

Annual Report

Celebrating 40 Years



2013



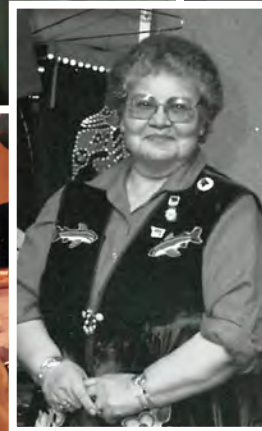
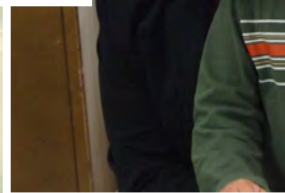




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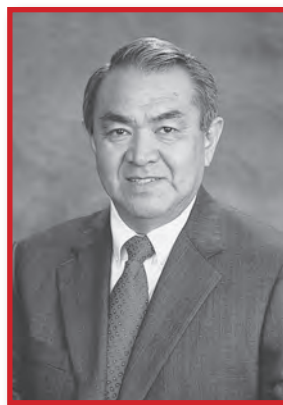
Chairman of the Board - 1973 to 2012



Joseph E. Kahklen
1973, 2005-2009



Joseph G. Wilson
1974-1980



Clarence Antioquia
1981-1983



Niles Cesar
1984



Marcelo Quinto Jr.
1985-1987



Josephine Armstrong
1988-1991



Richard A. Beasley
1992-1993



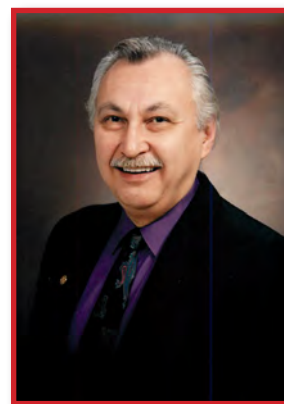
Robert Martin Jr.
1994-1995, 1998-1999



Delfin Cesar
1996



Alberta Aspen
1997



Carl C. Nelson
2000



Randy Wanamaker
2001-2003, 2010



Walter Johns
2004



Karen A. Taug
2011-2012

Katherine Eldemar

Chairman of the Board



In 2014, Goldbelt, Incorporated reached its 40th year of operations. As we celebrate this anniversary, we revisit our successes and all the challenges along the way that have formed Goldbelt into the multi-million dollar corporation it is today.

We also look back with gratitude at our elders who fought so hard for the lands claims settlement; our board members, past and present, whose vision helped shape our corporation; the employees who have served Goldbelt throughout the years and whose dedication and hard work built our foundation; and finally, the shareholders who continue to serve as the corporation's purpose and mission.

In 1974, at the inception of Goldbelt, the corporation had 2,722 original shareholders. Today, we have grown to more than 3,500 shareholders who are located throughout the United States and even abroad. Your board and management team continue to focus on business growth, diversification, and prospects that will provide opportunities and benefits for our shareholders. We are ever mindful that the decisions made in the board room reach across the spectrum of our shareholder population.

In this year's election, shareholders are being asked to vote on an important resolution. The Goldbelt Ancestral Trust Resolution will establish a settlement trust that will be created as a separate legal entity from the corporation, and therefore, will be protected from the ever-changing tides of the business world.

Over time, we are confident that the Trust will grow to provide a variety of benefits including: dividends, scholarships, and funeral assistance. In January, the Board unanimously voted in favor of the Trust. For the sake of our children, grandchildren, and future generations of tribal shareholders, we ask each shareholder to vote "Yes" for this resolution.

As we move forward, we recognize that the Trust will take several years to grow before it will be in a position to start generating benefits. In the meantime, the Board and Management remain committed to our cultural preservation and educational support through the Goldbelt Heritage Foundation. We will also continue to seek out ways to increase the employment of our shareholders and descendants through Goldbelt's Internship Program and our commitment to shareholder hire.

Finally, in honor of our 40th anniversary, the Board would like to dedicate this annual report to all of those who have worked to make Goldbelt the strong, vibrant, and visionary corporation that it is today.

Gunalchèesch.

K. Eldemar



Robert Loiselle *President & CEO*

I am very pleased to write this letter to you as President & CEO of Goldbelt, Incorporated at the time of the company's fortieth anniversary. Many companies don't make it to forty. Goldbelt has not only made it, but is in strong financial condition to boot. As our Chief Financial Officer has pointed out in the management discussion of this report, we now have been profitable for ten years.

2013 was another good year for Goldbelt, Incorporated, though not as good as 2012. Net income for the year is down about \$1 million from \$5 million in 2012 to \$4 million. However, in light of sequestration, budget cuts and general uncertainty with regard to government spending, the results are decent. Nevertheless, they are not what we want to see longer term. We need to resume growth in revenue and net income in order to achieve our ambitious goal of reaching \$500 million in revenue by 2017.

In that regard, we are aggressively pursuing new opportunities and investing in business development for our government contracting companies. We are also at the outset of resuming Goldbelt's acquisition of commercial real estate that was curtailed a number of years ago. We are targeting triple net real estate (where the tenant pays maintenance, tax and insurance expenses, as well as the normal expenses such as electricity and utilities). Possible tenants include companies like FedEx. For diversification reasons, the properties would be located outside of Alaska. Funding for our initial purchase has already been set aside in an investment fund.

Within Alaska, our largest initiative is to bring our geoduck project from the experimental stage to the actual production of this high-valued clam for the Chinese and other markets. We hope to have a business plan completed in the not too distant future for the Investment Committee and ultimately Board of Directors review and approval. Efforts to date have shown that geoducks can be successfully grown on intertidal sites such as Hobart Bay, much like they are successfully grown on hundreds of acres in the Puget Sound region.

In downtown Juneau, we continue to invest in the

renovation of the Goldbelt Hotel and improvements and maintenance at the Goldbelt Mount Roberts Tramway. These and other projects will keep us busy throughout the coming year. But without question the most significant Goldbelt initiative for 2014 is the establishment of an ANCSA Settlement Trust (to be known as the Goldbelt Ancestral Trust). Establishment of this Trust will require shareholder approval at our annual meeting on June 7, 2014.

This Trust will be a separate legal entity and its assets will not be available to creditors of Goldbelt, Incorporated should any problem develop at the corporation. The law requires that the assets of the Trust be invested in passive investments in the spirit of protecting those assets from the risks involved in active businesses. However, no investment is absolutely failsafe and all have some level of risk.

Funding of the Trust will come from Goldbelt, Incorporated and the purpose of the Trust will be threefold: distributions for beneficiaries, scholarships, and burial assistance. It will take considerable time for adequate funding to be available as the principal of the Trust must be built up over time and benefits from the Trust should be from income only. Benefits from income (as opposed to trust principal) will be tax free to beneficiaries.

One concern that has been expressed is that the Trust will diminish benefits from Goldbelt, Incorporated. There is no plan to significantly change benefits from the corporation while the Trust principal is being grown to adequate size, a process that will take many years. Think of it as a long-term savings plan. Much more information on the Trust is available in the Ancestral Trust Proxy Statement and online at goldbelt.com.

Finally, we are saying farewell to our long-term Vice President and CFO, Vic Scarano. Vic devoted his life at Goldbelt to advancing the cause of Goldbelt shareholders. He will be missed and we wish him the best in his next adventure.

We all very much appreciate the honor of working for you, the Goldbelt shareholders. We are all proud of this company and we want it to always be a company that you can be proud of too.

Gunalchéesh.

Corporate Leadership - 1974 to 2012



Murlin "Mike" Everson
Executive Director
1974



Joseph G. Wilson
President
1974-1980, 1989-1994



Joseph E. Kahklen
Chief Executive Officer
1980-1987



John Black
Interim CEO
1987-1989



Mark Richardson
Interim President
Feb-May 1994



Joseph M. Beedle
President & CEO
1994-1999



Gary Droubay
President & CEO
1999-2011



Elliott "Chuck" Wimberly
Interim President & CEO
2011-2012

Board Members - 1973 to Present

Clarence Antioquia	1980-83
Josephine Armstrong	1978-93
Alberta Aspen	1988-96
Catalino Barril, Jr.	1974-84, 1986-93
Richard A. Beasley	1987-96, 2012-Present
Joseph Bennett, Sr.	1973-74
Sandra J. Borbridge	1974-75
Delfin "Del" Cesar	1992-2013
Niles Cesar	1980-87
Ben Coronell	2006-Present
Derek Duncan	2009-10
John Eldemar	1973-74
Katherine Eldemar	1988-97, 2010-Present
Murlin "Mike" Everson	1975-80
Lenora Florendo	1987-93
Charles Gamble	1974-77
Margaret Gamble	1973-74, 1988-92
Lori M. Grant	2013-Present
Percy Hope	1973-80
Myron Igitanloc	1980-83
Lawrence Jackson, Sr.	1975-1980
Walter Johns, Jr.	2000-2006
Antionette K. Jones	1984-87

Joseph E. Kakhlen	1973-80, 1997-2000 2002-Present
Andrea Cadiente-Laiti	1997-2012
Robert W. Loescher	1974-80, 2005-08
Robert Martin, Jr.	1983-87, 1993-2002
James Mason	1994-97
Edith McHenry	1998-2010
Alfred McKinley, Sr.	1973-74
Chris McNeil, Jr.	1980-87
Carl C. Nelson	1973-74, 1987-2004
Margaret Nelson	1988-89, 1990-93
Raymond Paddock, Jr.	1974-82
June Pegues	1974-87
Kathryn Polk	1997-2009, 2010-Present
Marcelo Quinto, Jr.	1980-90
Ventura Samaniego, Jr.	1986-88
Trudy Skan	2004-Present
Andrew Sutton	1974-75
Joe Tagaban	1973-74
Karen A. Taug	2008-Present
Randy Wanamaker	1993-Present
Dorothy Webster	1994-97
Joseph G. Wilson	1973-1989
Dorothy Zura	1996-2005



