



# Central Bering Sea Fishermen's Association

2021 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 and  
Community of Saint Paul,

Central Bering Sea Fishermen's Association (CBSFA) continues to fulfill its mission in providing economic and social benefits to our community. Unlike many places in the World, our

community has been able to provide safety measures that allow us to live freely, maintain a normal lifestyle, and operate in a safe and productive manner in the midst of the COVID-19 pandemic. I'd like to thank our local leadership who continue to establish safety measures and the residents and visitors for continuing to follow the protective measures we have in place to prevent the spread of COVID-19.

Despite the recent decline in the opilio crab Total Allowable Catch (TAC), CBSFA has been able to continue supporting current programs and projects. The number of households eligible in our Elders Residential Assistance Program (ERAP) is growing and our financial support continues to be impactful. Our Residential Assistance Program continues to also help households that are not included in our ERAP, to offset the financial burden of the rising utility and rental costs. Education support remains a key goal as we provide financial contributions to the Pribilof School District's Preschool Program and to individuals seeking post-secondary education and vocational training. Our continued funding to the Unangam Tunuu Revitalization Program that is managed by the Tribal Government of St. Paul (Tribe) upholds our community values of culture, commitment, and respect our ancestors have taught us. The project collaboration with the Tribe in building their Marine Ship Supply and our Boat Shop is completed. CBSFA is looking forward to occupying the building and providing space to accommodate the needs of our local fishing fleet.

For the past two years, the CBSFA Coronavirus Mitigation Payment Program has helped offset the financial burden the pandemic has caused our halibut fishing fleet. Prior to the pandemic, CBSFA subsidized the CBSFA Halibut Cooperative, where we purchase halibut from the local fleet with the goal of providing competitive ex-vessel prices. Under our

Mitigation Payment Program, fishermen have been able to remain financially whole during these last two years of the pandemic. Like many fishermen, I am hopeful we will be able to have a safe and prosperous halibut fishing season in 2023 and going forward.

As we support programs and community infrastructure projects, CBSFA continues to fulfill our financial obligations. During the last year we made sound decisions that allowed us to pay off the remaining debt on CBSFA vessels managed by our wholly-owned subsidiary Saint Paul Fishing Company and are in a good cash position to continue servicing our existing loan on crab quota purchases. We will continue to strive to make prudent decisions that allow us to provide community support and maintain financial stability during these uncertain times.

As we move forward, CBSFA continues to seek new ways to help sustain and diversify St. Paul Island's economy in order to provide financial support to our programs and other community projects and programs, while maintaining financial stability. We are optimistic that our entities will work together to ensure our community receives impactful benefits in the near and long-term future of St. Paul Island.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Myron Melovidov'.

Myron Melovidov







# President's Letter



Aang CBSFA Members,

I hope you all had a wonderful summer! I really love the life-giving summers here at Saint Paul Island. Every year I grow more appreciative of the magnificent wildlife of Saint Paul Island including the Bering Sea

marine ecosystem that surrounds us in all directions! Truthfully, we have a lot of windy, foggy, and wet weather during our summers out here in the Bering Sea. But the more I hear about the sunny, hot, and dry weather causing serious drought-related problems around the world, the more I learn to accept our foggy and wet weather. The northern fur seals and birds that breed here like this kind of Bering Sea weather too!

The same as in 2020 and 2021, the CBSFA management and the Saint Paul Island fishermen had to make a major and difficult decision in 2022 due to the continuing threat of the covid pandemic. The pandemic once again forced us to shut down our local commercial halibut fishery to prevent the potential spread of the virus in our community. We did not want to take the risk that our local fleet, consisting of 15 boats and about 80 crew members, might become the ways and means for the virus to spread quickly throughout our small community. We work closely together for an average of 10 plus hours a day and sometimes for several days. Our fishing boats are small, with tight working spaces, and it's not possible to practice social distancing that is required to prevent virus spread. Anyway, we must work closely together to make the fishing operation work. Therefore, the chances are high that infected crew members would spread the virus easily to other crew members. Most of our boats come back to port every day and some others every several days. And most of the crew members live in different households spread all over the community. As a result, potentially infected crew members could easily spread the virus to their family and others in 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 and 2021, 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 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 for the past 30 years.

Despite the economic disruptions caused by the ongoing pandemic in 2021, we are pleased to report that CBSFA was able to weather the storm and had another good year in 2021. In the CBSFA Consolidated Statements of Financial Position, dated December 31, 2021, it reports total net assets of \$120,483,640, which is an increase of \$10,085,885 over 2020's total net assets of \$110,397,755. We are fortunate to have experienced another financially stable and profitable year in 2021. This profit will help CBSFA continue to provide funding to our valuable community programs and provide economic development benefits to our community.

