

Report of the Finance and Administration Committee

The Finance and Administration (hereafter F&A) Committee met from 08:55–18:00 hours on October 21, 2015 under the chairmanship of Dr. John Stein.

AGENDA ITEM 1

Opening remarks

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

AGENDA ITEM 2

Adoption of agenda and meeting procedures

The Committee reviewed and approved the provisional agenda with modification (*F&A Endnote 2*). Canada requested adding a discussion of severance pay as related to PICES Staff Rule 39 to Agenda Item 14.

AGENDA ITEM 3

Audited accounts for FY 2014

The FY 2014 financial statements were submitted to the auditor Hale & Hughesman on March 31, 2015 and the audit was completed on May 9, 2015. The report (*F&A Endnote 3*) was electronically circulated to all Contracting Parties on May 15, 2014. In the auditor's opinion, "*the financial statements present fairly, in all material respects, the financial position of the North Pacific Marine Science Organization as at December 31, 2014, and the results of its operations and changes in fund balances for the year then ended*". The Committee noted that the auditing process was in line with the PICES Financial Regulations (*Regulation 11(ii)* and *Regulation 13*) and recommended that the Auditor's Report be approved by Governing Council (hereafter Council).

AGENDA ITEM 4

Annual contributions

As stated in *Regulation 5(ii)* of the PICES Financial Regulations, all national contributions to PICES "*shall be considered due as of the first day of the financial year (January 1) to which they relate*". A request for payment of the 2015 annual fees was sent to all Contracting Parties on October 30, 2014. All Contracting Parties met their financial obligations for FY 2015 (*F&A Endnote 4*). The Committee commends Russia for working through a difficulty to successfully have their annual contribution transferred to the Secretariat.

At PICES-2013, the F&A Committee recommended that Council consider an increase in the annual fee to keep pace with the increase in PICES science activities. To inform deliberations, Council requested the F&A Chairman and Executive Secretary to develop and present at PICES-2014 appropriate metrics to characterize the growth in science activities, as well as the formula for determining the size of the increase in annual contributions and to develop alternative approaches (incremental or one time) for the increase. The F&A Chairman presented the results of the analysis and pointed out the difficulty of the task. The F&A Chairman and Executive Secretary will continue to evaluate the request to develop appropriate metrics to characterize the increase in science activities of the Organization, as well as the formula for determining the size of a potential increase in annual contributions and to develop alternative approaches (incremental or one time) for the increase (Decision 2013/A/2(iii)).

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The Committee reiterated (1) the importance for all Contracting Parties to pay the Annual Fee by the January 1 deadline and (2) that for planning of their funding requests for annual contributions, Contracting Parties continue to use the guideline generally accepted at PICES-1999 (Decision 1999/A/2(ii)), which states that the annual contributions will increase at the rate of inflation in Canada.

AGENDA ITEM 5

Fund-raising activities

Annual contributions increasing only at the rate of inflation in Canada can impede improvement and development of the Organization. Therefore, fund-raising continues to be an important component of PICES activities. All types of contributions, monetary and “in-kind”, are equally valuable to PICES.

The Executive Secretary reported on fund-raising efforts for the period since PICES-2014 (*F&A Endnote 5*). The discussion of voluntary contributions from contracting parties noted that all parties have provided voluntary contributions in recent years and that China provided substantial additional funding to host this year’s annual meeting. There are uneven voluntary contributions to PICES projects and currently there was some concern for the Intern Program; however, Canada, China, Korea and the USA indicated they will support the program. To insure continuity of the program the Committee recommends considering an earlier starting date for new interns, such as starting in early May.

The Committee recommends instructing the Executive Secretary to invite Contracting Parties to provide voluntary contributions to the Trust Fund to support the Intern Program in 2015 and beyond.

Related to other fund raising activities Japan will keep the Executive Secretary informed of discussions on a future collaborative project.

AGENDA ITEM 6

Encumbered funds for PICES activities

The Executive Secretary provided information on the amount of funds in the Working Capital Fund restricted for specific purposes (encumbered funds) at the beginning of *FY* 2015, and the estimated amount of the encumbered funds for the fiscal year end.

