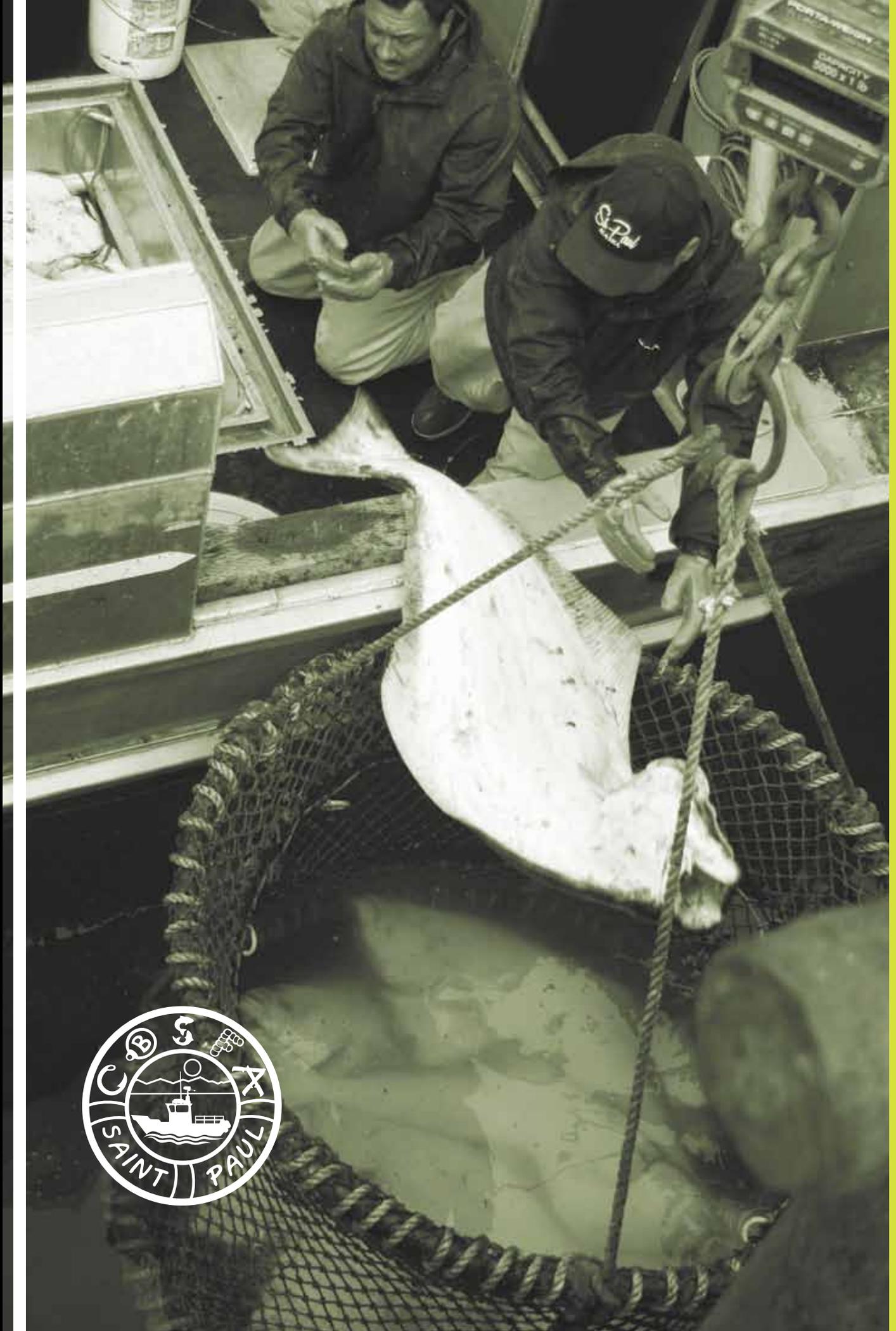


2013 Annual Report Central Bering Sea Fishermen's Association



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 CBSFA Members,

CBSFA remains dedicated to successfully meet the intent and purpose of the CDQ program – *to develop a fishery-related economy and to work toward enhancing the social and economic well-being of our community*. During 2013 and into 2014, CBSFA continues to be a major contributor to St. Paul by delivering benefits through our programs and various on-island contributions. We are pleased to present this annual report with updates and news on our on-going programs and current projects.

Our education programs extend many opportunities to different age groups. CBSFA provides financial assistance to eligible individuals who are pursuing higher education and training through our Scholarship and Training Program. Along with providing post-secondary educational opportunities, CBSFA fully funds the Montessori program that is available for children ages three to five. CBSFA also contributes funds to the Tribal Government's Bering Sea Days and Marine Science Camp, which educate our children about our Unangan (Aleut) lifestyle and the marine ecosystem. Workforce and job skill development within our community is also desired. Therefore, we have made a significant contribution to starting up an island job-training center that is located at the Tribal Government. Our organization recognizes the importance of preserving our culture and is supporting on-island efforts to revitalize the Aleut language, Unangam Tunuu, through monetary assistance. We are also a proud sponsor of the University of Alaska Anchorage's Alaska Native Science and Engineering Program (ANSEP). The ANSEP introduces science and engineering components to Alaska's youth through middle school to post-secondary schooling. CBSFA also funds the Tanadgusix Corporation's Summer Youth Hire Program to employ young adults. This on-island program helps instill cultural values and teaches job skill development. CBSFA understands the importance of providing opportunities to our youth, but we also realize the significance of delivering benefits to the entire community of St. Paul.

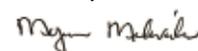
Our Elders Residential Assistance Program provides annual contributions, per household, to housing entities and energy suppliers on behalf of community residents age 55 and older. CBSFA's custom processed halibut portions along with king or opilio crab is distributed bi-annually to local elders. We also support fundraising efforts and various community events with donations of halibut and crab. Contributions are made to the Alaska Business Development Center to perform free tax preparation services to our community. CBSFA also provides financial assistance towards wellness and bereavement costs on behalf of our members. CBSFA is very conscious of safety for our local fleet and community. In preparation for the halibut season CBSFA sponsored an on-island marine safety drill and First Aid/CPR training. For the 2014 halibut season, we continued our contract with the Tribal Government to provide 24-hour security at the small boat harbor. Increasing local job opportunities will continue to be a high priority to CBSFA.

Throughout 2013 and 2014, CBSFA continues to be fully engaged in its collaboration with the Tribal Government on the design, engineering, and construction of the Boat Shop (formerly known as the Vessel Repair Facility). This longtime goal will provide our fishermen an indoor space that is dedicated to maintaining, repairing, or upgrading their vessels, and will benefit our community in the future.

CBSFA has continued its movement of growth with gross assets increasing to \$98.4 million as of December 31, 2013, and net assets growing to \$72.7 million.

We are pleased to be bringing benefits to the community through our projects, programs and investments and we look forward to continuing our work to support St. Paul.

