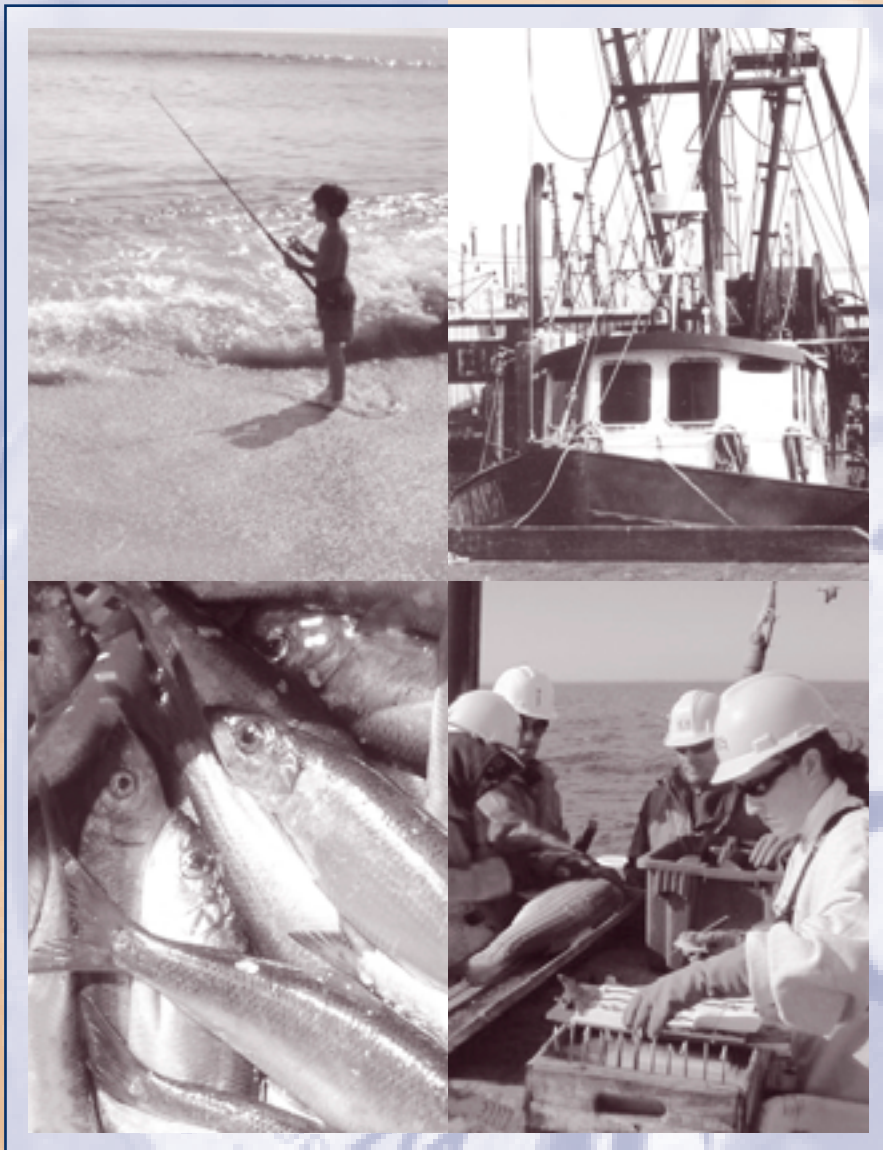


2003 Annual Report



ATLANTIC STATES MARINE FISHERIES COMMISSION

Mission

To promote the better utilization of the fisheries, marine, shell and anadromous, of the Atlantic seaboard by the development of a joint program for the promotion and protection of such fisheries, and by the prevention of physical waste of the fisheries from any cause

Vision

Healthy, self-sustaining populations for all Atlantic coast fish species or successful restoration well in progress by the year 2015



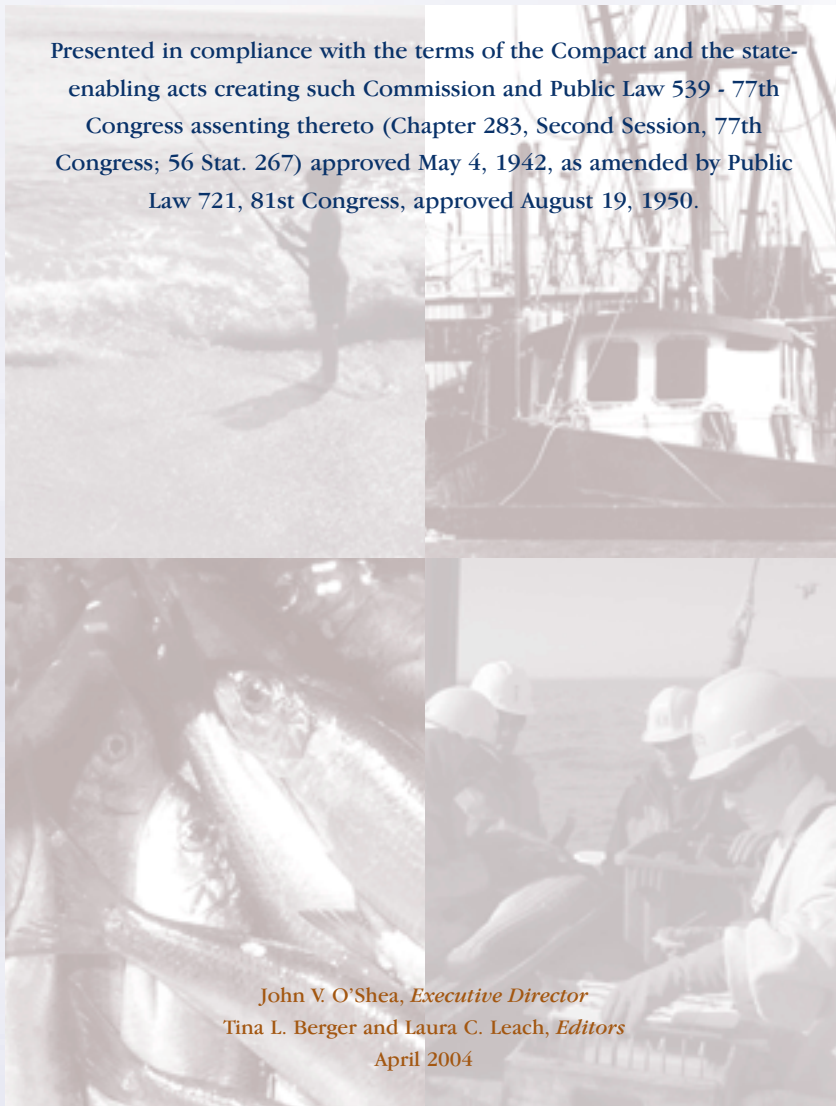
Photo courtesy of NOAA/Dept. of Commerce

Goals

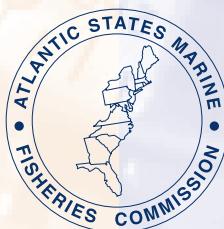
- 1.Rebuild, restore and maintain Atlantic coastal fisheries through cooperative regulatory planning
- 2.Strengthen cooperative research capabilities
- 3.Promote and coordinate cooperative fisheries statistics programs
- 4.Expand cooperation in law enforcement
- 5.Enhance conservation, restoration and protection of fish habitat
- 6.Promote responsible fisheries policies and represent the interests of the states in national and federal forums
- 7.Strengthen the operations, management and administration of the Commission's business affairs

62nd Annual Report
of the
Atlantic States Marine Fisheries Commission
to the Congress of the United States and to the Governors and Legislators of the Fifteen Compacting States

Presented in compliance with the terms of the Compact and the state-enabling acts creating such Commission and Public Law 539 - 77th Congress assenting thereto (Chapter 283, Second Session, 77th Congress; 56 Stat. 267) approved May 4, 1942, as amended by Public Law 721, 81st Congress, approved August 19, 1950.



John V. O'Shea, *Executive Director*
Tina L. Berger and Laura C. Leach, *Editors*
April 2004



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Preston Pate, Jr., Vice-Chair

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Preface

state legislator, and an individual representing fishery interests, appointed by the state governor. These Commissioners participate in deliberations in the Commission's five main policy arenas: interstate fisheries management; research and statistics; fisheries science; habitat conservation; and law enforcement. Through these activities, the states collectively ensure the sound conservation and management of Atlantic coastal fishery resources and the resultant benefits that accrue to their fishing and non-fishing public.

The Commission's current budget is five million dollars. The base funding (\$388,964) comes from the member states' appropriations, which are determined by the value of respective commercial fishing landings and saltwater recreational trips. The bulk of the Commission's funding comes from a combination of state and federal grants; the largest being a line-item in the National Marine Fisheries Service (NMFS) budget appropriated to implement the Atlantic Coastal Fisheries Cooperative Management Act of 1993. The Commission also receives funds from NMFS to carry out the mandates of the Interjurisdictional Fisheries Act of 1986 (P.L. 99-659). The U.S. Fish and Wildlife Service provides grant funding to the Commission through its Federal Aid in Sport Fish Restoration Program (Wallop/Breaux). Since 1999, the Commission has overseen the administration of the Atlantic Coastal Cooperative Statistics Program, a state and federal partnership for Atlantic coastal fisheries data collection and management. Funding for this program is provided by the Atlantic Coastal Fisheries Cooperative Management Act.

The Commission was formed by the 15 Atlantic coast states more than 60 years ago to assist in managing and conserving their shared coastal fishery resources. With the recognition that fish do not adhere to political boundaries, the states formed an Interstate Compact, which was approved by the U.S. Congress in 1942. The states have found that their mutual interest in sustaining healthy coastal fishery resources is best achieved by working together cooperatively, in collaboration with the federal government. Through this approach, the states uphold their collective fisheries management responsibilities in a cost effective, timely, and responsive fashion.

The Commission serves as a deliberative body of the Atlantic coastal states, coordinating the conservation and management of nearshore fishery resources, including marine, shell and anadromous species. The 15 member states of the Commission are (from north to south): Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia and Florida. Each state is represented on the Commission by three Commissioners, including the Director for the state's marine fisheries management agency, a

Report to Our Stakeholders



John V. O'Shea, Executive Director

We are delighted to present this Annual Report to you -- the friends, colleagues, overseers, and stakeholders of the Atlantic States Marine Fisheries Commission. 2003 has been a busy and productive year for the Commission. Our Commissioners developed and approved a new Strategic Plan that will set our goals

and priorities for the next five years. This direction includes a commitment to develop performance measures to monitor management progress and drive results.

Our Annual Report picks up on that theme with the inclusion of historic biomass charts for some of the more popular species under Commission management. We all should be delighted and encouraged by the solid progress we are making with many of our species. These results are the direct reflection of the states' commitment to act cooperatively to promote what is good for all rather than what is best for one. We hope to report to the public in various Commission publications quantitative progress we are making in restoring depleted stocks, as well as maintaining healthy ones.

