



READING
FINANCIALS

2020



INTRODUCTION

Financial statements help management make decisions that will affect the company in the future and provide shareholders with insight into how the company is doing financially. Examining trends – changes in revenue, costs, profitability – help us understand the company's trajectory and make strategic decisions that guide future direction.

Financial statements also provide shareholders, banks, customers, suppliers and other interested parties information about the company's performance.

Sealaska relies on an external auditor to ensure that our financial statements are accurate – auditors review our accounting data objectively, document any significant issues they may find, issue an opinion on whether our financial statements fairly present the company's financial condition and report their findings directly to the board.

Accounting rules define what each financial statement includes so that they can easily be compared with other similar companies. There are five components to a complete set of audited financial statements.

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INCOME STATEMENT

The income statement reflects the company's performance for a specific time period – in our case, we publish audited financial statements on an annual basis, typically in April or May for the prior calendar year.

REVENUE *The first section of the income statement is revenue – the income we receive as a result of government and commercial services, foods, natural resources, and investments.*

EXPENSES *The second section of the income statement represents the costs and expenses that are associated with producing that revenue – labor, supplies, the cost of the materials that make up sold products, the cost of our facilities, etc. The difference between revenue and expense is the income generated from operations.*

NET INCOME *Most of the remaining line items on the income statement reflect non-operating activities – those activities that aren't directly associated with the businesses we run. This is where we subtract the portion of our reported earnings that belong to our owner/partners.*

Sealaska's 2020 net income was \$59.1M.

"Net income attributable to Sealaska is the company's bottom line after considering all the company's revenue and expenses."

REVENUE

EXPENSES

NET INCOME

SEALASKA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31, 2020, 2019 and 2018
(Dollar Amounts in Thousands, Except Per Share Values)

	2020	2019	2018
Revenues:			
Natural resources	\$ 30,832	\$ 36,841	\$ 55,617
Investments	12,394	18,124	(3,281)
Services	149,911	156,309	109,806
Foods	503,442	394,667	202,511
Other	712	807	827
Total revenues	697,291	606,748	365,480
Costs and expenses:			
Natural resources	2,771	1,474	10,625
Investments	219	253	312
Services	141,364	146,622	105,684
Foods	475,696	386,795	198,563
Other	2,441	1,938	2,387
Social and cultural programs	8,078	7,502	10,561
Corporate selling, general and administrative	20,244	20,118	12,227
Total costs and expenses	650,813	564,702	340,359
Income from continuing operations	46,478	42,046	25,121
Equity earnings from unconsolidated affiliates	2,362	1,243	2,228
Other, net	999	2,746	(2,159)
Income from continuing operations before natural resource revenue sharing and income taxes	49,839	46,035	25,190
Net natural resource revenue sharing under ANCSA Sections 7(i) and 7(j)	21,933	28,635	30,845
Income from continuing operations before income taxes	71,772	74,670	56,035
Income tax benefit	5,425	6,330	7,666
Income from continuing operations before discontinued operations	77,197	81,000	63,701
(Loss) income from discontinued operations, net of income taxes	(5,385)	5,011	5,376
Net income	71,812	86,011	69,077
Less net income attributable to the noncontrolling interest	16,142	8,138	3,836
Net income attributable to Sealaska	\$ 55,670	\$ 77,873	\$ 65,241
Per share of common stock:			
Income from continuing operations attributable to Sealaska	\$ 24.36	\$ 29.66	\$ 24.94
(Loss) income from discontinued operations attributable to Sealaska	(2.15)	2.04	2.24
Net income attributable to Sealaska	\$ 22.21	\$ 31.70	\$ 27.18
Net income	\$ 71,812	\$ 86,011	\$ 69,077
Other comprehensive income:			
Foreign currency translation gain	3,447	-	-
Comprehensive income	75,259	86,011	69,077
Less comprehensive income attributable to the noncontrolling interest	16,142	8,138	3,836
Comprehensive income attributable to Sealaska	\$ 59,117	\$ 77,873	\$ 65,241

See notes to consolidated financial statements.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

