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## Financial Statements for FY2019

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### PURPOSE

To provide the FAC with an end of year financial statement for FY2019 (financial period: 1 October 2018 to 30 September 2019).

### 1. STATEMENT OF FUND BALANCES - APPENDIX I, TABLE 1

In FY2019, the IPHC budgeted with the aim of drawing down on the carryover. Specifically, the IPHC adopted an expense budget that was US\$1,086,618 greater than the expected income. Due to significantly lower Pacific halibut catches and associated prices, that deficit increased to US\$2,042,069, resulting in a much larger draw down on the carryover (Appendix I, Table 1)

- FY2019 Income: US\$10,984,805
- FY2019 Expenses: US\$13,026,874
- FY2019 Fund Balance: US\$1,881,113

As a result, we saw a decrease in the combined fund balance carry over from US\$3,922,664 to US\$1,881,113. Within the various Funds:

- General Fund (GF): General fund balance carryover is higher than anticipated due to lower personnel and administrative costs.
- Supplemental Fund (SF): Supplemental fund balance carryover is lower than anticipated due to the impact of lower FISS revenue.
- Reserve Fund (RF): Reserve fund balance is consistent year-over-year.
- Medical Annuitant Fund (MAF): Medical Annuitant fund balance carryover is consistent year-over-year. Asset balance is lower than anticipated due to the usage of a certificate of deposit.

### 2. STATEMENT OF REVENUE AND EXPENSES - APPENDIX I, TABLE 2

#### 2.1 *General Fund:*

##### 2.1.1 Canada Contributions (FY2019):

Total Contributions Due: US\$959,970

Total Contributions Received: US\$848,720

Total Contributions In-arrears for FY2019: US(\$111,250)\*

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\*For FY2019, US\$111,250 was budgeted from Canada for a contribution to the International Fisheries Commissions Pension Society (the Plan). There were no funds received by the Plan during FY2019 from Canada, anticipated to be due to funding levels from prior years. At this time, overall payments and contributions are being reviewed for proper application to the Plan. Further details will be forthcoming during FY2020.

Breakdown:

- a) General Fund: Budgeted US\$**848,720**.
  - a. Received: US\$**848,720** (on 13 February 2019: ~5.5 months into the IPHC fiscal year) (**Table 2**);
- b) Canadian Pension Fund deficit: Budgeted US\$**111,250**.
  - a. The IPHC approved contributions due from Canada to cover a Pension Fund deficit of US\$**111,250**.
  - b. Received: US\$**0**\*. For FY2019, US\$111,250 was budgeted from Canada for a contribution to the International Fisheries Commissions Pension Society (the Plan). There were no funds received by the Plan during FY2019 from Canada, anticipated to be due to funding levels from prior years. At this time, overall payments and contributions are being reviewed for proper application to the Plan. Further details will be forthcoming during FY2020.

### 2.1.2 U.S.A. Contributions (FY2019):

Total Contributions Due: US\$4,400,000

Total Contributions Received: US\$4,395,000

Total Contributions in-arrears for FY2019: US(\$5,000)

Breakdown:

- a) General Fund: Budgeted US\$**3,876,728**
  - a. Received: US\$**3,876,728** - received on 2 May 2019; 7 months into the IPHC fiscal year) (**Table 2**).
- b) U.S.A. Pension Fund deficit: Budgeted US\$**139,424**.
  - a. The IPHC approved contributions due from the U.S.A. to cover a Pension Fund deficit of US\$**139,424**.
  - b. Received: US\$**139,424** (received on 2 May 2019).
- c) Headquarters contributions (Lease and Building Maintenance): Budgeted: US\$**378,848**
  - a. Received: US\$**378,848** (consisting of US\$**266,665** to pay for the Headquarters Lease, and US\$**112,183** for Headquarters building maintenance).

### 2.1.3 Other Income: Grants and Contracts

**Budgeted:** US\$604,301. **Received:** \$751,051

#### **Grants:**

The amount received during FY 2019 includes the following:

1. \$454,514 – 2015 NMFS NOAA Grant: Implementation of the extended sampling in Alaska, U.S.A.
2. \$27,437 – Saltonstall-Kennedy Grant: Improving discard mortality rate estimates in the Pacific halibut by integrating handling practices, physiological condition and post-release survival.
3. \$212,433 – 2018 NMFS NOAA Grant: Implementation of the extended sampling in Alaska, U.S.A.