We are also very pleased to inform you that the Saint Paul Vessel Repair and Marine Facility, which is jointly owned by CBSFA and the Aleut Community of Saint Paul Island (Tribe), has been completed this year. The CBSFA vessel repair facility will provide space for vessel building, repairs, and maintenance for the Saint Paul Island fishermen. Also space for developing local



businesses and jobs. The new building will also provide valuable space for the Tribe's business development plans.

I would like to thank the managers and the council members of the Tribe, and the CBSFA board of directors and managers, for investing in this valuable Saint Paul Island community infrastructure development project. Also, thank you very much (the Tribe) for all the hard work you 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 the CBSFA board of directors and management are willing to work together with all local entities to improve the lives and

well-being of our residents as we have for many years. Also, we will work hard to maintain financial stability, the best we can, as we work our way through these uncertain times of the opilio and Bristol Bay red king crab stock declines. I wish you all a safe year and wish you all the best going forward into the future. Asagutaâ

Sincerely,

Phillip Lestenkof

### **Central Bering Sea Fishermen's Association Board of Directors**

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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 2024

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 2024

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

Daniel Porath, Sr., Director  
PO Box 222, St. Paul Island, AK 99660  
(907) 546-4272  
Term expires 2024

### **St. Paul Fishing Company, LLC Board of Directors**

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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**

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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., Director  
PO Box 108  
St. Paul Island, AK 99660  
(907) 756-8057

Kristi Anderson, Director  
15400 NE 90th Street  
Redmond, WA 98052  
(425) 881-8181

### **Central Bering Sea Fishermen's Corporation Board of Directors**

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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



# 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 2024



Phillip Lestenkof  
President  
President since 1999



Rena J. Kudrin  
Office Manager  
Employee since 1998



Ray Melovidov  
Chief Operating Officer  
Employee since 2001



Rena J. Kudrin  
Secretary/Treasurer  
Term expires 2023



John R. Mercurief, Jr.  
Director  
Term expires 2022



Amos Philemonoff, Sr.  
Director  
Term expires 2024



Robert Melovidov, Sr.  
Maintenance/Special  
Projects Supervisor  
Employee since 2010



Myron Melovidov  
Operations Supervisor  
Employee since 2011



Shiona Melovidov  
Administrative Manager  
Employee since 2012



Michael Baldwin  
Director  
Term expires 2023



Jason Bourdukofsky, Sr.  
Director  
Term expires 2022



Daniel Porath, Sr.  
Director  
Term expires 2024



Heidi Mercurief  
Administrative  
Assistant  
Employee since 2017



Marisa Melovidov  
Senior Accountant  
Employee since 2017



Joe Kashevarof  
Chief Financial Officer  
Employee since 2017

## SPFC Employees



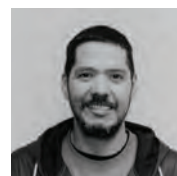
Jeffery P. Kauffman  
Chief Executive  
Officer  
Employee since 2007



Jennifer L. Hausmann  
Administrative  
Assistant/Accountant  
Employee since 2010



Sean Head  
Accountant and Analyst  
Employee since 2016



Peter Bourdukofsky, Sr.  
Heavy Equipment  
Operations/  
Maintenance Foreman  
Employee since 2015



Ed Paulus  
Heavy Equipment  
Operator/Mechanic  
Employee since 2022





# St. Paul Fishing Company

St. Paul Fishing Company (SPFC), a wholly-owned subsidiary of CBSFA, holds and manages certain assets owned in whole or in part by Central Bering Sea Fishermen's Association (CBSFA). SPFC is managed by a five-person Board of Directors and has three employees. The CBSFA Board of Directors has final approval authority for investments and significant actions that the SPFC Board recommends through an affirmative vote.

CBSFA's fleet of Bering Sea catcher vessels includes the 165' *F/V Fierce Allegiance* (crab/pollock), 124' *F/V Starward* and *F/V Starlite* (pollock/cod), 108' *F/V Early Dawn* (crab), 100' *F/V Adventure* (crab/tendering), 58' *F/V Saint Paul* and *F/V Saint Peter* (halibut, cod, sablefish, tendering). SPFC owns 9.9% of Bering Sea Partners (a Unisea Partnership). Lastly, SPFC holds crab, cod, and pollock permits, as well as sablefish and crab Individual Fishing Quota. SPFC has two longtime business partners, Unisea and Mezich.

