enrolled in the Corporation. Stock rights are restricted, and the stock may not be sold, pledged, assigned, or otherwise alienated except in certain circumstances by court decree or by death. Further, the stock carries voting rights only if the holder is an eligible Alaska Native. For shares transferred to other than a qualified Native person, non-voting Class B common stock is issued, and the related Class A common stock is returned to the Corporation. Pursuant to the 1991 Amendments, passed by the U.S. Congress, these restrictions and others as set forth in the Alaska Native Claims Settlement Act, have been indefinitely extended unless the shareholders affirmatively vote to waive the restrictions.

Management Estimates

The 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes checking and savings deposits on demand and petty cash.

Contracts Receivable and Allowance for Doubtful Accounts

The Corporation provides an allowance for doubtful accounts based upon prior experience and management's assessment of collectability of existing specific accounts.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Property and Equipment

Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for renewals and betterments are generally capitalized. Depreciation is recorded using the straight-line method for financial reporting. For financial reporting purposes, estimated useful lives are as follows:

Vehicles and equipment	3 to 5 years
Furniture and fixtures	5 to 10 years
Buildings	10 to 30 years
Land	Not depreciated

Investment in Unconsolidated Affiliates

The Corporation accounts for investments in corporations and partnerships using the equity method when the Corporation's ownership interest is between 20% and 50% and has significant influence over the investments. Under the equity method, the Corporation records its proportionate share of earnings or loss. The investment in TecPort Solutions, Inc. for which the Corporation owns 51% interest is accounted for using the equity method of accounting due to the Corporation not exercising operating control over TecPort Solutions, Inc.

Contributions to Capital

Monies and real property interests distributable to the Corporation under terms of the Act, are recorded as contributed capital when notice of credit is received from Sealaska. The Corporation's policy is to record timber rights received under ANCSA upon completion of appraisal of those rights.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed as a result of an acquisition of a company. The Corporation applies the accounting alternative provision of Accounting Standards Codification (ASC) 350 available to private companies for goodwill. The Corporation amortizes goodwill on a straight-line basis over 10 years, or less than 10 years if another useful life is more appropriate. The Corporation has made the election to test goodwill for impairment at the Corporation level. Goodwill is tested for impairment when a triggering event occurs that indicates that the fair value of the Corporation may be below its carrying amount. When a triggering event occurs, the Corporation has the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Corporation performs a quantitative test to compare the Corporation's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary.

A goodwill impairment loss is recognized if the carrying amount of the Corporation exceeds its fair value. A goodwill impairment loss is measured and recorded at the amount by which the carrying amount of the Corporation including goodwill exceeds its fair value without exceeding the carrying amount of goodwill.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Change in Revenue Accounting

Effective January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, and the related amendments (also referred to as Topic 606) using the modified retrospective method. Under the modified retrospective method, Topic 606 is applied to all uncompleted contracts at January 1, 2019 and the change, if any, to revenue recognition is made by using a cumulative effect adjustment to the opening balance of members' equity. The comparative financial information for 2018 did not require an adjustment and continues to be reported under Topic 605, Revenue Recognition (Topic 605).

The adoption of Topic 606 caused changes for (1) significant pre-contract costs, including mobilization, bonding, and insurance, which now will be capitalized and amortized over the contract life, and (2) requires uninstalled materials that are not specifically produced or fabricated for the project to be excluded from costs incurred when measuring the extent of progress toward completion.

Revenue Recognition – Topic 606

Under Topic 606, revenue is measured based on consideration specified in the contract with a customer. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a product or service to a customer. Amounts billed to customers for shipping and handling are included in revenue. Taxes collected from customers and remitted to governmental authorities are excluded from revenue on the net basis of accounting. Accounts receivable are due under normal trade terms, typically 30 days or less.

Performance obligations in contracts with customers are all satisfied at a point in time. Revenue from contracts is recognized when obligations under the terms of the contract with the customer are satisfied; generally with the transfer of control upon fulfillment of contractual termination clauses or by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. Revenue from rental agreements continues to be recognized ratably over the rental period in accordance with Topic 840, Leases.

