KOOTZNOOWOO, INC.
FORTRESS OF THE BEARS

2024
Annual Report

Photos by Lee House. Used courtesy of the Southeast Alaska Watershed Commission.

Honoring the Cube Cove Partnership

Kootznoowoo is proud to partner with the Southeast Alaska Watershed Coalition (SAWC) and the United States Forest Service (USFS) on the Cube Cove Restoration Project. In 2020, after Cube Cove was returned to the ownership of the USFS, the area was re-incorporated into the Admiralty Island National Monument and Kootznoowoo Wilderness.

Led by crew leader Jamie Daniels, the crew, which included local Angoon residents and Kootznoowoo shareholders Justin Turner, Walter Washington, and Roger Williams, worked to restore fish habitats at Cube Cove on Admiralty Island. In 2024, they completed year-one of this multi-year project.

This annual report is dedicated to honoring this valuable partnership. Kootznoowoo also offers our gratitude to SAWC and photographer Lee House for granting us permission to feature their beautiful photos in this year's annual meeting materials. *Gunalchéesh*.

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Dear Shareholders,

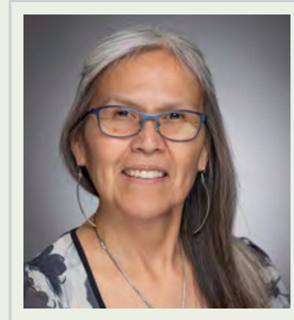
Thank you for your continued trust and support throughout 2024. It is an honor to work together in partnership to build a strong, shared future for you. The Board and staff remain committed to serving our shareholders, the rightful stewards of Kootznoowoo's land and culture.

In 2024, Kootznoowoo, Inc. experienced both challenges and changes. One of the most significant events was yet again facing an unexpected leadership transition. The Board is dedicated to identifying a thoughtful and strategic process that will lead Kootznoowoo to stable leadership under the oversight of a permanent CEO who will honor our values and continue moving the corporation forward with discipline and integrity.

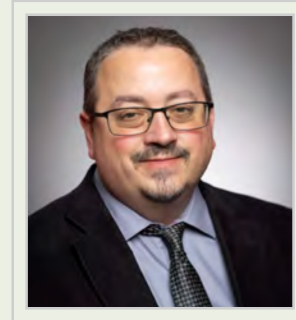
As a corporation, in 2024, we faced heavy financial headwinds again. While we were able to generate some revenue, the Board and management recognize that it is not enough to sustain the corporation for the long term. Therefore, throughout the past year, Kootznoowoo, Inc. continued our efforts to enter the Small Business Administration's 8(a) Business Development Program. We are profoundly aware of this program's potential to open new economic opportunities and create lasting benefits for our shareholders. However, the path to 8(a) presented several challenges including a nearly yearlong delay in the SBA's launching of its new certification portal. Despite these obstacles, we remain committed to pursuing 8(a) as a strategic priority and are confident that the groundwork that has already been laid will position Kootznoowoo for success in federal contracting.

Even amid these challenges, our commitment to shareholder benefits remained steadfast. In 2024, we focused on:

- Reducing overhead
- Improving efficiencies across operations
- Building and establishing key partnerships in ventures that align with our mission and values



Eunice E. James



J. Keith Greene

- Maintaining funding the Kootznoowoo Cultural & Educational Foundation Scholarship Program
- Continuing support of cultural initiatives and efforts through the Artist's Workshop in Angoon.

Another notable highlight in 2024 was the Thayer Creek Hydroelectric Project reaching full funding with a nearly six million dollar grant from the Bureau of Indian Affairs' Tribal Electrification Program. Along with the $26.8 million from the Office of Clean Energy Development within the U.S. Department of Energy and funding from the State of Alaska's Alaska Energy Authority and the Denali Commission, this run-of-the-river hydroelectric facility will result in an estimated one million dollars in energy cost savings each year for Angoon.

Finally, we understand the responsibility that we carry is not just for today's shareholders, but to the elders that fought so diligently for ANCSA, and Kootznoowoo's future generations of shareholders and descendants. The decisions we make reflect that deep responsibility. As we look ahead, we are focused on continued operational excellence and building a robust path forward. On behalf of Kootznoowoo, Inc., we thank you for your trust and patience during this time of challenge and change. With your continued support, we are confident that Kootznoowoo, Inc. will emerge stronger than ever.

Gunalchéesh for walking the path with us on this journey.

