



Central Bering Sea Fishermen's Association

2020 ANNUAL REPORT

Our Mission



To develop a viable, self-sustaining, independent fisheries development organization that, on behalf of the local fishermen, and the community of St. Paul as a whole, and in cooperation with other Bering Sea Coastal Communities and CDQ groups, will ensure key participation in fishery related development in the region while exercising proper resource stewardship.



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Chairman's Letter

Dear Members,



I hope you and your families are doing well as we continue to find some normalcy during this COVID-19 pandemic. I am grateful for the successful collaboration within our Unified Command team who continues

to discuss and implement protective measures to keep our community safe. I'd like to thank our essential workers and community members who continue to abide by the safety measures to prevent the spread of the coronavirus. I'd also like to thank our healthcare workers for your continual commitment to attend to our medical needs, respond to emergencies, and safely administer COVID testing and vaccinations.

During 2020, CBSFA was able to dedicate financial support allowing entities to provide beneficial services and programs to our community. Our funding commitments provide on-going support to the Pribilof School District's Preschool Program, Tribal Government of St. Paul Island Unangam Tunuu Revitalization and Bering Sea Campus and Research Center, Tanadgusix Corporation's Summer Youth Hire Program, and to the community's internet service. We contributed funding to St. Paul Fuel to purchase proper equipment to help ensure cargo and passenger flights arrive regularly. To help keep our community safe, CBSFA provides the use of our house as quarantine housing. The quarantine mandate after traveling back home continues to be an effective way to prevent the spread of COVID-19 in our community.

The pandemic has caused financial hardship throughout the community, and the board and our management staff continues to discuss ways CBSFA can help our residents. In 2021, the board approved funding a Residential Assistance Program (RAP). The intent of this program is to help alleviate the burden of high energy costs faced by our community members. The RAP is similar to our Elders Residential Assistance Program in that CBSFA provides payment on behalf of each eligible household to energy providers and housing entities. I am confident the board of directors will continue to support these programs and hopeful we will find other meaningful ways to help our residents.

I am very happy to report that we should be occupying the Saint Paul Ship Repair and Marine Facility soon! This has been a lengthy collaboration with the Tribe, but this project will be beneficial for years to come. This is a major investment by CBSFA and this project will be completed with EDA grant funding secured by the Tribe. CBSFA continues to support local entity grant applications that will provide meaningful improvements to our community and island. We are interested in helping entities provide jobs on-island, create infrastructure, and support community services.

We will do our best to keep supporting local programs, projects, and entities that positively impact our community, island, and the Bering Sea.

Sincerely,

A handwritten signature in dark ink, appearing to read "Myron Melovidov". The signature is written in a cursive, flowing style.

Myron Melovidov



President's Letter

Dear CBSFA Members,



I hope you all had a wonderful summer despite having to live with the restrictions and changes brought upon us by the covid pandemic! I really love the refreshing summers at Saint Paul Island. Every year I grow

more appreciative of the beautiful wildlife of Saint Paul Island including the Bering Sea marine ecosystem that surrounds us three hundred and sixty degrees (360°)! And of course, we all hope that this most important Bering Sea ecosystem will be protected for future generations to come!

The same as in 2020, CBSFA and the fishermen had to make a major decision in 2021 due to the threat of the ongoing covid pandemic. The pandemic once again forced CBSFA management and the Saint Paul Island halibut fishermen to shut down our local commercial halibut fishery to help prevent the spread of the coronavirus if it found its way here to the island during the fishing season. We did not want to take any chances that our local fleet, consisting of 15 boats and approximately 80 crew members, might become an avenue for the virus to spread quickly throughout our small community. E.g., if one infected crew member goes out fishing on one of our local boats - on a normal fishing trip, we work together for an average of 10 plus hours a day and sometimes for days. Our fishing boats are small, with tight working spaces, and it's not possible to practice social distancing required to prevent virus spread. We are required to work closely together anyway to make the fishing operation work; therefore, the chances are high that the virus would spread easily between crew members. Most of our boats come back to port every day, some every several days, and most all the crew members live in different households; therefore, potentially infected crew members could easily spread the virus to their

family members and further spread it throughout the community. This was a risk the fishermen ultimately decided not to take. I want to say thank you to the fishermen for sacrificing your way of life this fishing season in order to protect the people of our community.

Because the local commercial halibut fishery is a major source of our livelihoods and has become an established way of life here since the early 1980's when the local commercial halibut fishery was first developed here – shutting down the fishery was a very tough decision for the fishermen and CBSFA managers to make again. The same as in 2020, in order to mitigate the fishing income losses to the fishermen as the result of shutting down the local fishery, the CBSFA management implemented the same mitigation program that was created in 2020, the CBSFA Coronavirus Mitigation Payment Program. Under this program, CBSFA provides monetary installment payments spread throughout the fishing season to the vessel owners and the crew members to mitigate their fishing income losses. The funding to pay for this program is from revenue earned from the leasing the CBSFA 2021 CDQ halibut allocation to larger halibut fishing vessels and is also subsidized by CBSFA.

Fortunately, over the years, our board of directors and management have been able to successfully achieve exceptional revenue and asset growth. This growth has allowed us to provide valuable and continuing benefits to our community organizations and the people of Saint Paul Island. We will do our best to continue to provide financial and economic development support to our community well into the future.

Despite the economic disruptions caused by the ongoing pandemic, we're happy to report

that CBSFA has been able to avoid negative financial impacts and had another good year in 2020. In the CBSFA Consolidated Statements of Financial Position, dated December 31, 2020, it reports total net assets of \$110,397,755, which is an increase of \$3,070,200 over 2019's total net assets of \$107,327,555. We are fortunate to have experienced another financially stable and profitable year in 2020. This profit will help CBSFA continue to provide funding to our important social programs and also provide economic development benefits to our community. We will work to maintain stability the best that we can as we make our way through these uncertain times.

