# 2010 Annual Report

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Chairman’s Letter</td>
</tr>
<tr>
<td>10</td>
<td>President’s Letter</td>
</tr>
<tr>
<td>12</td>
<td>Directors</td>
</tr>
<tr>
<td>13</td>
<td>Board and Staff</td>
</tr>
<tr>
<td>14</td>
<td>Small Boat Harbor</td>
</tr>
<tr>
<td>16</td>
<td>Crab Update</td>
</tr>
<tr>
<td>17</td>
<td>CBSFA Halibut Cooperative</td>
</tr>
<tr>
<td>17</td>
<td>170 Degrees West</td>
</tr>
<tr>
<td>18</td>
<td>Saint Boats, LLC</td>
</tr>
<tr>
<td>19</td>
<td>Village Cove Seafoods, LLC</td>
</tr>
<tr>
<td>20</td>
<td>Community Outreach</td>
</tr>
<tr>
<td>22</td>
<td>Education</td>
</tr>
<tr>
<td>24</td>
<td>Consolidated Financial Statement</td>
</tr>
<tr>
<td>28</td>
<td>Transparency Disclosures</td>
</tr>
<tr>
<td>29</td>
<td>Organizational Chart</td>
</tr>
<tr>
<td>31</td>
<td>Mission Statement</td>
</tr>
</tbody>
</table>
Chairman’s Letter

Dear Members,

CBSFA is pleased to present this annual report with news on our progress on a variety of endeavors. During 2010, the completion of the Small Boat Harbor has by far been our proudest accomplishment. This long awaited project has finally become a reality for our local fishermen and will benefit the community for future generations.

CBSFA has strived to continue sponsorship and provide opportunities not only to members, but also throughout the community by funding local projects and programs. The Elders Residential Assistance Program supplies subsidized benefits to elders. St. Paul’s youth are positively impacted through funding of the Montessori program, St. Paul School’s extracurricular sports programs, Tandagusix Corporation’s summer employment program. The volunteer tax program is provided for all residents. To further invest in our youth’s educational opportunities, we contributed funding to the Alaska Native Science and Engineering Program. CBSFA is delighted to continue its support and funding to local events and fundraisers.

Our company purchased a Manitowoc 4000 W crane for the installation and removal of the Small Boat Harbor docks and to increase our vessel launching capabilities for the entire local fleet. This equipment has also benefitted other entities on local projects throughout the year.

CBSFA is excited to announce its newly acquired asset, the F/V Saint Peter, which is in the process of being fabricated by Fred Wahl Marine. This vessel will assist in catching CDQ and IFQ halibut and will also be designed for the Pacific cod fishery.

We are looking forward to another successful collaboration with the Tribal Government of St. Paul that involves our next goal, a Vessel Repair Facility. This facility will help serve our fleet with supplementary support, allowing fishermen to repair and maintain vessels indoors rather than in harsh weather conditions.

“The completion of the Small Boat Harbor has by far been our proudest accomplishment. This long awaited project has finally become a reality for our local fishermen and will benefit the community for future generations.”

Furthermore, CBSFA has continued its movement of growth. Gross assets increased to $79.9 million as of December 31, 2010, with net assets growing to $48.9 million.

It has been an honor to serve as the Chairman as our organization continues to grow and seek further investment opportunities that extend to our members and the community of St. Paul. We look forward to continuing these efforts in the future.

Sincerely,

Myron Melovidov
President’s Letter

Dear CBSFA Members,

A major milestone for the CBSFA management, the local fishermen, and community of St. Paul Island was achieved in 2010 with the successful completion of the Small Boat Harbor (SBH). The SBH is the final phase of a local, state, and federal joint-effort that started nearly three decades ago. This new infrastructure is essential for creating stability and growth to St. Paul’s fishery-related economy. The CBSFA management and board are certain the SBH will provide our community with the means to generate increased business and employment opportunities for many years to come. New jobs have already been created to help CBSFA with its new responsibility of owning, managing and operating the SBH facility. We are proud to report that the SBH project was granted the 2011 “Project Excellence Award” in the Large Project category by the Coasts, Oceans, Ports, and Rivers Institute for its innovative design and construction. The CBSFA board, management, local fishermen and the residents of St. Paul are very happy with the final completion of the SBH and how it turned out. The first year of use of the new SBH facility, combined with record ex-vessel prices for halibut, and an increased Area 4C halibut catch limit, will result in the local fishermen and their crews having their best year overall.

