MTNT

2020 ANNUAL REPORT

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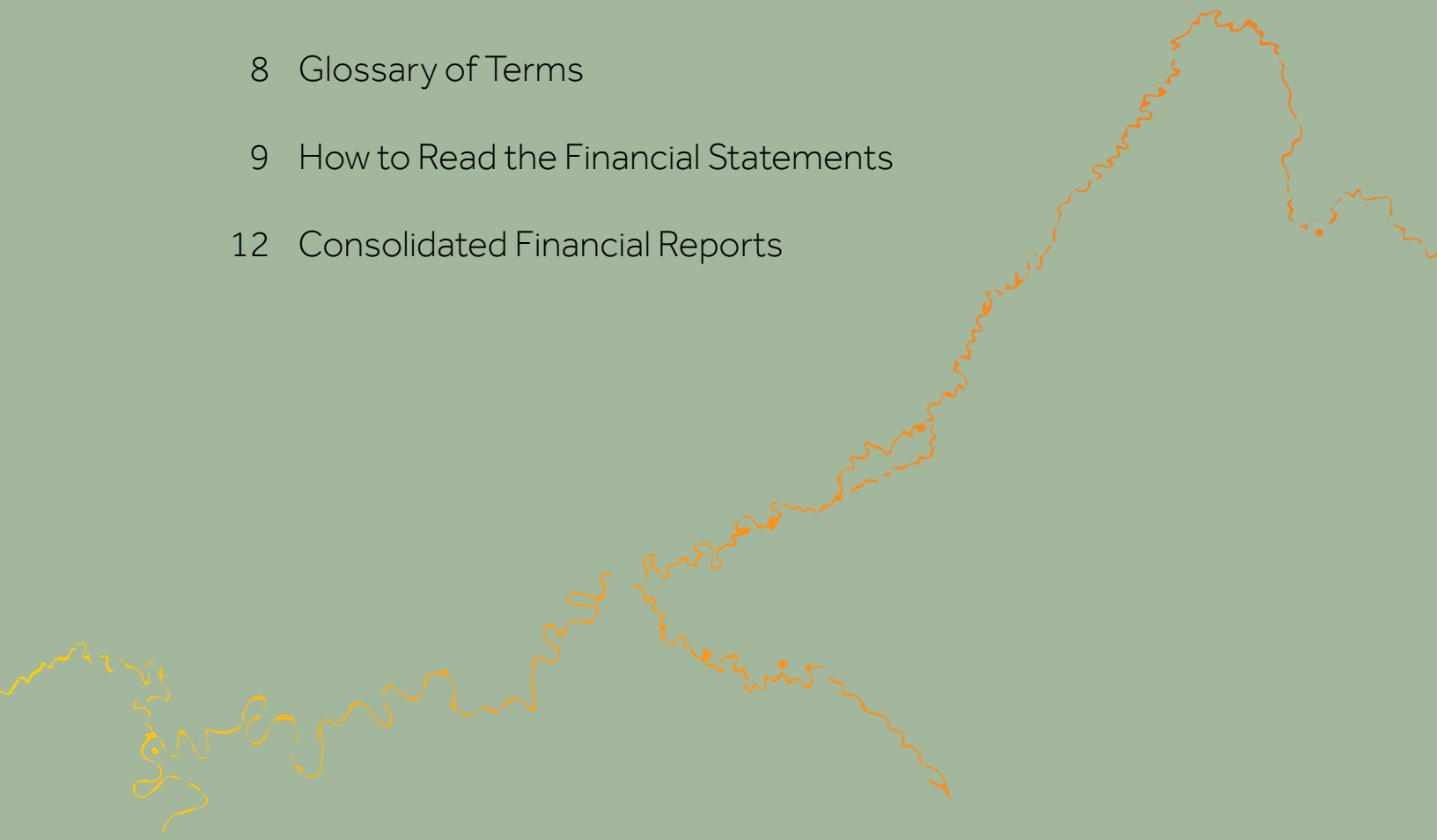


Letter to MTNT Shareholders

Dear MTNT Shareholders,

We hope you and your loved ones are staying safe and healthy as we embrace the new year and reflect on the accomplishments of this past year.

While the pandemic has presented obstacles, it has not hindered the dedication of MTNT's employees and Board of Directors.

Our team continues to produce results and power MTNT's growth. MTNT achieved more than $1.3 million in net profit in 2020. This is incredible considering the economic impact COVID-19 has had across the globe. Yet, it is not surprising because MTNT employees remain committed to Shareholders and fulfilling MTNT's mission.

As a result of McGrath Light & Power (ML&P) General Manager Timothy Barnum's guidance and expertise, ML&P's new power plant building is constructed and houses its four new, fuel-efficient generators. More excitingly, as of April 2021, the power plant is fully commissioned and powering the grid in McGrath which will result in a considerable fuel savings, more redundancy, and improvements in the heat recovery system. The commissioning of the new power plant is a direct reflection of MTNT's leadership and ability to move this important project into fruition during this unprecedented time.

As MTNT continues to meet challenges and embrace the new norms we have become accustomed to this past year, MTNT remains committed to delivering economic benefits to Shareholders and their descendants.

MTNT continues to expand its portfolio of services and geographic footprint. In 2020, MTNT IT & Communications, LLC re-entered the overseas construction market with a new customer, the U.S. Department of State, Office of Overseas Building Operations. In addition, MTNT Construction, LLC opened an office in Kansas and MTNT Custodial Services, LLC opened an office in Texas. These are in addition to our offices in Alaska, Georgia, and North Carolina.

Building on the past performance of MTNT IT & Communications, LLC and General Manager Kelly McAndrew, MTNT recently established a new 8(a) company (MTNT Intelligence Solutions, LLC) to fill a specialized niche in government services by providing high-quality intelligence, technical and specialized training support services to our customers. Within a short time, the team secured a subcontract award with ARA Solutions.

While considered the most challenging year to date for MTNT Construction, LLC, General Manager Michael D'Itri's team maintained a continuous presence and provided a variety of task order support and services to the Center for Disease Control (CDC) throughout the year, some of which directly related to the CDC's pandemic response.

MTNT Technical Services, LLC (MTS) General Manager Arthur McKinney secured MTS's first sole source contract in April 2020. MTS was also awarded three (3) task orders, an audio-visual contract and a five-year contract requiring a facility clearance.

Despite the pandemic, MTNT continues its trajectory of success with projects closer to home than before. We received our first award at Joint Base Elmendorf Richardson in Anchorage, Alaska to repair buildings that were damaged by the historic November 2018 earthquake. MTNT also won and completed a construction project in Kotzebue, Alaska.

Through prudent stewardship of company resources, MTNT was able to declare more than $400,000 in dividend distributions to our Shareholders in 2020 through the MTNT Settlement Trust. The dividends were classified as nontaxable income to Shareholders and provided a significant tax savings to MTNT.

Based on MTNT's strong 2020 performance reporting $1.3 million in net profit, MTNT's Board recently declared more than $390,000 in nontaxable dividends for 2021. Therefore, on June 15, 2021, a Regular Dividend distribution in the amount of $4.50 per share will be distributed to each Shareholder. In addition to the Regular Dividend on June 15, every Elder (a Shareholder age 65 or older) will receive approximately $9.14 per share depending on the number of eligible Elder Shareholders. In December, MTNT Shareholders will receive a Regular Dividend distribution in the amount of $4.49 per share.

