Central Bering Sea Fishermen's Association

2022 ANNUAL REPORT

Our Mission

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

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2022 Annual Report

Chairman's Letter

Dear Members and the Community of Saint Paul,

I am happy to report that despite the recent downturn of some of the crab fisheries, Central Bering Sea Fishermen's Association is still successfully maintaining our donations and financial contributions to our community. The CBSFA board continues to support local programs and projects, education and workforce development, community wide seafood distribution, and donations to keep Saint Paul a thriving community.

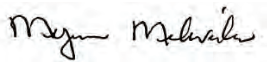
Our Residential Assistance Programs continually provide financial assistance for rent or utility expenses to each residential household in the community. Education funding is available for all eligible individuals and we continue to fully fund the on-island Preschool Program. Financial contributions to the Aleut Community of Saint Paul Island allow for internships within their departments that offer local employment. For the last two years, we have expanded some of our seafood distributions to not only our community Elders but to each household.

The board also allocated funding to help the City of Saint Paul carry out annual, traditional community events and recreational activities, provide contracted emergency medical response personnel, and the ability to participate in discussions pertaining to St. Paul Island at the North Pacific Fisheries Management Council meetings. In the absence of a permanent priest, our financial contributions have helped our Parish bring visiting Priests to perform various church services and host the annual Saints Peter and Paul holiday feast. Our financial support allows the Tanadgusix Corporation to supply faster internet service to the community. I would like to thank our management team and board of directors for their direction and support to manage, operate, and approve decisions that allow CBSFA to make these contributions.

During 2023, our management staff prepared and submitted our Decennial Review Report for years 2011-2020, to the State of Alaska for review and evaluation, to demonstrate CBSFA is meeting the intent of the Magnuson-Stevens Fishery Conservation and Management Act of 2006 (MSA). We have increased our net assets by $51.6 million, from $58.7 million in 2011 to $110.9 million in 2020. Direct and indirect employment wages totaled $86.8 million during the review period, and over 50% of wages from jobs supported by CBSFA were earned by Saint Paul's residents. Our continued commitment to our residents and community has proven to the State of Alaska that CBSFA has maintained or improved its overall performance in regards to the standards set forth in the MSA.

Our management staff and board upholds a high level of commitment to bringing benefits in the form of financial assistance and contributions to our residents and the community of Saint Paul.

Sincerely,



Myron Melovidov

President's Letter

Aang CBSFA Members,

I hope you all had a wonderful summer! I really love the refreshing and spirit lifting summers here at beautiful Saint Paul Island. Every year I grow more appreciative of the magnificent wildlife of Saint Paul Island including the Bering Sea marine ecosystem that surrounds us in all directions!

Fortunately, over the past years, our board of directors and management have been able to successfully earn exceptional revenue, acquire valuable assets and grow significant cash reserves. This growth has allowed us to provide valuable and continuing benefits to our community organizations and the people of Saint Paul Island for many years. From 2007 to 2022, CBSFA has contributed $32,852,770 to local programs and infrastructure investments.

Despite the economic disruptions caused by the closing of the 2022/23 Bristol Bay red king crab and the Bering Sea opilio crab seasons, we are pleased to report that CBSFA was able to weather the storm and had another financially stable year in 2022. In the CBSFA Consolidated Statements of Financial Position, dated December 31, 2022, it reports total net assets of $114,987,760, which is a decrease of $5,495,880 from 2021's total net assets of $120,483,640.

The primary reason we show a net loss is because of the impairment of the 57 Degrees North crab fishing rights valuation caused by the crab fisheries closures. The impairment of $6,754,474 is an expense listed on the financial statements, but it does not negatively impact our cash reserves. Without the impairment, CBSFA would have a net income of $1,497,345. Again, this indicates our 2022 operations were financially stable.

CBSFA has significant cash reserves that will allow us to continue funding our valuable community assistance programs, funding our contributions to local community entities, and also fund economic development projects in our community.

CBSFA is invested in all major Bering Sea crab fisheries, and we experienced a major reduction in revenue from the opilio crab fishery closure. Fortunately, CBSFA has paid-off all its crab assets-related bank loans and is debt free! And we earned revenue in 2022 from the bairdi and golden king crab fisheries that are still open. CBSFA also earns revenue from other Bering Sea fisheries including pollock, cod, and groundfish. Overall, CBSFA still earns good revenue, has significant cash reserves, and remains financially stable.

We are also very pleased to inform you that the Saint Paul Vessel Repair and Marine Facility, which is jointly owned by CBSFA and the Aleut Community of Saint Paul Island (Tribe), has opened its operations this past winter. The CBSFA vessel repair facility will provide space for vessel building, repairs, and maintenance for the Saint Paul Island fishermen. There's also space for developing local businesses and jobs. The new building will also provide valuable space for the Tribe's business development plans.

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

In closing, I am glad to report to you that the CBSFA board of directors and management are willing to work together with all local entities to improve the lives and well-being of our residents as we have for many years. We will continue to work hard to maintain financial stability, the best we can, as we work our way through these uncertain times of the opilio and Bristol Bay red king crab stock declines. I wish you all a safe year and wish you all the best going forward into the future. Asaĝutax̂!

