

## REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE



The Finance and Administration Committee (hereafter F&A) met from 09:00–12:00 hours on October 18, and from 14:00–14:30 on October 20, 2006, under the chairmanship of Dr. Laura Richards.

### **Opening remarks (Agenda Item 1)**

The Chairman called the meeting to order, welcomed the participants and requested an introduction of members for each delegation. All Contracting Parties were present at the meeting (*F&A Endnote 1*).

### **Adoption of agenda (Agenda Item 2)**

The Committee reviewed the draft agenda (*F&A Endnote 2*). At Canada's request, a discussion of procedures relating to membership and observers from other countries was added under Agenda Item 14 (Other business).

### **Audited accounts for FY 2005 (Agenda Item 3)**

The FY 2005 financial statements were submitted to the PICES external auditor, *Flader & Hale*, on March 15, 2006. The Auditor's Report for FY 2005 (*F&A Endnote 3*) was completed and circulated by e-mail to all Contracting Parties on April 12, 2006, and hard copies of the report were distributed at the 2006 inter-sessional Council meeting held April 18, 2006, in Honolulu (U.S.A.). In the auditor's opinion, the financial statements are an accurate representation of the financial position of the Organization as of December 31, 2005. The Committee reviewed the Auditor's Report and recommended it for approval by Council.

### **Annual contributions (Agenda Item 4)**

As stated in Financial Regulation 5(ii), all national contributions to PICES "*shall be considered due as of the first day of the financial year (January 1) to which they relate*". The

Executive Secretary reported on the 2006 annual fee payment dates, and provided information on the payment schedule of national contributions for the last 7 years (*F&A Endnote 4*).

The Committee noted that annual contributions were received within the first 2 months of the PICES fiscal year from all Contracting Parties but China. The Committee recommended that Council instruct the Executive Secretary to send a letter to Contracting Parties commending them for their performance in submitting annual contributions for 2006, and describing the difficulties that late and partial payment causes the Organization. It was also recommended that for planning purposes, Contracting Parties should continue to use the guideline generally accepted at the PICES Eighth Annual Meeting (Decision 99/A/2(ii)), which states that "*the annual contributions will increase at the rate of inflation in Canada*". This should assist member countries in preparing timely funding requests to cover annual contributions, and the Executive Secretary in developing future budgets.

At PICES XIV, the Committee noted that, from the high expectations placed on PICES, a case could be made to raise the contributions from Contracting Parties. To assess the relevance of any significant increase in annual contributions, the Executive Secretary was asked to study how the Organization might finance the anticipated growth in its activities from savings accrued as a result of reducing current expenditures. To assist in this analysis, F&A members were requested to consider which activities could be scaled back in order to operate PICES within the current (or a lower) budget, and to send their suggestions to the Executive Secretary no later than December 31, 2005. The only specific suggestions received were from Ms. Patricia Livingston (U.S.A.), who recommended consideration of (1) minimizing printing expenditures by making electronic copies of PICES publications available on-line and

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charging for hard copies of these publications; and (2) recovering meeting costs by increasing meeting registration fees.

After extensive discussion, the Committee agreed that more work was still required to understand how PICES could operate within its budget. Canada (Mr. Serge Labonté) agreed to meet with the Secretariat to prepare options for presentation at the next F&A meeting in 2007.

In addition, the Committee requested that the Executive Secretary prepare a more detailed analysis of options for electronic publication of PICES documents. This report should include:

1. breakdown of publications into various categories;
2. printing and distribution costs, by category;
3. options for transition to electronic publications, by category;
4. impacts on existing distribution system (libraries; commercial distributors, *etc.*);
5. mitigation measures (if any) to rectify resulting distribution problems;
6. impacts on Secretariat infrastructure and document archival processes (with the assistance of TCODE);
7. consideration of impacts of any changes on each of the Contracting Parties;
8. recommended options and Action Plan.

The Committee noted that Contracting Parties must carefully review the draft document prepared by the Secretariat to ensure that any impacts on Contracting Parties (item 7) are correctly identified and communicated to the Executive Secretary.

### **Fund-raising activities (Agenda Item 5)**

The Executive Secretary reported on fund-raising efforts for the period since PICES XIV (*F&A Endnote 5*). Fund-raising continues to be an important component of PICES activities, and about a third of the current operational budget is supported by external contributions and partnerships. It was indicated that as partnerships expand, a strategy will be needed to manage the workload of the Secretariat.

