

REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE



The Committee met Oct. 14, 15th and 16th under the Chairmanship of Dr. John C. Davis (See Endnote 1 for list of participants).

The Chairman of PICES, Dr. W.S. Wooster, the Executive Secretary, Dr. W.D. McKone, and the Assistant Executive Secretary, Dr. Alexander Bychkov, also attended. Drs. McKone and Bychkov, together with the Chairman, acted as rapporteurs.

Agenda Item 1. Opening by the Chairman

The Chairman called the meeting to order and welcomed the participants, stressing that the job of the Committee was to review financial and administrative matters in keeping with the rules of the Organization and to provide a report to Governing Council for consideration and adoption.

Agenda Item 2. Adoption of Agenda

The Agenda was adopted with an item on "Perspectives" added under "Other Business". Documents entitled "PICES Perspectives", a synthesis of key ideas in that document, and additional document entitled "Communication Perspective" were identified as background material for review prior to discussion of the "Perspectives" issue.

Agenda Item 3. Scheduling of Annual Meetings

With respect to scheduling of the Sixth Annual Meeting in 1997, the Republic of Korea reaffirmed its invitation to host the meeting with the location to be confirmed prior to December 1996. For the Seventh Annual Meeting in 1998, the U.S.A. is working an invitation through appropriate channels. The Russian Federation is prepared to host the Eighth Annual Meeting in 1999 and will provide the name of a contact

person to the PICES Secretariat with whom to discuss arrangements.

The duration and structure of future meetings was discussed with a view to determining what length of meeting and structure was best. Originally, the concept of having intersessional meetings of Committees and/or Working Groups was explored in order for those bodies to conduct their work prior to the Annual Meeting. A negative aspect of such an approach is the cost associated with international travel to such intersessional meetings. At this Annual Meeting, a structure involving having Committees and Working Groups precede the Annual Meeting was adopted. However, attendance at some meetings was poor and not all members were represented. It was decided to explore the best approach with the scientists and the PICES Members were encouraged to do this with their respective delegations. In addition, the matter of meeting duration and structure were referred to the Science Board which supported continuation for the next year of the 1996 pattern. The Board supported a duration of ten days and a structure consisting of three days of working group meetings, five days for the scientific programs as well as certain meetings of the Governing Council and Finance and Administration Committee, and two days for final actions by the Science Board and Governing Council.

Agenda Item 4. Appointment of Executive Secretary

A draft procedure for proceeding to advertise the position of Executive Secretary and a draft position description were reviewed by the Committee. Some amendments were made to the draft position description to add clarity. With respect to the salary range given in the job description, the decision is deferred pending completion of the Government of Canada's classification review as described under Agenda

Item 10. Revisions to the position description were drafted by a small task group to clarify the document and the revised draft is appended for Council's information. This document will have to be revised by the Finance and Administration Committee at the Sixth Annual Meeting.

The Executive Secretary requested a one year extension to his position term in order to address pension considerations and allow him to complete implementation of training and other tasks in the Secretariat. The Committee considered this request and was unanimous in approving it. Accordingly, the Committee recommends that the appointment of the Executive Secretary, Dr. W.D. McKone, be extended for one year to December 1998. Advertisement for a replacement and selection of a suitable candidate should be arranged in order to provide for some overlap of the incoming and outgoing individuals and details of the position advertisement, job description, and selection process will have to be finalized at the next Annual Meeting (Appendix 1).

Agenda Item 5. Space, Facilities and Equipment

The Executive Secretary briefed the Committee on the status of discussions with respect to space allotted to the Secretariat at the Department of Fisheries and Oceans' Institute of Ocean Sciences in Sidney, B.C. There have been ongoing discussions with Fisheries and Oceans with respect to conversion of additional space for the Secretariat as it grows and there is a need to follow through on provision of that space for the Secretariat. Dr. Davis explained that 1996 had been a very difficult year with respect to budget freezes and cuts and that the Department was prepared to entertain this request in the coming year. The Executive Secretary will pursue discussions with the Department.