Complementary to our efforts with the SBH to support our local fishery, CBSFA is involved in discussions with the Tribal Government of St. Paul to construct a jointly owned facility, which will include the CBBSA Vessel Repair Facility and space to support the Tribe’s business development. CBSFA recently purchased a Manitowoc 4000 W (big crawler crane) to deploy the new SBH docks, launch heavier vessels, and to provide a big crane to support the operations of the main St. Paul Harbor and other community development projects. In addition, the CBSFA management, based on the positive experience with the F/V Saint Paul, made the decision to purchase another 58-foot vessel, and named it the F/V Saint Peter. This new vessel, which will be ready in September of this year, will improve our ability to harvest locally owned halibut IFQ, expand our participation in other commercial fishery ventures including leasing of halibut quota, and increase our ability to harvest Pacific cod, sablefish and other species.

“The CBSFA management and board are certain the Small Boat Harbor will provide our community with the means to generate increased business and employment opportunities for many years to come.”

As in past years, CBSFA has made significant contributions to programs and projects that provide important economic and social benefits to our community. CBSFA is providing funding to help the Pribilof School District with much needed renovations to the local school gym. CBSFA also increased its contributions to the Elders Residential Assistance Program this year to help elders cope with the higher cost of living in rural Alaska. We are glad to continue providing our elders with traditional seafoods of halibut and crab through our Elders Subsistence Program. CBSFA continues to meet the goals and criteria of the CDQ Program through our fisheries-related investments and economic development and diversification of St. Paul Island, as well as through our efforts to help alleviate poverty, and by providing social benefits to the residents St. Paul Island.

On behalf of the CBSFA board of directors and staff, I wanted to express our gratitude to all the individuals; local organizations; and local, state, and federal governments, who contributed to the planning and funding of the SBH project. The new harbor has brought a renewed vigor to our local fishery and economy, and it has provided the necessary infrastructure to help our younger residents build a future on St. Paul Island. I also want to thank all the people who have supported us and expressed their appreciation to CBSFA for our contributions and donations. We will continue our best efforts to keep developing a successful and stable organization that will continue to provide economic growth, jobs, and social benefits to our community. I wish you all the best and thank you very much for your time.

Sincerely,

Phillip Lestenkof
Central Bering Sea Fishermen's Association
Board of Directors

Myron Melovidov
Chairman
PO Box 167
St. Paul Island, AK 99660
(907) 546-2250
Term expires 2013

Phillip Lestenkof
President
PO Box 127
St. Paul Island, AK 99660
(907) 546-2279
Term expires 2011

Jeffery P. Kauffman
Vice President
PO Box 250
St. Paul Island, AK 99660
(907) 546-5032
Term expires 2012

Rena J. Kudrin
Secretary/Treasurer
PO Box 229
St. Paul Island, AK 99660
(907) 546-2429
Term expires 2011

Jason Bourdukofsky, Sr.
Director
PO Box 235
St. Paul Island, AK 99660
(907) 546-2431
Term expires 2013

Roman Fratis, Sr.
Director
PO Box 3
St. Paul Island, AK 99660
(907) 546-2629
Term expires 2012

John R. Merculief, Jr.
Director
PO Box 108
St. Paul Island, AK 99660
(907) 546-2522
Term expires 2013

Amos Philemonoff, Sr.
Director
PO Box 232
St. Paul Island, AK 99660
(907) 546-2298
Term expires 2012

Michael Baldwin
Director
PO Box 268
St. Paul Island, AK 99660
(907) 546-2528
Term expires 2011

Multi-Species Development Holdings, LLC
Board of Directors

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

Jan Jacobs
Director
2205 236th Street SE
Bothell, WA 98021
(206) 660-5164

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

Terry Shaff
Director
PO Box 97019
Redmond, WA 98073
(425) 861-5311

Jonathan Thorpe
Director
35911 Kenai Spur Hwy
Suite 2
Soldotna, AK 99669
(907) 262-0800

Central Bering Sea Fishermen's Corporation
Board of Directors

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

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

Jason Bourdukofsky, Sr.
Director
PO Box 235
St. Paul Island, AK 99660
(907) 546-2431

Jeffery P. Kauffman
Director
PO Box 250
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(907) 546-5032

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

Jonathan Thorpe
Director
35911 Kenai Spur Hwy
Suite 2
Soldotna, AK 99669
(907) 262-0800

Star Partners, LLC
Board of Directors

Phil Hanson
Chairman
PO Box 97019
Redmond, WA 98073
(425) 861-5304

Jeffery P. Kauffman
Director
PO Box 250
St. Paul Island, AK 99660
(907) 546-5032

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

Jonathan Thorpe
Director
35911 Kenai Spur Hwy
Suite 2
Soldotna, AK 99669
(907) 262-0800
CBSFA Board of Directors