In consideration of the health and well-being of our Shareholders and families, MTNT will not hold an in-person Annual Meeting again this year. Instead, we invite you to participate by voting your proxy and viewing the results of the 2021 Annual Meeting of Shareholders, including all Annual Meeting prize winners, on MTNT's website and Facebook page on Saturday, June 19, 2021.

As MTNT continues to move forward with realistic optimism, we would like to take a moment to acknowledge you, our Shareholders. Because of our Elders' foresight to consolidate McGrath, Takotna, Nikolai, and Telida into one Alaska Native Village corporation in 1976, MTNT will celebrate its 45th Anniversary this November. Without your continued support, wisdom and contributions throughout the past four and a half decades, MTNT would not be as strong, prosperous and resilient as it is today. Thank you!

We look forward to celebrating MTNT's accomplishments in person with you next year.

Sincerely,

Michele Christiansen
Chief Executive Officer

Nicole Borromeo
Chairman of the Board

HONORING OUR ELDERS – MARILYN ANN TALLEY

Born April 3, 1941 in McGrath, Alaska to Mervin Broughton and Mary Dunlin, MTNT Shareholder Marilyn Ann Broughton remembers the day her father put her on an airplane to fly to Washington to live with his sister Pearl and her husband Joe Maier. "People don't believe that I can remember so much from my childhood. But when it is kind of frightening and you're just a little kid, you remember those things."

While Marilyn remembers the trip to Washington in detail, more importantly, she remembers arriving at the airport in Seattle and her Aunt and Uncle waiting for her with arms wide open.

Later, they moved to Longview, Washington and eventually, Pearl and Joe legally adopted Marilyn. Pearl and Joe were always very open about Marilyn's background and they kept in contact with Mary and Merve through letters and pictures.

Upon graduating high school in 1959 in Longview, she married Del Talley. They now have four sons, 14 grandchildren and three great grandchildren.

Once their youngest son turned one years old, Marilyn provided clerical work in the schools. Her husband was a teacher and a high school football coach, before becoming a high school principal until they both retired.

"Education was always encouraged and expected," says Marilyn. All four of her sons have earned college degree as well as six of her grandchildren thus far. Marilyn also pursued degrees in English and Science.

Today, Marilyn and Dale enjoy their home in Prescott, Arizona during the winter months, along with their son Duane. During the summer months, they spend their time in Longview, Wash., where their three other sons (Darren, Dean and Daniel) and their families reside.

Family support has always been important, and she contributes that to her success and the success of raising healthy families. Both her parents (Pearl and Joe) and Del's parents always lived nearby while Marilyn's sons were being raised.

After her sons graduated high school, Marilyn took a trip to Alaska in 1989 to visit her sister MTNT Shareholder Angela Hoff (Angie) and met the rest of her family. She remembers the trip fondly.

Marilyn and her sister, Angie, have remained close throughout the years. When news was spreading about the Alaska Native Claims Settlement Act enrollment, she recalls her sister calling her and encouraging her to enroll. When presented with the choice to enroll in the 13th Regional Corporation or Doyon, Ltd., she chose Doyon to stay connected to her roots as that was the Regional Corporation her sister was enrolling in as well.

Marilyn is honored to be a part of the MTNT and Doyon family and commends the work the corporations and their members do in supporting our people. Her advice to youth today is to stay connected to your family; and to families, to love and support our youth.

REUNITING IN ALASKA

"My sister Angie took me to McGrath to meet my Aunt Katherine. She was so amazing and she made me feel like I was one of her many kids.

She cooked moose for dinner and all the trimmings. We looked at all her kids' pictures and went outside to look at her flowers. It was a real treat to meet Aunt Katherine.

I was able to meet Bobby, Angie's brother, and lots of cousins. Pete, Angie's oldest brother, had been killed in a car accident but I had met him in 1965 when he was stationed in Ft. Lewis.

Merve and Lucy lived in Seward. I met their sons Butch and Ronnie. We had a terrific BBQ and met a lot of people there. We went on tour boats of the bay and saw glaciers. The whole beautiful country of Alaska was absolutely gorgeous.

While Angie and I were in McGrath, we waited for our plane at our cousin's store/bar and we played 'Take Me Home Country Roads,' and we sang it again and again. It was a terrific visit."

2020 OPERATIONS REPORT

MTNT, LTD, (MTNT) is an Alaska Native Corporation consolidated in 1976 from four original Alaska Village Corporations, McGrath, Takotna, Nikolai and Telida. MTNT is headquartered in McGrath, Alaska. MTNT's mission is to increase corporate profitability, provide Shareholders with economic benefits and opportunities, and protect our corporate assets and land base while recognizing the traditional cultural values and subsistence lifestyles of our Shareholders.

MTNT Management Services, LLC (MMS) is wholly-owned by MTNT, headquartered in Anchorage, Alaska and is the holding company for the MTNT family of companies. MMS provides accounting, finance, human resources, employment, administration, business development, information technology and cyber security support services to MTNT's family of companies.

MTNT Construction, LLC (MCL) was established in January 2012 and entered the 8(a) Small Business Administration (SBA) program in 2014.

While considered the most challenging year to date for MCL, MCL maintained a continuous presence and provided a variety of task order support and services to the Center for Disease Control (CDC) throughout the year, some of which directly related to the pandemic response. While opportunities at CDC were limited and remained highly competitive, MCL continued to successfully bid on long-term IDIQ and service projects and successfully brought in additional revenue through the remainder of the year.

MCL also expanded its presence in the Alaska construction market and was successful in garnering two local projects and remains committed to expanding our footprint in Alaska.

Other highlights include:

- The Army Corps of Engineers selected MCL to manage the expanded pest control program at Fort McCoy, Wisconsin and hope to continue by proposing on the larger maintenance project later in 2021.
- Naval Facilities Command has also approved a new task order contract for Specialize Electrical Services at Marine Air Station (MCAS) Miramar, California.
- MCL established an office in Kansas City, Kansas and has been successful in competing for and acquiring task orders under a Base Ordering Agreement (BOA) at Fort Leavenworth.

The outlook for 2021 remains very optimistic as the level of activity for construction projects increases and MCL continues to strive to bring increased revenues and profits to the MTNT family of companies.

MTNT IT & Communications, LLC (MITCOM) was established and entered the 8(a) program in 2012. Despite the pandemic impacts, MITCOM continued to refine its business development practices and managed its largest construction project to date at Fort Bliss, Texas. The large-scale, $20M renovation project with Aztec Contractors progressed throughout 2020 with minor delays due COVID-19. The two buildings being renovated will serve all Fort Bliss Soldiers and their family members with new medical, dental, counseling, and other administrative support services as well as provide a renovated museum annex.

MITCOM re-entered the overseas construction market with a new customer, the U.S. Department of State, Office of Overseas Building Operations. In September, MITCOM received one (1) of three (3) overseas contracts to install new anti-ram vehicle barriers for upgraded security at the US Embassy in Dar es Salaam, Tanzania, Africa. This is the first of two seed projects required to complete prior to MITCOM being awarded an anticipated 5-year contract for overseas construction in support of the State Department's new Rapid Engineering and Construction Program. Although MITCOM will graduate from the 8(a) program in August 2021, it has continued to ramp up its new business pursuits.