As I complete my second year as Executive Director I remain pleased with and thankful for the wonderfully talented professionals on our

staff. Some of our seasoned veterans have moved on to bigger and better things with other agencies, while new folks have come in with energy and enthusiasm. Clearly, we have created and continue to build within our staff a culture of professionalism, learning, and growth. My goal is to establish a work place that is challenging, fun and professionally rewarding.

My respect and gratitude continue to grow for our Commissioners. They are enormously talented and knowledgeable individuals who selflessly give of their time, energy, and expertise to contribute to this controversial and difficult business known as fisheries management. They serve without compensation, wrestling constantly to balance conservation requirements with, at

times, a seemingly insatiable list of stakeholder demands. All too often, their charge of rebuilding depleted stocks cannot be accomplished without impacting the various parochial interests of different harvester groups. Nevertheless, they are willing to do the right thing, even when it is not the popular thing. We owe them all our thanks for their dedication.

Besides being a report to you the “shareholders” of the marine fishery resources under the Commission’s care, this Annual Report also meets a requirement to provide to Congress an accounting for the public funds provided to the Commission. I believe the Commission’s track record in restoring stocks demonstrates the wisdom and value of this investment. We are grateful for the continuing interest and support from our congressional delegations and their staffs. We are committed to maintaining their trust.

In closing, I would suggest that the measure of our collective success could be summed up with one question. Are we going to leave the marine fisheries resources under our care in better condition for the next generation than what was passed on to us? I am convinced that through our collective spirit of partnership, cooperation, and stewardship, the answer is an unqualified yes. In advance, thank you all for your support for our mission and activities. Hopefully, this report will demonstrate to you our progress and

commitment to establishing healthy self-sustaining populations for all Atlantic coast fish species or successful restoration well in progress by the year 2015.

The Year in Review



John I. Nelson, Jr., Chair

As Chair, it is my duty and privilege to review for you the Commission’s progress this year and to share my perspectives on what the future may hold.

Clearly we have been busy and productive across all of our programs. In the area of fisheries management we completed Amendment 6 for Striped Bass, setting the future management course for this fully recovered species. Truly, a Commission success story. In cooperation with the Mid-Atlantic Fishery Management Council, we continue to make solid progress rebuilding summer flounder. Stocks are above the threshold level and no longer

overfished. Our rebuilding plan, when complete, will double the amount of fish currently available to both recreational and commercial harvesters. Scup and black sea bass stocks are also showing positive signs of rebuilding, and we are improving the methods of estimating the sizes of these stocks. We have also had another year of gains in bluefish and are close to crossing the threshold level for that stock as well.

On the more difficult side, we have been wrestling with the significant decline in lobster stocks south of Cape Cod, and have worked throughout the year towards an effective response. We also have had a challenge dealing with spiny dogfish, a stock scientists say is heading for trouble if the current low pup production is not reversed. Stakeholders have expressed their passionate views on both these issues to the Commission.

The Commission has been able to deal with these and many more issues through the hard work of our dedicated and talented staff. They have done a terrific job providing administrative support, as well as coordinating and supporting our fisheries management and science activities. In the area of finance and administration the Commission continues to run smoothly. Again this year, our auditors have given us a favorable report. The staff has also put a new public face on the Commission with our new and improved web site. This will be a terrific resource to all those interested and involved in Commission activities.

I am pleased to report that in December the Commission approved a new Strategic Plan. It sets the course for the Commission for the next five years as we carry out our stewardship responsibilities for the marine resources under our care. The quality of this impressive document is a direct reflection of the care and effort our Commissioners put into this important project.

We have also looked at improving the consistency within our management processes. Commissioners have approved rules formalizing procedures for proxies and how we deal with previous decisions. We also continue to work to refine and improve our appeals process. These changes will ensure we address issues in the same way, and that those who follow us will understand how our procedures work.

Looking forward, I see a number of issues for us in the coming year. We need to expand our outreach to stakeholders, increasing their empowerment through greater knowledge, understanding, and participation in Commission processes. During our strategic planning process we met with members of the environmental and recreational fishing community. We need to increase our dialog with all groups.

We also need to enhance our partnerships with our federal partners. Declining state budgets make it critical for all of us to use our existing staff, research, and science resources wisely and

efficiently. The Commission has good friends in Dr. Bill Hogarth and Vice Admiral Conrad Lautenbacher at the National Oceanic and Atmospheric Administration. They understand the importance of a productive state-federal partnership. We need to capitalize on their stated willingness to improve and enhance that partnership.

I am pleased that our congressional delegations and their staffs take an active interest in Commission activities. We are grateful for their ongoing support and are committed to maintaining their trust and confidence through our actions.

Our federal partnership also includes the Fish and Wildlife Service. While we have had a long history of cooperation with the Service on striped bass and, more recently, with horseshoe crabs, we need to look for other areas of expansion. Shad, river herring, eels and other marine species heavily dependent on the fresh and estuarine river systems are obvious fisheries needing our joint increased attention.

Our new Strategic Plan includes a commitment to develop measures to help us monitor our progress in managing the resources under our care. I look forward to making progress on this important issue in the coming year. We have already heard from the Pew Commission and will hear from the U.S. Commission on Oceans Policy. Both of these bodies are calling for improved performance and greater accountability of the

fisheries management system. Establishment of meaningful measures will help our Commission prove to the public the value and effectiveness of our efforts.

Which leads me to my last, and perhaps most important, point. The strength of this Commission lies in what we can accomplish through the spirit and effort of cooperation. Regardless of what measures we might consider to track our progress, we cannot succeed without a strategy that promotes what is good for all over what is best for one.

We, the present Commissioners, have inherited the legacy of strong cooperation from those who came before us. It is now up to us to move forward in that same spirit as we collectively work to achieve our vision of healthy self-sustaining populations for all Atlantic coast fish species or successful restoration well in progress by 2015.

In 2003, the Atlantic States Marine Fisheries Commission continued to make progress toward its vision of “healthy, self-sustaining fish populations for all Atlantic coast fish species or successful restoration well in progress by



the year 2015” with the collaborative management of 23 interjurisdictional fish species. Cooperative regulatory planning continues to be a balancing act, with so many stakeholders interested in finite fisheries resources. The Commission continues to serve as an honest broker

where the Atlantic coastal states come together to discuss and debate the biological, socioeconomic and environmental issues central to determining the management of each species. Following is an overview of stock status and highlights on species where substantial progress was made.

Overview of Stock Status

The Commission has had a number of fishery management successes; however, there is still hard work ahead rebuilding the valuable Atlantic coastal fishery resources. The following table summarizes the status of the species that are managed by the Commission. For this summary, overfishing is defined as removing fish from the population at a rate that exceeds the targets established in a plan, while the overfished determination is based on whether or not a stock biomass exceeds the threshold established in the plan. Improving these stocks while protecting healthy ones will take time and continued commitment by the Commission, our partners and stakeholders.

SPECIES	1998		2003		REBUILDING SCHEDULE
	OVERFISHED	OVERFISHING	OVERFISHED	OVERFISHING	
Weakfish	Y	Unknown	N	N	NONE; Biomass has exceeded threshold since 2001
Winter Flounder (GOM)	Y	N	N	N	Rebuilt
Summer Flounder	Y	Y	N	N	10 years (1997 – 2006); Biomass exceeded threshold in 2003
Bluefish	Y	Unknown	N	N	2008; Biomass exceeded threshold in 2003
Scup	Y	Y	N	Unknown	7 years (1996 – 2002); Exceeded survey index threshold in 2002
Black Sea Bass	Y	Y	N	Unknown	8 years (1996 – 2003); Exceeded survey index threshold in 2003
Atlantic Sturgeon	Y	Y	Y	N	~2038; 1998 moratorium in effect until there are at least 20 protected yearclasses in each spawning stock
Spiny Dogfish*	Y	Y	Y	N	NONE; FMP states “the time necessary to rebuild the female portion of the spawning stock biomass at $F = 0.03$ ”
Atlantic Menhaden	N	N	N	N	Rebuilt
Atlantic Herring	N	N	N	N	Rebuilt
Atlantic Striped Bass	N	N	N	N	Rebuilt in 1995
Spanish Mackerel	N	N	N	N	NONE; continuing to rebuild until stock biomass > BMSY
Northern Shrimp	Y	Y	Y	N	NONE; to be established under Amendment 1
Tautog	Y	Y	Y	Y	NONE; overfishing definition based on F_{target}
Winter Flounder (SNE/Mid-Atl)	Y	N	Y	Y	NONE; to be established under Amendment 1
American Lobster	Y	Y	Unknown	Y	2008; restore egg production above overfishing definition
Red Drum	Y	Unknown	Unknown	Y	NONE
American Eel*	Unknown	Unknown	Unknown	Unknown	NONE
Atlantic Croaker	Unknown	Unknown	Unknown	Unknown	NONE
Horseshoe Crab*	Unknown	Unknown	Unknown	Unknown	NONE
Shad & River Herring	Unknown	Unknown	Unknown	Unknown	NONE; overfishing definition based on F_{target} for individual river systems
Spot	Unknown	Unknown	Unknown	Unknown	NONE
Spotted Seatrout	Unknown	Unknown	Unknown	Unknown	NONE
TOTALS	13 sp. overfished 8 sp. overfishing is occurring		5 sp. overfished 4 sp. overfishing is occurring		

