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PHOTO BY PEGGY FAGERSTROM

# Year-end wrap up:

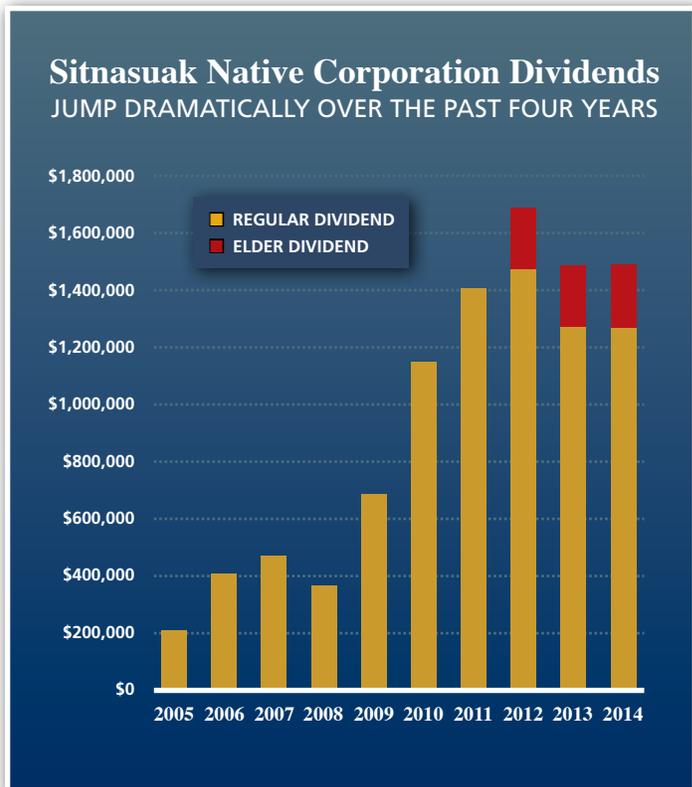
## 2014 WAS A TIME OF MAJOR PROGRESS FOR SITNASUAK

The year 2014 was a time of major progress for Sitnasuak. Total pre-tax income approached \$6 million, about \$900 thousand less than 2013. A number of structural changes were made, providing a stronger foundation for increased future profitability. Sitnasuak was able to increase benefits to shareholders in 2014 because of the profits generated by its operating subsidiaries. A year-end summary of each of the five operating subsidiaries is provided below.

**SNCT** went through a major restructuring of the entire company in 2014 and profits were stabilized at mid-year. Due to major losses early in the year, SNCT essentially broke even in 2014 with regard to Business Unit Income (BUI). We expect the monthly earnings experienced mid/late 2014 to continue into 2015, creating significant growth in BUI. This growth will be driven by the current backlog of military contracts and operating efficiencies. SNCT plans to diversify into commercial apparel sales in future years to expand on its historic military uniform sales. The SNCT restructuring is detailed on page 5.

At **Sitnasuak Properties**, Business Unit Income of \$562 thousand plus related earnings from other real estate investments was up by 75 percent in 2014 to \$984 thousand. This is due largely to rental income from commercial and

[Continued on page 3]



# From the Chairman:

## ROBERT (BOBBY) EVANS

Hello Fellow Shareholders,

2014 was an exciting and busy year at Sitnasuak Native Corporation. We were able to give shareholders \$1.5 million in dividends, the second highest level on record. This includes an Elders' dividend for a third consecutive year. We also granted a record high number of scholarships and increased shareholder benefits in the areas of fuel oil discounts, apartment rental discounts and bereavement benefits. Over the past four years, Sitnasuak has paid out over \$6 million in dividends, which is equal to 54 percent of all dividends paid in Sitnasuak's 42-year history.

It was a year of steady growth in a tough economy. We all worked hard at looking at each company and working at getting "lean." As we prepare for the new year, I see continued growth, exciting new ventures and the continued investment in our shareholders.

As I reflect back on last year, as a company, we all had our ups and downs. Some of the investments did well, some

did average and some did great. Overall as a corporation, Sitnasuak is very strong and we are planning great things for 2015. The Sitnasuak Board of Directors is focused on building on the momentum of profitability and working hard with management on continuing the success of the last four years.