### **Budget (Agenda Item 6)**

#### **Estimated accounts for FY 2006 (Agenda Item 6a)**

The Committee reviewed the estimated accounts for FY 2006 and recommended their acceptance by Council.

#### **Interest and other income (Agenda Item 6b)**

In FY 2006, the total income is estimated at \$337,919. This amount includes the income of \$123,275 from “guaranteed” sources and \$22,585 from other sources, and \$192,059 in voluntary contributions and grants as listed in *F&A Endnote 5*.

#### **Relocation and Home Leave Fund (Agenda Item 6c)**

The Relocation and Home Leave Fund (RHLF) is currently set at \$110,000. At the end of FY 2006, if home-leave expenses are offset only by interest earned by the Fund, RHLF will be approximately \$5,500 below the currently required amount of \$110,000. The Committee noted that no relocation or home-leave expenses are expected in FY 2007, and interest earned during that year will bring RHLF close to \$110,000. Therefore, the Committee does not foresee a need to transfer funds to maintain RHLF at \$110,000 at the end of the fiscal year.

#### **Trust Fund (Agenda Item 6d)**

In FY 2006, the Trust Fund (TRF) estimated income is at a level of \$47,425 (\$44,425 in voluntary contributions and grants) and estimated expenses are \$69,195. The Committee recommends a transfer from the Working Capital Fund (WCF) to recover the 2006 expenses and restore the Trust Fund to the level of \$110,000.

#### **Working Capital Fund (Agenda Item 6e)**

In FY 2006, the Working Capital Fund estimated income is at a level of \$287,769 (\$147,634 in voluntary contributions and grants) and estimated expenses are \$243,708. After

recommended inter-fund transfers, the amount of funds available in the Working Capital Fund at the fiscal year end will be \$276,308. This includes \$175,054 in encumbered funds held for special and high-priority PICES projects with completion in 2007–2008, and \$101,254 in “operating” funds.

F&A discussed whether a level of expenditures should be earmarked for specific high priority activities. However, the costs of these activities are not sufficiently well defined at this point to make meaningful recommendations.

#### **Budget for FY 2007 and forecast budget for FY 2008 (Agenda Item 6f)**

The Committee reviewed the proposed FY 2007 budget of \$745,000 (*F&A Endnote 6*) and recommended its approval by Council. The budget was noted to be consistent with the guideline generally accepted at the PICES Eighth Annual Meeting (Decision 99/A/2(ii)), stating that “*the annual contribution will increase at the rate of inflation in Canada*”. The Committee recommended a transfer of \$94,000 from the Working Capital Fund to balance the budget, setting the total annual contribution at \$651,000, and the 2007 fees at \$108,500 per Contracting Party.

The Executive Secretary presented the FY 2008 forecast budget of \$760,000, and noted that this budget is prepared based on preliminary information available as of August 10, 2006, and is about 2% higher than in FY 2007. It was indicated that if the inflation rate in Canada remains the same, then under the adopted guidelines, the 2007 annual fee should be set at a level of \$111,500 per Contracting Party. Then the total annual contribution would be \$669,000, and a transfer of \$91,000 from the Working Capital Fund would be required to balance the budget. The Committee submitted the FY 2008 forecast budget to Council for information only.

#### **Financing of high priority projects (Agenda Item 7)**

The Committee reviewed the high priority projects previously identified by Science Board.

As referenced under Agenda Item 6e, the cost requirements for these projects are not yet known. However, the Committee recommended that expenditures related to development of the future integrative scientific program be identified as the highest priority.

#### **PICES Intern Program (Agenda Item 8)**

The Committee reviewed the current status of the Intern Program. In April 2006, Mr. Xuewu Guo from the Yellow Sea Fisheries Research Institute (Chinese Academy of Fishery Sciences, Qingdao, China) was nominated and consequently accepted as the 2007 PICES intern. His 8-month term is expected to start on February 1, 2007. The term could be extended to a maximum of 12 months, depending on his performance, availability of funds, and the workload in the Secretariat.

Applications for the Intern Program, reviewed by national delegates, should normally be received by the Executive Secretary by the date of the first Governing Council session at the PICES Annual Meeting. Considering that Mr. Guo’s term will be completed not earlier than in September 2007, the Committee recommends that the deadline for nominations be extended until the 2007 inter-sessional Science Board/Governing Council meeting, or until the end of March 2007, if no inter-sessional meeting is held.