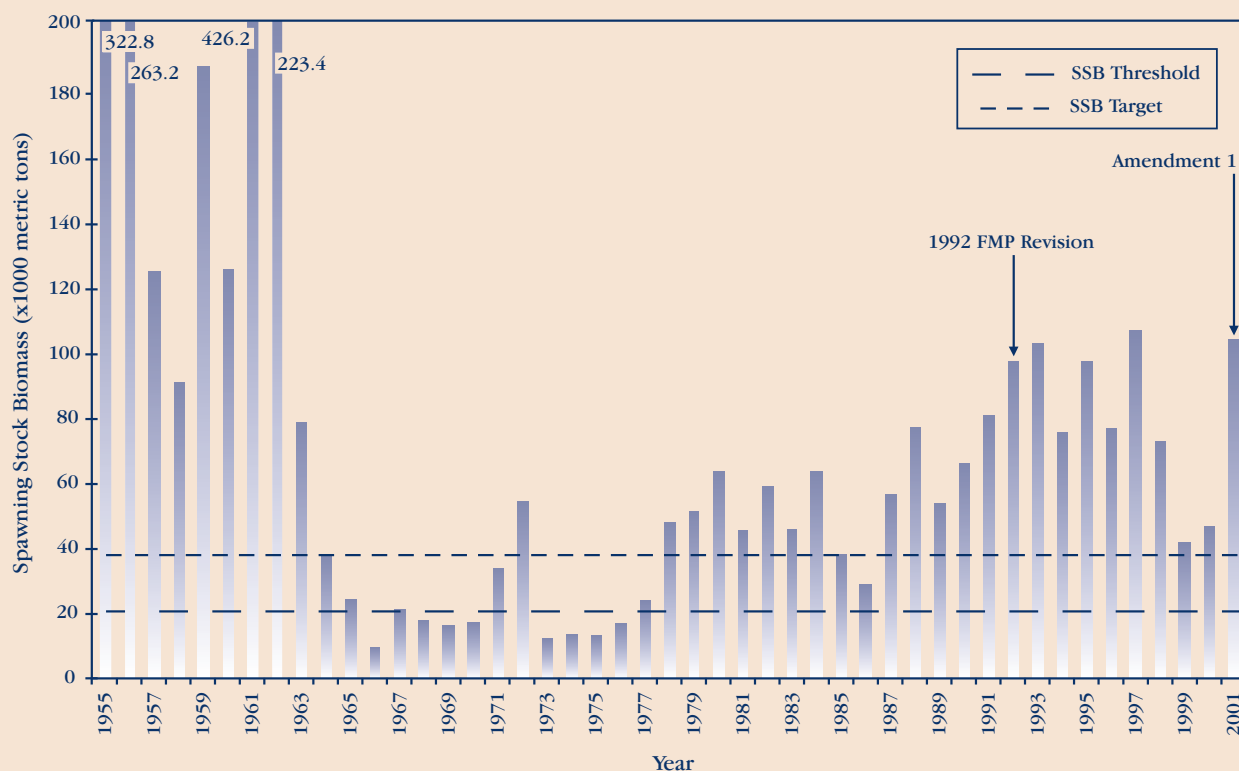
*denotes species added since 1998

Atlantic Menhaden

The Atlantic menhaden fishery continued to be the highest volume commercial fishery on the East Coast in 2003. Atlantic menhaden are currently managed under Amendment 1 to the Interstate Fishery Management Plan. This Amendment includes biological reference points for managers to annually evaluate the status of the stock. If the Management Board determines that overfishing is occurring, regulations would be implemented to reduce the exploitation of the stock. The Atlantic menhaden stock assessment was updated and peer reviewed in 2003. This peer review endorsed the recommendation to establish new biological reference points for the management of menhaden. The Management Board will consider the implementation of new reference points in 2004.

The most recent estimate (2001) of the spawning stock biomass is 104,500 metric tons, well above the target (37,400 mt) and threshold (20,750 mt). The 2002 estimate of fishing mortality is 0.79, which is below the target and threshold, $F=1.04$ and $F=1.33$, respectively. The Commission continues to work on a multispecies stock assessment using menhaden as the primary forage base for a number of predator species. When complete, this assessment will provide managers with additional information to manage the commercial fishery while ensuring a sufficient forage base for many predator species.

Atlantic Menhaden Spawning Stock Biomass (SSB)
Source: ASMFC Atlantic Menhaden Technical Committee 2002



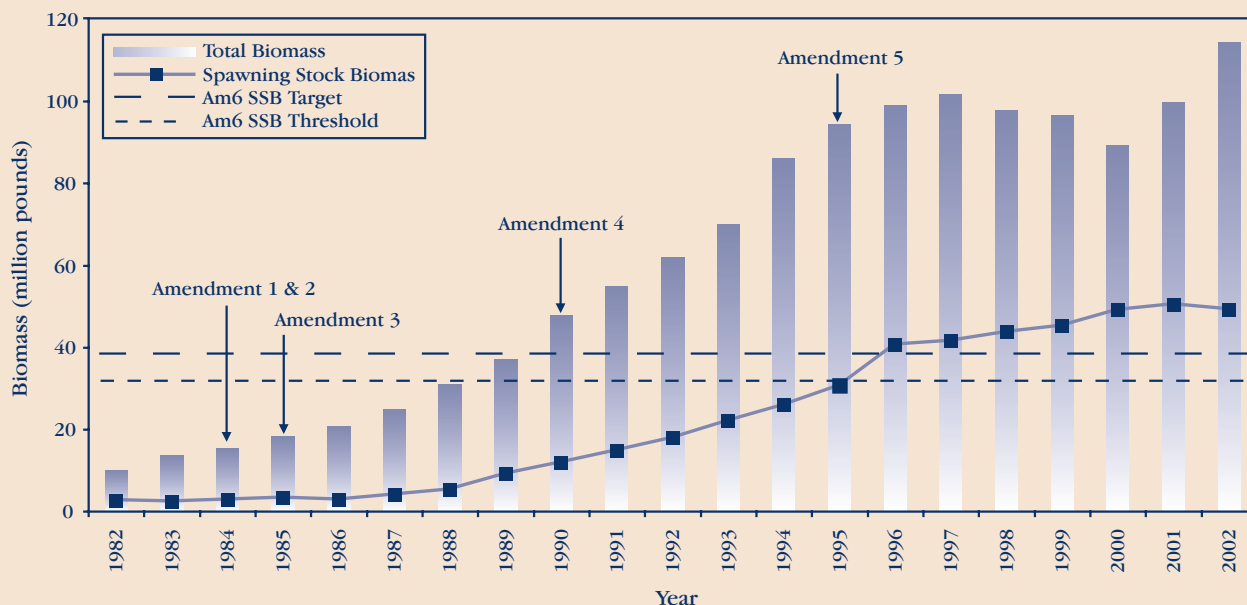
Atlantic Striped Bass

The recovery of the Atlantic striped bass continues to be one of the great success stories in fisheries management. Within 15 years, the resource has rebuilt from a historic low of about 20 million pounds to a historic high of 116 million pounds. Fishermen from Maine through North Carolina are enjoying the benefits of this historic abundance.

The spawning stock biomass remained near record level (22,317 metric tons) considerably above the target of 17,510 mt and the threshold of 14,016 mt. Fishing mortality in 2003 was estimated to be 0.35, above Amendment 6 target of $F=0.30$, however, significantly below the fishing mortality threshold ($F=0.41$). During 2003, the Management Board completed Amendment 6 to the Interstate Fishery Management Plan. This Amendment will be fully implemented by January 1, 2004. The high level of spawning stock biomass and relatively low fishing mortality rate should ensure the population remains healthy for generations.

Atlantic Striped Bass Total and Female Spawning Stock Biomass, 1982-2002

Source: ASMFC Technical Committee, 2003



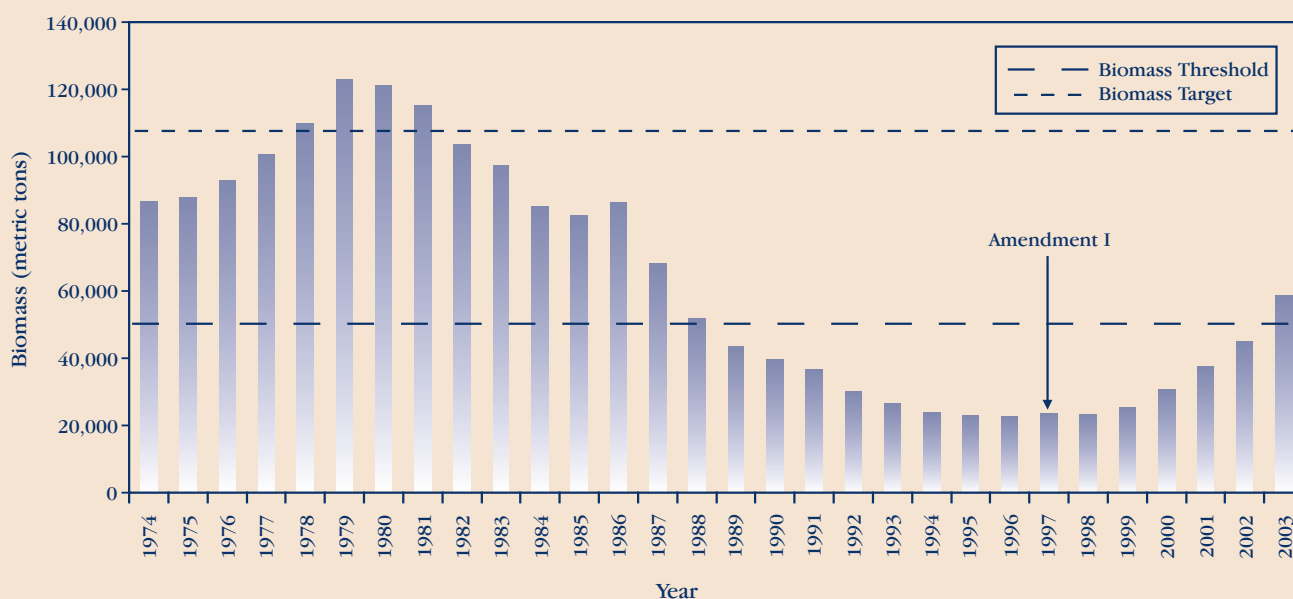
Bluefish

Bluefish are jointly managed by the Commission and the Mid-Atlantic Fishery Management Council. The Commission and Counsel adopted Amendment 1 to the Bluefish Fishery Management Plan in 1998. This Amendment included commercial and recreational management programs, as well as a rebuilding schedule to achieve a fully restored biomass by 2008. The commercial fishery is controlled through state-specific quotas and the recreational fishery is constrained by a maximum possession limit.

The stock assessment, updated in 2003, indicates that the stock is no longer overfished and overfishing is not occurring. Biomass (58,680mt) in 2003 exceeded the threshold (53,750mt) for the first time since 1988. Fishing mortality was estimated to be 0.18, well below the target and threshold of 0.31 and 0.40, respectively. The bluefish assessment will be updated and peer reviewed in 2004.