Contracts are often modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

Revenue Recognition – Topic 605

Yak-Tat Kwaan, Inc.'s portion of revenues arising from resources owned by regional corporations, are recognized when determinable. Revenue from gravel, fuel and equipment sales is recognized at the time of sale. Fees for services are recognized monthly, based on a set fee. Revenue from properties and vehicles leased to third parties is recognized ratably over the rental period.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Income Taxes

Funds received from the Alaska Native Fund are not subject to federal, state, or local income taxes. Real property interests received pursuant to ANCSA are also not subject to income taxes; however, income derived from real property interests and other operations of the Corporation is subject to federal, state, and local income taxes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Corporation is subject to income taxes in U.S. federal jurisdictions and various state jurisdictions. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The Corporation recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Corporation is generally no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years ended December 31, 2015 and prior. Management has evaluated the Corporation's tax positions and has concluded that the Corporation has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Risk Concentrations

The Corporation's revenues and receivables are primarily from customers located in Yakutat, Alaska. Management believes its contract acceptance, billing, and collection policies are adequate to minimize potential credit risk. The Corporation does not generally require collateral for customer.

Subsequent Events

The Corporation has evaluated subsequent events through October 15, 2020, the date on which the financial statements were available to be issued. See Note 12 for subsequent event disclosures.

Note 2: Cash

The Corporation places its demand deposits with high credit quality commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Uninsured balances totaled \$69,200 and \$93,268 at December 31, 2019 and 2018, respectively.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 3: Contracts Receivable

Beginning and ending receivables for the year ended December 31, 2019 consist of the following:

	January 1, 2019	December 31, 2019
Contracts receivable	\$ 69,902	\$ 562,091
Less allowance for doubtful accounts	-	-
Contracts receivable, net	<u>\$ 69,902</u>	<u>\$ 562,091</u>

Beginning and ending receivables for the year ended December 31, 2018 consist of the following:

	January 1, 2018	December 31, 2018
Contracts receivable	\$ 11,517	\$ 69,902
Less allowance for doubtful accounts	-	-
Contracts receivable, net	<u>\$ 11,517</u>	<u>\$ 69,902</u>

Note 4: Investment in TecPort Solutions, Inc.

Yak-Tat Kwaan, Inc. owns a 51% interest in TecPort Solutions, Inc., which is a full-service information technology consulting firm specializing in strategic outsourcing based in Pennsylvania. TecPort Solutions, Inc. is an unconsolidated affiliate of Yak-Tat Kwaan at the end of 2019.

Summarized audited balance sheets and statements of operations of the investment in TecPort Solutions, Inc. as of and for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Balance Sheets:		
Assets:		
Current assets	\$ 2,683,195	\$ 2,338,652
Noncurrent assets	<u>8,431</u>	<u>102,019</u>
Total Assets	<u>\$ 2,691,626</u>	<u>\$ 2,440,671</u>
Liabilities and shareholders' equity:		
Total liabilities	\$ 1,975,635	\$ 1,688,826
Shareholders' equity	<u>715,991</u>	<u>751,845</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,691,626</u>	<u>\$ 2,440,671</u>

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

	2019	2018
Statements of Operations:		
Revenues	\$ 7,149,303	\$ 5,348,174
Expenses	7,185,157	5,401,055
Net Loss	\$ (35,854)	\$ (52,881)

Yak-Tat Kwaan, Inc. share of the stockholders' equity of TecPort Solutions, Inc. was \$365,155 and \$383,441 as of December 31, 2019 and 2018, respectively, and the proportionate share of its net loss was (\$18,286) and (\$26,969), for the years then ended, respectively. In 2019 and 2018, Yak-Tat Kwaan, Inc. received a distribution of \$0 and \$56,100 from TecPort Solutions, Inc.

Note 5: Leasing Transactions

Properties and buildings leased to others are accounted for as operating leases. Minimum further rental revenues over the remaining years subsequent to December 31, 2019, based on currently signed, non-cancelable operating leases with terms of one year or longer are as follows:

2020	\$ 396,675
2021	382,357
2022	410,661
2023	186,016
	\$ 1,375,709

The Corporation also has a number of capital leases for heavy machinery and equipment used for timber operations. Each of the capital leases contain a bargain purchase option which may be exercised at any point during the lease. Minimum rental payments over the remaining years subsequent to December 31, 2019 on non-cancelable capital leases are as follows:

2020	\$ 1,376,377
2021	1,443,770
2022	1,536,636
2023	96,681
	\$ 4,453,464

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YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 6: Provision for Income Taxes