Myron Melovidov
Chairman
Term expires 2013

Phillip Lestenkof
President
Term expires 2011

Jeffery P. Kauffman
Vice President
Term expires 2012

Rena J. Kudrin
Secretary/Treasurer
Term expires 2011

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Director
Term expires 2013

Roman Fratis, Sr.
Director
Term expires 2012

John R. Merculief, Jr.
Director
Term expires 2013

Amos Philemonoff, Sr.
Director
Term expires 2012

Michael Baldwin
Director
Term expires 2011

CBSFA Employees

Phillip Lestenkof
President
President since 1999

Jonathan Thorpe
Chief Financial Officer
Employee since 2003

Steven Manley
Controller
Employee since 2005

Rena J. Kudrin
Office Manager
Employee since 1998

Ray Melovidov
Community Outreach & Projects Coordinator
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
Senior Accountant
Employee since 2011

Benjamin T. Shane
Maintenance/Operator
Employee since 2011

Robert Shearer, Sr.
Processing Equipment Technician
Employee since 2010

Frank Shane, Sr.
Maintenance/Operator
Employee since 2011

Frank Shane
Controller
Employee since 2005

Myron Melovidov
Operations Supervisor
Employee since 2011

William J. Dixon
Senior Accountant
Employee since 2011

Benjamin T. Shane
Maintenance/Operator
Employee since 2011

MSDH Employees

Jeffery P. Kauffman
General Manager
Employee since 2007

Jennifer L. Petersen
Administrative Assistant/Accountant
Employee since 2010
The completion of the St. Paul Small Boat Harbor (SBH) in October of 2010 and its official dedication on August 4th, 2011, constitute a major milestone in St. Paul’s history. It also brings St. Paul closer to fulfilling the objectives of the 1983 Fur Seal Act Amendments which envisioned St. Paul’s transition from an economy based on fur sealing to one based on commercial fishing. We have certainly come a long way since those difficult days of the fur seal harvest phase-out!

“The Small Boat Harbor is the important final phase of a process that started almost three decades ago.”

The first phase was completed in 1989, when the St. Paul Harbor, consisting of a main breakwater and a second detached breakwater, became operational. This allowed St. Paul to attract fish processing facilities and become an important harbor for the Bering Sea crab fleet. The second phase, the Harbor Improvements Project, occurred between 1999 and 2005 when the existing harbor was improved with the addition of: underwater reefs to protect the main breakwater; the deepening of the harbor entrance channel and maneuvering area; and a tidal channel into the Salt Lagoon. The total cost of these improvements reached $52.3 million.

The completion of the SBH last October 2010 at a cost of over $20 million represents the final phase of this monumental local, state, and federal effort. CBSFA contributed over $6 million to the project. CBSFA also worked with Bellingham Marine Industries (BMI) and the Dutra Dredging Company to finalize the design and installation of the SBH infrastructure. The SBH is considered a state-of-the-art design and engineering project, and the joint construction team consisting of CBSFA, BMI, Red Point, and Dutra was recently awarded the 2011 “Project Excellence Award” by the Coasts, Oceans, Ports, and Rivers Institute. CBSFA owns and manages the SBH and is leasing the SBH tidelands.

The improved St. Paul Harbor and the newly constructed SBH are critical to St. Paul’s long-term economic well-being and its diversification efforts. They will enhance the community’s ability to generate millions of dollars of income and will create numerous job opportunities each year, particularly for our younger generations, through commercial fishing and related activities. CBSFA recognizes and is grateful for the key support provided by St. Paul’s local entities, our Alaska congressional delegation, the State of Alaska, and the Denali Commission. The board and management are very happy that this project has finally come to fruition.
One of the most important developments regarding crab investments is CBSFA's investment in 57 Degrees North (57DN). 57DN is CBSFA's wholly-owned crab processing and marketing company. As such, 57DN works jointly with MSDH and its vessel investments to harvest CBSFA's CDQ crab allocations and 57DN's IFQ and CPO crab harvesting rights. In addition to the harvesting rights, 57DN manages the processor quota shares acquired in the investment and the inherent processing rights of its CPO and CBSFA's CDQ crab allocations. The 2010 – 2011 crab season marked an important turn for 57DN and other CDQ groups in terms of the CDQ sector's ability to successfully work together. In addition to the crab managed in the CBSFA portfolio, 57DN processed crab with its existing processing partners through custom processing arrangements in St. Paul, Unalaska, and Akutan on behalf of four other CDQ groups and marketed crab of behalf of three of them. The processing included 1,164,580 pounds of Bristol Bay Red King Crab, 71,949 pounds of St. Matthews Blue King Crab, 489,046 pounds of Eastern Aleutian Golden Crab and 3,622,498 pounds of Bering Sea Snow (opilio) Crab. The total pounds processed represent 7.6% of the king crab total allowable catch (TAC) and 6.6% of the snow crab TAC.

As part of these efforts, CBSFA has also been working collaboratively and successfully with the City of St. Paul and the TDX Corporation at the North Pacific Fishery Management Council (NPFMC), and at the state and national levels, to maintain the value of CBSFA's crab-related investments, as well as the community and CDQ protections in the current crab management system. CBSFA has succeeded in maintaining strong guidelines for regional delivery, and has worked hard to help the NPFMC, State and Congressional leaders understand and support St. Paul's interests in protecting the existing crab program.

