



For Office Use Only

App. #:
Org. #:

**The Headwaters Fund
2011-12 Grant Fund Application
COVERSHEET**

Date of application: 10/1/11

Organization Name: Wiyot Tribe

Address: 1000 Wiyot Drive, Loleta, CA 95551

Telephone number: 707.407.6205 Fax number: 707.733.5601

Director/CEO: Nick Angeloff, CEO

Organization Type: Gov't type: Native American Tribe (local, state, etc.) Nonprofit type: _____ (c3, c4, etc.)

Total current year organizational budget: 1.5 Million # of FTE employees: 16

Summarize the organization's mission (in the space provided):

The Wiyot Tribe mission is to provide for its membership, particularly children, through economic development while preserving culture.

Project title: Integration of Native American Economies Into the Regional Economy Through Coordinated, Environmentally Sound Economic Development.

Amount requested: \$42,187.50 Total project cost: \$56,250

Period covered: 11/1/11 to 9/31/11

Total match amount: \$14062.50 Match amount as % of project budget 25%
(Required 50% match for implementation, 25% for planning or technical assistance)

Cash match: \$7031.25 In-kind match \$7031.25

Cash match as % of project budget 12.5%

(Required: 25% for implementation, 12% for planning or technical assistance)

Type of project (specify planning/technical assistance or implementation): Planning

Geographic focus of project: Humboldt County

Contact person name and title: Nick Angeloff, CEO Contact phone: 707.407.6205 Contact email: wiyot.ceo@gmail.com Contact address (if different from above): 541 Second Avenue, Rio Dell, CA 95562



Project Narrative:

- 1) Summary of project/grant request (50 words maximum).

This project will create a development and prioritization strategic business and investment plan (the "Plan") by providing the legal basis for competitive commercial operations and business investments either jointly or severally, with the Tribes and domestic and/or international Non- Native American partners/investors, focusing on the Wiyot Tribe.

- 2) Describe the project including project goals. Include a scope of work which describes the methods that will be used to achieve the goals, timeline, and description of relationships with other programs or projects. Describe cross-sector and private industry support for and involvement in the project. (500 words maximum)

The main goal of this project will be to integrate the local Native American tribal government economies into the regional (County-wide) economy through the development of a comprehensive development and investment priority business plan created in collaboration with the renowned legal firm, Sutherland, Asbill & Brennan LLP ("SAB"). The project has been approved both by the Wiyot Tribe and the Northern California Tribal Chairman's Association (NCTCA) through resolution. The business plan will include a detailed analysis of the tax, employment and other financial incentives granted the Tribes by Federal law or otherwise, "Sovereign" rights as to land use for real property held in Trust, exemption from certain state and local regulatory regimes and the general interplay of Tribal, Federal and local laws, as they effect the monetization of Tribal assets and rights, and the subsequent integration of these advantages into the local economy addressing questions developed through the passing of AB 307 in September 2011 by the California legislature which clears the way for California Tribes to enter into joint powers agreements, to the benefit of Humboldt County as a whole.

The Plan will include targeted commercial opportunities in logistical facilities, energy, timber products, finance, insurance, manufacturing, distribution and retail centers, international export/import trade, selected infrastructure projects, leisure & resorts, outsourcing, advertising, water and other natural resources, etc.

It is anticipated that the Plan would represent the collective efforts of the SAB, the Wiyot Tribe, NCTCA and any of other advisors or consultants and be delivered within 90 days after the Headwaters Fund has communicated its decision to proceed.

Turning the Plan into Reality – SAB and the Wiyot Tribe will assist in implementing and executing the agreed upon final Plan by introducing and arranging meetings with potential partners, joint-ventures and investors from our Firm-wide and Tribe-wide client base, structuring specific economic ventures so as to maximize the use tax and other benefits to be realized and utilizing the full extent of the tax-exempt bonding and other financing programs available to the Wiyot Tribe and the NCTCA. This may include the creation of new types of investment vehicles, a regional or Tribal bonding authority,



corporate entities with majority Tribal ownership, and the augmentation of existing Tribal laws to meet the requirements of increased commercial activity and the negotiation of "compacts" or special agreements with local private partners, Federal, State and/or local governments, including joint powers agreements developed as a result of AB 307.

SAB will negotiate on behalf and for the benefit of the Wiyot Tribe and NCTCA to provide all legal advice and services necessary to successfully commence the operation and maintenance of the new business enterprises created pursuant to the Plan. Plan implementation will be completed in the form of significant and integrated business and regulatory agreements by the end of September 2012.