CBSFA's diversity in vessel types and fisheries will be critical to its success as ocean and economic conditions continue to bring uncertainty and change to the fishing industry. Minimizing debt and financial risk is essential, as is being operationally nimble. The SPFC and CBSFA board of directors have made solid business decisions over the years, and the company is well-positioned to ride the tides.

All in all, 2021 was a banner year for SPFC. The stars aligned nicely, and all seven vessels outperformed board-approved budgets, as did Bering Sea Partners. Given the solid performance of CBSFA's investments and strong market conditions for some species, the SPFC Board had a little extra to work with in 2021. In addition to making a sizable financial distribution to CBSFA, the Board approved eliminating long-term debt related to CBSFA's recent purchase of additional ownership interest in the *F/V Early Dawn*. Further improving SPFC's overall financial position, the *F/V Saint Paul* and *F/V Saint Peter* bank notes matured in December 2021, and the *F/V Starward* and *F/V Starlite* notes in January 2022. As a result, SPFC eliminated \$1.5 million in annual principal and interest payments, all of which will drop to the bottom line and increase profitability. CBSFA's investments held by SPFC are 100% debt free and



should provide financial and employment benefits to the community of St. Paul and its residents well into the future.

In 2021, the opilio season was excellent in terms of allocation and ex-vessel price. As such, the *F/V Fierce Allegiance* and *F/V Adventure* performed well. CBSFA vessels landed 2.8 million pounds and received \$5.00 per pound on average. However, in an unexpected turn of events in late 2021, it became widely understood that the opilio stock had crashed. As a result, the *F/V Fierce Allegiance* and *F/V Early Dawn* only had 492,000 pounds of opilio to harvest in 2022 – an 82% reduction. The ex-vessel price ranged from \$6.55 to \$8.26 per pound – but not nearly enough to compensate monetarily for the reduction in quota.

The Bristol Bay Red King crab (BBRKC) season did not open in 2021 for the first time in over 25 years and is unlikely to open again in 2022. Warm and rapidly changing ocean conditions have not been kind to the opilio and BBRKC fisheries, necessitating consolidation in CBSFA's fleet that began in late 2021 when SPFC sold one of its three crab vessels, the *F/V Adventure*. SPFC retained the *F/V Adventure's* crab permit, gear, and other equipment that may be useful to its other vessels or in future fishery plans.

On a brighter note, regarding crab fisheries, the *F/V Early Dawn* is one of three crab vessels participating in the Eastern Aleutian Golden (EAG) King crab fishery. The EAG fishery takes place in the Aleutian Islands at depths down to 300 fathoms using longline pot gear. Aleutian Islands Golden King crab is less susceptible to ocean acidification, given the extreme depths and unique habitat they exist in. In 2021, *F/V Early Dawn* Captain and part owner, Mark Medjo, landed 496,000 pounds of EAG at \$13.65 per pound, an unimaginable price that made for a profitable year.

The *F/V Saint Peter* had an excellent year longlining hooks and pots for halibut and sablefish in 2021. It landed 364,000 lbs of halibut averaging \$5.94 per pound, and 465,000 pounds of sablefish at \$1.54 per pound. The halibut allocation in IPHC regulatory area 4C increased by 23%, and the Bering Sea sablefish allocation increased by 82% – making for a solid year of longlining.

Pollock fishing on the *F/V Starward* and *F/V Starlite* went as planned. The allocation remained relatively flat, as did ex-vessel pricing. Bering Sea cod allocations fished by the *F/V Starward*, *F/V Saint Paul*, and *F/V Saint Peter* decreased for the ninth straight year; another 22% from 2020. Between 2012 and 2021, the cod fishery allocation declined by 57%, putting a strain on traditional revenue streams for the *F/V Starward* and Saint boats.

Longtime business partners, Rick and Mary Mezich, managed the *F/V Fierce Allegiance*, *F/V Starward*, *F/V Starlite*, and *F/V Early Dawn* dating back to 2004 when CBSFA established SPFC (formerly Multi-Species Development Holdings). Under their leadership, SPFC's vessels were exceptionally managed, maintained, and profitable. SPFC began managing vessels in 2008 with the construction of the *F/V Saint Paul*. The *F/V Saint Peter* followed in 2011, and the *F/V Adventure* in 2015. As a natural progression, SPFC began acquiring management of the *F/V Early Dawn* in 2020 and the *F/V Starward* and *F/V Starlite* in 2021. As the majority owner, Rick and Mary Mezich continue to manage the *F/V Fierce Allegiance* and remain an important resource to the SPFC staff.

