



4 August 2023

**IPHC CIRCULAR 2023-018**

**SUBJECT: FOR DECISION – FY2024 BUDGET**

Dear Commissioners,

In accordance with the IPHC Rules of Procedure (2023), Rule 11 – Decision Making (paragraphs 4-10) shown below, please note the subsequent text detailing an Intersessional Decision requiring your attention:

***IPHC Rules of Procedure (2022)***

***Rule 11 – Decision making - Intersessional decision-making***

4. *In case of the need for adoption of an emergency measure between Sessions, or where a decision needs to be taken intersessionally, the Chairperson may propose that a decision be taken by mail, telephone, or electronic communication.*
5. *When a decision is to be taken by electronic means, the Executive Director shall transmit the proposed decision to all Commissioners.*
6. *Commissioners shall promptly acknowledge receipt of any proposed decision by electronic means. If no acknowledgement is received from any particular Commissioner within one week of the date of transmittal, the Executive Director will retransmit the proposed decision, and will use all reasonable means to ensure that it has been received.*
7. *Members shall have **10 days** to respond, unless a longer period is specified by the Executive Director in the transmittal.*
8. *If no reply from a Commissioner reaches the Executive Director within the period established under [Rule 11.7](#), that decision shall be deferred to the next session of the Commission.*
9. *All inter-sessional decisions must be made by consensus.*
10. *The Executive Director shall promptly ascertain and transmit the decision to all Commissioners via an IPHC Circular. The date of that transmittal shall be the 'date of notification'. Such decisions shall be duly recorded in the Commission's records by the Executive Director. Copies of such decisions shall be published with unique Intersessional Decision (ID) numbering on the IPHC website, via an IPHC Circular.*

**Intersessional decision:**

Please provide your decision on the below action no later than **14 August 2023**, in accordance with Rule 11.7 shown above.

**I approve / I do not approve** the following actions:

That the Commission:

- 1) **NOTE** paper IPHC-2023-ID008 (Appendix I) which provided the budget estimates for FY2024 (1 October 2023 to 30 September 2024) for adoption.
- 2) **ADOPT** a FY2024 budget (1 October 2023 to 30 September 2024) as detailed in Appendix I of paper IPHC-2023-ID008, including the contributions from the Contracting Parties to the General Fund for FY2024 as follows:
  - Canada: Contribution to the General Fund: **US\$927,419.21**
  - U.S.A.: Contribution to the General Fund: **US\$4,282,492.80** (subject to appropriations)
  - U.S.A.: Contribution to the headquarters building lease and maintenance costs: **US\$513,712.50**
- 3) **NOTE** the optional extra-budgetary (IFCP Fund deficit) contributions from each Contracting Party for FY2024 as follows:
  - Canada:
    - 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**
  - U.S.A.:
    - 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**
- 4) **NOTE** that Fund 35 – AK Cost-Recovery expenses are budgeted at **US\$947,371** for FY2024, however, the amount that NOAA fisheries will agree to reimburse will not be known until March/April 2025, and the IPHC will not be reimbursed until 1 October 2025, two fiscal years after the expenses were incurred. Thus, as a precautionary measure, the heads of delegation have directed the Secretariat to include an estimated **US\$875,000** to be reimbursed through the cost-recovery program and a further **US\$72,371** to be provided in supplementary income from NOAA fisheries.

Yours sincerely



David T. Wilson, Ph.D.  
Executive Director, IPHC

**Appendices:**

IPHC-2023-ID008: Budget Estimates: FY2024 (for adoption)



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**Budget Estimates: FY2024 (for adoption)**

PREPARED BY: IPHC SECRETARIAT (D. WILSON & A. KEIKKALA, 4 AUGUST 2023)

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**PURPOSE**

To provide the Commission with the budget estimates for FY2024 (1 October 2023 to 30 September 2024) for adoption.

**BACKGROUND**

**January 2023:** At the 99<sup>th</sup> Session of the IPHC Annual Meeting (AM099), the Commission provided that following directives:

(para. 128) *The Commission AGREED for the two Contracting Parties to engage in inter-sessional discussions over the coming months to adopt a budget for FY2024 and the associated Contributions. In doing so, the Contracting Parties may consult with, and have requested assistance from the IPHC Secretariat.*

(para. 129) *The Commission AGREED that the two Contracting Parties to engage inter-sessionally to conduct a review of the budget and appropriations.*

(para. 137) *The Commission RECOMMENDED that the 13<sup>th</sup> Special Session of the Commission be held electronically in mid-April 2023 to review and adopt an FY2024 budget.*

**April 2023:** At the 13<sup>th</sup> Special Session of the IPHC (SS013), the Commission provided the following guidance:

(para. 25) *The Commission NOTED that the exact FY2024 contributions to be made by the parties remain under discussion and should be resolved as soon as possible.*

**May 2023:** Intersessional decision-making process.

*IPHC Circular 2023-011 FOR DECISION – CONTRACTING PARTY CONTRIBUTIONS FOR FY2024*

In May 2023, the Commission was provided with a number of potential decisions and supporting information related to the FY2024 budget. This included revised contribution levels indicated by each Contracting Party informally, as well as several areas identified for budget liability reductions with the aim of matching the overall budget to the revised contribution levels indicated informally.

*IPHC Circular 2023-013 INTERSESSIONAL DECISIONS ID004-ID006 (FOR INFORMATION)*

Subsequently, the Commission adopted the following decision by consensus:

**CONTRACTING PARTY CONTRIBUTIONS FOR FY2024**

**IPHC-2023-ID004:** *The Commission NOTED the indicated Contracting Party (CP) contributions for FY2024 prescribed by each CP subsequent to the 13<sup>th</sup> Special Session of the Commission (SS013) as follows:*

**Canada:** Contribution to the IPHC General Fund would be 3% higher than the amount provided in FY2023 = **US\$927,419.21**

**U.S.A.:** Contribution to the IPHC General Fund would be 3% higher than the amount provided in FY2023 = **US\$4,282,492.80** (subject to appropriations)

Extra-budgetary funds:

**U.S.A.:** Contribution to the IPHC Secretariat Headquarters Lease and Maintenance: **US\$513,712.50**

**Canada/U.S.A.:** **US\$127,848.00** each (for the old IFCPF deficit - voluntary payment)

**IPHC-2023-ID005:** **NOTING** that the abovementioned contributions equate to **US\$528,812.25** less than the FY2024 budget proposed for adoption at SS013 to maintain the current staffing levels and level of operations of the IPHC Secretariat into FY2024, the Commission **RECOMMENDED** the following budget and associated service reductions:

- i. **-US\$13,500** – removal of the IPHC Interim Meeting from the IPHC Meetings budget line. The meeting shall be held in a fully remote/online format moving forward;
- ii. **-US40,060** – removal of the IPHC MSAB meeting from the IPHC Meetings budget line for FY2024. The meetings scheduled for FY2024 (1 Oct 2023 to 30 Sept 2024) shall be held in a fully remote/online format;
- iii. **-US\$217,456** – removal of 1 x FTE at the level IPHC-GS-13 (Manager) (salary, wages, and benefits);
- iv. **-US257,796** – removal of FTE's sufficient to match (salary, wages, and benefits)

**IPHC-2023-ID006:** The Commission **RECOMMENDED** that the IPHC Secretariat provide a revised FY2024 budget with the above-mentioned Contracting Party contributions and reductions for adoption via the Intersessional Decision-making process prescribed in the IPHC Rules of Procedure (2023).

**July 2023:** To fulfill ID006, the draft FY2024 budget is provided at [Appendix I](#) for adoption. Explanatory notes for core budget lines >US\$100K are provided at [Appendix II](#).

**NOTE: Basis of accounting change:** A reminder that the IPHC has been transitioning over the last 2 years from OCBOA accounting (Other Comprehensive Basis of Accounting) to GAAP accounting (Generally Accepted Accounting Principles). FY2023 was the final transition year and we are now fully GAAP compliant. As part of the transition, we also advised at the WM2022 (**IPHC-2022-WM2022-13**) that we would be transitioning from a cash-basis of accounting to accrual-based accounting. This has now occurred with the first fully accrual-based budget being presented at the SS013 (**IPHC-2023-SS013-03**).

**Cash versus Accrual accounting:** Cash basis lets businesses record income and expenses only when cash is actually received or paid. Accrual accounting involves tracking income and expenses as they are incurred (when an invoice is sent or a bill received) instead of when money actually changes hands. Cash basis is like your checkbook in that revenue is booked when received and deposited, and expenses are booked when the check is written regardless of when the work is performed. Under accrual accounting, revenue is recorded when earned,

not received. Expenses are recorded when a good or service has been received, not when the check is written.