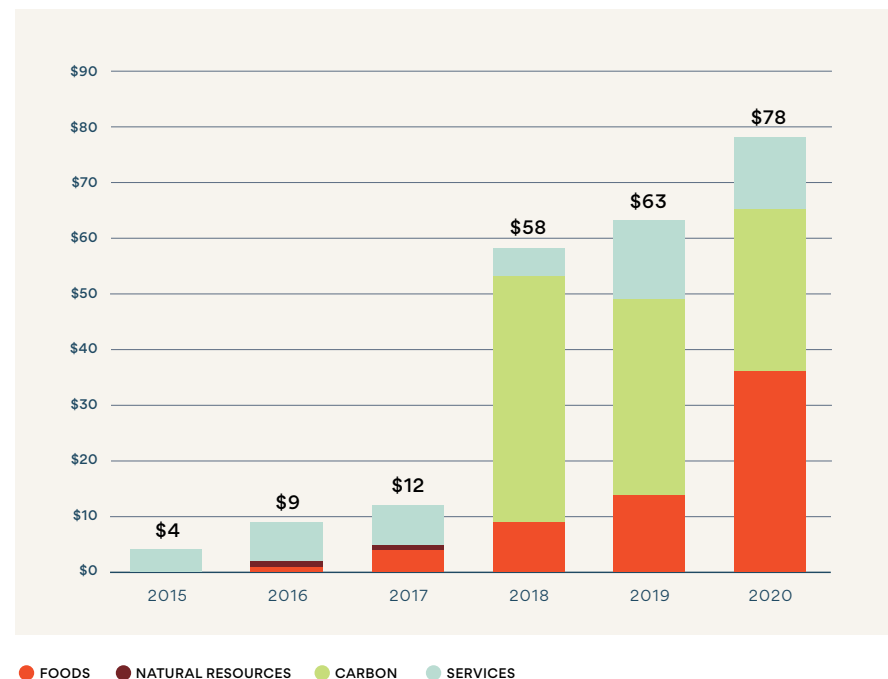
Accounting principles don't require that EBITDA be reported in a company's financial statements. It's an important number, however, which is why we include a chart illustrating how Sealaska's EBITDA has grown over the past few years.

We focus on EBITDA, as many companies do, because it's a better indication of operational improvement and financial performance than net income. Unlike net income, EBITDA excludes the impact of financial transactions that don't reflect operating results. Net income, for example, includes non-cash items like depreciation and amortization that reflect the wear and tear on our assets over time, but don't reflect an outflow of cash. Net income also includes the discontinued timber operation, which is no longer included in EBITDA as an ongoing business.

On page 9 of our Annual Report, you'll find a chart that illustrates the growth in Sealaska's operating EBITDA – from \$4M in 2015 to more than \$78M in 2020.

Operating EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) from Continuing Operations, Including Equity Investments in Subsidiaries. In millions.



BALANCE SHEET

The balance sheet lists assets (what we own) and liabilities (what we owe). The difference between them is shareholders' equity (net worth). Unlike the income statement, the balance sheet is not based on a period of time – it's a snapshot of the company's financial position as of a specific date. It's called a balance sheet because assets must equal liabilities plus shareholder's equity.

ASSETS Current assets include cash and those items that will turn into cash within the next twelve months. This section of the balance sheet is in constant flux as we invoice customers, collect payment, purchase/sell inventory, and other activities.

Other assets are not as easily liquidated – long-term investments, equipment, investments we've made in other companies, etc., will likely still be "on the books" a year from now.

LIABILITIES Liabilities represent the cash value of what we owe to others. They aren't "good" or "bad" – they're necessary to finance the operation of the company. They become a problem when a company is consistently spending more than it's earning.

Current liabilities are the flip side of current assets – those amounts we owe at that specific time and will pay for over the next twelve months. Examples include amounts we owe for utilities, payroll, inventory purchases, and travel. Like current assets, they're constantly in

flux as we order replacement inventory, purchase supplies, set aside amounts due for payroll, etc.

Other liabilities are those amounts owed that aren't due for payment over the next twelve months.

EQUITY Assets minus liabilities equals shareholders' equity – the net worth of the

company after all debts are paid. In 2020, the Company's assets were \$913.2M – an increase of \$225.6M over 2019 following Sealaska's continued acquisition activity and strong financial performance. Subtracting our 2020 liabilities of \$441.1M leaves us with shareholders' equity of \$472.1M.