I am also very glad to inform you that the Saint Paul Ship Repair and Marine Facility, which is jointly owned by CBSFA and the Aleut Community of Saint Paul Island (Tribe), is scheduled to be completed by the end of September 2021 and we will occupy the new facility soon after in October. The new facility will provide long-term vessel support for the Saint Paul Island fishermen and will ensure we will be able to continue to earn our livelihoods from the Bering Sea and support

the local fishing economy. The new building will also provide valuable space for the Tribe's business development plans and also support the development of our community well into the future.

I would like to thank the managers and the council members of the Tribe, and also the CBSFA board of directors and managers, for investing in this most desired local building project for Saint Paul Island. Also, thank you very much for all the hard work you (the Tribe) did on managing and administering this significant building project for CBSFA and our community members.

In closing, I am glad to report to you that CBSFA and other local entities continue to work together to improve the lives and well-being of our residents. I wish you all a safe year and wish you all the best going forward into the future.

Sincerely,



Phillip Lestenkof



CBSFA Board and Staff

CBSFA Board of Directors



Myron Melovidov
Chairman
Term expires 2022



Phillip Lestenkof
President
Term expires 2023



Jeffery P. Kauffman
Vice President
Term expires 2021



Rena J. Kudrin
Secretary/Treasurer
Term expires 2023



John R. Merculief, Jr.
Director
Term expires 2022



Amos
Philemonoff, Sr.
Director
Term expires 2021



Michael Baldwin
Director
Term expires 2023



Jason
Bourdukofsky, Sr.
Director
Term expires 2022



Simeon Swetzof, Jr.
Director
Term expires 2021

CBSFA Employees



Phillip Lestenkof
President
President since 1999



Rena J. Kudrin
Office Manager
Employee since 1998



Ray Melovidov
Chief Operating
Officer
Employee since 2001



Robert Melovidov, Sr.
Traffic Coordinator
Employee since 2010



Myron Melovidov
Operations
Supervisor
Employee since 2011



Shiona Melovidov
Administrative
Manager
Employee since 2012



Heidi Merculief
Administrative
Assistant
Employee since 2017



Marisa Mack
Senior Accountant
Employee since 2017



Joe Kashevarof
Chief Financial
Officer
Employee since 2017

SPFC Employees



Jeffery P. Kauffman
Chief Executive
Officer
Employee since 2007



Jennifer L.
Hausmann
Administrative
Assistant/
Accountant
Employee since 2010



Sean Head
Accountant and
Analyst
Employee since 2016

Central Bering Sea Fishermen's Association Board of Directors

Myron Melovidov, Chairman
PO Box 167, St. Paul Island, AK 99660
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Term expires 2022

Phillip Lestenkof, President
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Term expires 2022

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PO Box 232, St. Paul Island, AK 99660
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Term expires 2021

Michael Baldwin, Director
PO Box 124, St. Paul Island, AK 99660
(907) 351-5305
Term expires 2023

Simeon Swetsof, Jr., Director
PO Box 147, St. Paul Island, AK 99660
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St. Paul Fishing Company, LLC Board of Directors

Myron Melovidov, Chairman
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Sean Head, Director
7362 W. Parks Hwy. #496
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Michael Baldwin, Director
PO Box 124
St. Paul Island, AK 99660
(907) 351-5305

Saint Paul Fishing Company

St. Paul Fishing Company (SPFC) holds and manages vessels, permits, and other fishery investments made by CBSFA.

CBSFA's fleet of catcher-vessels made it through the unprecedented times of 2020 and 2021, but there were many hurdles. The COVID-19 pandemic caused logistical challenges, temporary plant closures, harvesting and processing delays, and reduced ex-vessel pricing for some species. It took diligence and extra effort to keep our fleet and crews working under strict and ever-changing health mandates and quarantine restrictions. Thankfully, of the 35 or more crewmen that work on SPFC managed vessels, none ended up with COVID while under contract.

Despite all the challenges, SPFC ended the year with a net income 24% higher than budgeted. Collectively in 2020, CBSFA's ownership interest in seven catcher-vessels produced \$2.4 million in profit distributions – a solid year financially.

SPFC increased its ownership interest in the *Early Dawn* in 2020 when longtime partners Rick and Mary Mezich decided to sell, and now owns 83% of the vessel and its crab quotas. Outside of this positive development, 2020 was a difficult year for the *Early Dawn*. It had exclusively fished Western Aleutian Gold King (WAG) and Eastern Aleutian Golden King (EAG) crab for the last five years, and it was a lucrative venture. However, catch rates in the WAG fishery dropped significantly and the processing plant in Adak closed its doors, creating an insurmountable situation for the *Early Dawn* in the western Aleutians. The *Early Dawn* will continue to fish Golden King crab in the eastern Aleutians and re-enter the opilio and bairdi fisheries in 2022.

The *Starward* and *Starlite* are CBSFA's flagship pollock trawl catcher-vessels. CBSFA purchased the Star Boats in 2004 in partnership with Unisea Seafoods, and they have been solid producers ever since. The *Starward* and *Starlite* will be debt-



free in January 2022 after 16 years of ownership. In 2020, pollock were smaller and more difficult to find, but CBSFA's boats fared well and harvested their full allocations. The *Starward* underwent significant shipyard renovations in 2021, and the *Starlite* will follow in 2022.

The *Saint Paul* and *Saint Peter* continue to be good producers for CBSFA despite declining Pacific cod stocks. Both boats fish federal, state water, and CDQ cod during the winter. 2020 marked the 8th straight year of reductions in Total Allowable Catch, which is problematic and results in reduced revenues and profit distributions. To fill the gap, the Saint Boats have been harvesting sablefish (black cod) with pots. The Bering Sea and Aleutian Island sablefish populations have increased significantly over the past few years, and fishing has been excellent. The Saint Boats harvested over 700,000 pounds in 2021. The *Saint Peter* also successfully harvested CBSFA's halibut CDQ allocation and local IFQ in 2020 and 2021. Thank you to all CBSFA members that fished on the Saint Boats for halibut, sablefish, and Pacific cod in 2020 and 2021.

