



A REPORT TO THE SHAREHOLDERS
OF THE ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY, INCORPORATED

ANNUAL MEETING, DECEMBER 20, 1983

ANCHORAGE, ALASKA

A REPORT TO THE SHAREHOLDERS
OF THE ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY, INCORPORATED

Howard Rock, founder and editor, began publishing a weekly newspaper in 1962, and the Eskimo, Indian, Aleut Publishing Company was incorporated as a profit-making corporation, doing business as the Tundra Times, in 1965. In the two decades since its first edition, the directors and staff of the Times have been dedicated to the goals outlined in the Articles of Incorporation, which in part state:

The furtherance of greater knowledge, understanding, and appreciation of the culture, activities, and problems of all Eskimo, Aleut, and Indian peoples in the State of Alaska; especially, but not limited to the presentation of their views, interests, needs, aspirations, hopes, and desires. . .

The Tundra Times is widely recognized for its fair and responsible reporting and was a major force as Alaska Natives united, during the late '60's and launched an effort to ensure the passage of the Alaska Native Claims Settlement Act. Since ANCSA, it has continued to provide weekly coverage of many sensitive issues and events important to Alaska Natives. The newspaper is held in high esteem by its readers, who live, for the most part in rural Alaska although some subscribers reside in the "Lower 48" as well as Overseas. Other newspapers and magazines on the Alaskan Scene have come and gone, but the Tundra Times continues to be the oldest publication, an institution owned by Alaska Natives.

The quality of the newspaper, we are happy to report to our shareholders at the December 20, 1983 Annual Meeting, is satisfactory; however, the financial condition of the Company is not. Throughout its history, the Company has operated at a financial loss. However, prior to the relocation of its headquarters from Fairbanks to the Anchorage area in 1978, the Company managed to maintain a modest operation. After the move to Anchorage, there were a number of rather ambitious attempts to expand the operation, which included the opening of branch offices, sizable increase in staff, etc. resulting in eventual heavy financial losses. The Company continued to sustain financial losses, and the problems were compounded by unstable administration of the business operation. By the Fall of 1980, the Company had acquired an indebtedness amounting to well over \$73,000, which included interest and penalties for failure to pay Employment Security Contributions and other taxes to the U. S. Internal Revenue Service as well as printing costs from the Fairbanks operation.

Within two months of the Annual Meeting in 1980, an attempt by dissident shareholders to overturn your present Board of Directors failed. That incident, however, required the expenditure of funds for legal fees in order to protect the interests of the Company. Throughout 1981, the Company was confronted by litigation. Four lawsuits were brought against the Tundra Times by former employees, former consultants, and at least one director. Although

the conditions were stressful, the Board was able to employ a professional journalist who agreed to serve as editor of the newspaper on a permanent basis. With much needed revenue from the Annual Tundra Times Banquet, business operations were slightly stabilized. All of the lawsuits were not settled until early 1982. The Board managed to curb the financial losses, however, there continued to be a sizable debt to the IRS with interest and penalties accruing regularly. Revenue from loyal advertisers literally "saved the day," and while the cash flow did not increase significantly, during 1982, it was at least continuous.

Throughout 1982, the Company operated in a crisis mode, however, slight improvements were taking place. The quality of the newspaper continued to be satisfactory, and it was possible to provide broader coverage for many important Alaska Native events with two full-time professional people on the editorial staff. Weekly deadlines for publication of the Tundra Times were met without fail. Circulation levels were maintained at about 3500.

The Annual Banquet in 1982, which marked the Twentieth Anniversary of the Tundra Times was a financial success, which allowed the Company some breathing room in terms of satisfying long overdue creditors. When it looked like better times were around the corner, however, the Company was notified that the building in which it had been housed since the move from Fairbanks, had been sold and would be torn down; thus, necessitating another relocation of the offices and an additional unforeseen financial burden.

Relocation of the headquarters was accomplished without major disruption of publication, although there were the usual problems of changing telephone numbers and lost or delayed mail due to changing addresses. The Tundra Times is now headquartered in the Sunshine Plaza, and the new location has some distinct advantages such as easier accessibility for advertisers and subscribers.

Purchase of annual subscriptions for each household on the Arctic Slope by the North Slope Borough allowed the Company to retire the IRS debt in mid-summer, 1983. The 1983 Annual Banquet was yet another financial success, and the additional revenue and reduction of indebtedness provided your directors and staff the opportunity to review the business operations. It is now possible to bring the Company out of the crisis mode to one of long-range planning and development. Sound business practices appropriate to the size of the Company must be instituted and maintained in the future in order for the Tundra Times to begin reaching its potential as a viable profit-making corporation. We are cautious but very optimistic that this will be accomplished during the next two years.