At the heart of SPFC's success are 35 or more hard-working and committed captains and crew that make the magic happen. SPFC's captains and core crewmembers are among the best in the business and have been with the company for many years. SPFC is proud of the efforts, dedication, and professionalism of its crews. Finally, a special thank you goes out to residents of St. Paul that fished cod, sablefish, and halibut with the company in 2021.



# 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 \$47 million dollars of income to the local fishermen, and the fishermen have landed nearly 10 million pounds of halibut!

With the COVID-19 pandemic persisting into 2022, the circumstances and COVID risk facing the community have not changed substantially. As done over the last couple of years, 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 risk of COVID transmission is high. Since the vessels in our local fleet are small, there are a limited number of days

where the weather allows for fishing opportunities; a COVID outbreak on a small boat could cost that operation a week or more of missed fishing time that cannot be made up later in the season.

Given the continued potential COVID impact to the community and the local fleet, 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. Many also expressed concern about economic impacts of lost fishing time due to COVID.

As was done in 2020 and 2021, 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 for their calculated forgone harvest for the season, which was 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. Vessel owners that hold IFQ also had the option to have their IFQ included as part of the program, as well.

In 2022, the program will pay out a total of \$2.8M in ex-vessel value over six installments which were made every two weeks, throughout the summer. Payments were calculated with a base price of \$6.00/lb. A retroactive price adjustment may be issued toward the end of the year, 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 four large vessels – the *F/V Saint Peter*, the *F/V Woniya*, *F/V Mystery*, and the *F/V Halcyon*. CBSFA will cover about a third of the cost of the program and is projected to provide a subsidy of approximately \$900,000.





In addition to harvesting the bulk of CBSFA's CDQ, the *F/V Saint Peter* was able to harvest IFQ for all interested local quota holders. Unfortunately, the request for emergency rule that allowed for flexibility in IFQ transfers was denied this year. Nonetheless, all local IFQ was able to be harvested.

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. In partnership with the Tribe, 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 few years. We'd like to thank the fishermen for sacrificing what they love to do and choosing the safest option. 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

## **Halibut Abundance Based-Management (ABM):**

In December 2021, the CBSFA/St. Paul team secured a favorable result on the multi-year effort to develop a halibut bycatch (PSC) management program that is based on abundance of the halibut resource. This method of bycatch management results in a more equitable sharing of the burdens of conservation at low halibut abundance levels, among the directed halibut fishery and groundfish fisheries that use halibut PSC. Efforts to develop ABM had been in progress since the NPFMC action in 2015 to reduce halibut PSC caps by 21%.

ABM will help rectify the situation that has been in place for decades where a static hard cap governs the number of halibut that can be taken as bycatch, regardless of the abundance of the halibut resource. The IPHC then takes halibut bycatch mortality off the top of the total harvestable halibut numbers, and the remainder goes to the directed fisheries. This resulted in the inequitable allocations of recent years that has impacted St. Paul and other halibut dependent communities.

Throughout 2020 and 2021, CBSFA played a leading role in directed halibut industry efforts to solidify the alternatives and elements of an ABM halibut bycatch action before the Council. In 2020 and 2021 the Council simplified and focused the action on bycatch management of bottom trawl vessels (the Amendment 80 fleet) and additional action was taken to amend the Purpose and Needs Statement, refine action alternatives using a look-up table approach, and drop the use of previously developed modeling efforts. Based on conversations with NMFS, ABM is scheduled for implementation in mid-2023.

To date, both the reduction of PSC limits in 2015 and approval of ABM have enabled St. Paul to maintain the fishing industry's and the NPFMC's focus on improving management of the halibut fishery. However, the abundance of the halibut resource remains relatively low, and St. Paul fishermen will face future uncertainty about harvest quotas. A concerted and coordinated effort with other St. Paul

entities and halibut user groups will continue to protect this keystone species for our community.

## **Alaska Fishing Communities:**

In 2021, CBSFA continued playing a key role in leading the efforts of the new Alaska Fishing Communities (AFC) coalition. AFC was organized around a set of common principles to promote the interests of 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.

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 fishing 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.

At the December 2021 NPFMC meeting, CBSFA coordinated its efforts with other members of the AFC coalition, and secured a favorable outcome on the six-year effort to develop a halibut Abundance-Based Management (ABM) program. Going forward, CBSFA will be working with AFC coalition members on other initiatives that are critical to St. Paul's economy and its long-term participation in fisheries, such as the development and implementation of rebuilding programs for the Snow Crab and Bristol Bay Red King crab fisheries.