Board of Directors

Officers:

Chairman
Katherine Eldemar

Vice Chair
Randy Wanamaker

Treasurer
Richard A. Beasley

Corporate Secretary
Trudy Skan



Richard A. Beasley



Benjamin D. Coronell



Katherine Eldemar



Lori Grant



Joseph E. Kahklen



Kathy Polk



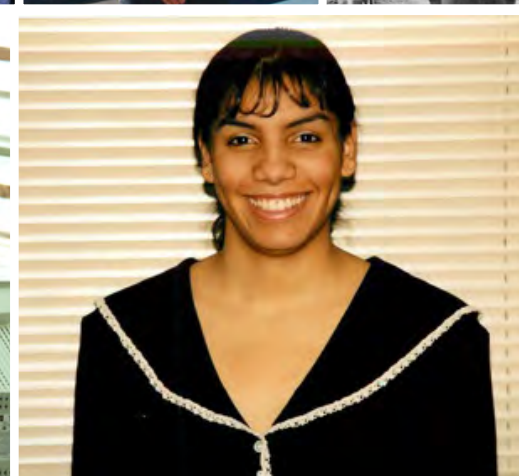
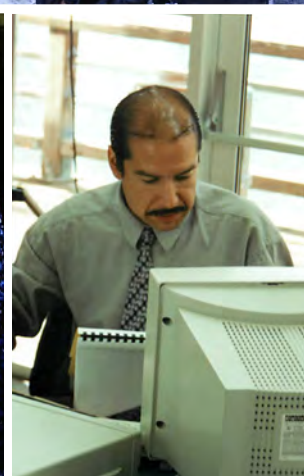
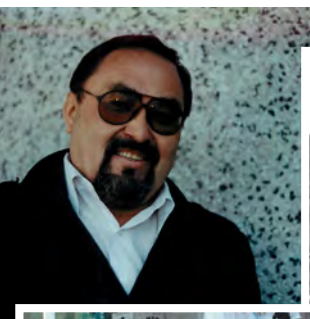
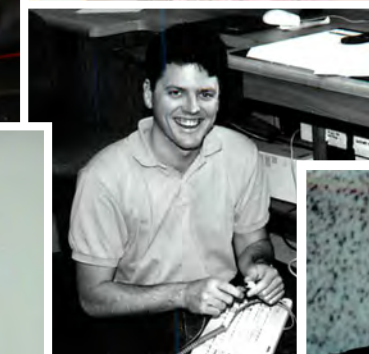
Trudy Skan



Karen A. Taug



Randy Wanamaker



Corporate Employees



Victor R. Scarano
Vice President &
Chief Financial Officer



Elliott Wimberly
Vice President
Medical & Defense
Services Group



Joseph T. LoCasale
Vice President
Facility & Engineering
Group



Derek Duncan
Vice President
Alaska Operations



Frank Watson
Vice President
Technical Services Group



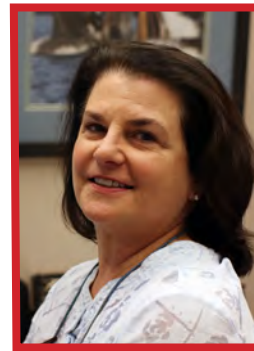
Tina Cloyd
Director of Human
Resources
Alaska Operations



Lisa-Marie Ikononov
Director of Corporate
Communications &
Shareholder Services



Lisa Fisher
Director of Finance
& Accounting



Joann Flora
Director of Tourism
Marketing



Ben Johnson
Director of Information
Technology



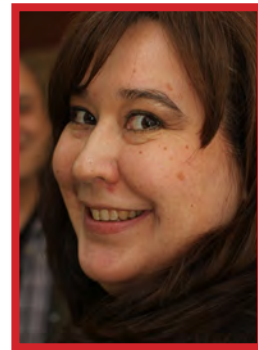
Barbara Fujimoto
8(a) Compliance
Manager



Tesla Cox
Shareholder Services
& Corporate Communications
Assistant



Norman Flood
Executive Assistant



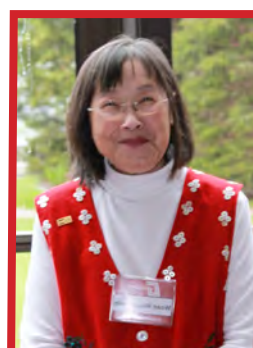
Neely Perisich
Human Resources Specialist



Judy Mason
Lands Technician



Arlene Alcancia
Payroll Technician



Woan Woan Levin
Accounting Technician



Angel Fujimoto
Human Resources
Assistant

2013 Interns

Kristopher Ahlen, Construction Services
Facility Support Services - Gibsonia, PA

Miranda Barril, Fine Arts Archivist
Goldbelt, Incorporated - Juneau, AK

Caleb Bradford, Human Resources
Goldbelt, Incorporated - Herndon, VA

Aubrey Briscoe, Accounting
Goldbelt, Incorporated - Herndon, VA

Macayla Cloyd, Records Management
Goldbelt, Incorporated - Juneau, AK

Tesla Cox, Corporate Communications
Goldbelt, Incorporated - Juneau, AK

Christopher Day, Human Resources
Goldbelt, Incorporated - Juneau, AK

Kaya Day, Accounting
Goldbelt, Incorporated - Juneau, AK

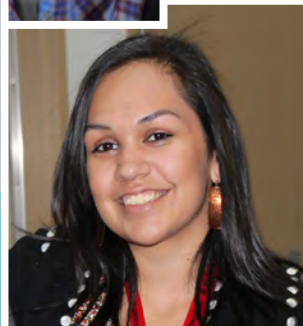
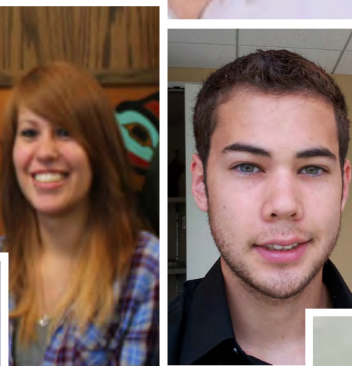
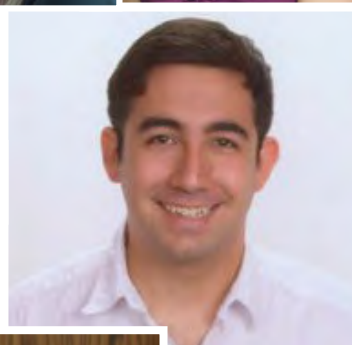
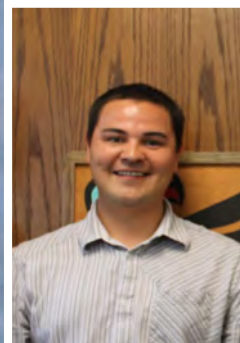
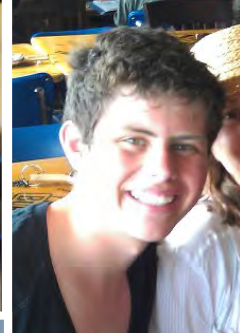
Kristen Folger, Hospitality Management
Goldbelt Hotel - Juneau, AK

Dillon Hall, Business Development
Nisga'a Data Systems - Herndon, VA

Michael Loescher, Information Technology
Goldbelt, Incorporated - Juneau, AK

Ian McClure, Business Development
Goldbelt Wolf - Alexandria, VA

Hunter Meachum, Administrative Support
Mount Roberts Tramway - Juneau, AK



Reading the Annual Report

By Ian Wanamaker

Annual Report: The document that Alaska Native corporations must publish and make available to its shareholders. Contains detailed financial information concerning the company's operations and financials for the preceding year. This report gauges the corporation's financial performance.

Management Discussion and Analysis (MD&A): The MD&A section is where the chief financial officer (CFO) speaks to the financial trends of the corporation and compares the corporation's performance to those years prior.

Balance Sheet: Weighs assets against liabilities and shareholder's equity. The equity of the company must be equal to its assets minus liabilities and owners equity. The balance sheet is a good indicator of a company's financial position.

Consolidated Statements of Operations (Income Statement): The income statement is where the term "bottom line" comes from. This statement demonstrates the net income, or total profit of Goldbelt. This statement is also used to determine earnings per share or net income per share. The formula for net income, or profit is revenues minus expenses equals income.

Revenue: Any money made through sales, contracted services, tourism, real estate, or any other operation.

Expense: Costs associated with the generation of revenue.

Statement of Cash Flows: Demonstrates the corporation's inflow and outflow of cash. Cash flow is vital to a company's success because ample cash will ensure that creditors, employees, and shareholders can be paid on time. The bottom line of a statement of cash flows is net increase (or decrease) in cash from the year prior. This is important to note because it is an indicator of the success and growth of Goldbelt. There are three separate categories in the statement of cash flows: operating, financing, and investing activities.

Operating Activities: Any activity that makes money in the short term.

Financing Activities: Flows of cash between Goldbelt, its shareholders, and creditors. Financing activities include issuing shares, paying dividends, or taking out loans.

Investing Activities: Any cash flow resulting from investments in financial markets or other Goldbelt subsidiaries.

Notes to the Financial Statements/Significant Accounting Policies: Directly following the financial statements, this section contains further detailed information and descriptions of long term debt, lines of credit, investments, assets, revenue, and taxes. Also included are Goldbelt's significant accounting policies. These policies are important because they affect the recorded value of revenue, inventory, land, and many other important entries in the annual report.