Sincerely,



President's Letter

Dear CBSFA Members,

In 2013, CBSFA experienced positive growth and development in most of all areas, but we faced, and are still facing, challenges in our halibut fishery caused by the declining catch limits in the Bering Sea and Aleutian Islands (BSAI). As you know, the halibut fishery provides annual employment to a significant number of local residents and is a major contributor to our local economy. CBSFA and other Saint Paul entities are working closely together to address this serious problem that I will elaborate on later in this letter.

The December 31, 2013, CBSFA Consolidated Statements of Financial Position, reports total assets of \$98,493,739, which shows another year of steady financial growth. We recently reached another positive milestone – the CBSFA management is proud to inform you that as of March 31, 2014, total assets surpassed the \$100 million mark! Fortunately our board and management have guided CBSFA to achieve exceptional corporate asset growth that has contributed to increased local benefits over the years. We will do our best to continue this steady growth of CBSFA and its benefits to our community well into the future.

Over the years, CBSFA has made significant investments and contributions that provide economic and social benefits to our community. CBSFA has developed a viable local halibut fleet and commercial fishery that now provides annual employment to a significant number of local residents and has become a major contributor to our local economy. A major accomplishment for the CBSFA management, the local fishermen, and community of Saint Paul is the successful construction of the Small Boat Harbor (SBH). This infrastructure is providing safe mooring and excellent vessel support services to our local fleet. The CBSFA management and board are certain the SBH will provide our community with the means to generate business and employment opportunities for many years to come. New jobs have already been created to help CBSFA with its responsibility of owning, managing, maintaining and operating the SBH facility.



Complementary to the investment in the SBH to support our local fishery, CBSFA is glad to be working with the Tribal Government of Saint Paul (Tribe) to construct a jointly owned facility. The building will include the CBFSV Vessel Repair Facility (Boat Shop) and space to support the Tribe's business development. CBSFA and the Tribe hired and have been jointly working with "Harthorne Hagen Architects" this past winter to design the facility and we are getting close to the construction stage. CBSFA also contributed \$500,000 to the Tribe to support the construction of a 60-foot dock at their waterfront property. We have always believed it was productive to the overall development of Saint Paul for CBSFA to support the projects of other local organizations.

CBSFA also increased its contributions to the Elder Residential Assistance Program this year to help elders cope with the higher cost of living in rural Alaska. We also continue to provide our elders with their traditional seafood of halibut and crab through our Elders and Community Seafood Donation Program. CBSFA continues to meet the goals and criteria of the CDQ Program through our efforts in providing social and economic benefits to the residents of Saint Paul.

Regarding the declining halibut catch limits in the BSAI mentioned above, CBSFA and others are vigilantly trying to protect the halibut and other fisheries resources that benefit Saint Paul and other BSAI communities.

To help protect our fisheries resources, CBSFA and other Saint Paul entities are deeply involved in the North Pacific Fisheries Management Council (NPFMC) and the International Pacific Halibut Commission (IPHC). The NPFMC determines the regulations for all federally managed fisheries in the BSAI. They also manage halibut bycatch, while the IPHC is responsible for the halibut stock assessment, conducting research and setting overall annual catch limits.

The IPHC exploitable halibut biomass projections for Areas 4A, 4B and 4CDE, located in the BSAI, have experienced steep declines the last three years, leading

to drastically lower catch limits for both the CDQ and IFQ fisheries. Of great concern to us is that the halibut bycatch numbers in the groundfish fisheries in the BSAI are now at a much higher level than the directed halibut fisheries. In response to this current crisis, CBSFA, joined by other Saint Paul entities, and other halibut users, initiated action at the NPFMC to reduce halibut bycatch to conserve and hopefully rebuild the halibut resource. We still have a lot of hard work ahead of us on this issue.

To help solve the issue of seafood waste disposal at the Trident Saint Paul plant which impacts our local halibut fishery and future development of other local fisheries, CBSFA commissioned a study by Northern Economics that was completed in September 2013. The study provided a detailed analysis of the costs and practicality of several seafood waste disposal systems that could be used at the Saint Paul plant. CBSFA also asked Northern Economics to analyze the current and future potential for the development of additional seafood processing at the Saint Paul plant based on projections of fishery resource availability in the central Bering Sea. The analysis included halibut, cod, sablefish, crab and groundfish. CBSFA shared the results of the study with the Tanadgusix Corporation (TDX), City of Saint Paul, Trident and the Tribe in a conference held in December 2013.

Also in 2013, CBSFA proposed to the other six CDQ groups to ask the NPFMC to implement regulatory changes or exemptions that would allow the development of a CDQ village Pacific cod fishery. The CDQ groups made the proposal and we are hoping that the NPFMC will take final action this year and new regulations will be implemented in time for the fishery to begin in 2015. The development of a CDQ Pacific cod fishery will provide additional employment and income to the local fishermen in our communities.

This year, the leaders of Saint Paul's entities have formed the *Ataqan Akun Executive Planning Committee* (AAEPC) and are working on developing a collaborative vision for the future development of our community. The Saint Paul Island

2025 Community Vision will be a unified concept developed from the input from our residents and other stakeholders. CBSFA is enthusiastic about being a part of developing and implementing this strategic and economic plan for our community.

CBSFA is proud of our contributions to the development of the Saint Paul economy and the well being of our residents. In the face of political and fishery management challenges, we are optimistic that the NPFMC and the Alaska congressional delegation will continue to support the CDQ program overall, including CBSFA's successful participation in the CDQ Program for generations to come.

I want to thank all the people who have expressed their appreciation to CBSFA for our contributions and donations. I also want to sincerely thank you for putting your trust in us. I wish you all the best and good luck to all the fishermen.

Sincerely,
Phillip Lestenkof



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Michael Baldwin, Director
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Jonathan Thorpe
Director
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CBSFA Board and Staff



CBSFA Board of Directors



Myron Melovidov
Chairman
Term expires 2016



Phillip Lestenkof
President
Term expires 2014



Jeffery P. Kauffman
Vice President
Term expires 2015



Rena J. Kudrin
Secretary/
Treasurer
Term expires 2014



Roman Fratis, Sr.
Director
Term expires 2015



John R. Merculief, Jr.
Director
Term expires 2016



Amos Philemonoff, Sr.
Director
Term expires 2015



Michael Baldwin
Director
Term expires 2014



Jason Bourdukofsky, Sr.
Director
Term expires 2016

SPFC Employees



Jeffery P. Kauffman
Chief Executive
Officer
Employee since 2007



Jennifer L. Hausmann
Administrative Assistant/
Accountant
Employee since 2010

CBSFA Employees



Phillip Lestenkof
President
President since 1999



Jonathan Thorpe
Chief Investment &
Strategy Officer
Employee since 2003



Rena J. Kudrin
Office Manager
Employee since 1998



Ray Melovidov
Special Projects
Manager
Employee since 2001



Robert Melovidov, Sr.
Traffic Coordinator
Employee since 2010



Marva Merculief
Administrative
Assistant
Employee since 2009



Myron Melovidov
Operations
Supervisor
Employee since 2011



William J. Dixon
Chief Financial
Officer
Employee since 2011



Shiona Melovidov
Administrative
Manager
Employee since 2012



Audrey Ryan
Director of Sales
Employee since 2013



Dianne Woodruff
Senior Accountant
Employee since 2014



St. Paul Fishing Company, LLC

St. Paul Fishing Company, LLC, (SPFC) a wholly owned subsidiary of CBSFA, has ownership interest in six commercial fishing boats that participate in the halibut, Pacific cod, pollock, opilio, Bristol Bay Red King crab and Eastern Aleutian Golden King crab fisheries in the Bering Sea. We are a well-diversified company and each of our vessels are operating profitably and are in safe and seaworthy condition. SPFC manages the Saint Boats internally and Rick Mezich, a long time partner, manages the other four boats. Mezich recently signed a five-year management contract extension which is another constructive development within SPFC.