The Executive Secretary reminded the Committee that the Intern Program remains unbudgeted, and over the years has been financed solely by voluntary contributions. The Committee recommended that Council thank the National Marine Fisheries Service (U.S.A.) for their continuing support of the Intern Program, and instructed the Executive Secretary to invite Contracting Parties to provide voluntary contributions supporting the Program in 2007 and beyond.

The Committee reviewed the level of stipends for the interns and discussed whether this stipend is sufficient to cover the cost of living in Canada. It was recommended that the stipend be kept at the current level of \$2,000 per month.

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The nominating Contracting Party could consider supplementing this modest stipend, depending on the intern's personal circumstances.

### **Schedule and financing of future Annual Meetings (Agenda Item 9)**

At PICES XIV, Governing Council requested China to explore the possibility of holding the Seventeenth Annual Meeting in 2008, and inform the Secretariat on this matter by March 31, 2006 (Decision 05/A/5(ii)). At the 2006 inter-sessional Science Board/Governing Council meeting, the Chinese government confirmed their intention to host PICES XVII in Dalian, with the National Marine Environmental Monitoring Centre of SOA as the local organizer. China also accepted the proposed dates (October 16–26, 2008) for the Annual Meeting. However, the Committee subsequently learned that the 5<sup>th</sup> World Fisheries Congress will be held October 20–24, 2008, in Yokohama, Japan. To avoid overlap, the Committee recommended that the dates for PICES XVII be changed, and that the meeting begin instead on October 23, 2008. The Chinese delegation indicated that they could confirm these dates within the next 2 weeks.

The Committee recommended that, in keeping with the 6-year rotation cycle, Korea be invited to explore the feasibility of hosting the Eighteenth Annual Meeting in October 2009, and inform the Secretariat on this matter by March 31, 2007.

At PICES X, Council approved the charging of a registration fee for future Annual Meetings of the Organization and indicated that the registration fee structure should be reviewed annually (Decision 01/A/4(iv)). It was agreed that the fees have to be collected by the Secretariat and credited to the Working Capital Fund to support high priority projects and the Intern Program, and to cover costs associated with Annual Meetings; the allocation among these three purposes should be flexible and decided by the Executive Secretary (Decision 04/A/5(iv)). Council accepted the same registration fee structure for PICES XV as was

decided for the previous two Annual Meetings (Decision 05/A/5(iii)). The Committee again reviewed the fee structure and recommended that Council maintain the same registration fee structure for PICES XVI in 2007:

Type	CDN \$
Registration fee	225
Early registration fee	150
Students registration fee	50
Spousal registration fee	50

The Committee recognized the importance of holding an inter-sessional Science Board meeting in 2007, in conjunction with a workshop to develop a Science Plan for the new integrative scientific program of PICES (FUTURE). The Committee recommended that Council accept Japan's offer to host this event. The Committee also emphasized the need to keep overall costs to the minimum possible.

### **PICES Handbook (Agenda Item 10)**

The second edition of the PICES Handbook was published prior to PICES XV as the first PICES Handbook, compiled in 1998 and re-printed in 1999, is outdated and out of stock. The goal of this publication is to have in one place all basic documents regulating the functioning of the Organization. The new Handbook includes the text of the PICES Convention, the Headquarters Agreement between PICES and the Government of Canada, the revised PICES Rules of Procedure, Financial Regulations and Trust Fund Guidelines (approved at the 2006 inter-sessional Council meeting), the PICES Strategic Plan (approved at the 2004 inter-sessional Council meeting), and the historical list of PICES officers for the period from 1992-2006. It was noted that the PICES Handbook is printed in a format that allows the replacement of a revised separate clause or a whole outdated document, and the addition of a new document at low costs.

The Committee reviewed two documents ("Guidelines for Chairmen and Convenors" and "Guidelines for temporary expert groups") to be added to the PICES Handbook. Given the extensive overlap between these documents, the

Committee recommended that the documents be merged. The Committee further recommended that a small group be formed with the Chairman of F&A, the Secretariat, and representation by Science Board to work by correspondence to complete the document for approval at the next Annual Meeting. In the interim, these draft documents could be used as a guide.

#### **Administrative matters (Agenda Item 11)**

The Committee reviewed the progress on the status of income tax levies for personnel at the PICES Secretariat.

#### **Space, facilities and services for the PICES Secretariat office (Agenda Item 12)**

PICES has a Headquarters Agreement with the Government of Canada (entered into force December 15, 1993), and in accordance with this agreement, the PICES Secretariat is located at the Institute of Ocean Sciences (IOS) of the Department of Fisheries and Oceans (DFO) in Sidney, British Columbia, Canada.