3) The Headwaters Fund Board is interested in economic development strategies based on the outcomes listed below. Identify how the project will work toward one or more of these outcomes to further economic development in Humboldt County and lead to job creation. (275 word maximum)

The Wiyot Tribe has been approached to facilitate the production of timber, biomass, water, automobiles, oysters and tuna for export. Humboldt Bay is the only port in California where tuna can be off-loaded and processed but due to excessive taxation and the regulatory environment the industry has failed, the timber industry faces similar environments. Tourism is a natural fit for tribal entities; tourists like to experience local cultures. Arts and culture are a natural fit for tribes, in conducting business the story of the tribes comes along with the marketing which also brings interest to the area, attracting tourists. The Wiyot Tribe and others have already begun endeavors to attract tourism to their reservations and Rancherias. Niche manufacturing can be enhanced by utilizing the tax advantages that tribes afford, if integrated into the local systems as a cooperating partner. As tribes are integrated into the local economy and economic development increases building and construction industries are enhanced through growth as is seen locally with hotel and community building. Investment and support services are the focus of this project, attracting investment to the area will necessarily enhance this aspect of our local economy. Tribal and local populations will become more educated in economic development and business as the plan is implemented and business endeavors provide opportunity to participate in each of the endeavors.

This project will provide a blueprint to incorporate tribal economies into the local economy. The tribes offer significant regulatory and tax benefits on sovereign lands, in a cooperative effort this industry can be revived and expanded to an international market, creating jobs. The Wiyot Tribe is interested in promoting this economy world-wide.

3) If the project will directly create jobs, describe how many, whether the jobs are at or above the median wage level, and what kinds of jobs they are. (75 word max)



There is potential within this project to create a significant number of good paying jobs through a coordinated effort to streamline the tax and regulatory environment by utilizing the sovereign status of the tribes to the benefit of both the tribes and the local population. Revitalization of the port, tourism enhancement, fisheries enhancement, stimulating international importing/exporting and the subsequent increase in building and financial services will create jobs.

5) If appropriate, explain how the project will provide environmental benefits in one or more of the categories listed below. (200 word maximum)

The Wiyot Tribe and all other tribal groups on the North Coast have a primary cultural responsibility to protect and improve the natural environment with many thousands of years of experience in doing so within the context of wealth oriented societal structure. Economic development and environmental enhancement are not mutually exclusive; this project will create a plan incorporating the upgrade of existing or creation of new facilities and utilization of natural resources that are environmentally sustainable. The Wiyot Tribe has proven its ability to clean up the environment through their Brownsfield project on Indian Island, creating an environment safe for tourism. Local resource extraction of timber and fisheries has become substantially more sustainable in the recent past and this project will promote the most efficient use of natural resources as the most economically efficient and profitable business practices. The traditional environmental knowledge still held by the tribes and their membership will play a significant role in the success of this project, both in practice and in marketing of the County.

6) Explain how the project contributes to the quality of life for Humboldt County residents in any of the categories listed below. (275 word maximum)

This project is designed for the tribes, particularly the Wiyot Tribe to contribute to the Revitalization of our economy, communities and public infrastructure, building upon a solid base that already exists. In building our infrastructure, using environmentally friendly methods, this project will improve public transportation as we are already looking to the reanimation of the existing rail structure (locally) to facilitate both transit and freight rail. The most efficient (and attractive to international investors) methods to revitalize the economy as we have been advised by our investment facilitators is the use of existing infrastructure with contemporary upgrades. In upgrading our existing infrastructure we also eliminate some of the most pressing environmental hazards in the County using methods that are compatible with tribal ethos. In this respect the project will fit within the public and private image of the County and tribes as a culturally and historically rich region with strong environmental ties while preserving our tribal and resource oriented heritage. The project will enhance our economy while preserving our unique position in California as a rural and desirable place to live. With the proper planning, as represented in this proposal, we can achieve both good paying jobs and preservation of our environment, both natural and cultural.



7) Explain the qualifications the organization, staff and project partners bring to the project. Outline key staff and partners including their qualifications. (100 word maximum)

The qualifications of SAB are unquestionable; they have produced similar plans for not only other tribes but for other nations around the world, including Trinidad and Tobago and many other countries. The Wiyot Tribe and other tribes are well prepared to contribute to the project through their experts in economic development with each tribe harboring different levels of expertise. Mr. Nick Angeloff will and has been facilitating the coordinated effort between SAB and the tribes and has the established relationship with all parties to accomplish the task. Implementation of the plan will include several investment facilitators and local businessmen.