In preparation for the ECS in 2017 in Korea, the Committee in 2014 established an encumbered fund (\$25,000) from reserve operating funds in the Working Capital Fund to fund the conference. The Committee recommends that the Executive Secretary look for opportunities at the end of 2015 to increase the contribution to the ECS special encumbered fund.

AGENDA ITEM 7

Financing of high priority PICES initiatives

PICES usually does not maintain a separate fund to support capacity building activities; however, because the ICES/PICES Conferences for Early Career Scientists (ECS) has substantial contributions from both organizers, a special encumbered fund (ECS Fund) was established. Recognizing the financial requirements for the 2017 ECS Conference, the Committee recommends that an additional transfer (up to \$25,000) be made from the Working Capital Fund reserve to the ECS encumbered fund, if there is a *FY* 2015 surplus in the General Fund, as determined by the Auditor’s Report for 2015. This determination is to be made after the assessment of the pension transfer (see Agenda Item 16).

AGENDA ITEM 8

Schedule, structure and financing of future Annual Meetings

The USA Delegate confirmed that the United States will host PICES-2016 from October November 1 – 13, 2016 in San Diego.

In keeping with the six -year rotation cycle (Decision 1994/A/6), Russia is expected to host the Annual Meeting in 2017. Russia is encouraged to provide formal confirmation to the Secretariat of their intention to host PICES-2017 and it is noted that considerable planning has already taken place by Russia. The Committee also recommends approving a request from Russia for up to \$40,000 from PICES to defray the costs of hosting the 2017 annual meeting. Also in keeping with six-year rotation cycle, the Committee recommends that Council request Japan to explore the possibility of hosting the 2018 Annual Meeting, and inform the Secretariat on this matter by March 31, 2016.

At PICES-2001 (Victoria, Canada), Council approved the charging of a registration fee for future Annual Meetings of the Organization and indicated that the registration fee structure should be reviewed annually (Decision 2001/A/4(iv)). The Committee discussed the current registration fee structure and recommends keeping the same structure for PICES-2016 as for PICES-2010 through PICES-2015:

Type of registration fee	CDN \$
Regular	275
Early	200
Student	50
Spousal	50

At PICES-2005, Council re-iterated its support for the concept of inter-sessional Science Board meetings with the participation of Council members, but suggested that the need for such a meeting should be evaluated each year and that, given meeting costs (including time commitment of the members), an inter-sessional meeting should be held only if the agenda is substantive. The Committee confirmed these views in 2015. Science Board has already indicated the importance of having an inter-sessional meeting in 2016. China has indicated their willingness to host the meeting at a date and venue to be determined. The Committee supports the request by Science Board and recommends it to Council for approval.

AGENDA ITEM 9

Financing of intersessional Science Board meetings

The Committee discussed funding of intersessional Science Board meetings and recommends that starting this year and going forward the Executive Secretary work with the host country to identify the costs for both the host country and the Secretariat.

AGENDA ITEM 10

Administrative support for the Science Board Chair

The Committee recommends that the Executive Secretary hold discussions between the Science Board Chair-Elect and the corresponding national delegate to determine the need for and level of administrative support in 2016 when the Chair-Elect assumes Science Board Chairmanship.

AGENDA ITEM 11

Report and recommendations of the Anniversary Planning Committee

The PICES Convention (<http://www.pices.int/about/convention.aspx>) entered into force on March 24, 1992,

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and the 1st PICES Annual Meeting was held October 12–17, 1992, in Victoria, Canada. The approaching 25th Anniversary of PICES (the 25th PICES Annual Meeting will be held in 2016 in San Diego, CA) provides an important opportunity for the Organization and its member countries to recognize the accomplishments to date and to look forward to the next 25 years.