The *Adventure* is one of CBSFA's three crab vessels and often delivers into St. Paul during the opilio fishery. Given the reduced abundance of opilio on the traditional fishing grounds, most of the fleet fished hundreds of miles to the north, near the ice edge and US/Russian border in 2020 and 2021. Given this situation, the smaller-sized *Adventure* was at a disadvantage compared to larger vessels that could fish hundreds of miles offshore more safely. 2021 was particularly difficult in terms of harvest. The *Adventure* was recently hauled out and put in storage and will not participate in the crab fisheries in 2022.

Fortunately, CBSFA has a well-diversified fleet that targets pollock, Pacific cod, halibut, sablefish, and crab. Several of the vessels also tender salmon in the summer months to earn extra revenue. The environment is changing rapidly, and various fish and crab stocks are showing signs of stress, and others, such as sablefish, are doing fine. CBSFA is paying close attention to stock fluctuations and optimizing operations as much as possible. With low debt levels and a diversified fleet, SPFC is well positioned to continue providing financial benefits and fishing job opportunities well into the future.



Local Halibut Fishery

The local halibut fishery is a major source of employment, income, and subsistence for the community and our members. Compared to CBSFA's other groundfish allocations, halibut can be harvested with small boats and provides an opportunity for income to be earned directly by CBSFA members. In addition to providing harvesting opportunities for the local fleet through its CDQ halibut allocation, CBSFA also provides support services for the fishermen through its Local Fleet Support Program, and has worked closely with Trident Seafoods to provide halibut processing services.

CBSFA operates the local halibut fishery in conjunction with the local fishermen, Saint Boats LLC (*F/V Saint Paul* and *F/V Saint Peter*), and Trident Seafoods. In a typical year, CBSFA purchases the halibut from the local fleet and partners with Trident Seafoods to process and market the fish. Any CDQ not able to be caught by the local fleet is leased to our own boats, the *F/V Saint Paul* and *F/V Saint Peter*, if they are available at the end of the season.

In 2003, CBSFA created the CBSFA Halibut Cooperative (CBSFA Co-op) and began purchasing halibut from the local fleet with the goal of providing a competitive ex-vessel price. Since inception, the CBSFA Co-op has paid out nearly \$44 million dollars of income to the local fishermen, and the fishermen have landed nearly 9 million pounds of halibut!

With the COVID-19 pandemic persisting into 2021, CBSFA managers spent time discussing how to make the local halibut fishery work and what the potential risks to the community would be if there were a regular halibut season. The nature of the local small-boat, day fishery increases the potential for spread of COVID on the boats and also in the community. Most

operations have crew that live in different households and come together on the small boats, where social distancing is practically impossible. With COVID vaccinations just starting to get rolled out in the community, it was not certain how much of the town would be vaccinated by summertime.

Given that, the CBSFA managers discussed potential options with the local fishermen, who voted to stand down and not have a local fishery to help minimize potential infection risk to the community. Many fishermen expressed concern about the kids in the community not being vaccinated at the time, and also how a hunker down response during fishing season might not have been effective in limiting potential community spread in the event of a positive case.

As was done in 2020, CBSFA addressed the economic loss to the fishermen from the direct, forgone harvest through the Coronavirus Mitigation Payment Program. Under the program, eligible vessel owners and crew received payments based on each vessel's past CDQ catch history. The intent was to pay fishermen as if they had harvested the CDQ halibut themselves, essentially keeping them all financially whole.

In 2021, the program paid out a total of \$2.2M in ex-vessel value over six installments which were made every two weeks, throughout the summer. Payments were calculated with a base price of \$5.10/lb. and a retroactive price adjustment of \$0.80/lb. was issued based on the published NMFS Bering Sea Average Ex-vessel Price. To help cover the cost of the program, CBSFA leased its CDQ halibut allocation out to three large vessels – the *F/V Saint Peter*, the *F/V Scandia*, and the *F/V Oracle*. CBSFA covered a little less than half of the cost of the program and is projected to provide a subsidy of approximately \$900,000.

In addition to the Coronavirus Mitigation Payment Program, CBSFA successfully lobbied for two emergency rules that made temporary changes to the IFQ Program. The changes allowed all interested local IFQ holders to transfer their quota to the *F/V Saint Peter* for harvest without having to physically go on the boat. This allowed the IFQ holders to earn fishing income from their quota and eliminated COVID risk to the IFQ holders and to the community.

To help promote subsistence fishing opportunities, CBSFA installed all the floating dock sections in the Small Boat Harbor and made available all the typical launch and retrieval

services to the local fleet. CBSFA also had dock security personnel monitoring the Small Boat Harbor area while docks and fishing vessels were in the water.

CBSFA believes that these efforts helped contribute to safer summers in our community over the last two years. We'd like to thank the fishermen for sacrificing what they love to do and choosing the safest option. As we go forward under the COVID-19 pandemic, we will be evaluating options and scenarios for next season that make the most sense for the local fishermen and the community.



Fishery Management Issues

Alaska Fishing Communities

Since early 2020, CBSFA has played a key role in the development and efforts of the new Alaska Fishing Communities (AFC) coalition. This coalition was organized around a set of common principles to promote the interests of CBSFA and similarly situated associations and communities before the North Pacific Fishery Management Council (NPFMC), the National Marine Fisheries Service (NMFS), Alaska Department of Fish and Game (ADF&G), and the U.S. Congress. AFC's seven core principles are:

1. conservation of Alaska's fishery resources and prevention of overfishing through science-based fisheries management and habitat protection;
2. sustained community participation in and access to fishery resources;
3. fair and equitable sharing of Alaska's fishery resources;
4. recognition of coastal communities' 10,000-year cultural and economic dependence on fishery resources;
5. reductions of bycatch and bycatch mortality to the extent practicable;
6. balance in how the MSA National Standards are weighted in fisheries management;
7. management policies responsive to the effects of climate change on fisheries, recognizing the unique vulnerability of coastal communities.