**Contracts:**

1. \$61,603 – DFO Rockfish Sampling - the Department of Fisheries and Oceans, Canada for additional work completed on the IPHC Fishery-Independent Setline Survey (FISS) in 2017 and 2018.
2. \$22,500 – WDFW Rockfish Grant the Washington Department of Fish and Wildlife for additional work completed on the IPHC Fishery-Independent Setline Survey (FISS) in 2018.

**2.2 Supplemental Fund:****2.2.1 Pacific halibut ‘fish sales’**

- a) Budgeted: US\$6,110,811.
- b) Received: US\$4,782,610. In FY2019 the IPHC saw substantially lower Pacific halibut landings and prices coastwide than what was estimated and budgeted for FY2019. This resulted in a budget deficit of US\$1,328,201, which significantly impacted the Supplemental Fund balance and cash position.

**2.2.2 Other species (bycatch) ‘fish sales’**

- a) Budgeted: US\$56,351.
- b) Received: US\$105,674.

**3. STATEMENT OF OPERATIONAL EXPENSES - APPENDIX I, TABLE 3**

For FY2019 expenses were 98% of the projected budget. IPHC Secretariat salaries and benefits were near expectations along with the related office expenses. Items of interest include:

- a) **Salaries:** +2%. IPHC Secretariat payroll was in line with projections (+2%). The IPHC Fishery-independent setline survey (FISS) payroll was slightly lower than projected due to fewer weather/non-fishing days than expected.
- b) **Benefits:** -11%. Higher totals for B.C. Worker’s Compensation program (BC WorkSafe) are a result of hiring more Canadian employees (port and survey) than anticipated. These mandatory costs (1.4% of salary) are much less than USA salaried employees (7.65% of salary for FICA) and represent program savings.
- c) **Meetings:** +54%. Overall meeting costs were higher than budgeted. Interim Meeting costs have increased due to the Seattle meeting market (high demand) and the larger meeting spaces needed for public sessions. Annual Meeting costs have increased due to additional services required.
- d) **Travel:** -13%. Travel to meetings, conferences and scientific symposia were down due to many of the usual meetings being held close to Seattle, with few international events.
- e) **Communications:** +52%.
- f) **Printing:** -39%. As the Commission moves further away from a paper-based Commission, to an electronic/paperless Commission, our printing costs have dropped substantially.
- g) **Administration:** -4%. Vessel Revenue Share was lower than anticipated in direct correlation to lower catch rates in 2019.

- h) **Building Lease and Maintenance (USA Expense):** +5%. Common area maintenance true up was higher than anticipated.
- i) **Supplies:** -27%. This result being under budget is related to the budgeting of bait for FY2019. Bait was budgeted at a higher amount for FY2019 in anticipation of more activity.
- j) **Capital acquisitions:** +529%. Actual spend was \$184k against the budget of \$29k for FY2019. This was a result of two purchases of scales in May 2019.
- k) The issue of payment from the University of Washington for lease costs (\$67,265) is unresolved at this time and has now been written off as a loss.
- l) Legal fees decreased with no major activity. Legal fees are split into general legal fees and personnel legal fees.
- m) General Liability renewal was higher than expected.
- n) Lower than anticipated vessel costs (contracts, revenue share) resulted in most of the savings seen in the FISS program.

#### 4. STATEMENT OF CASH FLOWS

The IPHC has not previously prepared a Statement of Cash Flows as the audited financials are presented on an Other Comprehensive Basis of Accounting (OCBOA), which is slightly different than Generally Accepted Accounting Principles (GAAP). However, moving forward, we intend to migrate toward a GAAP basis statement presentation as part of the implementation of best practices organization wide.

#### 5. NOTES TO FINANCIAL STATEMENTS

For FY2019 we refer the Commission to paper IPHC-2020-FAC096-05 for annotations to the Financial Statements.

#### RECOMMENDATION/S

That the FAC:

- 1) **NOTE** paper IPHC-2020-FAC096-04 Rev\_3 which includes the Financial Statement and supporting documentation for the financial period 01 October 2018 to 30 September 2019 (FY2019);
- 2) **RECOMMEND** that the Commission **NOTE** the Financial Statements for FY2019, as detailed in paper IPHC-2020-FAC096-04 Rev\_3.