In 2019, MITCOM entered a Joint Venture with ISYS Technologies and formed Denaze Defense Solutions JV, LLC. The team was recently awarded one large government-wide acquisition contract, STARS III, and looks forward to being awarded a SeaPort Next Generation contract. Both provide additional opportunities for Denaze to build its portfolio into the future as a Small Business.

With MITCOM on a successful track, the team developed a strategy and path forward for MTNT's newest subsidiary, MTNT Intelligence Solutions, LLC (MIS).

MTNT Intelligence Solutions, LLC (MIS) is MTNT's newest subsidiary, established and 8(a) certified in 2020. In a short time, the MIS team propelled the company to its first subcontract award with ARA Solutions. In support of ARA's contract, MIS will create a virtual Geospatial Intelligence course for the National Geospatial Agency. This sets MIS on an exciting business track as it was designed to provide intelligence, specialized training and security support services to customers such as the U.S. Department of Defense, Federal Bureau of Investigation, U.S. Department of State and other government agencies with these specialized requirements. Having MIS in MTNT's family of companies will provide it more opportunity to win contracts that require personnel with security clearances in niche roles both stateside and abroad, a role that MITCOM previously filled.

MTNT Technical Services, LLC (MTS) was formed in March 2015 and became 8(a) certified in 2017.

MTS has revamped its marketing and focused business development efforts on Kansas City based customers. As a result, MTS secured its first sole source contract in April 2020 and five (5) additional contracts, valued at $8.3M. These contracts provide MTS with a foundation of revenue, past performance, and portfolio diversification that will support future growth.

Additionally, MTS won a five-year contract where they were sponsored for a facility clearance in September 2020. Possessing a facility clearance provides MTS a significant competitive advantage and is critically important for Government information technology work.

As MTS continues to grow, the team is committed to carefully balancing operational demands with staffing and infrastructure requirements to ensure customer satisfaction while mitigating fiscal risks.

MTNT Custodial Services, LLC dba MTNT Services (MS) became 8(a) certified in 2019. The company has received new direction and energy with two business lines of effort: custodial and construction management services. MS recently opened an office in El Paso, Texas. This office qualifies the company to continue to pursue construction contracts in the southcentral region of the U.S. With these strategic initiatives, MS has gained new teammates, better marketing, and an expanded business development pipeline. By partnering with Aztec Contractors in Texas, Edrei Construction in the Ohio and Great Lakes area, and Fortis (a janitorial/custodial powerhouse), MS has renewed energy and benefits from multiple MTNT project managers' experience in its pursuit of new work. Most recently, the MS team is leaning forward on construction and other facilities support services in Alaska in a continued effort to do business "at home."

McGrath Light & Power (ML&P) MTNT is unique among Alaska Native Corporation companies by owning and operating a regulated public electric utility, ML&P. Formed in December 1978, ML&P generates power for McGrath, one of MTNT's four villages.

With matching funds from MTNT, a High Energy Cost Grant by the U.S. Department of Agriculture provided for the construction of a new power plant and new generators. ML&P's new power plant building is fully constructed and housing its four (4) new, fuel-efficient generators. As of April 2021, the plant is fully commissioned and powering the city of McGrath's grid.

The new, Detroit Series 60, generators are closer sized to the community load which enables ML&P to operate in the most fuel-efficient range of the engine. This will be a considerable fuel savings as one engine is all that is required to provide the load of about 90% of the time. The power plant now has more redundancy, and all the engine parts are interchangeable, reducing the number of different parts needed to have on hand. ML&P is also expecting to see improvements in the heat recovery (waste heat) system: more BTU's available to boost out heat sales.

The old power plant building will now be reconfigured to house the ML&P office and provide additional storage space.

MTNT Management Team

Michele Christiansen
Chief Executive Officer

Corey Livingston
Chief Financial Officer

Kelly McAndrew
General Manager

Michael D'Itri
General Manager

Arthur McKinney
General Manager

Timothy Barnum
General Manager

MTNT Board of Directors

Nicole Borromeo
Chairman

Melody Magnuson-Strick
President

Joe Frank
Secretary/Treasurer

James Vanderpool
McGrath Director

Claude "Joe" Petruska
Nikolai Director

Theresa Fox
Takotna Director

Steve Eluska
Telida Director

Gina Dementoff-McKindy
At-Large Director

Robert Strick
At-Large Director

Glossary of Terms

Please note that some of the definitions below include terms that are explained elsewhere in the glossary. For example, the definition of "assets" references "tangible" and "intangible" assets. Explanations of "tangible" and "intangible"' assets are included later in the glossary.

Assets: Assets represent the resources owned by a company. They are classified as tangible, including accounts receivable, bonds, cash, etc., and intangible, such as copyrights, trademarks and patents.

Consolidated Balance Sheets: A report that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time.

Consolidated Statements of Cash Flow: A report that explains how cash changed during a period of time. It shows cash flows from operating, investing and financing activities.

Consolidated Statements of Income: A report that summarizes a company's revenues, expenses and other income or losses over a period of time that result in either a net profit or a net loss.

Consolidated Statements of Changes in Shareholders' Equity: A report that shows the shareholders' equity or ownership value of the company and details changes to it over the fiscal year.

Joint Venture: A business undertaking by two or more parties for one or more specified purposes or projects. A joint venture may be in the form of a partnership, corporation or limited liability company.

Liability: The obligation of an entity to make a payment to another entity.

Limited Liability Company (LLC): A limited liability company is a hybrid type of legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.

Liquidity: The ability of a company to meet its current financial obligations.

Marketable Securities: Investments sold in an open market, such as stocks, bonds and other investments.

Net Income: The amount of profit a company has made after all costs, expenses and taxes are deducted from revenue and other income.

Depreciation: An accounting method of allocating the cost of a tangible asset over its useful life.

Equity: The result of total assets minus total liabilities. Once liabilities are deducted from assets, the remaining value belongs to the company's shareholders.

Expenses: Costs associated with a company's efforts to create revenue.

Fiscal Year: An annual period used for reporting a company's performance.

Goodwill: An intangible asset resulting from the purchase of one company by another for a price that is greater than the fair market value of the net assets acquired.

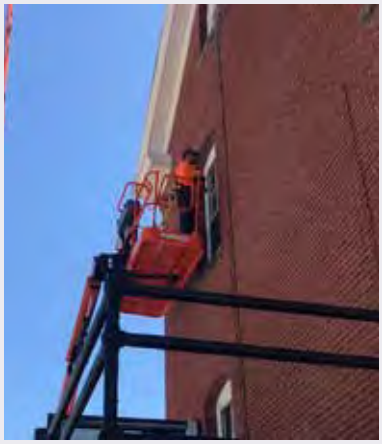
Intangible Assets: Assets that do not have a physical existence, such as copyrights, trademarks, patents and goodwill.