To date, AFC has been effective at bringing together a broad number of stakeholders on issues of common interest and concern including: efforts before the NPFMC to reduce bycatch in the halibut, crab, sablefish, and herring fisheries; increasing the visibility of fishery communities in council considerations and processes; promoting the concerns of Alaska Native stakeholders and tribes; and promoting the need to amend the Magnuson-

Stevens Fishery Act in order to address concerns about the impacts of climate change, bycatch reduction efforts, Council representation, and other fishery management issues.

Halibut Abundance Based-Management

The CBSFA/St. Paul team remains fully engaged in efforts to further reduce halibut bycatch and improve management of the halibut stocks. Since the North Pacific Fishery Management Council (NPFMC) action in 2015 to reduce halibut PSC by 21% the focus has been on developing a system for managing halibut that is based on abundance of the resource and equitable sharing of both the ups and downs in the resource between directed halibut fishermen and bycatch users. This system is referred to as Abundance-Based Management (ABM).

At present, the IPHC takes halibut bycatch mortality off the top of the total harvestable halibut numbers, and the remainder goes to directed fisheries, resulting in the inequitable allocations of recent years that has impacted St. Paul and other halibut dependent communities.

In 2020, CBSFA continued to play a lead role in directed halibut industry efforts to solidify the alternatives and elements of an ABM halibut bycatch action before the Council. In February 2020, the Council simplified and focused the action on bycatch management of bottom trawl vessels (the Amendment 80 fleet). Additional action was taken in October 2020 and early 2021 to amend the Purpose and Needs Statement, refine specific action alternatives using a look-up table approach, and drop the use of previously developed modeling efforts based in part on feedback from the NPFMC's Scientific and Statistical Committee. Final Action on ABM is currently scheduled for the December 2021 meeting.

To date these efforts have enabled St. Paul to maintain its halibut fishery. Nevertheless, the situation with the halibut resource remains uncertain and will remain a major issue for the foreseeable future, requiring a concerted and coordinated effort with other St. Paul entities and halibut user groups.

Pacific Cod Issues

BSAI Pacific Cod Pot Catcher Processor Participation:

CBSFA was active in 2020 and early 2021 in a Council action to eliminate latent capacity in the Bering Sea Pacific cod Pot Catcher Processor fishery. The rationale for this action was that it would help increase stability for Pacific cod dependent CPs, maintain consistently low rates of halibut and crab bycatch, and ensure that condensed fishing seasons do not result in safety-at-sea concerns. The action, however, threatened to eliminate latent licenses owned by CBSFA and other license owners including other CDQ groups and Alaska Native entities. After considerable efforts to prevent this outcome which included coordination with similarly situated license holders, the Council declined to take further action on this issue in early 2021. This was a positive outcome for CBSFA.

BSAI Pacific Cod Trawl Catcher Vessel LAPP:

CBSFA was active in NPFMC efforts to develop a limited access permit program in the BSAI Pacific cod Trawl CV sector. The purpose of this action, which started in October 2019, is to create a cooperative-based program to improve the prosecution of the fishery; promote safety and stability in the harvesting and processing sectors, increase the value of the fishery, provide for the sustained participation of certain fishery dependent communities, and ensure the sustainability and viability of the resource.

This is a comprehensive action with many components. CBSFA was active in coalition with other coastal Alaska interests in developing provisions that would reduce halibut and crab PSC both critical species to St. Paul; allocate harvest shares to processors thereby benefitting host communities; and allowing for gear conversion from trawl into cleaner PSC gear types. Final Action was taken in October 2021.

Emergency Actions in Response to COVID-19 Pandemic:

In 2020, as the COVID-19 pandemic enveloped the nation and impacted the prosecution of various fisheries, CBSFA undertook major efforts at the

NPFMC, and with the support of NMFS, the State of Alaska, and the Alaska congressional offices to secure emergency actions under Section 305 of the Magnuson-Stevens Act to: 1) temporarily modify IFQ transfer provisions of the Halibut and Sablefish IFQ Program and 2) waive IFQ vessel use caps for IPHC regulatory areas 4A, 4B, 4C, and 4D, thereby allowing the temporary transfer of catcher vessel halibut and sablefish IFQ for all individual quota shareholders for the 2020 fishing season.

These emergency actions were pursued in coalition with similarly situated fishermen associations and in St. Paul's case were designed to temporarily allow CBSFA to consolidate halibut IFQ and CDQ on a few larger catcher vessels, thereby avoiding the need for the St. Paul small boat fleet and crews to pursue the 2020 summer halibut IFQ and CDQ fishery. The concern was that without these emergency measures, it would be necessary to bring to St. Paul, plant workers to process the halibut as well non-resident crews. This would unnecessarily expose the fishery and the community to COVID, with potentially deadly consequences to the residents given its limited health-care equipment.

The NPFMC recommended both of these actions and they were subsequently approved by NMFS. The outcome of these actions was extremely positive for St. Paul and its fishermen, as their IFQ and CDQ halibut were caught, and local fishermen were compensated based on their shares and historic participation. Most importantly, the community was kept safe without a single local COVID infection reported on St. Paul in 2020.

CDQ Program Issues

CBSFA continued to work in 2020 with other CDQ groups and Alaska's congressional offices to secure changes to the CDQ Statute designed to improve the CDQ Panel's decision-making capabilities, as well as to develop provisions that would clarify the scope of CDQ groups' tax- exempt activities.