### **Crab Fisheries Management:**

In September 2021, the Alaska Department of Fish and Game (ADF&G) announced that the Bristol Bay red king crab (BBRKC) stock would be completely closed in the 2021-22 season. In October 2021, ADF&G further announced that the Bering Sea snow crab fishery would be reduced by 88% from a total allowable catch (TAC) of 45 million pounds in 2020-21 to 5.6 million pounds in 2021-22, and that the Bering Sea Tanner or bairdi crab TAC would be reduced by 53% from 2.5 million to 1.1 million pounds in the western Bering Sea and would remain closed in the eastern Bering Sea.

These declines and closures have had a catastrophic impact on the Bering Sea crab industry and crab-dependent communities, and led crab stakeholders, including CBSFA, in late 2021 to request the Secretary of Commerce for fishery disaster determinations under Section 312 of the Magnuson-Stevens Act for the various crab fisheries. Such determinations would facilitate the appropriation of funds from the U.S. Congress to respond to the economic impacts of the collapse of the various crab fisheries.

In addition, CBSFA and other crab fishery stakeholders have been working actively with the NPFMC and NMFS to develop meaningful rebuilding plans for both the snow crab and red king crab fisheries that investigate appropriate crab habitat protections, seasonal gear limitations, reductions

of bycatch and mortality, and better science, while allowing for the pursuit of directed fisheries even at low levels. These efforts are just beginning and are likely to take many years. Given the importance of the crab fisheries to St. Paul's economy and the prominent role of CBSFA's crab investments in its operations and revenues, it will be important for CBSFA to remain actively engaged in the rebuilding plans, as well as in the protection of key elements of the Crab Rationalization Program.

### **Ad Hoc Crab Committee:**

CBSFA has been working for seven 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 (ADF&G) 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 to allow a commercial tanner crab fishery when the overall biomass is at harvestable levels. 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 ongoing approach, ADF&G and the crab industry have made successful proposals to the BOF to revise the bairdi tanner crab harvest strategy.

### **Emergency Actions in Response to COVID-19 Pandemic:**

In both 2020 and 2021, as the COVID-19 pandemic 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 share holders for the fishing seasons.

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 as non-resident crews. This would unnecessarily expose the fishery and the community to COVID, with potentially deadly consequences to the residents given limited health-care equipment.

The NPFMC recommended both of these actions in 2020 and 2021 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 from COVID-19 infection

until vaccinations and other treatments became widespread.

### **CDQ Program Issues:**

CBSFA continued to work in 2021 with other CDQ groups and Alaska's congressional offices to secure changes to the CDQ Statute that would clarify the scope of CDQ groups' tax-exempt activities. It also maintained an active dialogue with other CDQ groups in efforts at the NPFMC to reduce halibut, salmon, and crab bycatch in the groundfish fisheries.

### **Ecosystem, Community Engagement, Climate Change, and LKTK Issues**

In 2021, 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 the use of local knowledge & traditional knowledge (LKTK) in the scientific process. CBSFA also supported the active participation of the Tribe on committees that the NPFMC is establishing to improve coordination with Bering Sea communities and tribes. In an ongoing dialogue with the Tribe, CBSFA 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.

CBSFA's objective in supporting these multiple efforts through the NPFMC process is to positively impact the management of fisheries and natural resources that surround the Pribilof Islands and upon which Saint Paul and its residents depend, including the reduction of bycatch, the identification and protection of critical habitat, and the collection of more accurate social and scientific data and information.

# 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 pounds 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.



## 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.

## 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.

### Tribal Government of St. Paul Island

#### Unangam Tunuu Revitalization:

Contribution allows the program to further build on their 2014 Unangam Tunuu Speaking, Listening, Teaching project. Funding contributions were to support the advancement of the local team's fluency and teaching skills, professional development, continued instruction of children from infants through high school, and create Unangam Tunuu language pieces to put in radio, website, and social media location to increase speaking Unangam Tunuu.

**Tribal Court:** CBSFA's contributions help with the administration costs associated with the court. The Tribal Court offers services such as probate and child welfare, is undertaking the Office of Justice Programs Tribal Court improvement project, the Txin Kanguux (TK) Court Program, and has agreed to work with the City of Saint Paul, Department of Public Safety by way of a Cross Deputization agreement.

### Church Donations

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

### Quarantine Housing

Since June 2020, House 139 has been a designated housing unit for self-quarantine. CBSFA also purchased essential supplies to keep all dedicated quarantine units stocked. Note: The Quarantine Housing amount listed for 2021 in the 2020 Annual Report mistakenly accounted for 2020 and 2021 together.

### Bycatch Reduction Engineering Program

Financial support for a proposal submitted by the Alaska Bering Sea Crabbers, Bering Sea Fishery Research Foundation, and Natural Resource Consultants to test gear modifications to avoid incidental catch of Bristol Bay Red King crab and Bering Sea Snow crab in the Pacific cod and halibut fisheries in the Bering Sea.