The Anniversary Planning committee met on October 20 at PICES-2015 to further the planning for 25th Anniversary Meeting. The F&A Committee received the report of the planning committee (*F&A Endnote 6*) on the development of the anniversary program and budgeting and fund-raising for this program. The Committee recommends that Council request that the Anniversary Planning Committee proceed with reviewing their recommendations to prioritize (high, medium, low) the list of proposed activities (*F&A Endnote 7*) and proceed with executing the recommendations, with due consideration of the priority, in-kind support provided and available funding. The F&A Committee supports changing to a new PICES logo design (see *F&A Endnote 6*), with consideration of changing the ‘PICES’ text to a curved design such that the convention area is visible.

AGENDA ITEM 12

Budget

Overview of PICES accounts and money flow (Agenda Item 12a)

The Executive Secretary briefly noted the information he distributed intersessionally as an information item diagramming the flow of funds between the PICES accounts.

Estimated accounts for FY 2015 (Agenda Item 12b)

The Committee reviewed the estimated accounts for FY 2015 and recommends their acceptance by Council, noting that the expenses for “foreign exchange loss/gain” are only estimates at this time.

Interest and other income (Agenda Item 12c)

In FY 2014, the total income was \$832,088. This amount includes \$654,765 in extra budgetary contributions and grants (\$576,224 credited to the Working Capital Fund and \$78,541 credited to the Trust Fund).

In FY 2015, the estimated total income is \$948,814. This amount includes \$783,272 in extra budgetary contributions and grants (\$739,033 credited to the Working Capital Fund and \$41,415 credited to the Trust Fund).

Relocation and Home Leave Fund (Agenda Item 12d)

At PICES-2007, Council approved the recommendation that the level of the Relocation and Home Leave Fund be allowed to fluctuate between \$90,000 and \$110,000, to minimize the need for small transfers between funds (Decision 2007/A/3(iii)). The F&A Committee recommends that Council approve a transfer from the Working Capital Fund to the Relocation and Home Leave Fund in order to bring the Relocation and Home Leave Fund to \$90,000.

Trust Fund (Agenda Item 12e)

In FY 2014, the total Trust Fund income was \$78,690 and expenses are \$79,362. The Committee recommends that Council approve a transfer from the Working Capital Fund to the Trust Fund to recover the 2014 expenses and restore the Trust Fund to the minimum required level of \$110,000.

Japanese Trust Fund (Agenda Item 12f)

The Executive Secretary presented the report on the PICES/MAFF project on “*Marine ecosystem health and human well-being*” and on the PICES/MoE project “*Effects of marine debris caused by the Great Tsunami of 2011*”.

Working Capital Fund (Agenda Item 12g)

After all inter-fund transfers, the amount of funds available in the WCF on January 1, 2015, was \$1,156,878. This includes \$768,180 in encumbered funds and \$388,698 in reserve operating funds. In *FY 2015*, the total WCF income and expenses are estimated at a level of \$989,786 (\$824,260 are voluntary contributions and grants) and \$653,801, respectively. After the recommended inter-fund transfers, the amount of funds available in the WCF at the financial year end is estimated at \$1,369,693. This includes \$958,630 in encumbered funds, and \$411,053 in “reserve operating” funds.

Proposed budget for *FY 2016* and forecast budget for *FY 2017* (Agenda Item 12h)

The Committee reviewed the proposed *FY 2016* budget of \$879,500 (*F&A Endnote 8*) and recommends its approval by Council. The amount of \$113,000 will be transferred from the Working Capital Fund to balance the budget, setting the total annual contribution at \$766,200, and the 2016 annual fee at \$127,700 per Contracting Party. The annual fee increase is a 1.50% increase from the *FY 2015* level and the increase is based on the monthly average CPI from July 2014 to June 2015 reported by Statistics Canada.

The Executive Secretary presented the forecast *FY 2017* budget of \$895,500 and noted that this budget is prepared based on preliminary information available as of August 15, 2015, and is approximately 2% higher than the *FY 2015* budget. If the inflation rate in Canada stays at the level of ~1.5%, under the adopted guidelines (Decision 1999/A/2(ii)), the 2017 annual fee could be set at the level of \$129,600 per Contracting Party. The total 2017 contribution will be \$777,700 and a transfer of \$117,800 from the Working Capital Fund will be required to balance the budget.