Space and certain general administrative services are traditionally provided to the PICES Secretariat by DFO. The original agreement commenced on April 1, 1992, and continues indefinitely with a periodic review. The last time the agreement was amended was on April 1, 2002, and it should be renewed by the end of 2006.

In *FY* 2006, PICES is to pay an annual sum of \$23,500 for postage and \$2,000 for janitorial/

maintenance services. Telephone and fax lines, previously covered in the amount of \$2,500 under the agreement, are currently paid by PICES to Telus directly. The new agreement between PICES and DFO should take into account the substantial increase in mailing costs by Canada Post and the costs that have shifted to PICES.

#### **Appointment of F&A Committee Chairman (Agenda Item 13)**

The Committee recommended that Dr. Laura Richards (Canada) be re-appointed to another 2-year term as F&A Chairman.

#### **Other business (Agenda Item 14)**

The Committee discussed the documentation provided in the Governing Council Briefing Book on membership and observers from other countries (GC Agenda Item 5). Should Council decide to expand PICES membership, the Committee recommended that a Study Group to explore options (for example, affiliate status or Memorandum of Understanding) and any legal recommendations (such as amendments to the Convention) be established.

#### **Adoption of the F&A report and recommendations to Council (Agenda Item 15)**

The draft report has been circulated and approved by all F&A members. All recommendations to Council were brought forward by Dr. Richards at their meeting on October 21, 2006.

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### F&A Endnote 1

#### Participation list

##### Canada

Robin M. Brown  
Serge Labonté

##### Japan

Tokio Wada  
Hideki Nakano (advisor)

##### People's Republic of China

Zhixin Chen  
Fangli Qiao (advisor)

##### Republic of Korea

Seok Jin Kang (alternate)  
Ig-Chan Pang (advisor)

##### Russia

Igor Shevchenko

##### U.S.A.

K. Alexandra Curtis (alternate)  
Patricia Livingston

##### Other

Laura Richards (F&A Chairman)  
Vera Alexander (Chairman, PICES)  
Alexander Bychkov (Executive Secretary)

### F&A Endnote 2

#### F&A Committee meeting agenda

1. Welcome and opening remarks
2. Adoption of agenda and meeting procedures
3. Audited accounts for fiscal year 2005
4. Annual contributions
5. Fund-raising activities
6. Budget:
  - a. Estimated accounts for *FY* 2006
  - b. Interest and other income
  - c. Relocation and Home Leave Fund
  - d. Trust Fund
  - e. Working Capital Fund
  - f. Proposed budget for *FY* 2007 and forecast budget for *FY* 2008
7. Financing of high priority projects
8. PICES Intern Program
9. Schedule and financing of future Annual Meetings
10. PICES Handbook
11. Administrative matters
12. Space, facilities and services for the PICES Secretariat office
13. Appointment of F&A Committee Chairman
14. Other business
15. Adoption of report and recommendations to Council

**F&A Endnote 3**

**Auditor's report (2005) to the Organization**

To the Council of the  
North Pacific Marine Science Organization

We have audited the statement of financial position of North Pacific Marine Science Organization as at December 31, 2005 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2005 and the results of its operations and changes in fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

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Chartered Accountants  
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Sidney, B.C.  
April 6, 2006

**NORTH PACIFIC MARINE SCIENCE ORGANIZATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2005**

**ASSETS**

	<b>2005</b>	<b>2004</b>
<b>CURRENT ASSETS</b>		
Cash and short term deposits (note 4)	\$ 800,990	\$ 722,791
Accounts receivable	14,500	1,825
Prepaid expenses	2,560	3,096
	<b>\$ 818,050</b>	<b>\$ 727,712</b>

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 56,683	\$ 34,886
Funds held for contracting parties (note 3)	105,500	102,500
	162,183	137,386

**FUND BALANCES**

<b>WORKING CAPITAL FUND</b> (note 4)	435,867	370,326
<b>TRUST FUND</b>	110,000	110,000
<b>RELOCATION AND HOME LEAVE FUND</b>	110,000	110,000
	655,867	590,326
	<b>\$ 818,050</b>	<b>\$ 727,712</b>