### KUHB Radio Studio

Funding support helped purchase updated radio station equipment and installation costs.

### Church Cupola Project

Financial contribution to this project helped with the construction cost of repairing the Sts. Peter and Paul Church.

Community Outreach	2021	As of 08.12.2022
Elders Residential Assistance Program	310,303	286,000
Residential Assistance Program	129,908	91,040
Elders & Community Subsistence Donations	40,452	67,817
Volunteer Tax Program	6,850	6,850
Community Events & Programs	14,245	3,000
Travel Assistance	1,158	0
AK Association of School Activities	0	7,500
Community Internet Service Contribution	138,000	92,000
Bereavement	28,335	6,901
Tribal Government of St. Paul:		
• Tribal Court	56,970	0
• Unangam Tunuu Revitalization	95,025	0
Church Donations	45,000	35,000
Church Cupola Project	21,384	0
Bycatch Reduction Engineering Program	5,000	0
KUHB Radio Studio	11,000	0
Quarantine Housing	6,230	3,738
<b>Total</b>	<b>909,858</b>	<b>599,846</b>

# Education

## Scholarships and Training Grants

Since 1993, CBSFA has been providing scholarship and training grants for postsecondary education and vocational training to eligible individuals. Over the years, 53 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.

## Tribal Government of St. Paul

### Bering Sea Campus and Research Center:

CBSFA's funding support allows the Tribal Government of St. Paul to create and manage internship and workforce development programs, and support a staff position at the Bering Sea Campus.



## 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.

Education	2021	As of 08.12.2022
Scholarship	67,500	43,500
Training Grants	5,761	28,355
Tribal Government of St. Paul: <ul style="list-style-type: none"><li>• Bering Sea Campus &amp; Research Center, Economic and Workforce Development, Community Sustainability Program</li></ul>	104,953	0
Pribilof School District: <ul style="list-style-type: none"><li>• Preschool</li><li>• 7th/8th Grade Bake Sale</li></ul>	27,880 0	32,973 300
Headstart Graduation	0	500
Graduation Gifts	500	1,500
<b>Total</b>	<b>206,594</b>	<b>107,128</b>





# Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Financial Position | December 31, 2021 and 2020

	Assets	2021	2020
Current assets:			
Cash and cash equivalents	\$	33,818,046	24,801,107
Accounts receivable, net		3,250,542	4,462,121
Due from related party		—	29,670
Prepaid expenses		1,125,152	830,660
Total current assets		38,193,740	30,123,558
Investments		346,590	346,905
Prepaid expense and other		5,434,484	4,931,599
Loans receivable, net		450,390	450,390
Investment in nonmarketable equity securities		4,332,917	3,474,704
Property and equipment, net		15,809,190	15,064,035
Fishing and processing rights		78,069,844	81,211,354
Total assets	\$	142,637,155	135,602,545
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$	4,534,505	3,623,104
Current portion of long-term debt		3,501,342	3,220,735
Total current liabilities		8,035,847	6,843,839
Long-term debt, less current portion		14,117,668	18,360,951
Total liabilities		22,153,515	25,204,790
Net assets:			
Without donor restrictions:			
CBSFA		113,261,763	103,759,161
Noncontrolling interests		7,221,877	6,638,594
Total net assets		120,483,640	110,397,755
Commitments and contingencies			
Total liabilities and net assets	\$	142,637,155	135,602,545



# Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Activities | Years ended December 31, 2021 and 2020

	2021	2020
Revenue, gains, and other support:		
Revenue from fishing operations	\$ 65,571,611	46,218,558
Leased quota income	10,974,369	6,323,562
Investment and other income	1,167,027	887,000
Equity in income of equity method investee	678,478	320,162
Total revenue, gains, and other support	78,391,485	53,749,282
Expenses:		
Program:		
Fishing operations	57,221,089	37,028,241
Education and outreach	1,070,607	931,009
Vehicle and equipment operations	812,857	790,611
Small boat operations	279,903	275,164
EFH advocacy and research	675,764	295,049
Community infrastructure support	138,000	138,440
Vessel launch and retrieval	—	10,557
Total program	60,198,220	39,469,071
General and administrative	8,107,380	7,030,275
Total expenses	68,305,600	46,499,346
Change in net assets	\$ 10,085,885	7,249,936

## Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Changes in Net Assets | Years ended December 31, 2021 and 2020