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 2025

Phillip Lestenkof, President
PO Box 127, St. Paul Island, AK 99660
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Term expires 2023

Jeffery P. Kauffman, Vice President
4443 E. Serendipity Loop, Wasilla, AK 99654
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Rena J. Kudrin, Secretary/Treasurer
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Term expires 2023

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Michael Baldwin, Director
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(907) 351-5305

CBSFA Board and Staff

CBSFA Board of Directors

Myron Melovidov
Chairman
Term expires 2025

Phillip Lestenkof
President
Term expires 2023

Jeffery P. Kauffman
Vice President
Term expires 2024

Rena J. Kudrin
Secretary/Treasurer
Term expires 2023

John R. Merculief, Jr.
Director
Term expires 2025

Amos Philemonoff, Sr.
Director
Term expires 2024

Michael Baldwin
Director
Term expires 2023

Jason Bourdukofsky, Sr.
Director
Term expires 2025

Daniel Porath, Sr.
Director
Term expires 2024

CBSFA Employees

Phillip Lestenkof
President
President since 1999

Rena J. Kudrin
Office Manager
Employee since 1998

Ray Melovidov
Chief Operating Officer
Employee since 2001

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

Myron Melovidov
Operations Supervisor
Employee since 2011

Shiona Melovidov
Administrative Manager
Employee since 2012

Heidi Merculief
Administrative Assistant
Employee since 2017

Marisa Melovidov
Senior Accountant
Employee since 2017

Joe Kashevarof
Chief Financial Officer
Employee since 2017

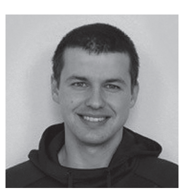
Peter Bourdukofsky, Sr.
Heavy Equipment Operations/ Maintenance Foreman
Employee since 2015

Ed Paulus
Heavy Equipment Operator/Mechanic
Employee since 2022

SPFC Employees

Jeffery P. Kauffman
Chief Executive Officer
Employee since 2007

Jennifer L. Hausmann
Administrative Assistant/Accountant
Employee since 2010



Sean Head
Accountant and Analyst
Employee since 2016

St. Paul Fishing Company

St. Paul Fishing Company (SPFC) is a wholly-owned subsidiary of CBSFA, and its portfolio includes six vessels, a 9.9% share of Royal Aleutian Seafoods, and numerous fishing permits. The vessels are the *F/V Saint Paul, F/V Saint Peter, F/V Early Dawn, F/V Starward, F/V Starlite,* and the *F/V Fierce Allegiance.* Due to the collapse of Bering Sea crab stocks, SPFC sold the Adventure in 2022. In addition to managing five of CBSFA's vessels, SPFC provides accounting services for each. As of January 2022, St. Paul Fishing Company is debt-free for the first time since its establishment in 2004. This is a huge accomplishment for SPFC and CBSFA in these times of uncertainty, which are weighing heavily on SPFC's risk tolerance and decision-making. It feels like a good time to be conservative and minimize financial risk, and SPFC has done that.

2022 was an important and profitable year for St. Paul Fishing Company, a 100% wholly owned subsidiary of CBSFA. Despite the pandemic, market and resource fluctuations, climate change, war, and collapse of the Opilio and Bristol Bay Red King crab fisheries (BBR) – SPFC had an excellent year. Fortunately, CBSFA's vessels harvested target amounts of Pollock, Pacific cod, Halibut, and Golden King crab, all producing higher than average ex-vessel prices in 2022. St. Paul Fishing Company earned $2.66 million in net income in 2022. With these earnings, SPFC retired the *F/V Early Dawn* debt, totaling $1.2 million and disbursed $1 million to CBSFA to help fund programs and projects critical to our community.

The *F/V Saint Paul* and *F/V Saint Peter* had an excellent year in 2022 and collectively made $750,000 in profit distributions to SPFC. The *F/V Saint Paul* landed 4.6 million pounds of Pacific cod in the CDQ, Federal, and State Water fisheries and 571,000 pounds in the Bering Sea Sablefish fishery. The *F/V Saint Peter* landed 453,000 pounds of CDQ and IFQ Halibut for the community and local IFQ holders. The ex-vessel price averaged $7.12 per pound – a new record for the Bering Sea. In addition, *F/V Saint Peter* landed 2.3 million pounds of Pacific cod. The ex-vessel price for cod was $0.52 per pound, the highest on record since we built the *F/V Saint Peter* in 2011.

It was business as usual for the *F/V Starward* and *F/V Starlite* (Star Boats) in the ultra-stable shoreside pollock fishery. CBSFA (75%) and Unisea (25%) purchased the Star Boats and Pollock rights for $18 million in 2004 and retired the debt in 2022. It was a lot of money and risk for CBSFA at the time of purchase, but the Star Boats have been excellent investments. Collectively, the Star Boats harvested 25 million pounds of Pollock and 400,000 pounds of cod in 2022, generating $1.3 million in net income. As a community organization with trawl fishing rights and vessels, SPFC understands the importance of minimizing bycatch, and sets high standards for its vessels and captains.

Despite a 90% reduction in the Opilio quota and the complete closure of the BBR fishery, the *F/V Early Dawn* is another bright spot for SPFC. SPFC increased its ownership interest from 30% to 83% in recent years. Given the strong year at SPFC, the Board of Directors approved retiring $1.2 million in debt ahead of schedule. The *F/V Early Dawn* landed 261,000 pounds of opilio and 594,000 pounds of Eastern Aleutian Golden King crab in 2022, generating a net income of $658,227. In addition, the *F/V Early Dawn* issued a $1 million profit distribution to its owners – SPFC (83%), Unisea (12%), and Captain Mark Medjo (5%). The *F/V Early Dawn* is one of five vessels participating in the Aleutian Islands Golden King crab (AIGKC) fishery and one of only two fishing vessels in the Eastern district. AIGK is a healthy, lucrative and valuable resource for the *F/V Early Dawn* and our community – and the only stable crab resource in the Bering Sea.