There are changes going on at Sitnasuak and they are all for the better. We recently sold two of our rental properties in Nome and we are going to re-invest those earnings in new ventures. We are continually looking to diversify and grow. We are also excited about our Puerto Rico manufacturing operations and look for changes there also. In Nome, Bonanza Fuel has plans to continue creating cost savings and new ways to diversify.

A new change in Nome will be the hiring of a new Sitnasuak President. I would like to thank past President Chuck Fagerstrom for all his time and effort since 2011. Chuck did a great job representing us as Sitnasuak's



ambassador. We wish him and his family the best.

I can't help but look ahead with excitement about the opportunities 2015 will present. Thank you all for your support. From the Board of Directors and Sitnasuak Management, we wish you all the best! Please feel free to contact me if you have questions, comments or concerns at [bevans@snc.org](mailto:bevans@snc.org) or stop by our Anchorage or Nome office and say hello. We would love to hear from you on our website or our Facebook page.

Quyanna and God Bless,  
Robert (Bobby) Evans

## Our Five-Year Strategic Plan

The Sitnasuak Native Corporation Board of Directors adopted a new five-year strategic plan at its regular quarterly board meeting on December 10. The Board had developed this plan during a two-day retreat in October. The retreat facilitator was Sitnasuak shareholder Hugh Short. The plan lays out three primary goals:

- Consistently earn an annual after-tax profit of \$10 million
- Consistently provide an annual dividend of \$10 per share
- Consistently provide a special elder's dividend of \$1,000 per Elder

The plan calls for earnings to grow through a continued diversification of Sitnasuak's sources of profits. The plan calls for each of Sitnasuak's five different business lines to make major contributions to profits. In the recent past Sitnasuak has typically relied on a single subsidiary for most of its profits. During the period of 2007 – 09 SNC Technical Services, LLC (SNCT) was the primary profit source and since 2010 the primary source has been Bonanza Fuel, LLC. The plan calls for Sitnasuak to make major new investments in order to diversify profits, especially in the areas of apparel manufacturing and real estate.

In addition to adopting the five year plan, the board also adopted the 2015 budget. This budget calls for a reduction of parent company General and Administrative expenses by 10 percent. It also calls for an increase in Business Unit Income by 70 percent over 2014.

# YEAR-END WRAP UP

(CONTINUED FROM PAGE 1)

residential properties in both Nome and Anchorage. In addition to the BUI increase, Sitnasuak Properties made another \$2.3 million in profit on the sale of two Nome apartment buildings. This money will be reinvested in more profitable and lower-risk properties. Sitnasuak Properties also entered into 8(a) government construction contracting in 2014. This construction activity is expected to grow significantly in future years.

**Sitnasuak Financial Services** had a stable and successful year, producing about \$2.5 million in Business Unit Income. This is below the 2013 level but significantly above budget.

**Sitnasuak Health Solutions** is the newest Sitnasuak company, beginning operations in March of 2014. Its mission is to provide contract administrative services to hospitals funded by the Indian Health Service. It lost about \$.5 million in 2014 but reached the break-even point in December.

**Bonanza Fuel** continued to be the most profitable subsidiary, as it has been in every year since 2009. Business Unit Income was about \$ 5.3 million. This was substantially below budget due to the warm winter, which reduced heating oil sales by about 10 percent.



## Community Contributions

### FOCUS ON YOUTH EDUCATION

Investing in our community and the next generation are two initiatives the Sitnasuak Board of Directors feels strongly about. “Education of our youth both traditionally and institutionally are key focuses of our Board of Directors. I feel strongly that these investments in our community will yield positive results in the generations to come. We all understand that our young people are the future leaders of the community of Nome and Sitnasuak Native Corporation, and we support that,” Chairman Bobby Evans said. This past December, Sitnasuak donated \$100,000 to the Beringia Center of Culture and Science at Kawerak, Inc. and \$50,000 to Nome Public Schools.

The Beringia Center of Culture and Science (BCCS) will use the funds from Sitnasuak to help restore the skin boats found at Anvil City Square in Nome,

to document the skills of making a traditional skin boat, and to organize a Skin Boat Skills High School course in partnership with Nome’s local high schools. The Skin Boat Skills Project will preserve traditional knowledge of making a skin boat from the Sitnasuak region and will actively engage Sitnasuak Elders and youth in constructing a skin boat.