2013 was an interesting year for SPFC. Allocations of some species were up slightly and others were down significantly. Ex-vessel prices for the various species we fish were a mixed bag as well. All in all, however, it was a profitable year for CBSFA's vessels and SPFC.

The Saint Boats were set up for tendering salmon and each received contracts with Ocean Beauty Seafoods. The *Saint Paul* tendered salmon in Southeast and the *Saint Peter* tendered in Prince William Sound. The reason for diversifying into tendering was the major cuts in halibut quotas in the Bering Sea. Halibut fishing has been a big part of our fish plan during the summer months since 2008. As CBSFA members know, halibut regulatory areas 4C & D experienced reductions of 65% between 2011 and 2014.

In addition to tendering, both boats fished Federal and CDQ Pacific cod in the Bering Sea and Gulf of Alaska from January to April and from September to November, and their production was excellent. However, the ex-vessel price remains soft. The *Saint Peter* fished halibut for local and outside IFQ holders and CDQ halibut for another group. The Saint Boats are in good condition and primed to have a solid year in 2014.

The *Starward* and *Starlite* underwent substantial shipyard renovations in 2013. On the *Starlite*, the main engine was rebuilt, a new deck crane installed, trawl

blocks rebuilt, new topside and bottom paint, KVH satellite phone with internet installed, and the circulation system piping and valves were replaced. The *Starward* had its wheelhouse console rebuilt, all new monitors and engine gauges installed, steel plating replaced on various parts of the vessel, new titanium chillers installed, and a new KVH broadband satellite communication system mounted.

The *Early Dawn* was also dry docked in Ballard, WA in 2013. The vessel received a custom built bulbous bow, a new crane, KVH satellite communication system, conveyor table for moving crab to the aft

tank, and a new bilge manifold. The *Early Dawn* was back in the yard in 2014 to finish up a few projects and will now be back in Dutch Harbor and working the Bering Sea for the next three years without returning to Washington.

The *Fierce Allegiance* underwent a major reconstruction in 2012 and is not due to be back in the shipyard until 2015. Unisea, a CBSFA partner in many respects, purchased 25% of the *Fierce Allegiance* in 2013. The current ownership percentages are: St. Paul Fishing Company –30%, Pequod (Mezich) -45%, and Unisea –25%.

2013/14 High Points

- Bristol Bay Red King crab quota up by 9% to 8.6 million pounds
- The Bairdai crab fishery reopened in 2013 after being closed for 3 years
- The Aleutian Island Golden King crab fishery remains stable and allocations did not change
- Pollock remains very stable and allocations are above the 10 year average
- Pacific cod allocations also remain steady and above the 10 year average
- Prices for crab and halibut are strong
- The market for salmon tendering vessels is robust and tendering is contributing positively to the bottom line



2013/14 Low Points

- 4C Halibut down by 31% from 2013, down by 65% since 2011
- Opilio quota decreased from 66 million in 2013 to 54 million in 2014, a decrease of 18%
- St. Matthew Blue King crab fishery closed after being open for 4 years
- Prices for pollock and Pacific cod are soft but improving

All in all, it was another successful year for SPFC and our vessels. The outlook in the fishing industry as a whole is positive. We look forward to continued growth as a company as well as making significant distributions to CBSFA to help fund local programs and projects.