Crab Pays Off for CBSFA and St. Paul

Crab Investments Growing in Importance Both in Their Contribution to the Net Income of the Organization and to the Economy of St. Paul Island

In 2010, driven by $19,730,346 in gross revenues and $3,266,246 of net income of from 57DN's crab operations, the consolidated net income of CBSFA was $4,119,916. This welcome result was in part because of excellent market conditions for crab, higher crab quotas, and in part because of operational efficiencies realized by teaming with other CDQ groups for processing. CBSFA's percentage of net income from crab has increased significantly to where it currently accounts for almost 79% of the total consolidated net income.

“CBSFA and 57DN's contributions to the output of the St. Paul processing plant are also an economic driver for the community.”

The processing plant employs 20 to 60 local residents, depending on the particular season, creating demand for goods and services provided by local businesses, and generating local tax dollars that support the municipal government. Moreover, crab processing, by providing the plant operator with commercially viable production efficiency, is the economic underpinning for the processing of the local CDQ and IFQ halibut fishery in the summer months. St. Paul Island is crucial to 57DN's operations. Approximately 69% of the crab processed by the organization was completed at the St. Paul plant. 57DN is making every effort to “bring the crab home” in order to support the local industry.
CBSFA Halibut Cooperative

Benefits Noted for Fishermen and for the Community

The CBSFA Halibut Cooperative was created in 2003 with the goal of increasing ex-vessel prices paid to the local fleet. Since inception, the CBSFA Halibut Cooperative has paid out $19.1 million to the local fishermen in the form of ex-vessel prices.

The CBSFA Halibut Cooperative is operated in conjunction with the local fishermen, Saint Boats LLC (F/V Saint Paul and the newly-built F/V Saint Peter), Trident Seafoods and American Seafoods. CBSFA purchases the halibut from the local fleet, partners with Trident Seafoods to process the fish, and works with American Seafoods on marketing 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 willing to invest effort in catching. However, the CBSFA Halibut Cooperative’s ex-vessel price is lower when quota is left uncaught. At the same time, CDQ quota leased to Saint Boats, LLC is very beneficial to the local fleet because it significantly raises the price the CBSFA Halibut Cooperative is able to pay. With these considerations in mind, CBSFA carefully tracks its quota balance as the season progresses to deliver maximum benefit and value to the fishermen.

For 2010, local landings totaled 858,014 pounds, including 168,390 pounds of locally held IFQ caught on the F/V Saint Paul. In total, $4.1 million was paid to the local fishermen, the highest ever paid out in a single season since the CBSFA Halibut Cooperative was created. The base price was set at $4.50 and a series of retroactive price adjustments were paid out following the close of the season and the final 2010 ex-vessel price was $4.80.

As a result of the increased catch limits and catch rates, the local fleet landed 74,300 pounds more than in 2009; 94% of the CDQ was landed locally, compared to 83% in 2009. Approximately 41,000 pounds were leased to F/V Saint Paul.

For 2011, CBSFA’s CDQ allocation is 718,250 pounds, an increase of 27,625 pounds over the 2010 allocation. There are 296,261 pounds of locally held IFQ, a majority of which will be harvested on the F/V Saint Paul and F/V Saint Peter. The 2011 fishing season began on June 13th with a posted price of $6.00/lb.

“Halibut is the lifeblood of our community and a major contributor to the local economy.”

CBSFA is optimistic about the future of the CBSFA Halibut Cooperative and broadening opportunities for the success of the local fishermen and the community will continue to be a priority.

I70 Degrees West

Fillets in Production at Costco

2010 was a solid year for the halibut marketing program. For the first time, 170 Degrees West has established a branded retail program, selling 1.75 pound retail bags of halibut portions at Costco. Over the past year there has been much ground work laid to allow 170 Degrees West to continue diversifying the customer base for branded retail products. With the addition of Village Cove Seafoods, and the continued success of 57 Degrees North, CBSFA is starting to realize the dream of being a vertically integrated seafood company.
Saint Boats, LLC

Purchase and Construction of Commercial Fishing Vessel Helps Realize Long-Term Goals for CBSFA

Fred Wahl Marine Construction in Reedsport, Oregon completed construction of the 58’ x 26’ F/V Saint Paul in 2008. The F/V Saint Paul is CBSFA’s first 100% owned commercial fishing vessel and brings diversification to our fleet of crab, cod and pollock vessels.

Since setting sail in 2008, the F/V Saint Paul has been very successful in harvesting halibut, Pacific cod and sablefish in the Bering Sea. It has created numerous professional fishing jobs for our members and provides a safe and efficient platform for harvesting halibut allocation that remains uncaught late in the year when our small boat fleet retires for the season due to weather.