8) Describe the work which has already been done to ensure that this project will be a success (i.e. prior research, planning or permitting). (175 word maximum)

Mr. Angeloff, the Wiyot Tribe and the NCTCA have been working with SAB for over six months, Mr. Angeloff for nearly a year. SAB representative Mr. Kenneth Willig has, pro bono, visited the region and presented this project to the NCTCA and Wiyot Tribe. During this visit SAB and potential investors toured the bay with the Harbor District, met with Humboldt Redwood Company and spent a week investigating economic development opportunities under the guidance of Mr. Angeloff. SAB is highly enthusiastic about the opportunities afforded by not only the tribes but the County and its infrastructure in general. We have developed this plan to facilitate the process of incorporating tribal economies into the local economy to provide the regulatory and tax incentives necessary to attract investment to the region. This is a well thought out plan that simply needs to be funded in order to proceed with the implementation of economic development and provide a plan for investors to feel comfortable in dedicating their capital to an underutilized region with high profit potential.

9) Describe the outcomes expected from the project. Quantify the outcomes where possible and explain how the outcomes were calculated. Include a calculation of how many and who will benefit from the project. Please be specific and state assumptions. (275 word maximum)

The Wiyot Tribe has conducted a cursory analysis of several aspects of the potential job creation resulting from this plan based on increased tourism, the potential to revitalize the tuna industry and increased use of the port based on sovereign land incentives. We expect that with an excursion train a minimum of 250 jobs and \$35 million would be created based in an analysis of the Skunk train operations in Mendocino county (we took their analysis and assumed half the patronage and spending). We expect that we could fully revitalize the tuna processing in the port by streamlining the regulatory and tax environment which would bring another 200 jobs to



the region and significant income spent in the community. Another 200-400 jobs could be created through increased international import/export through the port and several million dollars of income generated and spent locally. In addition, there would be an increase in the number of jobs created through timber operations on tribal lands, with positive affects in the communities with the highest unemployment rates. The ancillary effects of marketing products through tribal stories and the subsequent advertisement of the region as a culturally rich and attractive tourist area are also likely to be significant to job creation and economically beneficial to local business.

10) What will be the change in the community if the project has succeeded? (275 words maximum)

The community will not necessarily change, other than increased employment and standard of living, as a result of this project but it will enhance the ability of our economy to retain its youth in good paying jobs and career opportunities. This is a key concern of tribes around the nation and with the Wiyot Tribe, we will create an environment that allows our youth to stay in the area and have the potential to succeed in life at the same time. This is particularly pertinent with tribal entities as the potential to lose culture becomes more prevalent as the youth scatters to areas outside their ancestral territories because of the lack of opportunity within. We are focused on creating this reality with as little impact as is possible because of our cultural heritage. The main changes we see as a result of this project will be to increase our standard of living, provide career opportunities in a diversified business environment and enhance our existing resource base utilization in a sustainable fashion by promoting the use of existing facilities and practices that are already in place but need the capital to produce at a level that they have the potential to attain.

11) What are the risks and challenges to successful implementation of the project? What are you doing to mitigate that risk? (275 word maximum)

There is minimal risk involved with this project as we have already established the relationships to implement the plan that is proposed herein. What we need is the document, the business plan, to present to those interested investors who will then attain a comfort level that will allow them to release their capital to the region.

12) How will the project be sustained after the grant? (140 word maximum)

The sustainability of the project will be self-generation of income through capital investment from sources around the world. This is the capitalist aspect of the project, without sustainability investment will not occur, investors of capital will only do so when they are confident that the project is sustainable. This analysis and resulting plan will detail those aspect of the local economy that are sustainable building the plan around sustainability in order to attract investment to the region.



13) What would happen to the project if you did not receive Headwaters Funding?
(135 word maximum)

Without funding this project will take more time and effort to accomplish, we have developed the relationships and attracted key parties to the area, we need to get this plan up and running or we risk the potential that the interested parties will lose that interest in capital investment. We as a community need to show the world that there is opportunity in Humboldt County and that we are willing to facilitate and translate that opportunity into reality through cooperation between public, private and tribal entities providing incentives that will allow for capital investment into our economy.