#### APPENDICES

**Appendix I:** FY2019 Financial Statements

**Appendix I – Table 1**  
**FY2019 Financial Statements**  
**STATEMENT OF FUND BALANCES**

	September 30, 2019			September 30, 2018 Total
	Appropriated Fund	Supplemental Funds	Total	
Cash checking	\$ 581,353	\$ 611,176	\$ 1,192,529	\$ 1,462,940
Cash in savings	\$ -	\$ -	\$ -	\$ -
Cash on hand	\$ 245	\$ -	\$ 245	\$ 160
Investments - Undesignated	\$ -	\$ 500,369	\$ 500,369	\$ 750,000
Investments - Designated	\$ -	\$ 1,682,975	\$ 1,682,975	\$ 2,267,969
Accounts Recievable	\$ 33,142	\$ 243,893	\$ 277,036	\$ 1,192,548
Travel Advances	\$ -	\$ -	\$ -	\$ -
Deposits	\$ 30,558	\$ -	\$ 30,558	\$ 13,894
Prepaid Expenses	\$ 40,376	\$ -	\$ 40,376	\$ 62,700
Other	\$ -	\$ -	\$ -	\$ -
Advance (from)/to Supplemental	\$ 1,364,638	\$ (1,364,638)	\$ -	\$ -
Advance - Canada Contributions	\$ -	\$ -	\$ -	\$ (270,516)
Accounts Payable	\$ (1,788,127)	\$ (54,847)	\$ (1,842,974)	\$ (1,557,031)
<b>Fund Balance</b>	<b>\$ 262,186</b>	<b>\$ 1,618,927</b>	<b>\$ 1,881,113</b>	<b>\$ 3,922,664</b>
Fund Balance				
Designated	\$ -	\$ 1,628,128	\$ 1,628,128	\$ 1,755,123
Undesignated	\$ 262,186	\$ (9,200)	\$ 252,986	\$ 2,167,541
	<b>\$ 262,186</b>	<b>\$ 1,618,927</b>	<b>\$ 1,881,113</b>	<b>\$ 3,922,664</b>



**Appendix I – Table 2**  
**FY2019 Financial Statements**  
**STATEMENT OF REVENUE AND EXPENSES**

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\*For FY2019, US\$111,250 was budgeted from Canada for a contribution to the International Fisheries Commissions Pension Society (the Plan). There were no funds received by the Plan during FY2019 from Canada, anticipated to be due to funding levels from prior years. At this time, overall payments and contributions are being reviewed for proper application to the Plan. Further details will be forthcoming during FY2020.