A major success was achieved in late 2020 when an amendment to the CDQ Panel voting requirements was secured in the National Defense Authorization Act (NDAA), P.L. 116- 283. This amendment

removes the unanimity requirement and enables the Panel to make decisions based on the votes of five out of six CDQ groups. This change should enhance the CDQ Program's effectiveness and its ability to make decisions in response to the many challenges confronting the CDQ region.

Ecosystem, Community Engagement, Climate Change, and LKTK Issues

In 2020, CBSFA continued to work in coordination with the City of St. Paul and the Aleut Community of St. Paul Tribal Government, the Tribe, on a number of issues relating to fur seal management; community engagement; climate change; and local knowledge & traditional knowledge (LKTK). CBSFA has also supported the active participation of the Tribe on committees that the NPFMC is establishing to

improve coordination with Bering Sea communities and tribes. Through the Tribe, for example, St. Paul is seeking to provide greater input on fur seal management issues and actions that may be taken, including those based on LKTK, to prevent further declines in this iconic species for the Pribilofs.

St. Paul representatives on the NPFMC's Community Engagement Committee (CEC) which was established in 2018, as well as the Climate Change and LKTK Task Forces contributed to various proposals that have been presented to the NPFMC. A notable recommendation adopted by the NPFMC was the establishment of a Tribal Liaison staff person to interact on fishery management and policy issues between the NPFMC and underrepresented rural and Alaska Native fishing dependent communities



CBSFA's objective in supporting these multiple efforts is designed to impact positively the management of fisheries and natural resources that surround the Pribilof Islands and upon which Saint Paul and its residents depend.

Ad Hoc Crab Committee

CBSFA has been working for six years with harvester and processor representatives as a member, and the chair, of an industry Ad Hoc Crab Committee to develop agreements with the Alaska Department of Fish and Game (ADFG) and the Alaska Board of Fisheries (BOF) to revise the State's harvest strategy for Bairdi tanner crab. This is reflective of CBSFA's key role in policy-making in the management of the crab fisheries, as well as of its business investments in crab.

The crab industry has undertaken this effort in order to allow a commercial tanner crab fishery when the overall biomass is at harvestable levels. In 2017, the BOF made small changes to the harvest strategy that went part of the way to the goals, but the industry continued to work together in 2018 and 2019 toward a more comprehensive overhaul of the management program. Although crab in the Bering Sea is federally managed, the actual management is delegated to the State of Alaska.

As a result of this collaborative approach, ADFG and industry made a successful proposal to the BOF in spring 2020 to revise the bairdi tanner crab harvest strategy. The new method will provide a more robust harvest of CBSFA's crab going forward.



Community Outreach

Elders Residential Assistance Program

CBSFA continues to provide annual payments of \$4,000 (per household) to energy suppliers or housing entities on behalf of community elders age 55 and over. The annual payment was increased from \$3,500 to \$4,000 in 2014 to help alleviate the increasing cost of living in rural Alaska.

Residential Assistance Program

This program was created in January 2021 and the intent is to help alleviate the burden of high energy costs affecting our residents. All occupied households on St. Paul Island that are not receiving funding under our Elders Residential Assistance Program are eligible. CBSFA provides \$160 per month on behalf of the eligible household directly to energy suppliers or housing entities for home heating fuel, electricity, and monthly rent costs. In sum, the monthly payments is \$1,920 per year.

Elders and Community Subsistence Donations

Our residents continue to be affected by the rising cost of living in many ways. Subsistence resources continue to be increasingly important to offset these rising costs. In 2020, the total lbs. of the following seafood products were dispersed to elders age 55 and over: 780 lbs. of halibut portions and 300 lbs. of fish sticks. During 2021, 1500 lbs. of halibut portions, 1500 lbs. opilio crab, 750 lbs. of king crab, 750 lbs. of salmon portions, and 228 lbs. of salmon patties. Seafood products are also donated to various community events throughout the year.

CBSFA also donated 160 lbs. each of halibut portions and opilio crab to elders living on St. George Island.

Volunteer Tax Program

An annual contribution is made to the Alaska Business Development Center to provide on island tax preparation assistance for community members.

Community Events and Programs

Funds and purchases are contributed to events such as New Year's Eve, 4th of July, and Aleut Independence Day.



	2020	As of 10.15.2021
Elders Residential Assistance Program	303,024	307,343
Residential Assistance Program	0	121,120
Elders & Community Subsistence Donations	65,486	81,981
Volunteer Tax Program	6,850	6,850
Community Events & Programs	6,393	3,381
Travel Assistance	0	1,158
Community Internet Service Contribution	138,440	115,000
Bereavement	16,184	10,868
City of Saint Paul:		
• North Pacific Fisheries Management Council Travel/Consultation	19,988	0
• Church Landscape Lighting	4,725	0
St. Paul Fuel, LLC:		
• Aircraft Fueling System	99,000	0
• De-icing System	92,700	0
Tribal Government of St. Paul:		
• Unangam Tunuu Revitalization	47,930	0
Church Donations	45,000	45,000
Wellness	1,258	0
Quarantine Housing	6,102	16,198
TOTAL	855,580	730,282

Community Internet Service Contribution

This joint venture with the Tanadgusix Corporation increases the local internet speed to our community. The additional satellite bandwidth allows TDX to provide a more reliable internet service to St. Paul. In March 2020, our students and most entities were learning and working remotely due to the COVID-19 pandemic. To help the community access faster internet speed CBSFA released the 8MB of bandwidth we dedicate to our office from 8am to 5pm, and contributed the full 15MB of bandwidth we purchase to the community. This allows TDX to provide the full 30MB community wide.

Bereavement

CBSFA provides contributions to funeral arrangements for families of CBSFA members.

City of Saint Paul

North Pacific Fisheries Management

Council Travel/Consultation: CBSFA supports additional entity representation at the five North Pacific Fisheries Management Council meetings and is contributing funds for the airfare and hotel costs for two City team members to attend. Additionally, funds will offset the City's consultation costs that involve the halibut fishery.