Eunice E. James
Eunice E. James
BOARD CHAIR

J. Keith Greene
J. Keith Greene
PRESIDENT & CEO

Board of Directors

Eunice E. James

BOARD CHAIR

Melissa M. Kookesh

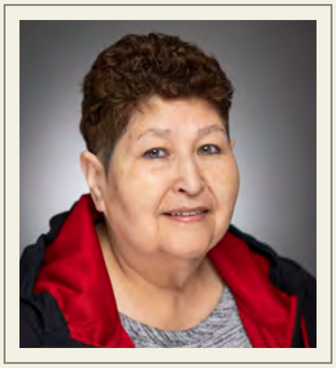
VICE CHAIR

Tiadola Silva Payton

TREASURER

Sharon Love

SECRETARY



Mary Jean Duncan

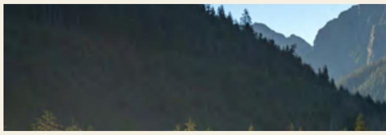
DIRECTOR

Albert Howard

DIRECTOR

Frank Jack III

DIRECTOR



Corporate Staff

J. Keith Greene

PRESIDENT & CEO

Ralph "Chico" Bierely

K-PLAZA MAINTENANCE MANAGER

Moe Bundrage

STAFF ACCOUNTANT

Martha Henniger

SHAREHOLDER RELATIONS MANAGER

Susettna King

SHAREHOLDER ADMINISTRATOR

Matthew Kookesh

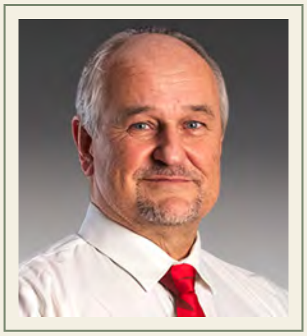
TOURISM COORDINATOR

Sandra Lujan

OFFICE MANAGER/ BOARD LIAISON

Paul J. Washington III

THAYER CREEK COMMUNITY LIAISON/ ROCK PIT MANAGER



Jon Wunrow

EXECUTIVE DIRECTOR OF TOURISM & NATURAL RESOURCES/ THAYER PROJECT MANAGER

Bernadette Montez

BUSINESS DEVELOPMENT

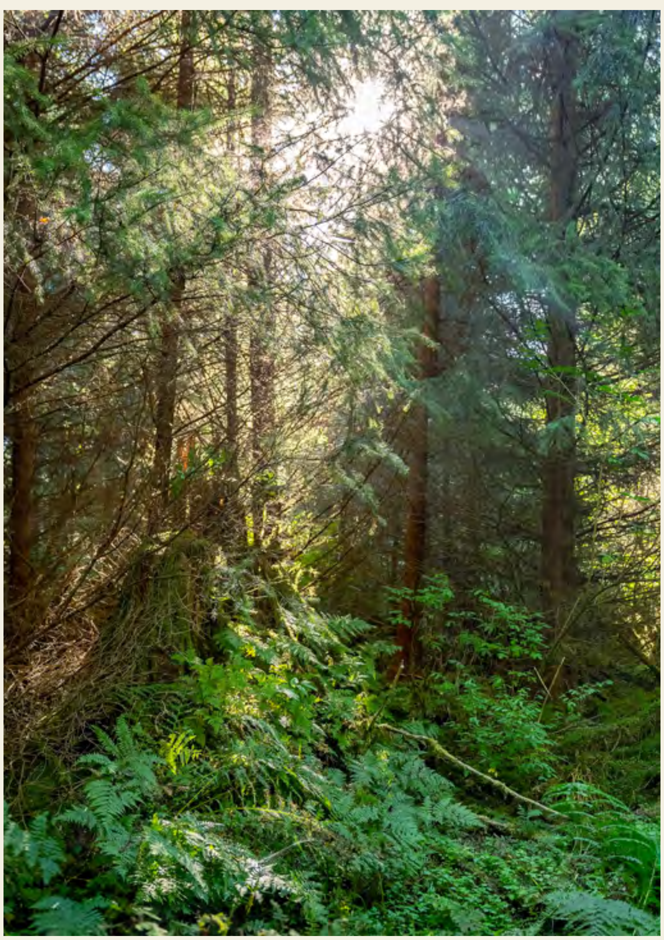
Samantha Ramey

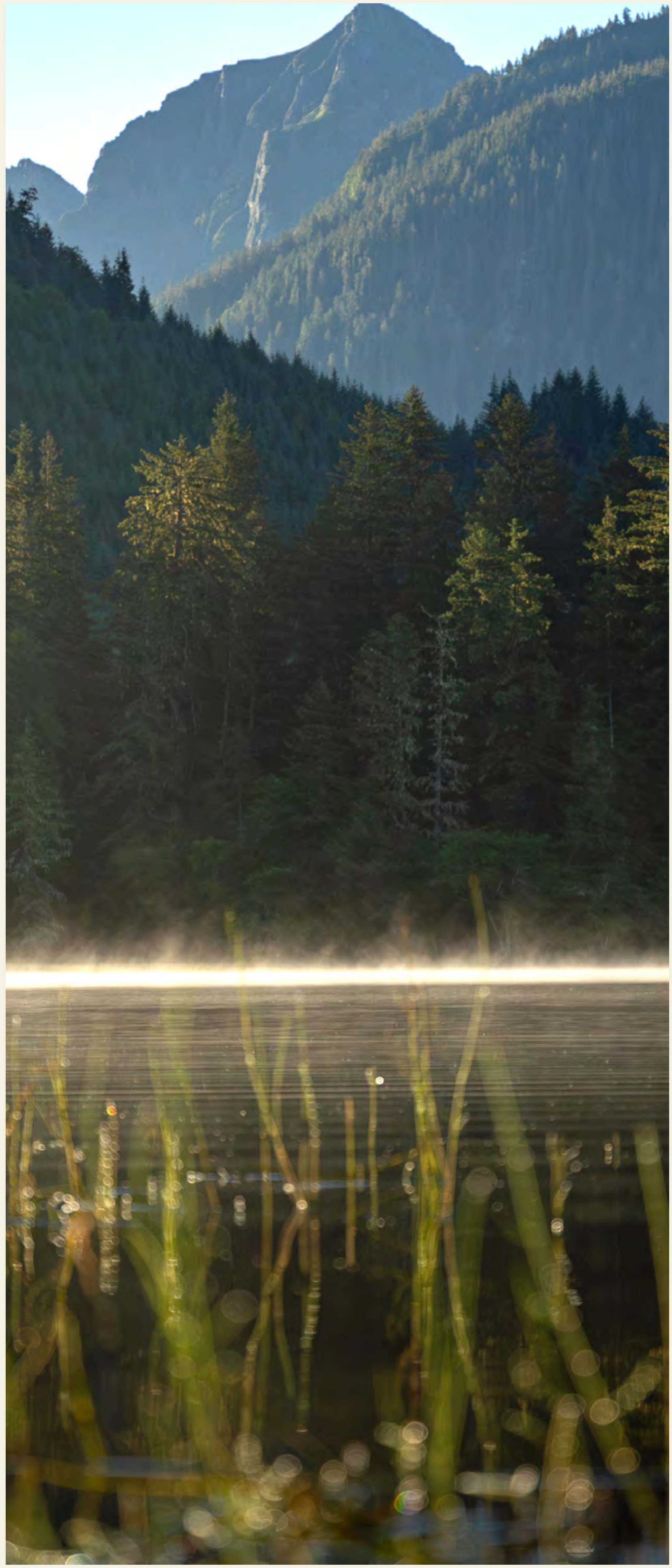
COMMUNITY CATALYST

Kootznoowoo Cultural & Educational Foundation

The Kootznoowoo Cultural & Educational Foundation is the non-profit organization of Kootznoowoo, Inc. It is managed by a separate board of trustees. KCEF's mission is to support and create educational and cultural opportunities for Kootznoowoo, Inc. shareholders and descendants.

Kootznoowoo Permanent Fund Settlement Trust





Altman, Rogers & Co.
CERTIFIED PUBLIC ACCOUNTANTS
– Proudly Serving Alaskans for 30 Years –

Independent Auditor's Report

To the Board of Directors and Stockholders
Kootznoowoo, Incorporated and Subsidiaries
Juneau, Alaska

Opinion

We have audited the accompanying consolidated financial statements of Kootznoowoo, Incorporated and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kootznoowoo, Incorporated and Subsidiaries as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.