	TOTAL BUDGET	APPROP. INCOME/ EXPENSE	SUPPLEM. INCOME/ EXPENSE	TOTAL INCOME/ EXPENSE	PERCENT OF BUDGET
<b>INCOME</b>					
CONTRIBUTION FROM CANADA	\$ 959,970	\$ 848,720	\$ -	\$ 848,720	88%
CONTRIBUTION FROM THE USA	\$ 4,400,000	\$ 4,395,000	\$ -	\$ 4,395,000	100%
INTEREST	\$ 6,125	\$ 2,968	\$ 13,476	\$ 16,444	268%
INTEREST - RESTRICTED ACCOUNTS	\$ -	\$ -	\$ 16,117	\$ 16,117	0%
OTHER INCOME	\$ 716,671	\$ 736,137	\$ 84,103	\$ 820,240	114%
FISH SALES REVENUE	\$ 6,167,162	\$ -	\$ 4,888,284	\$ 4,888,284	79%
<b>TOTAL INCOME</b>	<b>\$ 12,249,928</b>	<b>\$ 5,982,825</b>	<b>\$ 5,001,979</b>	<b>\$ 10,984,805</b>	<b>90%</b>
CARRYOVER APPROPRIATIONS	\$ 252,436	\$ 252,436	\$ -	\$ 252,436	100%
CARRYOVER SUPPLEMENTAL	\$ 2,242,920	\$ -	\$ 1,915,609	\$ 1,915,609	85%
TRANSFER BETWEEN FUNDS	\$ -	\$ -	\$ 127,010	\$ 127,010	0%
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 14,745,284</b>	<b>\$ 6,235,261</b>	<b>\$ 7,044,599</b>	<b>\$ 13,279,860</b>	<b>90%</b>
<b>PERSONNEL</b>					
SALARIES	\$ 3,936,948	\$ 3,370,299	\$ 651,976	\$ 4,022,275	102%
BENEFITS	\$ 1,559,192	\$ 1,358,424	\$ 26,708	\$ 1,385,132	89%
PAYROLL TAXES	\$ 281,522	\$ 240,548	\$ 42,753	\$ 283,301	101%
RELOCATION EXPENSES	\$ 19,000	\$ 5,914	\$ -	\$ 5,914	31%
EMPLOYEE RELATED EXPENSES	\$ 14,530	\$ 14,737	\$ -	\$ 14,737	101%
<b>RESTRICTED ACCOUNTS</b>					
LEAVE LIABILITY	\$ -	\$ -	\$ -	\$ -	0%
MEDICAL ANNUITANTS	\$ -	\$ -	\$ 137,333	\$ 137,333	0%
SCHOLARSHIP	\$ -	\$ -	\$ 175	\$ 175	0%
OTHER	\$ 36,644	\$ -	\$ -	\$ -	0%
OCCUPATIONAL INSURANCE	\$ 25,200	\$ 16,686	\$ -	\$ 16,686	66%
<b>TOTAL PERSONNEL</b>	<b>\$ 5,873,036</b>	<b>\$ 5,006,607</b>	<b>\$ 858,945</b>	<b>\$ 5,865,552</b>	<b>100%</b>
<b>PROGRAMS</b>					
MEETINGS/CONFERENCES	\$ 154,500	\$ 237,596	\$ -	\$ 237,596	154%
TRAVEL	\$ 321,490	\$ 128,625	\$ 152,101	\$ 280,726	87%
COMMUNICATIONS	\$ 115,915	\$ 29,145	\$ 147,234	\$ 176,379	152%
PRINTING AND BINDING	\$ 32,500	\$ 19,685	\$ -	\$ 19,685	61%
ADMINISTRATION	\$ 4,881,416	\$ 478,808	\$ 4,195,994	\$ 4,674,802	96%
BUILDING LEASE AND MAINTENANCE	\$ 378,848	\$ 398,666	\$ -	\$ 398,666	105%
PRIOR YEAR	\$ -	\$ 42,211	\$ 11,622	\$ 53,833	0%
SUPPLIES	\$ 1,549,512	\$ 161,474	\$ 973,746	\$ 1,135,219	73%
CAPITAL ACQUISITIONS	\$ 29,329	\$ 184,416	\$ -	\$ 184,416	629%
<b>TOTAL PROGRAM</b>	<b>\$ 7,463,510</b>	<b>\$ 1,680,625</b>	<b>\$ 5,480,696</b>	<b>\$ 7,161,322</b>	<b>96%</b>
TRANSFERS	\$ -	\$ (714,157)	\$ 714,157	\$ -	
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,336,546</b>	<b>\$ 5,973,075</b>	<b>\$ 7,053,799</b>	<b>\$ 13,026,874</b>	<b>98%</b>
EXCESS REVENUES OVER EXPENDITURES	\$ 1,408,738	\$ 262,186	\$ (9,200)	\$ 252,986	