Sitnasuak Elders Committee Advisory Member, Vincent (Vince) Pikonganna found that there was a dire need to pass on skin boat making skills. “Vince recognized that skin boat making is a vital life skill that is now endangered and he brought up that if someone doesn’t preserve local Elders’ knowledge about this soon, the ability to make and study this region’s skin boats will be lost. Vince stressed how “they weren’t made just any old way” and the importance of



being guided by the Elders in learning how to make them. Kawerak will be working with Vince and several local Elders, to launch this program later this year,” BCCS Program Director Amy Russell-Jamgochian said.

[Continued on page 4]

# A Tribute:

## CHUCK FAGERSTROM

With great respect and admiration, Sitnasuak announces the retirement of Sitnasuak Native Corporation President, Charles (Chuck) W. Fagerstrom. We at Sitnasuak convey our deep appreciation and admiration for the contributions he made to the corporation during his 3.5 year tenure as president.

Chuck is an energetic and compassionate leader. His extensive history with Sitnasuak stems back to the very beginning of the corporation as he was one of the five original incorporators in 1973. Other significant roles he's held with the corporation include: director on the board from December 1972 to May 1974.

Chuck would often tell his employees to, "let your work do the talking

for you," a sentiment that will remain with Sitnasuak.

During his term as President, Chuck was the corporate ambassador, who supervised the Land and Shareholder Departments. Chuck and his staff worked hard to clean up Sitnasuak lands as well as the Nome corporate office space and records. He supported his employees and held a strong commitment to open communication. Furthermore, his strong leadership and customer service skills allowed him to successfully maintain Sitnasuak's values, and help bring stability back to the corporation.

Chuck is a lifelong and respected resident of Nome. His passion for the community of Nome and our Native youth is evident in several initiatives he led during



his presidency. Alongside the Sitnasuak Elders Committee, Chuck focused on improving the literacy levels of our elementary students by fostering a reading workshop. He also backed Sitnasuak's recent donation to Nome Elementary School in support of its goal to improve literacy instruction.

Sitnasuak would like to celebrate and thank Chuck for his dedication, leadership, knowledge, and guidance he shared with Sitnasuak during his time as president. The Sitnasuak Board of Directors and the rest of the Sitnasuak family wish him and his family the very best.

### Sitnasuak Native Corporation's FIVE ORIGINAL INCORPORATORS:

Robert Joe, Sr., Myrtle Johnson, Frances Longley, Jerome Trigg and  
Chuck Fagerstrom. The date of incorporation was February 9, 1973.

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## COMMUNITY CONTRIBUTIONS (CONTINUED FROM PAGE 3)

BCCS plans to have the knowledge preserved in a format that can be used to teach skin boat making in the future, so this skill is not lost, and for future learners to have access to instruction from the Elders of our region when they are no longer with us.

Nome Elementary School has been working hard to improve its literacy instruction. With the funds from Sitnasuak, Nome Elementary School plans to strengthen its literacy instruction. It will do this by hiring a literacy intervention coach, who will be targeting the needs in primary grade reading with an emphasis on second

grade. The literacy coach will be on site for an extended period of time to work with teachers by providing personalized coaching to the staff.

"The donation from Sitnasuak will help us strategically improve intervention efforts. At Nome Elementary School we already use best practices in literacy instruction. However, with the additional help of a literacy intervention coach, teachers will be trained in a sustainable manner; studies have shown that one-time training does not work. Our goal is to develop an ever growing model of training for our teachers to know how to recognize and address

students who are struggling," Shawn Arnold Nome Elementary Interim Superintendent said.

Research indicates that we need to provide intensive instruction to our students before third grade to insure future success in school.

Both donations are eligible for educational and cultural tax credits from the State of Alaska. This means that when Sitnasuak donates to a qualified educational and/or cultural program the corporation pays less in state income taxes.

# Business News:

## SNC TECHNICAL SERVICES, LLC

The year of 2014 was a time of dramatic transformation for SNC Technical Services, LLC (SNCT); the largest of Sitnasuak's subsidiaries. SNCT is the third largest manufacturer of uniforms and related gear for the U.S. military. It operates two factories in Puerto Rico and employs about 800 people. SNCT typically produces about 60 percent of all of Sitnasuak's revenues.

The purpose of the 2014 transformation was to stabilize the company financially. During the height of the wars in Afghanistan and Iraq, SNCT was highly profitable. However, beginning in 2010 annual operating profits has typically been below \$1 million, which is unacceptable.