With respect to equipment, there was a question of whether PICES could face a budget challenge if large amounts of equipment had to be replaced at short notice. The Executive Secretary explained that desktop computer equipment was

adequate in the short-term and that there was a need to upgrade some laptop computers essential to the operation of the Organization, particularly when meetings are held away from the Secretariat home location. Major budgetary challenges of this sort are not viewed as a problem, provided a gradual replacement and upgrade approach to equipment is followed to keep pace with needs and the capabilities of equipment. It was also suggested that the Executive Secretary investigate whether renting laptop computers was a beneficial approach to allow utilization of the latest technology to meet PICES periodic needs for extra laptops for Annual Meetings while avoiding having to purchase some machines for that purpose.

Agenda Item 6. Rules Change to Allow Past Chairman to Serve as an Ex-officio Participant

The proposal made by the U.S.A. for a rule change which would allow an outgoing Chairman to serve PICES in an ex-officio advisory capacity for the term of the incoming Chairman was discussed. There was general consensus that the idea was a good one and there was debate about how to accomplish this objective (i.e.- by changing the rules or by approving the approach under existing rules through a decision of Council). At issue, was whether PICES should pay the travel expenses for the Past Chairman appointed in this capacity or whether they should be borne by the country of origin of the individual and there was not full consensus on this issue. The Committee decided to recommend that the outgoing Chairman, Dr. Wooster, be appointed in an ex-officio advisory capacity to Governing Council with authorization to attend Annual Meetings with the associated travel budget to be funded from the interest accrued in the Working Capital Fund.

Agenda Item 7. Financial Support for PICES scientist to attend SCOR-WG 105

This item involved a specific issue of approval of a PICES scientist to attend the SCOR-WG 105 meeting at the expense of the Organization as well as the more general issue of whether the Chairman and Executive Secretary would continue to exercise their existing discretion to approve such expenditures in the future. From time to time, it may be desirable to have representatives of the PICES Organization engage in travel at the organization's expense in order to attend important meetings and act on PICES behalf. After discussion, it was agreed that it would be undesirable to restrict the flexibility of the Organization by requiring every specific travel approval to be reviewed by Governing Council. Accordingly, the Committee recommends that the Executive Secretary endeavor to provide the PICES Members with as complete as possible a proposal for travel approvals at the time the budget is prepared and to report fully at the end of a budget cycle on travel that was approved. In addition, it was agreed that Council should ask the Science Board for a projection of any budgetary implications of its recommendations at the time the Science Board report is tabled for consideration by the Governing Council at the Annual Meeting. In this manner, Governing Council can revisit the budget if necessary, prior to cessation of the final session of the Annual Meeting.

Agenda Item 8. Salary Practices of Other Organizations

In keeping with discussions at the previous Annual Meeting, the Chairman reported on his commitment to investigate salary increase practices of other international organizations including whether pay scales were employed. Responses from four organizations were received in writing: the Pacific Salmon Commission, the Great Lakes Fishery Commission, the Inter-American Tropical Tuna Commission, and the Northwest Atlantic Fisheries Organization. In general, these

organizations follow the salary practices of the country in which the Secretariat is located, while in some, there is not strict adherence to that practice. This item is considered an information item for guidance of the PICES Organization.

Agenda Item 9. Audited Accounts for Financial Year 1995

The Auditor's Report was reviewed and after some questions of clarification, adopted by the Committee (Endnote 2). The Executive Secretary, in response to a query from China, explained that further details on any item contained in the Auditor's Report can be provided to any PICES Members requesting such details. The Auditor's Report is recommended to Governing Council for approval. The recommendation of the Executive Secretary to retain the auditor Flader and Greene for another year was approved.

Agenda Item 10. Budget

a) Estimated Accounts for Fiscal Year 1996

This document was reviewed and it was pointed out to the participants that an error had been made in the tables presented to Committee members. The table showing the proposed Contribution from each party and the figures for 1997 should be amended to show a proposed national contribution of \$88,000.00 and a total contribution of \$ 528,000 respectively.