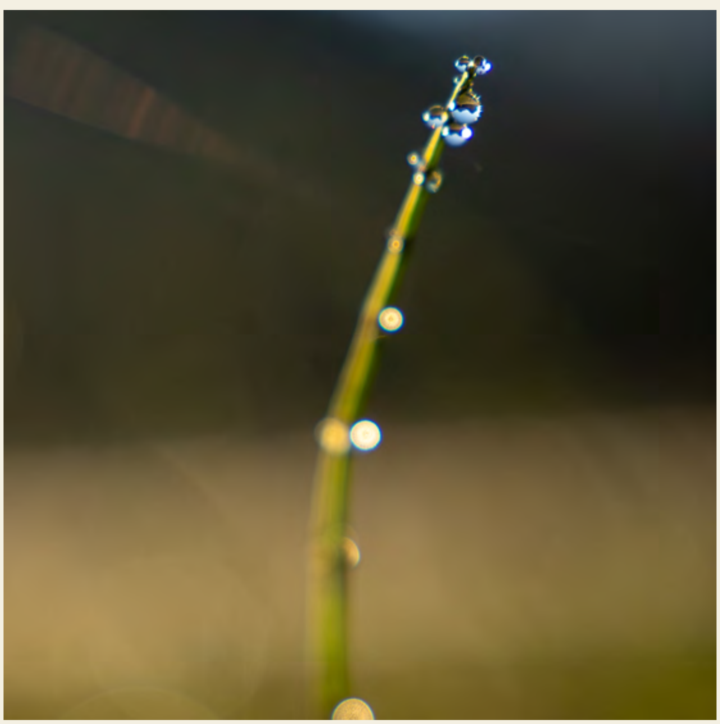
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Altman, Rogers & Co.

Juneau, Alaska
April 15, 2025



KOOTZNOOWOO, INCORPORATED & SUBSIDIARIES

Consolidated Balance Sheets

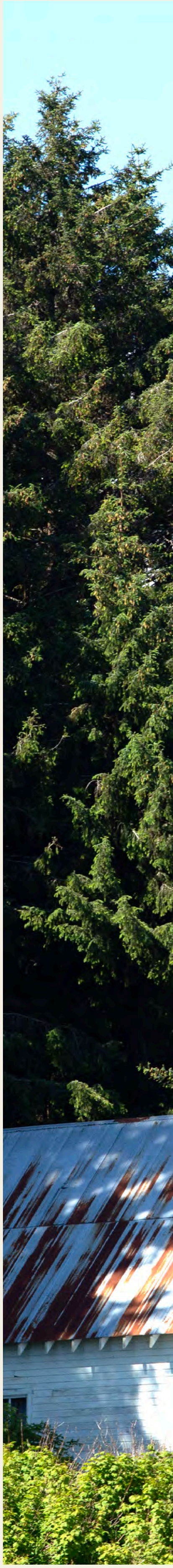
December 31, 2024 and 2023

Exhibit A

Assets	2024	2023
Current assets:		
Cash and cash equivalents		
Unrestricted	$ 4,228,310	$ 5,724,994
Restricted - monitoring endowment	-	10,024
Cash held in escrow	17,367	18,847
Investments, at market	5,283	7,025
Accounts receivable, net	50,965	8,723
Prepaid expenses	46,276	50,769
Grant receivable	227,141	80,234
Total current assets	4,575,342	5,900,616
Investments held for Elders' Settlement Trust	370,805	391,956
Deferred tax assets	135,244	-
Property, plant and equipment:		
Land and improvements	2,916,170	2,916,170
Buildings and equipment	9,548,755	9,110,092
Roads	1,804,034	1,804,034
Work in progress	3,891,988	3,581,157
Total Property, plant and equipment	18,160,947	17,411,453
Less accumulated depreciation and amortization	(8,381,009)	(8,075,521)
Total Property, plant and equipment, net	9,779,938	9,335,932
Other assets:		
Carbon offset credit	-	801,737
Total assets	$ 14,861,329	16,430,241

Liabilities and Shareholders' Equity	2024	2023
Current liabilities:		
Accounts payable and accrued liabilities	105,246	66,661
Accrued payroll and related costs	9,858	56,899
Rent collected in advance	77,367	66,667
Unearned revenue	95,145	24,976
Income tax payable	-	352,297
Current portion of notes payable	173,851	170,474
Total current liabilities	461,467	737,974
Security deposits	48,328	51,402
Distributions payable	63,100	65,265
Deferred tax liability	-	300,276
Carbon credit monitoring	1,174,464	1,129,292
Notes payable, net of current portion	1,907,919	2,078,133
Obligations to Elders Settlement Trust	370,805	391,956
Total liabilities	4,026,083	4,754,298
Shareholders' equity:		
Controlling interest:		
Common Stock:		
Class A, voting, no par or stated value; authorized 1,000,000 shares; issued and outstanding 62,490 shares	-	-
Class B, voting, no par or stated value; authorized 500,000 shares; issued and outstanding 410 shares	-	-
Contributed capital	7,001,995	7,001,995
Retained earnings	3,833,251	4,673,948
Total Shareholders' equity	10,835,246	11,675,943
Total liabilities and Shareholders' equity	$ 14,861,329	16,430,241

See accompanying notes to consolidated financial statements.



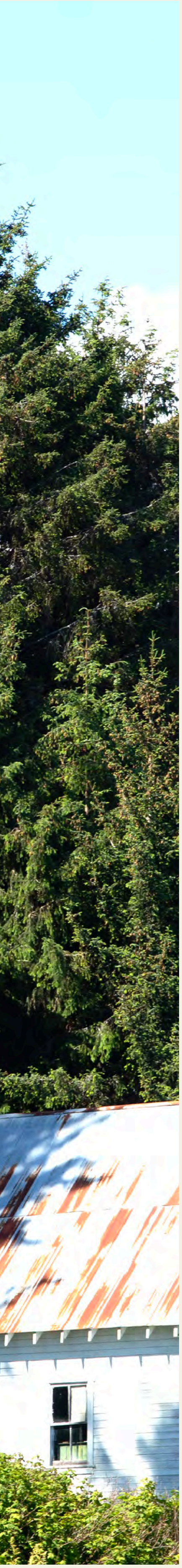


Exhibit B

	2024	2023
Revenues:		
Rental income	$ 1,369,056	1,367,547
Other	21,400	63,278
Total revenues	1,390,456	1,430,825
Costs and expenses:		
Real estate operations	1,092,049	1,302,260
General and administrative expenses	2,987,534	1,813,258
Total costs and expenses	4,079,583	3,115,518
Operating income (loss)	(2,689,127)	(1,684,693)
Other income (expense):		
7(j) revenue	460,428	1,362,414
Carbon credit revenue	232,453	2,193,152
Carbon credit expenses	(262,834)	(611,573)
Carbon credit valuation adjustment	512,435	461,276
Investment income, net	29,920	204,205
Interest expense	(78,831)	(108,036)
Grant revenue	647,185	475,757
Total other income (expense)	1,540,756	3,977,195
Income before provision for income taxes	(1,148,371)	2,292,502
Income tax provision benefit (expense)	557,817	(650,404)
Net income (loss)	$ (590,554)	1,642,098

See accompanying notes to consolidated financial statements.