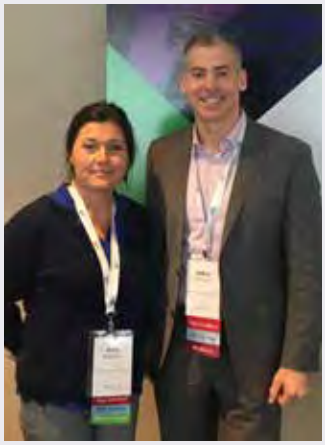
Passive Investment: An investment in which the investor does not participate in daily operating decisions.

Revenue: The income a company receives from its normal business activities, such as producing goods, rendering services or other activities.

Subsidiary: An entity owned and controlled by another entity. The first entity must own and control at least a majority of the second entity in most circumstances and sometimes more under certain agreements or laws.

Tangible Assets: Assets that have a physical presence, such as buildings and equipment.





How to Read the Financial Statement

Each Alaska Native Corporation is required to distribute to its Shareholders an Annual Report stating its financial performance for the previous fiscal year.

In addition to a letter from the corporation's Board Chairman and Chief Executive Officer, the Annual Report provides a financial summary of the business through the Management's Discussion and Analysis and accompanying Consolidated Financial Statements.

As financial statements are typically difficult to read and understand, we are providing a brief explanation of each, the Consolidated Balance Sheets and the Consolidated Statements of Income, Changes in Stockholders' Equity, and Cash Flows, as well as the Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

The balance sheets report MTNT's assets, liabilities and stock- holders' equity as of fiscal year-end. The first section of the balance sheets lists MTNT's assets, and the second section lists liabilities and Stockholders' equity.

Consolidated Statements of Income

This statement reports on MTNT's financial performance over the fiscal year. If revenues have been more than the expenses incurred in generating those revenues, it results in a net income. A net loss is incurred when expenses are higher than revenues.

Consolidated Statements of Changes in Stockholders' Equity

These statements show the stockholders' equity (ownership) in the company. It typically reports the net income and the dividends paid to Shareholders for the fiscal year. It also includes the unrealized gain or loss on securities that may not be reported in other parts of the report.

Consolidated Statements of Cash Flows

This statement summarizes MTNT's sources and uses of cash classified as operating, investing and financing activities over the fiscal year.

Notes to Consolidated Financial Statements

These footnotes provide information on the business segments and accounting methods and policies of MTNT. Footnotes also provide details and additional information about summarized information included in the main statements discussed above.

Consolidated Financial Reports

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
MTNT, Limited

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of MTNT, Limited and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of MTNT, Limited and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Anchorage, Alaska
April 28, 2021

MTNT, Limited and Subsidiaries

Consolidated Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 6,240,508	$ 5,729,306
Marketable securities	2,359,155	2,239,762
Accounts receivable, net of allowance for doubtful accounts	5,159,917	1,523,481
Contract assets	219,150	479,997
Inventories	503,324	564,552
Prepaid expenses	488,689	126,744
Tax deposits in excess of liability	-	303,714
Total current assets	14,970,743	10,967,556
Property and equipment, net	3,625,074	1,608,405
Other assets:		
Marketable securities – Permanent Fund	4,044,021	3,734,596
Other assets	100,535	101,285
	4,144,556	3,835,881
Total assets	$ 22,740,373	$ 16,411,842

See notes to consolidated financial statements.

	2020	2019
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term notes payable	$ 384,079	$ 219,867
Current maturities of long-term debt	427,387	-
Accounts payable	1,723,739	766,575
Income tax payable	65,779	-
Accrued expenses	735,844	437,984
Contract liabilities	1,184,670	128,442
Customer deposits	6,750	6,575
Dividends payable	33,713	34,176
Total current liabilities	4,561,961	1,593,619
Long-term liabilities:		
Long-term debt, less current maturities	351,053	-
Deferred revenue	2,229,292	150,736
Deferred rent	14,357	23,478
Deferred tax liabilities	141,850	111,454
	2,736,552	285,668
Total liabilities	7,298,513	1,879,287
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, no par value; 85,000 shares authorized, 33,300 shares issued and outstanding	-	-
Contributed capital	2,609,746	2,609,746
Retained earnings	12,827,114	11,922,809
Total MTNT, Limited stockholders' equity	15,436,860	14,532,555
Noncontrolling interest in consolidated subsidiary	5,000	-
Total stockholders' equity	15,441,860	14,532,555
Total liabilities and stockholders' equity	$ 22,740,373	$ 16,411,842

MTNT, Limited and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2020 and 2019

	2020	2019
Revenue:		
Contract revenue	$ 23,286,328	$ 15,820,352
Utility revenue	1,351,835	1,357,847
Other	60,433	76,860
	24,698,596	17,255,059
Cost of revenues:		
Contract costs	21,257,661	12,884,357
Utility costs:		
Fuel and supplies	629,379	623,401
Labor	365,271	382,628
Repairs and maintenance	85,408	37,938
	22,337,719	13,928,324
Gross profit	2,360,877	3,326,735
General and administrative expenses	1,870,536	1,958,265
Operating income	490,341	1,368,470
Other income (expense):		
Investment earnings	544,404	804,555
Interest expense	(12,795)	(26,239)
Section 7(j) revenue	589,743	698,345
Other	17,353	10,553
	1,138,705	1,487,214
Income before provision for income taxes	1,629,046	2,855,684
Provision for income taxes	274,741	698,853
Net income	$ 1,354,305	$ 2,156,831

See notes to consolidated financial statements.

MTNT, Limited and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2020 and 2019

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2018	$ 2,609,746	$ 10,176,237	$ (44,465)	$ -	$ 12,741,518
Cumulative effect of adoption of ASU 2016-01	-	(44,465)	44,465	-	-
Net income	-	2,156,831	-	-	2,156,831
Dividends declared	-	(165,794)	-	-	(165,794)
Contribution to the MTNT Settlement Trust	-	(200,000)	-	-	(200,000)
Balance at December 31, 2019	2,609,746	11,922,809	-	-	14,532,555
Net income	-	1,354,305	-	-	1,354,305
Contribution to the MTNT Settlement Trust	-	(450,000)	-	-	(450,000)
Contributions from noncontrolling interest holder in consolidated subsidiary	-	-	-	5,000	5,000
Balance at December 31, 2020	**$ 2,609,746**	**$ 12,827,114**	**$ -**	**$ 5,000**	**$ 15,441,860**

See notes to consolidated financial statements.