## DISCUSSION

### Proposed Expenditures for the FY2024 budget (US\$) (1 Oct 2023 to 30 Sept 2024)

**FY2024 Income and Expenses** – The IPHC financial budget for FY2024 is proposed at [Appendix I](#).

**Base Contributions:** The contributions include an increase of 3% from the previous fiscal years' budget (frozen for the past three (3) fiscal years (FY2023/FY2022/FY2021). The Contracting Party contributions to the General Fund for FY2024 are as follows:

- Canada: Contribution to the General Fund: **US\$927,419.21**
- U.S.A.: Contribution to the General Fund: **US\$4,282,492.80** (subject to appropriations)

General cost assumptions include increases in operation costs (3.5%), salaries and wages (3.5%, based on cost of living and step increases) and health care costs (12%) ([Appendix I](#)).

**Headquarters Lease and Maintenance:** The headquarters costs to the USA will increase to **\$513,712.50** in FY2024 in accordance with the building lease signed in 2020.

**Deficit payments to the IFC Pension Fund:** The extra-budgetary deficit payments to the IFC Pension Fund (closed in 2001 to new participants), remain at **\$127,848** for each Contracting Party. This is a voluntary contribution from each Contracting Party.

**FISS:** Income (and expenses) for the IPHC Fishery-Independent Setline Survey (FISS) are tentative for 2024, as they are based on the design noted at the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM099) and will likely change substantially prior to the 2024 FISS season. Thus, we will not be proposing an FY2024 budget until the design is considered and approved at the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM2023; Nov/Dec 2023).

**Headquarters FTE count:** To accommodate the level of contributions from each Contracting Party prescribed above, the IPHC Secretariat will carry a budget for 29.5 FTE's at the HQ locality for FY2024. This follows an FTE reduction by the Commission from 33 FTE's carried in FY2023.

### **Assumptions and uncertainties:**

Account line item 40100.01 – 802: Directed commercial catch sampling of Pacific halibut in Alaska.

- The proposed FY2024 budget includes **US\$947,371.00** in expenses to be cost-recovered through the NOAA grants program for Alaska. Under the NOAA grants program we will not be advised if these are approved expenses for reimbursement until March/April 2024, and will not receive reimbursement until 1 October 2024.

Account line item 40100.07 – 809: Supplementary funding

- NOAA Fisheries has proposed to provide **US\$150,000** in supplemental funding that shall be used to cover budget shortfalls for the Directed commercial catch sampling of Pacific halibut in Alaska for FY2023, and FY2024, as described in point 1 above.

- The Heads of Delegation agreed on 4 August 2023 (via a meeting with the Executive Director) that noting that we will not be advised of the successful grant income for FY2024 expenses until March/April of 2026 (i.e. FY2025), that a precautionary approach should be taken and include **US\$875,000** in estimated grant income, and a further **US\$72,371** in supplementary income from NOAA fisheries. The total income would thus match the expected expenses of **US\$947,371** for FY2024.

## RECOMMENDATION/S

That the Commission:

- 1) **NOTE** paper IPHC-2023-ID008 which provided the budget estimates for FY2024 (1 October 2023 to 30 September 2024) for adoption.
- 2) **ADOPT** a FY2024 budget (1 October 2023 to 30 September 2024) as detailed in [Appendix I](#), including the contributions from the Contracting Parties to the General Fund for FY2024 as follows:
  - Canada: Contribution to the General Fund: **US\$927,419.21**
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  - U.S.A.: Contribution to the headquarters building lease and maintenance costs: **US\$513,712.50**
- 3) **NOTE** the optional extra-budgetary (IFCP Fund deficit) contributions from each Contracting Party for FY2024 as follows:
  - Canada:
    - 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**
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- 4) **NOTE** that Fund 35 – AK Cost-Recovery expenses are budgeted at **US\$947,371** for FY2024, however, the amount that NOAA fisheries will agree to reimburse will not be known until March/April 2025, and the IPHC will not be reimbursed until 1 October 2025, two fiscal years after the expenses were incurred. Thus, as a precautionary measure, the heads of delegation have directed the Secretariat to include an estimated **US\$875,000** to be reimbursed through the cost-recovery program and a further **US\$72,371** to be provided in supplementary income from NOAA fisheries.

## APPENDICES

[Appendix I](#): FY2024 Financial Budget – Proposed for adoption

[Appendix II](#): FY2024 – Explanatory notes

## Appendix I FY2024 Financial Budget – Proposed for adoption

FY2024: Proposed for ID008		10 - General	20 - Research	30 - Statistics	35 - AK Cost-Recovery	TOTAL (10,20,30,35)
Account Number	FY2024	FY2024	FY2024	FY2024	FY2024	FY2024
<b>Income</b>						
<b>40000 Contracting Party Contributions</b>						
40000.01 - Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927,419.21
40000.02 - United States of America	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,282,492.80
<b>40000 - Contracting Party Contributions</b>	<b>\$ 3,215,671.11</b>	<b>\$ 1,123,178.73</b>	<b>\$ 871,062.17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,209,912.01</b>
40055 - Headquarters (Lease and Maintenance)	\$ 513,712.50	\$ -	\$ -	\$ -	\$ -	\$ 513,712.50
<b>40055 - Headquarters (Lease &amp; Maintenance)</b>	<b>\$ 513,712.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 513,712.50</b>
<b>40060 Other Income</b>						
40060.01 - GAAP Conversion - Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40060.05 - Recoupment leave expenses	\$ 82,400.00	\$ 23,381.00	\$ 56,032.00	\$ -	\$ -	\$ 161,813.00
40060.06 - Rent - Dutch Harbor	\$ -	\$ -	\$ 5,600.00	\$ -	\$ -	\$ 5,600.00
<b>40060 - Other Income</b>	<b>\$ 82,400.00</b>	<b>\$ 23,381.00</b>	<b>\$ 61,632.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 167,413.00</b>
<b>40100 Grants, Contracts &amp; Agreements</b>						
40100.01 - 802 - Directed Commercial Catch Sampling of Pacific halibut in Alaska	\$ -	\$ -	\$ -	\$ 875,000.00	\$ -	\$ 875,000.00
40100.09 - Supplementary funding	\$ -	\$ -	\$ -	\$ 72,371.00	\$ -	\$ 72,371.00
<b>40100 - Grants, Contracts &amp; Agreements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 947,371.00</b>	<b>\$ -</b>	<b>\$ 947,371.00</b>
<b>40200 Interest Income</b>						
40200.01 - Bank Interest	\$ 772.50	\$ -	\$ -	\$ -	\$ -	\$ 772.50
<b>Total 40200 - Interest Income</b>	<b>\$ 772.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 772.50</b>
<b>40350 Fish Sales</b>						
40350.01 - Fish Sales - Pacific Halibut	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40350.02 - Fish Sales - Byproduct	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>40350 - Fish Sales</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Income</b>	<b>\$ 3,812,556.11</b>	<b>\$ 1,146,559.73</b>	<b>\$ 932,694.17</b>	<b>\$ 947,371.00</b>	<b>\$ -</b>	<b>\$ 6,839,181.01</b>
<b>Expense</b>						
<b>Personnel Expenses</b>						
<b>50000 - Salary &amp; Wages</b>	<b>\$ 1,623,052.89</b>	<b>\$ 664,706.33</b>	<b>\$ 658,680.45</b>	<b>\$ 577,324.87</b>	<b>\$ -</b>	<b>\$ 3,523,764.54</b>
<b>50100 - Benefits</b>	<b>\$ 678,399.30</b>	<b>\$ 250,225.40</b>	<b>\$ 230,708.15</b>	<b>\$ 178,739.41</b>	<b>\$ -</b>	<b>\$ 1,338,072.26</b>
<b>50200 - Training &amp; Education</b>	<b>\$ 43,000.00</b>	<b>\$ 18,477.00</b>	<b>\$ 16,200.87</b>	<b>\$ 16,200.87</b>	<b>\$ -</b>	<b>\$ 93,878.74</b>
<b>50300 - Personnel Related Expenses</b>	<b>\$ 5,665.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000.00</b>	<b>\$ -</b>	<b>\$ 6,665.00</b>
<b>Total Personnel Expenses</b>	<b>\$ 2,350,117.19</b>	<b>\$ 933,408.73</b>	<b>\$ 905,589.47</b>	<b>\$ 773,265.15</b>	<b>\$ -</b>	<b>\$ 4,962,380.54</b>
<b>Operational Expenses</b>						
<b>5000 - Publications</b>	<b>\$ 5,000.00</b>	<b>\$ 7,500.00</b>	<b>\$ 211.00</b>	<b>\$ 1,789.00</b>	<b>\$ -</b>	<b>\$ 14,500.00</b>
<b>51100 - Mailing and Shipping</b>	<b>\$ 3,500.00</b>	<b>\$ 7,000.00</b>	<b>\$ 1,750.00</b>	<b>\$ 6,310.13</b>	<b>\$ -</b>	<b>\$ 18,560.13</b>
<b>51200 - Travel</b>	<b>\$ 98,700.00</b>	<b>\$ 14,825.00</b>	<b>\$ 2,200.00</b>	<b>\$ 35,500.00</b>	<b>\$ -</b>	<b>\$ 151,225.00</b>
<b>51300 - IPHC Meetings</b>	<b>\$ 191,200.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 191,200.00</b>
<b>51400 - Technology</b>	<b>\$ 144,049.80</b>	<b>\$ -</b>	<b>\$ 11,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ -</b>	<b>\$ 161,049.80</b>
<b>Total Operational Expenses</b>	<b>\$ 442,449.80</b>	<b>\$ 29,325.00</b>	<b>\$ 15,161.00</b>	<b>\$ 49,599.13</b>	<b>\$ -</b>	<b>\$ 536,534.93</b>
<b>Fees and Contract Expenses</b>						
<b>52000 - Professional Fees</b>	<b>\$ 227,100.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,263.00</b>	<b>\$ -</b>	<b>\$ 247,363.00</b>
<b>52100 - Vessel Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>52200 - Other Fees and Charges</b>	<b>\$ 53,842.96</b>	<b>\$ -</b>	<b>\$ 1,135.38</b>	<b>\$ 14,034.00</b>	<b>\$ -</b>	<b>\$ 69,012.34</b>
<b>52300 - Leases and Contracts</b>	<b>\$ 42,164.00</b>	<b>\$ 39,019.00</b>	<b>\$ -</b>	<b>\$ 24,121.00</b>	<b>\$ -</b>	<b>\$ 105,304.00</b>
<b>54000 - Communications</b>	<b>\$ 35,500.00</b>	<b>\$ -</b>	<b>\$ 3,060.00</b>	<b>\$ 340.00</b>	<b>\$ -</b>	<b>\$ 38,900.00</b>
<b>Total Fees and Contract Expenses</b>	<b>\$ 358,606.96</b>	<b>\$ 39,019.00</b>	<b>\$ 4,195.38</b>	<b>\$ 58,758.00</b>	<b>\$ -</b>	<b>\$ 460,579.34</b>
<b>Facilities and Equipment Expenses</b>						
<b>54000 - Equipment Expense</b>	<b>\$ 6,600.00</b>	<b>\$ -</b>	<b>\$ 5,371.82</b>	<b>\$ 18,626.45</b>	<b>\$ -</b>	<b>\$ 30,598.27</b>
<b>54000 - Supplies Expense</b>	<b>\$ 44,000.00</b>	<b>\$ 144,807.00</b>	<b>\$ 1,096.50</b>	<b>\$ 18,225.50</b>	<b>\$ -</b>	<b>\$ 208,129.00</b>
<b>54000 - Maintenance and Utilities</b>	<b>\$ 53,500.00</b>	<b>\$ -</b>	<b>\$ 1,280.00</b>	<b>\$ 4,534.00</b>	<b>\$ -</b>	<b>\$ 59,314.00</b>
<b>54000 - Facility Rentals</b>	<b>\$ 483,151.16</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,362.77</b>	<b>\$ -</b>	<b>\$ 507,513.93</b>
<b>Total Facilities and Equipment Expenses</b>	<b>\$ 587,251.16</b>	<b>\$ 144,807.00</b>	<b>\$ 7,748.32</b>	<b>\$ 65,748.72</b>	<b>\$ -</b>	<b>\$ 805,555.20</b>
<b>Other Expenses</b>						
55000 - Budget Contingency	\$ 74,131.00	\$ -	\$ -	\$ -	\$ -	\$ 74,131.00
<b>Other Expenses</b>	<b>\$ 74,131.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 74,131.00</b>
<b>Total Expense</b>	<b>\$ 3,812,556.11</b>	<b>\$ 1,146,559.73</b>	<b>\$ 932,694.17</b>	<b>\$ 947,371.00</b>	<b>\$ -</b>	<b>\$ 6,839,181.01</b>
<b>Net Income (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.00)</b>