KOOTZNOOWOO, INCORPORATED & SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

December 31, 2024 and 2023

Exhibit C

		Contributed Capital	Retained Earnings (Deficit)	Total
Balance at December 31, 2024	$	7,001,995	3,223,703	10,225,698
Distributions to shareholders		-	(199,863)	(199,863)
Gain on Acquisition - Fortress of the Bears		-	8,010	8,010
Net income (loss)		-	1,642,098	1,642,098
Balance at December 31, 2024	$	7,001,995	4,673,948	11,675,943
Distributions to shareholders		-	(250,143)	(250,143)
Net income (loss)		-	(590,554)	(590,554)
Balance at December 31, 2024	$	7,001,995	3,833,251	10,835,246

See accompanying notes to consolidated financial statements.

Exhibit D

	2024	2023
Operating activities:		
Net income	$ (590,554)	1,642,098
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	331,429	376,673
Unrealized and realized (gains) losses on investments	-	(153,863)
(Increase) decrease in:		
Cash held in escrow	1,480	2,152
Accounts receivable	(42,242)	30,487
Prepaid expenses	4,493	68,558
Grants receivable	(146,907)	79,996
Carbon offset credit	801,737	(461,276)
Deferred tax asset	(135,244)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	38,585	(167,263)
Accrued payroll and related costs	(47,041)	33,298
Rent collected in advance	10,700	(2,124)
Unearned revenue	70,169	(82,789)
Deferred tax liability	(300,276)	264,180
Carbon credit monitoring	45,172	43,434
Income tax payable	(352,297)	352,297
Net cash provided by operating activities	(310,796)	2,025,858
Investing activities:		
Proceeds from sale of investments	1,742	2,567,263
Property, plant and equipment received in Fortress of the Bear acquisition	-	(7,140)
Purchase of investments	-	(38,341)
Purchase of property, plant and equipment	(775,435)	(25,336)
Net cash provided (used) by investing activities	(773,693)	2,496,446
Financing activities:		
Distributions paid	(250,143)	(199,863)
Distributions payable	(2,165)	690
Gain on acquisition	-	8,010
Principal payments of notes payable	(166,837)	(161,418)
Security deposits	(3,074)	2,988
Net cash provided (used) by financing activities	(422,219)	(349,593)
Net increase (decrease) in cash and cash equivalents	(1,506,708)	4,172,711
Cash and cash equivalents at beginning of period	5,735,018	1,562,307
Cash and cash equivalents at end of period	$ 4,228,310	5,735,018
Cash and cash equivalents are comprised of:		
Unrestricted	4,228,310	5,724,994
Restricted - monitoring endowment	-	10,024
	$ 4,228,310	5,735,018
Supplemental information:		
Cash paid for interest	146,319	98,927
Cash paid for taxes	385,104	31,724
Total supplemental information	$ 531,423	130,651

See accompanying notes to consolidated financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Operations

Kootznoowoo, Inc. and Subsidiaries (the Company) is a village corporation in the Sealaska region formed pursuant to provisions of the Alaska Native Claims Settlement Act (ANCSA or the Act). The Company's revenues are generated primarily from general investment activities, rental income from commercial properties, land sales and equity investments. The Company has the following subsidiaries:

KPlaza, LLC: Owns and operates the Kootznoowoo Plaza Building, located at 8585 Old Dairy Road, Juneau, Alaska, as well as the Company's properties in Angoon, Alaska. The revenue generated from these buildings are from commercial leases and all expenses are related to ongoing operations and maintenance of the building.

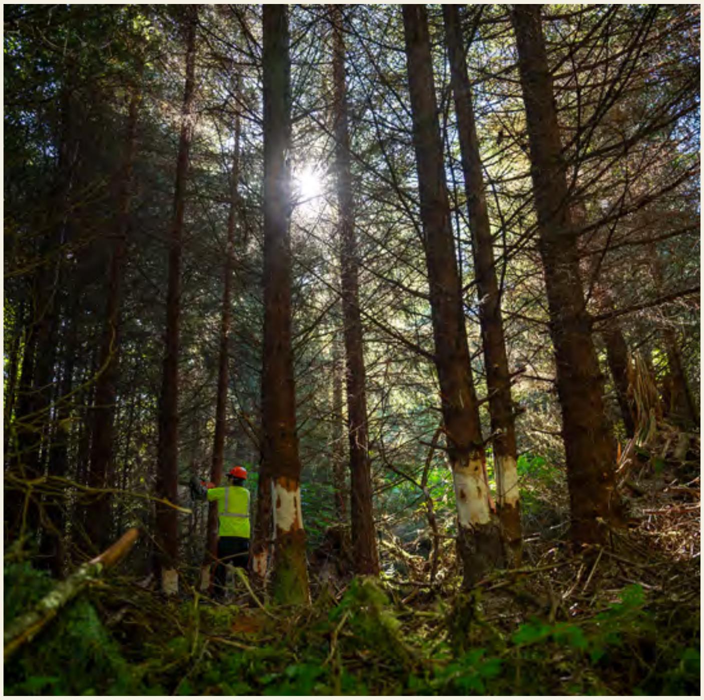
Admiralty Properties, LLC: Formed in 1999 as a holding company for the acquisition of commercial real estate and corporate treasury.

Favorite Bay, LLC: Owns the Newport IX building located at 2201 Buena Vista Drive, Albuquerque, New Mexico. The revenue generated from this building is from commercial leases and all expenses are related to ongoing operations and maintenance of the building.

Kanalku Timber Management, LLC: Formed as a holding company for secured loans.