Board of Directors: Comprised of nine shareholders that act as a representative body of the shareholders. They jointly oversee company operations and make corporate management policies and decisions. Such oversights include: hiring and firing of executives, dividend policies, approval of budgets, and determining the compensation of executive officers. The board is accountable to shareholders for the performance of the company. The board does not deal with day-to-day management decisions such as hiring and firing of employees and payroll issues. Each board member serves a three year term.

Subsidiaries: Goldbelt subsidiaries include any company of which Goldbelt maintains at least a 51% ownership. Many of these companies fall into the Small Business Administration's 8(a) program, and are located outside of Alaska. Despite their location these subsidiaries produce revenue for Goldbelt and are included in the consolidated financial statements. Goldbelt currently has fourteen subsidiaries.

Management Discussion & Analysis

10 PROFITABLE YEARS AND GOING STRONG

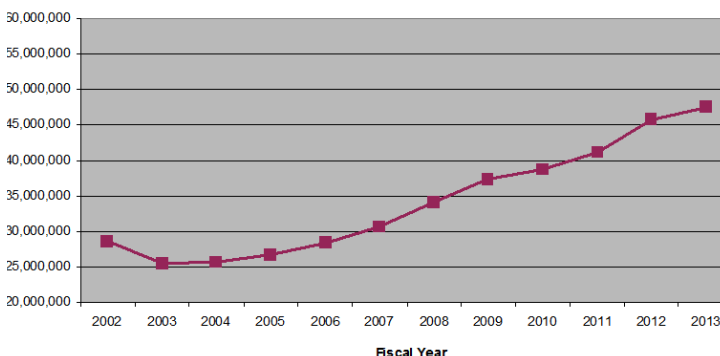
Goldbelt started off 2013 a little slowly. Sequestration was on the minds of everyone as we waited to see the outcome of the budget battle in Washington, DC. Fortunately, most of the work that we do is considered high priority so we did not see many cuts or layoffs.

The Board and Management have spent a lot of time focusing on the contracting side of Goldbelt and their core strengths. We have been able to leverage that focus into a number of new start-ups which, when combined, have yielded a significant impact to the bottom line. In 2013, the contracting operations generated \$8,361,000 in net operating income to Goldbelt.

To mitigate the negative effects that results from scrutiny of the 8(a) advantages enjoyed by Alaska Native Corporations, sequestration, and the press, the Board and Management set a goal to focus on competitive contracts. We compete on full and open contract proposals and are successful in part due to our competitive pricing, qualifications, and our reputation of getting the job done. Many 8(a) contracting entities based in Alaska who rely more heavily on sole source contracting saw an overall retraction in 2013.

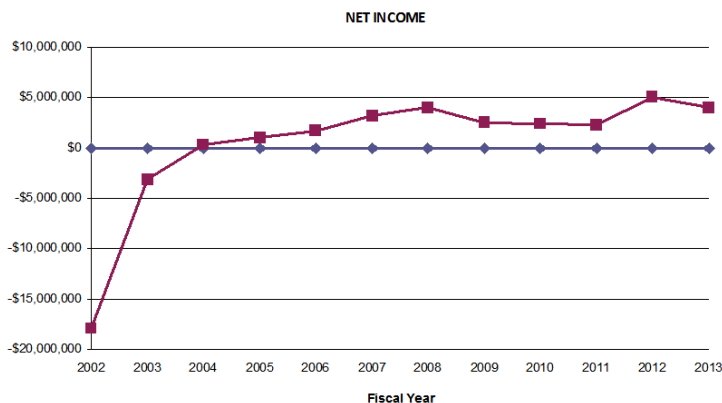
Net Assets continued to grow in 2013 with an additional \$1.69 million being added for a total of \$47.51 million. We generated \$4.53 million in net income with \$4.05 million attributable to Goldbelt's interest. Total revenues for the year were \$146,033,239.

NET ASSETS - (TOTAL ASSETS - TOTAL LIABILITIES)



ALASKA OPERATIONS

Alaska operations ended the year on a mixed note. Overall we generated net operating income of \$925,862 for FY ended 2013. This was behind our expectations but still resulted in a positive cash flow. The question that challenges the Board and Management is whether that is sufficient. Goldbelt carries \$14.6 million in long term debt, a majority of which is related to the Tram, the Hotel, and the vessel we use to transport miners to and from the Kensington gold mine. With



the contracting entities generating \$8 million in net operating income and Alaska operations generating \$925,862, we recognize the need to diversify and are considering ways to shift to a better balance.

We have completed the major renovation of the Goldbelt Hotel. This renovation of the rooms and common areas has sparked renewed interest in the Hotel. This will increase demand which will drive rates, thus increasing our revenue opportunity in 2014. We feel good about its positioning in the market. You will see us updating the exterior in 2014 which will provide a dramatic and much needed visual face lift.

A major challenge at the Hotel in 2013 was the renovation during the summer season. This effectively shut down two of five floors for a good part of the summer. That shutdown impacted room availability and thus revenue. We also saw our GM transition out of Alaska which caused some upheaval but we have been lucky to find Ron Hauck, our new GM who has many years of experience in hospitality, most recently with Westmark in Sitka. We look for good things from him moving forward. The Goldbelt Hotel ended 2013 with a net loss of (\$450,106) and was well behind our budget estimate for the year.

The Mount Roberts Tramway is a high profile property that had a good year in 2013. Increased cruise traffic and sunny skies had many riding the Tram for



panoramic vistas and hikes along the many trails. We were happy to have those travelers stop in for a bite to eat at the Timberline Bar & Grill and to shop in our Raven-Eagle Gift Shop.

The Tram finished 2013 with \$242,725 in net income which was close to budget estimates for the year. We were ahead of 2012 numbers by \$180,000. Tram management has implemented an increase in fares for 2014. In response to a study done to look for how to increase ridership, the Tram hired a Marketing Director in 2013, implemented a marketing plan, contracted with a professional merchandiser, and updated their website.

Goldbelt Security saw some change in 2013. Long time General Manager Mike Tagaban retired in July 2013 and Goldbelt brought in an interim GM to help lead Security in the short term. Blair Seward was hired as full time GM in March 2014. Additionally, what was originally Goldbelt Security Services, LLC was renamed Goldbelt Specialty Services, LLC. and is certified as an 8(a) company that can be focused on government contracting.

At the same time, we created a new entity called Goldbelt Security, LLC which now is the organization that handles all of the security agreements we have in place in Juneau. Goldbelt Security finished 2013 with \$16,330 in net income which is behind budget projections for 2013. Goldbelt Security's management team has identified new opportunities in Juneau so we are optimistic about growing that organization in 2014. Also, Goldbelt has applied for its hub zone designation from the SBA. This will allow the company to effectively compete for certain government contracts.

We have two additional entities in Juneau: CP Marine, LLC and Goldbelt Transportation, LLC (previously Alaska Native Tours). CP Marine has the Seadrome building and dock facility (across from the Hotel). The strategic value of this entity is in the dock facility. We are seeing increased small cruise ship traffic in Southeast Alaska. Many of those companies turnover in Juneau, which means a need for overnight accommodations at the Hotel for incoming and outgoing small cruise guests. Having the dock in such close proximity to the Hotel creates good opportunity. CP Marine ended 2013 with



a small loss of (\$42,440) which was slightly better than our budget projections.

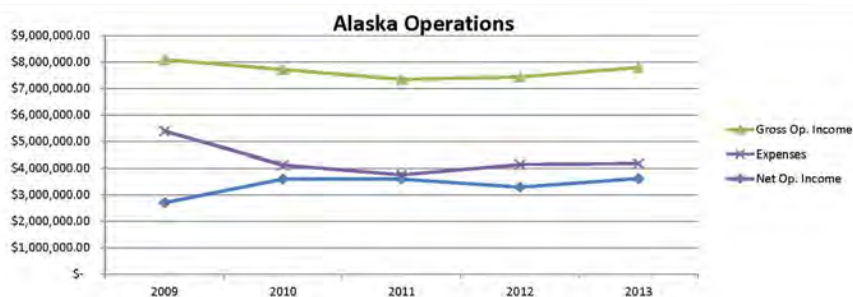
Goldbelt Transportation provides transportation services to the Kensington Gold Mine. It is a good partnership with Coeur Alaska and generates jobs and profits. Goldbelt Transportation ended 2013 with \$494,292 in net income which was well ahead of projections.

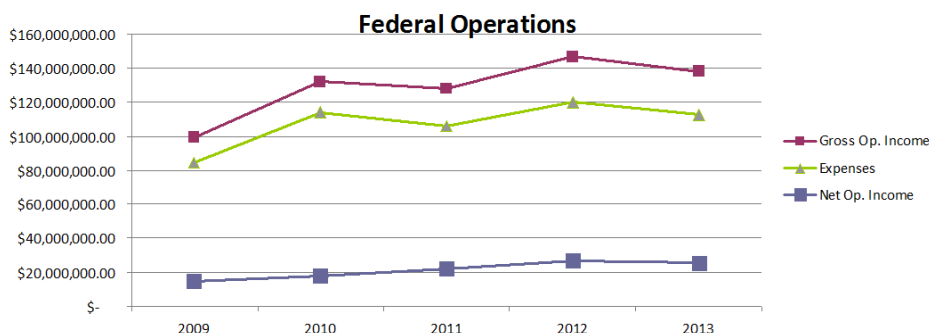
GOVERNMENT CONTRACTING

2013 was another very good year for Goldbelt's government contracting. We were slightly behind the stellar year we had in 2012 but still ended the year very strong. The net operating income for 2013 was \$8,361,000 and was well ahead of budget expectations.