It has long been a goal of CBSFA to become a vertically integrated seafood company and the F/V Saint Paul has been instrumental in the process of catching fish in the Bering Sea that is then processed and distributed, reaching dinner plates in homes and restaurants across the globe under the CBSFA logo. In 2010 the F/V Saint Paul had gross revenues of $1.46 million not including earnings paid to member IFQ holders or lease rates paid to CBSFA.

With the early success of the F/V Saint Paul, the Multi Species Development Holdings, LLC (MSDH) and CBSFA boards began to ponder the benefits to our members and seafood companies of a second 58’ combination vessel. In early 2011, CBSFA’s vessel management company, MSDH, approved the purchase and construction of the F/V Saint Paul’s sister vessel, the F/V Saint Peter. Shortly thereafter, the CBSFA Board of Directors gave final approval and a Vessel Construction Agreement was signed with Fred Wahl Marine Construction. Construction began in March of 2011 with a completion date of September 15th. The F/V Saint Peter will provide up to five additional job opportunities for each of the fisheries it participates in.

The F/V Saint Peter will have a similar fish plan to the F/V Saint Paul. It will fish “A” Season Pacific cod from January through March, switch to Bering Sea sablefish in April, then to halibut in July, and then back to Pacific cod in September. Both boats will fish approximately 11 months out of the year. In addition to harvesting CBSFA’s excess CDQ halibut and member IFQ, our boats will continue to target CBSFA’s Pacific cod and sablefish allocations. Both boats will also participate in the federal Pacific cod fisheries.

“CBSFA is proud to own the F/V Saint Paul and F/V Saint Peter and believes they will contribute to the successful realization of goals set by the Board of Directors and our members for years to come.”
In February of 2011, CBSFA formed a new subsidiary, Village Cove Seafoods, LLC (VCS). The new company’s focus is to maximize the value of CBSFA’s CDQ allocations of Pacific cod and sablefish. Using the experience and knowledge gained in CBSFA’s other marketing programs of halibut, 170 Degrees West, and crab, 57 Degrees North, adding the cod production to the mix was a natural progression.

A secondary benefit in starting the new business is that we can further support the efforts and operations of the F/V Saint Paul and the soon to be completed F/V Saint Peter. During Spring of 2011, VCS has purchased, processed and taken to market 1,995,520 round pounds of CBSFA’s CDQ Pacific cod allocation, harvested by the F/V Saint Paul. Due to VCS’s new efforts the F/V Saint Paul was able to continue its fishing efforts after the completion and closure of the federal open access Pacific cod fishery, earning the F/V Saint Paul an additional $616,462 in fish ticket settlements.

“As of June 30, 2011, Village Cove Seafoods has purchased 78,309 cut-weight pounds of sablefish harvested by the F/V Saint Paul.”

Utilizing CBSFA’s strong partner relationships, VCS was able to negotiate custom processing arrangements with two existing partners in Dutch Harbor and Akutan. In addition, through existing broker relationships, VCS is marketing Pacific cod and sablefish in Asia, Europe and the domestic marketplace, including sales to established customers of 57 Degrees North and 170 Degrees West. It is clear that VCS has further solidified CBSFA’s goal of becoming a vertically integrated supplier of quality seafood products starting from the ownership and management of the resource harvesting rights, to the production and marketing of value-added products to the end users.
Community Outreach

Youth Employment

Quality job training for the youth in St. Paul is important to our community. As such, CBSFA continues to promote community outreach with a $25,000 contribution to the Tanadgusix Corporation summer youth hire program for the year 2011.

CBSFA’s contribution made it possible for the employment of 9 young adults between the ages of 14 and 18. The objective of the program is to introduce job training and instill lifelong citizenship into St. Paul’s youth.

“Over the years, Tanadgusix Corporation has achieved measurable success in providing the youth with a summer program to help develop civic and social responsibility, and many of our youth look forward to the summer employment opportunity.”

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<tr>
<th>Outreach</th>
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<td>Elders Residential Assistance Program</td>
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<td>Elder Support</td>
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<td>Volunteer Tax Program</td>
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<td>Elders Subsistence Program (Halibut &amp; Crab Donation)</td>
<td>10,639</td>
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<td>Community Events and Programs</td>
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<td>Bereavement</td>
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<td>Youth Employment</td>
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<td>Quick Response Vessel: Lunax</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$442,620</strong></td>
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Elders Residential Assistance Program
Provides $3,000 to energy suppliers or housing entities on behalf of elders 55 and over.

Elder Support
Funds used for one-time events and purchases. In 2010, the majority of the funds were used to purchase a van for seniors.
AMSEA Training

In preparation for the 2011 halibut season, approximately 70 fishermen and other local participants were involved in a marine safety workshop presented by Chris Lopez of the Alaska Marine Safety Education Association’s (AMSEA) training network, sponsored by CBSFA.