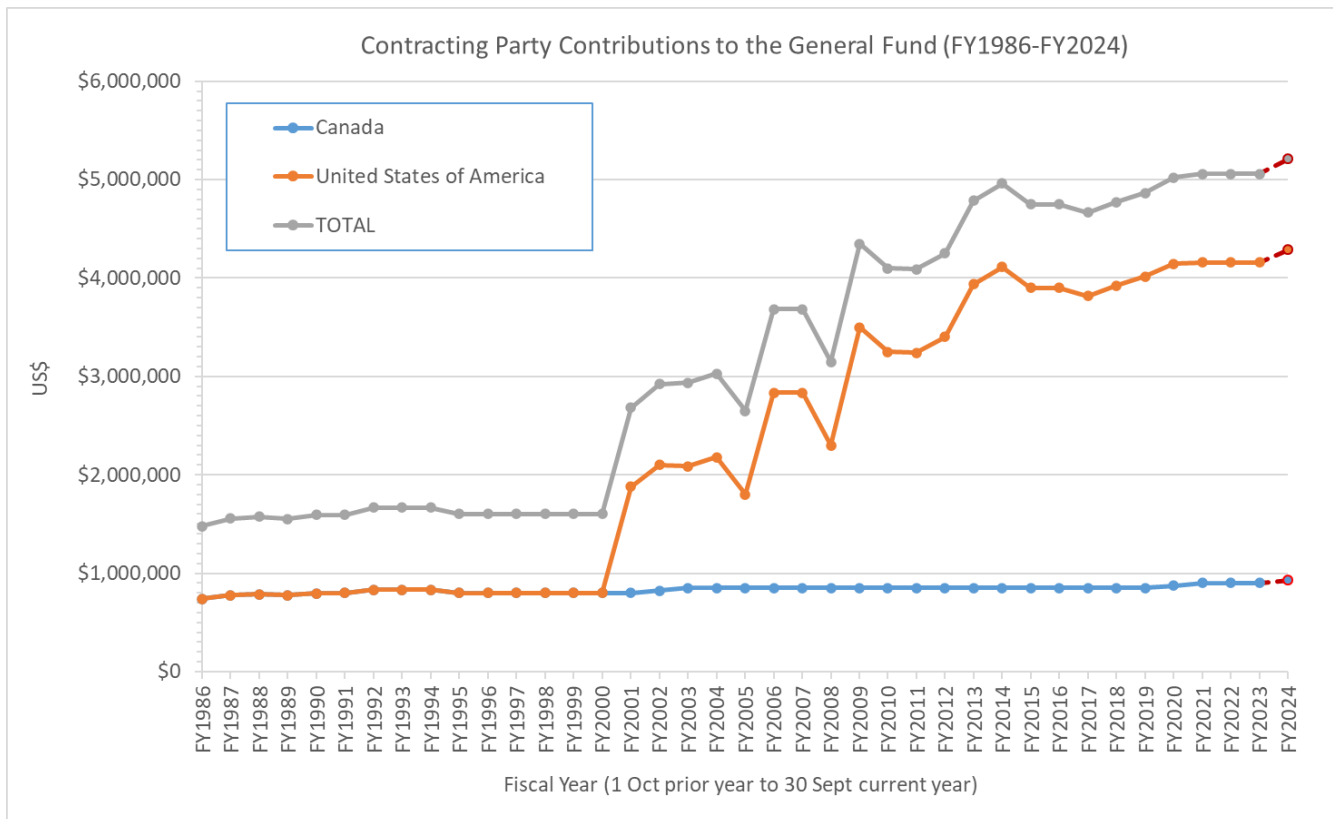
## Appendix II FY2024 budget: Explanatory notes