CBSFA's largest vessel is the *F/V Fierce Allegiance*, a 165-foot crabber and trawler. The *F/V Fierce Allegiance* harvested most of CBSFA's CDQ and IFQ Opilio and BBR, dating back to 2004 when CBSFA purchased 30% of the vessel and its fishing rights. The *F/V Fierce Allegiance* landed 1.82 million pounds of opilio in 2021 and 228,000 pounds in 2022 – a devastating 87% reduction. Year over year, revenue dropped by 58%, and net income dropped by 68%. The *F/V Fierce Allegiance* is the only boat in the Bering Sea that fishes both crab and Pollock, so fortunately, it continues operating profitably harvesting Pollock, albeit at much lower levels.

Royal Aleutian Seafoods (RAS) owns a significant share of Individual Processing Quota in the Aleutian Islands Golden King crab fishery. RAS is majority-owned by Unisea, and SPFC owns 9.9%. RAS handles processing and marketing for Unisea, CBSFA, and other entities it works with at the Unisea plant in Dutch Harbor. Ownership in RAS allows SPFC to generate additional revenue from crab resources that it wouldn't otherwise receive.

Many factors impact St. Paul Fishing Company's ability to operate profitably. Among other variables, SPFC cannot directly control fish markets, changing ocean conditions, or stock fluctuations. We can, however, manage fish plans, operational efficiencies, maintenance of CBSFA's vessels, and financial risk. SPFC has a diversified fleet of vessels that are in excellent condition, debt-free, and positioned to continue operating profitably into the future.

2023 Snapshot: Domestic and global fish markets are in turmoil, and ex-vessel prices for Pollock, Pacific cod, Sablefish and Halibut are down substantially compared to 2022.

Local Halibut Fishery

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

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

In 2003, CBSFA created the CBSFA Halibut Cooperative (CBSFA Co-op) and began purchasing halibut from the local fleet with the goal of providing a competitive ex-vessel price. Since inception, CBSFA has paid out over $50 million dollars of income to the local fishermen, and the fishermen have landed over 10 million pounds of halibut!

With the COVID-19 pandemic persisting into 2022, the circumstances and COVID risk facing the community did not change substantially enough for the local fishermen to feel comfortable enough to have local fishery harvest. The local fleet voted to stand down another season.

As was done in 2020 and 2021, CBSFA addressed the economic loss to the fishermen from the direct, forgone harvest through the Coronavirus Mitigation Payment Program. Under the program, eligible vessel owners and crew received payments for their calculated forgone harvest for the season, which was based on each vessel's past CDQ catch history. The intent was to pay fishermen as if they had harvested the CDQ halibut themselves, essentially keeping them all financially whole. Vessel owners that hold IFQ also had the option to have their IFQ included as part of the program, as well.

In 2022, the program paid out a total of $3.6M in ex-vessel value over six installments which were made every two weeks, throughout the summer. Payments were calculated with a base price of $6.00/lb. with a retroactive price, based on the published NMFS Bering Sea Average Ex-vessel Price, bringing the final price up to $7.14/lb. To help cover the cost of the program, CBSFA leased its CDQ halibut allocation out to four large vessels – the *F/V Saint Peter,* the *F/V Woniya, F/V Mystery,* and the *F/V Halcyon.* CBSFA covered a little less than half of the cost of the program and provided a subsidy of approximately $1.4M.

For 2023, with the COVID risk to the community having settled, CBSFA managers were actively making arrangements to get the local halibut fishery going again. With the closure of the opilio crab fishery, the local processing plant has been deactivated and is not able to process fish, blast freeze halibut, or make ice. In response to the change in the plant capability, CBSFA purchased equipment necessary to allow for locally caught fish to be tendered to Akutan or Dutch Harbor. CBSFA bought ice machines and freezer vans, and made all the preparations necessary to use the *F/V Saint Paul* and *F/V Saint Peter* to tender fish.

Unfortunately, the construction of the ice machines was severely delayed by supply chain issues and the estimated time frame for completion pushed the start of the season well past the season's main weather window. A delayed start would have costed valuable fishing days that can't be replaced later in the season with our small boat fleet. As an alternative to pushing forward with the tendering plan, the local fishermen voted to stand down another year and opted to have our large vessels, the *F/V Saint Paul* and *F/V Saint Peter,* harvest local CDQ and IFQ.

To address the economic loss to the fishermen, as a result of forgone harvest, the CBSFA Mitigation Payment Program was put in place and paid the vessel owners and crewmembers as they had harvested the fish themselves. The program paid fishermen a base price of $5.00/lb. and will pay out about $2.5M in ex-vessel value.

To help promote subsistence fishing opportunities and to encourage vessel owners to test their boats out for next season, CBSFA installed all the floating dock sections in the Small Boat Harbor and made available all the typical launch and retrieval services to the local fleet. In partnership with the Tribe, CBSFA also had dock security personnel monitoring the Small Boat Harbor area while docks and fishing vessels were in the water.

CBSFA looks forward to getting the local halibut fishery going again next year. We'd like to thank the local fishermen for their patience the last few years as we've navigated through the COVID pandemic and logistical issues caused by the opilio crab crash.

Fishery Management Issues

Halibut Bycatch: Abundance Based-Management (ABM):

Throughout 2022, CBSFA continued to lead efforts to secure implementation of the ABM action passed by the North Pacific Fishery Management Council (NPFMC) in December 2021, to develop a halibut bycatch management program that is based on abundance of the halibut resource. This action, known as Amendment 123 (A-123), is intended to establish a method of halibut bycatch management that results in a more equitable sharing of the burdens of conservation at low halibut abundance levels, between the directed halibut fishery and the groundfish fisheries that use halibut as bycatch. Efforts to develop ABM had been in progress since the NPFMC action in 2015 to reduce halibut PSC caps by 23%.

