



Financial Statement for FY2018

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PURPOSE

1. To provide the Commission with an end of year financial statement for FY2018 (financial period: 1 October 2017 to 30 September 2018).

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN FY2018: INCOME

2. For FY2018, the IPHC saw a nominal increase in the General account carryover (+\$10K) and a decrease in the Supplemental carryover (-\$798K) (**Tables 3 and 4 respectively**). This General carryover is higher than anticipated due to lower expenses. The Supplemental carryover is lower due to lower Pacific halibut process and catch rates. The coast-wide price of \$5.73/lb was significantly lower than projections (\$6.31/lb). The lower prices were primarily due to frozen inventory from the 2017 fishing period available through most of 2018. With certificate of deposit rates moving up in 2018 the interest earned is near expectations. With more changes likely from the US Federal Reserve it is likely rates will continue their slow rise.
3. Items of interest regarding income are:
 - a) **Pacific halibut Prices** – In FY2018 the IPHC saw Pacific halibut prices start low and slowly strengthen throughout the summer in fresh market ports. The prices in fresh-market ports (Prince Rupert, Homer, Seward, SE Alaska) were substantially higher than the frozen-market ports. Prince Rupert landings averaged \$6.45/lb with the most FISS landings (726,270 lbs). South-East Alaska ports averaged \$6.06/lb. Lower prices persisted in western Gulf of Alaska and Bering Sea ports with the fish primarily going to the frozen market.
 - b) **U.S.A. Contribution** – In FY2018, the U.S.A. Government appropriated **\$4.2M** to the IPHC (**Table 3**). The U.S.A. contributions included funding for pension deficits and headquarters lease costs.
 - c) **Canada Contribution** – In FY2018, the Canadian government contributed **\$0.956M** to the IPHC (**Table 3**). The Canadian contributions included **\$848,720** for general contributions (which has been unchanged since 2003), as well as a separate amount of **\$107,315** to cover pension deficit payments.

EXPENDITURES FOR FY2018

4. For FY2018 expenses were 91% of the projected budget (**Table 6**). IPHC Secretariat salaries and benefits were near expectations along with the related office expenses. Items of interest include:
 - a) Office Secretariat payroll were in line with projections (+0.5%) (**Table 6-1**). IPHC Secretariat staff received a 2.11% COLA increase, and step raises occurred in accordance with the IPHC Rules of Procedure (2017), where appropriate. The IPHC

- Fishery-independent setline survey (FISS) payroll was slightly lower than projected due to fewer weather/non-fishing days than expected.
- b) Higher totals for B.C. Worker's Compensation program (BC WorkSafe) are a result of hiring more Canadian employees (port and survey) than anticipated (**Table 6-1 row 72441**). 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) Overall meeting and travel costs were less than budgeted (**Table 6-2 Travel**). Interim Meeting costs have increased due to the Seattle meeting market (high demand) and the larger meeting spaces needed for public sessions (**Table 6-2 row 83211**). Annual Meeting costs have increased due to additional services required (**Table 6-2 row 83212**).
 - d) Office and storage lease costs were as projected (**Table 6-3 rows 82111, 82123**). The issue of payment from the University of Washington for lease costs (\$76,382) is unresolved at this time.
 - e) Legal fees decreased with no major activity. Legal fees are split into general legal fees (**Table 6-3 row 85941**) and personnel legal fees (**Table 6-1 row 75311**).
 - f) General Liability renewal was higher than expected (**Table 6-3 row 85212**).
 - g) Lower than anticipated vessel costs (contracts, revenue share) resulted in most of the savings seen in the FISS program (**Table 9-1**).

EXTRA-BUDGETARY FUNDS

- 5. The IPHC continued to receive a grant for costs associated to the implementation of the extended sampling in Alaska, U.S.A. The IPHC is also receiving grants from the North Pacific Research Board (NPRB) and Saltonstall-Kennedy (SK) (**Table 3**). The Commission also received funds from the Department of Fisheries and Oceans, Canada and Washington Department of Fish and Wildlife for additional work completed on the IPHC fishery-independent setline survey (FISS) in 2018 (**Table 4**).

RECOMMENDATION/S

- 6. That the Commission **NOTE** paper IPHC-2019-AM95-16 which includes the Financial Statement and supporting documentation for the financial period 01 October 2017 to 30 September 2018 (FY2018).

APPENDICES

Appendix I: FY2018 Financial Statements – Annual Meeting (ver. 1.1)