MTNT, Limited and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Net income	$ 1,354,305	$ 2,156,831
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	144,542	144,652
Realized gains on sale of marketable equity securities	(43,061)	(46,639)
Unrealized gains on marketable equity securities	(242,059)	(420,161)
Allowance for doubtful accounts	14,859	455
Deferred rent	(9,121)	(7,609)
Deferred income tax expense	30,396	95,051
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,651,295)	1,002,314
Contract assets	260,847	158,512
Inventories	61,228	104,338
Prepaid expenses	(361,945)	9,944
Tax deposits in excess of liability	303,714	8,627
Other assets	750	1,250
Increase (decrease) in:		
Accounts payable	957,164	(1,186,622)
Income tax payable	65,779	-
Accrued expenses	297,860	88,480
Contract liabilities	1,056,228	121,608
Customer deposits	175	150
Deferred revenue	2,078,556	(10,525)
Net cash provided by operating activities	2,318,922	2,220,656
Cash flows from investing activities:		
Purchase of property and equipment	(2,161,211)	(4,502)
Purchase of marketable equity securities	(2,002,117)	(2,349,462)
Proceeds from sale of marketable equity securities	1,858,419	1,871,662
Net cash used in investing activities	(2,304,909)	(482,302)

(Continued)

MTNT, Limited and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from financing activities:		
Principal payments on short-term notes payable	$ (375,638)	$ (610,029)
Proceeds from short term notes payable	539,850	475,321
Proceeds from long-term debt	778,440	-
Contributions from noncontrolling interest holder in subsidiary	5,000	-
Dividends paid	(463)	(165,279)
Contribution to MTNT Settlement Trust	(450,000)	(200,000)
Net cash provided by (used in) financing activities	497,189	(499,987)
Net increase in cash and cash equivalents	511,202	1,238,367
Cash and cash equivalents:		
Beginning	5,729,306	4,490,939
Ending	$ 6,240,508	$ 5,729,306
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 12,795	$ 26,239
Income tax refunds received	$ 430,394	$ -
Income tax payments made	$ 305,246	$ 595,175

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: MTNT, Limited (the Company) is a Village Corporation formed pursuant to the Alaska Native Claims Settlement Act of 1971 (ANCSA or the Act) located within the geographic region of Doyon, Limited. The Company operates as a managed holding company with offices throughout the United States. The Company currently owns subsidiary companies operating in the following lines of business: providing government contracting services as certified 8(a) companies; construction and maintenance services in facilities management, information technology and communications, and energy services; rental of real property; and power generation operations in the Village of McGrath, Alaska.

A summary of the Company's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, MTNT Management Services, LLC, and its wholly owned subsidiaries, MTNT Properties, LLC, MTNT Energy, LLC, MTNT Construction, LLC, MTNT IT & Communications, LLC, MTNT Technical Services, LLC, MTNT Custodial Services, LLC, and MTNT Intelligence Solutions, LLC, along with other majority owned subsidiaries of these companies. All material intercompany balances and transactions have been eliminated in consolidation.

Revenue and cost recognition: 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 government and professional services including information technology and communications, facilities management services, construction services, and energy services. The Company also provides power generation and sells utility services to residential and commercial customers. The Company's products and services are marketed and sold primarily to end-user commercial customers in the United States.

Professional services: The Company provides professional services including information technology and communications, facilities management, and energy services primarily through fixed-price contracts with the federal government. All of these promises are evaluated as individual performance obligations due to a lack of interdependence or integration between each promise. The Company has elected to recognize revenue based on the right to invoice practical expedient as the Company is able to invoice the customer in an amount that corresponds directly with the value received by a customer for the Company's performance completed to date as revenue is recognized ratably over the contract period.

Construction services: The Company contracts primarily with the federal government under fixed-price contracts to provide construction services, which include construction of buildings, renovations of existing space, including sensitive space, and major repairs. 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. 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.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Utility services: Revenues from utilities are recognized over time utilizing the output method based upon monthly-metered kilowatt-hour usage.

Section 7(i) revenue: Resource revenues distributable to the Company under the terms of ANCSA are recorded when the amount thereof is determinable and its receipt is reasonably assured.

Contracts with multiple performance obligations: When the Company's contracts with customers contain multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Company typically determines standalone selling price (SSP) based on observable selling prices of its products and services. In instances where SSP is not directly observable, such as with professional and construction services that are not sold on a standalone basis, SSP is determined using information that may include market conditions and other observable inputs or by using a cost plus margin approach. On a limited basis, certain of the Company's contracts may include implied renewal periods for shortened contract terms due to termination for convenience rights. The Company evaluated the options and determined that the Company did not have any significant material rights during 2020 or 2019.

Contract modifications: Contract modifications are evaluated to determine whether they should be accounted for as part of the original contract or as a separate contract. The Company determines whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications are accounted for as a separate contract if the modification adds distinct goods and services, and increases the contract value by the standalone selling price of those goods or services. Modifications that are not determined to be a separate contract are accounted for either as a prospective adjustment to the original contract if the goods or services in the modification are distinct from those transferred before the modification, or as a cumulative adjustment if the goods and services are not distinct and are part of a single performance obligation that is partially satisfied. The Company's contracts may provide customers an option to renew for an additional period of time under the same terms and conditions as the original contract. The renewal options typically do not provide the customer any material rights under the contract, and therefore, are treated as separate contracts when they include distinct services at standalone selling prices.

Transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration, if any.

The timing of revenue recognition may not align with the right to invoice the customer. The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (billings in excess of costs and estimated earnings on uncompleted contracts) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (costs and estimated earnings in excess of billings on uncompleted contracts) is recorded.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Company has adopted the practical expedient which allows them to not adjust the amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Payment terms on invoiced amounts are typically 30-45 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Company has determined that a significant financing component generally does not exist under the practical expedient. Although there are contracts that can exceed 12 months, the Company does not wait until the end of the contract term to invoice the customer. Invoicing in amounts that correspond with the transfer of value to the customer is done throughout the length of the contract and, therefore, the Company did not identify any significant financing components during 2020 or 2019.

Contract costs: Contract costs generally include all direct costs, such as materials, direct labor, and subcontracts, and indirect costs identifiable and allocable to the specific contract. Costs should be considered contract costs in the period in which they are incurred unless they qualify for deferral or capitalization (such as inventory, fixed assets, prepaid expenses, or similar).

Cash and cash equivalents: For the purposes of reporting cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Management has established an allowance of $46,054 and $31,195 as of December 31, 2020 and 2019, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

Billed accounts receivables are considered past due if the invoice has been outstanding for more than 30 days. The Company does not charge interest on accounts receivable; however, U.S. governmental agencies pay interest on invoices outstanding for more than 30 days. The Company records interest income from U.S. governmental agencies when received.

In accordance with industry practices, accounts receivable relating to long-term contracts are classified as current, even though a portion of these accounts, including retainages, are not expected to be realized within one year. Retention balances are typically collected within a year of completion of the contract.

Inventories: Inventories are valued at the lower of cost or estimated net realizable value, cost being determined on the first-in, first-out basis. The Company periodically evaluates its inventory obsolescence reserve to ensure that inventory is recorded at net realizable amounts.

Marketable securities: Investments in marketable securities are accounted for in accordance with Accounting Standards Codification (ASC) Topic 320, Investments—Debt and Equity Securities. On January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities, Financial Instruments – Overall Subtopic 825-10*. In accordance with ASU 2016-01, changes in unrealized gains on equity securities are now recorded as a component of income instead of comprehensive income. At the time of adoption, the Company recorded a cumulative effect of the change of $44,465 between retained earnings and accumulated other comprehensive income included in the accompanying consolidated statements of changes in stockholders' equity. Any gain or loss on sale of marketable securities is determined by using the first-in, first-out method for equity and debt securities and the average cost method for investments in mutual funds and are included in investment earnings in the consolidated statements of income.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Company's portfolio contains common shares of publicly-traded companies, mutual funds and fixed income mutual funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Declines in the fair value of individual marketable securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. Factors affecting the determination of whether an other-than-temporary impairment has occurred include a downgrading of the security by a rating agency, a significant deterioration in the financial condition of the issuer, a decline that has existed for an extended period of time, or the intention of management to not hold or inability of management to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value.