Estimated Bluefish Biomass, 1974 - 2002

Source: Lee 2003 (ASMFC)

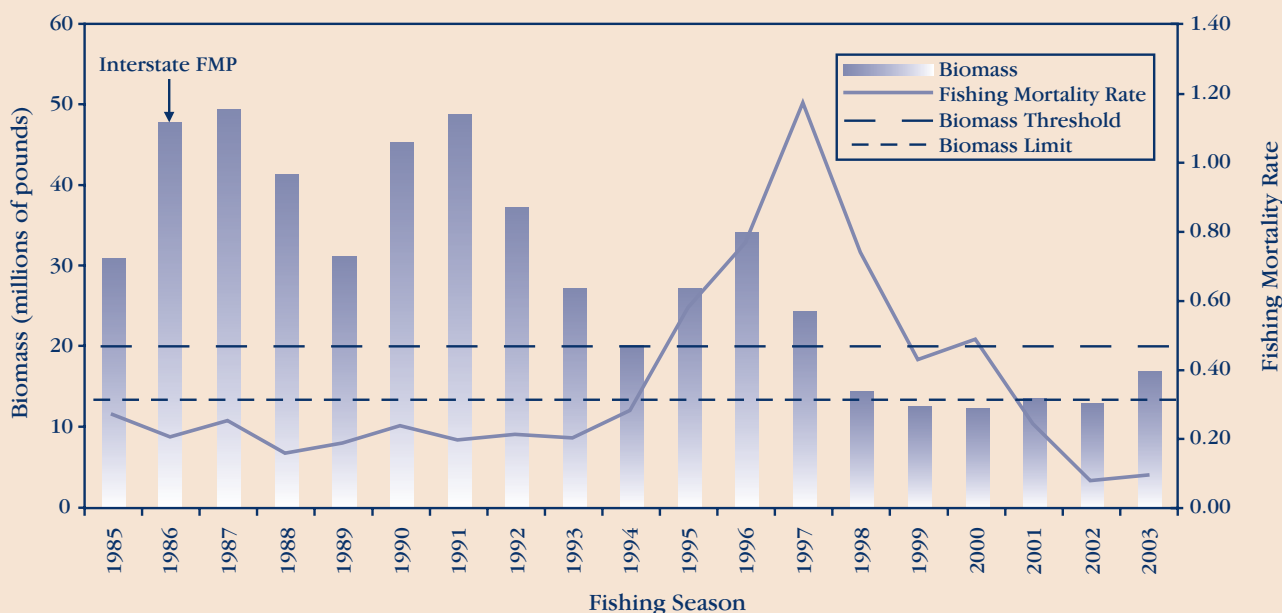


Northern Shrimp

Northern shrimp present unique fishery management challenges, given the species unusual life history characteristics. Over the past few years, there has been increasing concern over the status of the stock and the ability of the resource to sustain recent harvest levels. The existing stock provides a small but valuable fishery for the common wealth of Massachusetts and the states of New Hampshire, and Maine.

Based on the 2003 stock assessment update, northern shrimp are overfished and overfishing is not occurring. The biomass was estimated to be at an all-time low of 12.4 million pounds in 2000 and has risen to an estimated 17 million pounds in 2003. However, the 2003 estimate is still below Amendment 1's proposed biomass threshold of 19.8 million pounds. The 2003 estimate of fishing mortality is 0.07 which is significantly below the fishing mortality target of 0.22.

Gulf of Maine Northern Shrimp Total Stock Biomass, using the Collie-Sissenwine analysis
Source: ASMFC Northern Shrimp Technical Committee, 2003

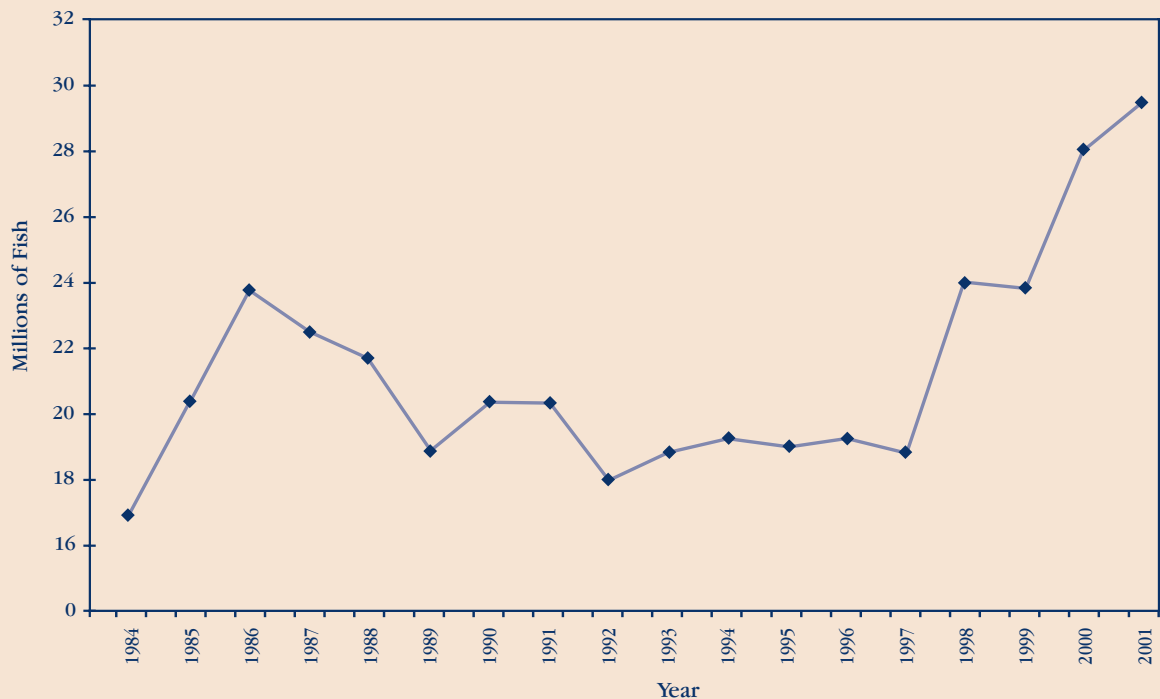


Spanish Mackerel

Spanish mackerel is one of several species that the Commission manages cooperatively with the South Atlantic Fishery Management Council. This species supports thriving recreational and commercial fisheries in the South Atlantic waters and is gaining importance in the Mid-Atlantic. Since adoption of the Interstate Fishery Management Plan in 1990, states from New York through Florida have implemented bag and size limits, and/or provisions for seasonal closures to complement the Council's measures implemented in federal waters. These actions have resulted in stock rebuilding, with the species currently not overfished and overfishing not occurring.

Annual stock assessments evaluate the status of Spanish mackerel in both the Gulf of Mexico and the Atlantic. The latest assessment, conducted in 2003, indicates that stock abundance has more than doubled since 1995, reaching a high of 29 million fish in 2001.

Estimated Atlantic Spanish Mackerel Stock Abundance
Source: 2003 Report of the Mackerel Stock Assessment Panel

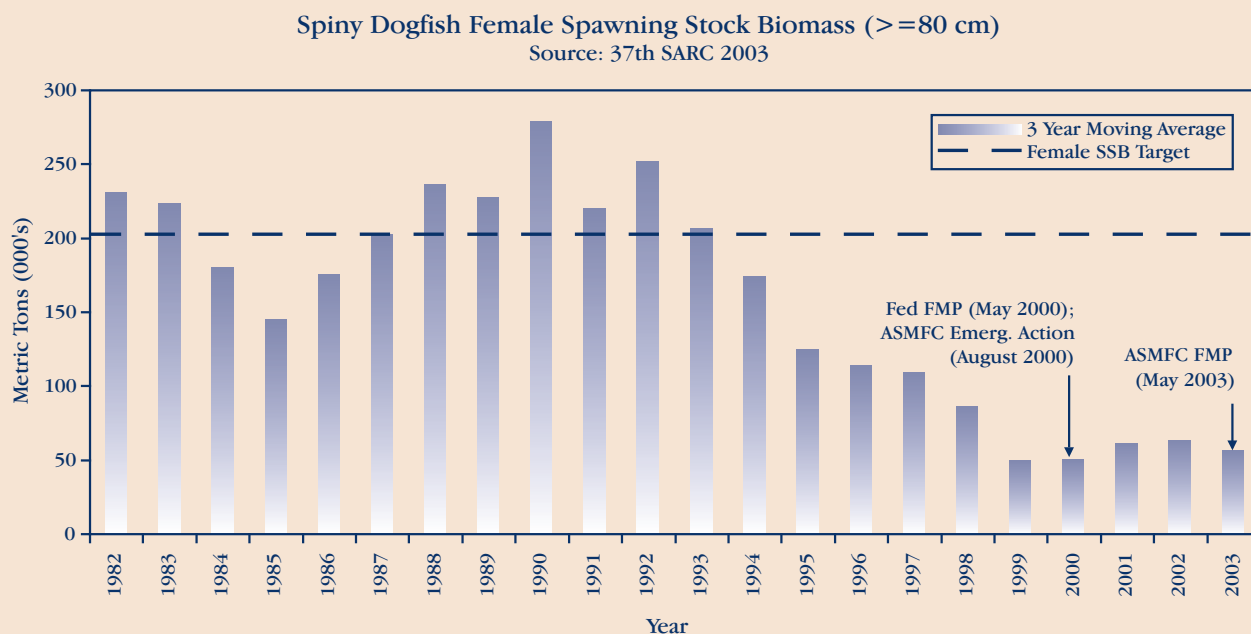


Spiny Dogfish

The Commission and the Mid-Atlantic Fishery Management Council have developed complementary management plans for spiny dogfish. During the 1990s, the tremendous growth in the commercial fishery has exceeded the availability of the resource and resulted in the implementation of stringent fishery management measures in state and federal waters.

In 2003, the spiny dogfish stock assessment was updated and went through the Northeast Regional Service SAW/SARC peer review process. The peer review determined that the spiny dogfish stock is overfished and overfishing is not occurring. Estimated fishing mortality in 2002 ($F=0.09$) exceeds the rebuilding target ($F=0.03$) and is near the overfishing threshold ($F=0.11$). The female spawning stock biomass has declined by about 75% since 1998 and is at 29% of the biomass target.

Given the reproductive biology of spiny dogfish, the recent reductions in spawning stock biomass cannot be replaced quickly. Under the current management program, stock rebuilding will take more than 20 years.