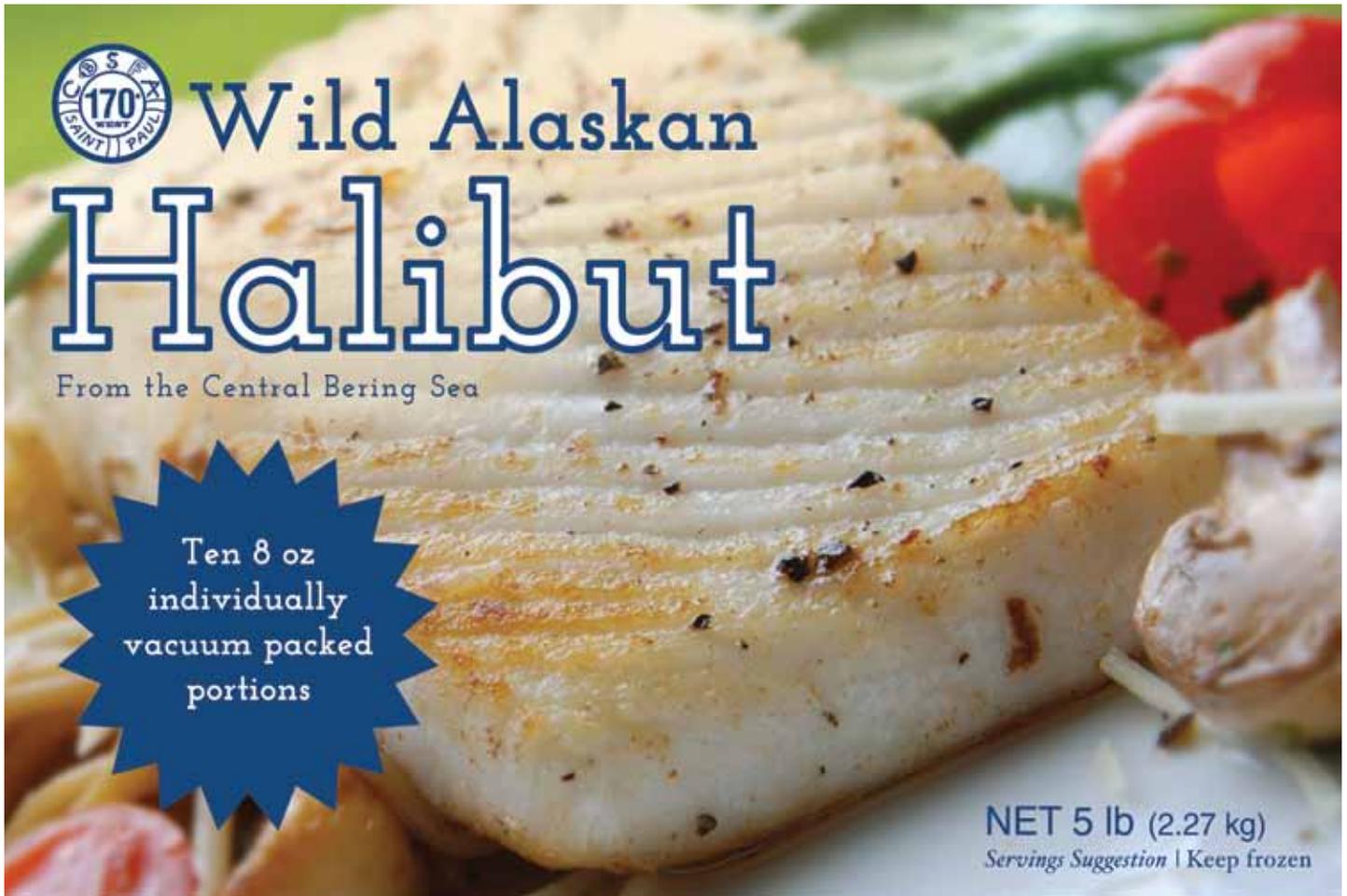




In 2013, the CBSFA management reviewed the marketing strategy produced by 170 Degrees West, LLC, 57 Degrees North, LLC and Village Cove Seafoods, LLC and concluded that CBSFA needed a more focused marketing approach than its broker structure could provide. Therefore, CBSFA and its subsidiaries terminated its existing brokerage and marketing arrangements in September 2013 and hired a full time sales director. The new directive was to provide a more diligent marketing effort for all of CBSFA’s products, with the exception of opilio crab. Trident Seafoods manages the opilio crab production and marketing for CBSFA.

The new sales structure is designed to support all of the species and products that CBSFA had been producing and marketing through brokers since 2008. The advantages of bringing the marketing “in house” are numerous. First, CBSFA now has a single point of contact for marketing its products. This single point of contact now allows CBSFA to leverage all of its products as a group, rather than being a single product supplier to a potential customer. We have already

started to see the synergies that this single point of contact provides with new customer programs. Secondly, the new structure provides for a full-time consistent representation of CBSFA’s products. Most of our previous brokers represented multiple producers and were unable to focus exclusively on CBSFA’s products. Finally, in the long run, the new structure should be more cost effective and provide CBSFA with cost savings.



170 Degrees West

2013 was a challenging year for 170 Degrees West (170DW) and for the industry as a whole. There were substantial carryover inventories from 2011 and 2012 at the beginning of the 2013 halibut season, and there had been noticeable buyer resistance due to the product cost. Fortunately the demand for halibut did rebound during 2013 and has continued to be quite strong in 2014.

In 2013, our halibut Total Allowable Catch (TAC) was cut by 22% from the 2012 levels. This TAC reduction helped sell off much of the beginning inventory, however ex-vessel prices did not rebound to 2012 levels. During 2013 and the first half of 2014, 170DW has sold the majority of its carryover inventory and 2013 product. Currently, 170DW has sales commitments on all of the 2014 production.

Consistent with its unified marketing approach, much of 170DW's sales in 2014 are in the value added products. Additionally, 170DW is custom packaging for one of its largest buying clubs. The continued focus for the 170DW marketing will be to sell value added products to support higher ex-vessel prices..

Village Cove Seafoods

Entering 2014, Village Cove Seafoods (VCS) still had approximately 20% of its 2013 production in inventory. We are pleased to say that approximately 95% of this inventory has been sold. VCS also produced an additional 1,038,000 pounds of finished product in the first four months of 2014. While the market has been challenging due to an over supply of product, we are obtaining good commitments on the 2014 production.

CBSFA's CDQ story provides VCS an advantage in our marketing. The programs that get funded by CBSFA, partially through the VCS sales, really differentiate VCS from its competitors. Customers feel good about supporting an organization that gives back to its community.

In addition to the above, VCS is unusual in that it sells products that are harvested by vessels that are under the same ownership as VCS. 100% of VCS's products are pot caught by the F/V Saint Paul or F/V Saint Peter. This relationship between the harvester, processor and marketer provides customers with the confidence that they are buying a superior quality product.

In the past year, VCS has worked diligently to diversify its customer base to more clearly align sales with the available market segments. While VCS has had a meaningful presence in the retail and club store markets, it has penetrated the food service, wholesale distributor and restaurant chain markets in 2014. Entering these new segments has provided new

challenges in that we are now private labeling for many of these customers, as well as providing new and custom packaging formats.

Pacific cod pricing has been under pressure this year due to the increased TAC for both Atlantic and Pacific Cod. This situation has been exacerbated by the fact that this year's harvest yielded an above average harvest of large fish. The larger fish did not lend themselves being produced in to the most sought after sizes, most notably 8/16 ounce and 16/32 ounce shatter packs. This has provided a challenge to VCS, and other industry participants, to change their buying patterns to reflect the actual availability of product. This imbalance has also put pricing pressure on the larger sizes as buyers attempt to fill traditional retail price points with fish that historically carried a premium.



57 Degrees North

The second half of 2013 and the first half of 2014 provided some new and exciting challenges for 57 Degrees North (57DN). The sales and marketing team developed new artwork and packaging formats for many of 57DN's crab products, as well as initiating new marketing approaches. One of the new programs featured 57 DN partnering with Captain Keith of the Wizard to jointly process and market his catch to a major retailer. We are

continuing to explore additional ways to differentiate our products through unique marketing approaches and packaging.

The sales team has also been very focused on realigning our customer base to be more consistent with our product offerings. The focus is to emphasize our value added custom packs, while decreasing our reliance on the sales of bulk clusters to the export markets. Our goal is to eventually

sell substantially all of our production in a value added package.

Finally, in the past year, 57DN has realigned its value added processing production. The new producer provides us with more flexibility, greater processing value while allowing us to expand our value added product offering. We anticipate continuing to diversify our product offering to support our marketing goals.





CBSFA Halibut Cooperative

The CBSFA Halibut Cooperative was created in 2003 with the goal of increasing ex-vessel prices paid to the local fleet. Since inception, the Co-op has paid out \$29.6 million to the local fishermen in the form of ex-vessel prices.

CBSFA operates the Co-op in conjunction with the local fishermen, Saint Boats LLC (*F/V Saint Paul* and *F/V Saint Peter*), and Trident Seafoods. CBSFA purchases the halibut from the local fleet, partners with Trident Seafoods to process the fish, and uses in-house staff to 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*. It is CBSFA's goal that the local fleet has as much CDQ halibut available to them as they are able to catch. With these considerations in mind, CBSFA carefully tracks its quota balance as the season progresses to deliver maximum benefit and value to the fishermen. With the

recent cuts in quota, the Saint Boats have not been needed to harvest CDQ halibut in 2013 and were not leased any.

Retroactive ex-vessel price adjustments (retro) are based on Co-op profitability or a simple average of the National Marine Fisheries Service (NMFS) standard IFQ prices for the Bering Sea in months when the majority of CBSFA halibut landings take place. NMFS typically reports these figures annually in December of each year. If the Co-op profit exceeds the NMFS standard IFQ price, then the retro will be based off of that, ensuring the local fishermen are receiving the best price possible.

For 2013, local landings totaled 446,370 pounds, including 83,531 pounds of locally held IFQ. The base price was set at \$4.40 and a retroactive price adjustment was paid out following the close of the season and the final 2013 ex-vessel price was \$4.48. In total, \$2 million was paid to the local fishermen. This amount is lower than the previous few years because of the recent cuts in catch limits.