Property, equipment and depreciation: Property and equipment are recorded at cost. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Leasehold improvements are amortized over the shorter of the useful life of the asset or term of the corresponding lease.

Valuation of long-lived assets: The Company accounts for the valuation of long-lived assets under ASC 360-10-15, Impairment or Disposal of Long-Lived Assets. This guidance requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Deferred rent: Certain long-term operating leases require escalating rent payments over the lease term along with providing for landlord reimbursements of certain leasehold improvements and rental abatements. The total rental payments and landlord provided benefits associated with the leases are amortized on a straight-line basis over the lives of the leases and a deferred rent liability is recorded when the monthly straight-line expense is greater than the monthly rent paid.

Deferred revenue: Deferred revenue as of December 31, 2020 and 2019, represents grant funding to which the Company was entitled from two governmental bodies. The deferred revenue on one of the grants is being amortized to income over a period of 20 years which represents the estimated useful life of the constructed property and equipment funded by the grant. The amortization method is the same as the depreciation method being used to depreciate the asset. During the years ended December 31, 2020 and 2019, the Company recognized amortization associated with the deferred revenue of $10,525. Funding from the second grant of $2,092,458 was accrued as of December 31, 2020.

Income taxes: Deferred income taxes are provided on a liability method, whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Monies and properties received from the Alaska Native Fund under provisions of ANCSA are not subject to any form of federal, state or local taxation at the time of receipt. The Company's income tax basis in property received under the Act is at a minimum fair market value of the property at the date of conveyance. Real property interests received under the Act (as amended), which are not developed, leased, or sold to third parties or used solely for the purposes of exploration, are exempt from state and local real property taxes subject to other provisions of the Act. Income derived from real property interests, investments and operations are subject to applicable federal and state income taxes.

The Company recognizes tax liabilities when the Company believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. As such, the Company did not recognize any interest or penalties for unrecognized tax benefits for the years ended December 31, 2020 and 2019.

Financial credit risk: The Company, at times, has cash in banking institutions in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. In addition, a majority of the Company's contract receivables are from contracts with United States governmental agencies on an unsecured basis.

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

Subsequent events: The Company evaluated subsequent events through April 28, 2021, which represents the date the consolidated financial statements were available to be issued.

Recently issued accounting pronouncements (not yet adopted):

Lease accounting: In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of income. The amendments of this update should be applied using the modified retrospective transition approach which also includes elective reliefs that all lessees and lessors may apply in transition. This guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. This guidance is effective for the Company's fiscal year beginning January 1, 2022. The Company has not selected a transition method and is currently in the process of evaluating the impact of the adoption of the new accounting guidance on its consolidated financial statements.

Note 2. Alaska Native Claims Settlement Act

Natural resource revenues: Section 7(i) of the Act provides that 70% of revenues derived by each regional corporation from timber and subsurface rights is to be divided annually among the 12 Alaska regional corporations in proportion to the number of stockholders enrolled in each region.

Section 7(j) of the Act requires that not less than 50% of monies received under Section 7(i) of the Act by a regional corporation shall be distributed pro rata to village corporations in its region and to at-large stockholders (those regional corporation stockholders not also members of a village corporation).

Note 2. Alaska Native Claims Settlement Act (Continued)

Contributed capital: Monies received from the Alaska Native Fund under provisions of the Act have been recorded as contributed capital.

Common stock: Each of the 333 Alaska Natives originally enrolled in the Company was issued 100 shares of common stock. There are 33,300 outstanding shares of no par value common stock.

Under the provisions of the Act, until terminated by Amendment to the Articles of Incorporation, the Company's stock, rights thereto, and rights to dividends or distributions declared with respect thereto may not be sold, pledged, subjected to a lien or judgment execution, assigned, treated as an asset under Title II or any successor statute, any insolvency or moratorium law or other laws affecting creditors' rights or otherwise alienated, except that stock may be transferred (i) to a Native or descendent of a Native in certain circumstances by court decree or intervivos gift, or (ii) by will or the laws of interstate succession. Until terminated by Amendment to the Articles of Incorporation, the stock shall carry voting rights only if the holder thereof is an eligible Native or descendent of a Native.

Land: Under Sections 12(a) and 12(b) of the Act, the Company received entitlement to the surface estate of real property totaling approximately 299,520 acres. The Bureau of Land Management has issued conveyance and patent of the land in 2010. The Company has yet to determine the value of the land at the date of conveyance within reasonable limits and accordingly no amount is recorded in the accompanying consolidated balance sheets.

The Company has approved a stockholder land distribution program through which stockholders are eligible to select a one acre parcel for every 20 shares of common stock held.

Note 3. Marketable Securities

A summary of cost, unrealized gain and loss and market value of marketable securities as of December 31, 2020 and 2019, is as follows:

	December 31, 2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 1,044,302	$ 507,604	$ -	$ 1,551,906
Fixed income	4,483,921	96,961	(6,792)	4,574,090
Other	273,586	3,594	-	277,180
	$ 5,801,809	$ 608,159	$ (6,792)	$ 6,403,176

	December 31, 2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 968,677	$ 315,063	$ -	$ 1,283,740
Fixed income	4,646,372	69,010	(24,764)	4,690,618
	$ 5,615,049	$ 384,073	$ (24,764)	$ 5,974,358

Note 3. Marketable Securities (Continued)

The Company has established a Stockholder Permanent Fund (Permanent Fund) to accumulate funds for payment of stockholder dividends. The Company has funded the Permanent Fund with investments in available for sale securities included above. The fair value of the Permanent Fund investments at December 31, 2020 and 2019, are as follows:

	2020	2019
Equity securities	$ 1,134,642	$ 937,471
Fixed income	2,705,944	2,797,125
Other	203,435	-
	$ 4,044,021	$ 3,734,596

Gains and losses realized on sales of marketable securities for the years ended December 31, 2020 and 2019, are summarized as follows:

	2020	2019
Gross realized gains	$ 51,686	$ 80,325
Gross realized losses	$ (8,625)	$ (33,686)

A summary of investment earnings for the years ended December 31, 2020 and 2019, are summarized as follows:

	2020	2019
Interest income	$ 24,256	$ 105,953
Dividend income	235,028	231,802
Net realized gains on sale of marketable equity securities	43,061	46,639
Unrealized gains on marketable equity securities	242,059	420,161
	$ 544,404	$ 804,555

Note 4. Accounts Receivable

Accounts receivable consist of the following as of December 31, 2020 and 2019:

	2020	2019
Billed contract receivables	$ 2,908,067	$ 1,313,288
Utility	2,296,813	224,611
Other	1,091	16,777
	5,205,971	1,554,676
Less allowance for doubtful accounts	(46,054)	(31,195)
	$ 5,159,917	$ 1,523,481

Note 5. Uncompleted Construction Contracts

Information regarding uncompleted construction contracts as of December 31, 2020 and 2019, is as follows:

	2020	2019
Costs on uncompleted contracts	$ 35,097,638	$ 25,351,732
Estimated gross profit thereon	2,140,899	1,847,464
Total costs and estimated gross profit on uncompleted contracts	37,238,537	27,199,196
Less billings to date	(38,197,312)	(26,847,641)
Net contract (liabilities) assets	$ (958,775)	$ 351,555