Church Landscape Lighting: Funding helps purchase landscape lighting for paths in and around the church and the bell tower.

St. Paul Fuel, LLC

Aircraft Fueling System: CBSFA funded the purchase of a 2007 Condor Jet A Fuel Tanker Truck to fuel aircrafts at the St. Paul airport. CBSFA's funding contribution allows St. Paul Fuel to expand their fuel capacity delivery system.

De-icing System: Our funding allows St. Paul Fuel to acquire equipment and materials needed to ensure our airport is prepared for the winter season. These purchases will help keep the runway, taxiway, and ramp clear of snow and ice.

Tribal Government of St. Paul Island

Unangam Tunuu Revitalization: Contribution allows the youth to further build on their 2014 Unangam Tunuu *Speaking, Listening, Teaching* project. In 2019, the group continued to immerse participants through a Summer Learning Intensive and continue developing the curriculum to speak, listen to, and teach Unangam Tunuu. Specific tasks our funding helps to accomplish include: advancing on island team's fluency, teaching and project management, being a resource for other communities striving to build their language utilization, and develop immersion abilities with children age 0-3 years old.

Church Donations

Our contribution helps the Sts. Peter and Paul Russian Orthodox Church with various costs.

Wellness

Payments are made to substance abuse treatment programs.

Quarantine Housing

Since June 2020, House 139 has been a designated housing unit for residents needing to self-quarantine for 14 days. CBSFA also purchased essential supplies to keep all dedicated quarantine units stocked.



Education

Scholarships and Training Grants

Since 1993, CBSFA has been providing scholarship and training grants for post-secondary education and vocational training to eligible individuals. Over the years, 52 individuals who were awarded financial aid have successfully received a certification and/or earned one or multiple degrees. The purpose of this program is to be able to train and educate our people and to provide incentives for them to return to our community to build their careers.

Alaska Young Fishermen's Summit

In 2020, CBSFA sponsored one individual to participate in a three-day summit to learn about marketing, fisheries regulatory processes, and fishery management. Participants network with other young fishers and discuss how to manage a commercial fishing business.

Tribal Government of St. Paul

Bering Sea Campus and Research

Center: During 2020, CBSFA is funding the employment of two tribal members, one full-time Educational Program Coordinator, and two part-time Youth Interns to support educational programming.

Pribilof School District

Preschool: CBSFA began its support for the Montessori Program in the spring 2007 semester, and has continued it since. The program provides early education and activities for kids age two to five and is fully funded by CBSFA. Over the years the style of teaching has shifted more towards a preschool curriculum, a structure that provides an advantage to kids as they enter kindergarten by developing social, reading, and communication skills.

5th Grade Class Trip and Basketball

Team Trip: Our funding helps cover costs associated with the 5th grade class and basketball team travel. These school sponsored trips allow our students to explore places within and outside of Alaska and create memorable experiences.



	2020	As of 10.15.2021
Scholarships	58,965	64,500
Training Grants	800	0
Alaska Young Fishermen's Summit	2,466	0
Tribal Government of St. Paul: • Bering Sea Campus and Research	15,003	0
Pribilof School District: • Preschool	0	86,854
• 5th Grade Class Trip	4,800	0
• Middle School Basketball Team	4,500	0
Graduation Gifts	4,000	671
TOTAL	90,534	152,025



Central Bering Sea Fishermen's Association & Subsidiaries
Consolidated Statements of Financial Position | December 31, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 24,801,107	23,987,306
Accounts receivable, net	4,462,121	2,781,498
Due from related party	29,670	189,226
Prepaid expenses	830,660	1,035,471
Total current assets	30,123,558	27,993,501
Investments	346,905	827,623
Prepaid expense and other	4,931,599	4,467,812
Loans receivable, net	450,390	516,776
Investment in nonmarketable equity securities	3,474,704	3,534,323
Property and equipment, net	15,064,035	15,202,370
Fishing and processing rights	81,211,354	82,002,832
Total assets	\$ 135,602,545	134,545,237
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,623,104	3,630,517
Current portion of long-term debt	3,220,735	3,242,372
Total current liabilities	6,843,839	6,872,889
Long-term debt, less current portion	18,360,951	20,344,793
Total liabilities	25,204,790	27,217,682
Net assets:		
Without donor restrictions:		
CBSFA	103,759,161	96,987,147
Noncontrolling interests	6,638,594	10,340,408
Total net assets	110,397,755	107,327,555
Commitments and contingencies		
Total liabilities and net assets	\$ 135,602,545	134,545,237

Central Bering Sea Fishermen's Association & Subsidiaries
Consolidated Statements of Activities | Years ended December 31, 2020 and 2019

	2020	2019
Revenue, gains, and other support:		
Revenue from fishing operations	\$ 46,218,558	51,944,312
Leased quota income	6,323,562	7,258,585
Investment and other income	887,000	205,361
Equity in income of equity method investee	320,162	465,822
Total revenue, gains, and other support	<u>53,749,282</u>	<u>59,874,080</u>
Expenses:		
Program:		
Fishing operations	37,028,241	43,022,019
Education and outreach	931,009	1,335,992
Vehicle and equipment operations	790,611	719,893
Small boat operations	275,164	325,064
EFH advocacy and research	295,049	291,606
Community infrastructure support	138,440	138,000
Vessel launch and retrieval	10,557	19,975
Total program	<u>39,469,071</u>	<u>45,852,549</u>
General and administrative	<u>7,030,275</u>	<u>5,985,459</u>
Total expenses	<u>46,499,346</u>	<u>51,838,008</u>
Change in the fair value of interest rate swap	<u>—</u>	<u>(194,179)</u>
Total expenses and other	<u>46,499,346</u>	<u>52,032,187</u>
Change in net assets	<u>\$ 7,249,936</u>	<u>7,841,893</u>