Kootznoowoo Business Management, LLC was formed by Kootznoowoo, Inc. in 2011. The purpose of this LLC was to be a holding company for future 8(a) companies. There was no activity in Kootznoowoo Business Management, LLC in 2023 and the company was dissolved during the year.

Natural Power, LLC was formed by Kootznoowoo, Inc. in 2011. The purpose of this LLC was to account for activity related to Kootznoowoo, Inc.'s future ventures into renewable energy. There was



no activity in Natural Power, LLC in 2023 and the company was dissolved during the year.

Kootznoowoo Environmental Management, LLC was formed by Kootznoowoo in 2011 to account for future environmental remediation services. There was no activity in Kootznoowoo Environmental Management, LLC in 2023 and the company was dissolved during the year.

Fortress of the Bears LLC, accounts for tourism activity related to bear viewing tours on Admiralty Island in Southeast Alaska.

Principles of Consolidation

The consolidated balance sheets and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2024 and 2023 include consolidated financial information of the Company and its wholly owned limited liability companies. In addition, the Consolidating Balance Sheet and Consolidating Schedule of Operations, are presented as supplementary information only.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers cash equivalents to include short-term investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and that present an insignificant risk of changes in value due to changes in interest rates or other factors. Assets held in investment and escrow accounts are not considered cash equivalents.

Cash Held In Escrow

The Company has cash held in escrow for the future payments of taxes, insurance and tenant improvements as required by certain debt covenants.

Investments

The Company's Investment policy is to maintain a diversified portfolio of corporate equity and debt securities in addition to U.S. Government Agency notes and cash equivalents. Investments in debt and equity securities are classified by management as available-for-sale. Gains and losses from sales are calculated using the first in first out (FIFO) method.

Accounts Receivable and Credit Losses

The Company rents commercial office space to a limited number of commercial entities and individuals, located primarily in Juneau, Alaska and Albuquerque, New Mexico, and extends unsecured trade credit to those customers during the normal course of business.

The Company's estimation of losses considers historical loss information, economic conditions, character of the credit risks and reasonable and supportable forecasts. Allowance for credit losses is subjective and may be adjusted in the future. Management provides for probable uncollectible amounts through a provision for credit loss and an adjustment to a valuation allowance. There were no accounts deemed uncollectible at December 31, 2024 or 2023.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Property, Plant and Equipment

Property, plant and equipment purchases over $5,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally 5 to 40 years. Property, plant and equipment that are still undergoing development and have not been placed into service are shown on the balance sheet as work in progress and are not depreciated. Costs that extend the useful lives of the assets are capitalized, and maintenance and repairs are expensed. Gains and losses upon asset disposal are taken into income in the year of disposition.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market prices, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Unearned Revenue

Unearned revenue for grant funds received but not disbursed for allowable expenses within a reasonable amount of time.

Revenue Recognition

The Company applies Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. The Company's performance obligations are satisfied over time as work progresses and at points in times when sales of goods have occurred and the product has been delivered. ASC 606 also requires new, expanded disclosures regarding revenue recognition.

The Company's primary source of revenue is from the sale of carbon credits. Revenue is recognized for the carbon credits once they have been issued. The Company also has a substantial amount of revenue derived from property rentals. Revenue is recognized at the point in time when rents are due. The Company's revenues from contracts with customers are derived from offerings that include construction contracts with the U.S. government and its agencies, and to a lesser extent, subcontractors, which is recognized over time.

The Company recognizes revenue over time when there is a continuous transfer of control to the customer. For U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the U.S. government to unilaterally terminate the contract for convenience, pay for costs incurred plus a reasonable profit and take control of any work in process. When control is transferred over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Based on the nature of the products and services provided in the contract, the Company uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. The Company typically uses a cost-based input method to measure progress. Revenue is recognized proportionally as contract costs are incurred plus estimated fees. Determining a measure of progress and when control transfers requires the Company to make judgments that affect the timing of when revenue is recognized. Essentially all of the Company's contracts satisfy their performance obligations over time.

Contract modifications are routine in the performance of contracts. Contracts are often modified to account for changes in contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct and, therefore, are accounted for as part of the existing contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue and profit cumulatively. Furthermore, a significant change in one or more estimates could affect the profitability of contracts. The Company recognizes adjustments in estimated profit on contracts in the period in which the change is identified. The impact of adjustments in contract estimates can be reflected in either revenue or operating expenses in the consolidated statements of income.

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and costs. Contract estimates are based on various assumptions to project the outcome of future events that often span several years. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials; the performance of subcontractors; and the availability and timing of funding from the customer. When estimates of total costs to be incurred on a contract exceed total estimates of the transaction price, a provision for the entire loss is determined at the contract level and is recorded in the period in which the loss is determined.

The nature of the Company's contracts may give rise

to several types of variable consideration, including award and incentive fees. The Company includes in their contract estimates additional revenue for submitted contract modifications including award and incentive fees or claims against the customer when it is believed that the Company has an enforceable right to the modification or claim, and the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual/legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim. These estimates are based on historical award experience, anticipated performance and the Company's best judgment at the time, including considerations of the probability that a significant reversal of cumulative revenue recognized will not occur.

Cost-Reimbursable Grants

A portion of the Company's revenue is derived from cost-reimbursable federal and state grants and contracts, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The grants and contacts also have a right of return stipulation where the funds would be due back to the granting agency if they are not used on allowable activities. Amounts received prior to incurring qualifying expenses are reported as unearned revenue on the consolidated balance sheet. As of December 31, 2024 and 2023 the Company had received $95,145 and $24,976 in advance of incurrence of qualifying expenses, respectively. These amounts are recorded as unearned revenue at their respective year end.

Performance Obligations

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 ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. Some contracts have multiple performance obligations, most commonly due to the contract covering multiple phases of the product lifecycle (development, production, maintenance and support). For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using management's best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Company forecasts expected costs of satisfying a performance obligation and then adding an appropriate margin for that distinct good or service.

For arrangements with the U.S. Government, work on contracts generally does not begin until funding is appropriated by the customer. Billing timetables and payment terms on contracts vary based on a number of factors, including the contract type. Typical payment terms under fixed-price contracts with the U.S. Government provide that the customer pays either based on the achievement of contract milestones or progress payments based on a percentage of costs that are incurred. For certain contracts, the Company may receive advance payments prior to commencement of work, as well as milestone payments that are paid in accordance with the terms of the contract as work is performed. The Company recognizes a liability for payments in excess of revenue recognized, which is presented as a contract liability on the balance sheet. The portion of payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer from the Company's failure to adequately complete some or all of the

obligations under the contract. Payments received from customers in advance of revenue recognition are not considered to be significant financing components because they are used to meet working capital demands that can be higher in the early stages of a contract.