Humberto Zacapa who began work as SNCT's new CEO in March of 2014 has led the transformation. During the past year he has brought a number of new people into the SNCT executive team, most notably Chief Operating Officer Enrique Denegri. Both Humberto and Enrique came from the highly-competitive commercial apparel industry in Central America. They have been working to create a much more cost-conscious and competitive culture at SNCT.

"We are building a superb executive team at SNCT; where the members are committed to the success of the company in all aspects, and learning every day to work as a team to reach the main objectives of the company," CEO SNCT Humberto Zacapa said. "Enrique and his talents in the areas of teaching, training, and evaluation of the operational team is especially invaluable to SNCT's future success," said Humberto.

Another new member of the executive team is H.R. Director, Glorimar Sanchez. Her first big task is to work with Enrique to provide new and effective incentives to sewing machine operations in order to increase labor efficiency rates at both the Orocovis and Camuy factories. Long term, her mission is to assure that SNCT recruits, hires and retains the "best of the best" talent in the industry.

Humberto and his team began this transformation by reviewing all the costs and expenses of SNCT. This review led to major cost reductions, changing of suppliers, discounts with suppliers, and putting in place more detailed budgets for each contract. Now for the first time in SNCT history, each director is personally and directly responsible for

their department's expenses. Each month Humberto reviews financial performance with each director and reviews goals.

Not only is SNCT gaining new and experienced team members, but also the company received new software to support high efficiency rates. The installment of "Logics" – a production software is complete and operational. It is basically a shop floor control software that gives visibility of the operation to all operational levels of SNCT. Logics has yielded better cost control as well as giving the management team a more precise view of production and performance levels.

Financial stability is the results of Humberto's many innovations. Profits have improved and stabilized. During each month since July, Business Unit Income at SNCT has been approximately \$250,000. This marks a major turn-around in the health of the company. It is projected that this stable financial trend for SNCT is to continue for the foreseeable future.

"My time at SNCT has been fun, but very busy, we are striving to bring passion to the business at all levels," Humberto said.



AN SNCT EMPLOYEE TESTS THE WATERPROOF SEALS ON THE GARMENTS.



SNCT GOLD SAMPLE.

# Shareholder Success Story:

## DEBBIE ATUK GIVES BACK

Being a leader is about giving back. Sitnasuak shareholder and entrepreneur, Debbie Atuk exemplifies what leadership looks like through her dedication to the next generation of Native leaders.

Debbie received a B.A. in Economics from the University of Chicago and an MBA at the Tuck School of Business at Dartmouth College. After graduating from Dartmouth in 2004, she became an active member of the Native American Alumni Association of Dartmouth (NAAAD). NAAAD provides a forum for Native American Alumni to meet and discuss issues of importance to Native American people and to further the interest, welfare, and educational purposes of Dartmouth. As a member, Debbie served as the president; she also served on the Alumni Council of the College.

This past year she received a Young Alumni Distinguished Service award for her work at Dartmouth and was awarded a Distinguished Achievement award from the Taproot Foundation. As a Taproot pro bono consultant, Debbie has volunteered for over 300 hours to several New York-based nonprofits.

“Volunteering with Dartmouth College has been an invaluable part of my life as it has allowed me to develop many meaningful relationships with students and alumni from around the country from many different tribes,” Debbie said.

Debbie works closely with the Native students at Dartmouth, who are often first-generation students to help them to be successful so that they too can give back and help the next generation of Native students. “It’s a virtuous cycle that will build up the bench of educated leaders our corporations and communities need,” Debbie mentioned.

Debbie’s career has brought her from her hometown of Nome, Alaska to many different places throughout the country. Her resume includes; Investment Banking Analyst, a Co-Founder: Licensing and Business Development at OmniVidia, Inc., Project Manager, Partner and Film Producer, and Director of Business Development. She is currently the Treasurer at the Eastern Band of Cherokee Indians in North Carolina.

“Becoming the treasurer for the Eastern Band of Cherokee Indians is a significant



accomplishment in my career. I am very honored that they have given me this opportunity. It is an excellent opportunity to apply my financial, analytical, and managerial skills,” Debbie said. As the treasurer, Debbie is responsible for overseeing approximately \$800 million in endowments. She is also involved in several economic development projects.