b) Budget for Financial Year 1997

A detailed review of the draft budget proposal was conducted with much discussion amongst the participants. Both Canada and China, particularly, sought explanation of proposed budget expenditures and sought to reduce the size of the proposed budget, particularly with respect to Personnel Services and Travel line items in the budget. China proposed, and it was agreed that travel costs associated with the Annual Meeting not be shown under the line item "Expenses for Annual Meeting" but rather

under "Travel". Furthermore, the Executive Secretary was asked to compile a listing of proposed travel for the budget year that was as detailed as possible to allow the PICES Members to examine travel proposals at the time the budget was reviewed. Each year, this review should include examination of an itemized report summarizing travel paid for by the Organization for the past budget year leading up until the time of the Annual Meeting. There was disagreement amongst the participants as to the merits of a periodic reporting (every three or four months) of in-year travel expenses and it was pointed out that this level of detail was not required in other similar international bodies to which a number of the PICES Members belong. The Secretariat reconfirmed its commitment to provide additional information on any budget item that was of interest to any PICES Member and will respond to specific inquiries as requested.

Canada raised the matter that when the Annual Meeting is on the Western side of the Pacific it has been a practice to have PICES contribute a substantive amount of funding to defray the expenses of the host country while that practice has not been followed for meetings held on the Eastern side of the Pacific. In those cases, the U.S.A. or Canada have covered most of the cost of hosting the Annual Meeting. Canada proposed that for future meetings (after the Sixth Annual Meeting which is currently being planned in accord with this past practice), that PICES contribute no money to offset the costs, or that alternately, some formula be found to keep the cost down. In discussion, Korea proposed there be no change to the process and that the U.S.A. and Canada should apply for assistance to offset Annual Meeting costs in years that they hosted the Annual Meeting.

With respect to Personnel Services, it was agreed that the job descriptions for all positions in the Secretariat be reviewed by a classification specialist from the Government of Canada with the objective of determining if they are suitably classified in accordance with the duties of the positions. This will provide PICES with useful

information with which to judge salary matters and level of remuneration associated with each position. This review should be conducted as soon as possible with the results circulated to the PICES Members. If an upward revision of the salary is justified for any position, the Executive Secretary will be authorized to implement the increase. Pending the outcome of the review only staff entitled to a step increase will receive it. With these adjustments the proposed total budget for personnel services was set at \$274,000.00 for 1997.

Regarding the proposed \$10,000.00 budgeted for the "Trust Fund" line item, this entry was removed from the proposed budget for reasons described below.

After considerable discussion of the line items in the budget, and extensive explanations, largely in response to questions about budget particulars raised by China, there was consensus amongst of the Committee Members that a total budget of \$509,000.00 was appropriate (Endnote 3). This figure could be reached by subtracting savings of \$8,000.00 from Personnel Services, reducing the travel budget to \$64,000.00 (including travel associated with the Annual Meeting) and eliminating the \$10,000.00 proposed for the Trust Fund as indicated above. This revised budget figure is therefore identical to the 1996 budget and will require a contribution from each country of \$84,800. Detailed budget documentation is included at the end of this report and the budget is recommended for adoption.

c) Forecast Budget for Financial Year 1998

This item was examined by the Committee and is recommended for information to Governing Council without need to adopt the forecast budget at this time. It should be noted that although the forecast budget contains an item related to the trust fund, the Finance and Administration Committee has not concluded consideration of the Trust Fund matter and inclusion of this item does not mean there is

agreement on supplementing the Trust Fund from the PICES budget.

d) Working Capital Fund

The Executive Secretary reported on the status of the Working Capital Fund for the information of the Committee Members. The fund contained a total of \$105,013.82 including accrued interest on September 30, 1996.

e) Trust Fund

The Executive Secretary reported that the Trust Fund contained a total of \$64,241.07 as of the 30th of September, 1996. None of this money has been spent to date to support participation of additional scientists at PICES functions. In addition, the U.S.A. indicated that approximately \$43,000.00 that was being held on its behalf could be added to the Trust Fund with the proviso that this money be used to support the participation of Chinese and Russian scientists at future PICES functions.

There was extensive discussion of how the Trust Fund should be used, following on from the decision of Governing Council in 1994 when the fund was established. At that time, Council established the fund "for the purpose of facilitating participation of a broad spectrum of scientists in activities of the Organization". At the current Finance and Administration meeting there was considerable discussion about the merits of including a scheme to replenish the trust fund by making it a line item in the budget, whether contributions to the trust fund should be voluntary and outside the budget process, and whether the funds should be used to support scientists from PICES Members, including those serving on Committees and Working Groups.