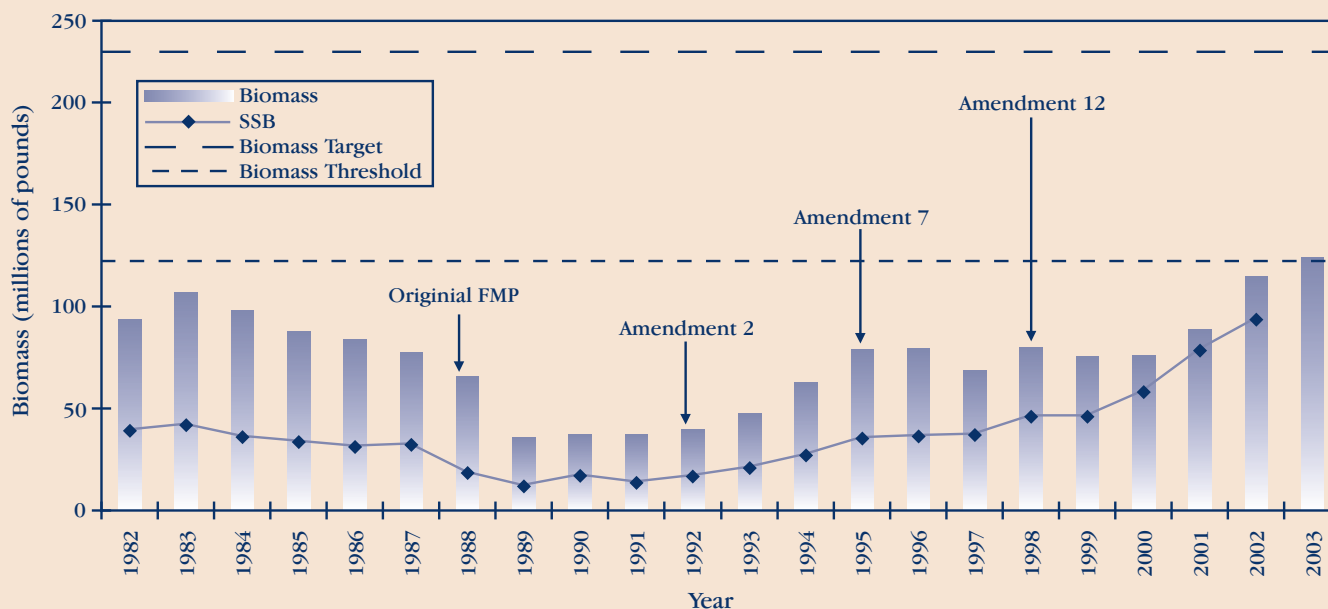


Summer Flounder

The Commission and the Mid-Atlantic Fishery Management Council have jointly managed summer flounder for nearly 20 years. The benefits of this management program are being realized as the population has expanded to near record levels. The 2003 stock assessment indicates that the stock is no longer overfished and overfishing is not occurring. The stock is projected to continue to rebuild to the biomass target if the fishing mortality rate remains below the target.

The total stock biomass threshold established in Amendment 12 is 117 million pounds and the latest estimate of biomass is 124 million pounds. The biomass target for summer flounder is 234 million pounds, an amount that will support nearly twice the current harvest. The current estimate of the fishing mortality rate ($F=0.23$) is below the target and threshold fishing mortality rate of 0.26.

Summer Flounder Total and Spawning Stock Biomass
Source: SAW Southern Demersal Working Group, 2003

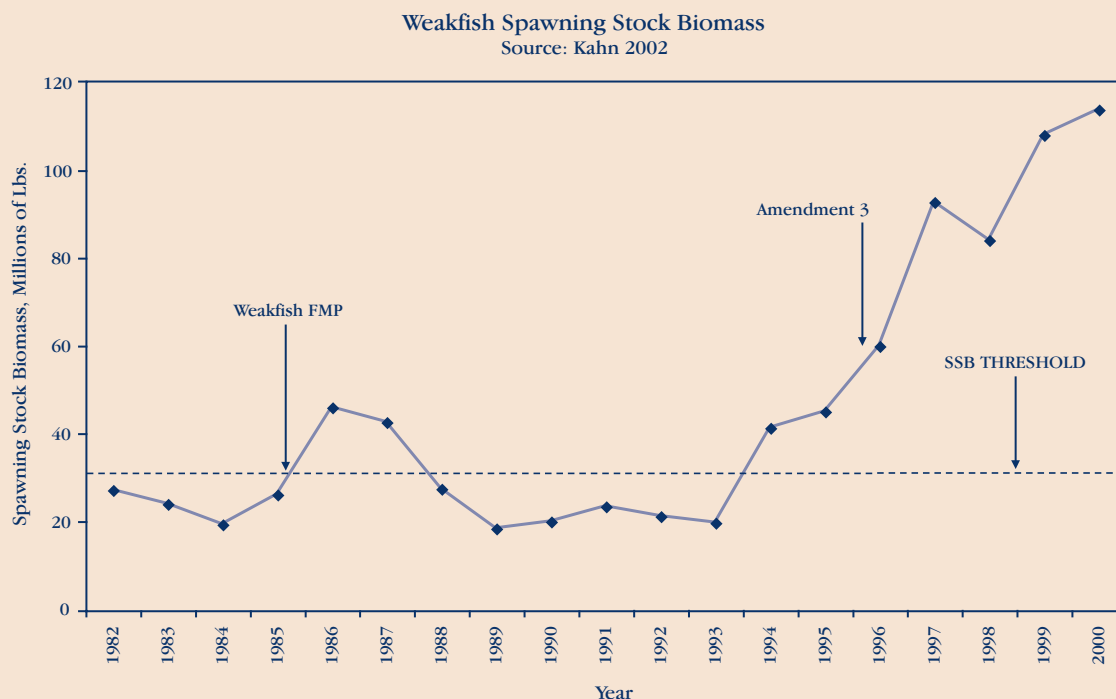


Weakfish

Weakfish are currently managed under Amendment 4 to the Interstate Fishery Management Plan. This Amendment includes updated biological reference points, a new recreational management program, and adjustments to the bycatch provisions for the commercial fisheries. The management measures in this Amendment are designed to continue rebuilding the stock while allowing fishermen access to the increased biomass. States implemented changes to their weakfish management programs, as required in Amendment 4, during the first half of 2003.

The weakfish stock has expanded since the early 1990s, with increases in both total number of fish and spawning stock biomass. These improvements are primarily the result of reduced fishing pressure over the last decade and the commitment of recreational and commercial fishermen to forgo short-term benefits for the long-term success of the fishery.

The most recent weakfish stock assessment (2002) indicates that weakfish are not currently overfished and overfishing is not occurring. While there is considerable uncertainty in the most recent estimate of spawning stock biomass (SSB), the current level of SSB is well above the threshold of 31.8 million pounds. The fishing mortality rate has been below its threshold of 0.50 since 1995 and is currently estimated to be below the target of $F=0.31$. It is important to note that the current assessment approach tends to overestimate biomass and under estimate fishing mortality. The assessment will be updated and peer reviewed in 2004 to provide more recent estimates of stock status.



Winter Flounder

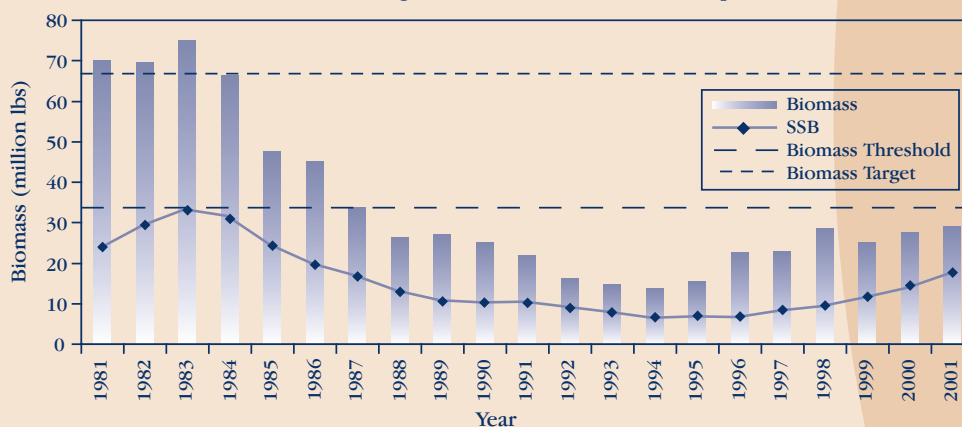
Winter flounder continue to be an important commercial and recreational fish throughout New England and the Mid-Atlantic, although both fisheries are at a fraction of what they once were historically. Overfishing and inshore habitat degradation have contributed to serious stock declines. However, the complementary management efforts of the Commission and the New England Fishery Management Council have allowed stocks to begin to recover.

According to the 2002 stock assessment update and peer review the Gulf of Maine (GOM) winter flounder stock was not overfished and overfishing was not occurring. Its biomass was estimated to be 13 million pounds, which is above the Bmsy value of nine million pounds. The fishing mortality rate was estimated to be 0.14, well below Fmsy (0.43). The Southern New England/Mid-Atlantic stock complex is overfished and overfishing is occurring. The estimated 2001 fishing mortality rate (0.51) was substantially above the Fmsy (0.32). The spawning stock biomass (16.8 million pounds) is about 25% of the level necessary to support the maximum sustainable yield (66.4 million pounds).

In 2003, the Commission initiated Amendment 1 to the Interstate Fishery Management Plan. This plan will update the biological reference points and establish new commercial and recreational management programs. Amendment 1 is scheduled to be completed by the end of 2004.

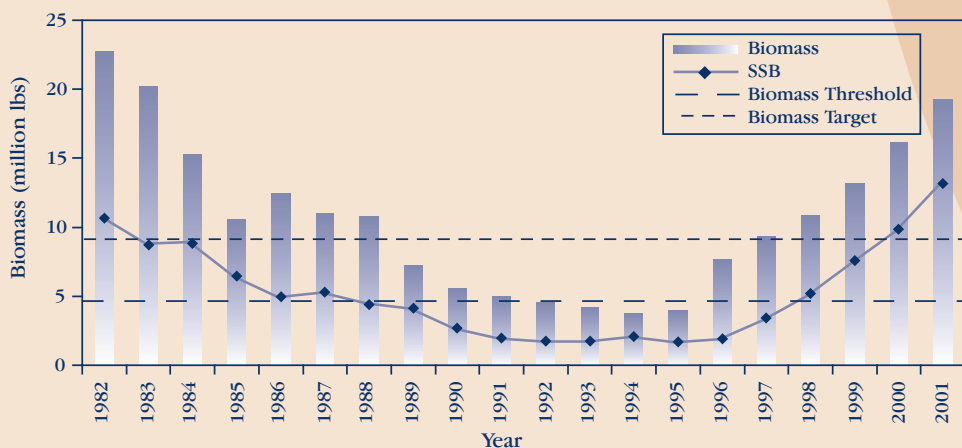
Winter Flounder, SNE/MA Total & Spawning Stock Biomass

Source: 36th Northeast Regional Stock Assessment Workshop, NEFSC 2002



Winter Flounder, GOM Total & Spawning Stock Biomass

Source: 36th Northeast Regional Stock Assessment Workshop, NEFSC 2002



Fisheries

management cannot be successful without accurate science and technical input, and to that end the Commission's research program has been working on several projects. In order to increase the efficiency of the Commission's technical process, the Commission sponsored several training seminars for technical committee members to foster improvements in how technical committee meetings are conducted. The Commission also initiated a pilot study for technical committee meeting weeks in order to improve communication and exchange of information among technical personnel involved in Commission activities. The Commission's Stock Assessment User's Manual was also updated this year to include basic stock assessment and population dynamics information, as well as advanced training materials. This documents provides a good hands-on training document for state and federal biologists and stock assessment scientists involved in conducting or evaluating species assessments.