Among the actions taken by CBSFA and other directed halibut user groups in 2022 was to monitor the development of the Final A-123 Environmental Impact Statement (EIS) as well as to provide substantive comments on various sections of the EIS and its compliance with Magnuson-Stevens Act (MSA) National Standard requirements and other relevant federal statutes. The EIS is the federal document that describes an action and its impacts, and justifies the new fishery management regulations. The objective of these efforts was to ensure a final set of A-123 documents for the record that are able to withstand legal challenge.

Amendment 123 is scheduled for final implementation in 2024. Regardless of the ultimate implementation date, the situation with the halibut resource remains uncertain and will be a major issue for St. Paul fishermen for the foreseeable future, requiring a concerted and coordinated effort with other St. Paul entities and directed halibut user groups to protect this keystone species for our community.

Alaska Fishing Communities:

In 2022, CBSFA continued playing a key role in leading the efforts of the Alaska Fishing Communities (AFC) coalition. These efforts were focused on issues of common interest and concern including:

- efforts before the NPFMC to reduce bycatch in the halibut, crab, sablefish, salmon and herring fisheries;
- increasing the visibility of fishing communities in NPFMC considerations and processes;
- promoting the concerns of Alaska Native stakeholders and tribes;
- and promoting the need to revise the Magnuson-Stevens Fishery Act provisions concerning the National Standards and fisheries disaster provisions.

Spurring these efforts is the need for fisheries management to be more responsive to current concerns about the impacts of climate change, equity and environmental justice, bycatch reduction efforts, diversity in NPFMC representation, habitat protection and other key issues.

As a result of these collective efforts in Alaska and nationwide, the National Marine Fisheries Service (NMFS) has embarked on an initiative to revise their guidelines to MSA National Standards 4, 8, and 9, which provide agency guidance on equity in fishery allocations (NS4); sustaining community participation in fisheries (NS8); and reducing bycatch to the extent practicable (NS9).

In addition, in response to CBSFA's and AFC's collective efforts on the issue of diverse representation on NPFMC bodies, the NPFMC moved at its October 2022 meeting to designate a tribal seat on the Advisory Panel that would bring the voices and concerns of the Alaska Native tribes on fisheries management issues to the table.

Crab Fisheries Management:

In October 2022, the Alaska Department of Fish and Game (ADF&G) announced that the Bristol Bay red king crab (BBRKC) and Bering Sea snow crab (BSS) fisheries would be completely closed in the 2022-23 season. This news came on top of the closure of the BBRKC fishery in 2021 and the dramatic reduction that same year of the BSS fishery by 88% from a total allowable catch (TAC) of 45 million pounds in 2020-21 to 5.6 million pounds in 2021-22.

These cuts and closures have had a catastrophic impact on the Bering Sea crab industry and crab-dependent communities, and led crab stakeholders, including CBSFA, in late 2021 and in 2022, to send letters requesting that the Secretary of Commerce (SOC), Ms. Gina Raimondo, declare fisheries disasters under Section 312(a) of the Magnuson-Stevens Act for the various crab fisheries.

On December 16, 2022, the SOC approved disaster declarations for a number of impacted fisheries dating from 2019 to 2023, including the 2021 and 2022 Bering Sea snow crab and Bristol Bay red king crab fisheries. Shortly thereafter, on December 19, 2022, the U.S. Congress passed the Consolidated Appropriations Act of 2023 (CAA), which was signed into law by President Biden on December 29, 2022. The CAA included a number of provisions beneficial to fisheries management in Alaska and nationwide. These included amendments to the Section 312(a) MSA fisheries disaster provisions known as the Fishery Resource Disasters Improvement Act, as well as $300 million in appropriations to fund responses to fisheries disasters.

These actions by the Administration and Congress will provide crucial support to St. Paul and other crab-dependent communities, to CBSFA directly, and to other fishing industry participants, in responding to the economic impacts of the collapse of the various crab fisheries and in seeking to develop more diversified sources of economic activity.

In addition, throughout 2022, CBSFA and other crab fishery stakeholders worked actively with the NPFMC and NMFS to develop meaningful rebuilding plans for both the snow crab and red king crab fisheries that investigate appropriate crab habitat protections, seasonal gear limitations, reductions of bycatch and mortality, and better science, while allowing for the pursuit of directed fisheries even at low levels. These efforts are likely to take many years. Given the importance of the crab fisheries to St. Paul's economy and the prominent role of CBSFA's crab investments in its operations and revenues, it will be important for CBSFA to remain actively engaged in monitoring the effectiveness of the crab rebuilding plans as well as protecting key elements of the Crab Rationalization Program, which will be subject to demands for change to reflect the realities of new, much smaller, crab fisheries. The North Pacific Council's review of the crab program will begin in 2023.

Ad Hoc Crab Committee:

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

The crab industry has undertaken this effort to allow a commercial tanner crab fishery when the overall biomass is at harvestable levels. Although crab in the Bering Sea is federally managed, the actual management is delegated to the State of Alaska. As a result of this collaborative ongoing approach, ADF&G and the crab industry have made successful proposals to the BOF to revise the bairdi tanner crab harvest strategy, and provide harvesting opportunities.

The Ad Hoc Crab Committee may be appropriate to provide a framework for Council consideration of potential changes to the Crab Rationalization Program as it continues into 2024.