On the subject of who was eligible for trust fund support, China felt that the fund should be used to support participation of PICES Members scientists including those serving on committees and working groups. Others felt that such individuals should be supported by the PICES Members sending the individual or the

organization from which the individual came and that these moneys should only be used to allow individuals who would not normally be able to attend to take part in PICES functions. Korea was of the opinion that only scientists from PICES Members should be eligible for trust fund support. Others felt that support from the trust fund should be used to allow scientists outside of PICES Members as well as those from PICES Members to attend. Canada, Japan, Korea, and the U.S.A. stated that there was no financial mechanism within their own financial approval process to allow voluntary contributions to a trust fund if the fund were not specified as an item within the PICES budget.

It was decided that PICES should continue to examine this question, drawing on the documentation available to date, and including:

- whether there should be replenishment of the Fund from the budget,
- developing a process whereby interested scientists apply for funding support from the Trust Fund to attend meetings with the approval to be given no later than 3 months prior to the event;
- a process of review and approval of requests by the Chairman of the Science Board, in consultation with the Chairman and Executive Secretary;
- whether rule and procedural changes are required to facilitate the process.

At the conclusion of this discussion, it was recommended that the Secretariat be asked to develop a draft rule change that would further consider these options and also to develop explanatory guidelines as to how the money would be used and decisions would be made on requests for funding assistance. This information would be circulated to the PICES Members for their consideration.

f) Home Leave Relocation Fund

The Executive Secretary reported on the status of this fund, estimating that to December 31, 1996, the fund would have a total of \$99,642.95.

g) Other Funds Held

A total of \$100,000.00 was held on behalf of PICES Members, including \$50,000 from Japan that would be paid towards contributions in 1997. The remaining \$50,000.00 was held on behalf of the United States, approximately \$7,000.00 of which had been used to cover travel of Russian scientists to PICES meetings. The residual, approx. \$43,000.00 was designated for use in the Trust Fund for support of Chinese and Russian scientists as stated earlier.

Agenda Item 11. F & A Membership and Term of Chairman

The Executive Secretary stressed that the Secretariat has difficulties determining what individuals will attend F & A meetings as PICES Members often do not provide F & A Committee membership. With this lack of information, communication difficulties have been experienced as information sometimes does not reach the individuals who attend F & A meetings and key documents may not be available for analysis by concerned individuals prior to the Annual Meeting. The Committee recommends the Council stress the importance of identification of F & A Committee members and encourage the PICES Members to regularly supply and update this information in writing as changes occur.

The Committee further recommends that rules be amended (Appendix 2) to specify that each PICES Member appoint a member and an alternate for service on the F & A Committee, and that meetings be closed, (in keeping with the existing rules) to all but the members and their alternates, the Committee Chairman and the Vice-Chairman of PICES.

Finally, the Committee proposes that the term of appointment of the Chairman of the Finance and Administration Committee be for a term of two years and that the Chairman shall only be eligible for reappointment only once for a successive term of two years. In keeping with Rule 15, the Chairman of the Finance and Administration Committee would be appointed by the Council from among the Committee members. In that regard, the Chairman, Dr. J.C. Davis, stated that having done the job for five years, he felt the job should be taken over by another individual and stated that he was not prepared to serve as Chairman for an additional term beyond the Fifth Annual Meeting. A rule change is proposed (Appendix 2).

Agenda Item 12. Other Business

a) Perspectives Documentation

The Committee reviewed two documents, one entitled "Perspectives" prepared by the Chairman and the Executive Secretary and a second entitled "Communication Perspective". In addition to the former document, a synopsis of its key findings was reviewed by the Committee.

The item in the "Perspectives" document that was considered to be relevant to the business of F & A was the reference to the trust fund which had been extensively discussed by the Committee as summarized above. Korea noted a preference to have Trust Fund moneys used to support the participation of scientists from PICES members only.

On the matter of the "Communication Perspective" document, the Committee endorsed efforts to improve communications within the Organization. Some members were concerned about the proliferation of committees which increase complexity and expense and were of the opinion that TCODE should be tasked with the initiatives summarized in the document. While there are some concerns about the workload of TCODE, it was noted that TCODE itself is proposing addressing the initiatives in the

document through a TCODE Subcommittee. This seemed an appropriate approach to a

number of Committee members.