IMPROVING STOCK ASSESSMENTS

In 2003, four Commission stock assessments were peer reviewed through regional peer review processes. Spiny dogfish was reviewed through the Stock Assessment Workshop/Stock Assessment Review Committee process (SAW/SARC). U.S. and Canadian Atlantic sea herring assessments were reviewed through the Transboundary Assessment Committee, and Atlantic menhaden and Atlantic

croaker were reviewed through the Southeast Data and Assessment Review process. Scientific and technical information provided by these peer reviews is used by the Commission's species management boards to evaluate stock status and develop fishery regulations based on the best science available. Input on Commission stock assessments was provided by a newly appointed committee, the Stock Assessment Committee.

The Commission continued to work on an American lobster stock assessment database which utilizes fisheries-dependent and independent data to automate the development of the catch-at-length matrix to support the American lobster stock assessment. Completion of this database is anticipated in early 2004 and will assist the American Lobster Stock Assessment Subcommittee and Technical Committee in data compilation and manipulation. This database will be used in 2004 to conduct the lobster stock assessment and will shorten the time necessary to conduct the assessment from about 1 year to 2-3 months.

MULTISPECIES ASSESMENTS

In 2003 the Commission continued to evaluate alternative sources of mortality. The Commission completed development of a multispecies virtual population analysis focused on predator-prey interactions between Atlantic menhaden as a forage base and several key predator species, including Atlantic striped bass, bluefish, and weakfish. Information from this assessment on mortality of age-0 and age-1 Atlantic menhaden was used in the stock assessment for Atlantic menhaden. The Commission initiated a process to conduct an internal technical review of this model in prepara-

tion for an external peer review through the SAW/SARC process in early 2005. The Commission also completed the first year of development of a spatial model, which will allow evaluation of environmental influences on these species, as well as evaluation of local depletion issues. The Commission was also involved in activities in the Chesapeake Bay focused on fisheries ecosystem planning. The Commission finalized the methods to evaluate the coastwide cumulative impacts of power plant impingement and entrainment on Atlantic menhaden and approved a tagging certification program to help insure that tagging data is useful in fisheries management.

FISHERIES-INDEPENDENT DATA

The Commission continued coordination of Atlantic coast fisheries-independent data collection programs. The Southeast Area Monitoring and Assessment Program (SEAMAP) continued collecting abundance and distribution data on a variety of important commercial and recreational species, finalized protocols for mapping fish habitat in order to support essential fish habitat protection in the South Atlantic region, and initiated program expansion to incorporate all state, federal and university fisheries-independent data collection programs in the region. The SEAMAP also sponsored a blue crab symposium through the Crustacean Society and a Commission-sponsored blue crab workshop to compile biology, regulatory, and research information on this species. A similar program was initiated in the Northeast Region (NEAMAP) to coordinate existing fisheries-independent data collection programs and develop new programs to fill gaps in sampling. These programs are being coordinated with the Atlantic Coastal Cooperative Statistics Program (ACCS) in order to collect and manage all data necessary to support Atlantic coast stock assessments and fisheries management activities.



Annual Awards

During 2003 the Commission had the privilege of presenting awards to several deserving individuals who have directly contributed to furthering the Commission's vision of healthy, self-sustaining populations for all Atlantic coast fish species or successful restoration well in progress by the year 2015.

Chairman's Award for Distinguished Meritorious Service

Senator Judd Gregg of New Hampshire and **Senator Owen Johnson** of New York were presented with the Commission's most prestigious award, the Chairman's Award for Distinguished Meritorious Service. Both received this award for their outstanding contributions to Atlantic coastal fisheries conservation and management.

Throughout his long career of public service, as Governor of the State of New Hampshire, as a member of the U.S. House of Representatives and as a United States Senator, Judd Gregg has maintained a steadfast commitment to cooperative interstate marine fisheries conservation and management. He has worked tirelessly to promote the mutual efforts of the states, in concert with our federal partners, to address the common interests in their shared, valuable coastal commercial and recreational fisheries along the Atlantic coast. As Governor, he supported the efforts of the State of New Hampshire as a leader among the fifteen member states of the Atlantic States Marine Fisheries Commission.

As a long-standing Member of the New York State Senate, Owen Johnson has also maintained a steadfast commitment to interstate marine fisheries conservation and management. For over twenty years he has promoted the mutual efforts of the states in the Commission process. As Chair of the Legislative Commissioners for many years, Senator Johnson was a strong advocate of a

greater role for the Legislative and Governors' Appointee Commissioners on Species Management Boards. His vision and efforts resulted in the full participation that is today afforded to all Commissioners. Senator Johnson's long-standing presence and support of the Commission and its programs have provided a model for responsible stewardship of our shared coastal resources.

Captain David H. Hart Award

Jack Travelstead of the Virginia Marine Resources Commission was presented the 13th Annual Captain David H. Hart Award at the Commission's Annual Meeting in New York City. Mr. Travelstead has been a consistent and valuable participant of the Commission process since the early 80s. He has, without fail, represented the Commonwealth of Virginia well while respecting and supporting the principles and mission of the Commission and the Compact that unites the member states.

Mr. Travelstead has been an active, if somewhat quiet and even behind-the-scenes, participant, acting as the ongoing proxy for his state's Administrative Commissioner on the Executive Committee and Policy Board since 1983. He has served as the chair of many boards and committees including the Shad & River Herring, Bluefish & Tautog Boards. He was instrumental in the early stages of the development of the Atlantic Coastal Cooperative Statistics Program (ACCSP).

Mr. Travelstead's fisheries management service reaches into the federal arena also, as a long time member of the Mid-Atlantic Fishery Management Council. He provides a vital bridge between South Atlantic and Mid-Atlantic fisheries interests. He has been an active participant in the Commission's refinement of red drum management, providing invaluable insight into Mid-Atlantic management issues surrounding this species.

Awards of Excellence

MANAGEMENT & POLICY

John Mason of the New York State Department of Environmental Conservation received an award in the area of management and policy. For nearly a quarter of a century, Mr. Mason has been involved in the management of Atlantic coastal fisheries as New York's representative on the Mid-Atlantic Fishery Management Council and as an active member of countless Commission species management boards and committees. As one of the founding visionaries of the ACCSP and charter member of the ACCSP Operations Committee, Mr. Mason has been committed to ensuring effective fishery management decision-making through the collection and management of accurate fisheries statistics. In New York, he oversaw implementation of the state's lobster trap tag program and developed the process for managing New York's quota-based fisheries.

LEGISLATION

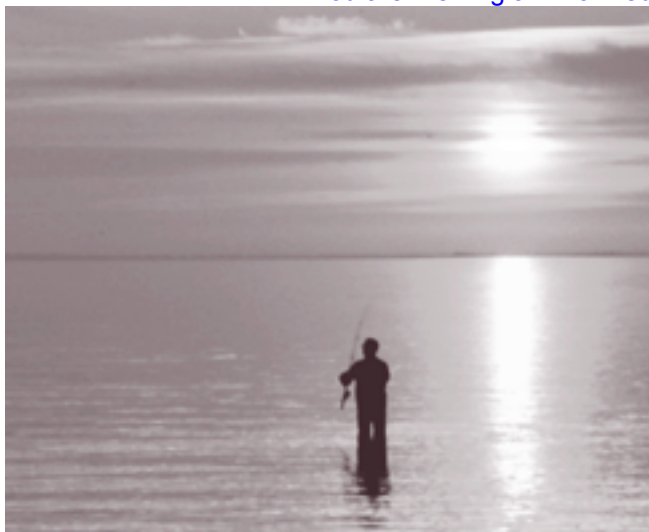
Jean Flemma, former legislative staff for the House of Representatives Committee on Resources was presented an award in the area of legislation. For 13 years, Ms. Flemma served as legislative staff on the Committee on Resources and its predecessor the Merchant Marine and

Fisheries Committee. Over that time, she established herself as a true friend of the Commission and supporter of Atlantic coastal fisheries management, with many recent fisheries conservation legislation reflecting her expertise and conservation ethic. She was instrumental in crafting the Striped Bass Conservation Act of 1984, the Atlantic Coastal Fisheries Cooperative Management Act of 1993, the Sustainable Fisheries Act of 1996, and the Marine Mammal Rescue Assistance Act of 2000.

SCIENTIFIC, TECHNICAL AND ADVISORY

Dr. Stu Kennedy of the Florida Marine Research Institute received one of three awards presented to individuals who have made significant strides in the areas of scientific, technical and advisory contributions. Since 1976, Dr. Kennedy has been involved in the activities of the Commission, as a member the South Atlantic State-Federal Fisheries Management Board, the Interstate Fisheries Management Program Policy Board and the Management and Science Committee. Dedicated to the collection and management of sound fisheries data, he was a key contributor in the initial development of the ACCSP. In the Southeast, he worked with state marine fisheries agencies on the development and implementation of the cooperative shrimp statistics program. This program has served as the model for subsequent cooperative data collection and management efforts in the Southeast, such as SEAMAP, COMFIN and MARFIN.

Dr. Eileen Setzler-Hamilton and **Colonel Clarence Wayne Lee** were posthumously recognized for their passionate commitment to marine resource conservation and management. For



nearly 20 years, Dr. Setzler-Hamilton was part of the Commission, representing the interests of the Potomac River Fisheries Commission on the Management and Science Committee and species technical committees for American eel, Atlantic striped bass, and shad & river herring. Dr. Setzler-Hamilton loved the Chesapeake Bay and was committed to preserving its resources through her work as a researcher for the Chesapeake Biological Laboratory. She enthusiastically shared her knowledge of resource conservation and management through her work with school children and fishermen, helping them to better understand fisheries science and its use in developing policies and regulations.

A gentleman and true conservationist, Colonel Lee was actively involved in the Commission since the mid-1990s, serving as North Carolina's recreational fishing industry representative on the advisory panels (AP) for striped bass, summer flounder and weakfish. Most recently he chaired the Weakfish AP, guiding it through the development of Amendment 4 to the Interstate Fishery Management Plan for Weakfish. He was respected by board members and advisors alike for his thoroughness, fairness, integrity and strong leadership throughout the amendment process. Colonel Lee

was the Vice-Chair of the South Atlantic Fishery Management Council at the time of his death, and previously he served his country as a U.S. Air Force officer and a decorated Vietnam veteran.

LAW ENFORCEMENT

Sergeant Francis Floor of the Rhode Island Department of Environmental Management and **Special Agent Kevin Flanagan** of NOAA Fisheries, Office of Law Enforcement were presented awards in the area of law enforcement. For nearly four years, as part of a joint enforcement effort, they diligently persevered over countless obstacles to expose the fraudulent activities of a fish dealer in reporting the purchase and sale of summer flounder to the state and federal government. Their investigation, which included over 100 instances of illegal activity and involved 13 boats, ultimately led to the fish dealer being assessed a \$225,000 fine by NOAA Fisheries for filing a false report and \$50,000 by Rhode Island for 75 counts of illegal sales of summer flounder.