AGENDA ITEM 13

F&A Committee Action Plan

The [PICES Strategic Plan](#) approved at PICES-2011 (Decision 2011/A/4(i)) mandates the preparation of 3-year Action Plans not only by Scientific and Technical Committees, but also by Executive Committees (F&A Committee and Science Board). These Action Plans are to describe specific actions and tasks needed to achieve the goals identified in the Strategic Plan. The Committee reviewed the [F&A Committee Action Plan for 2012–2015](#) approved at PICES-2012, and determined that the plan does not need to be revised.

AGENDA ITEM 14

Administrative mattersAnnual calendar of PICES activities (Agenda Item 14a)

The Executive Secretary presented a calendar of annual activities as information for the Committee so it has a good understanding of the commitments and tasks of the Secretariat during the year. (*F&A Endnote 9*)

Review of staff rules to assess consistency with Financial Regulations and the Public Service of Canada (Agenda Item 14b)

The Executive Secretary informed the Committee that this task is underway, but presently incomplete. The approach for the review is to compare each Staff Rule with the appropriate Financial Regulation and the current rules for the Public Service of Canada. Some potential issues have been identified:

- 1) Severance pay (covered in more detail in Agenda Item 14c)
- 2) Administration of Sick Leave (covered in more detail in Agenda Item 14f)
- 3) Recourse/Appeal mechanisms for important staff issues in the Secretariat
- 4) Conflict of Interest provisions

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The Committee recommends that Council request the Executive Secretary to continue to work the Pacific Salmon Commission in their development of a policy in regard to the Public Service of Canada and assess implications for PICES and report to F&A at PICES 2016.

Implementation of changes in severance pay under Staff Rule 29 (Agenda Item 14c)

At PICES 2014 Council agreed (Decision 2014/A/8) to freeze accruals of severance pay for employees of the PICES Secretariat on January 1, 2016, and tasked the F&A Chairman, Executive Secretary and Chairman of PICES to develop a plan for implementing this change on the effective date or as soon as is practical thereafter.

The Committee recommends that Council request that the Executive Secretary proceed with implementing the Council decision in the following manner:

1. Freeze accrual of severance pay benefits for voluntary separation as of January 1, 2017 at which time the review by the F&A Chairman, Executive Secretary and Chair of PICES will be complete.
2. Develop individual plans for payment of this benefit, including options for immediate payment and payment on resignation/retirement.
3. Provide annual accounting to staff on the status of their severance benefit and an estimate of the financial liability represented by these benefits to the Finance and Administration Committee.

Proposed changes to Financial Rules – Home Leave and Relocation Fund (Agenda Item 14d)

The Committee recommends the following change to Financial Regulation 6 (Funds) (vii). The new additional text is in italics.

The Relocation and Home Leave Fund shall be used, to the extent appropriated by the Council as part of the budget decision, to pay:

- relocation expenses of appropriate new employees and their dependents to the seat of the Secretariat,
- expenses for removal after the period of employment has ended,
- for home leave for internationally recruited staff and their dependents, in accordance with established rules and practices.
- *for severance and excess accumulated vacation pay (all employees)*

RATIONALE:

Liabilities for severance pay and excess vacation are relatively large in relation to the annual budget of the organization. They are difficult to fit in the annual budget cycle and it is not always clear when these liabilities will be converted to expenses. Including these liabilities/expenses in the Relocation and Home Leave Fund allows the organization to do multi-year planning and to set aside modest amounts of funding over multiple years for these large but irregular payments.

Proposed changes to Rules of Procedure (Agenda Item 14e)

The Committee recommends the following three changes to the Rules of Procedure.