During the workshop, participants learned the importance of being prepared for emergencies and how to effectively use a variety of life saving appliances found onboard commercial fishing vessels. Participants also gained knowledge on valuable procedures for dealing with fire, flooding, person-overboard and abandon-ship emergencies. They practiced water training and a variety of survival swimming techniques while wearing immersion suits, along with righting and entering a life raft.

“The course was very informative. I will be better prepared for emergency situations and how to deal with them. Designating crew members to certain tasks was the most valuable part of the training.”
– John W. Melovidov

“I will be more aware of safety practices and the most valuable part of the training were hands-on water and flare training.”
– Jeremy Philemonoff

“The most valuable part of the training were the Seven Steps of Survival.”
– Terenty Simeonoff
Education
Foundations for Youth in Our Community

It is the belief of CBSFA that healthy, well-educated kids are critical to the welfare of the community.

“With the long-term goals of supporting youth in our community, CBSFA upheld support for educational programs benefiting the children of St. Paul.”

In 2010, CBSFA maintained its funding of vital education and enrichment programs, and began funding of the Alaska Native Science and Engineering Program (ANSEP).

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<tr>
<th>Education</th>
<th>2010</th>
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<tr>
<td>Montessori</td>
<td>$87,226</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$257,162</strong></td>
<td><strong>$239,023</strong></td>
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**Bering Sea Science Camp**
 Contributions to the Bering Sea Science Camp assist with various costs associated with a two-week summer camp.

**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 ages two to four.
Alaska Native Science & Engineering Program (ANSEP) provides St. Paul’s youth 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 Bachelor of Science 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.

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. Includes Bering Sea Days and Bering Sea Science Camp.

Bering Sea Days
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.
### Assets

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,483,338</td>
<td>$4,945,344</td>
</tr>
<tr>
<td>Investments (notes 3 and 4)</td>
<td>2,318,795</td>
<td>1,827,975</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,253,928</td>
<td>2,052,637</td>
</tr>
<tr>
<td>Inventory</td>
<td>5,140,217</td>
<td>3,624,235</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>221,637</td>
<td>215,265</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>16,417,915</strong></td>
<td><strong>12,665,456</strong></td>
</tr>
</tbody>
</table>

| Investments (notes 3 and 4) | 2,126,748 | 8,665,677 |
| Prepaid expenses (note 5)   | 479,452   | 494,444   |
| Loans receivable, net (note 6) | 476,994 | 352,908   |
| Investment in unconsolidated affiliates (note 7) | 6,663,432 | 6,166,068 |
| Property and equipment, net (note 8) | 11,334,812 | 5,497,265 |
| Fishing rights              | 41,839,244 | 41,839,244 |
| **Total assets**            | **79,338,597**| **75,681,062**|

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$2,625,914</td>
<td>1,666,742</td>
</tr>
<tr>
<td><strong>Current portion of long-term debt (note 10)</strong></td>
<td>1,642,568</td>
<td>2,255,701</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>4,268,482</strong></td>
<td><strong>3,922,443</strong></td>
</tr>
<tr>
<td>Long-term debt, less current portion (note 10)</td>
<td>22,393,220</td>
<td>24,039,911</td>
</tr>
<tr>
<td>Interest rate swap (notes 4 and 10)</td>
<td>955,362</td>
<td>263,690</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>27,617,064</strong></td>
<td><strong>28,226,044</strong></td>
</tr>
</tbody>
</table>

Minority interest | 3,344,487 | 3,164,485 |

Net assets:

| Undesignated             | 46,250,268 | 35,624,856 |
| Designed for small boat harbor | 331,080 | 6,873,331 |
| Designed for vessel repair center | 1,795,698 | 1,792,346 |
| **Total net assets** | **48,377,046** | **44,290,533** |

Commitments and contingencies (notes 7, 10, and 12)

| **Total liabilities and net assets** | **79,338,597** | **75,681,062** |

*Information in this annual report is compiled from audited financial statements.*
### Changes in unrestricted net assets:

#### Revenue and gains:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program revenue</td>
<td>$11,055,697</td>
<td>9,544,987</td>
</tr>
<tr>
<td>Revenue from fishing operations</td>
<td>22,400,845</td>
<td>13,223,616</td>
</tr>
<tr>
<td>Equity in loss of unconsolidated affiliates (note 7)</td>
<td>(399,430)</td>
<td>(766,344)</td>
</tr>
<tr>
<td>Distribution from American Seafood, L.P. (note 7)</td>
<td>546,483</td>
<td>650,468</td>
</tr>
<tr>
<td>Investment and other income</td>
<td>649,123</td>
<td>1,181,254</td>
</tr>
<tr>
<td><strong>Total revenue and gains</strong></td>
<td><strong>34,252,718</strong></td>
<td><strong>23,833,981</strong></td>
</tr>
</tbody>
</table>