	<u>CBSFA</u>	<u>Noncontrolling interests</u>	<u>Total</u>
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	103,759,161	6,638,594	110,397,755
Change in net assets	9,502,602	583,283	10,085,885
Net assets, December 31, 2021	<u>\$ 113,261,763</u>	<u>7,221,877</u>	<u>120,483,640</u>



# Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Cash Flows | Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 10,085,885	7,249,936
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,399,123	2,319,154
Distributions in excess of earnings of equity method investee	(793,083)	59,619
Loss on disposal of assets	209,363	—
Gain on sale of fishing and processing rights	—	(707,178)
Impairment of fishing and processing rights	3,141,510	—
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable, net	1,211,579	(1,680,623)
Prepaid expenses	(797,376)	(258,976)
Due to/from related party	29,670	159,556
Accounts payable and accrued expenses	991,582	78,945
Net cash provided by operating activities	<u>16,478,253</u>	<u>7,220,433</u>
Cash flows from investing activities:		
Purchase of property and equipment	(3,478,953)	(2,267,177)
Proceeds from the sale of fishing and processing rights	—	1,498,656
Principal payments received on loans receivable	—	66,386
Purchase of investments	—	(133)
Sale of investments	315	480,851
Net cash used in investing activities	<u>(3,478,638)</u>	<u>(221,417)</u>
Cash flows from financing activities:		
Distributions to noncontrolling interest	—	(912,000)
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	(3,982,676)	(3,205,479)
Proceeds from advances on line of credit	6,000,000	6,000,000
Payments on advances on line of credit	(6,000,000)	(6,000,000)
Net cash used in financing activities	<u>(3,982,676)</u>	<u>(6,185,215)</u>
Net increase in cash and cash equivalents	9,016,939	813,801
Cash, cash equivalents, and restricted cash:		
Beginning of year	<u>24,801,107</u>	<u>23,987,306</u>
End of year	<u>\$ 33,818,046</u>	<u>24,801,107</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 531,452	648,190

# Central Bering Sea Fishermen's Association & Subsidiaries

General and Administrative Expenses | Years ended December 31, 2021 and 2020

	2021	2020
General and administrative expenses:		
Board expenses:		
Travel and per diem	\$ —	552
Directors fees	29,900	45,980
Board training	—	15,614
Other	19,470	73,061
Total board expenses	\$ 49,370	135,207
Staff:		
Payroll and taxes	\$ 1,669,957	1,692,628
Benefits - incl. medical, dental, vision	618,939	746,297
Benefits - retirement	127,297	152,350
Total staff	\$ 2,416,194	2,591,275
Travel and per diem:		
Staff	\$ 27,990	32,407
Total travel and per diem	\$ 27,990	32,407
Other:		
Accounting and audit fees	\$ 151,830	246,304
Bad debt	19,405	—
Bank fees	32,658	27,214
Contributions	—	1,000
Copying and printing	1,158	1,145
Depreciation & Amortization	42,614	790,428
Dues, subscriptions and memberships	75,833	173,518
Fines & Penalties	1,148	47
Insurance	625,292	1,023,611
Interest	510,675	563,156
Legal fees	71,778	89,155
Licenses and fees	54,050	54,663
Marketing Costs	—	1,020
Meals and entertainment	1,001	2,271
Medical	—	(117)
Miscellaneous	3,086,736	142,243
Moorage and storage	—	65,253
Office supplies	217,342	17,283
Postage and freight	4,065	13,659
Professional fees	374,950	262,549
Rent and storage	75,268	82,287
Repairs and maintenance	77,002	454,129
Small office equipment	2,441	12,336
Parking & Transportation	—	16,315
Taxes	—	26,985
Telephone and internet fees	166,817	188,105
Training	—	380
Utilities	21,761	16,447
Total other	\$ 5,613,825	4,271,386
Total general and administrative expenses	\$ 8,107,379	7,030,275











# 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 2021.

## Directors:

CBSFA directors receive \$350 for each board meeting less than two hours duration, \$500 for meetings two to eight hours, and \$850 for meetings more than eight hours. In 2021 CBSFA paid \$23,900 to CBSFA Directors, \$1,500 to CBSFC Directors, and \$4,500 to SPFC Directors. In addition to director’s fees \$65,936.16 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 2021, 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 2021 or 2020. KPMG performed tax preparation, the fees paid for non-audit services as a percentage of total fees paid to the auditor equal 19% for 2021 and 18% for 2020.

## Committees:

CBSFA maintains a compensation committee. In 2021, 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 2021.