The Area 4C catch limit for 2013 decreased by 22.4% from 2012. In 2012, 470,626 pounds of CDQ were available and for 2013, CBSFA's CDQ halibut allocation was 365,075 pounds. Locally held IFQ's were reduced as well. As a result of the reduction in available quota, the local fleet landed 110,571 pounds less in total than in 2012 (105,501 less pounds of CDQ and 5,070 less pounds of IFQ). Due to the full harvest of the CDQ allocation by the local fleet, no CDQ was leased to the *F/V Saint Paul*.

The 2014 fishing season began on June 29th with a posted price of \$5.55 / lb. CBSFA's CDQ allocation is 253,555 pounds, a decrease of 111,520 pounds from 2013. While the quota has been reduced by 30.5%, the increase in ex-vessel price will offset the reduction and yield approximately the same total income to the local fleet as in 2013.

The reductions in catch limits since 2011 have been significant for Area 4C and are largely attributed to the negative impacts of O26 (Over 26") halibut bycatch mortality on the International Pacific Halibut Commission (IPHC) stock and the catch limit assessments. The IPHC stock assessment has shown continued decline in the available exploitable biomass of halibut in the Bering Sea Aleutian Islands – Areas 4A, 4B and 4CDE, and projections of incoming recruits are uncertain.

CBSFA and other Saint Paul entities have been continuously addressing the halibut concerns and are active in the IPHC and North Pacific Fishery Management (NPFMC) processes. Action has been initiated at the NPFMC to reduce halibut bycatch and expansion to the current IPHC survey is planned for the future. While there is still uncertainty and a lot of work to be done, we hope that the new regulatory and stock assessment developments will lead to increases in the halibut catch limits and help halibut stocks remain viable for the future.





Community Outreach



Elders Residential Assistance Program

In 2013 CBSFA provided annual payments of \$3,500 (per household) to energy suppliers or housing entities on behalf of community elders age 55 and over. In 2014 the annual payment was increased to \$4,000 (per household). Over the years, CBSFA has increased its contributions to help alleviate the increasing cost of living in rural Alaska.

Elders and Community Seafood Donations

Our residents continue to be affected by the rising cost of living in many ways. Subsistence resources have become increasingly important to offset these rising costs. CBSFA created the Elder Subsistence Halibut and Crab Donation Program which disburses halibut portions and crab to community elders twice a year. Efforts to expand the program were made possible through cooperation with the St. Paul Foodbank and SeaShare, an organization dedicated to providing seafood as a source of hunger relief. CBSFA worked with the Foodbank to acquire salmon for both the Foodbank program and the CBSFA Elder Subsistence Program.

Community Outreach	2013	<i>As of</i> 8.15.2014
Elders Residential Assistance Program	\$239,190	\$302,000
Elders/Community Subsistence Donations	\$35,748	\$16,538
Volunteer Tax Program	\$6,850	\$0
Recreation Center	\$14,231	\$7,616
Community Events and Programs	\$6,870	\$4,635
Travel Assistance	\$2,856	\$18,790
March Madness Sponsorship	\$7,500	\$7,500
NBC Camp	\$0	\$2,200
Bereavement	\$39,932	\$11,621
Wellness	\$19,808	\$4,737
Youth Employment	\$30,000	\$30,000
Tribal Government of St. Paul:		
Tribal Court	\$33,000	\$33,000
Basic Hunter Education	\$2,000	\$0
Job Training Center	\$30,755	\$0
Marine Debris Cleanup	\$10,000	\$0
SCUBA Training and Gear	\$0	\$12,500
Unangam Tunuu Revitalization	\$0	\$30,000
Volunteer Recognition:		
Emergency Medical Service	\$0	\$20,000
Fire Department	\$46,000	\$0
Lunax	\$22,000	\$0
St. Paul Island Volunteer Fire Department	\$132,057	\$0
Church Donation	\$10,000	\$35,000
Ataqan Akun Executive Planning Committee	\$0	\$23,538
AMSEA Training	\$0	\$13,012
TOTAL	\$688,797	\$572,687

Volunteer Tax Program

Contributions were made to provide free tax preparation services by Alaska Business Development Center.

Community Events and Programs

Funds and purchases are contributed to events such as 4th of July and Labor Day celebrations, and also utility costs for the recreational center.

Bereavement

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

Wellness

Payments are made to substance abuse treatment programs for CBSFA members.



Youth Employment

CBSFA helps create job opportunities, not only within the organization, but also through support of other entities within the community. In 2010, CBSFA began its support with a \$20,000 contribution to the Tanadgusix Corporation's Summer Youth Hire Program – a program that provides youth with opportunities and job-skill development. They also engage in our traditional and cultural ways through participating in the community subsistence fur seal harvests, learning



the proper techniques involved with the collection of the subsistence product. Since 2010, CBSFA has increased its funding support, making it possible for the employment of nine young adults between the ages of fourteen to eighteen during summer months.

Church Donation

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

St. Paul Island Volunteer Fire Department

CBSFA funding contribution provides personal protection gear, equipment, tools, training and meeting supplies, and updated communication devices to our community volunteers.



Tribal Government of St. Paul Island

Tribal Court: Supports administration costs necessary for the continuance of tribal court functions.

Marine Debris Cleanup Project: Tribal Government's Ecosystem Conservation Office submitted a proposal for cleaning beach segments on St. Paul Island to the Alaska Marine Stewardship Foundation and was selected to receive a Coastal Impact Assistance grant. With matching funds from CBSFA, eight job opportunities were created for individuals - four adults and four youth. The cleanup crew worked seven eight-hour days. Two additional eight-hour days were needed to sort and weigh the debris. From the three beach segments, English Bay, Lukanin Catchall, and Northeast Point, the cleanup crew removed 19,448 pounds of debris.

Job Training Center: Provides necessary equipment to reinforce job preparation, enhance workforce development, and introduce and support online learning through the University of Alaska Fairbanks.

Basic Hunter Education: Funding helps provide a Mossberg IHEA 5-Gun Training Set with travel case and Walker's Sport Pack - Ear muffs and shooting glasses. The class provides training in firearms safety and wildlife conservation, as well as respect for our natural resources, landowners, and other hunters. The training class will be conducted by a certified instructor.

Scuba Training and Gear: Provides funding for dive instructor training that will allow the certified instructor the ability to teach and award dive certifications to residents. Necessary cold water SCUBA gear, underwater monitoring equipment, and other gear will be purchased and used for training, marine fisheries research, and other on-island needs.

Unangam Tunuu Revitalization: Contribution gives the opportunity to help the youth build Unangam Tunuu teaching skills, establish a language program and curriculum for all grades at the St. Paul School, and find other methods to help develop the Unangam Tunuu curriculum development and utilization.

AMSEA

The Alaska Marine Safety Education Association (AMSEA) sanctioned Marine Safety Drill Conductor course was completed by 43 fishermen and other community residents. Some were taking this life saving training for the first time and many were refreshing their survival skills. This course was taught four different days and covered many topics, including Shipboard firefighting, May Days, Immersion Suits, Signals and conducting “Man Overboard Drills”.

This year CBSFA also offered four separate First Aid and CPR courses. A total of 38 local fishermen and women completed this training, which covered topics such as rescue breathing AEDs, CPR, patient assessment, bleeding control and shock management.