Area 4 Vessel Use Caps:

In both 2020 and 2021, as the COVID-19 pandemic impacted the prosecution of various fisheries, CBSFA undertook major efforts at the NPFMC, and with the support of NMFS, the State of Alaska, and the Alaska congressional offices to secure emergency actions under Section 305 of the Magnuson-Stevens Act to: 1) temporarily modify IFQ transfer provisions and 2) waive IFQ vessel use caps for IPHC regulatory areas 4A, 4B, 4C, and 4D.

The first provision allowed the temporary transfer of catcher vessel halibut and sablefish IFQ for all individual quota shareholders. In St. Paul's case, the second provision was designed to temporarily allow individual fishermen and CBSFA to consolidate halibut IFQ and CDQ on a few larger catcher vessels, thereby avoiding the need for the St. Paul small boat fleet and crews to pursue the 2020 and 2021 local halibut fisheries. The concern was that without these emergency measures, it would be necessary to bring non-resident crews and plant workers to St. Paul to harvest and process the halibut. This would unnecessarily expose the fishery and the community to COVID, with potentially deadly consequences to the residents, given St. Paul's limited health-care infrastructure.

These emergency actions were pursued in coalition with similarly situated fishermen associations. The outcome of these actions was extremely positive for St. Paul and its fishermen, as their IFQ and CDQ halibut were fully harvested. Furthermore, local fishermen were compensated through CBSFA's Coronavirus Mitigation Payment Program which makes payments to vessel owners and crews based on their quota shares and estimates of forgone harvest. Most importantly, the community was kept safe from COVID-19 infection until vaccinations and other treatments became widespread.

However, in 2022, notwithstanding comment by CBSFA and others, NMFS declined to extend the waiver of IFQ transfer provision, deeming that the COVID-19 pandemic was over and that the justifications for emergency action no longer applied. This resulted in IFQ fishermen being required to fish their own IFQ in person.

On the other hand, acknowledging the new realities in the halibut fishery, the NPFMC and NMFS undertook action to extend the interim Area 4 vessel use cap waiver in 2022, and again in 2023, and ultimately for five years, to the end of 2027. This was a positive development for St. Paul's fishermen. In the meantime, CBSFA and other stakeholders will be working with the Council and NMFS to analyze and implement a permanent and more specifically focused solution to the vessel use cap issue for Area 4.

CDQ Program Issues:

CBSFA continued to work in 2022 with other CDQ groups and Alaska's congressional offices to secure changes to the CDQ Statute that would clarify the scope of CDQ groups' tax-exempt activities. It also maintained an active dialogue with other CDQ groups in efforts at the NPFMC to reduce halibut, salmon, and crab bycatch in the groundfish fisheries.

CBSFA maintains active participation in fisheries management to help protect St. Paul's stake in commercial fisheries, and ensure fishery management is responsive to community concerns. CBSFA is utilizing and therefore dependent on Bering Sea resources, and consequently are doing our best to make sure the resources are responsibly managed.

Decennial Review

The Western Alaska Community Development Quota (CDQ) Program was established in 1992 and was incorporated into the Magnuson-Stevens Act in 1996. The CDQ Program allocates percentages of all Bering Sea and Aleutian Islands commercial fishery quotas to entities representing eligible western Alaska communities. The CDQ Program was established to ensure that Bering Sea fisheries provide economic opportunity for eligible Bering Sea and Aleutian Island communities. Specifically, the program was established to fulfill the following objectives:

1. Provide opportunity to participate and invest in Bering Sea and Aleutian Island area fisheries;
2. Support economic development;
3. Alleviate poverty and provide economic and social benefits for residents; and
4. Achieve sustainable and diversified local economies.

CBSFA is the CDQ group that represents Saint Paul Island in the CDQ Program. The Magnuson-Stevens Act requires a periodic review of CDQ groups to ensure they are fulfilling program objectives through a decennial review process. The decennial review includes an evaluation of criteria that include socioeconomic characteristics, financial performance, workforce development, and achievement of Community Development Plan goals.

In the fall of 2022, CBSFA submitted its Decennial Review Report (DRR) to the State of Alaska which covered an evaluation of the years 2011-2020. CBSFA's DRR was extensive and covered the financial performance of the organization, the number of jobs and wages created by CBSFA, as well as objective socioeconomic metrics that help evaluate the impact CBSFA has had on the community.

Notable findings from the report:

- CBSFA contributed over $11 million in community programs, projects, and education
- CBSFA invested nearly $7 million in community infrastructure
- CBSFA paid out $86.8 million in direct and indirect wages, which supported over 1,800 jobs for the time period
- 170 Degrees West, LLC (CBSFA's wholly-owned subsidiary) paid local halibut fishermen $24.8 million in ex-vessel value
- CBSFA increased net assets by $51.6 million (88% increase)

Overall, CBSFA has been able to make significant contributions to the community and local economy, and increased the value of the company over time through its fisheries investments. The State of Alaska's assessment of CBSFA's DRR concluded that CBSFA's overall performance had maintained or improved for the 2011 to 2020 time period, and as a result CBSFA will maintain its CDQ allocations for the next 10 years.

Community Outreach

Elders Residential Assistance Program

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

Residential Assistance Program

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

Elders and Community Subsistence Donations

Our residents continue to be affected by the rising cost of living in many ways. Subsistence resources continue to be increasingly important to offset these rising costs. In 2022, each residential household received a 10-lb case of halibut portions. During 2023, halibut portions, opilio crab, salmon portions, and canned salmon were given to elder households and each residential household received two 10-lb cases of halibut portions. Seafood products are also donated to various community events throughout the year, and CBSFA has also donated seafood to St. George's community and their events as well. Note: The 2023 amount in the table is as of 11/6/23.