### 1) Income sources, timing and how it is applied to expenses

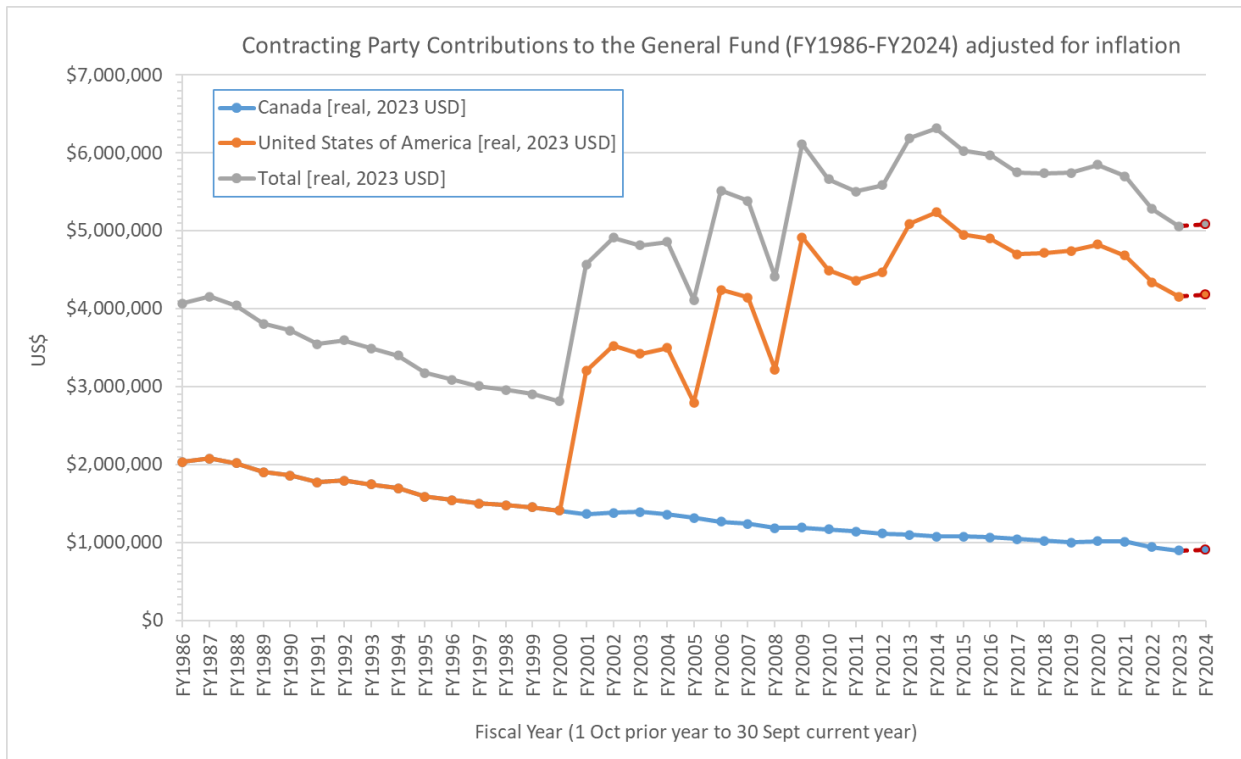
Income sources vary from year-to-year. For FY2024 we currently estimate the following income by source:

**Income Source #1: 40000 - Contracting Party contributions to the General Fund (allocated across Funds 10, 20, 30):**

- a. **Date income expected:** For FY2024, income falls due 1 October 2023.
- b. **What is covered:** Covers all operating expenses not covered by other sources of income detailed herein.
- c. **When are expenses incurred:** Expenses are accrued monthly commencing 1 October 2023.
- d. **Historical perspective:** The contributions by each Contraction Party from FY1986 to FY2023 (actual), and FY2024 (proposed – red) are shown below in two graphic formats as per figure titles (raw and adjusted for inflation).

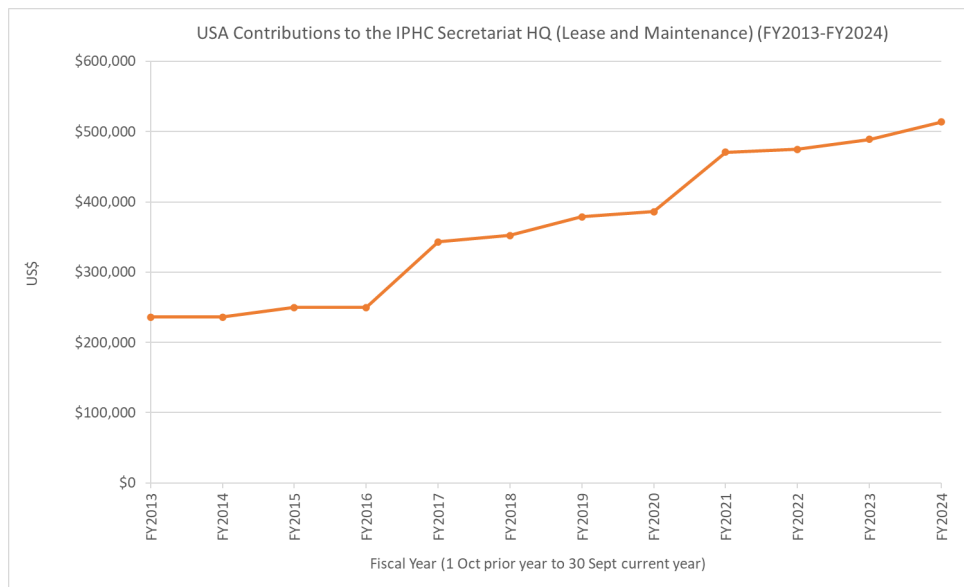






**Income Source #2: 40055 - USA Contributions for the IPHC Headquarters (Lease and Maintenance):**

- a. **Date income expected:** For FY2024, income falls due on 1 October 2023.
- b. **What is covered:** IPHC Headquarters Lease and associated building maintenance charges from landlord.
- c. **When are expenses incurred:** Expenses are accrued monthly commencing 1 October 2023. The current building lease expires on **30 September 2025**.
- d. **Historical perspective:** Below is a graphic for the current leased premises (Salmon Bay, Seattle, WA, USA). Prior to FY2013, the US State Department directly managed the lease for the previous premises with, and located on, the University of Washington.



**Income Source #3: 40060.05 Recouped Leave expenses:**

- a. **Date income expected:** For FY2024, income accrued monthly from 1 October 2023.
- b. **What is covered:** Throughout each year staff take Annual Leave. When annual leave is taken, the salary is offset, and is thus recorded as an income in accordance with GAAP.
- c. **When are expenses incurred:** Expenses are accrued as leave is taken.
- d. **Historical perspective:** FY2022 was the first year the IPHC started to record recouped leave expenses as an income. This change is part of our move from OCBOA (Other Comprehensive Basis of Accounting) to GAAP accounting practices.

**Income Source #4: 40060.06 Rent – Dutch harbor**

- a. **Date income expected:** Income accrued monthly from the date in which the FDS(F) takes up residence in Dutch harbor (usually from April to late November each year).
- b. **What is covered:** A 1-bedroom apartment is leased by the IPHC in Dutch harbor for field staff use. As there is very limited accommodation in Dutch harbor, which is in very high demand, the IPHC leases an apartment to guarantee accommodation. The monthly rent (US\$1,756.25 plus 3% tax) is subsidised by the IPHC with the remainder deducted from the FDS(F) salary (**US\$800/month**). The amount paid by the FDS(F) is recorded as income in accordance with GAAP. It should be noted that the IPHC portion will be included in Grant 802 for FY2024, as was the case in FY2022 and FY2023. In FY2022, income totalled ~US\$8000.
- c. **When are expenses incurred:** For FY2024, expenses are accrued monthly commencing 1 October 2023. The current apartment lease expires on **3 March 2027**. In FY2022, expenses totalled ~US\$9,800.
- d. **Historical perspective:** FY2022 was the first year the IPHC entered into this lease agreement (18 April 2022).

**Income Source #5a: 40100.01 802 - IPHC Directed Commercial Catch Sampling of Pacific halibut in Alaska****Income Source #5b: 40100.09 Supplementary funding**

- a. **Date income expected:** 5a: Income to be drawn-down on 1 October of each fiscal year, for expenses incurred two fiscal years prior (e.g. FY2022 expenses drawn-down on 1 October 2023 = FY2024). 5b: Income to be drawn down on 1 October 2024, the first day of the fiscal year.
- b. **What is covered:** This is a 5-year 'grant' from NOAA. The Secretariat has submitted a new funding request to NOAA for the 5-year period FY2024-28 (1 Oct 2023 to 30 Sept 2028). The 'grant' is meant to cover the post-IFQ port sampling costs for Pacific halibut in the waters off Alaska for the period FY2022-26. FY2024 budget highlighted in blue.

<b>Actuals Fiscal Year</b>	<b>NOAA grant Fiscal Year</b>	<b>Drawdown</b>	<b>Proposed/ Budgeted</b>
<b>FY2022</b>	FY2023	<b>1 Oct 2023</b>	\$770,530
<b>FY2023</b>	FY2024	<b>1 Oct 2024</b>	\$887,642
<b>FY2024</b>	FY2025	<b>1 Oct 2025</b>	\$947,371
<b>FY2025</b>	FY2026	<b>1 Oct 2026</b>	\$1,001,163
<b>FY2026</b>	FY2027	<b>1 Oct 2027</b>	\$1,056,408

- c. **When are expenses incurred:** For FY2024, expenses are accrued monthly commencing 1 October 2023.

d. **Historical perspective:** The previous 5-year ‘grant’ was for actuals incurred in the period FY2017-2021 (reimbursed in FY2019-2023) – **n.b.: Cash-basis of accounting.**

<b>Actuals Fiscal Year</b>	<b>Fiscal Year</b>	<b>Budgeted</b>	<b>Received</b>	<b>Variance</b>
FY2021	<b>FY2022</b>	\$664,458.64	\$621,605.00	(\$42,853.64)*
FY2020	<b>FY2021</b>	\$559,975.00	\$378,525.00	(\$181,450.00)^
FY2019	<b>FY2020</b>	\$478,599.00	\$482,466.00	\$3,867.00
FY2018	<b>FY2019</b>	\$449,562.00	\$451,227.00	\$1,665.00
FY2017	<b>FY2018</b>	\$598,488.00	\$454,514.00	(\$143,974.00)

\*In FY2023, the Secretariat has reduced our intended in-port sampling footprint to compensate for the income shortfall from NOAA.