The New Jersey Division of Fish & Wildlife, Marine Law Enforcement Region, District 8 also received an award in the area of law enforcement. In the late 1990s, District 8 received word from the patrons of a specific party boat that there were violations of black sea bass and tautog regulations occurring on a regular basis. Conservation officers inspected this boat several times and found numerous violations each time, confirming that there was a large-scale illegal commercial sea bass and tautog fishery occurring on the party boat. The 14-month investigation documented over 150 violations, involving 22 individuals including the captain, owner and mates.

Independent Auditors' Report

Chaconas & Wilson, P.C.

To the Executive Committee
Atlantic States Marine Fisheries Commission
Washington, D.C.

2100 Pennsylvania Avenue, NE
Suite 500
Washington, DC 20002-3272
Certified Public Accountants
Tel: (202) 462-8230
Fax: (202) 462-0251

We have audited the accompanying statements of financial position of the Atlantic States Marine Fisheries Commission as of June 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atlantic States Marine Fisheries Commission as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 2003 on our consideration of Atlantic States Marine Fisheries Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards are required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 27, 2003

Atlantic States Marine Fisheries Commission

Statements of Financial Position

JUNE 30, 2003 AND 2002

ASSETS	2003	2002
<i>CURRENT ASSETS:</i>		
Cash (Note 1)	\$ 257,575	\$ 264,232
Investments (Note 5)	173,674	48,388
Grants receivable	172,486	61,995
Accounts receivable	43,201	---
Prepaid expenses	44,895	33,020
Total Current Assets	<u>\$ 691,831</u>	<u>\$ 407,635</u>
<i>PROPERTY AND EQUIPMENT, AT COST: (Note 1)</i>		
Office furniture and equipment	\$ 682,454	\$ 677,007
Capital lease equipment	69,066	69,066
Leasehold improvements	34,458	---
Total	<u>\$ 785,978</u>	<u>\$ 746,073</u>
Less, Accumulated depreciation and amortization	<u>(394,301)</u>	<u>(316,673)</u>
Property and Equipment, Net	<u>\$ 391,677</u>	<u>\$ 429,400</u>
<i>OTHER ASSETS:</i>		
Security deposits	\$ 20,941	\$ 12,752
Investments (Note 5)	606,374	580,594
Total Other Assets	<u>\$ 627,315</u>	<u>\$ 593,346</u>
<i>TOTAL ASSETS</i>	<u>\$ 1,710,823</u>	<u>\$ 1,430,381</u>
 <i>LIABILITIES AND NET ASSETS</i>		
<i>CURRENT LIABILITIES:</i>		
Accounts payable	\$ 203,750	\$ 95,665
Accrued vacation	143,440	128,478
Deferred revenue	76,445	49,018
Contract advances	122,772	33,566
Current portion of capital lease obligations (Note 4)	13,435	16,977
Total Current Liabilities	<u>\$ 559,842</u>	<u>\$323,704</u>
<i>CAPITAL LEASE OBLIGATIONS (Note 4)</i>	<u>14,362</u>	<u>27,797</u>
<i>TOTAL LIABILITIES</i>	<u>\$ 574,204</u>	<u>\$ 351,501</u>
<i>UNRESTRICTED NET ASSETS</i>	<u>1,136,619</u>	<u>1,078,880</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 1,710,823</u>	<u>\$ 1,430,381</u>

Atlantic States Marine Fisheries Commission

Statements of Activities

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	Outside Contracts				
	Total	ASMFC	Wallop/Breaux	Other	ACCSP	ACFCMA
<i>REVENUE:</i>						
Contract reimbursements	\$ 3,921,780	\$ ---	\$ 184,597	\$ 798,416	\$ 1,105,911	\$ 1,832,856
Contributions from Member States	370,440	370,440	---	---	---	---
Annual meeting fees	18,645	18,645	---	---	---	---
Investment income	26,982	26,982	---	---	---	---
<i>Total Revenue</i>	<u>\$ 4,337,847</u>	<u>\$ 416,067</u>	<u>\$ 184,597</u>	<u>\$ 798,416</u>	<u>\$ 1,105,911</u>	<u>\$ 1,832,856</u>
<i>EXPENSES:</i>						
Salaries	\$ 1,725,596	\$ 484,904	\$ 109,913	\$ 228,892	\$ 450,677	\$ 451,210
Travel	893,550	30,072	11,477	109,668	106,616	635,717
Subcontracts	363,176	13,580	---	236,516	27,500	85,580
Fringe benefits (Note 3)	391,537	102,283	25,787	55,904	112,809	94,754
Professional services	158,539	106,300	---	---	---	52,239
Rent	222,405	222,405	---	---	---	---
Equipment maintenance	142,356	54,559	---	1,052	75,611	11,134
Depreciation and amortization	128,146	128,146	---	---	---	---
Office	81,851	56,776	---	---	25,075	---
Printing	38,178	12,426	---	2,969	2,178	20,605
Meeting expenses	22,365	22,365	---	---	---	---
Postage	30,935	30,935	---	---	---	---
Other	32,804	14,757	---	---	18,047	---
Dues and subscriptions	2,847	2,815	---	---	---	32
Telephone	19,447	19,447	---	---	---	---
Interest	4,179	4,179	---	---	---	---
Insurance	9,722	9,722	---	---	---	---
Business expenses	1,831	1,831	---	---	---	---
Outreach	10,644	---	---	---	10,644	---
Indirect cost allocation (Note 1)	---	(961,811)	35,729	115,693	286,716	523,673
<i>Total Expenses</i>	<u>\$ 4,280,108</u>	<u>\$ 355,691</u>	<u>\$ 182,906</u>	<u>\$ 750,694</u>	<u>\$ 1,115,873</u>	<u>\$ 1,874,944</u>
<i>CHANGE IN</i>						
<i>NET ASSETS</i>	\$ 57,739	\$ 60,376	\$ 1,691	\$ 47,722	\$ (9,962)	\$ (42,088)
<i>NET ASSETS,</i>						
<i>BEGINNING OF YEAR</i>	<u>1,078,880</u>					
<i>NET ASSETS,</i>						
<i>END OF YEAR</i>	<u>\$ 1,136,619</u>					

	2002	Outside Contracts				
	Total	ASMFC	Wallop/Breaux	Other	ACCSP	ACFCMA
<i>REVENUE:</i>						
Contract reimbursements	\$ 4,100,141	\$ ---	\$ 206,535	\$ 793,188	\$ 1,073,394	\$ 2,027,024
Contributions from Member States	357,483	357,483	---	---	---	---
Annual meeting fees	22,305	22,305	---	---	---	---
Investment income	15,117	15,117	---	---	---	---
<i>Total Revenue</i>	<u>\$ 4,495,046</u>	<u>\$ 394,905</u>	<u>\$ 206,535</u>	<u>\$ 793,188</u>	<u>\$ 1,073,394</u>	<u>\$ 2,027,024</u>
<i>EXPENSES:</i>						
Salaries	\$ 1,570,144	\$ 467,344	\$ 123,769	\$ 179,478	\$ 325,545	\$ 474,008
Travel	880,695	38,571	11,195	149,003	149,314	532,612
Subcontracts	443,293	---	---	295,016	27,660	120,617
Fringe benefits (Note 3)	365,387	106,721	29,934	44,371	69,712	114,649
Professional services	179,128	111,000	---	---	---	68,128
Rent	176,393	176,393	---	---	---	---
Equipment maintenance	109,832	54,595	---	1,232	34,358	19,647
Depreciation and amortization	105,836	105,836	---	---	---	---
Office	75,982	46,278	---	70	29,634	---
Printing	75,236	28,433	---	2,470	1,620	42,713
Meeting expenses	36,363	36,363	---	---	---	---
Postage	30,838	27,905	---	---	2,253	680
Other	19,093	8,675	123	197	8,758	1,340
Dues and subscriptions	16,568	2,482	---	---	---	32
Telephone	15,732	15,732	---	---	---	---
Interest	5,422	5,422	---	---	---	---
Insurance	5,300	5,300	---	---	---	---
Business expenses	4,479	4,479	---	---	---	---
Outreach	3,657	---	---	---	3,657	---
Indirect cost allocation (Note 1)	---	(1,008,481)	40,506	137,598	251,227	579,150
<i>Total Expenses</i>	<u>\$ 4,119,378</u>	<u>\$ 233,048</u>	<u>\$ 205,527</u>	<u>\$ 809,435</u>	<u>\$ 904,451</u>	<u>\$ 1,966,917</u>
<i>CHANGE IN NET ASSETS</i>						
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>703,212</u>					
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 1,078,880</u>					

Atlantic States Marine Fisheries Commission

Statements of Cash Flows

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from members and contracts	\$ 4,255,161	\$ 4,376,352
Annual meeting fees	18,645	22,305
Investment income received	22,565	23,836
Cash paid to suppliers and employees	(4,038,514)	(3,923,519)
Interest paid	<u>(4,179)</u>	<u>(5,422)</u>
Net cash provided by operating activities	<u>\$ 253,678</u>	<u>\$ 493,552</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of furniture and equipment	\$(96,709)	\$(240,150)
Proceeds from dispositions of furniture and equipment	---	11,004
Purchase of investments	(146,649)	(504,071)
Cash received from sales and maturities of investments	<u>---</u>	<u>483,767</u>
Net cash used in investing activities	<u>\$(243,358)</u>	<u>\$(249,450)</u>
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>		
Capital lease obligations - payments	<u>\$(16,977)</u>	<u>\$(24,856)</u>
<i>NET INCREASE (DECREASE) IN CASH</i>	<u>\$(6,657)</u>	<u>\$ 219,246</u>
<i>CASH, BEGINNING OF YEAR</i>	<u>264,232</u>	<u>44,986</u>
<i>CASH, END OF YEAR</i>	<u>\$ 257,575</u>	<u>\$ 264,232</u>
Reconciliation of change in net assets to net cash provided by operating activities (Note 6)		
<i>NONCASH TRANSACTIONS:</i>		
Equipment purchase with capital lease obligation	\$ ---	\$ 45,000

Atlantic States Marine Fisheries Commission

Notes to Financial Statements

JUNE 30, 2003 AND 2002

Note 1. *Summary of Significant Accounting Policies*

ORGANIZATION:

The Atlantic States Marine Fisheries Commission (the Commission) (a nonprofit organization) was established in 1942 to represent the interests and needs of the marine fisheries of its member states (Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida). Since the Commission is an instrumentality wholly owned by member states, it is exempt from income tax; therefore, an internal revenue code exemption is not required. The purpose of the Commission, as set forth by Congress in Article I of the Commission's Compact, is "to promote the better utilization of the fisheries, marine, shell and anadromous, of the Atlantic seaboard by the development of a joint program for the promotion and protection of such fisheries."