Volunteer Tax Program

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

Community Events and Programs

Funds and purchases are contributed to events such as KUHB Fund Drive, Sts. Peter and Paul Holiday, and Veteran's Day.

City of Saint Paul Community Events

Funding provided supplies for 4th of July, Labor Day, and Christmas Program.

Community Internet Service Contribution

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

Bereavement

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

Tribal Government of St. Paul Island

Marine Debris Cleanup: CBSFA's matched funding allowed the Tribal Government to employ 11 local residents to perform a 10-day cleanup during May 2022. They were able to remove 24,855 lbs of marine debris from the following sites: Polovina, Lukanin, Zoltoi Sands, Zapadni, Ketovi, Northeast Point, Benson beach, Antone Lake, Reef, and Marunich.

Unangam Tunuu Revitalization: Contribution allows the program to further build on their 2014 Unangam Tunuu Speaking, Listening, Teaching project. Funding contributions were to support the advancement of the local team's fluency, continued development of advance lessons, and supplies for activities relevant to being Unangax.

Church Donations

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

Quarantine Housing

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

Western Alaska Community Development Association Disaster Relief

CBSFA along with other CDQ groups in WACDA donated funds to help contribute resources towards disaster relief efforts in communities impacted by Typhoon Merbok.

Community Outreach	2022	As of 09.20.2023
Elders Residential Assistance Program	288,000	281,815
Residential Assistance Program	132,160	85,892
Elders & Community Subsistence Donations	147,513	101,491
Volunteer Tax Program	6,850	7,000
Community Events & Programs	4,000	4,976
Travel Assistance	2,856	498.29
AK Association of School Activities	7,500	0
Community Internet Service Contribution	138,000	34,500
Bereavement	21,943	31,371
City of Saint Paul: • Community Events	 0	 10,000
Tribal Government of St. Paul: • Tribal Court • Marine Debris • Unangam Tunuu Revitalization	 68,314 25,574 242,511	 0 0 0
St. George Russian Orthodox Church	0	2,500
Church Donations	35,500	35,000
NPFMC Reception	0	1,250
WACDA - Disaster Relief	5,000	0
Quarantine Housing	3,471	0
Total	**1,129,192**	**606,293**

Education

Scholarships and Training Grants

Since 1993, CBSFA has been providing scholarship and training grants for postsecondary education and vocational training to eligible individuals. Over the years, 56 individuals who were awarded financial aid have successfully received a certification and/or earned one or multiple degrees.The purpose of this program is to be able to train and educate our people and to provide incentives for them to return to our community to build their careers.

AMSEA and First Aid/CPR Training

CBSFA sponsored AMSEA and First Aid/CPR training for St. Paul and St. George fishermen and the Lunax crew. Thirty individuals completed the 10-hour marine safety trainings course which provided information on survival equipment and conducted emergency drills. Thirty-four individuals completed the First Aid/CPR course.

Tribal Government of St. Paul

Bering Sea Campus and Research Center: CBSFA's funding provided four youth internships with the Tribe's Ecosystem Conservation Office (ECO). Interns assisted the ECO staff with various projects throughout the summer that included: Northern fur seal disentanglements, harvests, and surveys, setting harmful algal bloom sampling equipment, reindeer vegetation and herd surveys, youth camp activities, and marine debris cleanup.

Pribilof School District

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

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

Education	2022	As of 09.20.2023
Scholarship	43,500	37,400
Training Grants	28,355	4,500
AMSEA and First Aid/CPR Trainings	0	9,180
Tribal Government of St. Paul: • Bering Sea Campus and Research	 28,759	 0
Pribilof School District: • Preschool • 7th/8th Grade Bake Sale • Extracurricular 2023	 32,973 300 0	 104,901 0 12,000
Headstart Graduation	500	0
Graduation Gifts	2,000	2,117
Total	**136,387**	**170,099**

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Financial Position | December 31, 2022 and 2021

Assets		**2022**	**2021**
Current assets:			
Cash and cash equivalents	$	33,013,059	32,814,458
Restricted cash		1,003,588	1,003,588
Accounts receivable, net		444,391	3,250,542
Prepaid expenses		1,106,245	1,125,152
Total current assets		35,567,283	38,193,740
Investments		350,538	346,590
Prepaid expense and other		5,140,008	5,434,484
Loans receivable, net		387,545	450,390
Investment in nonmarketable equity securities		4,551,431	4,332,917
Property and equipment, net		14,654,365	15,809,190
Operating lease right-of-use assets		453,976	—
Fishing and processing rights		70,865,370	78,069,844
Total assets	$	131,970,516	142,637,155
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	3,415,754	4,534,505
Current portion of operating lease liabilities		54,065	—
Current portion of long-term debt		2,400,000	3,501,342
Total current liabilities		5,869,819	8,035,847
Operating lease liabilities, less current portion		122,268	—
Long-term debt, less current portion		10,990,669	14,117,668
Total liabilities		16,982,756	22,153,515
Net assets:			
Without donor restrictions:			
CBSFA		107,608,528	113,261,763
Noncontrolling interests		7,379,232	7,221,877
Total net assets		114,987,760	120,483,640
Commitments and contingencies			
Total liabilities and net assets	$	131,970,516	142,637,155

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Activities | Years ended December 31, 2022 and 2021