The AMSEA Drill Conductor & First Aid/CPR classes were Coast Guard accepted courses meeting the training requirements of the Commercial Fishing Vessel Safety Act passed into law in 1988. This training, along with the required safety/survival equipment for commercial fishing vessels has dramatically decreased the number of commercial fishing related deaths and injuries.

The training was taught by Dillingham based EMT-III Ron Bowers and was attended by many enthusiastic members of the local fleet. The water drills held in the boat harbor and the signal flare drills seemed to be the most popular part of the day’s training.



AAEPC

In 2014 the Central Bering Sea Fishermen's Association started working on a collaborative vision for our community with other leaders of entities on St. Paul Island. The entities created a planning committee called the Ataqan Akun Executive Planning Committee (AAEPC). "Ataqan akun" is a common expression of the concept for the community that "We are One," in seeking a unified vision for the future development of St. Paul. The AAEPC was formed to help develop and implement the Saint Paul Island 2025 Community Vision, a strategic and economic plan for the benefit of our community.

The AAEPC's objective is to work with the community to analyze past successes and current strengths and weaknesses

to help develop the vision, based on residents' and other stakeholder' input. Information Insights, Inc. (III) was selected as a facilitator to assist with the vision plan. Two members of III traveled to St. Paul in June 2014 and hosted community dialogues and meetings with residents to discuss various topics – Infrastructure, Housing and Real Estate, Municipal Services, Education, Youth, Elders, Health and Wellness, Business and Economic Development, Subsistence, Culture, and Environment. The goal of these meetings was to capture what our residents would like to see in our community's future. CBSFA donated six AC Store gift cards, each worth of \$100, to give away as door prizes after each community dialogue.

AAEPC has hired two surveyors that will distribute and gather community surveys and III will compile and present the survey responses and other input during an on-island community meeting. Individuals who complete the survey are given a \$15 AC Store gift card and they are eligible to win one of two iPad mini tablets that CBSFA donated.

The final product will capture our shared values and provide a foundation upon which the community and stakeholder organizations can focus and align their efforts. It will also include priority goal areas and recommendations of strategic direction to make the Saint Paul Island 2025 Community Vision a reality.





Education

Montessori

CBSFA began its support for the St. Paul Montessori Preschool Program in the spring 2007 semester, and has continued it since. Fully funded by CBSFA, the program provides early education and activities for kids age two to four. The Montessori curriculum and structure provides a distinct advantage to kids as they enter kindergarten by developing social, reading, and communication skills



Scholarships and Training Grants

In addition to local support for education, CBSFA continues to provide scholarships and training grants for post secondary education and vocational training.

Amix Program

A program designed to educate our youth about the history and culture of St. Paul. Bering Sea Days and Bering Sea Science Camp are included this important program.

Bering Sea Days: Promotes education for St. Paul's students related to marine ecology, GIS mapping, prehistoric mammoths and their remains, tides and currents, fur seal diets, and the collection of a variety of bird-related information.

Bering Sea Science Camp: Contributions assist with various costs associated with a seven-day camp on St. Paul Island.

Alaska Native Science and Engineering Program (ANSEP)

Provides St. Paul's students an opportunity to participate in ANSEP's components that provide inspiration, guidance, and opportunity for students from the time they are in middle school up through and including PhD level studies. ANSEP students are fully prepared for BS degrees in science and engineering. More importantly, the program provides a positive impact on students, their families, and our community that will endure for generations.



Extracurricular

Provides funding for sports team travel and other after school programs including Native Youth Olympics, high school basketball, and annual 5th grade trip.

Education	2013	As of 8.15.2014
Montessori	\$101,630	\$104,740
Scholarships	\$90,000	\$44,352
Training Grants	\$6,385	\$700
Amix Programs:		
Bering Sea Days	\$10,000	\$20,000
Marine Science Camp	\$20,000	\$20,000
ANSEP	\$50,000	\$50,000
Extracurricular:		
5th Grade, Basketball, etc.	\$10,800	\$7,500
Headstart Graduation	\$1,000	\$750
Graduation Gifts	\$4,913	\$654
TOTAL	\$294,728	\$248,696

Marine Science Camp

by Cara Lestenkof-Mandregan

The Bering Sea Pribilof Island Marine Science Camp has been a great program for the kids of Saint Paul and Saint George. Learning and understanding how important our ocean is at such a young age is beneficial. Throughout the summer camps I was involved in, we learned about various marine species in the Bering Sea and their importance in the marine ecosystem. Some of my personal highlights of the camp included learning about the development of tiny Zoea and the discovery of one of the rarest species of kelp in the world. The camps typically consisted of research, plenty of knowledge, and fun. Sometimes our field work may have been rigorous, but it was well worth it.

In February 2014, a few members of the Pribilof Student Marine Research team were able to attend the 2014 Marine Ocean Gala. Our team was recognized

and awarded with the Alaska Ocean Youth Leadership Award for our work and research we've done over the years. Everyone who's learned about our accomplishments and how old we really are, seem to be baffled. It's a shock to people outside of our islands to see how much we've accomplished at such young ages. It was an honor to receive the award and be able to attend the Marine Ocean Gala.

From June 9th-12th, I was very fortunate to attend Capitol Hill Ocean Week (CHOW) in Washington, DC as a representative for our Pribilof Marine Student Science Team and Saint Paul Island. I met a countless amount of important people, and listened to people explain their past, continuing, and future efforts in dealing with the ocean surrounding them. Our Pribilof Student Marine Research team and our work was widely recognized

during CHOW. One of my highlights was listening to President Obama's counselor John Podesta's speech and getting to shake his hand. He complimented our team for our accomplishments and was very proud of our hard work. Throughout the CHOW, we received a lot of recognition from many people who were eager and interested to meet us. We felt like they were all celebrities, based on their job positions and accomplishments. If it weren't for CBSFA funding my trip, the great experience and opportunity would not have been possible. We're very fortunate to have such a great entity that cares for the community.



Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Financial Position | December 31, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 14,913,435	\$ 13,718,805
Investments (notes 3 and 4)	2,941,571	2,578,245
Accounts receivable, net	2,007,047	1,851,457
Inventory	13,385,293	10,871,764
Prepaid expenses	598,655	291,833
Total current assets	<u>33,846,001</u>	<u>29,312,104</u>
Investments (notes 3 and 4)	1,914,429	1,914,045
Prepaid expenses and other (note 5)	450,197	481,540
Loans receivable, net (note 6)	449,427	587,690
Investment in unconsolidated affiliates (note 7)	5,425,048	5,379,547
Property and equipment, net (note 8)	14,056,110	13,586,222
Fishing rights	42,352,527	42,352,527
Total assets	<u>\$ 98,493,739</u>	<u>\$ 93,613,675</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,103,197	\$ 3,057,938
Due to related party	—	3,556
Current portion of long-term debt (note 9)	2,723,176	2,613,344
Advances on lines of credit (note 9)	2,050,000	1,525,000
Total current liabilities	<u>8,876,373</u>	<u>7,199,838</u>
Long-term debt, less current portion (note 9)	16,279,375	19,002,615
Interest rate swaps (notes 4 and 9)	539,803	903,693
Total liabilities	<u>25,695,551</u>	<u>27,106,146</u>
Net assets:		
Unrestricted net assets:		
CBSFA:		
Undesignated	66,773,734	60,820,729
Designated for small boat harbor	109,714	109,692
Designated for vessel repair center	1,804,715	1,804,353
Total net assets attributable to CBSFA	<u>68,688,163</u>	<u>62,734,774</u>
Noncontrolling interest in Star Partners, LLC	4,110,025	3,772,755
Total unrestricted net assets	<u>72,798,188</u>	<u>66,507,529</u>
Commitments and contingencies (notes 7, 9, and 11)		
Total liabilities and net assets	<u>\$ 98,493,739</u>	<u>\$ 93,613,675</u>

Information in this annual report is compiled from audited financial statements.