Appendix 1 Draft August 28 (revised Oct 15), 1996

NORTH PACIFIC MARINE SCIENCE ORGANIZATION - PICES

Executive Secretary Position

Applications are invited for a five-year appointment to the position of Executive Secretary of the North Pacific Marine Science Organization (PICES).

The purpose of the Organization is to promote and coordinate marine scientific research in order to advance scientific knowledge of the area concerned (i.e. the northern North Pacific and adjacent seas especially northward from 30 degrees North Latitude) and of its living resources, including but not necessarily limited to research with respect to the ocean environment and its interactions with land and atmosphere, its role in and response to global weather and climate change, its flora, fauna and ecosystems, its uses and resources, and impact upon it from human activities; and to promote the collection and exchange of information and data related to marine scientific research in the area concerned.

The Organization's main bodies - the Governing Council and Science Board - meet annually, and more often if necessary. Member States currently are Canada, the People's Republic of China, Japan, the Republic of Korea, the Russian Federation, and the United States of America. English is the working and official language of the Organization.

The Secretariat is located at the Institute of Ocean Sciences, British Columbia and provides services to the Organization in the exercise of its duties and functions.

Description of the Position and Duties

The Executive Secretary is the Organization's chief administrative officer and must be impartial in promoting and coordinating the interests of all Contracting Parties. The Executive Secretary is responsible for the management of the Organization's office, staff and funds, which are presently at the level of CND\$500,000-\$600,000 contributed equally by the Member States; conducts business on behalf of the Organization; arranges annual and other meetings of the Organization and its constituent bodies and committees; prepares annual budget estimates and forecasts; annual financial statements, and other documents as required; invests funds that are surplus to immediate needs; handles correspondence; prepares minutes of Governing Council, Science Board, and Finance and Administration Committee; prepares an annual report of the Organization for distribution to the Member States; and publishes the annual report and other scientific publications as required by the Organization. The successful candidate must be self-motivated and be responsible for administration and staff of the Organization; work with the Chairman of Council, Science Board, Scientific Committees, Working Groups, and other bodies.

The Executive Secretary is assisted by an Assistant Executive Secretary, Administrative Assistant, and a Secretary.

The term of office is a minimum of five years and may be renewed at the discretion of Council.

Qualifications and Essential Experience

Applicants must be a citizen of a Member State of PICES at the time of assuming office. Preference will be given to a Ph.D. or equivalent

experience in one of the marine science disciplines from a recognized university. The applicant must have significant experience in conducting and managing scientific research or significant administrative experience with international cooperative scientific programs and with scientists from a number of countries. This experience relates particularly to marine scientific research and marine scientists.

Applicants should also have experience in or detailed knowledge of the operations of intergovernmental organizations, including demonstrated experience in the selection and supervision of staff, and experience in the preparation of financial budgets and management of funds.

Applicants should have experience in the organization of large and small meetings and the provision of secretarial support, especially to scientific committees and groups, must submit examples of their writing, and be prepared to provide further examples if interviewed.

Applicants must be fluent in both spoken and written English and will be asked to write a paragraph or two if interviewed for the job. Fluency in another language of a member country would be a benefit. A knowledge of marine science activities in the northern North Pacific region is desirable.

Salary and Benefits

The annual salary and benefits of the staff of the Organization are guided by but not limited to the host state (Canada) public service salaries for equivalent responsibilities. The salary is negotiable, in the range of CND\$ (to be determined), commensurate with qualifications and experience. The salary is subject to the equivalent of Canadian income tax.

The Organization participates in:

1. Group Pension Plan with spouse and survivor benefits,
2. Canada Pension Plan,

3. Unemployment Insurance Plan,
4. British Columbia Medical Plan,
5. Group Extended Health Benefits Plan,
6. Group Dental Insurance Plan,
7. Group Long-Term Disability Plan, and
8. Group Term-Life Insurance Plan.

Non-Canadian applicants can be exempt from membership in some of the plans depending on circumstances. Cost to the successful applicant would vary depending on the exemptions.