We had fourteen entities in 2013 and are adding two more in 2014. These entities provide services, products or both to many different government and international clients. We also have a few of our entities that provide equipment to the government. Some are direct equipment providers while others are value added—they sell the equipment and install it. Many have become the go-to organization for clients who understand we will perform for a good price, on time, and on budget.

You may have heard the phrase "low price technically acceptable" or LPTA as it related to government contracts. Basically that means that in a lot of instances the government is focusing on the price more than qualifications or past performance when it evaluates various proposals. This has had a chilling effect on some organization's margins on contracts. Some of our entities provide services to various government clients in areas that have less competition which means higher profit margins. Other entities have a heavier weighting toward product procurement or where LPTA is more prevalent which drives yields down. The key to success for us is managing our overall "wrap rate" or cost structure by entity.





LANDS

It has been an exciting year for our lands department. We have been working on analyzing the viability of growing geoducks on our property for commercial sale. We entered into a lease with the Department of Natural Resources and have done some test planting. So far, the results look promising. Geoducks have good revenue potential for Goldbelt. Look for more to come in the future.

We also continue to see small cruise ship traffic at Hobart Bay. A small number of passengers disembark on the property and enjoy hiking, driving ATV's, kayaking or boating in the bay. These operations, while not extensive, are helpful in offsetting some of the costs to maintain the land at Hobart, West Douglas, and Cascade Point. Net expense for Lands was \$285,231 in 2013.

EQUITY

We earned overall net income of \$4,532,534 with \$4,047,503 attributable to Goldbelt's ownership. Net income of \$4,532,534, less \$849,231 distributed to non-controlling members, less the \$52,000 paid to elders, less the \$1,020,750 paid in dividends to shareholders, and less the additional \$921,175 equity accrual for the purchase of minority interest when added to the beginning of \$45,817,053, resulted in \$47,506,431 in equity at year end 2013. The result is an increase in equity of \$1.69 million.

LIQUIDITY & CAPITAL RESOURCES

Goldbelt ended 2013 with cash and cash equivalents of \$10,803,678 up from \$9,388,850 at the end of 2012. The bulk of the increase came from operations which provided \$5,750,516. We had some cash outflows from investing which includes remodeling the Hotel and purchasing other property and equipment, purchased non-controlling interest in two of our 8(a) entities and received some distributions. Cash used in investing activities was \$2,956,517. We had additional cash outflows related to financing activities of \$1,379,171. These activities included distributions to non-controlling interest, payments of distributions to shareholders, principal pay-

ments on debt and additional borrowings.

Goldbelt Incorporated entered into a consolidated line of credit with a financial institution either directly or as guarantor totaling \$18.35 million to fund accounts receivable. The total drawn on those lines of credit at the end of 2013 was \$7,620,522 million. Nisga'a Data Systems had \$2,002,527 drawn; Goldbelt Glacier Health Services had \$1,657,378 drawn; Goldbelt Eagle had \$1,126,462; Goldbelt Wolf had \$1,125,000; Goldbelt Falcon had \$827,337 drawn; Lifesource Biomedical had \$490,085; Goldbelt Specialty had \$320,000; Peregrine had \$70,000 drawn; and Orca had \$732 drawn.

Goldbelt, Incorporated has long-term debt related to the Goldbelt Hotel, Mount Roberts Tramway, CP Marine, Goldbelt Wolf, and Goldbelt Security Services totaling \$14.594 million including current portion of long term debt. \$7 million of the debt is related to the Tram; \$3.45 million is related to the Hotel; and \$701,062 is related to Goldbelt Tours for the vessel and vehicles in support of the mine. \$1.65 million of the remaining balance is related to the equity buyout of minority interest at Raven; \$1.33 million related to Goldbelt Specialty Services for vehicles leased to the government; and \$458,550 to Goldbelt Wolf related to vehicles leased to the government.

In closing, 2013 has been a very good year. The board and management continually look for opportunity to better utilize our assets, grow revenues where it makes sense, and focus on maintaining good fiscal discipline. There are new opportunities we are working on that look promising and we have existing organizations that provide significant contributions. There are challenges that we face in the market but we have a good group of people that bring great experience to the equation which gives us confidence that we will continue our upward growth trend.





Independent Auditor's Report

The Board of Directors and Shareholders
Goldbelt, Incorporated
Juneau, Alaska

We have audited the accompanying consolidated financial statements of Goldbelt, Incorporated and Subsidiaries (the Company) which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goldbelt, Incorporated and Subsidiaries as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2012 consolidated financial statements of Goldbelt, Incorporated and Subsidiaries were audited by Mikunda, Cottrell & Co., Inc. who merged with BDO USA, LLP effective July 1, 2013, whose report dated March 30, 2013 expressed an unmodified opinion on those statements.

BDO USA, LLP

Anchorage, Alaska
March 29, 2014

Consolidated Balance Sheets

December 31,	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,803,678	\$ 9,388,850
Accounts receivable	45,581,067	39,106,160
Inventory	376,398	337,460
Costs and estimated earnings in excess of billings	90,370	55,787
Prepaid expenses and other	1,711,636	1,891,742
Total current assets	58,563,149	50,779,999
Investment in affiliates	159,012	395,814
Equipment under operating lease, net	2,461,010	3,254,603
Property and equipment, net	34,507,632	33,654,299
Deferred income taxes	5,069,562	5,069,562
Goodwill	1,350,000	1,350,000
Other assets	2,370,832	974,161
Total noncurrent assets	45,918,048	44,698,439
Total Assets	\$ 104,481,197	\$ 95,478,438
Liabilities and Shareholders' Equity		
Current liabilities:		
Lines of credit	\$ 7,620,522	\$ 6,000,457
Accounts payable and accrued expenses	33,161,192	26,628,603
Billings in excess of costs and estimated earnings	1,502,656	2,504,674
Current portion of long-term debt	3,336,955	3,232,767
Deferred revenue	95,519	1,300
Total current liabilities	45,716,844	38,367,801
Long-term debt, net of current portion	11,257,922	11,293,584
Total liabilities	56,974,766	49,661,385
Commitments and contingencies (Note 20)		
Equity:		
Goldbelt shareholders' equity:		
Common stock, no par value. Authorized 400,000 shares;		
issued and outstanding 272,200 shares	-	-
Elders stock, no par value. Authorized 400,000 shares		
issued and none outstanding	-	-
Contributed capital	26,825,465	26,825,465
Retained earnings	18,743,121	16,348,456
Total Goldbelt shareholders' equity	45,568,586	43,173,921
Noncontrolling interest	1,937,845	2,643,132
Total equity	47,506,431	45,817,053
Total Liabilities and Shareholders' Equity	\$ 104,481,197	\$ 95,478,438

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations



December 31,	2013	2012
Revenues:		
Contracted services	\$ 137,957,004	\$ 146,763,093
Tourism	7,795,821	7,435,531
Real estate	101,771	93,295
Other	178,643	141,112
Total revenues	146,033,239	154,433,031
Expenses:		
Cost of contracted services	112,584,098	120,151,622
General and administrative	20,015,648	16,719,298
Tourism	4,181,473	4,143,071
Depreciation	2,354,350	2,721,929
Real estate	387,002	312,572
Total expenses	139,522,571	144,048,492
Income from operations	6,510,668	10,384,539
Other income (expenses):		
Interest expenses	(974,573)	(1,360,729)
Interest income	38,037	69,530
Equity in net income (loss) of affiliates	32,074	(119,333)
Other expenses	(457,165)	(1,632,941)
Gain on sale of assets	-	3,643
Other expenses	(1,361,627)	(3,039,830)
Income from continued operations	5,149,041	7,344,709
Gain (loss) from discontinued operations (see Note 19)	(414,170)	866
Income before provision for income taxes	4,734,871	7,345,575
Provision for income taxes	(202,337)	(39,781)
Net income	4,532,534	7,305,794
Net income attributable to the noncontrolling interest	(485,031)	(2,301,890)
Net Income Attributable to Goldbelt	\$ 4,047,503	\$ 5,003,904
Net Income per Share	\$ 15	\$ 18

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

<i>December 31, 2013 and 2012</i>	Goldbelt Shareholders				Non-	Total
	Common Stock	Elders Stock	Contributed Capital	Retained Earnings	controlling Interest	
Balance at December 31, 2011	\$ -	\$ -	\$ 26,825,465	\$ 12,330,252	\$ 1,884,051	\$ 41,039,768
Net income	-	-	-	5,003,904	2,301,890	7,305,794
Shareholder dividends - \$3.50 per share	-	-	-	(952,700)	-	(952,700)
Distributions to noncontrolling interest	-	-	-	-	(1,551,477)	(1,551,477)
Contributions from noncontrolling interest	-	-	-	-	8,668	8,668
Redemption of 3,300 shares of Elders stock (\$10 per share)	-	-	-	(33,000)	-	(33,000)
Balance at December 31, 2012	-	-	26,825,465	16,348,456	2,643,132	45,817,053
Net income	-	-	-	4,047,503	485,031	4,532,534
Shareholder dividends - \$3.75 per share	-	-	-	(1,020,750)	-	(1,020,750)
Ownership change	-	-	-	(580,088)	(341,087)	(921,175)
Distributions to noncontrolling interest	-	-	-	-	(849,231)	(849,231)
Redemption of 5,200 shares of Elders stock (\$10 per share)	-	-	-	(52,000)	-	(52,000)
Balance at December 31, 2013	\$ -	\$ -	\$ 26,825,465	\$ 18,743,121	\$ 1,937,845	\$ 47,506,431

See accompanying notes to consolidated financials.