#### Expenses and other:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and outreach</td>
<td>525,862</td>
<td>519,745</td>
</tr>
<tr>
<td>Vessel launch and retrieval</td>
<td>531,721</td>
<td>177,358</td>
</tr>
<tr>
<td>EFH advocacy and research</td>
<td>77,753</td>
<td>323,047</td>
</tr>
<tr>
<td>Multispecies development</td>
<td>328,298</td>
<td>345,500</td>
</tr>
<tr>
<td>Investment fund policies and procedures</td>
<td>49,162</td>
<td>44,611</td>
</tr>
<tr>
<td>CBSFA Halibut Cooperative</td>
<td>4,769,397</td>
<td>5,429,805</td>
</tr>
<tr>
<td>Fishing operations from MSDH</td>
<td>18,781,928</td>
<td>10,064,883</td>
</tr>
<tr>
<td><strong>Total program</strong></td>
<td><strong>25,064,121</strong></td>
<td><strong>16,904,949</strong></td>
</tr>
</tbody>
</table>

Supporting services – general and administrative, including interest expense of $1,480,906 and $1,266,613 for 2010 and 2009, respectively

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>4,330,414</td>
<td>4,206,469</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>29,394,535</strong></td>
<td><strong>21,111,418</strong></td>
</tr>
</tbody>
</table>

Minority interest

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in the fair value of interest rate swap (note 10)</td>
<td>691,672</td>
<td>(192,239)</td>
</tr>
<tr>
<td><strong>Total expenses and other</strong></td>
<td><strong>30,166,205</strong></td>
<td><strong>20,913,951</strong></td>
</tr>
</tbody>
</table>

Changes in net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in net assets</strong></td>
<td><strong>4,086,513</strong></td>
<td>2,920,030</td>
</tr>
</tbody>
</table>

Net assets at beginning of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at beginning of year</td>
<td>44,290,533</td>
<td>41,370,503</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td><strong>$48,377,046</strong></td>
<td><strong>44,290,533</strong></td>
</tr>
</tbody>
</table>

*Information in this annual report is compiled from audited financial statements.*
### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$4,086,513</td>
<td>2,920,030</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>944,673</td>
<td>813,763</td>
</tr>
<tr>
<td>Noncash distributions from ASLP</td>
<td></td>
<td>(390,656)</td>
</tr>
<tr>
<td>Distributions and equity in losses of unconsolidated affiliates</td>
<td>829,995</td>
<td>81,074</td>
</tr>
<tr>
<td>Realized and unrealized gains on investments</td>
<td>355,203</td>
<td>429,953</td>
</tr>
<tr>
<td>Minority interest</td>
<td>79,998</td>
<td>(5,228)</td>
</tr>
<tr>
<td>Change in fair value of interest rate swap</td>
<td>691,672</td>
<td>(192,239)</td>
</tr>
<tr>
<td>Change in operating assets and liabilities that provided (used)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,201,291)</td>
<td>(1,438,483)</td>
</tr>
<tr>
<td>Prepaid expenses and rent</td>
<td>8,620</td>
<td>51,073</td>
</tr>
<tr>
<td>Inventory</td>
<td>(1,515,982)</td>
<td>(723,460)</td>
</tr>
<tr>
<td>Due from related parties</td>
<td></td>
<td>217,824</td>
</tr>
<tr>
<td>Due to related parties</td>
<td></td>
<td>(3,556)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>959,172</td>
<td>160,962</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>4,528,167</td>
<td>1,061,151</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment</td>
<td>(6,782,220)</td>
<td>(1,220,677)</td>
</tr>
<tr>
<td>Issuance of loans receivable</td>
<td>(215,518)</td>
<td>(164,118)</td>
</tr>
<tr>
<td>Principal payments received on loans receivable</td>
<td>91,432</td>
<td>107,663</td>
</tr>
<tr>
<td>Purchase of ASLP Acquisitions, LLC units</td>
<td>(1,327,359)</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(205,839)</td>
<td>(8,644,540)</td>
</tr>
<tr>
<td>Sale of investments</td>
<td>6,609,155</td>
<td>9,267,115</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,830,349)</td>
<td>(654,557)</td>
</tr>
</tbody>
</table>

### Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contributed by minority partner</td>
<td>100,000</td>
<td>–</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>(2,259,824)</td>
<td>(2,242,511)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(2,159,824)</td>
<td>(2,242,511)</td>
</tr>
</tbody>
</table>

### Net increase (decrease) in cash and cash equivalents:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>537,994</td>
<td>(1,835,917)</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at beginning of year:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>4,945,344</td>
<td>6,781,261</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at end of year:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>5,483,338</td>
<td>4,945,344</td>
</tr>
</tbody>
</table>

### Supplemental disclosure of cash flow information:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid during the year for interest</td>
<td>1,474,265</td>
<td>1,267,858</td>
</tr>
</tbody>
</table>

### Supplemental schedule of noncash investing and financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution from ASLP contributed directly to investment in ASLP Acquisition, LLC</td>
<td>–</td>
<td>390,656</td>
</tr>
</tbody>
</table>

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

As a member of the federally mandated CDQ panel, CBSFA is submitting the following financial disclosures. These disclosures comply with the federal statute and CDQ panel rules that govern the program. They are required of all CDQ entities in the interest of providing transparency to both CDQ constituents and the general public.