This report is rather bleak because there has been no attempt to minimize the condition and activities of the EIA Corporation. The past two and one-half years have been stressful and sometimes disastrous. We believe our shareholders, who have been over these past years our greatest strength, deserve no less than as straightforward information as we can possibly provide.

There is a brighter side to this report. We believe the Company is on the road to fiscal recovery. Continued realistic approaches to the business

can only result in an operation you will be proud of. Our staff is dedicated and hard working, and we have suffered no major turnover in that area. We have loyal advertisers, who continue to send business our way, and our creditors are slowly but surely beginning to have faith in us. Publishing a small weekly newspaper in Today's economy is not an easy task, and 21 years of publication is a major accomplishment. This has been achieved only because we have patient stockholders, supportive directors, and hard working staff people.

We welcome the opportunity at any time to address questions and concerns that you, our shareholders may have about the Eskimo, Indian, Aleut Publishing Company, Incorporated, and we look forward to the Annual Meeting on December 20, 1983.

Sincerely,


Sylvia M. Carlsson, President

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

FINANCIAL STATEMENTS

(See accountant's compilation report)

THREE MONTHS ENDED SEPTEMBER 30, 1983





Philip A. Ramos

CERTIFIED PUBLIC ACCOUNTANT

(907) 248-2617

To the Board of Directors of
Eskimo, Indian, Aleut Publishing Company:

The accompanying balance sheet of Eskimo, Indian, Aleut Publishing Company as of September 30, 1983, and the related statements of income and retained earnings (deficit), and changes in financial position for the three months then ended have been compiled by me.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Philip A. Ramos
CERTIFIED PUBLIC ACCOUNTANT

October 24, 1983
Anchorage, Alaska

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

BALANCE SHEET

(See accountant's compilation report)

SEPTEMBER 30, 1983

(With comparative figures for June 30, 1983)

| | September 30, 1983 | June 30, 1983 |
|--|-----------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 17,145 | \$ 1,641 |
| Receivables: | | |
| Trade, net of allowance for doubtful accounts of \$4,000 at September 30, 1983 and June 30, 1983 | 37,408 | 38,385 |
| Employee advances | 563 | 2,170 |
| Other | 0 | 900 |
| Prepaid expenses | 3,164 | 80 |
| Total current assets | <u>58,280</u> | <u>43,176</u> |
| Property and Equipment, at cost | | |
| Office furniture and equipment | 32,610 | 32,610 |
| Less accumulated depreciation | <u>32,610</u> | <u>32,610</u> |
| Net property and equipment | <u>0</u> | <u>0</u> |
| Deposits | <u>450</u> | <u>450</u> |
| Total assets | <u>\$ 58,730</u> | <u>\$ 43,626</u> |
| LIABILITIES | | |
| Current: | | |
| Current maturities on long-term debt | \$ 2,210 | \$ 2,210 |
| Accounts payable | 33,383 | 29,654 |
| Payroll taxes payable | 9,303 | 9,667 |
| Other accrued liabilities | 3,763 | 2,390 |
| Unearned revenue | <u>40,374</u> | <u>34,651</u> |
| Total current liabilities | <u>89,033</u> | <u>78,572</u> |
| Long term debt | | |
| Equipment contract payable | 2,210 | 2,210 |
| Less current maturities | <u>2,210</u> | <u>2,210</u> |
| Net long-term debt | <u>0</u> | <u>0</u> |
| Total liabilities | <u>89,033</u> | <u>78,572</u> |
| STOCKHOLDERS' EQUITY | | |
| Common stock at no par value; authorized 50,000 shares; issued and outstanding 25,177 shares | 73,154 | 73,154 |
| Retained earnings (deficit) | <u>(103,457)</u> | <u>(108,100)</u> |
| Total stockholders' equity (deficit) | <u>(30,303)</u> | <u>(34,946)</u> |
| Total liabilities and stockholders equity | <u>\$ 58,730</u> | <u>\$ 43,626</u> |

The accompanying notes are an integral part of these financial statements.

