



Central Bering Sea Fishermen's Association

2020 FINANCIAL 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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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 achieving this steady growth with the ultimate goal of continuing 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



Central Bering Sea Fishermen's Association Board of Directors

Myron Melovidov, Chairman
PO Box 167, St. Paul Island, AK 99660
(907) 546-2250
Term expires 2022

Phillip Lestenkof, President
PO Box 127, St. Paul Island, AK 99660
(907) 538-2401
Term expires 2023

Jeffery P. Kauffman, Vice President
4443 E. Serendipity Loop, Wasilla, AK 99654
(907) 952-2476
Term expires 2021

Rena J. Kudrin, Secretary/Treasurer
PO Box 229, St. Paul Island, AK 99660
(907) 546-2429
Term expires 2023

Jason Bourdukofsky, Sr., Director
PO Box 325, St. Paul Island, AK 99660
(907) 546-2431
Term expires 2022

John R. Merculief, Jr., Director
PO Box 108, St. Paul Island, AK 99660
(907) 756-8057
Term expires 2022

Amos Philemonoff, Sr., Director
PO Box 232, St. Paul Island, AK 99660
(907) 546-2298
Term expires 2021

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

Simeon Swetzof, Jr., Director
PO Box 147, St. Paul Island, AK 99660
(907) 546-2328
Term expires 2021

St. Paul Fishing Company, LLC Board of Directors

Myron Melovidov, Chairman
PO Box 167
St. Paul Island, AK 99660
(907) 546-2250

Jan Jacobs, Director
3716 NE 75th St. Apt C310
Seattle, WA 98115
(206) 660-5164

Rick Mezich, Director
7215 156th Street, SW
Edmonds, WA 98026
(425) 742-7456

Tom Enlow, Director
PO Box 920008
Dutch Harbor, AK 99692
(907) 581-7300

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

Star Partners, LLC Board of Directors

Jeffery P. Kauffman, Chairman
4443 E. Serendipity Loop
Wasilla, AK 99654
(907) 952-2476

Ray Melovidov, Director
134 Ellerman Heights
St. Paul Island, AK 99660
(907) 306-4801

John R. Merculief, Jr.
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(907) 756-8057

Kristi Anderson, Director
15400 NE 90th Street
Redmond, WA 98052
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Central Bering Sea Fishermen's Corporation Board of Directors

Amos Philemonoff, Sr., President
PO Box 232
St. Paul Island, AK 99660
(907) 546-2298

Robert Melovidov, Sr., Vice President
PO Box 87
St. Paul Island, AK 99660
(907) 546-2552

Jason Bourdukofsky, Sr., Director
PO Box 325
St. Paul Island, AK 99660
(907) 546-2431

Sean Head, Director
7362 W. Parks Hwy. #496
Wasilla, AK 99623
(907) 373-6734

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



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
	<u>53,749,282</u>	<u>59,874,080</u>
Total revenue, gains, and other support		
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
	<u>39,469,071</u>	<u>45,852,549</u>
Total program		
General and administrative	7,030,275	5,985,459
	<u>46,499,346</u>	<u>51,838,008</u>
Total expenses		
Change in the fair value of interest rate swap	<u>—</u>	<u>(194,179)</u>
	<u>46,499,346</u>	<u>52,032,187</u>
Total expenses and other		
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

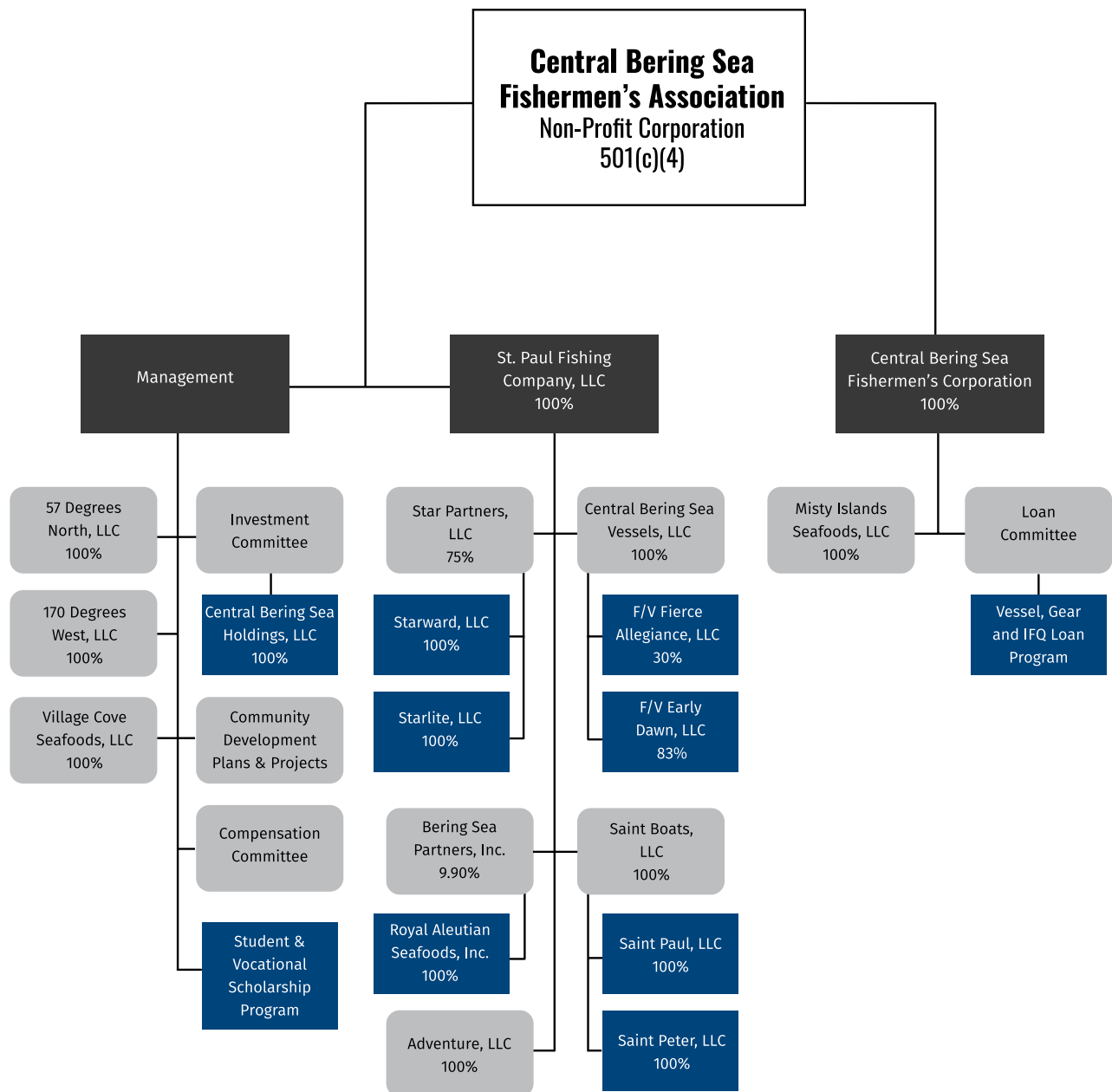
Legal: \$24,965.50
Consulting: \$253,382.14
Accounting: \$0.00
Auditing: \$120,350.00
Tax Prep: \$27,000.00

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 Lestenkov	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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