SEALASKA CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019
(Dollar Amounts in Thousands)

ASSETS

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,090	\$ 31,289
Investments	136,460	128,273
Receivables, net	85,117	70,392
Inventories	146,887	101,656
Contract assets	8,023	9,665
Prepaid expenses and other current assets	4,178	1,953
Refundable income taxes receivable	395	2,175
Assets from discontinued operations	15,854	-
Total current assets	428,004	345,403
Investments:		
Marjorie V. Young Shareholder Permanent Fund	131,544	125,634
Investment and growth long-term	2,676	3,620
Endowment funds	32,255	17,134
Elders' Settlement Trust	7,629	7,985
Deishú Memorial Fund	7,325	6,517
Other	4,552	4,549
Total investments	185,981	165,439
Other assets:		
Property and equipment, net	97,741	77,856
Investment in unconsolidated affiliates	14,048	12,515
Note receivable	310	408
Other assets	2,037	2,075
Intangibles, net	88,527	31,445
Goodwill	50,766	12,886
Deferred tax assets	42,680	39,200
Refundable income taxes receivable	-	320
Assets from discontinued operations, net of current portion	3,123	-
Total other assets	299,232	176,705
Total assets	\$ 913,217	\$ 687,547

See notes to consolidated financial statements.

LIABILITIES

	2020	2019
Liabilities and Shareholders' Equity		
Current liabilities:		
Line of credit	\$ 1,409	\$ -
Current maturities of long-term debt	1,905	92
Current maturities of notes payable related parties	1,204	-
Accounts payable	89,702	58,148
Amounts payable under ANCSA Sections 7(i) and 7(j)	11,997	26,216
Other accrued expenses	24,812	20,334
Contract liabilities	2,093	1,374
Liabilities from discontinued operations	7,998	-
Total current liabilities	141,120	106,164
Amounts payable under ANCSA Sections 7(i) and 7(j)	1,035	13,570
Line of credit	83,084	80,380
Long-term debt, less current portion	140,766	20,332
Note payable related parties, less current portion	14,847	10,746
Other liabilities	38,211	34,735
Deferred tax liabilities	12,799	-
Liabilities from discontinued operations, net of current portion	9,274	-
Total liabilities	441,136	265,927
Commitments and contingencies (Notes 3 and 17)		
Shareholders' equity:		
Common stock, no par or stated value; 2,523,276 and 2,490,076 shares issued and outstanding in 2020 and 2019, respectively	-	-
Retained earnings	427,157	389,797
Accumulated other comprehensive income	3,447	-
Total Sealaska shareholders' equity	430,604	389,797
Noncontrolling interests	41,477	31,823
Total shareholders' equity	472,081	421,620
Total liabilities and shareholders' equity	\$ 913,217	\$ 687,547

EQUITY

STATEMENT OF SHAREHOLDERS' EQUITY

The statement of shareholders' equity shows the additions to and subtractions from the net worth of the company over the past three years. The Retained Earnings component of Shareholders' Equity is increased by net income and decreased by dividends paid to our shareholders. The non-controlling interest column represents the net income and distributions attributable to our business partners.

Shareholders' equity is commonly called the "book value" of a corporation. Often, a company is worth many times more than book value because assets are recorded on the balance sheet at their purchase price and are not generally adjusted for increases in their market value. Over time, for example, increasing the profitability of our acquisitions has grown their value well beyond what we initially paid for them. Additionally, because the value of our AWCSA land is not recorded in our financial statements, Sealaska's actual value is likely several times larger than its book value.

The balance of shareholders' equity reported on this statement equals shareholders' equity as reported on the company's balance sheet.

"The statement of shareholders' equity shows the additions to and subtractions from the net worth of the company over prior years."

SEALASKA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2020, 2019 and 2018
(Dollar Amounts in Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2017, revised (Note 1)	\$ 277,829	\$ -	\$ 19,004	\$ 296,833
Net income	65,241	-	3,836	69,077
Dividends to shareholders	(14,217)	-	-	(14,217)
Acquisition of majority owned subsidiary	-	-	7,903	7,903
Distributions to noncontrolling interest	-	-	(2,652)	(2,652)
Balance at December 31, 2018	328,853	-	28,091	356,944
Net income	77,873	-	8,138	86,011
Dividends to shareholders	(16,929)	-	-	(16,929)
Distributions to noncontrolling interest	-	-	(4,406)	(4,406)
Balance at December 31, 2019	389,797	-	31,823	421,620
Net income	55,670	-	16,142	71,812
Dividends to shareholders	(18,310)	-	-	(18,310)
Foreign currency translation	-	3,447	-	3,447
Acquisition of majority owned subsidiary	-	-	5,869	5,869
Distributions to noncontrolling interest	-	-	(12,357)	(12,357)
Balance at December 31, 2020	\$ 427,157	\$ 3,447	\$ 41,477	\$ 472,081

See notes to consolidated financial statements.