Debbie can be found dancing with the Kingikmiut Dancers in Anchorage when she returns home. The Kingikmiut dance group has been practicing and performing for over 20 years. Her father, Richard Atuk, his cousin Gregory Nothstine, and Gregory’s mother, Sophie Nothstine were the founders of the group. They traveled to the Village of Wales in 1990 and recorded the Elders from the community who remembered songs and motion, and brought those videos back to Anchorage to keep the song and dance of the Wales region alive.

Debbie was born in Belleville, Illinois. Debbie’s grandparents are Walter and Virginia Atuk. Her father is Richard Atuk, who served on the Sitnasuak Board of Directors from Mar. 1973 – Oct. 1975. Debbie’s father’s maternal family members are the Tungwenuks.

Debbie was a Sitnasuak Foundation scholarship recipient. Sitnasuak is happy to have played a small role in her success.

## Welcome new shareholders

The following individuals recently received Sitnasuak shares through gifts or inheritance. Forms and information about gifting and inheritance are available on the website at <https://snc.org/who-we-are/shareholders> and <https://snc.org/forms>.

Questions? Contact Shareholder Relations in Nome ([devans@snc.org](mailto:devans@snc.org)) or Anchorage ([rneagle@snc.org](mailto:rneagle@snc.org)).

Arthur P. Amaktoolik  
Christian C. Gustafson  
Desireé K. Gustafson  
Samantha M. Gustafson

Quincy J. Iyatunguk  
Tanya M. Iyatunguk  
Teada D. Katongan  
Lydia V. Milligrock

Katrina R. Moran  
Robert J. Ohrstedt  
Ronald D. Seetot

# Q&A: Answers to questions from shareholders

## **Question: Fuel prices have gone down dramatically all over the country. Why haven't prices gone down at Bonanza Fuel?**

Answer: Bonanza sets fuel prices based on the price it pays for fuel. In 2014, Bonanza had only two deliveries – one in late June and one in early September. Typically prices only change after a fuel delivery is made. Unfortunately Bonanza bought its fuel at a time when prices were much higher than they are now. Hopefully if low prices continue, Bonanza can drop prices after the first fuel shipment arrives next summer. Sitnasuak does offer a heating fuel discount of \$.70/gallon for qualified customers. To be eligible you must be:

- an original, inherited or gifted shareholder enrolled in Sitnasuak Native Corporation, or
- a direct descendent of Sitnasuak shareholder(s) [your parent(s) or grandparent(s) are enrolled in Sitnasuak], and
- at least 18 years old.

## **Question: Does Sitnasuak Native Corporation have a shareholder hire and promotion preference?**

Answer: Yes. Sitnasuak actively seeks to hire and promote shareholders. If a shareholder job applicant has skills, abilities, experiences and work values that are equal to a non-shareholder applicant, the shareholder will be hired. Shareholders will not be hired into jobs that they are not qualified to do. The most important part of the shareholder preference comes into play after the hiring. Sitnasuak has a very strong shareholder employee training and mentoring program. One component of this is the Shareholder Executive Leadership Program (SELP) which provides executive coaching and leadership seminars to shareholder employees who are on a management track.

## Sitnasuak Staff Profile:

### JENNY MILLER

Jenny Miller is Sitnasuak's communications manager and has been working for Sitnasuak since 2013. Jenny works closely with VP of Administration, Holly Poydack and CEO, David Hoffman to maintain strong lines of communication with Sitnasuak's shareholders and the business community. She can be thought of as Sitnasuak's, "corporate storyteller."

Jenny was born in Nome and was raised in both Nome and Fairbanks. She is the daughter of Charlotte (Senungetuk) Miller and Mike Miller. Jenny's maternal grandparents are Larry Olson and the late Cora Olson and her paternal grandparents are the late Emily and Henry Miller. Her maternal great-grandparents are late Helen and Willie Senungetuk.

Jenny attended the University of Washington in Seattle and received a Bachelor of Fine Arts (B.F.A.) in Photomedia and a Bachelor of Arts (B.A.) in American Indian Studies. During her last year of her undergraduate studies, Jenny received a fellowship through Fulbright Canada to study as a visiting Visual Arts and First Nations student at the University of Western Ontario in London, Canada. She graduated university in 2013 and moved back to Alaska after almost seven years in Seattle. Jenny was a Sitnasuak Foundation scholarship recipient.