The foregoing balances are included in the accompanying consolidated balance sheets under the following captions:

	2020	2019
Contract assets	$ 219,044	$ 479,997
Contract liabilities	(1,177,819)	(128,442)
	$ (958,775)	$ 351,555

Contract assets and contract liabilities as of December 31, 2020 and 2019, consist of the following:

Contract assets:		
Costs and estimated earnings in excess of billings:		
Construction contracts	$ 219,044	$ 479,997
Service contracts	106	-
	$ 219,150	$ 479,997
Contract liabilities:		
Billings in excess of costs and estimated earnings:		
Construction contracts	$ (1,177,819)	$ (128,442)
Service contracts	(6,851)	-
	$ (1,184,670)	$ (128,442)

Note 6. Inventories

Inventories at December 31, 2020 and 2019, were comprised of the following:

	2020	2019
Fuel	$ 443,313	$ 491,106
Supplies	60,011	73,446
	$ 503,324	$ 564,552

Note 7. Property and Equipment

Property and equipment as of December 31, 2020 and 2019, consist of the following:

	Estimated Useful Lives	2020	2019
Land and land improvements	N/A	$ 749,507	$ 749,507
Buildings and improvements	6 – 25 years	860,106	860,106
Machinery and equipment	3 – 35 years	2,607,625	2,593,192
Vehicles	3 – 7 years	101,040	101,040
Office equipment	5 – 10 years	289,528	289,528
Furniture and fixtures	5 – 11 years	98,687	98,727
Leasehold improvements	3 – 5 years	61,916	61,916
Construction in progress		2,146,779	-
		6,915,188	4,754,016
Less accumulated depreciation		(3,290,114)	(3,145,611)
		$ 3,625,074	$ 1,608,405

Depreciation expense charged to operations for the years ended December 31, 2020 and 2019, was $144,542 and $144,652, respectively.

Note 8. Lines of Credit

One of the Company's subsidiaries has a variable credit line with an investment bank that is an uncommitted demand loan and is subject to collateral maintenance requirements. The line's borrowing capacity fluctuates based upon the value of the subsidiary's investment portfolio pledged as collateral. The line's borrowing capacity as of December 31, 2020, was $1,563,960. The line of credit requires monthly interest payments at the one-month LIBOR plus a fixed spread of 2.50%, which was 2.68% at December 31, 2020. The fixed spread is subject to change based upon changes in the collateral balance. The variable credit line has no maturity date. There were no outstanding borrowings on the line at December 31, 2020 and 2019.

On January 3, 2020, the Company obtained a new line of credit which provided for borrowings up to the lesser of $1,000,000 or 75% of eligible accounts receivable. The new line requires monthly interest payments at the bank's prime-rate plus 1.0%, with a minimum rate of 5.5%. The line is collateralized by substantially all of the assets of the Company. The line matured on December 31, 2020 but was subsequently extended in April 2021 until December 31, 2021. There were no outstanding borrowings on the line at December 31, 2020.

Note 9. Short-Term Notes Payable

Short-term notes payable as of December 31, 2020 and 2019, consists of the following:

	2020	2019
Notes payable to Alaska Energy Authority; payable in monthly combined installments of $60,484 and $53,255, including interest at 2.0% and 2.0%, due July 2021 and April 2020, respectively	$ 384,079	$ 219,867

Note 10. Long-Term Debt

On April 21, 2020, the Company obtained a loan from First National Bank Alaska, as a participant in the Paycheck Protection Program (PPP) sponsored by the Small Business Administration (SBA), pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in the amount of $778,440. The Company expects, in accordance with the CARES Act, that the majority of the PPP loans will be forgivable based on the intended use of the funds over the required time period. Under the original contractual terms of the loans, monthly installments in the aggregate amount of $43,808 including interest at 1.0% annum were scheduled to commence November 21, 2020, with all unpaid principal and interest due April 21, 2022. The SBA deferred payments for nine months, with revised monthly installments of $87,946 scheduled to commence August 21, 2021.

Maturities of long-term debt, as of December 31, 2020, are due in future years as follows:

Years ending December 31:	
2021	$ 427,387
2022	351,053
	$ 778,440

Note 11. Income Taxes

The components of the net deferred tax liability at December 31, 2020 and 2019, are as follows:

	2020	2019
Deferred tax assets:		
Allowance for doubtful accounts	$ 11,756	$ 8,399
Deferred grant revenue	34,929	40,585
Deferred rent	3,665	6,321
Accrued expenses	57,601	37,837
	107,951	93,142
Deferred tax liabilities:		
Depreciation	(48,020)	(73,726)
Prepaid expenses	(48,272)	(34,126)
Net unrealized gain on marketable equity securities	(153,509)	(96,744)
	(249,801)	(204,596)
Net deferred tax liabilities	$ (141,850)	$ (111,454)

The components of the provision for income taxes for the years ended December 31, 2020 and 2019, consist of the following:

	2020	2019
Current income tax expense	$ 244,345	$ 603,802
Deferred income tax expense	30,396	95,051
	$ 274,741	$ 698,853

Note 11. Income Taxes (Continued)

The income tax provision differs from the amount of the income tax determined by applying the U.S. federal income tax rate to income before income taxes for the years ended December 31, 2020 and 2019, due to the following:

	2020	2019
Income before income taxes	$ 1,629,046	$ 2,855,684
Tax rate	21%	21%
Income tax expense at maximum statutory rate	342,100	599,694
Increase (decrease) in income taxes resulting from:		
State income taxes, net of federal tax (benefit) expense	51,509	132,423
Nondeductible expenses	15,593	17,886
Tax exempt income and other deductions	(21,799)	(11,604)
Contribution to MTNT Settlement Trust	(94,500)	(42,000)
Other	(18,162)	2,454
	$ 274,741	$ 698,853

Note 12. Profit Sharing Plans

Defined contribution benefit plans: The Company has a 401(k) employee benefit plan covering eligible employees with three months of service who have reached the age of 21 and who elect to participate in the plan. The plan matches up to 4% of employee deferrals as a safe harbor match. Employer contributions totaled $96,649 and $88,840 for the years ended December 31, 2020 and 2019, respectively.

Multi-employer pension plans: Several subsidiaries of the Company are required to participate in multi-employer, defined benefit and contribution pension plans pursuant to collective bargaining agreements for union labor on a number of Federal contracts in the construction and non-construction industries. The agreements provide for required monthly contributions based on a dollar rate per hour in accordance with specified divisions and classes of covered employees during the term of the collective bargaining agreements. None of the Company's participating subsidiaries contributed more than 5% of total plan contributions during any of the years presented. The Company's participation in multi-employer defined benefit and defined contribution pension plans for the years ended December 31, 2020 and 2019, is outlined below.

Pension Fund	EIN/ Pension Number	Pension Protection Act Zone Status	FIP / RP Status Pending / Implemented	Surcharges Imposed	Expiration Date of Collective Bargaining Agreement	Company Contributions 2020	Company Contributions 2019
International Association of Machinists and Aerospace Workers National Pension Plan	51-6031295	Green	No	No	6/30/2023	$ 9,552	$ 6,581

Additionally, the Company contributes monthly contributions to various health and welfare funds along with other union benefits on a per hour basis for each hour worked. Total contributions to such health and welfare funds and other union benefits were $10,146 and $23,233 for the years ended December 31, 2020 and 2019, respectively.