Project Expense Item	Total Cost (\$)	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
Direct Salaries & Wages (breakdown by individual position & indicate full or part-time; list indirect staff costs in "Overhead- staff related" section below)				
Staff 1:				
Staff 2:... etc.				
Sub-total: all Direct Salaries & Wages				
Benefits & Payroll Taxes				
Consultant & professional fees (specify) \$36,250 SAB, \$10,000 Nick Angeloff	\$46,250	\$32,187.50	\$7031.25 cash \$7031.25 in kind	Wiyot Tribe SAB
Travel (describe): New York to Arcata (SAB and Nick Angeloff)	\$10000	\$10000		
Equipment (specify)				
Overhead- non-staff related				
Overhead- staff related (breakdown by individual position; include payroll taxes and fringe benefits)				
All Overhead Costs as % of Total Project Cost				
Total Project Cost	\$56,250	\$42,187.50	\$14062.50	Wiyot Tribe/SAB

Wiyot Tribe



List of Tribal Council

Chairman- Theodore Hernandez

Vice Chairman- Brian Mead

Secretary – Leona Wilkinson

Treasurer- Ross Lane

Member at Large- Alan Miller

Member at Large- Vincent Dimarzo

Member at Large- Open

DRAFT

WIYOT TRIBE

FINANCIAL STATEMENTS

December 31, 2010

DRAFT

DRAFT

WIYOT TRIBE

LOLETA, CA

December 31, 2010

TRIBAL COUNCIL

Theodore Hernandez, Tribal Chair

Brian Mead, Tribal Vice Chair

Leona Wilkinson, Secretary

Ross Lane, Tribal Council Member

Lenard Alan Miller, Tribal Council Member

DRAFT

This page left blank intentionally

DRAFT

TABLE OF CONTENTS

December 31, 2010

FINANCIAL SECTION

Independent Auditors' Report. 1

Statement of Net Assets. 3

Statement of Activities.. . . . 5

Balance Sheet - Governmental Funds. 7

Reconciliation of the Governmental Funds-Statement of Net Assets
with the Balance Sheet.. . . . 9

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds. 11

Reconciliation of the Net Change in Fund Balance Total Governmental Funds
with the Statement of Activities.. . . . 13

Statement of Net Assets - Proprietary Fund. 14

Statement of Revenues, Expenses, and Changes
in Fund Net Assets - Proprietary Fund. 15

Statement of Cash Flows - Proprietary Fund. 16

Notes to Financial Statements. 17

ADDITIONAL INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Consolidated Tribal Government Program.. . . . 27

Combining Balance Sheet - Nonmajor Governmental Funds. 29

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds.. . . . 33

DRAFT

TABLE OF CONTENTS

December 31, 2010

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

Schedule of Expenditures of Federal Awards..... 39

Notes to Schedule of Expenditures of Federal Awards..... 40

Summary Schedule of Prior Audit Findings..... 41

Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*. 43

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133. 45

Schedule of Findings and Questioned Costs. 47

DRAFT

FINANCIAL SECTION

DRAFT

This page intentionally left blank

523 Main Street
P.O. Box 637
Ferndale, CA 95536
(707) 786-9798
Fax: (707) 786-9799

AYCOCK AND EDGMON
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

To the Tribal Council
Wiyot Tribe

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wiyot Tribe, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Wiyot Tribe's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the governmental funds of the Wiyot Tribe, as of December 31, 2010, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Wiyot Tribe has not presented the Management's Discussion and Analysis and budgetary comparison information of the general fund and all major funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011 on our consideration of the Wiyot Tribe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Philip R. Aycock, CPA
philipaycock@aecpas.com

AN ACCOUNTANCY CORPORATION

Stacey R. Edgmon, CPA
stacey@aecpas.com

Our audit was conducted for the purpose of forming an opinion on the financial statements described in paragraph one of the Wiyot Tribe. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Wiyot Tribe. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Aycock and Edgmon
August 15, 2011

DRAFT**STATEMENT OF NET ASSETS**

December 31, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,938,958	\$ 3,230	\$ 1,942,188
Receivables			
Accounts receivable	13,189	17,356	30,545
Revenue receivable	234,603	-	234,603
Inventories	-	-	-
Prepaid expenses	2,931	-	2,931
Internal balances	49,791	(49,791)	-
Capital assets net of depreciation	<u>2,204,398</u>	<u>43,060</u>	<u>2,247,458</u>
Total Assets	<u>\$ 4,443,870</u>	<u>\$ 13,855</u>	<u>\$ 4,457,725</u>
LIABILITIES			
Accounts payable	\$ 53,383	\$ -	\$ 53,383
Payroll and benefits payable	94,214	-	94,214
Deferred revenue	<u>35,399</u>	<u>-</u>	<u>35,399</u>
Total Liabilities	<u>182,996</u>	<u>-</u>	<u>182,996</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,204,398	43,191	2,247,589
Unrestricted	<u>2,056,476</u>	<u>(29,336)</u>	<u>2,027,140</u>
Total Net Assets	<u>\$ 4,260,874</u>	<u>\$ 13,855</u>	<u>\$ 4,274,729</u>

The accompanying notes to financial statements are an integral part of this statement.