^In FY2022, we partially accounted for the budget shortfall by not filling one field position (Juneau). This resulted in reduced data sampling for Pacific halibut. In addition, a field staff member was not placed on St Paul (plant closed due to COVID-19). Other cuts were made, however due to increased costs in areas such as travel, they had little to no impact (travel costs sharply increased during the COVID-19 pandemic).

**Income Source #6:** 40100.02 802 - [MoU WDFW Rockfish sampling:](#)

- a. **Date income expected:** Income typically received in September of each year.
- b. **What is covered:** Sampling using the FISS platform = 8 FISS stations in Washington, USA. The expenses are 100% cost recovered and received once the data is submitted to the WDFW.
- c. **When are expenses incurred:** Expenses accrued monthly from May-Sept (sampling time dependent).
- d. **Historical perspective:** A new 5-year agreement was signed in 2020 for the period 2021-25 (see budget estimate below).

**Estimated budget WDFW Rockfish Stations - FY2021-FY2025**

Expense Category	Estimates (actual may by +/- 5%)					Contract (+/-5%)
	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Vessel Expenses	\$ 20,000	\$ 21,000	\$ 22,050	\$ 23,153	\$ 24,310	\$ 110,513
Bait and Gear Expenses	\$ 4,108	\$ 4,313	\$ 4,529	\$ 4,756	\$ 4,993	\$ 22,699
Field Staff Expenses	\$ 2,993	\$ 3,143	\$ 3,300	\$ 3,465	\$ 3,638	\$ 16,538
HQ costs	\$ 1,730	\$ 1,817	\$ 1,907	\$ 2,003	\$ 2,103	\$ 9,559
Contingency	\$ 2,270	\$ 2,384	\$ 2,503	\$ 2,628	\$ 2,759	\$ 12,543
<b>Total</b>	<b>\$ 31,101</b>	<b>\$ 32,656</b>	<b>\$ 34,289</b>	<b>\$ 36,003</b>	<b>\$ 37,803</b>	<b>\$ 171,853</b>

**Income Source #7:** 40100.XX – Research Grants (note, none currently budgeted for FY2024)

- a. **Date income expected:** Grant dependent.
- b. **What is covered:** Grant dependent. Each year, the Biological and Ecosystem Sciences Branch seeks to obtain external research funding to compliment the work that we do. In FY2023, we budgeted and expect to receive \$97,955.30 in research funding from two grants as follows:

- i. *BREP: [IPHC Grant #807 - Gear-based approaches to catch protection as a means for minimizing whale depredation in longline fisheries](#). Amount US\$99,700.00 across two fiscal years.*
- ii. *North Pacific Research Board (NPRB): [IPHC Grant #808 - Pacific halibut population genetics](#). Amount \$193,685 over 1 Dec 2021 to 31 Jan 2024.*
- c. **When are expenses incurred:** *Expenses accrued monthly.*
- d. **Historical perspective:** *The number and value of research grants varies year by year and will depend on the priorities set within the [5-Year IRMP](#), as well as internal resourcing.*

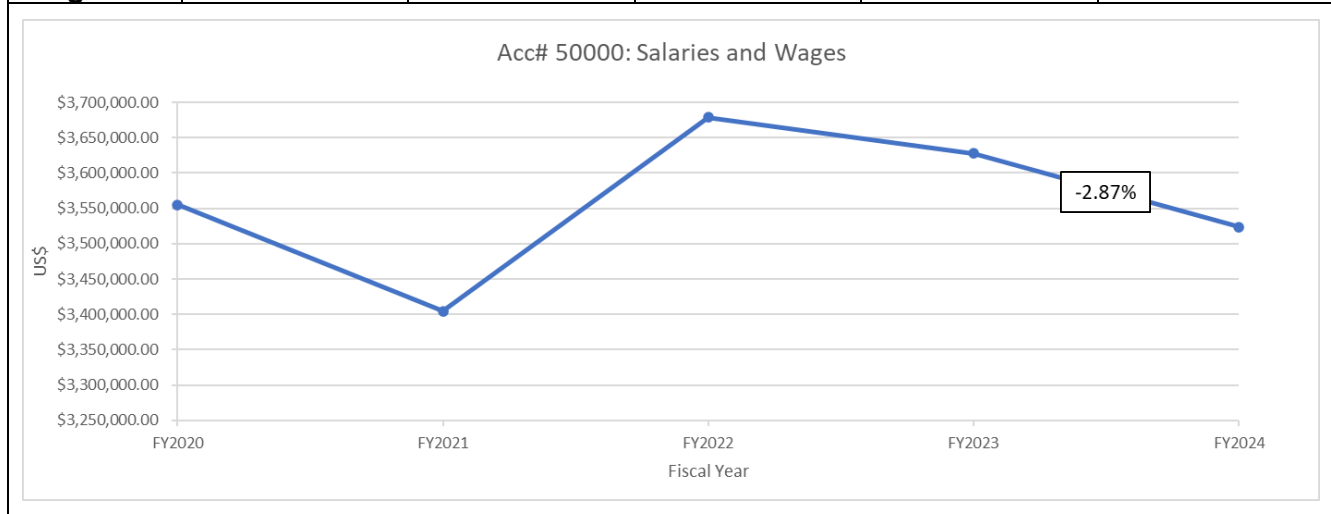
**2) Core budget lines (>\$100K): Percentage change from prior fiscal year**

The form of the IPHC budget has been evolving rapidly over the past 5 years. In particular over the last 3 years, we have moved to full Fund Accounting, and for FY2024 we will finalise the move from Cash-based accounting to Accrual-based accounting. Fund accounting allows us to more readily allocated income and expenditures to specific areas of operation.

**50000: Salaries and Wages**

General Contributions (Fund 10, 20, 30, 35)

	FY2020	FY2021	FY2022	FY2023	FY2024
<b>50000 Salary &amp; Wages</b>	<b>\$3,555,187.00</b>	<b>\$3,404,663.00</b>	<b>\$3,678,562.00</b>	<b>\$3,627,692.10</b>	<b>\$3,523,764.54</b>

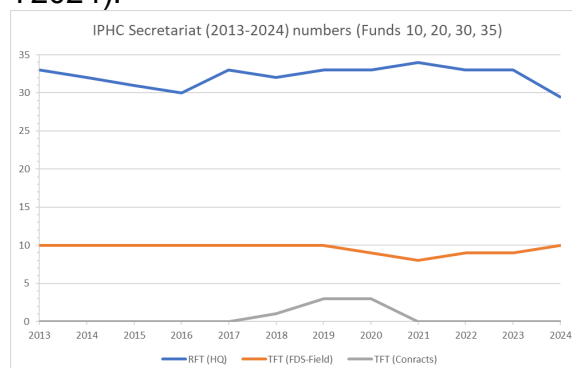


**FY2021** – Commission froze the budget for the first time in many years. As a precautionary measure, we did not budget/plan to fill vacant FTE’s. Hence decrease from FY2020, despite annual incremental salary increase.

**FY2022** – Ran with an additional hire (1 x FTE) due to key staff member transitioning out. Plus standard COLA.

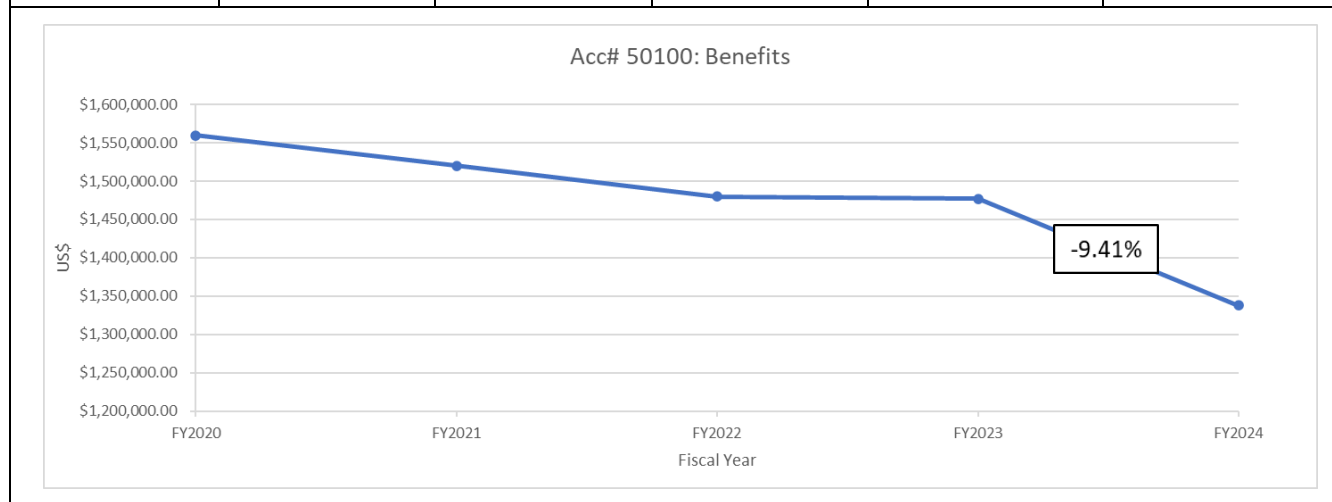
**FY2023** – Decrease from prior FY, despite % salary increase. Decrease due in part to the restructuring (pushing roles and responsibilities downward).