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

STATEMENT OF INCOME AND RETAINED EARNINGS (DEFICIT)

(See accountant's compilation report)

THREE MONTHS ENDED SEPTEMBER 30, 1983

| | |
|--|------------------------------|
| Revenue | |
| Advertising | \$ 62,679 |
| Subscription | 15,161 |
| Other | <u>9,928</u> |
| Total revenue | <u>87,768</u> |
| Operating expenses | |
| Personnel costs | 43,623 |
| Printing | 14,339 |
| Rent | 3,750 |
| Telephone | 1,579 |
| Equipment | 1,721 |
| Supplies | 1,736 |
| Advertising | 7,500 |
| Other | <u>8,877</u> |
| Total operating expenses | <u>83,125</u> |
| Net income before income taxes and extraordinary item | 4,643 |
| Corporate income taxes | <u>696</u> |
| Net income before extraordinary item | 3,947 |
| Extraordinary item | |
| Tax benefit from carryover of net operating losses | <u>696</u> |
| Net income | 4,643 |
| Retained earnings (deficit) | |
| At beginning of period | <u>(108,100)</u> |
| At end of period | <u><u>\$ (103,457)</u></u> |

The accompanying notes are an integral part of these financial statements.

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The company is an Alaska corporation engaged in the publication of a weekly newspaper distributed on a state-wide basis.

A summary of its significant accounting policies follows:

Method of Accounting

Assets, liabilities, revenue, and expenses are reported on the accrual method of accounting whereby revenue is reported when earned and expenses are reported when incurred. Accordingly, annual subscriptions and advertising for future issues are reflected as a current liability until the period in which it is earned. Accounts under "Trade Agreements" are reflected as trade receivables or payables and are credited or charged to income during the period in which services are rendered.

Depreciation

Furniture and equipment had been fully depreciated by June 30, 1983. The estimated useful lives for purposes of depreciation were:

| | |
|------------------|------------|
| Office furniture | 7-10 years |
| Office equipment | 3-05 years |

Investment tax credits

Investments tax credits are applied as a reduction of income taxes on the flow-through method.

2. INCOME TAXES

At September 30, 1983, the company has net operating loss carryforwards in excess of \$93,000, expiring in 1991 through 1995.

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

STATEMENT OF CHANGES IN FINANCIAL POSITION
(See accountant's compilation report)

THREE MONTHS ENDED SEPTEMBER 30, 1983

Sources (uses) from operations:

| | |
|---|----------|
| Net income | \$ 4,643 |
| Add charges not requiring an outlay of working capital during current period | <u>0</u> |

| | |
|-----------------------------|-----------------|
| Increase in working capital | <u>\$ 4,643</u> |
|-----------------------------|-----------------|

Increase (decrease) in working capital by components:

| | |
|--------------------------------------|------------------|
| Cash | \$ 15,504 |
| Trade receivables | (977) |
| Employee advances | (1,607) |
| Other receivables | (900) |
| Prepaid expenses | 3,084 |
| Current maturities on long-term debt | 0 |
| Accounts payable | (3,729) |
| Payroll taxes payable | 364 |
| Other accrued liabilities | (1,373) |
| Unearned revenue | <u>(5,723)</u> |

| | |
|-----------------------------|-----------------|
| Increase in working capital | <u>\$ 4,643</u> |
|-----------------------------|-----------------|

The accompanying notes are an integral part of these financial statements.

ESKIMO, INDIAN, ALEUT PUBLISHING COMPANY

NOTES TO FINANCIAL STATEMENTS-continued

3. TRADE AGREEMENTS

The company has trade agreements with a TV/Radio broadcasting company and an airlines with service throughout the state of Alaska and the continental United States. Both agreements require direct offsets for services provided and are not redeemable in cash.

The TV/Radio agreement expires on April 19, 1985, and the agreement with the airlines expires on December 31, 1983.

At September 30, 1983, the company had a balance due from the airlines (redeemable in services) of \$7,728 which is included in trade receivables. The credits and charges under the TV/Radio agreement were totally offset and no balance is reflected in the accompanying balance sheet.

During the period, \$1,671 and \$7,500 were included as revenue and \$407 and \$7,500 were charged to expense from transactions under the respective trade agreements with the airlines, and the TV/Radio broadcasting company.

4. UNEARNED REVENUE

At September 30, 1983, unearned revenue consists of:

| | |
|---|------------------|
| Unexpired portion of subscriptions billed or collected | \$ 19,675 |
| Advance collection on advertising accounts | 5,099 |
| Collections for annual banquet | <u>15,600</u> |
| Total | <u>\$ 40,374</u> |

5. LEASES

The company rents its facilities on a month-to-month basis at a monthly rate of \$1,250.