**NORTH PACIFIC MARINE SCIENCE ORGANIZATION  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund	Working Capital Fund	Trust Fund	Relocation and Home Leave Fund	2005 Total	2004 Total
<b>FUND BALANCES, beginning of year</b>	\$ -	\$ 370,326	\$ 110,000	\$ 110,000	\$ 590,326	\$ 428,252
<b>SOURCES OF FUNDS</b>						
Contributions from Contracting Parties	615,000	-	-	-	615,000	621,200
Budgeted transfer to General Fund (note 5)	95,500	(95,500)	-	-	-	-
Voluntary contributions and grants (note 6)	-	259,570	45,225	-	304,795	238,709
Interest and other income (note 7)	-	112,443	2,092	2,078	116,613	112,509
	710,500	276,513	47,317	2,078	1,036,408	972,418
<b>FUND BALANCES, before expenditures</b>	710,500	646,839	157,317	112,078	1,626,734	1,400,670
<b>EXPENDITURES</b>						
Personnel services	376,500	13,632	-	-	390,132	359,929
Annual Meeting	40,000	15,434	-	-	55,434	19,273
Special meetings	70,356	87,086	-	-	157,442	65,783
Travel	89,111	5,812	37,432	-	132,355	126,556
Printing	65,073	63,450	-	-	128,523	67,005
Communication	31,792	-	-	-	31,792	33,839
Equipment	7,374	-	-	-	7,374	10,018
Supplies	7,972	1,158	-	-	9,130	7,510
Contractual services	18,000	19,200	-	-	37,200	22,733
Miscellaneous	3,681	-	-	-	3,681	3,281
Intern program	-	-	14,459	-	14,459	35,738
Ecosystem Status Report	-	-	-	-	-	13,289
FERRRS Report	-	-	-	-	-	33,429
Relocation	-	-	-	-	-	7,367
Foreign exchange loss (note 8)	3,345	-	-	-	3,345	4,594
	713,204	205,772	51,891	-	970,867	810,344
<b>NET FUNDS AVAILABLE</b>	(2,704)	441,067	105,426	112,078	655,867	590,326
<b>TRANSFER FROM WORKING CAPITAL FUND (note 4)</b>	2,704	(2,704)	-	-	-	-
<b>INTERFUND TRANSFERS (note 5)</b>	-	(2,496)	4,574	(2,078)	-	-
<b>FUND BALANCES, end of year</b>	\$ -	\$ 435,867	\$ 110,000	\$ 110,000	\$ 655,867	\$ 590,326

**NORTH PACIFIC MARINE SCIENCE ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**1. PURPOSE OF ORGANIZATION**

The North Pacific Marine Science Organization (PICES) is an intergovernmental non-profit scientific organization whose present members include Canada, Japan, the People's Republic of China, the Republic of Korea, the Russian Federation and the United States of America. The purpose of the organization is to promote and coordinate marine scientific research in order to advance scientific knowledge of the North Pacific and adjacent seas.

**2. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the North Pacific Marine Science Organization's Financial Regulations and are prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements:

(a) Fund Accounting

The Working Capital Fund represents the accumulated excess of contributions provided from Contracting Parties over expenditures in the General Fund. The purposes of the General Fund and Working Capital Fund are established by Regulation 6 of the Organization Financial Regulation.

The Trust Fund was established in 1994 for the purpose of facilitating participation of a broad spectrum of scientists in activities of the Organization.

The Relocation and Home Leave Fund was established in 1995 to pay relocation and home leave expenses of new employees and their dependents to the seat of the Secretariat and removal after period of employment has ended, and to provide home leave for international staff. This fund is set at \$110,000.

(b) Capital Assets

Capital assets acquired by the Organization are expensed in the year of acquisition. During the current year the organization purchased \$7,374 of capital assets.

(c) Contributions

Contributions from contracting parties are recorded in the year in which they relate to. All other contributions and grants are recorded in the year received.

(d) Income Tax

The Organization is a non-taxable organization under the Privileges and Immunities (International Organizations) Act (Canada).

## (e) Foreign Exchange

Transactions originating in foreign currencies are translated at the exchange rate prevailing at the transaction dates. Assets and liabilities denominated in foreign currency are translated to equivalent Canadian amounts at the current rate of exchange at the statement of financial position date.

## (f) Financial Instruments

The Organization's financial instruments consist of cash and short term deposits, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

## (g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of 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.

**3. FUNDS HELD FOR CONTRACTING PARTIES**

The funds held for contracting parties are advance contributions from Japan (\$105,500).