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Activities | Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Revenue and gains:		
Revenue from fishing operations (note 12)	\$ 37,944,977	\$ 40,913,785
Program revenue (note 12)	8,082,044	9,113,337
Investment and other income	920,499	855,701
Equity in income of unconsolidated affiliates (note 7)	555,501	548,935
Total revenue and gains	<u>47,503,021</u>	<u>51,431,758</u>
Expenses and other:		
Program:		
Fishing operations	33,466,060	36,188,087
Education and outreach	1,008,611	951,004
Vehicle and equipment operations	689,999	542,750
Small boat harbor operations	276,225	295,652
EFH advocacy and research	327,690	283,049
Investment fund policies and procedures	53,221	47,621
Vessel launch and retrieval	28,095	—
Total program	<u>35,849,901</u>	<u>38,308,163</u>
Supporting services – general and administrative, including interest expense of \$848,046 and \$1,002,248 for 2013 and 2012, respectively	5,726,351	5,088,329
Total expenses	<u>41,576,252</u>	<u>43,396,492</u>
Change in the fair value of interest rate swap (note 9)	(363,890)	(11,302)
Total expenses and other	<u>41,212,362</u>	<u>43,385,190</u>
Change in unrestricted net assets	<u>\$ 6,290,659</u>	<u>\$ 8,046,568</u>

Information in this annual report is compiled from audited financial statements.

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Changes in Net Assets | Years ended December 31, 2013 and 2012

		<u>CBSFA</u>	<u>Noncontrolling interest</u>	<u>Total</u>
Net assets, January 1, 2012	\$	55,075,727	3,685,234	58,760,961
Change in unrestricted net assets		7,659,047	387,521	8,046,568
Distributions		—	(300,000)	(300,000)
Net assets, December 31, 2012		<u>62,734,774</u>	<u>3,772,755</u>	<u>66,507,529</u>
Change in unrestricted net assets		5,953,389	337,270	6,290,659
Net assets, December 31, 2013	\$	<u><u>68,688,163</u></u>	<u><u>4,110,025</u></u>	<u><u>72,798,188</u></u>

Information in this annual report is compiled from audited financial statements.

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Cash Flows | Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,290,659	8,046,568
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,230,651	1,287,660
Undistributed earnings of unconsolidated affiliates	(45,501)	(263,935)
Realized and unrealized gains on investment securities	(336,876)	(258,573)
Provision for loan losses	94,228	—
Change in fair value of interest rate swap	(363,890)	(11,302)
Impairment of inventory	417,430	500,396
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(155,590)	610,562
Prepaid expenses	(275,479)	84,378
Inventory	(2,930,959)	(2,760,260)
Due to related party	(3,556)	—
Accounts payable and accrued expenses	678,851	(121,349)
Settlement of interest rate swap payable	—	(375,746)
Net cash provided by operating activities	<u>4,599,968</u>	<u>6,738,399</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,334,131)	(851,353)
Issuance of loans receivable	(90,277)	(161,304)
Principal payments received on loans receivable	134,312	181,728
Purchase of investments	(1,032,701)	(1,238,553)
Sale of investments	1,005,867	1,163,653
Net cash used in investing activities	<u>(1,316,930)</u>	<u>(905,829)</u>
Cash flows from financing activities:		
Distributions to noncontrolling interest	—	(300,000)
Proceeds from advances on line of credit	2,975,000	2,275,000
Payments on advances on line of credit	(2,450,000)	(750,000)
Proceeds from issuance of long-term debt	—	7,699,640
Principal payments on long-term debt	(2,613,408)	(9,411,752)
Net cash used in financing activities	<u>(2,088,408)</u>	<u>(487,112)</u>
Net increase in cash and cash equivalents	1,194,630	5,345,458
Cash and cash equivalents at beginning of year	<u>13,718,805</u>	<u>8,373,347</u>
Cash and cash equivalents at end of year	\$ <u>14,913,435</u>	<u>13,718,805</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 847,076	962,685
Supplemental schedule of noncash investing and financing activities:		
Equipment obtained through installment purchase payable	—	52,835
Purchases of property and equipment through accounts payable	366,408	—

Information in this annual report is compiled from audited financial statements.

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidating General and Administrative Expenses | January 1, 2013 - December 31, 2013

	CBSFA	CBSFC	57 Degrees North	170 Degrees West	Village Cove Seafoods	SPFC	Elimi- nations	Consoli- dated Total
General and administrative expenses:								
Board expenses:								
Travel and per diem	2,658	-	-	-	-	24,669	-	28,327
Directors fees	43,875	1,750	-	-	-	6,234	-	51,859
Board training	93,953	-	-	-	-	-	-	93,953
Other	12,684	-	-	-	-	-	-	12,684
Total board expenses	<u>153,170</u>	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,903</u>	<u>-</u>	<u>186,823</u>
Staff:								
Payroll and taxes	898,069	15,258	-	-	-	191,652	-	1,104,979
Benefits - incl. medical, dental, vision	315,237	-	-	-	-	75,476	-	390,713
Benefits - retirement	84,950	-	-	-	-	18,483	-	103,433
Total staff	<u>1,298,256</u>	<u>15,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,611</u>	<u>-</u>	<u>1,599,125</u>
Travel and per diem:								
Staff	<u>130,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,511</u>	<u>-</u>	<u>169,788</u>
Total travel and per diem	<u>130,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,511</u>	<u>-</u>	<u>169,788</u>
Other:								
Vessel general and administrative expenses								
Accounting fees	-	-	-	-	-	51,483	-	51,483
Amortization	-	-	11,092	5,347	-	7,212	-	23,651
Audit expense	90,333	-	-	-	-	-	-	90,333
Bad debt	-	94,229	-	1,014	-	-	-	95,243
Bank fees	-	-	4,630	3,791	6,619	2,568	-	17,608
Contributions	-	-	-	-	-	4,000	-	4,000
Copying and printing	7,573	-	-	-	-	786	-	8,359
Depreciation	27,966	2,250	-	76,107	-	769,279	-	875,602
Dues, subscriptions and memberships	5,344	-	15,537	604	144	24,288	-	45,917
Harvest tracking	4,440	-	-	-	-	-	-	4,440
Insurance	142,057	-	70,231	29,393	20,462	328,458	-	590,601
Interest	-	-	537,254	12,708	38,814	259,270	-	848,046
Legal fees	46,424	150	150	593	1,132	5,280	-	53,729
Licenses and fees	634	250	375	150	175	12,000	-	13,584
Marketing Costs	-	-	2,171	5,959	7,867	3,866	-	19,863
Meals and entertainment	4,100	-	-	-	-	1,692	-	5,792
Miscellaneous	(112)	-	4,844	300	156	(3,026)	-	2,162
Moorage and storage	-	-	-	-	-	2,318	-	2,318
Office supplies	18,971	-	-	124	163	2,838	-	22,096
Postage and freight	1,880	-	391	-	449	952	-	3,672
Professional fees	52,753	-	731	-	-	125,150	-	178,634
Rent and storage	17,307	-	-	-	-	7,668	-	24,975
Repairs and maintenance	1,981	-	-	8,594	-	179,227	-	189,802
Small office equipment	413	-	-	-	-	-	-	413
Taxes	458,493	-	-	-	-	-	-	458,493
Telephone and internet fees	49,565	-	-	-	-	43,500	-	93,065
Training	1,199	-	-	-	-	-	-	1,199
Utilities	24,534	-	-	-	-	-	-	24,534
Vessel Towing Fund	-	-	-	1,000	-	-	-	1,000
WACDA membership fee	20,000	-	-	-	-	-	-	20,000
Total other	<u>975,855</u>	<u>96,879</u>	<u>647,406</u>	<u>145,684</u>	<u>75,981</u>	<u>1,828,809</u>	<u>-</u>	<u>3,770,614</u>
Total general & administrative expenses	<u>2,557,558</u>	<u>113,887</u>	<u>647,406</u>	<u>145,684</u>	<u>75,981</u>	<u>2,185,834</u>	<u>-</u>	<u>5,726,350</u>