		2022	2021
Revenue, gains, and other support:			
Revenue from fishing operations	$	30,400,358	65,571,611
Leased quota income		3,588,418	10,974,369
Investment and other income		430,845	1,167,027
Equity in income of equity method investee		218,514	678,478
Total revenue, gains, and other support		34,638,135	78,391,485
Expenses:			
Program:			
Fishing operations		25,397,311	57,221,089
Education and outreach		1,119,567	1,070,607
Vehicle and equipment operations		899,897	812,857
Small boat operations		275,764	279,903
EFH advocacy and research		479,218	675,764
Community infrastructure support		138,000	138,000
Community outreach		—	—
Total program		28,309,757	60,198,220
General and administrative		4,630,062	4,965,870
Total expenses		32,939,819	65,164,090
Impairment of fishing and processing rights		6,754,474	3,141,510
Loss on sale of asset		(200,971)	—
Change in net assets	$	(5,257,129)	10,085,885

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Changes in Net Assets | Years ended December 31, 2022 and 2021

		CBSFA	Noncontrolling interests	Total
Net assets, December 31, 2020	$	103,759,161	6,638,594	110,397,755
Change in net assets		9,502,602	583,283	10,085,885
Net assets, December 31, 2021		113,261,763	7,221,877	120,483,640
Change in net assets		(5,653,235)	396,106	(5,257,129)
Sale of interest		—	(68,751)	(68,751)
Distributions		—	(170,000)	(170,000)
Net assets, December 31, 2022	$	107,608,528	7,379,232	114,987,760

Central Bering Sea Fishermen's Association & Subsidiaries

Consolidated Statements of Cash Flows | Years ended December 31, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(5,257,129)	10,085,885
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		2,823,710	2,399,123
Amortization of right of use assets		82,930	—
Earnings in excess of distributions of equity method investee		(218,514)	(793,083)
Loss on sale of assets		650,971	209,363
Impairment of fishing and processing rights		6,754,474	3,141,510
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable, net		2,806,151	1,211,579
Prepaid expenses		18,907	(797,376)
Due to/from related party		(57,795)	29,670
Lease liability		(66,097)	—
Accounts payable and accrued expenses		(1,032,393)	991,582
Net cash provided by operating activities		6,505,215	16,478,253
Cash flows from investing activities:			
Purchase of property and equipment		(2,606,214)	(3,478,953)
Proceeds from the sale of fixed assets		650,000	—
Principal payments received on loans receivable		120,640	—
Purchase of investments		(3,948)	—
Sale of investments		—	315
Net cash used in investing activities		(1,839,522)	(3,478,638)
Cash flows from financing activities:			
Distributions to noncontrolling interest		(170,000)	—
Acquisitions of additional interests in consolidated affiliates		(68,751)	—
Principal payments on long-term debt		(4,228,341)	(3,982,676)
Proceeds from advances on line of credit		—	6,000,000
Payments on advances on line of credit		—	(6,000,000)
Net cash used in financing activities		(4,467,092)	(3,982,676)
Net increase in cash and cash equivalents		198,601	9,016,939
Cash, cash equivalents, and restricted cash:			
Beginning of year		33,818,046	24,801,107
End of year	$	34,016,647	33,818,046
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	$	515,587	531,452
Supplemental schedule of non-cash investing and financing activities:			
Right-of-use assets obtained in exchange for lease obligations and prepaid assets on January 1, 2022:			
Operating leases	$	536,906	—

Central Bering Sea Fishermen's Association & Subsidiaries

General and Administrative Expenses | Years ended December 31, 2022 and 2021

		2022	2021
General and administrative expenses:			
Board expenses:			
Travel and per diem	$	—	—
Directors fees		38,825	29,900
Board training		—	—
Other		10,965	19,470
Total board expenses	$	49,790	49,370
Staff:			
Payroll and taxes	$	1,670,400	1,669,957
Benefits - incl. medical, dental, vision		571,507	618,939
Benefits - retirement		145,011	127,297
Total staff	$	2,386,919	2,416,194
Travel and per diem:			
Staff	$	21,926	27,990
Total travel and per diem	$	21,926	27,990
Other:			
Accounting and audit fees	$	228,148	151,830
Bad debt		—	19,405
Bank fees		14,715	32,658
Contributions		6,000	—
Copying and printing		1,145	1,158
Depreciation & Amortization		51,428	42,614
Dues, subscriptions and memberships		123,499	75,833
Fines & Penalties		—	1,148
Insurance		797,624	625,292
Interest		516,455	510,675
Legal fees		30,853	71,778
Licenses and fees		54,617	54,050
Meals and entertainment		3,405	1,001
Miscellaneous		21,285	(54,773)
Office supplies		15,957	217,342
Postage and freight		2,679	4,065
Professional fees		1,439	374,950
Rent and storage		71,222	75,268
Repairs and maintenance		14,106	77,002
Small office equipment		1,231	2,441
Taxes		—	—
Telephone and internet fees		172,391	166,817
Training		1,026	—
Utilities		42,202	21,761
Total other	$	2,171,427	2,472,315
Total general and administrative expenses	**$**	**4,630,062**	**4,965,870**

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 2022.

Directors:

CBSFA directors receive $350 for each board meeting less than two hours duration, $500 for meetings two to eight hours, and $850 for meetings more than eight hours. In 2022 CBSFA paid $30,125 to CBSFA Directors, $4,200 to CBSFC Directors, and $2,500 to SPFC Directors. In addition to director's fees, $61,085 was paid for life insurance policies.