The Company does not have any performance obligations which were not satisfied by the end of the reporting period.

Income Taxes

Income taxes are accounted for under the deferred asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting amounts of assets and liabilities and their tax bases and operating losses and tax carryforwards based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Variation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. It is the Company's policy to include penalties and interest associated with income taxes in income tax expense. The Company's 2021 to 2024 income tax returns are open to audit from State and Federal taxing agencies. Management is not aware of any uncertain tax positions.

Real property interests received under the Act which are not developed, leased or sold to third parties or used solely for the purposes of exploration are exempt from state and local real property taxes subject to other provisions of the Act.

Fair Value of Financial Instruments

The Company must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the Company's investments. The carrying amounts of the Company's investments were determined based on quoted market prices.

The carrying amount of notes payable approximates fair value for those financial instruments with interest at variable rates, as those rates approximate current market rates for notes with similar maturities and credit quality.

The fair values of the Company's other various debt instruments were derived by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date. These estimates are subjective and involve uncertainties and matters of significant judgment, and therefore the Company cannot determine them with precision. Changes in assumptions could significantly affect the Company's estimates.

II. ALASKA NATIVE CLAIMS SETTLEMENT ACT

General

ANCSA, which created 13 Regional and numerous Village Corporations, sets forth, among other things, certain responsibilities and provides for distribution of certain benefits to those entities and their stockholders as itemized below.

The primary purpose of the Corporation is (1) to receive money made available under ANCSA, (2) to select, own and manage surface estate of land made available under ANCSA and (3) to conduct business for profit, all for the stockholders' benefit.

Natural Resource Revenues

Section 7(i) of the Act provides that 70% of revenues derived by each regional corporation from timber and subsurface estate is to be divided annually among the twelve Alaska Regional corporations in proportion to the number of stockholders in each region.

Section 7(j) of the Act requires that not less than 50% of monies received under Section 7(i) of the Act

by the regional corporation shall be distributed pro rata to village corporations in the region and to “at-large” stockholders (those stockholders not also members of a village corporation) in proportion to the number of stockholders in each category. During the years ended December 31, 2024 and 2023, the Company received 7(j) distributions in the amount of $460,428 and $1,362,414, respectively.

Common Stock

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. These restrictions remain in effect indefinitely unless the stockholders affirmatively vote to waive the restrictions.

One hundred shares of voting Class A common stock were authorized for issuance to each qualified Native person originally enrolled in the Company. For operations purposes, the Company has utilized a roll comprised of 629 Alaska Natives originally enrolled in the Company.

Class B non-voting common stock has been issued to certain non-Natives to replace shares received through inheritance from an eligible Native stockholder.

Pursuant to the Act, Class A stockholders in the Company are also stockholders in Sealaska Corporation, the Southeast Alaska regional corporation established under the Act.

Land Received and to be Received as a Result of the Act

The Company has received surface rights on approximately 11,832 acres of land located on Admiralty Island in and around Angoon, Alaska; 832 of these acres were conveyed to the City of Angoon as part of the 14(c)(3) process on March 6, 2019. Of these acres, approximately 660 acres have been deeded to stockholders under the Company’s homesite program established under Section 22(j) of the Act. The Company also holds the subsurface rights on approximately 1,500 acres of this land in the vicinity of the City of Angoon, Alaska. In addition, the Company received interim conveyances or patents of the surface rights for approximately 21,403 acres in the Chomendeley Sound area of Prince of Wales Island, and is entitled to receive approximately 70 acres of additional surface rights not yet conveyed.

The surface estate received according to the Act, including standing timber resources, is recorded at zero value as the fair market value has not been determined within reasonable limits.

III. INVESTMENTS

The Company's investment in marketable securities consisted of the following at December 31:

		Cost	Fair Value
2024:			
Sweep account/certificate of deposit	$	5,283	5,283
2023:			
Sweep account/certificate of deposit	$	7,025	7,025

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. The Company does not have investments for which quoted market prices are not available.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest-level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect The Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

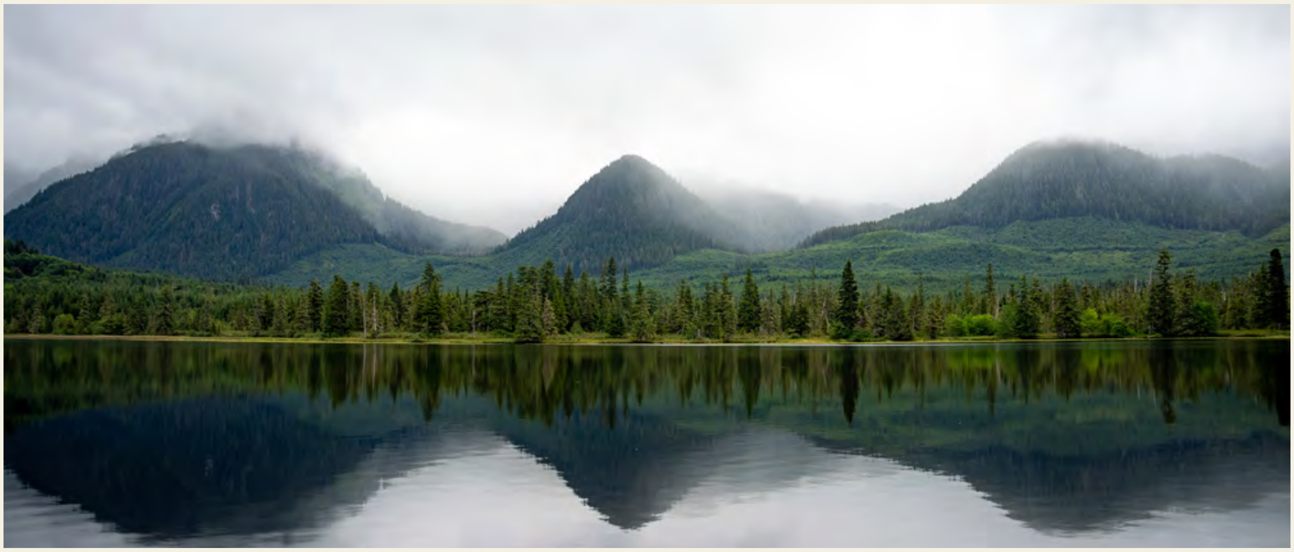
The following table provides information as of December 31, 2024 and 2023 about the Company's financial assets and liabilities measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
Assets at fair value-				
2024				
Sweep account/ certificate of deposit	$ 5,283	-	-	5,283
2023				
Sweep account/ certificate of deposit	$ 7,025	-	-	7,025

Given the narrow definition of Level 1 and The Company's investment asset strategy, all of the Company's investment assets are classified in Level 1. Changes in investments are run through the consolidated statements of operations as investment income.