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 2013.

Directors

CBSFA directors receive \$275 for each board meeting two hours or less, \$425 for meetings that are two to eight hours, and \$700 for meetings eight hours or more. In 2013, CBSFA paid directors \$43,875 and \$12,927 for 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 percent 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 2013 two loans in the amounts of \$14,407 and \$7,943 were made to 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 auditor, KPMG, LLP, for either 2013 or 2012. KPMG performed tax preparation and lobbying services, the fees for which represent 33.5% of 2013 and 19% of 2012.

Committees

CBSFA maintains a compensation committee. In 2013, its membership was made up of directors Amos Philemonoff, Sr., Jason Bourdukosky, 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 2013.

Professional Fees

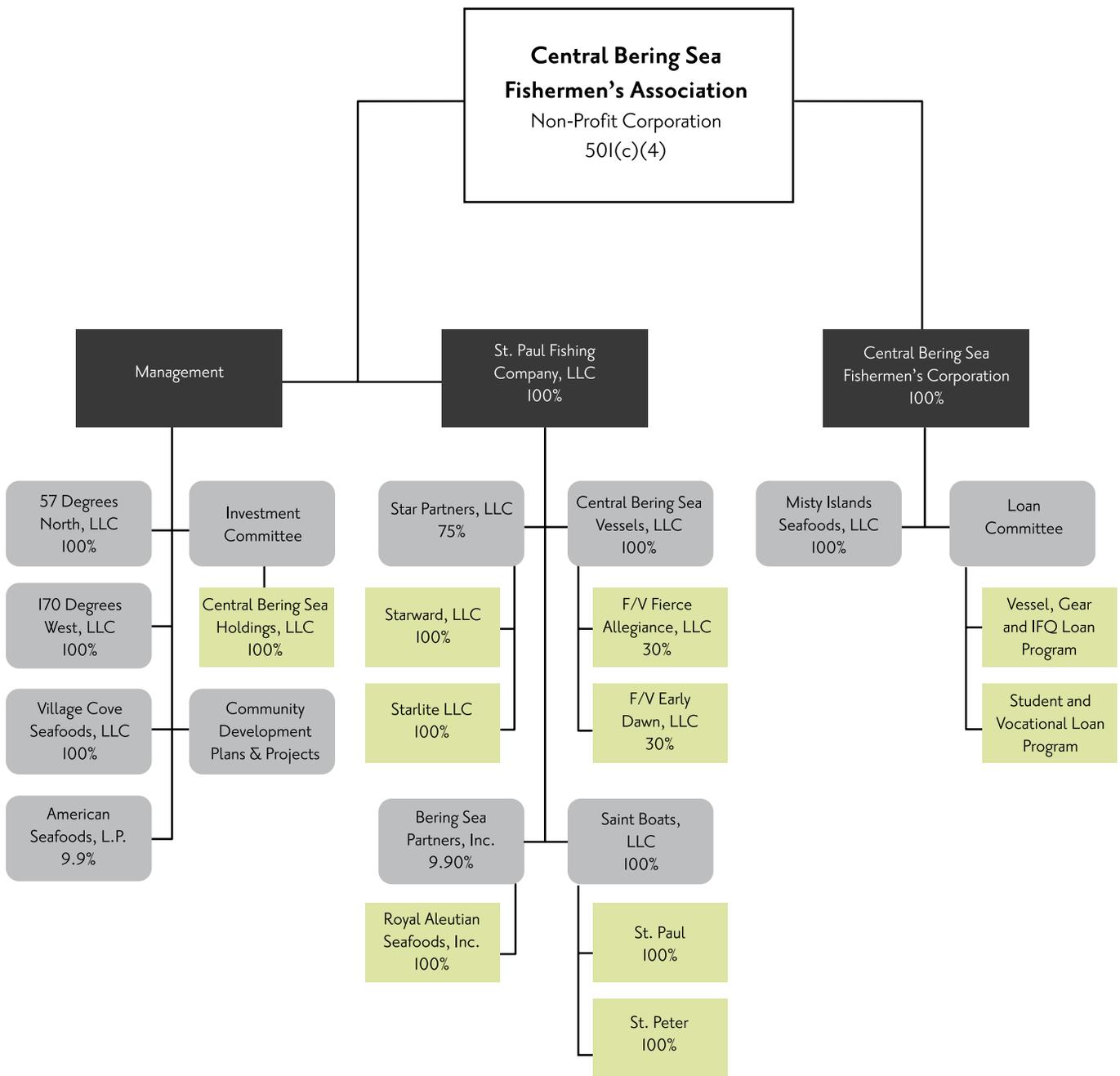
Legal	\$66,731
Consulting	\$189,127
Accounting	\$51,483
Lobbying	\$13,674
Auditing	\$60,058
Tax Prep	\$30,275

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
Jonathan Thorpe	Chief Investment & Strategy Officer	CBSFA	\$192,869	\$22,631	\$215,500
Phillip Lestenkof	President	CBSFA	\$172,426	\$500	\$172,926
William J. Dixon	Chief Financial Officer	CBSFA	\$114,131	\$26,369	\$140,500
Jeffery Kauffman	Chief Executive Officer	SPFC	\$110,198	\$500	\$110,698
Rena Kudrin	Office Manager	CBSFA	\$81,752	\$500	\$82,252

Organizational Chart







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