**4. WORKING CAPITAL FUND**

Of the total amount in the Working Capital Fund, \$217,536 is restricted for specific designated projects.

Pursuant to decision 05/A/3(iii) of the Governing Council, \$97,000 of the funds held in the Working Capital Fund will be transferred to the General Fund at the beginning of the 2006 fiscal year to reduce 2006 contributions.

Pursuant to Financial Regulation 6 (iii), the Working Capital Fund is to be increased/decreased by the surplus/deficit in the General Fund.

**5. INTERFUND TRANSFERS**

The Governing Council approved the transfer of \$95,500 at the beginning of 2005 from the Working Capital Fund to the General Fund (Decision 04/A/3/ii), in order to facilitate in the reduction of the annual contribution fee per Contracting Party.

The Governing Council approved the transfer of funds from the Working Capital Fund to restore the Trust Fund to \$110,000 (Decision 05/A/3/iii). The amount of the transfer was \$4,574.

The Governing Council approved the transfer of the surplus in the Relocation and Home Leave Fund to the Working Capital Fund to return the Relocation and Home Leave Fund to \$110,000 (Decision 05/A/3/iii). The amount of the transfer was \$2,078.

**6. VOLUNTARY CONTRIBUTIONS AND GRANTS**

	Working Capital Fund	Trust Fund
AFSC/NWFSC (U.S.A.) contribution for interim meeting	\$ 12,458	\$ -
Contributions for 2006 CCCC Symposium:		
NPFMC (U.S.A.)	6,020	-
NPRB (U.S.A.)	23,622	-
PIFSC (U.S.A.)	11,610	-
DFO (Canada) contribution for 2006 Line P Symposium	10,000	-
EVOS (U.S.A.) contribution for GEM	18,248	-
GLOBEC contribution for ESSAS Symposium	11,332	-
Korean contribution for position at Secretariat	19,200	-
NPRB (U.S.A.) grant for second NPESR	37,080	-
U.S.A. contribution for high priority projects	110,000	-
AFSC (U.S.A.) contribution for young scientists	-	3,503
Contributions for Intern Program:		
DFO (Canada)	-	14,000
NMFS (U.S.A.)	-	17,415
TINRO-Center (Russia)	-	3,597
OECON/OSU (U.S.A.) contribution for young scientists	-	690
SCOR travel grant for PICES XIV	-	6,020
	\$ 259,570	\$ 45,225

**7. INTEREST AND OTHER INCOME**

	Working Capital Fund	Trust Fund	Relocation and Home Leave Fund
Interest income	\$ 10,627	\$ 2,092	\$ 2,078
Income tax levies	23,611	-	-
GST, PST & WCB rebates	16,050	-	-
Registration Fees for PICES XIV	44,982	-	-
Registration Fees for CCCC Symposium	8,950	-	-
Reimbursement for <i>PiO</i> Publication	5,710	-	-
Other income	2,513	-	-
	\$ 112,443	\$ 2,092	\$ 2,078

## 8. FOREIGN EXCHANGE LOSS

At year end all funds held in foreign currency (US \$111,033) are converted to Canadian dollars using the December 31st exchange rate. A foreign exchange loss has been reported on the current year financial statements; this amount is an unbudgeted item which has been caused by the ongoing fluctuations in the US dollar (2005 =1.1659, 2004 =1.2020), and not by the actual purchase or sale of any foreign currencies.

## 9. FINANCIAL STATEMENTS

A statement of cash flows has not been presented, as the required information is readily apparent from the other financial statements presented and the notes to the financial statements.

### F&A Endnote 4

#### Payment schedule of annual contributions, 2000-2006<sup>1</sup>

	<i>Canada</i>	<i>China</i>	<i>Japan</i>	<i>Korea</i>	<i>Russia</i>	<i>U.S.A.</i>
2000	Feb. 9, 00	<b>Aug. 29, 00</b>	Nov. 30, 99	<b>June 1, 00</b>	<b>Nov. 2, 00</b>	Jan. 18, 00
2001	Jan. 24, 01	<b>Dec. 10, 01</b>	Dec. 13, 00	<b>Aug. 23, 01</b>	<b>May 18, 01</b>	Jan. 3, 01
2002	Jan. 21, 02	<b>Oct. 8, 02<sup>2</sup></b>	Nov. 27, 01	<b>Aug. 26, 02</b>	<b>June 10, 02<sup>3</sup></b>	Dec. 24, 01
2003	Jan. 13, 03	<b>Oct. 3, 03<sup>4</sup></b>	Dec. 11, 02	<b>May 5, 03</b>	<b>Apr. 2, 03<sup>5</sup></b>	Dec. 6, 02
2004	Jan. 5, 04	<b>Aug.10, 04</b>	Dec. 26, 03	Mar. 24, 04	Mar. 2, 04	<b>Feb. 9, 04<sup>6</sup></b>
2005	Dec. 24, 04	<b>Sept. 22, 05<sup>7</sup></b>	Mar. 2, 05	Mar. 30, 05	Mar. 31, 05 <sup>8</sup>	Jan. 10, 05
2006	Dec. 28, 05	<b>Aug. 1, 06</b>	Dec. 15, 05	Feb. 8, 06	Feb. 28, 06	Jan. 30, 06