**FY2024** – The Commission directed the Secretariat to reduce the total salaries and wages liability for FY2024 by US\$475,252 ([IPHC Circular 2023-013](#)) from what was proposed at SS013. This resulted in the removal of 3.5 FTE’s from the HQ compliment (from 33 FTE’s in FY2023 to 29.5 FTE’s in FY2024).



**50100: Benefits***General Contributions (Fund 10, 20, 30, 35)*

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>50100 Benefits</b>	<b>\$1,559,412.00</b>	<b>\$1,520,313.00</b>	<b>\$1,479,887.50</b>	<b>\$1,359,249.77</b>	<b>\$1,338,072.26</b>



**FY2021** – Decrease from prior FY. Commission froze the budget for the first time in many years. As a precautionary measure, we did budget/plan to fill vacant FTE's. Hence decrease from FY2020.

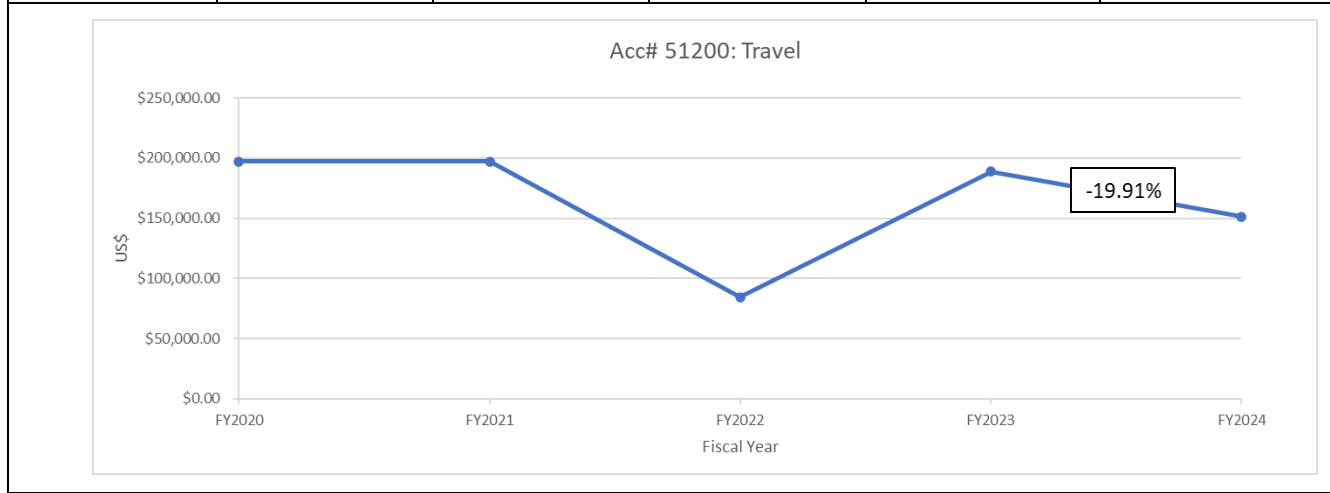
**FY2022** – Decrease from prior FY. During late FY2021, we made a number of benefit changes, including managing retiree benefits appropriately, and offering less medical insurance options, plus capping the Healthcare Reimbursement Account (HRA).

**FY2023** – Decrease from prior FY. Decrease due in part to the restructuring (pushing roles and responsibilities downward), as well as further lowering the HRA cap.

**FY2024** – Increase due to full budgeting for all 33 FTE's, and an assumption of a 12% increase in medical insurance premiums which may or may not eventuate.

**51200: Travel***General Contributions (Fund 10, 20, 30, 35)*

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>51200 Travel</b>	<b>\$197,200.00</b>	<b>\$197,200.00</b>	<b>\$84,450.00</b>	<b>\$188,819.73</b>	<b>\$151,225.00</b>



**FY2021** – Commission froze the budget for the first time in many years.

**FY2022** – With the COVID-19 pandemic in full swing, we cut our travel budget to the minimum to maintain field staff in ports and minimal other travel.

**FY2023** – As we exited the pandemic, we increased the travel budget towards pre-pandemic budget level, noting that this reflected a substantial (~30%) reduction in actual travel, but with prices significantly higher than pre-pandemic levels.

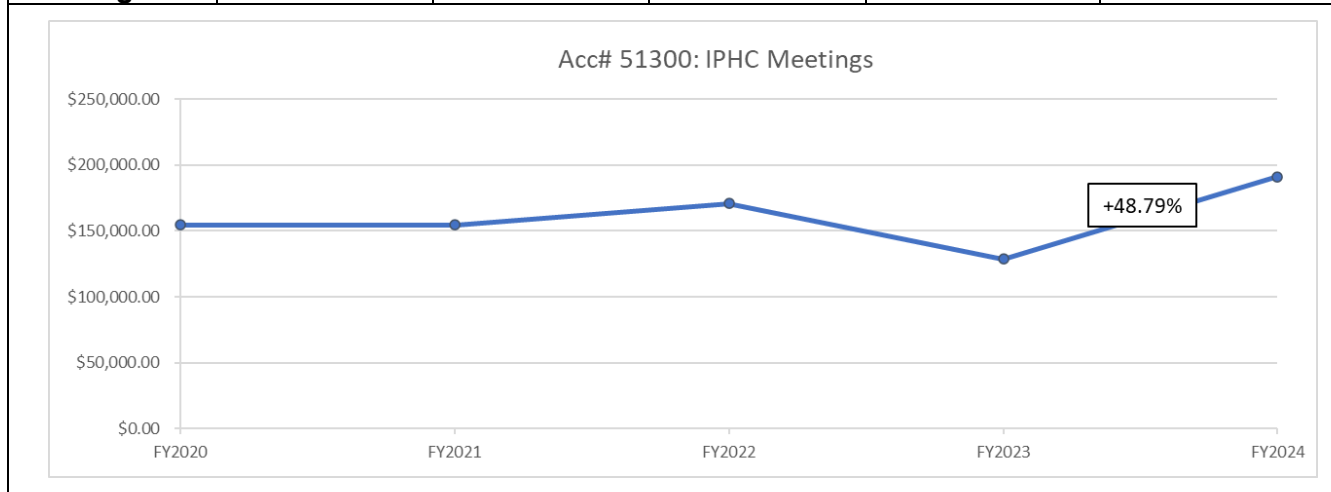
**FY2024** – The proposed FY2024 budget included a change in coding for IPHC Secretariat travelling to IPHC meetings in support. The ~\$46,000 reduction shown here, is reflected in an ~\$46,000 increase in IPHC Meetings, code 51300 (see next item).



**51300: IPHC Meetings**

*General Contributions (Fund 10, 20 and 30)*

	FY2020	FY2021	FY2022	FY2023	FY2024
<b>51300 IPHC Meetings</b>	<b>\$154,500.00</b>	<b>\$154,500.00</b>	<b>\$171,000.60</b>	<b>\$128,500.00</b>	<b>\$191,200.00</b>



**FY2021** – Commission froze the budget for the first time in many years.

**FY2022** – With the COVID-19 pandemic in full swing, we had to invest in additional electronic meeting support. This included meeting software licences, technology and support.