Consolidated Statements of Cash Flows



Years Ended December 31,

2013

2012

Cash Flows from Operating Activities

Net income	\$ 4,532,534	\$ 7,305,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash charges and credits:		
Depreciation	2,354,350	2,721,929
Amortization	-	492,298
Loss (gain) on sale of assets and investments	226,103	(3,643)
Equity in net (income) loss of affiliates	(32,074)	119,333
Changes in operating accounts providing (using) cash:		
Accounts receivable	(6,474,907)	(2,417,982)
Inventory	(38,938)	5,832,331
Costs and estimated earnings in excess of billings	(34,583)	(40,786)
Prepaid expenses and other	180,106	(1,007,886)
Other assets	(289,964)	778
Accounts payable and accrued expenses	6,235,688	3,260,231
Billings in excess of costs and estimated earnings	(1,002,018)	2,102,652
Disbursements in excess of available cash	-	(380,064)
Deferred revenue	94,219	-
Net cash provided by operating activities	5,750,516	17,984,985

Cash Flows from Investing Activities

Distributions from affiliates	268,877	-
Payments to noncontrolling interest	(550,000)	-
Purchase of property and equipment	(2,733,747)	(866,556)
Proceeds from the sale of assets	58,353	347,444
Net cash used by investing activities	(2,956,517)	(519,112)

Cash Flows from Financing Activities

Distributions to minority interest	(849,231)	(1,551,477)
Contributions from minority interest	-	8,668
Net borrowings (payments) under lines of credit	1,620,065	(20,859)
Proceeds from long-term debt	3,650,092	3,718,308
Principal payments of long-term debt	(4,727,347)	(14,379,801)
Dividends paid	(1,020,750)	(952,700)
Redemption of elder's stock	(52,000)	(33,000)
Net cash used by financing activities	(1,379,171)	(13,210,861)

Net increase in cash and cash equivalents	1,414,828	4,255,012
Cash and Cash Equivalents, beginning of year	9,388,850	5,133,838
Cash and Cash Equivalents, end of year	\$ 10,803,678	\$ 9,388,850

Supplemental disclosures:

Cash paid for interest	\$ 974,573	\$ 1,360,729
Cash paid for income taxes	\$ 437,220	\$ 435,657
Reduction in long term debt through sale of property and equipment	\$ 6,328	\$ 292,605
Long term debt increase due to addition of intangible asset	\$ 1,106,707	\$ -
Property and equipment acquired through long term debt	\$ 39,074	\$ 219,465

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

1. History

Goldbelt, Incorporated (Company) was incorporated according to the Alaska Native Claims Settlement Act (ANCSA). Under the terms of ANCSA (and amendments), the Company is entitled to \$250,000 and the surface estate of 32,627 acres of land. The regional corporation within whose designated boundaries the Company is located will receive title to the subsurface estate. Until developed or leased or sold to third parties, lands conveyed to the Company pursuant to ANCSA are exempt from adverse possession and similar claims and real property taxes with certain exceptions.

Under the provisions of ANCSA the Settlement Common Stock and right thereto may not be sold, pledged, or treated as an asset under Title 11. However, the stock may be transferred to a Native or a descendant of a Native in certain circumstances or by will or intestate succession. The stock shall carry voting rights only if the holder thereof is an eligible Native or a descendant of a Native.

On June 28, 1997, the Company amended its Articles of Incorporation to authorize 400,000 shares of a new class of stock. This new class of stock is referred to as Elders Stock and is nonvoting, without par value, and ineligible for payment of dividends or distributions. This stock is restricted to issuance to shareholders meeting the eligibility requirements of: 1) 65 years of age or older and 2) holder of Settlement Common Stock that was not obtained through gift, inheritance or purchase, or who transferred such Settlement Common Stock by *intervivos* gift. The shares cannot be sold, pledged or assigned in present or future, nor shall inchoate rights thereto, and present and future rights to receive dividends therefrom be sold, pledged or assigned.

Each eligible shareholder of record on May 1, 1997, and shareholders becoming eligible subsequent to that date, are issued 100 shares of the Elders Stock, which are immediately redeemed by the Company for \$10 per share. The redeemed shares are constructively retired by the Company.

The Company's operations are geographically concentrated in tourism in Alaska and government contracting with the U.S. government. As a result of these concentrations, the Company's growth and operations depend upon economic conditions of the Alaska tourism industry and spending by the U.S. government.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Goldbelt Hotel, LLC (Hotel), CP Marine, LLC (CPM), Goldbelt Transportation, LLC (Tours), Goldbelt Aerial Tramway, LLC (Tram), Goldbelt Security, LLC (GBS), Goldbelt Raven, LLC (Raven), CP Leasing, LLC (CPL) Goldbelt Specialty Services, LLC (GSS), Facility Support Services, LLC (FSS), Goldbelt Professional Services, LLC (GPS), Goldbelt C6, LLC (C6) and their subsidiaries that are at least 51% owned. Operating subsidiary companies include, LifeSource Biomedical, LLC (LifeSource), Nisga'a Data Systems, LLC (Nisga'a), Goldbelt Eagle, LLC (Eagle), Goldbelt Wolf, LLC (Wolf), Goldbelt Cedar, LLC (Cedar), Goldbelt Hawk, LLC (Hawk), Goldbelt Orca, LLC (Orca), Goldbelt Falcon, LLC (Falcon), Goldbelt Glacier Health Services, LLC (Glacier), and Peregrine Technical Solutions, LLC (Peregrine). All significant inter-company transactions have been eliminated in consolidation.

FSS, LifeSource, Nisga'a, Wolf, GSS, Falcon, Hawk, Glacier, and Peregrine hold 8(a) status under the Small Business Administration's Minority Small Business Development program. The Company's interest in these entities ranges from 60% to 100% and its share of earnings ranges from 51% to 100%. As of December 31, 2013 CPL, Raven, Orca, Cedar and Eagle have graduated from the 8(a) program.

Management Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and revenue and expenses for the period then ended. Actual results could differ from those estimates.

Fair Value Measurements

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, that is, other than in a forced liquidation or distress sale.

Accounts Receivable

Accounts receivable consist of trade accounts receivable and are stated at amounts billed less any allowance for doubtful accounts. Credit is extended to customers after an evaluation of the customer's financial condition, and generally collateral is not required. Accounts are considered past due after 90 days. Management's determination of allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

Billing practices are governed by the contract terms for each project. When billings on service contracts are less than the recognized revenue, the difference is recorded as unbilled accounts receivable. Unbilled work is usually billed during the next normal billings process following achievement of contractual requirements.

Historically uncollectible receivables have been less than 1%, Management therefore believes all receivables are collectible and has not recorded an allowance for doubtful accounts.

Inventories

Inventories consist primarily of materials the Company is obligated to purchase from a subcontractor in accordance with contract terms. Inventory is valued at the lower of cost or market.

Investments in Affiliates

Investments in affiliates where the Company has significant influence are accounted for using the equity method of accounting, whereby the Company's pro rata share of the earnings or losses of each investment is included in the consolidated statements of operations and the undistributed earnings or losses are reported as an increase or decrease in the investment balance. Distributions are reported as a decrease in the investment balance when received. Equity investments not accounted for under the equity method are recorded at the lower of cost or estimated market value.

Noncontrolling Interests

The Company applies the provisions of Topic 810 of the FASB Accounting Standards Codification relating to noncontrolling interests in consolidated financial

statements. This guidance requires noncontrolling interests to be reported as a component of equity separate from the parent's equity and purchases or sales of equity interests, that do not result in a change in control, to be accounted for as equity transactions. In addition, net income attributable to a noncontrolling interest is to be included in net income and, upon a loss of control, the interest sold, as well as any interest retained, is to be recorded at fair value, with any gain or loss recognized in net income.

Depreciation and Amortization

Depreciation for property and equipment is calculated using the straight line method over the estimated useful lives of the underlying assets. Depreciation for equipment under operating lease is calculated based upon the lease terms. Estimated useful lives by major category of fixed assets are as follows:

	Years
Buildings	40
Marine vessels and equipment	5-15
Furniture and fixtures	3-10
Production and office equipment	3-10

Land

Land transferred to the Company under the terms of ANCSA that was received for other than its timber or other resources value is recorded as contributed capital at its estimated fair value on the date of conveyance.

Land conveyed to the Company under ANCSA for its timber or other resource value is recorded at zero value, in accordance with industry practice, because its fair value at the date of conveyance was not determinable within reasonable limits.

Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are con-

sidered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a purchase business combination. Goodwill is reviewed for impairment at least annually. The Company has an option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if the Company concludes otherwise, then the Company is required to perform the first step of the two-step impairment test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. However, if the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the Company must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis.

The Company has an option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period.

Other Assets

Other assets consist of art and intangible assets. Intangible assets are amortized over their estimated life. Finite-lived acquired intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset, the amount of the impairment is the difference between the carrying amount and the fair value of the asset.

Income Taxes

Funds received under provisions of ANCSA from the Alaska Native Fund are not subject to federal, state or local income taxes. Real property interests received pursuant to ANCSA are also not subject to income taxes; however, income derived from the real property interests and other operations of the Company are subject to federal, state and local income taxes.

The Company and subsidiaries file consolidated federal and state income tax returns. The Company accounts for income taxes utilizing the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Income tax benefits derived from differences between the book and tax basis of assets received under ANCSA are recorded as increases to contributed capital.

The Company applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Company annually reviews its tax return and positions taken in accordance with the recognition standards. The Company believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

For the year ended December 31, 2013, there were no material changes to the total amount of unrec-

ognized tax benefits. The Company does not expect any significant increases or decreases for uncertain tax positions during the next 12 months.

The Company files income tax returns in the U.S. and various state jurisdictions. The tax years 2009 through 2012 remain subject to examination by the tax jurisdictions.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. There is no interest or penalties accrued at December 31, 2013.