<sup>1</sup> payments made later than in the first quarter of the PICES fiscal year or partial payments are indicated in bold

<sup>2</sup> partial (95.7%) payment, remainder paid October 3, 2003 (21 months overdue)

<sup>3</sup> partial (72%) payment, remainder paid October 10, 2002 (9 months overdue)

<sup>4</sup> partial (78%) payment, remainder paid August 10, 2004 (19 months overdue)

<sup>5</sup> partial (96.5%) payment, remainder paid July 18, 2003 (6 months overdue)

<sup>6</sup> partial (50%) payment, remainder paid September 8, 2004 (8 months overdue)

<sup>7</sup> partial (86%) payment, remainder paid December 30, 2005 (12 months overdue)

<sup>8</sup> partial (96.6%) payment, remainder paid April 25, 2005 (4 months overdue)

### F&A Endnote 5

#### External funding and special contributions received since PICES XIV

For the period since PICES XIV (October 2005), efforts from the PICES scientific community, national delegates, F&A Committee members, and the PICES Secretariat resulted in the following extra-budgetary contributions for various activities initiated/co-sponsored by PICES:

#### Special projects

- In 2005, the North Pacific Research Board (NPRB, U.S.A.) approved a grant of US \$99,957 to support a PICES project entitled “*Integration of ecological indicators for the North Pacific with*

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*emphasis on the Bering Sea: A workshop approach*". The project will be completed by February 2007.

- In 2005, NPRB also approved the amount of CND \$90,000 for the development of the next North Pacific Ecosystem Status Report. Main activities in the project will be taking place in 2007–2009.

### Symposia/sessions/workshops

- The Ocean Research Institute (University of Tokyo, Japan) and SOLAS-Japan provided funding for the IFEP workshop (October 17–18, 2005, Tokyo, Japan) to synthesize results from the second *in situ* iron enrichment experiment in the western subarctic North Pacific (SEEDS-II). Funds for the project were managed by Dr. Atsushi Tsuda (member of the PICES IFEP-AP).
- The Fisheries Research Agency of Japan (FRA), the Asian Pacific Network and the APN Capacity Building/Enhancement for Sustainable Development in Developing Countries Program (APN CAPaBLE) provided funding for the MODEL workshop on "*Global comparison of sardine, anchovy and other small pelagics: Building towards a multi-species model*" (November 14–17, 2005, Tokyo, Japan). Funds for the project were managed by Drs. Shin-ichi Ito (Co-Chairman of the PICES MODEL Task Team) and Michio Kishi (MODEL Task Team member).
- The Pacific Island Fisheries Science Center (PIFSC/NMFS, U.S.A.) allocated \$3,000 to partially offset PICES' expenses for the 2006 inter-sessional Science Board/Governing Council meeting (April 17–18, 2006, Honolulu, U.S.A.).
- The Global Ocean Ecosystem Dynamics Project (GLOBEC), U.S. GLOBEC, the Western Pacific Fishery Management Council (WPFMC, U.S.A.), and the Korean Ocean Research & Development Institute (KORDI, Korea) contributed US \$10,000, US \$12,000, US \$15,000 and US \$3,000, respectively, for the 2006 CCCC Symposium on "*Climate variability and ecosystem impacts on the North Pacific: A basin-scale synthesis*" (April 19–21, 2006, Honolulu, U.S.A.). [In 2005, the North Pacific Fishery Management Council (NPFMC, U.S.A.), PIFSC (U.S.A.), and NPRB (U.S.A.) provided US \$5,000, US \$10,000, and US \$20,000, respectively, for this symposium.]
- The Pacific Scientific Research Fisheries Center (TINRO-Center, Russia) co-sponsored the ESSAS/PICES workshop (June 12–14, 2006, St. Petersburg, Russia) to develop comparative studies of the subarctic seas. Funds for the project were transferred directly to the host institute "Giprorybflot".
- The Department of Fisheries and Oceans (DFO, Canada) contributed \$3,975 for the 2006 Symposium on "*Time series of the Northeast Pacific: A symposium to mark the 50<sup>th</sup> anniversary of Line-P*" (July 5–8, 2006, Victoria, Canada). [In 2005, DFO contributed \$10,000 for this symposium.]
- The Seoul National University (SNU), KORDI (Korea), and the Pukyong National University (PKNU) provided major funding for the CREAMS/PICES workshop on "*Model/data inter-comparison for the Japan/East Sea*" (August 21–22, 2006, Busan, Korea).
- FRA (Japan) allocated more than 4,500,000 JPY (about \$45,000) for invited speakers and convenors to attend PICES XV.
- The International Council for the Exploration of the Sea (ICES), Integrated Marine Biogeochemistry and Ecosystem Research (IMBER) and Surface Ocean-Lower Atmosphere Study (SOLAS) accepted PICES' invitation to co-sponsor relevant sessions/workshops to be held at PICES XV and provided travel support for additional invited speakers for the Science Board Symposium on "*Boundary current ecosystems*" (ICES), BIO Topic Session on "*Interactions between biogeochemical cycles and marine food webs in the North Pacific*" (IMBER) and IFEP/MODEL Workshop on "*Modeling iron biogeochemistry and ocean ecosystems*" (SOLAS).