STATEMENT OF CASH FLOWS

The statement of cash flows breaks down the flow of cash into and out of the company. There are three sections of the statement.

NET INCOME *The first section of the cash flow statement starts with net income and adjusts it for accounting entries like depreciation that don't require the use of cash. This section measures the amount of cash that's provided by operating our business.*

INVESTMENTS *The second section of the cash flow statement measures the cash flows associated with investments in new capital equipment, acquisitions, and other areas to maintain operations and grow the company.*

(continued on page 7)

"The net of cash provided by operating, investing and financing activities, plus the beginning cash balance, equal the ending cash balance"

SEALASKA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020, 2019 and 2018
(Dollar Amounts in Thousands)

NET INCOME

	2020	2019	2018
Cash flows from operating activities:			
Net income	\$ 71,812	\$ 86,011	\$ 69,077
Less (loss) income from discontinued operations	(5,385)	5,011	5,376
Income from continuing operations	77,197	81,000	63,701
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and depletion	8,400	5,865	2,850
Amortization	3,237	2,178	1,121
Allowance for doubtful accounts	165	105	-
Deferred income tax benefit	(5,784)	(6,265)	(7,858)
Gain on disposal of property and equipment	(225)	(2,828)	-
LIFO reserve adjustment	126	(74)	623
Net unrealized and realized (gains) losses on investments	(4,933)	(7,966)	11,811
Elders' Settlement Trust liability	294	542	478
Deishú Memorial Fund liability	336	93	5,728
Equity earnings from investments in unconsolidated affiliates	(2,362)	(1,243)	(2,228)
Remeasurement gain on investment in unconsolidated affiliate	-	(1,031)	-
Change in assets and liabilities:			
Receivables	1,617	(1,130)	(7,347)
Contract assets	1,642	-	-
Inventories	(30,618)	(17,339)	(4,712)
Prepaid expenses and other current assets	(1,053)	3,119	(1,220)
Refundable income taxes receivable	2,147	(269)	(95)
Net purchase of investments	(7,438)	(27,964)	(34,407)
Accounts payable	(109)	10,477	938
Related party payables	-	(1,847)	1,103
Other accrued expenses	1,957	1,307	4,932
Contract liabilities	719	-	-
Amounts payable under ANCSA Sections 7(i) and 7(j)	(14,414)	(8,777)	13,544
Other assets and liabilities, net	2,263	3,058	2,881
Net cash provided by operating activities - continuing operations	33,164	31,011	51,843
Net cash provided by operating activities - discontinued operations	9,713	13,960	11,004
Net cash provided by operating activities - continuing and discontinued operations	42,877	44,971	62,847
Cash flows from investing activities:			
Capital expenditures	(11,115)	(2,656)	(5,763)
Proceeds from sale of land and equipment	-	681	-
Repayment of notes receivable	98	96	93
Proceeds from sale of investments	19,464	18,318	7,886
Purchases of investments	(35,822)	(22,647)	(32,238)
Investment in unconsolidated affiliate	(500)	-	-
Distributions received from unconsolidated affiliate	1,250	1,181	1,836
Purchase of majority owned subsidiaries	(98,090)	(21,930)	(8,195)
Net cash used in investing activities - continuing operations	(124,715)	(26,957)	(36,381)
Net cash used in investing activities - discontinued operations	(11,518)	(8,597)	(7,209)
Net cash used in investing activities - continuing and discontinued operations	(136,233)	(35,554)	(43,590)

(continued)

STATEMENT OF CASH FLOWS (Cont.)

FINANCING ACTIVITIES The third section includes the activities that finance the company's operation. Dividends that are paid to shareholders use cash, borrowing provides cash, repaying debts uses cash, etc.