The actual income tax expense for 2019 and 2018 differs from the "expected" amount (computed by applying the U.S. Federal corporate tax rate and estimated State of Alaska corporate tax rate of 26% to income before taxes) as follows:

	2019	2018
Computed "expected" income tax expense (benefit)	\$ 207,800	\$ 147,540
Change in allowance for deferred tax assets	<u>(207,800)</u>	<u>(147,540)</u>
Total Income Tax Expense (Benefit)	<u>\$ -</u>	<u>\$ -</u>

The Corporation has net operating loss carry-forwards for state and federal income tax purposes as of December 31, 2019 and 2018 of approximately \$7,545,918 and \$8,546,189, respectively, which are available to offset future taxable income. These carry-forwards expire in the years 2020 through 2036. The Corporation does not expect to be able to fully utilize these carry-forwards and has recorded a valuation allowance for the amount not expected to be utilized.

The Corporation has not determined, for financial reporting purposes, the value of all timber rights conveyed to it by the federal government in accordance with ANCSA (see Note 1). Since the timber rights conveyed had a stipulated tax basis, the gains recorded for book purposes and tax purposes are different at the time of revenue recognition due to the differences in basis. Since the value of all timber rights has not been determined for book purposes, the Corporation has not recorded a deferred tax asset relating to the difference between book basis and tax basis for its timber rights. In addition, the utilization of timber rights held by the Corporation, and resulting realization of any deferred tax assets, is uncertain since the quantities, if any, of timber to be harvested is uncertain. Deferred taxes are recorded based upon differences between the financial statements and tax basis of assets and liabilities and available tax carry-forwards. A valuation allowance on the net deferred tax asset is provided, as it is management's opinion that it is more likely than not that all of the deferred tax asset will not be realized.

The components of deferred tax assets and liabilities, including the valuation allowance as of December 31, are as follows:

	2019	2018
Total deferred tax assets	\$ 1,961,939	\$ 2,369,550
Less: valuation allowance	<u>(1,961,939)</u>	<u>(2,369,550)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

Note 7: Risk Management

The Corporation is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in coverage since the prior year.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 8: Related Parties

Due to the nature and size of the community, it is inevitable that transactions will occur between entities, Board members, and/or employees of these entities. TecPort Solutions, Inc. (see Note 4) paid the Corporation \$30,000 and \$30,000 for management fees for the years ended December 31, 2019 and 2018, respectively.

Note 9: Concentration Risks

The Corporation considers customers that generate 10% or greater of total revenues to be a concentration risk. In the year ended December 31, 2019, the Corporation derived 73% of its revenues from one major customer, International Forest Products, LLC. In the year ended December 31, 2018, the Corporation derived 26% of its revenues from two major customers; Yakutat Seafoods, LLC, and Yakutat Community Health Clinic. In the years ended December 31, 2019 and 2018, the Corporation also derived 16% and 54% of its revenues, respectively, from its share of resource sharing revenue pursuant to 7(j) of ANCSA.

Note 10: Commitments and Contingencies

In the normal course of business, the Corporation is involved in various claims and litigation. In the opinion of management, the disposition of these matters is not expected to have a material effect on the financial position or results of operations.

In approximately 1998, the City and Borough of Yakutat ("CBY") created a special assessment district for the extension of electrical service to additional areas of the borough. A portion of the extension bordered on approximately 68 acres of undeveloped Corporation lands, and CBY assessed the Corporation in the amount of \$89,197 for the improvements. The Corporation objected and ultimately filed suit against CBY to set aside the assessment. In 2002, the suit was settled, and a Stipulation for Dismissal was entered. The settlement terms included that the Corporation would make twice-yearly interest only payments on a balance due of \$86,224, and that the remaining principal would be due on or before April 1, 2013. The CBY also created a special assessment for water improvements in the amount of \$56,050, to which the Corporation also objects. The Corporation has created a reserve for these amounts by recording a corresponding liability presented as other liabilities. The interest payments were not made and the balance was not paid in 2018. The Corporation takes the position that the lands it received pursuant to ANCSA are exempt from such assessments under Section 907(d) of the Alaska Native Claims Settlement Act, 43 USC 1636(d), which provides automatic land bank protections, including exemptions from property taxes, assessments and adverse possession, for undeveloped Native Corporation lands received pursuant to ANCSA. The Corporation intends to continue negotiations with CBY, and to aggressively protect its ANCSA lands with the same ANCSA land protection rights currently protecting the ANCSA lands of every ANCSA Corporation in Alaska. In 2019, the settlement was dissolved and the related estimated liability was removed. At December 31, 2019 and 2018, the estimated city assessment liability is \$0 and \$104,677, respectively.