### Capacity building

- PIFSC (U.S.A.) and the Alaska Fisheries Science Center (AFSC, U.S.A.) contributed \$17,095 (US \$15,000) and \$11,285 (US \$10,000), respectively, to finance the PICES Intern Program.
- The Asia Pacific Network for Global Change Research (APN), Scientific Capacity Building/Enhancement for Sustainable Development in Developing Countries Program (CAPaBLE) and the

Inter-American Institute for Global Change Research (IAI) provided support for scientists from developing countries to participate in the MODEL workshop on “*Global comparison of sardine, anchovy and other small pelagics: Building towards a multi-species model*” (November 14–17, 2005, Tokyo, Japan). Funds for the project were managed by members of the PICES MODEL Task Team, Drs. Michio Kishi and Francisco Werner.

- The Scientific Committee on Oceanic Research (SCOR) allocated \$16,675 (US \$15,000) for scientists from countries with “economies in transition” to attend the 2006 CCCC Symposium on “*Climate variability and ecosystem impacts on the North Pacific: A basin-scale synthesis*” (April 19–21, 2006, Honolulu, U.S.A.) and PICES XV (October 13–22, 2006, Yokohama, Japan).
- The University of Hawaii Pelagic Fisheries Research Program (UH PFRP, U.S.A.) provided travel support for 7 students and post-docs from the Pacific Rim countries to attend the 2006 CCCC Symposium (April 19–21, 2006, Honolulu, U.S.A.).
- SNU (Korea), KORDI (Korea), the Korean Ministry of Maritime Affairs and Fisheries (MOMAF), the National Fisheries Research and Development Institute (NFRDI, Korea), and the Brain Korea 21 Program of the Korean Ministry of Education and Human Resources provided major funding for the first PICES summer school on “*Ocean circulation and ecosystem modeling*” (August 23–25, 2006, Busan, Korea).
- NPRB (U.S.A.) committed \$16,500 (US \$15,000) to support the PICES/ICES Early Career Scientists Conference (June 26–29, 2007, Baltimore, U.S.A.).

#### PICES Secretariat

- Korea contributed \$19,200 to support a part-time position at the PICES Secretariat.

#### **F&A Endnote 6**

#### **Budget for FY 2007**

<b>Category</b>	<b>Allotment</b>
Personnel Services	408,000
Annual Meeting	20,000
Special Meetings	88,000
Travel	82,000
Printing	70,000
Communication	40,000
Equipment	8,000
Supplies	7,500
Contractual Services	18,000
Miscellaneous	3,500
<b>Total</b>	<b>745,000</b>
<b>Source</b>	<b>Contribution</b>
Contributions from six Contracting Parties	651,000
Transfer from Working Capital Fund	94,000
<b>Total</b>	<b>745,000</b>
<b>2007 Annual Fee for each Contracting Party</b>	<b>108,500</b>