In her spare time she enjoys making visual and sonic art; mainly consisting of still photographs, videos and soundscapes. She also loves biking, hiking, ice skating, fishing, and berry picking. Her current project, "The Ulu Project" is a web series on food culture in Alaska. Jenny and her two film partners traveled around the state of Alaska to film The Ulu Project, which was fully funded by both National Geographic and Fulbright Canada. Learn more about The Ulu Project by "liking" their Facebook page, "The Ulu Project" or visiting their YouTube channel at, "<https://www.youtube.com/user/uluproject>".

Jenny's long term goals are to receive her Master of Fine Arts and eventually a PhD. One of her objectives in life is to promote a prosperous future for Alaska Natives by pursuing opportunities in Native development and leadership.

"I love the power of visual and written communications, and I thoroughly enjoy that I am challenged each day at Sitnasuak. Sitnasuak is providing me with business skills, which directly support my desires to continue to grow both professionally and academically. I am truly grateful to be part of Sitnasuak," Jenny said.



JENNY (CENTER) WITH FILM PARTNERS, SARAH ROBERT AND CHARU JAISWAL DURING PRODUCTION IN NOME.



P.O. Box 905  
Nome, Alaska 99762

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## Missing shareholders

Helen Adams	Ronald K. Katexac	Ivan Silook	Katheryn L. Venuto
Samuel Ahwinona Jr.	Courtney D. Kayouktuk	Jacqueline Silook	Avelin Waghiyi
Helen Ahwinona	MJ Kayouktuk	Ellen Simpson	Danielle Waghiyi
Reuben Attatayuk	Savanna B. Kayouktuk	Billy J. Slovick, II	William L. Walluk
Charlie Barger, Jr.	Patricia Koopmans	David Vernon Slwooko	Henry C. Wheeler
Ellen Barger-Knox	Warren Koozaata, Jr.	Anthony Soolook	Lars P. Willoya, Jr.
Margaret T. Barr	Allen Kost, Jr.	Emily Selma Sutton	Steffannita Willoya
Thomas Bell	Brian S. Kotongan	Rachel J. Ungarook	Frank B. Wittie
Kia M. Benson	Cheri Krempfer	Gretchen H. Utnage	Jamie W. Wittie
Mary Buck	Adam J. Larsen	Michelle L. Van Housen	James K. Zindell
Eric M. Coleman	Nellie L. Mayer		
Kaylin J. Coleman	Sophie R. Milligrock		
Amanda Dorn	Gordon E. Nagozruk		
Alie D. Douglas	Betty F. Nicholson		
Katherine R. Ellanak	Theresa M. Okpealuk		
Frederick E. Ernak, II	Jennifer E. Olson		
Daniel W. Gault	Richard R. Omelak		
Timothy M. Greiner	Louie A. J. Ozenna		
Sterling L. Gustafson	Isaac B. Piscoya		
Sherri F. Harris	Nathaniel A. Piscoya		
James A. Hunter	Donald Pleasant		
Lanna J. Hunter	Michelle J. Rylander		
Gordon S. Iya	Alonzo Scott		
Hazel N. Jack	Robert Sebring-Strout		
Sheri L. Jones	Marvin P. Seton		

If you know the whereabouts of a missing shareholder please contact Sitnasuak's Shareholder Liaison with updated information.

Sitnasuak Native Corporation  
Shareholder Liaison  
P.O. Box 905  
Nome, AK 99762  
Direct line: (907) 387-1226  
Fax: (907) 443-3063  
Toll free: (877) 443-2632  
Telephone: (907) 387-1200

## In memoriam

Our sincere condolences to the family and friends of the recently deceased.

Eugene Avessuk  
Theresa L. Carraher  
Beverly F. Gelzer  
Delores Greene  
Josephine Harlacker  
Jack R. Henry  
Albert S. Mazonna  
Ella Susan Pearson  
Melodie A. Rylander  
Rosemary Seeganna  
Hilda Seton  
Arthur E. Tocktoo

PLEASE SEND OBITUARY INFORMATION TO REBECCA NEAGLE AT RNEAGLE@SNC.ORG OR DAVE EVANS AT DEVANS@SNC.ORG.

PHOTO BY PEGGY FAGERSTROM