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 11: Restatement

The Corporation discovered that previously issued financial statements included certain errors related to consolidation of Yak Timber, LLC. Yak Timber, LLC is a wholly-owned subsidiary of Yak-Tat Kwaan, Inc., and the financial information of Yak Timber, LLC was not included in the previously issued consolidated financial statements. These errors in accounting for consolidation required restatement of previously issued financial statements.

The Corporation restated its consolidated balance sheet as of December 31, 2018 and consolidated statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2018. The restatement adjustments resulted in a decrease of \$97,821 to previously reported net income of \$567,463 for the year ended December 31, 2018. Based upon management's review it has been determined that these errors were inadvertent and unintentional.

The following sets forth the previously reported and restated amounts of selected items within the consolidated balance sheet as of December 31, 2018:

	As previously reported	As Restated
Cash	\$ 457,722	\$ 524,902
Other current assets	-	136,666
Note receivable from related party	301,667	-
Retained earnings	607,175	509,354

The following sets forth the previously reported and restated amounts of selected items within the consolidated statement of operations for the year ended December 31, 2018.

	As previously reported	As Restated
Cost of goods sold	\$ -	\$ 61,996
Selling, general, and administrative expenses	569,718	605,543
Net income	567,463	469,642

The following sets forth the previously reported and restated amounts of selected items within the consolidated statement of cash flows for the year ended December 31, 2018.

	As previously reported	As Restated
Net income	\$ 567,463	\$ 469,642
Other current assets	-	(136,666)
Issuance of note receivable to related party	(300,000)	-
Accumulated interest income on note receivable from related party	(1,667)	-
Net increase in cash	146,146	213,326

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Note 12: Subsequent Events

Subsequent to year-end, the United States experienced significant disruptions to markets and economic activity due from uncertainty caused by the global coronavirus pandemic. The states where the Corporation operates placed stay at home or hunker down orders that significantly impacted operations. The Corporation is closely monitoring its liquidity and is actively working to minimize the impact of these declines and orders. In April 2020, the Corporation applied for, and received, a loan under the Paycheck Protection Program from the United States Small Business Administration (SBA) for approximately \$289,000. These funds will be used for payroll and rent expense of the Corporation. Under this loan program, the Corporation expects to receive forgiveness for a portion of the loan balance in 2020.