1. The change to the Rules of Procedure with regard to Scientific Programs – Rule 16, which is in regard to the FUTURE Scientific Steering Committee, consists of the following deletions shown in strike through and new text in italics:

A Scientific Program is established by the Science Board, with the approval of the Council, to address major scientific questions of general interest to the Organization. A Scientific Program will typically place significant demands on the Organization for periods of up to a decade. The Program:

- (i) shall have an organizational structure recommended by the Science Board to complete the work, ~~and the Science Board shall serve as the Scientific Steering Committee (SSC) of the Program;~~
- (ii) *may include a Scientific Steering Committee reporting to the Science Board. Such a Scientific Steering Committee may, with the endorsement of the Science Board and approval by the Council, establish temporary expert groups to consider in greater detail, topics of importance to the Scientific Program to warrant continuing attention, but only when sufficient expertise or capacity is lacking with the existing structure of Scientific Committees and other expert groups.*
- (iii) shall be supported by resources determined by the Organization;
- (iv) will be disbanded at the discretion of the Science Board.

RATIONALE:

Acting upon recommendations of the mid-term review of the FUTURE Program, a FUTURE Scientific Steering Committee (FUTURE SSC - http://www.pices.int/members/scientific_programs/FUTURE/FUTURE-SSC.aspx) was established to address identified governance shortfalls. In doing so, Science Board is no longer the SSC for FUTURE and this requires changes to Rule 16(i). Additionally, the FUTURE SSC requires the authority to recommend the establishment of subsidiary expert groups to accomplish FUTURE objectives (this is in the Terms of Reference for the FUTURE SSC). The proposed new Rule 16(ii) provides for this.

Note that these proposed rule changes do not specify composition, leadership structure or leadership turnover for the FUTURE SSC (as is specified in Rules 13, 14, 15 and 17 for Scientific Committees, Sections, Working Groups, Technical Committees and Study Groups). These matters are left up to Science Board under the provisions of Rule 16(i).

2. The Rules of Procedure currently permit an individual to retain the position of Chair of a Section or Advisory Panel indefinitely although in the case of Sections, the appointment must be renewed every three years. If we are unable to find willing and capable leaders after six years (initial appointments and one reappointment period), that suggests that we have other problems with the group.

RECOMMENDATION (change to Rules of Procedure required):

- Retain flexible language for leadership turnover for Advisory Panels (serve for a period to be determined by Science Board), but carefully consider whether longstanding APs might be better classified as Sections, which are reviewed on a regular cycle (as per the recommendation above).
- Change Rule 17(iv) to provide for a single re-appointment (allowing a six year service period for Co-Chairs). This would be consistent with the Rule 17(ii) for Chairs of Scientific and Technical Committees.

Proposed new wording is as follows (text in italics added):

Scientific Leadership Rule 17

- (iv) for Sections, Co-Chairmen are selected from the membership by the Science Board for approval by the Council to serve for a term of three years, *and shall be eligible for re-election for one consecutive term;*

Proposed new wording (added text in italics):

Scientific Committees – Rule 13 – Sections

- (d) shall be responsible to and reviewed regularly (every three years) by the parent Scientific Committee *and members confirmed by the Contracting Parties.*

3. Proposed new wording: Technical Committees – Rule 14 (added text is in italics):

Technical Committees are established by the Science Board, with the approval of the Council, as ongoing groups responsible to the Science Board to facilitate the technical and operational activities required to support the Organization's general scientific aims. A Technical Committee:

- (i) shall consist of not more than three members appointed by each Contracting Party;

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- (ii) may, with the endorsement of the Science Board and approval of the Council, include ex-officio members;
- (iii) shall establish one Chairman according to Rule 17;
- (iv) may, with endorsement of the Science Board and approval by the Council, establish ad hoc groups (Advisory Panel, Working Group) to facilitate the work of the Technical Committee.

RATIONALE:

While reviewing the Rules of Procedure, we noted that TCODE and MONITOR (the two Technical Committees) currently have subsidiary bodies (AP-NPCOOS is one) but Rule 14 does not explicitly provide for this. This is a case where the proposed change will allow the Rules to reflect the changing contribution of Technical Committees and “catch up” with current practice.