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.”

In order to implement the above provision, the CDQ Panel, also known as the Western Alaska Community Development Association (WACDA), unanimously adopted a CDQ Rule entitled “Resolution 2008-01 – Annual Reports to CDQ Villages by CDQ Groups” on September 17, 2008, which establishes the required contents for annual financial reports in Section 4. This Rule was amended and extended on April 28, 2011 by way of CDQ Panel Resolution 2010-06. The amended Rule changes the annual report due date to September 30 of each calendar year and extends its duration to December 31, 2012. The Central Bering Sea Fishermen’s Association (CBSFA) Board of Directors approved said CDQ Rule by way of CBSFA Resolution 11-03 on March 11, 2011.

Therefore, in compliance with Section 305(i)(1)(F)(ii) of the Magnuson-Stevens Act and with Section 4 of CDQ Panel Resolution 2010-06, CBSFA, as the CDQ group for the village of St. Paul, hereby submits the following financial disclosures for calendar year 2010.

Directors
CBSFA directors receive $250 for each board meeting of less than two hours duration, and $425 for meetings over two hours. Term life insurance policies are also provided. In 2010, CBSFA paid directors $57,225 and $15,072 for insurance policies.

Related Party Transactions
CBSFA’s wholly owned subsidiary, Central Bering Sea Fishermen’s Corporation (CBSFC), operates a vessel and gear loan program for member fishermen. Loan terms are between three and seven years at three percent interest. 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 2010, Terenty Philemonoff, Jr., parent of Amos Philemonoff, Sr., and Roman Fratis, Sr., CBSFA director, received loans for an excess of $20,000.

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, for either 2010 or 2009. KPMG performed tax preparation and lobbying services, the fees for which represent 25% of total fees paid in 2010, and 28% in 2009.

Committees
CBSFA maintains a compensation committee. In 2010, its membership was made up of directors Amos Philemonoff, Sr., Jason Bourdukofoisky, Sr., and Roman Fratis, Sr. The committee’s function is to review employee evaluations and make determinations regarding employee compensation. The committee did not meet in 2010.

Employee Compensation
Top five highest paid personnel within entity and majority owned subsidiaries:

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffery Kauffman</td>
<td>MSDH  General Manager</td>
<td>$105,909</td>
</tr>
<tr>
<td>Rena Kudrin</td>
<td>CBSFA Office Manager</td>
<td>$70,938</td>
</tr>
<tr>
<td>Phillip Lestenko</td>
<td>CBSFA President</td>
<td>$128,295</td>
</tr>
<tr>
<td>Steven Manley</td>
<td>CBSFA Controller</td>
<td>$94,999</td>
</tr>
<tr>
<td>Jonathan Thorpe</td>
<td>CBSFA Chief Financial Officer</td>
<td>$166,499</td>
</tr>
</tbody>
</table>

Professional Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>$123,532</td>
</tr>
<tr>
<td>Consulting</td>
<td>$106,672</td>
</tr>
<tr>
<td>Accounting</td>
<td>$88,388</td>
</tr>
<tr>
<td>Lobbying</td>
<td>$12,434</td>
</tr>
</tbody>
</table>
Organizational Chart
As of June 30, 2011

Central Bering Sea Fishermen’s Association
Non-Profit Corporation
501(c)(4)

Management

Multi-Species Development Holdings, LLC 100%

57 Degrees North, LLC 100%

Investment Committee

Central Bering Sea Holdings, LLC 100%

Star Partners, LLC 75%

Starward, LLC 100%

Central Bering Sea Vessels, LLC 100%

Starlite, LLC 100%

F/V Fierce Allegiance, LLC 30%

F/V Early Dawn, LLC 30%

Misty Islands Seafoods, LLC 100%

Central Bering Sea Fishermen’s Corporation 100%

Loan Committee

American Seafoods, L.P. 9.20%*

Village Cove Seafoods, LLC 100%

Community Development Plan & Projects

Bering Sea Partners, Inc. 9.90%

Royal Aleutian Seafoods, Inc. 100%

Vessel, Gear and IFQ Loan Program

Student and Vocational Loan Program

* As of July 22, 2011
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.