Net investment earnings for the year ended December 31 consisted of:

	2024	2023
Interest and dividend income	$ 29,920	56,154
Net realized and unrealized gains (loss)	-	153,863
Investment management fees	-	(5,812)
	$ 29,920	204,205



IV. LONG TERM DEBT

Long-term debt at December 31, 2024 and 2023 consists of the following:

	2024	2023
Note payable to Standard Insurance Company in monthly payments of $12,309, including principal and interest of 4.625%. Final payment is due on August 1, 2033, secured by the Deed of Trust and may be secured by other security instruments.	$ 1,052,969	1,149,540
Note payable to Northrim Bank in monthly payments of $10,197, including principal and interest of 4.47%. Final payment is due on September 1, 2035, secured by real estate.	1,046,716	1,119,700
Less: unamortized debt issuance costs	17,915	20,633
Long-term debt, less unamortized debt issuance costs	2,081,770	2,248,607
Less current portion	173,851	170,474
Long-term portion	$ 1,907,919	2,078,133

At December 31, annual principal maturities of long-term debt are as follows:

2025	173,851
2026	186,713
2027	195,403
2028	204,498
2029	214,016
2030-2035	1,107,289
	2,081,770

The Company complies with requirements of FASB ASC 835-60 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset.

V. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2023 and 2023 consists of the following:

	2024	2023
Trade receivables	$ 50,965	8,723
Grants receivable	227,141	80,234
	278,106	88,957
Current expected credit losses	-	-
	278,106	88,957

VI. PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment consist of the following at December 31:

	2024	2023
Land and improvements:	$ 1,691,170	1,691,170
Land	1,225,000	1,225,000
Land improvements	2,916,170	2,916,170
Less accumulated depreciation	(1,225,000)	(1,225,000)
	$ 1,691,170	1,691,170
Buildings and equipment:		
Buildings - Angoon	$ 870,094	870,094
Buildings - Kootznoowoo Plaza and residential properties	2,800,692	2,675,065
Building - Newport IX	5,680,823	5,408,044
Equipment	197,146	156,889
Total buildings and equipment	9,548,755	9,110,092
Less accumulated depreciation	(5,351,975)	(5,046,487)
	$ 4,196,779	4,063,605
Dora Bay Roads	$ 1,804,034	1,804,034
Less accumulated amortization	(1,804,034)	(1,804,034)
	$ -	-
Work in progress:		
Thayer Creek Project	$ 3,863,359	3,555,821
LED Lighting	-	25,336
Oil Heater Installation	28,629	-
	$ 3,891,988	3,581,157

Depreciation expense for the year ended December 31, 2024 and 2023 was $331,429 and $376,673, respectively.

VII. OPERATING LEASES

The Company, through its subsidiaries, leases Kootznoowoo Plaza and Newport IX commercial buildings to various customers. Kootznoowoo Plaza is partially occupied by the Company's administrative offices. Minimum future rental payments to be received under operating leases are as follows:

2024

Year ending December 31	Kootznoowoo Plaza Juneau	Newport IX New Mexico	Angoon	Total
2025	$ 260,340	510,838	8,741	779,919
2026	45,015	151,424	8,741	205,180
2027	21,859	77,233	3,666	102,758
2028	21,859	-	2,651	24,510
2029	-	-	2,651	2,651
Thereafter	-	-	9,278	9,278
	$ 349,073	739,495	35,728	1,124,296

2023

Year ending December 31	Kootznoowoo Plaza Juneau	Newport IX New Mexico	Angoon	Total
	$ 364,463	518,184	61,181	943,828
2024	263,809	234,387	8,741	506,937
2025	21,222	-	8,741	29,963
2026	21,222	-	3,666	24,888
2027	21,222	-	14,800	36,022
2028	$ 691,938	752,571	97,129	1,541,638

VIII. PROVISION FOR INCOME TAXES

The deferred tax asset/liability and expense/benefit were computer by applying the Federal statutory rate of 21% and state statutory rate of 9.4% for both 2024 and 2023.

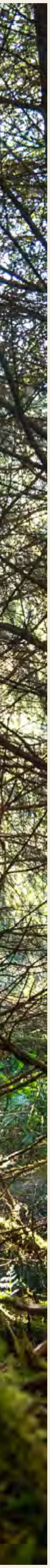
		2024		
		Federal	State	Total
Total Deferred Tax (Liability)	$	101,593	33,651	135,244
Valuation Allowance		-	-	-
Net Deferred Tax Asset (Liability)	$	101,593	33,651	135,244
Current Tax Expense		-	-	-
Deferred Tax Expense (benefit)		(384,667)	(173,150)	(557,817)
Total Income Tax Expense (benefit)	$	(384,667)	(173,150)	(557,817)

		2023		
		Federal	State	Total
Total Deferred Tax (Liability)	$	(198,739)	(101,537)	(300,276)
Valuation Allowance		-	-	-
Net Deferred Tax Asset (Liability)	$	(198,739)	(101,537)	(300,276)
Current Tax Expense	$	227,728	158,496	386,224
Deferred Tax Expense (benefit)		260,601	3,579	264,180
Total Income Tax Expense (benefit)	$	488,329	162,075	650,404

The Corporation classifies all interest and penalties related to tax contingencies as income tax expense. As of December 31, 2024 and 2023, accrued interest and penalties of $0 and $16,266, respectively, are recorded as a penalties payable on the consolidated balance sheets and are recognized as income taxes incurred on the consolidated statements of operation.

As of December 31, 2024 and 2023 there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date.

As of December 31, 2024, the corporation has federal and state NOLs available of approximately $1.9 million, which will be available until utilized.