Proposed changes in the Public Service of Canada and implications for PICES – administration and funding of sick leave (Agenda Item 14f)

The Committee determined that no action required at this time. Implementation by the Public Service of Canada of proposed changes on sick leave is not yet complete.

Improving accountability/transparency measures in the Secretariat (Agenda Item 14g)

The Executive Secretary outlines some modest operation changes designed to improve accountability and transparency in the operations of the Secretariat.

AGENDA ITEM 15

Appointment of F&A Committee Chairman

Dr. John Stein was re-appointed as Chairman at PICES-2014 and will serve through PICES-2016, at which time he will have completed four years of service. It will be necessary to elect a new Chairman at PICES-2016.

AGENDA ITEM 16

Other business

Pension Plan

At PICES-2010, the Committee received a report from the Executive Secretary about the deficiency in the pension funds for PICES employees and the recommendations of the International Fisheries Commissions (IFC) Pension Society for addressing these, and agreed that additional employer contributions to the IFC Pension Plan in 2010 and beyond be made in advance in order to reduce future payments. The Committee recommends that the practice be continued of lump sum employer contribution to the International Fisheries Commission (IFC) Pension Plan receives the next actuarial valuation, currently expected in January 2017. The Committee also recommends that Council approve: (1) a lump sum employer contribution of \$20,000 to the IFC Pension Plan be made from the FY 2016 budget to pay down unfunded liabilities, (2) an additional lump sum payment (up to \$25,000) be paid to the IFC Pension Plan, if there is a FY 2015 surplus in the General Fund, as determined by the Auditor’s Report for 2015, and (3) this practice be continued until PICES receives the next actuarial valuation, which is currently expected in 2017.

AGENDA ITEM 17

2015 F&A report and recommendations to Governing Council

A set of recommendations was circulated and approved by all F&A members. The F&A report was brought forward by Dr. Stein at the first session of Council on October 24, 2015.

F&A Endnote 1

2015 F&A participation list

Canada

Carmel Lowe (F&A member)
Darlene Smith (F&A member)
Laura Brown (advisor)

Japan

Ken Mori (F&A member)
Hiroya Sugisaki (advisor)

People's Republic of China

Dongmei Tang (F&A member)
Rui Zheng (F&A member)

Republic of Korea

Chul Park (F&A member)
Jong-ho Yun (F&A member)
Kyuingjin Kim (advisor)

Russian Federation

Igor Shevchenko (F&A member)

U.S.A.

Enrique Curchister (alternate)

Other

John Stein (F&A Chairman)
Laura Richards (PICES Chairman)
Robin Brown (Executive Secretary)
Hal Batchelder (Deputy Executive Secretary)

F&A Endnote 2

2015 F&A Committee meeting agenda

**PICES Twenty Fourth Annual Meeting (PICES-2015)
Qingdao, Korea
October 21 (08:55-18:00), 2015**

**FINANCE AND ADMINISTRATION COMMITTEE (F&A)
*Provisional Agenda***

1. Welcome and opening remarks
2. Adoption of agenda and meeting procedures
3. Audited accounts for FY 2014
4. Annual contributions
5. Fund-raising activities
6. Encumbered funds for PICES activities
7. Financing of PICES high priority activities
 - a. North Pacific Ecosystem Status Report
 - b. Capacity building activities
 - c. FUTURE (not listed in DRAFT and PROVISIONAL Agendas)
8. Schedule, structure and financing of future Annual Meetings
9. Financing of Intersessional Science Board Meetings
10. Administrative support for the Science Board Chair
11. Report and recommendations of the Planning Committee for the 25th Anniversary of PICES
12. Budget
 - a. An overview of PICES Accounts and Money Flow
 - b. Estimated accounts for FY 2015
 - c. Interest and other income
 - d. Relocation and Home Leave Fund
 - e. Trust Fund
 - f. Japanese Trust Fund
 - g. Working Capital Fund
 - h. Proposed budget for FY 2016 and forecast budget estimates for FY 2017
13. F&A Action Plan
14. Administrative matters
 - a. Annual Calendar of PICES activities.
 - b. Review of Staff Rules to assess consistency with Financial Regulations and the Public Service of Canada
 - c. Implementation of changes to severance pay under Staff Rule 29.
 - d. Proposed Change to Financial Rules – Home Leave and Relocation Fund
 - e. Proposed Change to Rules of Procedure:
 - i. Revisions to accommodate formation of the FUTURE Scientific Steering Committee
 - ii. Revisions to Chairmanship and review cycles for Sections and Advisory Panels
 - f. Upcoming changes in the Public Service of Canada and implications for PICES – administration and funding of sick leave
 - g. Improved accountability/transparency measures in the Secretariat:
 - i. Posting of Staff Rules on the PICES website