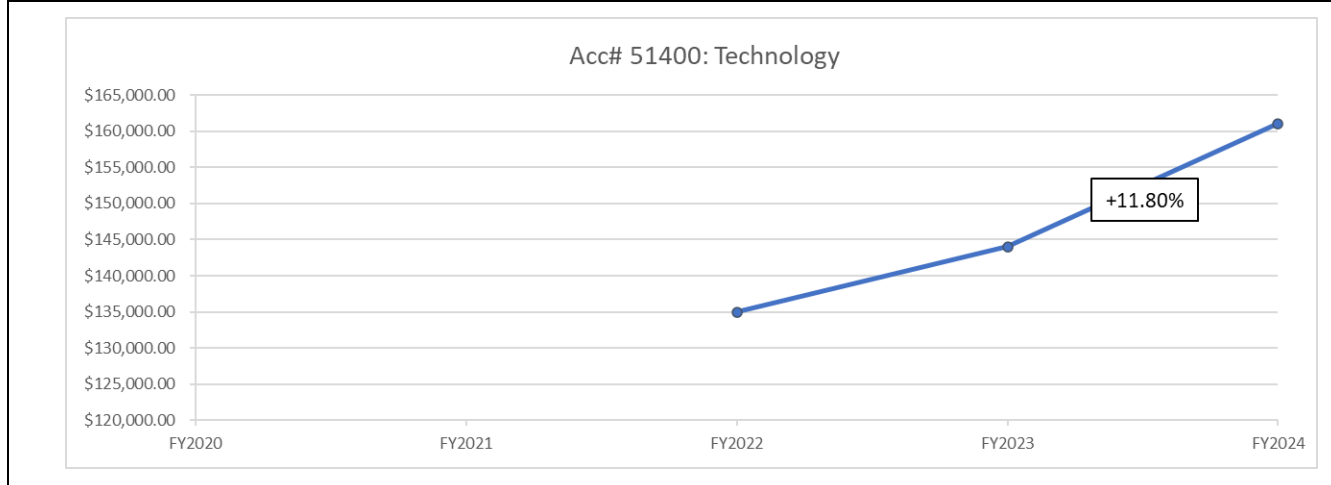
**FY2023** – As we exited the pandemic, we made active decisions to retain some meetings in a hybrid format, thus reducing venue and associated costs. As we already have the necessary equipment, the only additional costs were renewal of software licences. We did however start to move back to in-person meetings for the SRB, RAB, WM, IM and AM meetings.

**FY2024** – The proposed FY2024 budget included a change in coding for IPHC Secretariat travelling to IPHC meetings in support. A chart of account coding change (see previous Travel) meant that ~\$46,000 was moved from the Travel to the IPHC Meetings budget. In addition, there has been a significant increase in in-person venue charges. The amount shown here includes the contractual arrangements for the AM100 in Anchorage, AK, USA in January 2024.

**51400: Technology**

General Contributions (Fund 10, 20, 30, 35)

	FY2020	FY2021	FY2022	FY2023	FY2024
<b>51400 Technology</b>	-	-	\$135,000.00	\$144,050.00	\$161,049.80



**FY2021** – N/A

**FY2022** – The technology budget line was created for FY2022. Prior to this time technology related expenses were spread across several budget lines such as equipment, consumables, meetings, and fees. The consolidation into a single accounting line allows for greater transparency, accountability, and long-term planning for equipment needs and replacement scheduling.

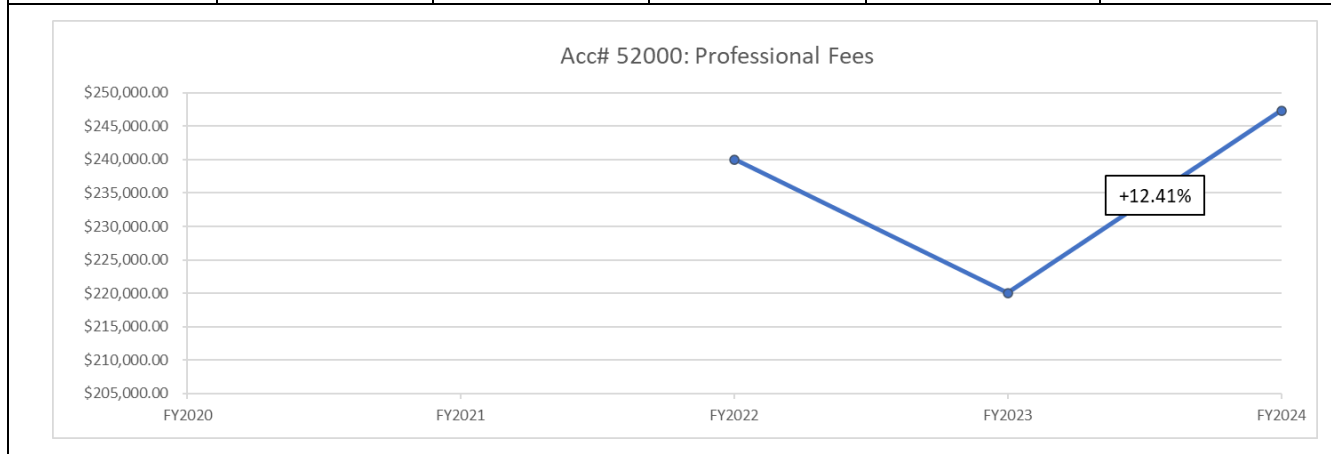
**FY2023** – Increase to accommodate technology replacements such as laptops and software upgrades as we exited COVID and introduced the policy of running hybrid meetings for all IPHC sessions, including subsidiary bodies.

**FY2024** – The proposed FY2024 budget includes adding FDS(F) staff tablets/laptops to a replacement schedule, adding IPHC owned cell phones to a replacement schedule, costs for implementing AI licenses, all software renewals as paid in FY2023, and continuing with the annual desktop/laptop replacement as part of our 5-year replacement plan.

**52000: Professional Fees**

*General Contributions (Fund 10, 20, 30, 35)*

	FY2020	FY2021	FY2022	FY2023	FY2024
<b>52000 Professional Fees</b>	-	-	\$240,000.00	\$220,058.48	247,363.00



**FY2021** – N/A

**FY2022** – This account line was created for FY2022 to combine professional services fees that had previously been spread across several budget lines, including accounting, auditing, legal, third party and membership fees.

**FY2023** – For FY2023, due to an underspend in FY2022, this account line was reduced by approximately \$20,000.

**FY2024** – The proposed FY2024 budget includes an estimated increase in accounting and auditing fees. Within sub-account **52000.03: Accounting fees**, the fees for our accounting firm Sommerville and Associates (S&A) are included. S&A joined the IPHC in 2021 as consultants and moved to an ongoing contract in 2022. S&A provides preparation of: Form 941 - Employer’s Quarterly Federal Tax Returns; Form 944 – Employer’s Annual Federal Tax Return; Form W-3 &W-2 - Wage & Tax Statements; Form 990 – Return of Organization Exempt for Income Tax; Form 1096 & 1099 – Annual Summary & Transmittal of U.S. Information Returns.

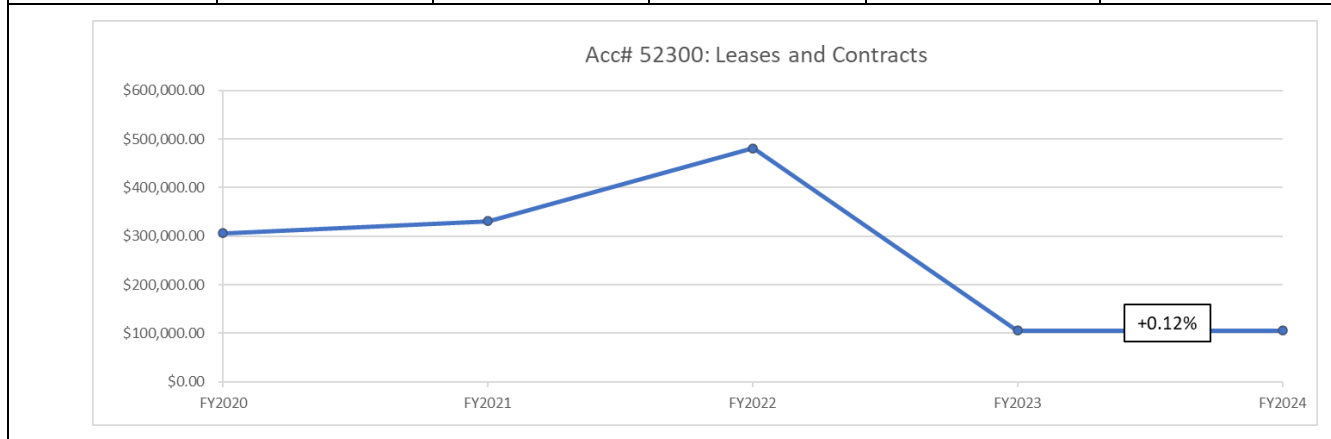
S&A assist with annual audit preparation for materials for the auditor. They perform month-end close processes including payroll benefit liabilities, payroll adjustments, and reconciliation of credit card and bank statements. S&A works in tandem with the Secretariat to process payroll, approve and pay accounts payable, post payments, credit card transactions, and deposits in accounting software Aplos. The S&A team consists of three to four team members assisting the Secretariat. The S&A team members bill at \$75-\$250 per hour depending on the individual providing services. Depending on the time of year regarding FISS transactions, audit preparation, and government form preparation monthly fees range from \$8,000 - \$12,000 with a cap on the fees at \$150,000 annually.