## Professional Fees:

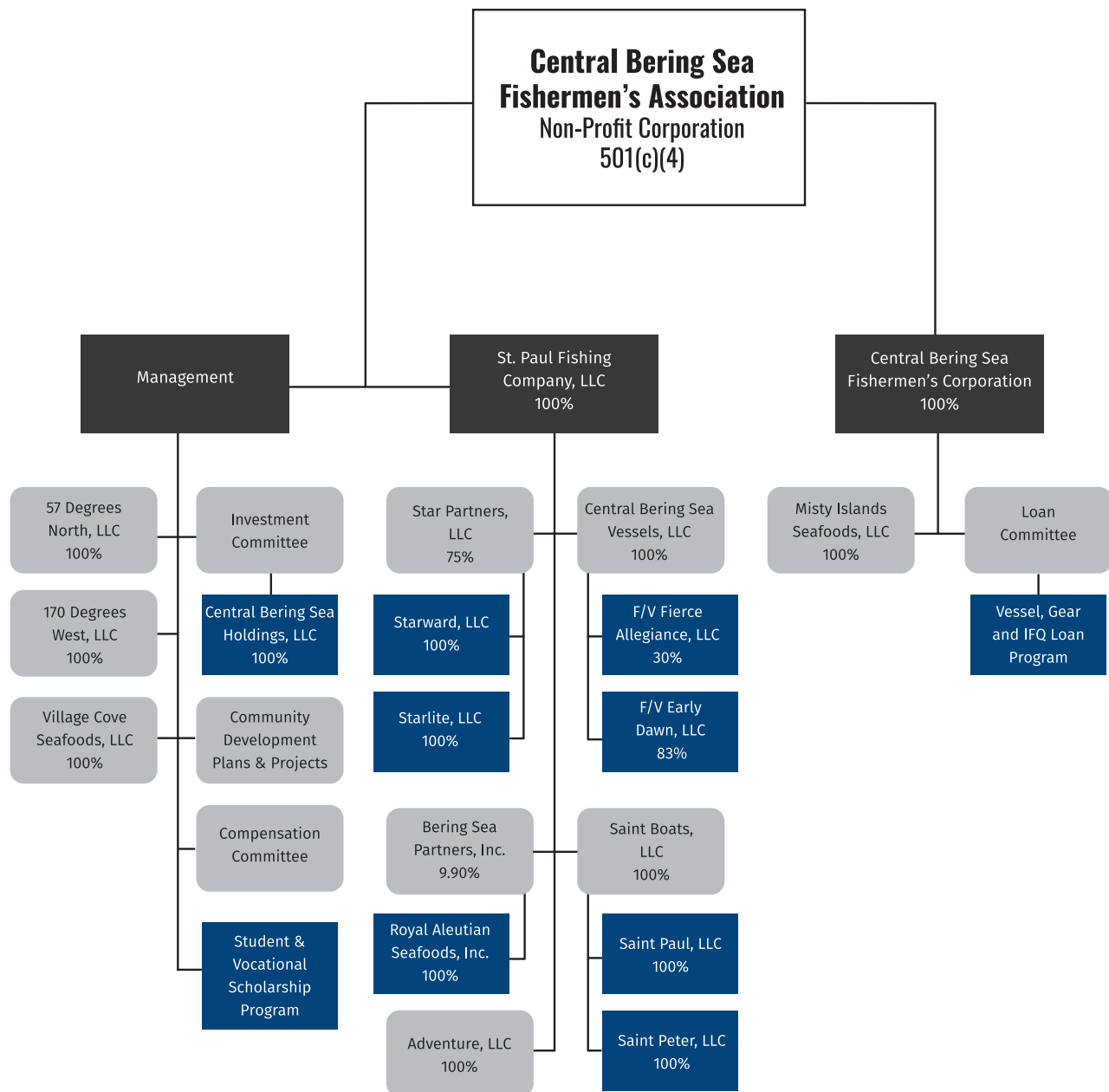
Legal:	\$55,057.00
Consulting:	\$308,092.25
Accounting:	\$47,785.00
Auditing:	\$144,976.00
Tax Prep:	\$34,721.00
Management Fee:	\$210,000.00

## 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	227,522.61	0	227,522.61
Jeffery Kauffman	Chief Executive Officer	SPFC	209,722.55	0	209,722.55
Joe Kashevarof	Chief Financial Officer	CBSFA	177,431.16	0	177,431.16
Raymond Melovidov	Chief Operating Officer	CBSFA	166,368.22	0	166,368.22
Jennifer Hausmann	Office/Accounting Manager	SPFC	120,501.37	0	120,501.37

# Organizational Chart











140 Ellerman Heights  
P.O. Box 288  
St. Paul Island, AK 99660  
(907) 546-2597 | Fax: (907) 546-2450  
[www.cbsfa.com](http://www.cbsfa.com)