Revenue Recognition

Revenue for rental activities is recognized at the time of service or over the rental period. Revenues on long-term service contracts are recognized ratably over the term of the contract, as services are performed or based on the terms of the contracts.

Revenue related to reimbursable cost line items is recognized when the applicable expense is incurred. Award fee revenue is recognized as the Company achieves performance criteria if they are objective in nature otherwise when notified of the fee by the U.S. government agency. Variances between provisional rates and actual rates are accrued if the variance is unfavorable to the Company. If they are favorable to the Company, they are only accrued when the Company has the ability and intent to collect the variances.

Revenue from sales where the Company has transferred all significant risk to vendors, manufactures or purchasers are recorded net of costs.

The Company recognizes revenues from long-term construction contracts on the percentage-of-completion method. Under this method, the completion percentage is measured by the percentage that costs incurred to date bears to total estimated final costs for each contract. For financial statement purposes, income is determined by applying the percentage of completion, determined at the financial statement date, to the estimated final gross profit for each contract.

The Company utilizes this method because management believes it is the best available measure of prog-

ress on contracts. Because of inherent uncertainties in estimating costs, it is reasonable to assume that estimates will change in the future. When changes in job performance, job conditions, and estimated profitability occur, including those arising from contract penalty provision and final contract settlements, these changes may result in revision to final estimated revenue, costs, and income and are recognized in the period in which the revision is determined. Provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined.

Contract costs include all direct labor, labor burden, material, subcontract and equipment costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and depreciation costs. General and administrative expenses are charged to expenses when incurred. Profit incentives are included in contract revenue when realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenue only when the Company has a measurable claim and the amount can be reliably estimated.

The current asset "costs and estimated earnings in excess of billings on uncompleted contracts" represents contract revenues recognized in excess of amounts billed. The current liability, "billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of contract revenues recognized.

Reclassification

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

Subsequent Events

The Company has evaluated subsequent events through March 29, 2014, the date on which the financial statements were issued.

3. Cash and Cash Equivalents**Credit Risk**

The Company maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The cash balances in excess of FDIC insurable limits are \$7,380,831 and \$7,772,424 at December 31, 2013 and 2012, respectively.

4. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2013	2012
Billed	\$ 26,590,101	\$ 24,465,172
Unbilled	18,990,966	14,640,988
	<u>\$ 45,581,067</u>	<u>\$ 39,106,160</u>

Historically uncollectible receivables have been less than 1%, Management therefore believes all receivables are collectible and has not recorded an allowance for doubtful accounts.

5. Investments in Affiliates

Investments in affiliates consist of the following at December 31:

	2013	2012
Investment in Eagle Facility Management Services	\$ 159,012	\$ 159,012
Investment in Joint Management Services	-	236,802
Total Investments In Affiliates	\$ 159,012	\$ 395,814

Eagle Facility Management Services

Eagle Facility Management Services (EFMS) was formed between one of the Company's subsidiaries and EG&G Technical Services, Inc. on October 22, 2003, for the purpose of making a proposal to the Department of Energy National Energy Technology Laboratory operation services project and to perform the project if awarded. The Company's interest in the joint venture is 51% and its share of net loss was \$0 and \$5,066 for the years ended December 31, 2013 and 2012, respectively. EFMS will be dissolved in 2014.

Joint Management Services, LLC

Joint Management Services, LLC (JMS) was formed between one of the Company's subsidiaries and the Bionetics Corporation on December 28, 2007, for the purpose of proposing, negotiating, and performing up to three specific or limited-purpose business ventures. The Company's interest in the joint venture is 51% and its share of net income was \$32,075 and \$119,063 for the years ended December 31, 2013 and 2012, respectively. The Company received a distribution of \$268,877 and \$2,561 in 2013 and 2012, respectively. JMS' sole contract ended January 31, 2013 and the members plan to dissolve JMS in 2014.

6. Equipment Under Operating Leases

Equipment under operating leases primarily represents vehicles leased to agencies of the U.S. government. Depreciation expense is included in cost of service for government contracts. The components of the net investment in equipment under operating leases consists of the following at December 31:

	2013	2012
Cost of equipment under operating leases	\$ 8,283,883	\$ 8,411,379
Less accumulated depreciation	5,822,873	5,156,776
Equipment Under Operating Leases, Net	\$ 2,461,010	\$ 3,254,603

7. Property and Equipment

Property and equipment, at cost, consists of the following at December 31:

	2013	2012
Aerial tramway and buildings	\$ 19,557,086	\$ 19,417,185
Land and land improvements	16,729,544	17,734,183
Commercial and residential buildings	9,720,906	8,554,204
Operating and office equipment	3,861,336	3,659,004
Land transportation equipment	1,899,734	1,812,818
Furniture and fixtures	1,769,491	1,022,845
Marine vessels and equipment	969,482	969,482
Construction in progress	113,645	1,345
	54,621,224	53,171,066
Less accumulated depreciation	20,113,592	19,516,767
Property And Equipment, Net	\$ 34,507,632	\$ 33,654,299

Real estate held for investment purposes, which is part of property and equipment, consists of the following at December 31:

	2013	2012
Land acquired under the ANCSA and held for investment or development:		
Land on West Douglas, 1,402 acres	\$ 6,506,000	\$ 6,506,000
Land near Echo Cove, 1,382 acres	5,370,600	5,370,600
	\$ 11,876,600	\$ 11,876,600

8. Costs and Estimated Earnings on Contracts in Progress

Work in progress on uncompleted contracts at year end consists of the following at December 31:

	2013	2012
Costs incurred on contracts in progress to date	\$ 16,317,701	\$ 22,370,397
Estimated earnings to date	1,050,275	1,399,954
Contract revenue earned to date	17,367,976	23,770,351
Less billings to date	18,780,262	26,219,238
Contract Revenue Adjustment Required To Reflect Percentage Of Completion	\$ (1,412,286)	\$ (2,448,887)

This contract revenue adjustment is included in the accompanying balance sheet under the following captions at December 31:

	2013	2012
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 90,370	\$ 55,787
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,502,656)	(2,504,674)
	\$ (1,412,286)	\$ (2,448,887)

9. Other Assets

Other assets consist of the following at December 31:

	2013	2012
Intangibles	\$ 1,424,676	\$ 61,183
Investment in film	574,201	574,201
Artwork	371,955	338,777
	<u>\$ 2,370,832</u>	<u>\$ 974,161</u>

During 2013 one of the intangibles related to a contract asset increased \$1,106,707. The increase was in accordance with the purchase agreement at Note 13.

10. Goodwill

In January 2009, the Company executed an agreement to purchase the minority member's interest in Goldbelt Raven, LLC. The total amount to be paid was contingent on the profitability of existing contracts. See footnote 13 for a complete explanation. The purchase resulted in a contract asset related to the backlog of the existing contracts and goodwill. The portion of the purchase related to goodwill was \$1,350,000. The contract asset is amortized over the life of the contracts and analyzed for impairment based upon the actual profitability. Amortization expense for the year ended December 31, 2013 and 2012 was \$0 and \$492,298, respectively. Amortization expense is included on the statement of operations under the "other expense" line.

11. Lines of Credit

The Company and subsidiaries maintained multiple lines of credit. The lines of credit with amounts outstanding are:

	2013	2012
Line of credit with a financial institution to \$7.6 million subject to the borrowing base, bearing interest at LIBOR plus 3.00%, (3.19% at 12/31/13), guaranteed by the Company, maturity date of June 30, 2014 *	\$ 3,980,638	\$ -
Line of credit with a financial institution to \$20 million subject to the borrowing base, bearing interest at LIBOR plus 2.75%, floor of 3.00%, (3.00% at 12/31/12), guaranteed by the Company, matured prior to December 31, 2013*	-	6,000,457
Lines of credit with financial institutions to \$11.75 million bearing interest at LIBOR plus 3.00%, (3.19% at 12/31/13), secured by various assets guaranteed by the Company, maturity date of June 30, 2014	3,639,884	-
	<u>\$ 7,620,522</u>	<u>\$ 6,000,457</u>

*The line of credit is shared among the Company. The Company has set individual limits for each subsidiary. Amounts available for advances on the line are limited to an amount determined by specific criteria of accounts receivable and costs incurred on uncompleted projects including:

- 90% of eligible accounts receivable owed by the United States itself, or any department, agency or instrumentality of the United States
- Plus, 80% of all other eligible accounts receivable
- Less, receivables aged greater than 90 days
- Less, receivables from related parties

The combined borrowing base for all companies was \$15,825,508 as of December 31, 2013. In connection with the line of credit financing agreement, the Company has agreed to comply with certain financial covenants. The Company is in compliance with all restrictive covenants as of December 31, 2013.

The Company also maintains a letter of credit for \$350,000, which is pledged to the State of Alaska, in connection with a tidelands lease that the Company has obtained from the Department of Natural resources of the State of Alaska. The project is not complete but the letter of credit serves as a source of funds that the State could use to restore the tidelands to its natural state at the termination of the lease.