CASH BALANCE The net of cash provided by operating, investing and financing activities, plus the beginning cash balance, equal the ending cash balance – which equals the cash amount reported on the balance sheet.

FINANCING ACTIVITIES

CASH BALANCE

SEALASKA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED

Years Ended December 31, 2020, 2019 and 2018
(Dollar Amounts in Thousands)

	2020	2019	2018
Cash flows from financing activities:			
Dividends to shareholders	\$ (18,220)	\$ (16,836)	\$ (13,019)
Net borrowings (repayments) on line of credit	4,667	760	(4,634)
Borrowings on long-term debt	119,125	-	2,510
Repayment on long-term debt	(2,102)	(421)	(5,570)
Borrowings on note payable related party	-	10,746	-
Distributions to noncontrolling interests	(12,357)	(4,406)	(2,652)
Net cash provided by (used in) financing activities - continuing operations	91,113	(10,157)	(23,365)
Net cash provided by (used in) financing activities - discontinued operations	-	-	-
Net cash provided by (used in) financing activities - continuing and discontinued operations	91,113	(10,157)	(23,365)
Effect of foreign currency exchange rate changes on cash	2,044	-	-
Net decrease in cash and cash equivalents	(199)	(740)	(4,108)
Cash and cash equivalents:			
Beginning	31,289	32,029	36,137
Ending	\$ 31,090	\$ 31,289	\$ 32,029
Supplemental cash flow disclosures:			
Cash paid during the year for interest	\$ 2,831	\$ 3,653	\$ 2,790
Cash paid during the year for income taxes	\$ 439	\$ 466	\$ 287
Cash received during the year for income taxes	\$ 2,069	\$ 262	\$ -
Acquisition of majority owned subsidiary:			
Working capital acquired, net of cash of \$9,483, \$0 and \$30, respectively	\$ 6,370	\$ 52,408	\$ 2,106
Fair value of other assets acquired:			
Property and equipment	27,586	1,484	17,098
Intangible assets	57,668	17,606	2,009
Goodwill	36,377	2,538	-
Other	246	-	26
Long-term debt assumed	(19,226)	(31,036)	(5,141)
Notes payable issued as purchase price consideration	(5,062)	-	-
Fair value of noncontrolling interest	(5,869)	-	(7,903)
Fair value of previously held equity interest	-	(21,070)	-
Cash paid for acquisition of majority owned subsidiaries, net of cash acquired	\$ 98,090	\$ 21,930	\$ 8,195
Supplemental schedule of noncash investing and financing activities:			
Settlement of long-term debt through proceeds from new line of credit	\$ -	\$ 22,000	\$ -
Notes payable to related parties issued for purchase of majority owned subsidiary	\$ 5,062	\$ -	\$ -

See notes to consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the financial statements wrap up the complete audited financial package. They provide insight into how the company arrived at the numbers reported in the Income Statement, Balance Sheet, Statement of Shareholders' Equity, and Statement of Cash Flows. The Notes explain accounting policies, any new accounting rules, detail acquisition activity, and provide additional information about the company's financial health.

SEALASKA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Dollar Amounts in Thousands, Except Per Share Values)

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: Sealaska Corporation (Sealaska or the Company) is a Regional Alaska Native Corporation formed under the Alaska Native Claims Settlement Act (ANCSA or the Act). Sealaska's five primary continuing business activities relate to the development, production, and sale of natural resources; environmental remediation and water and energy services; wholesale, process, and broker of seafood products; information technology; and construction. In addition, Sealaska holds and manages an extensive investment portfolio and participates in gaming (e. g., the establishment and development of casino projects). ANCSA is further described in Note 2.

On June 1, 2020, the Company's subsidiary Sealaska Commercial Services, LLC acquired 100% of the outstanding capital stock in CS Marine Constructors, Inc. (CS Marine), a California corporation (as further discussed in Note 19). CS Marine provides full-service marine contracting in new construction, emergency repairs, demolition, salvage, and maintenance.

On October 30, 2020, the Company's subsidiary Sealaska European Holdings, LLC acquired 95% of the outstanding memberships interests in New England Seafood International, Ltd. (NESI), a United Kingdom limited company (as further discussed in Note 19). NESI wholesales, processes, and brokers seafood products nationally and internationally.