**Appendix I – Table 3  
FY2019 Financial Statements  
Statement of Operational Expenses**

Personnel	10	20	30	60	Sub-Total	50	Actuals	Budget	% of Budget
	Administration	Scientific	Statistics	Other Research		FISS			
Related Expenses	\$ 7,061	\$ 604	\$ 12,464	\$ -	\$ 20,129	\$ 522	\$ 20,650	\$ 43,808	47%
Salaries	\$ 575,155	\$ 2,415,977	\$ 333,065	\$ -	\$ 3,324,198	\$ 651,454	\$ 3,975,652	\$ 3,936,948	101%
Benefits	\$ 445,267	\$ 821,194	\$ 91,962	\$ -	\$ 1,358,424	\$ 26,708	\$ 1,385,132	\$ 1,578,140	88%
Taxes	\$ 39,233	\$ 181,442	\$ 19,873	\$ -	\$ 240,548	\$ 42,753	\$ 283,301	\$ 281,521	101%
Other	\$ 16,686	\$ -	\$ -	\$ -	\$ 16,686	\$ -	\$ 16,686	\$ 25,200	66%
Contracted	\$ 46,623	\$ -	\$ -	\$ -	\$ 46,623	\$ -	\$ 46,623	\$ -	0%
<b>Subtotal</b>	<b>\$ 1,130,026</b>	<b>\$ 3,419,217</b>	<b>\$ 457,364</b>	<b>\$ -</b>	<b>\$ 5,006,607</b>	<b>\$ 721,437</b>	<b>\$ 5,728,044</b>	<b>\$ 5,865,617</b>	<b>98%</b>
<b>Programs</b>									
Meetings & Conferences	\$ 237,581	\$ 15	\$ -	\$ -	\$ 237,596	\$ -	\$ 237,596	\$ 154,500	154%
Travel	\$ 39,134	\$ 33,691	\$ 44,305	\$ 11,495	\$ 128,625	\$ 152,101	\$ 280,726	\$ 321,490	87%
Communications	\$ 18,973	\$ -	\$ 7,502	\$ 2,670	\$ 29,145	\$ 147,234	\$ 176,379	\$ 115,915	152%
Publications	\$ 17,682	\$ 2,003	\$ -	\$ -	\$ 19,685	\$ -	\$ 19,685	\$ 32,500	61%
<b>Subtotal</b>	<b>\$ 313,370</b>	<b>\$ 35,709</b>	<b>\$ 51,808</b>	<b>\$ 14,165</b>	<b>\$ 415,052</b>	<b>\$ 299,334</b>	<b>\$ 714,386</b>	<b>\$ 624,405</b>	<b>114%</b>
<b>Administration</b>									
Contracts	\$ 210,536	\$ 47,707	\$ 40,093	\$ 32,979	\$ 331,314	\$ 3,578,434	\$ 3,909,748	\$ 3,865,534	101%
Maintenance	\$ 3,755	\$ 11,208	\$ -	\$ 924	\$ 15,888	\$ 131	\$ 16,019	\$ 44,502	36%
Facility Rentals	\$ 20,148	\$ -	\$ 2,880	\$ -	\$ 23,028	\$ 19,720	\$ 42,748	\$ 23,917	179%
Building Lease & Maintenance	\$ 398,666	\$ -	\$ -	\$ -	\$ 398,666	\$ -	\$ 398,666	\$ 378,848	105%
Training & Education	\$ 18,245	\$ 6,203	\$ 16,340	\$ -	\$ 40,788	\$ 49,388	\$ 90,176	\$ 66,050	137%
Fees	\$ 50,649	\$ -	\$ 6,679	\$ -	\$ 57,328	\$ 548,322	\$ 605,649	\$ 729,926	83%
Contingencies	\$ 10,462	\$ -	\$ -	\$ -	\$ 10,462	\$ -	\$ 10,462	\$ 47,585	22%
<b>Subtotal</b>	<b>\$ 712,461</b>	<b>\$ 65,118</b>	<b>\$ 65,992</b>	<b>\$ 33,903</b>	<b>\$ 877,473</b>	<b>\$ 4,195,994</b>	<b>\$ 5,073,468</b>	<b>\$ 5,156,362</b>	<b>98%</b>
<b>Supplies &amp; Equipment</b>									
Equipment	\$ 43,265	\$ 9,723	\$ 33,260	\$ 11,505	\$ 97,753	\$ 86,663	\$ 184,416	\$ 94,129	196%
Supplies	\$ 28,375	\$ 4,188	\$ 5,426	\$ 210,148	\$ 248,137	\$ 887,082	\$ 1,135,219	\$ 1,596,033	71%
<b>Subtotal</b>	<b>\$ 71,640</b>	<b>\$ 13,911</b>	<b>\$ 38,685</b>	<b>\$ 221,653</b>	<b>\$ 345,890</b>	<b>\$ 973,746</b>	<b>\$ 1,319,635</b>	<b>\$ 1,690,162</b>	<b>78%</b>
<b>Prior FY Expenses</b>	<b>\$ 42,018</b>	<b>\$ -</b>	<b>\$ 192</b>	<b>\$ -</b>	<b>\$ 42,211</b>	<b>\$ 11,622</b>	<b>\$ 53,833</b>	<b>\$ -</b>	<b>0%</b>
<b>Restricted Accounts</b>	<b>\$ -</b>						<b>\$ 137,508</b>		
<b>Grand Total</b>	<b>\$ 2,269,515</b>	<b>\$ 3,533,955</b>	<b>\$ 614,041</b>	<b>\$ 269,721</b>	<b>\$ 6,687,232</b>	<b>\$ 6,202,134</b>	<b>\$ 13,026,874</b>	<b>\$ 13,336,546</b>	<b>98%</b>