SUPPLEMENTARY INFORMATION

YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2019

	Yak-Tat Kwaan, Inc.	Kwaan Holding Company, LLC	Broken Oar Construction, LLC	Yak Timber, LLC	Eliminations	Consolidated
Assets						
Current Assets:						
Cash	\$ 308,770	161,979	30,405	44	-	501,198
Contracts receivable	12,500	37,417	-	512,174	-	562,091
Due from consolidated subsidiaries	-	817,338	248,670	-	(1,066,008)	-
Prepaid expenses	-	-	-	40,068	-	40,068
Other current assets	-	-	-	13,000	-	13,000
Total Current Assets	321,270	1,016,734	279,075	565,286	(1,066,008)	1,116,357
Property and Equipment:						
Land and buildings	764,469	2,394,258	-	-	-	3,158,727
Vehicles and equipment	383,263	65,991	29,950	441,402	-	920,606
Furniture and fixtures	21,259	7,465	-	-	-	28,724
Software	28,700	-	-	-	-	28,700
Less accumulated depreciation	(745,846)	(2,155,876)	(29,950)	(70,456)	-	(3,002,128)
Total Property and Equipment	451,845	311,838	-	370,946	-	1,134,629
Property Under Capital Lease Obligations:						
Leased equipment	-	-	-	5,380,101	-	5,380,101
Less accumulated amortization	-	-	-	(692,879)	-	(692,879)
Total Property Under Capital Lease Obligations	-	-	-	4,687,222	-	4,687,222
Investment in unconsolidated affiliates:						
Investment in TecPort Solutions, Inc.	365,155	-	-	-	-	365,155
Investment in consolidated affiliates	1,598,488	-	-	-	(1,598,488)	-
Total Investment in Affiliates	1,963,643	-	-	-	(1,598,488)	365,155
Total Assets	\$ 2,736,758	1,328,572	279,075	5,623,454	(2,664,496)	7,303,363
Liabilities and Stockholders' Equity						
Current Liabilities:						
Accounts payable	\$ 16,336	7,758	-	127,575	-	151,669
Unearned rent	-	180	-	-	-	180
Accrued expenses	23,821	-	-	23,770	-	47,591
Security Deposits	-	3,500	-	-	-	3,500
Due to/from affiliates	396,508	-	-	669,500	(1,066,008)	-
Dividends payable	59,522	-	-	-	-	59,522
Current portion of capital lease liability	-	-	-	1,376,377	-	1,376,377
Short-term loans	-	-	-	346,866	-	346,866
Total Current Liabilities	496,187	11,438	-	2,544,088	(1,066,008)	1,985,705
Capital lease liability, net of current portion	-	-	-	3,077,087	-	3,077,087
Total Liabilities	496,187	11,438	-	5,621,175	(1,066,008)	5,062,792
Stockholders' Equity:						
Contributed capital	1,274,987	400,859	(147,792)	-	(253,067)	1,274,987
Retained earnings	965,584	916,275	426,867	2,279	(1,345,421)	965,584
Total Stockholders' Equity	2,240,571	1,317,134	279,075	2,279	(1,598,488)	2,240,571
Total Liabilities and Stockholders' Equity	\$ 2,736,758	1,328,572	279,075	5,623,454	(2,664,496)	7,303,363

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YAK-TAT KWAAN, INC. AND SUBSIDIARIES

Consolidating Schedule of Operations

Year Ended December 31, 2019

	Yak-Tat Kwaan, Inc.	Kwaan Holding Company, LLC	Broken Oar Construction, LLC	Yak Timber, LLC	Eliminations	Consolidated
Revenues:						
Lease revenue	\$ -	539,642	-	-	-	539,642
Timber sales	-	-	-	3,884,211	-	3,884,211
Fees for services	30,000	-	-	-	-	30,000
Total Revenues	30,000	539,642	-	3,884,211	-	4,453,853
Cost of goods sold	-	-	-	2,199,094	-	2,199,094
Gross Profit	30,000	539,642	-	1,685,117	-	2,254,759
 Expenses:						
Salaries, wages and payroll taxes	212,823	35,253	-	186,496	-	434,572
Professional fees	140,206	-	-	166,647	-	306,853
Rental, utility, and facility	427	86,814	-	71,131	-	158,372
Directors fees	68,199	375	-	-	-	68,574
Depreciation and amortization	19,816	28,237	2,161	763,335	-	813,549
Insurance	15,142	38,332	-	73,910	-	127,384
Office expense	32,989	2,500	-	24,106	-	59,595
Shareholder expenses	25,125	-	-	-	-	25,125
Travel	10,296	-	-	123,187	-	133,483
Repairs and maintenance	23,371	55,923	-	66	-	79,360
Donations	5,716	-	-	5,000	-	10,716
Miscellaneous	(1,927)	-	-	-	-	(1,927)
Total Expenses	552,183	247,434	2,161	1,413,878	-	2,215,656
Income (Loss) from Operations	(522,183)	292,208	(2,161)	271,239	-	39,103
 Other Income (Expense):						
Resource revenue	854,658	-	10,472	-	-	865,130
Miscellaneous income	123,001	(41,235)	-	-	-	81,766
Interest income	2,556	-	-	-	-	2,556
Other revenue	100	-	-	-	-	100
Equity earnings (loss) in TecPort Solutions, Inc.	(18,286)	-	-	-	-	(18,286)
Equity earnings in subsidiaries	359,384	-	-	-	(359,384)	-
Interest expense	-	-	-	(171,139)	-	(171,139)
Total Other Income	1,321,413	(41,235)	10,472	(171,139)	(359,384)	760,127
Income before provision for income taxes	799,230	250,973	8,311	100,100	(359,384)	799,230
Provision for income taxes	-	-	-	-	-	-
Net Income	\$ 799,230	250,973	8,311	100,100	(359,384)	799,230

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