Payment will be made for moving expenses for the employee and family to the headquarters at the start of employment and return at the end of employment, in accordance with the host state public service guidelines.

Each year annual vacation leave and holidays traditionally celebrated by the host state public service are provided, as well as sick leave. Internationally recruited staff and their dependents are entitled to two paid calendar weeks home leave every two years.

Application Procedure

An application should include a covering letter, and resume written by the applicant. At least three references from persons with a knowledge of the applicant's qualifications and experience are required; it is desirable that at least one reference be from a country other than that of the applicant. Applicants should indicate in their letter a suitable starting date and acceptable salary level. A desirable starting date would be May 1.

Deadline for applications is June 1, 1997

Applicants placed on a short list should expect to be interviewed at the PICES Annual Meeting in October 1997.

The applicant and writers of references should send their submissions marked Personal and Confidential directly to either:
Dr. William G. Doubleday, Chairman
Director General, Fisheries Science Directorate

Department of Fisheries and Ocean
200 Kent Street,
Ottawa, Ont.,
Canada. K1A 0E6
Phone: (613) 990-0271
Fax: (613) 954-0807
Internet:

Dr. W.D. McKone, Executive Secretary

North Pacific Marine Science Organization
c/o Institute of Ocean Sciences
P.O. Box 6000,
Sidney, British Columbia,
Canada. V8L 4B2
Phone: (250) 363-6366
Fax: (250) 363-6827
Internet: pices@ios.bc.ca

Appendix 2

Rule 15

The Finance and Administration Committee shall consist of one member and one alternate from each Contracting Party. The Executive Secretary shall be an ex officio member of this Committee without the right to vote. The Council's Vice-Chairman should attend the meetings of the Committee without the right to vote. The Chairman shall be appointed by the Council from among the Committee's members for a term of two years and shall be eligible for reappointment only once for a successive term. A Chairman of the Committee who is a Delegate shall not function as such during the time of Chairmanship, and the appointing Contracting Party shall have the right to appoint another person to serve as a Delegate. At each ordinary meeting of the Council the Finance Committee shall examine:

Endnote 1

Canada

Dan Goodman
Joyce Quintal-McGrath

China

Qi-Sheng Tang
Lian-Zeng Chen
Yong- Ke Jiao
Qian-Fei Liu
Jian-Hong Meng
Ming Zhang

Rule 18

- (ii) delete "and" at the end.
- (iii) (a) meetings of the Science Board may be attended by persons other than the members only on the invitation of the Chairman of the Council,
(b) meetings of the Finance and Administration Committee may be attended by persons other than the members and alternates only on the invitation of the Chairman of the Council, and;
- (iv) all Delegates, Alternate Delegates, experts, advisors, observers, and any person attending the meeting of the Council may attend meetings of any of the Committees or Groups of the Council, except in cases where participation in meetings of a Committee or Group has been limited by the Council.

Participants and Observers

Yong Li

Japan

Kazumi Hagino
Satsuki Matsumura

Republic of Korea

Jang-Uk Lee
Deok-Bae Park

Russia

Alexander Rodin

Boris N. Kotenev
Gennady Gusev

U.S.A.

John L. McGruder
Dorothy Bergamashi
Mark Wildman
William Sullivan, Jr.

Other

Warren S. Wooster (Chairman, PICES)
John C. Davis (Chairman, F&A Committee)
W. Doug McKone (Executive Secretary)
(Rapporteur)
Alexander Bychkov (Assistant Executive
Secretary) (Rapporteur)

Endnote 2

Auditor's Report to the Organization

Flader and Greene
Chartered Accountants
9768 Third Street,
Sidney, B.C.
V8L 3A4

We have audited the statements of assets and liabilities of the North Pacific Marine Science Organization as at December 31, 1995, and the statement of sources of funds and expenditures 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 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, 1995, and the results of its operations and the changes in financial position for the year then ended in accordance with generally accepted accounting principles.

