

# How to read Native corporation reports

By NANCY HARVEY

Just what is the difference between working capital and marketable securities?

These are only two of many technical terms found in the annual reports of Alaska Native Regional Corporations.

The annual reports are mandated by one of the provisions of the Alaska Native Claims Settlement Act (ANCSA) which

requires the corporations to disclose findings of yearly audits to shareholders, Congress and the Secretary of the Interior.

Although the reports are public information, Governor Hammond has sponsored a bill currently before the Alaska State Legislature which would require Native Corporations to submit copies of their annual reports to the State Government.

## Reports Confusing

While the reports are pleasing to look at and contain some valuable information about corporate activities and investments, the financial statements are for the most part meaningless to shareholders.

According to one accountant who worked closely with a regional corporation, "You have to know how to read the financial reports, otherwise they're very confusing."

He went on to say there is not much that can be done about the use of technical language in the reports. There is no way it can be simplified and still contain the required information.

Another accountant told the

Tundra Times that it isn't fair to judge a corporation by one year's financial statement.

"You have to look at the total picture," he said, "If a corporation lost money one year you have to understand why. Did they make bad investments or were they simply making necessary expenditures."

Large investments may not show up as profit for a number of years in some cases, and a loss reported in one year could have accumulated over several years. This would reflect a substantial deficit the year it was reported.

## Key Factors

When reading through the financial statements of the annual reports there are several things to look for which may explain large losses or profits:

—Did the corporation use their assets well.

—Were external factors involved, such as a poor fishing season, things beyond the corporations control.

—Did the corporation have idle funds that could have been invested.

—What new investments did the corporation make. Are they investments that may not show a profit for several years.

—Are administrative costs exceedingly high.

—Has the corporation been forced to spend large sums of money for legal costs. One accountant told us, "Congress appropriated land and money to

Alaska Natives, and the Department of Interior has turned around and is trying to get it all back."

Annual reports can be very

interesting and informative to shareholders, but an old saying comes to mind when reading the financial statements. You can't judge a book by its cover.