In FY2024, we will be subject to a single-audit for grant funds received in excess of US\$750,000.

**52300: Leases and Contracts**

*General Contributions (Fund 10, 20, 30, 35)*

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>52300 Leases and Contracts</b>	<b>\$306,162.00</b>	<b>\$331,162.00</b>	<b>\$480,829.00</b>	<b>\$105,183.00</b>	<b>\$105,304.00</b>



**FY2021** – Research Grants contract support.

**FY2022** – Research Grants contract support.

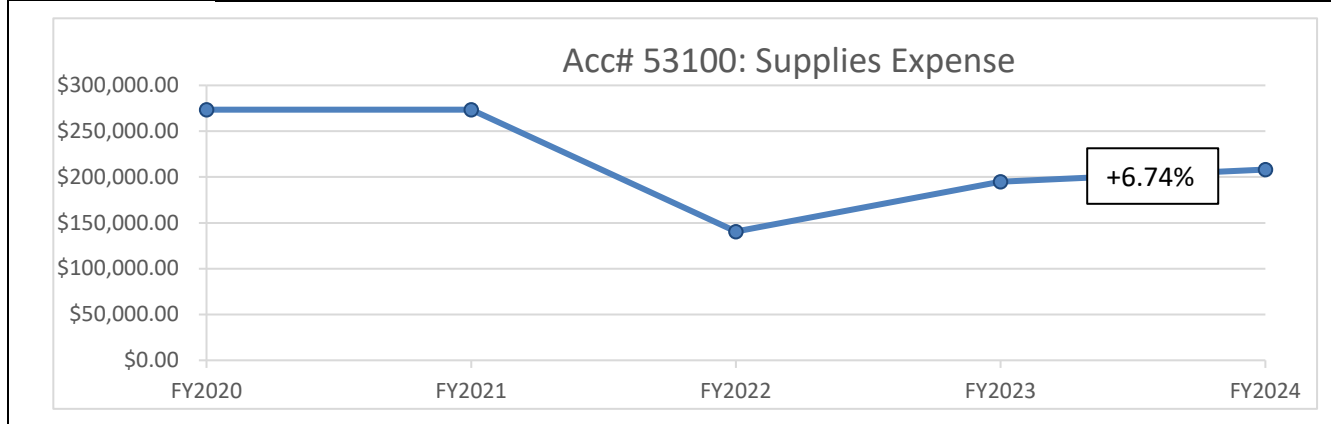
**FY2023** – Spread across all Funds, covers costs such as GSA vehicle leases, and nominal amounts for contracts to support research and general operations.

**FY2024** – nominal increase.

**53100: Supplies Expense**

General Contributions (Fund 10, 20, 30, 35)

	FY2020	FY2021	FY2022	FY2023	FY2024
<b>53100 Supplies Expense</b>	<b>\$273,487.00</b>	<b>\$273,487.00</b>	<b>\$140,552.00</b>	<b>\$194,985.00</b>	<b>\$208,29.00</b>



**FY2021** – In FY2021 (and FY2020) the majority of funds in Supplies, were for the implementation of a range of research projects. These were funded by external grants, and estimated.

**FY2022** – In FY2022 we ceased the practice of estimating potential research grant funding, and moved to post-grant award accounting.

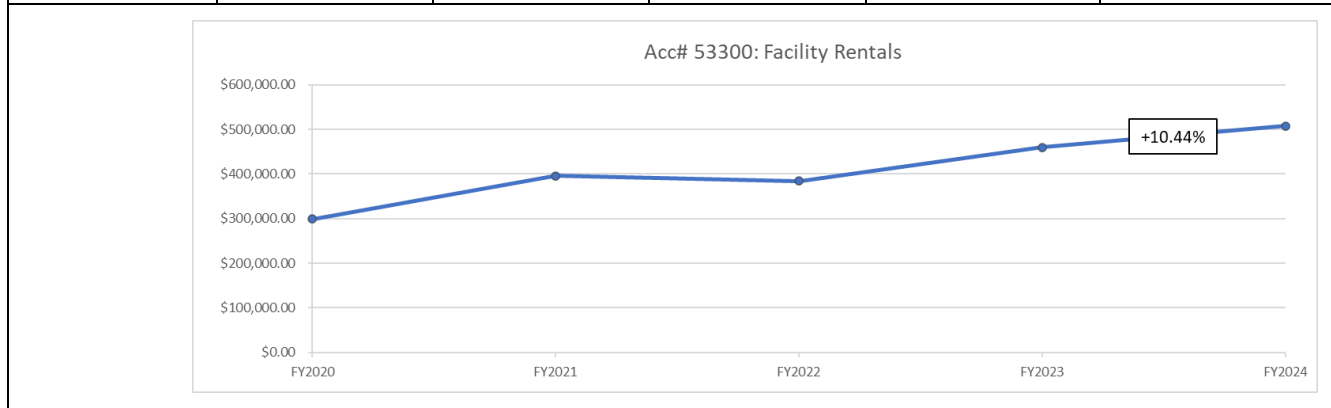
**FY2023** – the majority of funds in Supplies, were for the implementation of a range of research projects. These were funded by external grants, and estimated.

**FY2024** – The proposed FY2024 budget includes a nominal increase to support general operations.

**53300: Facility Rentals**

*General Contributions (Fund 10, 20, 30, 35)*

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>53300 Facility Rentals</b>	<b>\$299,008.00</b>	<b>\$395,580.00</b>	<b>\$384,300.00</b>	<b>\$459,555.64</b>	<b>\$507,513.93</b>



**FY2021** – This budget line includes all facility rental/lease fees for HQ, warehouse storage,

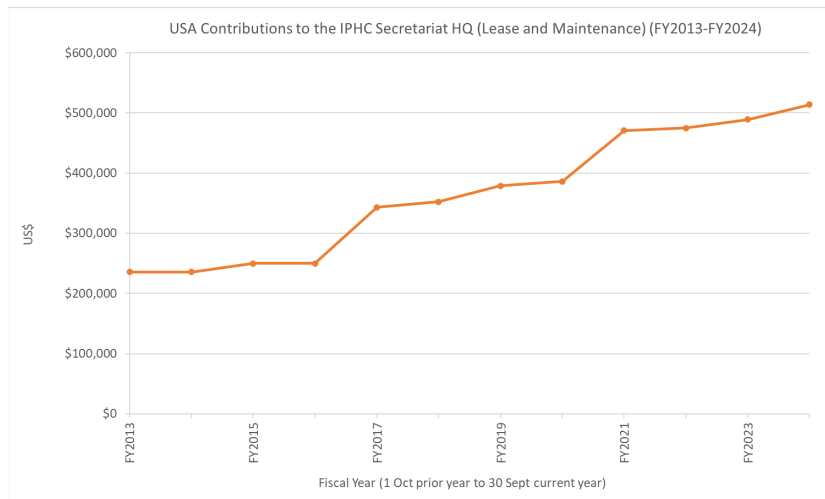
**FY2022** – Sitka: Note that we ended the Sitka office space lease for the FDS(F) at the end of 2022. We do not intend on leasing a new premises. Was for \$240/mo.

**FY2023** – Contractual increase on Salmon Bay HQ lease.

**FY2024** – The proposed FY2024 budget no longer includes rental of an office in Homer, AK. This was our last physical field office. The 9% increase reflects incremental increases in leases for our HQ and National Archive storage fees.

**Facility #1: IPHC HQ : Salmon Bay, Seattle, WA, USA.**

- a) **Purpose:** To house the IPHC Secretariat in Seattle (USA contribution).
- b) **Location:** 2320 W. Commodore Way, Suite 300, Seattle, WA, USA, 98199.
- c) **Historical perspective:** The below graphic is for the current leased HQ premises at Salmon Bay. Prior to FY2013, the US State Department managed the lease for the previous premises with the University of Washington directly.
- d) **Funding source :** USA, separate to the annual Contracting Party contributions to the general fund.



**Facility #2: Dutch harbor: Apartment for field staff (see above).**

- a) **Purpose:** A 1-bedroom apartment is leased by the IPHC in Dutch harbor for field staff use. As there is very limited accommodation in Dutch harbor which is in very high demand, the IPHC leases this apartment to guarantee accommodation. The monthly rent (US\$1,756.25 plus 3% tax) is subsidised by the IPHC with the remainder deducted from the FDS(F) salary (**US\$800/month**) and recorded as income in accordance with GAAP. It should be noted that the IPHC portion will be included in the NOAA cost-recovery grant (802) for FY2024, as was the case in FY2022 and FY2023. In FY2022, income totalled ~US\$8000.
- b) **Location:** 2387 Airport Beach Road Dutch Harbor, AK 99692, Apartment #509
- c) **Historical perspective:** FY2022 was the first year the IPHC entered into this lease agreement (18 April 2022).
- d) **Funding source:** 802 Grant