12. Long-term Debt

A summary of long-term debt at December 31 follows:

	2013	2012
Note payable to a financial institution, principal and interest at 6.5%, due in monthly payments of \$58,333 through December 2023, secured by Aerial Tramway with a depreciated cost of \$9,882,073	\$ 7,000,000	\$ 7,700,000

	2013	2012
Note payable to a financial institution, principal and interest at 4.930%, due in monthly payments of \$42,720.32 through April 8, 2023, the Bureau of Indian Affairs has provided a 90% Guarantee for the note and provided an interest subsidy equal to the difference between the lender's interest rate and 2.625%, secured by a building and equipment with a depreciated cost of \$8,050,132.	\$ 3,448,715	\$ -

Note payable to a related party, interest at 7.00% with monthly payments of \$61,632, maturity date no later than June 30, 2016 guaranteed by the Company, see Note 13 for explanation for increase	1,653,217	1,214,822
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Note payable to a financial institution, principal and interest at the five year U.S. Treasury securities rate plus 2.50%, due in monthly payments of \$43,839 through December 1, 2015, the note was paid in full during 2013	-	1,435,656
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Notes to Financial Statements, continued

	2013	2012		2013	2012
Note payable to a financial institution, interest at 3.75%, due in monthly payments ranging from \$117,361 to \$111,458 through December 2014, secured by certain vehicles of GSS with a depreciated cost of \$1,980,164	\$ 1,333,333	\$ -	Note payable to a financial institution, principal and interest at 4.98%, with various monthly payments and due in monthly payments of \$22,069 through December 30, 2012, and a single payment of \$523,580 on December 30, 2013, secured by certain designated equipment of GSS with a 2012 depreciated cost of \$1,017,553, the note was paid in full during 2013	\$ -	\$ 629,148
Note payable to a financial institution, principal and interest at 5.77% with various monthly payments and due in monthly payments of \$59,570 through July 30, 2012 and a single payment of \$726,249 on June 30, 2014, secured by certain designated equipment of GSS with a 2012 depreciated cost of \$1,800,113, the note was paid in full during 2013	-	1,290,492	Note payable to a financial institution, principal and interest at 3.5% due in monthly payments of \$5,720 through May 1, 2024, secured by building with depreciated cost of \$281,730, the note was paid in full during 2013	-	594,227
Note payable to a financial institution, principal and interest at 6.25%, due in monthly payments of \$8,603 through January 11, 2021 secured by certain marine vessel of Tours with depreciated cost of \$1,137,349	701,062	776,564	Note payable to a financial institution, principal and interest at 5.41%, with various monthly payments and due in monthly payments of \$10,560 through November 30, 2012, and a single payment of \$88,611 on November 30, 2014, secured by certain designated equipment of GSS with a 2012 depreciated cost of \$309,487, the note was paid in full during 2013	-	215,454

	2013	2012		2013	2012
Notes payable to a financial institution, principal and interest at 7.50%, due in monthly payments of \$2,799 through March 1, 2017, and a single payment of \$49,995 on April 1, 2017, secured by certain designated equipment with depreciated cost of \$125,316	\$ 129,935	\$ 152,838	Note payable to a financial institution, principal and interest at 5.35%, with various monthly payments and due in monthly payments of \$2,543 through January 30, 2013, and a single payment of \$21,072 on January 30, 2015, secured by certain designated equipment of GSS, the note was paid in full during 2013	\$ -	\$ 55,581
Note payable to a financial institution, principal and interest at 7.50%, due in monthly payments of \$3,027 and a single payment of \$66,866 on June 15, 2015, secured by certain equipment of Wolf with a depreciated cost of \$107,265	111,159	138,046	Notes payable to a financial institution, principal and interest at 7.50% due in monthly payments of \$895 through November 1, 2014, and a single payment of \$31,500 on November 1, secured by certain designated equipment with depreciated cost of \$38,481	38,898	46,410
Note payable to a financial institution, principal and interest at 8.61%, due in monthly payments ranging from \$6,490 to \$1,238 with a single payment of \$55,224 on October 1, 2014, secured by certain equipment of Wolf with a depreciated cost of \$71,432	65,928	77,730	Note payable to a financial institution, principal and interest at 7.50%, due in monthly payments ranging from \$1,752 to \$713 and a single payment of \$30,800 on June 20, 2014, secured by certain equipment of Wolf	33,856	40,060

Notes to Financial Statements, continued

	2013	2012		2013	2012
Note payable to a financial institution, principal and interest at 7.50%, due in monthly payments ranging from \$859 to \$196 and a single payment of \$19,950 on September 21, 2016, secured by certain equipment of Wolf with a depreciated cost of \$25,569	\$ 21,854	\$ 27,488	Note payable to a financial institution, principal and interest at 8.48%, due in monthly payments ranging from \$813 to \$367 and a single payment of \$4,500 on December 1, 2016, secured by certain equipment of Wolf with a depreciated cost of \$13,216	15,804	24,018
Note payable to a financial institution, principal and interest at 7.97%, due in monthly payments ranging from \$989 to \$875 and a single payment of \$13,579 on July 20, 2014, secured by certain equipment of Wolf with a depreciated cost of \$34,501, the note was paid in full during 2013	-	26,293	Note payable to a financial institution, principal and interest at 7.50%, due in monthly payments ranging from \$889 to \$378 and a single payment of \$16,750 on June 20, 2014, secured by certain equipment of Wolf with a depreciated cost of \$28,868, the note was paid in full during 2013	-	22,141
Note payable to a financial institution, principal and interest at 7.50%, due in monthly payments of \$761 and a single payment of \$14,650 on July 22, 2014, secured by certain equipment of Wolf with a depreciated cost of \$18,833	20,946	26,602	Total long-term debt	14,594,877	14,526,351
Note payable to a financial institution, principal and interest at 8.89%, due in monthly payments of \$1,254 through September 1, 2014 and a single payment of \$10,016 on October 1, 2014, secured by certain equipment of Wolf	\$ 20,170	\$ 32,781	Less current portion	3,336,955	3,232,767
			Long-Term Debt	\$ 11,257,922	\$ 11,293,584
			There are covenants contained in the long-term debt agreements. The Company believes it is in compliance with these covenants.		
			Scheduled payment of principal payments on long-term debt is as follows:		
			2014	\$ 3,336,955	
			2015	1,936,876	
			2016	1,532,208	
			2017	1,233,945	
			2018	1,189,534	
			Thereafter	5,365,359	
				\$ 14,594,877	

13. Related Party Long-term Debt

Purchase Agreement

In January 2009, the Company executed an agreement to purchase the minority member's interest in Goldbelt Raven, LLC. The general intention of the Parties was for the minority member Federal Systems, Inc. (FS) to receive 44% of the present value of the expected profit on Raven's existing prime federal contract backlog, which consists of three prime contracts ("Existing Contracts.") These Existing Contracts will potentially continue several years into the future. The Parties agreed to a structured payment of the Redemption Price because Raven did not have cash on hand to pay FS its entire share of expected future profit from the Existing Contracts, and because there was always uncertainty as to the actions the U.S. Government might take with respect to any contract.

The Redemption Price which is the net present value of 44% of applicable contracts carried to term discounted at 7.00%, was established at \$4.5 million, and was set forth in a Promissory Note ("Note"). It may be adjusted at any time based on the actual profit experience associated with the Existing Contracts, subject to a limitation that if the Federal Government takes any action which terminates or reduces the scope or profitability of the value of any of the Existing Contracts, the Note will be adjusted accordingly. There is a strict limitation on the adjustments to ensure that the Company does not take actions to reduce profitability through increasing overhead, G&A or other indirect costs in the control of the Company or Goldbelt. The indirect rates are benchmarked on profitability of the applicable contracts from fiscal years 2007 and 2008. However, if the Company generates new business or reduces costs which generates higher than benchmarked profitability the Company will be entitled to receive 100% of the profit related to those changes. There are provisions in the Note to allow FS to audit any adjustments to the Redemption Price, to challenge the same, and for the Parties to engage in a dispute resolution to settle any disagreements as to such adjustments. The Company has provided a guaranty on the Note.

The Existing Contracts have been extended into fiscal year 2015. The final amount of the Note will not be known until those contracts have been completed. The balance on the Note as of December 31, 2013 is \$1,653,217. Based upon the current projected value of the contracts, the Note will be paid in monthly payments of \$61,632, including interest at 7% with a

maturity date no later than June 30, 2016. Scheduled principal payments on long-term debt are as follows for December 31:

2014	\$	644,269
2015		686,729
2016		322,219
	\$	1,653,217

14. Income Taxes

Income tax expense (benefit) attributable to continuing operations for the years ended December 31, 2013 and 2012 is as follows:

December 31, 2013	Current	Deferred	Total
Federal	\$ 82,580	\$ -	\$ 82,580
State	119,757	-	119,757
Total	\$ 202,337	\$ -	\$ 202,337

December 31, 2013	Current	Deferred	Total
Federal	\$ 117,841	\$ -	\$ 117,841
State	(78,060)	-	(78,060)
Total	\$ 39,781	\$ -	\$ 39,781

Notes to Financial Statements, continued

Actual income tax expense (benefit) differs from “expected” income taxes (calculated at the Federal statutory tax rate of 34%) attributable to continuing operations, for the years ended December 31 as follows:

	2013	2012
Computed “expected” tax expense	\$ 1,580,259	\$ 1,943,362
State income tax expense, net of federal effect	131,791	158,779
Net operating losses	(1,614,548)	(2,302,171)
Basis difference of joint ventures and subsidiaries	541,166	888,797
Alternative minimum tax	82,580	117,841
Depreciation	(242,147)	130,278
Other	(276,764)	(897,105)
	\$ 202,337	\$ 39,781

The components of and changes in deferred tax assets and liabilities as of and for the years ended December 31, follows:

	2013	2012
Deferred tax assets and liabilities:		
Net operating loss carryforward	\$ 15,547,370	\$ 16,977,309
Fixed assets	(3,570,586)	(3,338,817)
ANCSA land	2,355,617	2,355,617
Basis in LLC’s	2,003,537	1,441,344
AMT credit carryforward	632,607	554,315
Other	143,013	25,260

Net deferred tax asset	17,111,558	18,015,028
Valuation allowance	(12,041,996)	(12,945,466)

Net Deferred Tax Asset	\$ 5,069,562	\$ 5,069,562
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A valuation allowance has been estimated by management to reduce the deferred tax asset to the amount that is more likely than not to be realized based on estimated future taxable income and utilization of tax planning strategies. The valuation allowance relates primarily to net operating loss carryforwards.