- ii. Explicit expenditure approvals by the Executive Secretary
 - iii. Approval for changes in Secretariat contributions to work activities
 - iv. Approval by Chairman of travel of the Executive Secretary
 - h. Tracking the activity of the PICES Secretariat
15. Appointment of F&A Committee Chairman
 16. Other business
 17. 2015 F&A report and recommendations to Governing Council

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F&A Endnote 3

**NORTH PACIFIC MARINE SCIENCE ORGANIZATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014**

**NORTH PACIFIC MARINE SCIENCE ORGANIZATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Council of the North Pacific Marine Science Organization

We have audited the accompanying financial statements of the North Pacific Marine Science Organization, which comprise the statement of financial position as at December 31, 2014 and the statement of operations and changes in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the North Pacific Marine Science Organization's Financial Regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 in the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with the North Pacific Marine Science Organization's Financial Regulations as referred to above.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the North Pacific Marine Science Organization as at December 31, 2014, and the results of its operations and changes in fund balances for the year then ended.

Hale

Hughesman

Sidney, B.C.
May 11, 2015

Hale Hughesman
Chartered Accountants

NORTH PACIFIC MARINE SCIENCE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

ASSETS	2014	2013
CURRENT ASSETS		
Cash and short term deposits (note 4)	\$ 2,043,139	\$ 1,530,256
Accounts receivable	151,973	129,771
Prepaid expenses	1,593	4,192
	\$ 2,196,705	\$ 1,664,219
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 34,751	\$ 182,070
Funds held for Contracting Parties (note 3)	377,400	248,000
	412,151	430,070
FUND BALANCES		
WORKING CAPITAL FUND (note 4)	1,283,438	902,415
TRUST FUND	110,000	116,073
RELOCATION AND HOME LEAVE FUND	90,000	110,000
MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES FUND	53,241	105,661
MINISTRY OF ENVIRONMENT FUND	247,875	-
	1,784,554	1,234,149
	\$ 2,196,705	\$ 1,664,219