Sidney, B.C. Canada
February 29, 1996

Flader and Greene
Chartered Accountants

**Statement of Assets and Liabilities
December 31, 1995**

	<u>1995</u>	<u>1994</u>
ASSETS		
Current Assets		
Cash and term deposits	\$ 384,330	\$ 287,466
	=====	
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 10,288	\$23,844
Funds held for contracting parties - Note 5	<u>184,800</u>	<u>30,240</u>
	\$195,028	\$ 54,084
Fund Balances		
Working Capital Fund	\$ 130,418	\$ 221,826
Trust Fund	<u>58,884</u>	<u>11,556</u>
	<u>189,302</u>	<u>233,382</u>
	<u>\$ 384,330</u>	<u>\$ 287,466</u>

**Statement of Sources of Funds and Expenditures
For the Year Ended December 31, 1995**

	General Fund	Working Capital Fund	Trust Fund	1995 Total	1994 Total
Fund Balances , beginning of year	\$ -	\$ 221,826	\$ 11,566	\$ 233,382	\$ 241,996
Sources of Funds					
Transfers from Working Capital Fund	110,000	(240,000)	30,000	(100,000)	-
Contributions from Contracting Parties	330,000	155,833	9,883	495,716	394,060
Interest earned	-	16,553	17,586	34,139	15,160
Fund Balances , before expenditures	<u>440,000</u>	<u>154,212</u>	<u>69,025</u>	<u>663,237</u>	<u>651,216</u>
Expenditures					
Personnel services	240,198	-	-	240,198	212,690
Travel	33,816	-	10,141	43,957	55,038
Communication	24,403	-	-	24,403	14,733
Contractual services	11,081	-	-	11,081	8,290
Printing	22,831	-	-	22,831	21,906
Supplies	3,822	-	-	3,822	1,433
Equipment - Note 2	21,273	-	-	21,273	15,344
Annual General Meeting expenditures	65,864	-	-	65,864	70,725
Vladivostok Workshop	27,598	-	-	27,598	-
Relocation	12,083	-	-	12,083	16,168
Miscellaneous	825	-	-	825	1,507
	<u>463,794</u>	<u>-</u>	<u>10,141</u>	<u>473,935</u>	<u>417,834</u>
Net Funds Available	(23,794)	154,212	58,884	189,302	233,382
Transfers to Working Capital Fund	<u>23,794</u>	<u>(23,794)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances , end of year	\$ -	\$ 130,418	\$ 58,844	\$ 189,302	\$ 233,382

**Notes to Financial Statements
December 31, 1995**

1. 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 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 by the 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.

b) Capital Assets

Capital assets acquired by the Organization are expensed in the year of acquisition. (Note 2).

c) Income Tax

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

d) 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 balance sheet date.

2. Equipment

At December 31, 1995, capital assets on hand and their original purchase price are as follows:

Furniture and fixtures	\$32,423
Computer equipment	<u>60,432</u>
	\$92,855

The assets were expensed in the year of acquisition.

3. Commitments

Office space and services are provided to the Secretariat to the Organization by the Government of Canada through the Department of Fisheries and Ocean. This agreement commenced April 1, 1992 and continues indefinitely with a review every three years. The fixed cost for office space is \$2,000 per year. Services provided are invoiced quarterly.

4. Interest and other income

	Working Capital Fund	Trust Fund
Interest income	\$7,000	\$9,589
Income from contract with APEC		6,733
Income from contract with ISF		1,264
GST/PST rebates	<u>9,531</u>	
	<u>\$16,553</u>	<u>\$17,586</u>
	=====	=====

5. Funds held for Contracting Parties

	1995	1994
United States, Funds Held	\$ 50,000	
Japan, Funds Held	50,000	
Japan, Funds Held for 1996 Fees	20,240	30,240
Japan, Prepaid Fees for 1996	<u>64,560</u>	
	<u>\$ 184,800</u>	<u>\$ 30,240</u>
	=====	=====

6. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation used in the current year.

Endnote 3

Budget for Fiscal Year 1997

Source	Contributions
<u>Contributions from six Contracting Parties</u>	<u>509,000</u>
Total	509,000
Category	Allotment
Personnel Services	274,000
Travel	64,000
Communication	24,000
Contractual Services	10,000
Printing	37,000
Supplies	6,000
Equipment	10,000
Annual Meeting	45,000
Workshop	37,000
<u>Miscellaneous</u>	<u>2,000</u>
Total	509,000