IX. RELATED ENTITIES

(a) Kootznoowoo Permanent Fund Settlement Trust

Pursuant to Section 39 of the Act, on July 16, 1994, the Board of Directors and the stockholders established the Kootznoowoo Permanent Fund Settlement Trust (the "Trust")' a long-term irrevocable trust for the benefit of the Company stockholders. The Trust, which was established in accordance with the 1991 Amendments to ANCSA and applicable Alaska state law, is a separate entity from the Company. The Trust has a separate Board of Trustees composed of five individuals appointed by the Board of Directors for the Company. No more than two of the Trustees may also be directors of the Company. The Trust is designed to hold the assets transferred to it for investment and to make distribution out of the income earned on those investments to the beneficiaries of the Trust. Under the terms of the Trust agreement, the stockholders of the Company are also the beneficiaries of the Trust, until such time as certain events specified in the Trust Agreement occur. Since the Trust is a legally separate entity from the Company, the consolidated financial statements of the Company do not include the assets or investment results of the Trust.

(b) Kootznoowoo Cultural and Educational Foundation, Inc.

On May 23, 1994, the Kootznoowoo Cultural and Educational Foundation, Inc. (Foundation) was organized as an Alaska non-profit corporation. The purpose of the foundation is to perpetuate, protect, enhance, promote, preserve and study all aspects of the Tlingit people, their songs, dances, stories, language, arts and crafts, artifacts, and any and all other manifestations of the Tlingit culture.

Financial information with respect to the Foundation is not incorporated in these financial statements.

(c) Kootznoowoo Elders' Settlement Trust

The Kootznoowoo Elders' Settlement Trust (Elders' Trust) was established in December 1998 and was funded with a $545,000 distribution from the Company. The purpose of the Elders' Trust is to provide a cash benefit to each eligible Kootznoowoo stockholder upon reaching the age of 65. The date of record for determining the eligible stockholders was November 10, 1998. A distribution was made in 1998 to eligible stockholders who were 65 or older on the record date. Subsequent distributions are made monthly as additional eligible stockholders reach age 65. While management believes that the initial distribution to the Elders' Trust, together with future investment earnings, will be adequate to satisfy future benefit obligations, the Company is required under the trust agreement to fund any deficiency which may arise. The Company is also entitled to any trust assets in excess of expected benefit obligations.

X. PENSION PLAN

The 401(k) plan is a qualified IRS plan under which employees are eligible to participate if they have completed one year of service and are at least 18 years old. The vesting schedule for employer contributions is 25 percent each of the first four years. The total contribution made by the Company for the year ended December 31, 2024 and 2023 was $940 and $0, respectively. This amount may vary because of future forfeitures.

XI. RELATED PARTY TRANSACTIONS

As a result of the Company's business activities and the limited geographic confines of the City of Angoon, incidental transactions are conducted in the normal course of business with stockholders, directors and officers of the Company. Additionally, certain stockholders of the Company serve in various capacities in the City of Angoon government.

XII. THAYER CREEK HYDRO PROJECT

In September 2010, Kootznoowoo, Inc. was awarded a $1,142,856 federal cost reimbursable grant that requires a $1,142,856 match for the pre-construction aspect of the Thayer Creek Hydro Project. In August 2011, the Company received a State of Alaska grant for $1,060,500 originally, which has been amended to a higher amount, to be used as match for the federal grant. Prior to the awarding of the federal grant, Kootznoowoo, Inc. has incurred substantial costs related to the Thayer Creek Hydro Project. The following is a summary of the estimated costs incurred that were not reimbursed with grant funds:

Feasibility Studies	$	1,035,861
Administrative		572,064
Total	$	1,607,925

The project is still underway and the costs incurred related to the project were capitalized to work in progress. The Company received

additional federal funding in 2024 in order to complete the project. The work in progress balances as of December 31, 2024 and 2023 were $3,863,359 and $3,555,821, respectively.

XIII. COMMITMENTS AND CONTINGENCIES

The Company is subject to various contingencies and risks that arise in the normal course of business. Management does not believe these contingencies and risks will have a significant effect on the Company's financial position, results of operations or liquidity.

XIV. CARBON CREDIT PROGRAM

In 2019 Kootznoowoo, Inc.'s carbon credit program was approved. During the fiscal year ended December 31, 2024, no additional carbon credits were issued and a total of 52,086 of carbon credits were sold (retired). In 2024 Kootznoowoo, Inc. received cash for the carbon credits in the amount of $1,051,338. During the fiscal year ended December 31, 2023 a total of 140,757 of carbon credit units were issued and a total of 140,757 were sold (retired). In 2023 Kootznoowoo, Inc. received cash for the carbon credit offsets in the amount of $2,193,152. For the year ended December 31, 2024 and 2023 had 0 and 57,096 of carbon offset credits available to sell. The value of the available carbon credits will be adjusted annually based on the latest market prices of carbon credit units.

Kootznoowoo, Inc. has chosen to follow a five-year inventory schedule to satisfy the monitoring requirements of the carbon credit program. Using this method, every five years an inventory and site verification will be performed through the year 2058. In 2019, Kootznoowoo, Inc. recorded a carbon credit monitoring liability in the amount of $965,324. This amount represents the present value of future anticipated inventory and verification payments through 2058 using a discount rate of 4%. As of December 31, 2024 and 2023 the liability balance was $1,174,464 and $1,129,292, respectively.

Kootznoowoo, Inc. has established a carbon credit reserve account that will be used to pay for future inventory and site verification payments. As of December 31, 2024 and 2023 the balance of the reserve account was $0 and $10,024, respectively.

XV. FORTRESS OF THE BEARS, LLC

On January 1, 2023, Kootznoowoo, Inc. acquired the Fortress of the Bears, LLC (FOTB) and Pack Creek Bear Tours, LLC, with all shares for both organizations being transferred to Kootznoowoo, Inc. Kootznoowoo, Inc. now has 100% of shares of both organizations and has acquired 100% of voting equity interests. Kootznoowoo, Inc. has received capitalized assets of $22,348 from FOTB as a condition of this acquisition, and had a $8,010 gain from the acquisition.

Per the terms of the agreement, Above and Beyond Alaska, LLC (ABAK) will retain all Kootz/FOTB outfitter gear, equipment, and inventory. Kootznoowoo, Inc. agreed to contract 90% of its Pack Creek service days to ABAK as an “ancillary service provider” for five years at an agreed-upon use fee amount of $50 per person/per service day for any Kootznoowoo allocated permit use. This fee applies to reserved bookings with paying customers, and the payment for use fees will be remitted to Kootz/FOTB at the end of each season no later than October 15th each year.

XVI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2025, the date which the financial statements became available and no disclosures of subsequent events were necessary. .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