Central Bering Sea Fishermen's Association & Subsidiaries
Consolidated Statements of Changes in Net Assets | Years ended December 31, 2020 and 2019

	CBSFA	Noncontrolling interests	Total
Net assets, December 31, 2018	\$ 90,453,817	9,732,845	100,186,662
Change in net assets	6,533,330	1,308,563	7,841,893
Distributions to noncontrolling interests	—	(701,000)	(701,000)
Net assets, December 31, 2019	96,987,147	10,340,408	107,327,555
Change in net assets	6,772,014	477,922	7,249,936
Distributions to noncontrolling interests	—	(912,000)	(912,000)
Redemption of noncontrolling interests	—	(3,267,736)	(3,267,736)
Net assets, December 31, 2020	\$ <u>103,759,161</u>	<u>6,638,594</u>	<u>110,397,755</u>

Central Bering Sea Fishermen's Association & Subsidiaries
Consolidated Statements of Cash Flows | Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,249,936	7,841,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,319,154	2,133,932
Distributions in excess of earnings of equity method investee	59,619	14,178
Change in fair value of interest rate swap	—	194,149
Gain on sale of fishing and processing rights	(707,178)	—
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable, net	(1,680,623)	1,721,003
Prepaid expenses	(258,976)	18,772
Due to/from related party	159,556	45,324
Accounts payable and accrued expenses	78,945	(272,675)
Net cash provided by operating activities	<u>7,220,433</u>	<u>11,696,576</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,267,177)	(2,170,506)
Proceeds from the sale of property and equipment	—	7,797
Proceeds from the sale of fishing and processing rights	1,498,656	—
Issuance of loans receivable	—	(61,562)
Principal payments received on loans receivable	66,386	117,678
Purchase of investments	(133)	(1,165)
Sale of investments	480,851	—
Net cash used in investing activities	<u>(221,417)</u>	<u>(2,107,758)</u>
Cash flows from financing activities:		
Distributions to noncontrolling interest	(912,000)	(701,000)
Acquisitions of additional interests in consolidated affiliates	(3,267,736)	—
Proceeds from issuance of long-term debt	1,200,000	—
Principal payments on long-term debt	(3,205,479)	(4,399,482)
Proceeds from advances on line of credit	6,000,000	3,000,000
Payments on advances on line of credit	(6,000,000)	(3,000,000)
Net cash used in financing activities	<u>(6,185,215)</u>	<u>(5,100,482)</u>
Net increase (decrease) in cash and cash equivalents	813,801	4,488,336
Cash, cash equivalents, and restricted cash:		
Beginning of year	<u>23,987,306</u>	<u>19,498,970</u>
End of year	<u>\$ 24,801,107</u>	<u>23,987,306</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 648,190	1,397,570
Supplemental schedule of noncash investing and financing activities:		
Equipment obtained through installment purchases payable	\$ —	86,358

Central Bering Sea Fishermen's Association & Subsidiaries

General and Administrative Expenses | Years ended December 31, 2020 and 2019

General and administrative expenses:

Board expenses:

Travel and per diem	\$	552	6,906
Directors fees		45,980	49,158
Board training		15,614	110,237
Other		73,061	97,192
Total board expenses	\$	135,207	263,493

Staff:

Payroll and taxes	\$	1,692,628	1,626,646
Benefits - incl. medical, dental, vision		746,297	745,029
Benefits - retirement		152,350	140,304
Total staff	\$	2,591,275	2,511,979

Travel and per diem:

Staff	\$	32,407	115,726
Total travel and per diem	\$	32,407	115,726

Other:

Accounting and audit fees	\$	246,304	156,496
Bad debt		—	—
Bank fees		27,214	2,870
Contributions		1,000	2,700
Copying and printing		1,145	1,289
Depreciation		790,428	46,214
Dues, subscriptions and memberships		173,518	88,818
Fines & Penalties		47	2,264
Insurance		1,023,611	370,826
Interest		563,156	1,397,570
Legal fees		89,155	44,421
Licenses and fees		54,663	58,406
Marketing Costs		1,020	1,148
Meals and entertainment		2,271	3,578
Medical		(117)	11,361
Miscellaneous		142,243	19,321
Moorage and storage		65,253	72,965
Office supplies		17,283	19,713
Postage and freight		13,659	8,914
Professional fees		262,549	202,080
Rent and storage		82,287	71,560
Repairs and maintenance		454,129	383,731
Small office equipment		12,336	9,285
Parking & Transportation		16,315	21,151
Taxes		26,985	(34,467)
Telephone and internet fees		188,105	61,070
Training		380	—
Utilities		16,447	70,977
Total other	\$	4,271,386	3,094,261

Total general and administrative expenses \$ **7,030,275** **5,985,459**



Transparency Disclosures

Section 305(i)(1)(F)(II) of the Magnuson-Stevens Fishery Conservation and Management ACT, as amended by section 416 of Public Law 109-241 (the Coast Guard and Maritime Transportation Act of 2006), requires that each CDQ entity “comply with State of Alaska law requiring annual reports to the entity’s member villages summarizing financial operations for the previous calendar year, including general and administrative costs and compensation levels of the top five highest paid personnel.” CBSFA remains in compliance with Section 305(i)(1)(F)(II) of the Magnuson-Stevens Act and as the CDQ group for the village of St. Paul, hereby submits the following disclosures for calendar year 2020.

Directors

CBSFA directors receive \$275 for each board meeting less than two hours duration, \$450 for meetings two to eight hours, and \$750 for meetings more than eight hours. In 2020 CBSFA paid \$31,879.61 to CBSFA Directors, \$1,800.00 to CBSFC Directors, and \$9000.00 to SPFC Directors. In addition to director’s fees \$42,720.00 was paid for life insurance policies.