Note 12. Profit Sharing Plans (Continued)

Under 29 U.S. Code Section 1381, an employer withdrawing from a multi-employer pension plan may be liable for withdrawal liabilities to the plan. Therefore, there is a reasonable possibility of the incurrence of a withdrawal liability related to participation in a multi-employer pension plan based on the assumption that a contract may not be renewed. For all years presented in the Company's consolidated financial statements, all of the total contributions made to multi-employer plans are to plans with a green zone status. The Multi-Employer Pension Plan Amendments Act of 1980 also established special industry rules applicable to the building and construction industry. In the building and construction industry, rules apply to an employer if substantially all covered employees work in the industry and the plan either primarily covers industry employees or is amended to provide such special treatment to industry employees.

The Company intends to take full advantage of exceptions permitted under the Employment Retirement Security Act (ERISA) to avoid withdrawal liabilities. Where withdrawal liabilities may ultimately exist for both construction and non-construction plans, the Company has determined that its share of any withdrawal liabilities not covered by safe harbor provisions of the ERISA statutes are not material to the consolidated financial statements due to the percentage of the Company's overall participation in these plans, plan funding status, and the amount of time of its involvement in them compared to the length of time such plans have existed. The Company is not aware of any circumstances where its pension contribution obligation would be increased to make up for any shortfall in the funds necessary to maintain the negotiated level of benefit.

Note 13. Commitments and Contingencies

Leasing arrangements as lessee: The Company is obligated under non-cancelable operating lease agreements for its office space and various office equipment. Several of the leases for office space provide for annual rent escalations. The rent escalations are being amortized over the life of the lease. The following is a schedule by year of future minimum rental payments, required under operating leases as of December 31, 2020:

Years ending December 31:		
2021	$	83,814
2022		35,664
2023		13,300
	$	132,778

Total rental expense charged to operations for the years ended December 31, 2020 and 2019, was $92,846 and $129,792, respectively.

Note 13. Commitments and Contingencies (Continued)

Leasing arrangements as lessor: The Company leases office space, fuel tanks and housing units in the Village of McGrath, Alaska. Lease arrangements range in term from monthly to five years in duration. The following is a schedule by year of future rental income to be received under operating leases as of December 31, 2020:

Years ending December 31:		
2021	$	24,973
2022		9,974
2023		9,974
2022		9,974
2023		4,987
	$	59,882

Total rental revenue included in operations for the years ended December 31, 2020 and 2019, was $60,333 and $76,860, respectively.

Litigation: From time to time, the Company and its subsidiaries are subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of management and legal counsel, any liability resulting from such proceedings, in the aggregate, will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Environmental remediation: The Company has property that contains fuel tanks. Federal, state and local regulations require inspection of these tanks to determine the existence of environmental hazards caused by any leaks. Anyone in the chain of title or an operator can be held liable for the costs of environmental cleanup if damage exists. Future liability, if any, for cleanup costs is unknown. Accordingly, these consolidated financial statements do not reflect any provision for losses relating to this matter. The Company has obtained pollution insurance to address any exposure associated with the fuel tanks.

Note 14. Related Party Transaction

On July 27, 2019, the Company's board of directors established the MTNT Settlement Trust (the Trust), an irrevocable settlement trust established pursuant to Section 39 of ANCSA, to promote the health, education and welfare of the beneficiaries, to preserve the heritage and culture of Alaskan Natives, and to promote the long-term economic stability of the Trust's beneficiaries through distributions and through the minimization of taxes. Members of the Company's board of directors are appointed as trustees of the Trust. The initial beneficiaries of the Trust shall be the holders of the Company's stock issued pursuant to the ANCSA as discussed in Note 2, regardless of whether such stock shall have voting rights or not. Each initial beneficiary shall own a number of trust units equal to the number of shares the Company's stock owned by such initial beneficiary so that the total number of trusts units outstanding shall equal the total number of shares of the Company's stock. The Company made contributions of $450,000 and $200,000 during the years ended December 31, 2020 and 2019, respectively.

Note 15. Contract Backlog

A reconciliation of backlog representing signed contracts in existence as of December 31, 2020 and 2019, is as follows:

	2020	2019
Balance, beginning of period	$ 19,635,510	$ 11,887,890
Contracts signed and started during the year and net adjustments	16,009,957	23,567,972
	35,645,467	35,455,862
Less contract revenues earned during the year	(23,286,328)	(15,820,352)
Balance, end of period	$ 12,359,139	$ 19,635,510

In addition, the Company and its subsidiaries have entered into additional contracts and modifications between January 1, 2021, and April 28, 2021, with estimated revenues of $5,323,767.

Note 16. Fair Value Measurements

The ASC Topic on Fair Value Measurements requires disclosures of fair value in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a non-recurring basis, establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosure about fair market value measurements. The Fair Value Topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The Fair Value Topic requires new disclosure that establishes a framework for measuring fair value in U.S. GAAP and expands disclosure about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable for the asset or liability, significant to the fair value measurement, and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to this Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets or liabilities held by the Company at December 31, 2020 and 2019.

Note 16. Fair Value Measurements (Continued)

All of the Company's investments are listed marketable equity securities and fixed income mutual funds that are measured under category Level 1. The fair value of investments has been determined by reference to the last reported sales price at year-end.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2020 and 2019:

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Marketable equity securities:				
Fixed income:				
Domestic	$ 3,780,639	$ 3,780,639	$ -	$ -
Global	793,451	793,451	-	-
Equities:				
Domestic	1,428,964	1,428,964	-	-
Global	122,942	122,942	-	-
Other balanced	277,180	277,180	-	-
	$ 6,403,176	$ 6,403,176	$ -	$ -

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Marketable equity securities:				
Fixed income:				
Domestic	$ 3,667,750	$ 3,667,750	$ -	$ -
Global	1,022,868	1,022,868	-	-
Equities:				
Domestic	1,187,420	1,187,420	-	-
Global	96,320	96,320	-	-
	$ 5,974,358	$ 5,974,358	$ -	$ -

Note 17. Concentrations and Risks

Major customers: The majority of the Company's revenue and accounts receivable are derived from prime contracts or subcontracts with U.S. governmental agencies.

Labor force: Several of the Company's subsidiary labor forces are subject to various union agreements.


MTNT

IN LOVING MEMORY

Osborn Anderson
8/28/1960 - 4/27/2020
Willow, Alaska

Bert Dementoff, Jr.
9/7/1954 - 4/25/2020
Anchorage, Alaska

Luke Dennis
10/21/1966 - 9/17/2020
Kaltag, Alaska

Franklin Fleagle
2/27/1983 - 2/13/2021
Anchorage, Alaska

Charlotte Gover
8/16/1971 - 2/6/2021
Anchorage, Alaska

Phyliss Gregory
2/11/1956 - 10/15/2020
Holy Cross, Alaska

Joanne Miller
2/6/1990 - 5/22/2020
Anchorage, Alaska

MTNT MISSION STATEMENT

Increase corporate profitability, provide Shareholders with economic benefits and social opportunities, while protecting our corporation assets and land base, at the same time, recognizing the traditional cultural values and subsistence lifestyles of our Shareholders.

MTNT

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