BASIS OF ACCOUNTING:

The Commission prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Monies received under grants are accounted for separately. Revenue is recognized when funds are expended for the purposes specified in the grant. The Commission funds any excess of expense over revenue incurred in the performance of a grant project.

The accompanying statements of activities reflect expenses summarized on a functional basis. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Fringe benefits and administrative costs of the Commission have been prorated among the programs by various statistical bases.

FINANCIAL STATEMENT PRESENTATION:

Under SFAS No. 117, Financial Statements of Not-for-Profit Organizations, the Commission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Commission has only unrestricted net assets.

CASH:

Cash consists of deposits in checking and money market accounts. The Commission's demand deposits with financial institutions at times exceeds federally insured limits. The Commission has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risks.

Notes to Financial Statements (cont.)

PROPERTY AND EQUIPMENT:

Depreciation of property and equipment has been provided for using the straight-line method over useful lives of five years for computer equipment and ten years for other furniture and equipment. The Commission capitalizes equipment purchases with a unit cost exceeding \$500.

Leasehold improvements are recorded at cost and amortized using the straight-line method over the term of the office lease.

INDIRECT COST ALLOCATION:

Indirect costs are allocated to contracts based on the Commission's indirect cost allocation rate or the indirect cost allocation allowed by the contract.

BAD DEBTS:

The Commission recognizes bad debts when, in the opinion of management, an account becomes uncollectible.

ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS:

Certain 2002 amounts have been reclassified for comparison with the 2003 presentation.

INVESTMENTS:

Investments are carried at fair value.



Note 2. Lease Commitments

The Commission leases office space and postage equipment under noncancellable operating leases. The office lease provides for annual base rent increases of two percent plus annual adjustments for the Commission's proportionate share of operating expenses and real estate taxes.

The Commission also has two capital leases for copiers. (See Note 4). The minimum lease payments are included below. Minimum lease payments are as follows for the years ending June 30,:

	Office Space	Postage Equipment	Capital Leases	Minimum Lease Payments
2004	\$ 260,286	\$ 7,181	\$ 15,936	\$ 283,403
2005	265,493	7,181	14,196	286,870
2006	279,431	6,583	1,183	287,197
2007	289,334	---	---	289,334
2008	295,120	---	---	295,120
2009 and thereafter	711,089	---	---	711,089
	<u>\$ 2,100,753</u>	<u>\$ 20,945</u>	<u>\$ 31,315</u>	<u>\$ 2,153,013</u>
Less, interest			3,518	
Capital lease obligations			<u>\$ 27,797</u>	

Note 3. Retirement Plans

The Commission sponsors a defined contribution pension plan which covers all employees. The Commission contributes 7% of eligible wages to the plan. The Commission also matches employee contributions up to 3% of eligible wages under a Section 457 plan. Pension expense for the years ended June 30, 2003 and 2002 was \$152,138 and \$135,563, respectively.

Note 4. Capital Lease Obligations

The Commission has two capital leases secured by copiers. (See Note 2). Maturities are as follows for the years ended June 30,

2004	\$ 13,435
2005	13,190
2006	<u>1,172</u>
Total	<u>\$ 27,797</u>
Current portion	<u>13,435</u>
Capital lease obligations	<u>\$ 14,362</u>

Notes to Financial Statements (cont.)

Note 5. Investments

At June 30, 2003 and 2002, investments consisted of the following:

	2003		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and money market fund	\$ 173,674	\$ 173,674	\$ ---
Bonds	544,713	553,880	9,167
Equities	69,580	52,494	(17,086)
Total Investments	<u>\$ 787,967</u>	<u>\$ 780,048</u>	<u>\$ (7,919)</u>
	2002		
Cash and money market fund	\$ 48,388	\$ 48,388	\$ ---
Bonds	524,007	527,490	3,483
Equities	68,923	53,104	(15,819)
Total Investments	<u>\$ 641,318</u>	<u>\$ 628,982</u>	<u>\$ (12,336)</u>

Unrealized gains (losses) included in investment income on the Statement of Activities totaled \$4,417 and (\$4,164) for the years ended June 30, 2003 and 2002, respectively.





Note 6. *Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities*

	2003	2002
Change in Net Assets	\$ 57,739	\$ 375,668
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	128,146	105,836
(Gain) loss on disposition of equipment	6,286	(942)
Unrealized (gains) losses on investments	(4,417)	4,164
(Increase) decrease in assets:		
Grants receivable	(110,491)	15,166
Accounts receivable	(43,201)	388
Accrued interest receivable	---	4,555
Prepaid expenses	(11,875)	1,694
Security deposits	(8,189)	---
Increase (decrease) in liabilities:		
Accounts payable	108,085	35,725
Accrued vacation	14,962	48,124
Deferred revenue	27,427	(392)
Contract advances	89,206	(96,434)
Net cash provided by operating activities	<u>\$ 253,678</u>	<u>\$ 493,552</u>

Atlantic States Marine Fisheries Commission Schedule of Contributions Requested and Received

JUNE 30, 2003

	Requested 2002-2003	Received 7/1/02 - 6/30/03
Member States:		
Connecticut	\$ 18,414	\$ 18,414
Delaware	14,839	14,839
Florida	39,937	39,937
Georgia	15,645	15,645
Maine	33,056	33,056
Maryland	24,128	24,128
Massachusetts	38,547	38,547
New Hampshire	13,959	13,959
New Jersey	32,454	17,000
New York	27,582	---
North Carolina	32,018	32,018
Pennsylvania	12,348	12,348
Rhode Island	21,072	21,072
South Carolina	18,081	18,081
Virginia	<u>28,360</u>	<u>28,360</u>
Totals	<u>\$ 370,440</u>	<u>\$ 327,404</u>

Atlantic States Marine Fisheries Commission

Schedule of Expenditures of Federal Awards

JUNE 30, 2003 AND 2002

Federal Grantor/ Program Description	Federal CFDA Number	Federal Expenditures	
		2003	2002
Department of Commerce:			
Interjurisdictional Fisheries Act	11.407	\$ 222,998	\$ 276,784
Atlantic Coastal Act	11.474	1,874,944	1,966,917
Atlantic Coastal Act	11.474	1,115,873	904,451
Atlantic Coastal Act	11.474	44,000	---
Southeast Area Monitoring and Assessment Program	11.435	49,637	59,730
Chesapeake Bay Studies	11.457	35,562	59,430
Unallied Science Project	11.472	<u>2,273</u>	<u>22,453</u>
Total Department of Commerce		\$ 3,345,287	\$ 3,289,765
Department of the Interior:			
Federal Aid in Sport Fish Restoration Act	15.605	<u>182,906</u>	<u>205,527</u>
Total Expenditures of Federal Awards		\$ 3,528,193	\$ 3,495,292

Atlantic States Marine Fisheries Commission Report on Compliance

and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Executive Committee

Atlantic States Marine Fisheries Commission

Washington, DC

We have audited the financial statements of Atlantic States Marine Fisheries Commission as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated August 27, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Atlantic States Marine Fisheries Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Atlantic States Marine Fisheries Commission in a separate letter dated August 27, 2003.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Atlantic States Marine Fisheries Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Committee, Management, the Department of Commerce and the Department of the Interior and is not intended to be and should not be used by anyone other than these specified parties.

August 27, 2003

Atlantic States Marine Fisheries Commission

Report on Compliance

with Requirements Applicable to each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133

Executive Committee

Atlantic States Marine Fisheries Commission

Washington, DC

Compliance

We have audited the compliance of Atlantic States Marine Fisheries Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2003 and 2002. Atlantic States Marine Fisheries Commission's major federal program is identified in the summary of auditors' results in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Atlantic States Marine Fisheries Commission's management. Our responsibility is to express an opinion on Atlantic States Marine Fisheries Commission's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Atlantic States Marine Fisheries Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination on Atlantic States Marine Fisheries Commission's compliance with those requirements.

In our opinion, Atlantic States Marine Fisheries Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2003 and 2002.

Internal Control Over Compliance

The management of Atlantic States Marine Fisheries Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered Atlantic States Marine Fisheries Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Report on Compliance (cont.)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Committee, Management, the Department of Commerce and the Department of the Interior and is not intended to be and should not be used by anyone other than these specified parties.

August 27, 2003



Atlantic States Marine Fisheries Commission

Schedule of Findings and Questioned Costs

JUNE 30, 2003 AND 2002

1. The auditors' report expresses an unqualified opinion on the financial statements of Atlantic States Marine Fisheries Commission.
2. No reportable conditions relating to the audit of the financial statements of Atlantic States Marine Fisheries Commission are reported in the report on internal control over financial reporting based on an audit of financial statements.
3. No instances of noncompliance material to the financial statements of Atlantic States Marine Fisheries Commission were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the report on compliance with requirements applicable to each major program.
5. The auditors' report on compliance for the major Federal award programs for Atlantic States Marine Fisheries Commission expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Atlantic States Marine Fisheries Commission.
7. Major programs tested included:
Department of Commerce:
Atlantic Coastal Act 11.474
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Atlantic States Marine Fisheries Commission was not determined to be a low-risk auditee.

Commission Staff

John V. O'Shea, Executive Director

Nancy E. Bell, Executive Assistant

Robert E. Beal, Director, Interstate Fisheries Management Program

Cecilia D. Butler, Administrative Assistant

Megan E. Gamble, Fisheries Management Plan Coordinator

Toni M. Kerns, Fisheries Management Plan Coordinator

Lydia C. Munger, Fisheries Management Plan Coordinator

Carrie D. Selberg, Habitat Specialist and Fisheries Management Plan Coordinator

Braddock J. Spear, Fisheries Management Plan Coordinator

Nancy E. Wallace, Fisheries Management Plan Coordinator

Lisa L. Kline, Ph.D., Director of Research and Statistics

Laura M. Lee, Stock Assessment Biologist

Chris Van Maaren, Fisheries Research Specialist

Geoffrey G. White, Fisheries Research Specialist

Laura C. Leach, Director of Finance and Administration

Kristina A. Ballard, Grants Administrator

Tina L. Berger, Public Affairs and Resource Specialist

Edith S. Carr, Staff Assistant

Jonna C. Ellis, Personnel Administrator

Linda M. Schwab, Meetings and Membership Coordinator

Maury F. Osborn, Director, Atlantic Coastal Cooperative Statistics Program (ACCSP)

Shannon Bettridge, ACCSP Program Manager

Barry Brasseaux, ACCSP Senior Systems Developer

Michael S. Cahall, ACCSP Information Systems Program Manager

Abbey Compton, ACCSP Outreach Coordinator

Kez Mykolz, ACCSP Administrative Assistant

Jennifer Ni, ACCSP Data Analyst





1444 Eye Street, N.W.
Washington, D.C. 20005
202.289.6400 • Fax 202.289.6051
www.asmfc.org