Related Party Transactions

CBSFA’s wholly owned subsidiary Central Bering Sea Fishermen’s Corporation operates a vessel and gear loan program for member fishermen. Loan terms range from three years to seven years with interest at 3% annually. Loan payments are withheld from ex-vessel payments. The CBSFC board of directors has appointed

an independent loan committee to review and approve or disapprove loan applications. For 2020, zero (0) loans were made to a related party exceeding \$20,000. The terms and conditions of the loan are identical to loans made to non-related parties.

Legal Proceedings

Involving Directors

There were no legal proceedings involving CBSFA and its directors during the year.

Auditor Relationship

CBSFA has not had any disagreements with its auditors, KPMG, LLP, for either 2020 or 2019. KPMG performed tax preparation, the fees for which equal 18% for 2020 and 12% for 2019.

Committees

CBSFA maintains a compensation committee. In 2020, its membership was made up of Amos Philemonoff, Sr., Jason Bourdukofsky, Sr., and Roman Fratis, Sr. The committee’s function is to review employee evaluations and to make determinations regarding employee compensation. The committee did not meet in 2020.

Professional Fees

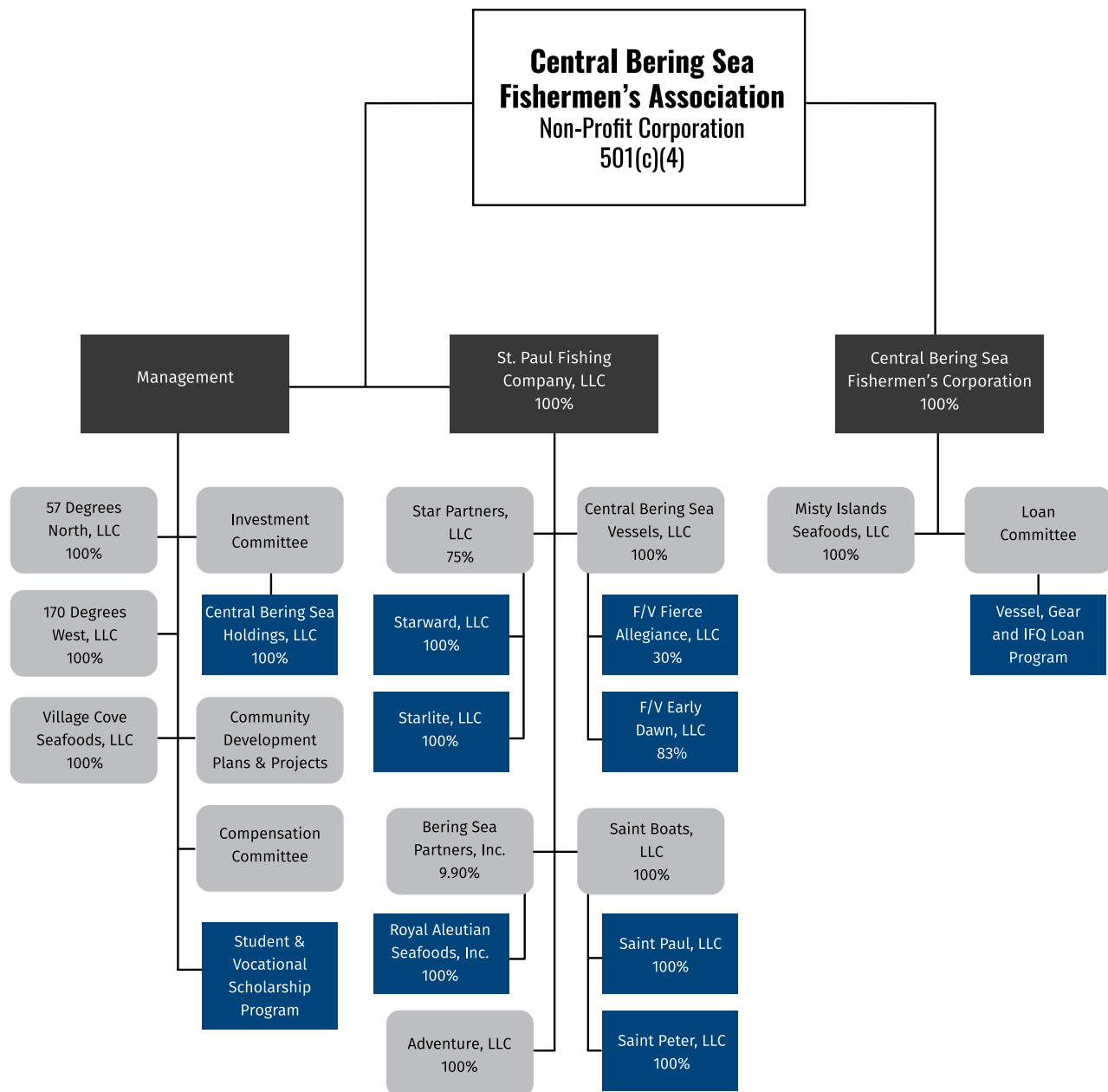
Legal: \$24,965.50
Consulting: \$253,382.14
Accounting: \$0.00
Auditing: \$120,350.00
Tax Prep: \$27,000.00

Employee Compensation

Company, position, and salary information for the top five highest paid personnel within entity and majority owned subsidiaries:

Employee	Position	Company	Salary	Bonus	Total
Phillip Lestenkof	President	CBSFA	\$221,430.12	0	\$221,430.12
Jeffery Kauffman	Chief Executive Officer	SPFC	\$207,607.79	0	\$207,607.79
Joe Kashevarof	Chief Financial Officer	CBSFA	\$170,872.72	0	\$170,872.72
Raymond Melovidov	Chief Operating Officer	CBSFA	\$158,419.70	0	\$158,419.70
Jennifer Hausmann	Office Manager	SPFC	\$113,958.03	0	\$113,958.03

Organizational Chart









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