Related Party Transactions:

CBSFA's wholly owned subsidiary Central Bering Sea Fishermen's Corporation operates a vessel and gear loan program for member fishermen. Loan terms range from three years to seven years with interest at 3% annually. Loan payments are withheld from ex-vessel payments. The CBSFC board of directors has appointed an independent loan committee to review and approve or disapprove loan applications. For 2022, one (1) loan was made in the amount of $50,000 to CBSFA Director Daniel Porath Sr. The terms and conditions of the loan are identical to loans made to non-related parties.

Legal Proceedings Involving Directors:

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

Auditor Relationship:

CBSFA has not had any disagreements with its auditors, KPMG, LLP, for either 2022 or 2021. KPMG performed tax preparation, the fees paid for non-audit services as a percentage of total fees paid to the auditor equal 19% for 2022 and 19% for 2021.

Committees:

CBSFA maintains a compensation committee. In 2022, its membership was made up of Amos Philemonoff, Sr., and Jason Bourdukofsky, Sr. The committee's function is to review employee evaluations and to make determinations regarding employee compensation. The committee did not meet in 2022.

Professional Fees:

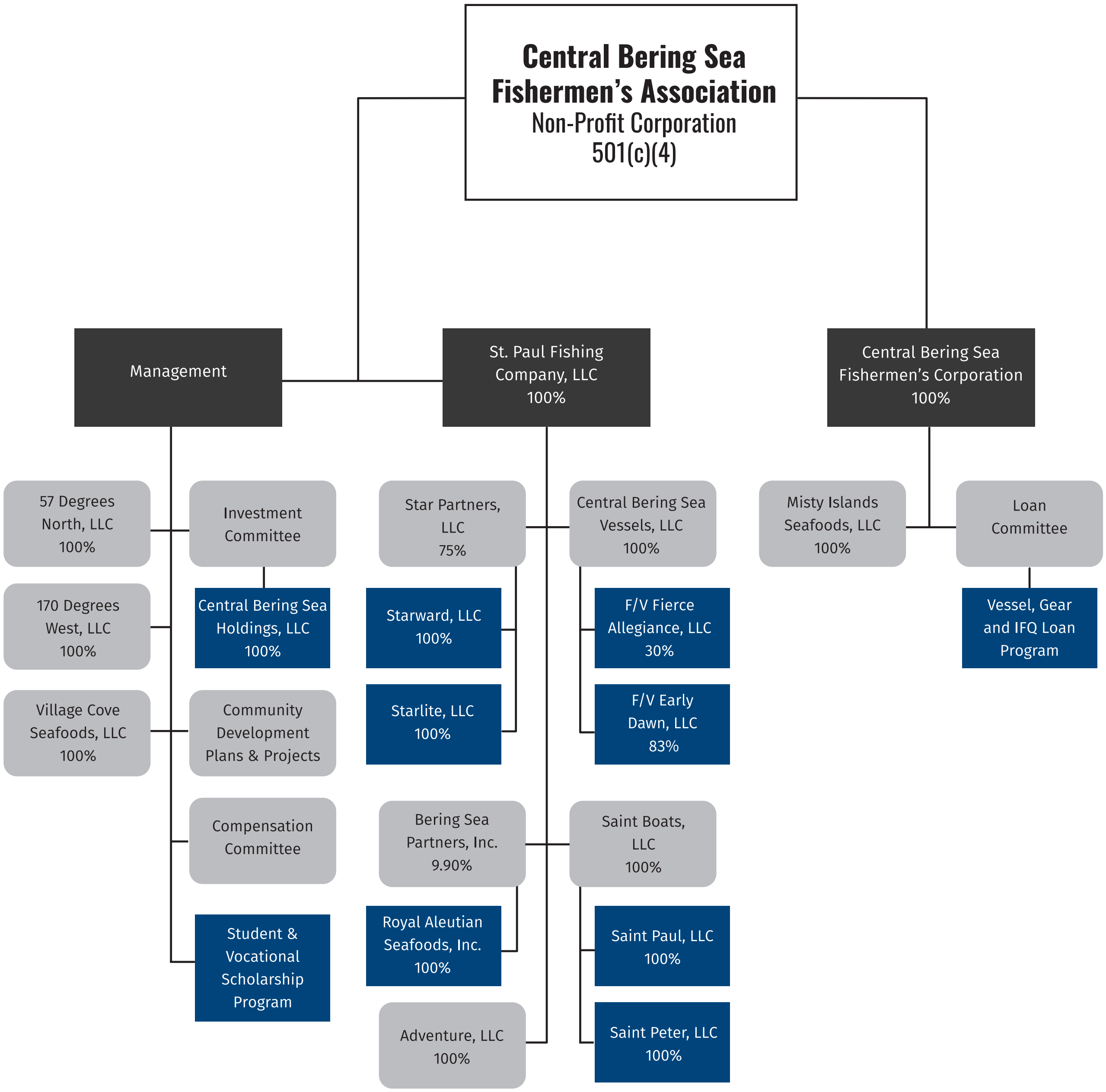
Legal:	$30,853
Consulting:	$303,268
Accounting & Audit Fees:	$228,148
Other Fee:	$1,439
Lobbying Fees:	$0

Employee Compensation:

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

Employee	Position	Company	Salary	Bonus	Total
Phillip Lestenkof	President	CBSFA	$241,872	0	$241,872
Jeffery Kauffman	Chief Executive Officer	SPFC	$223,984	0	$223,984
Joe Kashevarof	Chief Financial Officer	CBSFA	$183,464	0	$183,464
Ray Melovidov	Chief Operating Officer	CBSFA	$172,471	0	$172,471
Jennifer Hausmann	Office/ Accounting Manager	SPFC	$128,205	0	$128,205

Organizational Chart

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