The Company’s net operating loss carry forwards and the years of expiration are as follows:

Year Ended December 31,	Federal	State
2018	\$ -	\$ 4,984,000
2019	12,870,000	11,739,000
2020	1,631,000	1,423,000
2021	6,254,000	6,091,000
2022	6,407,000	5,800,000
2023	5,943,000	5,421,000
2024	1,677,000	1,083,000
2025	800,000	424,000
2026	64,000	-
	\$ 35,646,000	\$ 36,465,000

15. Pension Plan

The Company has 401(k) employee savings plans. The plans allow full time employees to become eligible to participate after completing 90 days of service. Under the plans, the Company at its discretion may match a percentage of participant contributions. The Company elected to match employee contributions of \$905,494 in 2013 and \$739,806 in 2012.

16. Gross Vs. Net Revenue

Gross activity reported at net includes supplies and equipment purchased where the Company acts as a purchasing agent. A summary of the gross activity for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Gross billings for goods	\$ 78,656,188	\$ 65,573,626
Less payments to vendors	73,928,595	61,020,135
	<u>\$ 4,727,593</u>	<u>\$ 4,553,491</u>

17. Concentration Risks and Uncertainties

The Company received substantially all of its contracting revenue from contracted government services from the U.S. Government. Changes in the U.S. Government spending could have a positive or negative impact on the Company.

18. Related Party Transactions

The Company's contracted government service businesses have various agreements with minority owners and related subcontractors that provided for fees for services and participation in profits of the subsidiaries. The subsidiaries paid minority owners and related entities approximately \$1.3 million and \$7.4 million for subcontracting and administrative services in 2013 and 2012, respectively. Amounts payable to related parties was approximately \$3.2 million and \$4.9 million at December 31, 2013 and 2012, respectively.

19. Discontinued Operations

On October 4, 2013, one of the Company's subsidiaries sold all property and equipment located at Ames Research Center - Moffett Field, California. As a result of the sale, the Subsidiary recorded a loss on sale of property and equipment for \$246,928. The Subsidiary has elected not to present the results from operations of Moffett Field for the period beginning January 1, 2012, through Oc-

tober 4, 2013, the effective date of the transfer of ownership as continuing operations. A (loss) gain of (\$414,170) and \$866 has been presented for the years ended December 31, 2013 and 2012, respectively. The write off of the activities has been presented in the Consolidated Statements of Operations as gain (loss) from discontinued operations.

20. Commitments and Contingencies

Contract Audits

The Company incurred various costs on U.S. Government contracts in 2013 and 2012 that are subject to direct reimbursement from the U.S. Government. The U.S. Government has the right to audit these costs. Disallowed costs, if any, would have to be reimbursed to the U.S. Government. Management believes that disallowed costs, if any, would be insignificant to the Company. At this time no material adjustments or audit issues are outstanding on U.S. Government contracts.

Claims

In the ordinary course of business, the Company may be involved in legal actions, claims, employee matters, and disputes incidental to its operations. While the ultimate results of these items cannot be predicted with certainty, management does not expect at this time the resolution of them to have a material adverse effect on the Company's financial position, results of operations or its liquidity.

Goldbelt Subsidiaries

Facility & Engineering Group

Facility Support Services, LLC
John P. Mroz, President
5475 William Flynn Highway
Gibsonia, PA 15044
(724) 502-4394

Goldbelt Eagle, LLC
John Pritz, President
13900 Lincoln Park Drive, Ste 310
Herndon, VA 20171
(215) 534-5819

Goldbelt Falcon, LLC
Michael Blume, President
860 Greenbrier Circle, Ste 410
Chesapeake, VA 23320
(757) 873-7647 ext. 125

Goldbelt Hawk, LLC
Bruce Swagler, President
740 Thimble Shoals Blvd, Ste G
Newport News, VA 23606
(757) 874-1067

Goldbelt Speciality Services, LLC
John Pritz, President
13900 Lincoln Park Drive, Ste 310
Herndon, VA 20171
(215) 534-5819

Medical & Defense Services Group

CP Leasing, LLC
Todd Kelsey, General Manager
5500 Cherokee Avenue, Ste 100
Alexandria, VA 22312
(703) 584-8889 ext. 252

Goldbelt Glacier Health Services, LLC
Elliott "Chuck" Wimberly, President
13900 Lincoln Park Dr, Ste 310
Herndon, VA 20171
(703) 871-2091 ext. 3113

Goldbelt Raven, LLC
Elliott "Chuck" Wimberly, President
13900 Lincoln Park Dr, Ste 310
Herndon, VA 20171
(703) 871-2091 ext. 3113

Goldbelt Wolf, LLC
James Jones, President
5500 Cherokee Ave, Ste 100
Alexandria, VA 22312
(703) 584-8889 ext. 251

Lifesource Biomedical, LLC
Steven Tew, General Manager
13900 Lincoln Park Dr, Ste 310
Herndon, VA 20171
(412) 290-8392

Alaska Operation Companies

CP Marine, LLC
Jeff White, General Manager
76 Egan Drove
Juneau, AK 99801
(907) 463-8811

Goldbelt Security, LLC
Blair Seward, General Manager
8585 Old Dairy Road, Ste 201
Juneau, AK 99801
(907) 790-1435

Goldbelt Hotel, LLC
Ron Hauck, General Manager
51 Egan Drive
Juneau, AK 99801
(907) 586-6900

Goldbelt Transportation, LLC
Jeff White, General Manager
76 Egan Drive, Ste 100
Juneau, AK 99801
(907) 463-8811

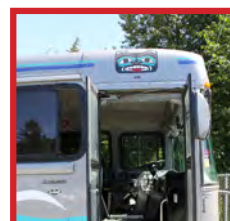
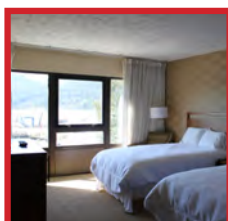
Mt. Roberts Tramway, LLC
Jim Duncan, General Manager
490 South Franklin Street
Juneau, AK 99801
(907) 463-3412

Technical Services Group

Goldbelt C6, LLC
Michael Bosley, President
860 Greenbrier Circle, Suite 410
Chesapeake, VA 23320
(757) 873-7647

Nisga'a Data Systems, LLC
Frank Watson, President
13900 Lincoln Park Dr, Ste 310
Herndon, VA 20171
(571) 313-5841

Peregrine Technical Solutions, LLC
Edwin "Leigh" Armistead, President
114 Ballard Street, PO Box 520
Yorktown, VA 23690
(757) 581-9550



Corporate Employees (Not Pictured)

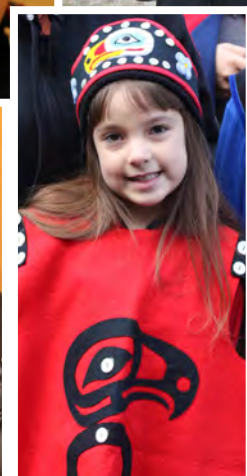
Angela Amaya, *Staff Accountant* - Herndon
Elena Bringham, *Human Resource Generalist* - Herndon
Angel Brown, *Accounting Technician* - Juneau
Navy Chhour, *Senior Accountant* - Herndon
Barbara Duncan, *Accountant* - Juneau
Jamie Johnson, *Human Resource Coordinator* - Herndon
Ryan Kish, *Senior Accountant* - Herndon
Joshua L'Etoile, *Staff Accountant* - Herndon
Montee McGowen, *Human Resource Specialist* - Herndon
Patrick Marshall, *Controller* - Herndon
Wayne Mercer, *Recruiter* - Herndon
Susan Mochinski, *Human Resource Director* - Herndon
Nayer Pourkiani, *Staff Accountant* - Herndon
Jennifer Reid, *Staff Accountant* - Herndon
Jeri Roehl, *Accountant* - Juneau
Kimberly Rucinski, *Staff Accountant* - Herndon
Robert Tino, *Senior Accountant* - Herndon
Terrence Yu, *Financial Analyst* - Herndon
Samantha Wong, *Staff Accountant* - Herndon

Acknowledgements

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BACK COVER: Goldbelt Timeline Layout and Design by Tesla Cox, Corporate Communications & Shareholder Services Assistant. Alaska map photo courtesy of iStockphoto. Used with permission.



1974 - Goldbelt is incorporated & the journey begins..

—1975 - First land selections are made

—1979 - Hobart Bay land exchange agreement is signed

—1981 - Land acquired at Echo Cove, Hidden Valley, and on Douglas Island

—1982 - First Hobart Bay logs are sold in Japan and Korea

—1987 - First dividends paid to shareholders at \$12.50 per share

—1989 - Investments begin in real estate

—1990 - Goldbelt's assets top \$100 million

Shareholders receive \$160.03 per share distribution of NOL funds - 1994 -

Seadrome building and property is purchased - 1995 -

Mt. Roberts Tramway is completed and celebrates opening day - 1996 -

Shareholders approve special distribution of Elders' Stock - 1997 -

Goldbelt Hotel and Goldbelt Transportation are purchased - 1997 -

CP Leasing receives SBA's 8(a) Business Development Program certification - 1999 -

Goldbelt Security is established - 2006 -

Goldbelt Heritage begins awarding educational scholarships - 2008 -

Career development program accepts first intern applications - 2010 -

First geoducks are planted at Hobart Bay - 2012 -

Goal set of reaching \$500 million in sales in 5 years - 2013 -

Goldbelt Hotel undergoes major renovations - 2013 -

2014 - The journey continues.



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