Prior to April 1, 2019, the Company's subsidiary Odyssey Foods, LLC (Odyssey) held a 49% equity interest in Orca Bay Foods, LLC (Orca Bay). On April 1, 2019, Odyssey acquired the remaining 51% interest in Orca Bay (as further discussed in Note 19). Upon the completion of the acquisition, the surviving entity assumed the Orca Bay name. Orca Bay wholesales, processes, and brokers seafood products nationally and internationally.

On October 1, 2018, the Company's subsidiary Sealaska Commercial Services, LLC acquired 51% of the outstanding memberships interests in Geo Services, LLC (Geo Services), a California limited liability company (as further discussed in Note 19). Geo Services provides a wide range of services for environmental, geotechnical, and marine site investigation and remediation.

A summary of Sealaska's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

Revenue and cost recognition: The Company adopted Topic 606 on January 1, 2019 utilizing the modified retrospective method for all open contracts. The Company also adopted the related guidance in Accounting Standards Codification (ASC) 340-40, Contracts with Customers (ASC 340-40) on January 1, 2019 with respect to costs to obtain and costs to fulfill a contract. The adoption of Topic 606 and ASC 340-40 did not result in any significant changes from the historical accounting treatment. Results for reporting periods beginning January 1, 2019 are presented under Topic 606 and ASC 340-40, while prior-period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company was not required to make an adjustment to beginning retained earnings as of January 1, 2019 due to there being no cumulative impact of adopting Topic 606 or ASC 340-40. Adoption of the new revenue standard or ASC 340-40 also had no impact to cash from or used in operating, financing or investing on our consolidated statements of cash flows. The adoption of Topic 606 and ASC 340-40 also did not have a significant impact on the results of operations for 2019 as the results would have been substantially the same under historical guidance.

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

The Company's revenue is primarily derived from sales of natural resources and food, and professional services, which includes environmental remediation and construction services. The Company's products and services are marketed and sold primarily to end-user commercial customers in the United States. However, a portion of the Company's sales of timber and foods are to international markets. Sales of products and services are subject to economic conditions and may fluctuate based on changes in the industry and financial markets.

The Company assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Generally, the Company's orders of natural resources and food can only be cancelled for cause, but many environmental remediation and construction services do allow for termination where the Company would be entitled to money for work done to date plus a reasonable profit margin and notice must be given to the opposing party. These contracts with termination for convenience rights impact the determination of the contract term and may give rise to material rights with respect to implied renewal options for periods related to customer decision to not terminate.

Nature of products and services:

Natural resources and foods: Revenue from the sale of natural resources and foods is recognized upon transfer of control to the customer, which is typically upon shipment or point of sale. The Company has elected to treat shipping and handling activities related to contracts with customers as costs to fulfill the promise to deliver the products and not as a separate performance obligation.

Revenue derived from the sale of carbon credit offsets is recognized upon settlement of the brokered price and delivery of the credits to the customer, upon which time risk transfers to the customer.

Natural resource revenues distributed to the Company under ANCSA by other regional corporations are recorded as income when due from the other regional corporations under the Section 7(i) Settlement Agreement (see Note 2) and are reported net of amounts required to be redistributed to Village corporations and at-large shareholders.

Environmental remediation services: The Company contracts with customers to provide environmental remediation services, which include ground and surface water remediation and monitoring services, drilling and installation of wells and boreholes, and operating groundwater treatment plants. All of these promises are evaluated as individual performance obligations due to a lack of interdependence or integration between each promise. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits of services provided. The Company utilizes an output method based on the number of samples tested for the groundwater and surface water monitoring as a measurement of progress toward satisfaction of the performance obligation. For all other environmental remediation services, the Company utilizes the input method to measure cost incurred to date compared to the total cost for the contract as a measurement of progress toward satisfaction of the performance obligation.

Construction services: The Company contracts with customers to provide construction services, which include construction of customized vans, buildings, and other equipment, major repairs, and asbestos insulation removal. Each of these services are evaluated as individual performance obligations due to a lack of interdependence or integration. Revenue is recognized over time as the Company is enhancing an asset the customer controls, except for the construction of customized vans, which is recognized over time as there is no alternative use for the asset and the Company has an enforceable right to payment. The Company utilizes the input method to measure cost incurred to date compared to the total cost for the contract as a measurement of progress toward satisfaction of the performance obligation.