See accompanying notes

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014**

General Fund	Working Capital Fund	Ministry of RelocationAgriculture,Ministry of Trustand Home Forestry andEnvironment FundLeave FundFisheries FundFund				2014 Total	2013 Total		
FUND BALANCES , beginning of year	\$ -	\$ 902,415	\$ 116,073	\$ 110,000	\$ 105,661	-	\$ 1,234,149	\$ 1,343,874	
SOURCES OF FUNDS									
Contributions from Contracting Parties	744,000	-	-	-	-	744,000	736,800		
Budgeted transfer to General Fund (note 5)	131,000	(131,000)	-	-	-	-	-	-	
Voluntary contributions and grants (note 6)	-	583,224	69,270	-	83,553	1,099,691	1,835,738	323,887	
Interest and other income (note 7)	-	206,850	150	323	249	3,274	210,846	240,076	
	875,000	659,074	69,420	323	83,802	1,102,965	2,790,584	1,300,763	
FUND BALANCES , before expenditures	875,000	1,561,489	185,493	110,323	189,463	1,102,965	4,024,733	2,644,637	
EXPENDITURES									
Personnel services	559,127	100,669	-	-	-	-	659,796	609,643	
Annual Meeting	40,546	-	-	-	-	-	40,546	167,521	
Special meetings/travel	168,273	12,182	46,854	-	-	-	227,309	155,007	
Publications / Communication	34,456	-	-	-	-	-	34,456	68,196	
Office and administration	30,882	3,084	244	-	-	-	34,210	29,803	
Projects (note 8)	-	176,947	-	-	-	-	176,947	246,706	
Intern program	-	-	32,286	-	-	-	32,286	26,724	
Relocation	-	-	-	47,136	-	-	47,136	-	
MAFF Fund expenditures (note 9)	-	-	-	-	136,222	-	136,222	110,750	
MOE Fund expenditures (note 10)	-	-	-	-	-	855,090	855,090	-	
Foreign exchange gain (note 11)	(3,819)	-	-	-	-	-	(3,819)	(3,862)	
	829,465	292,882	79,384	47,136	136,222	855,090	2,240,179	1,410,488	
NET FUNDS AVAILABLE	45,535	1,268,607	106,109	63,187	53,241	247,875	1,784,554	1,234,149	
TRANSFER TO									
WORKING CAPITAL FUND (note 4)	(45,535)	45,535	-	-	-	-	-	-	
INTERFUND TRANSFERS (note 5)	-	(30,704)	3,891	26,813	-	-	-	-	
FUND BALANCES , end of year	\$ -	\$ 1,283,438	\$ 110,000	\$ 90,000	\$ 53,241	247,875	\$ 1,784,554	\$ 1,234,149	

NORTH PACIFIC MARINE SCIENCE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. PURPOSE OF ORGANIZATION

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

2. ACCOUNTING POLICIES

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

(a) Fund Accounting

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

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

The Relocation and Home Leave Fund was established in 1995 to pay relocation and home leave expenses of new employees and their dependents to the seat of the Secretariat and removal after period of employment has ended, and to provide home leave for international staff. The fund balance must be maintained between \$90,000 and \$110,000.

The Ministry of Agriculture, Forestry and Fisheries (MAFF) Fund was established in 2007. The Ministry of Agriculture, Forestry and Fisheries of Japan, through the Fisheries Agency of Japan, has provided voluntary contributions for a series of projects. The first PICES/MAFF project (April 1, 2007 - March 31, 2012) was dedicated to the development of the prevention systems for harmful organisms in the Pacific Rim. The goal of the second PICES/MAFF project (April 1, 2012 - March 31, 2017) is to identify the relationships between the sustainable human communities and productive marine ecosystems in the North Pacific, under the concept of fishery social-ecological systems.

The Ministry of the Environment (MOE) Fund was established on April 15, 2014. The Ministry of the Environment of Japan has provided voluntary contributions for a 3 year project dedicated to assessing and forecasting the effects of debris generated by the tsunami that followed the 2011 Great East Japan Earthquake on ecosystem structure and function, the coastlines and communities of the west coast of North America and Hawaii.

(b) Capital Assets

Capital assets acquired by the Organization are expensed in the year of acquisition. During the current year the Organization purchased \$10,378 of capital assets.

(c) Contributions

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

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(d) Income Tax

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

(e) Foreign Exchange

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

(f) Financial Instruments

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

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FUNDS HELD FOR CONTRACTING PARTIES

The funds held for Contracting Parties are advance contributions from Japan in the amount of \$125,800, China in the amount of \$125,800 and the U.S.A. in the amount of \$125,800.

4. WORKING CAPITAL FUND

Of the total amount in the Working Capital Fund, \$768,180 of cash and short term deposits is restricted for specific designated projects.

Pursuant to decision 2014/A/3(ii) of the Governing Council, \$129,200 of the funds held in the Working Capital Fund will be transferred to the General Fund at the beginning of the 2015 fiscal year to balance the budget, setting the total annual contribution at \$754,800, and the 2015 annual fee at \$125,800 per Contracting Party.

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

NORTH PACIFIC MARINE SCIENCE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

5. INTERFUND TRANSFERS

The Governing Council approved the transfer of \$131,000 at the beginning of 2014 from the Working Capital Fund to the General Fund (Decision 2013/A/3/ii) to balance the budget, setting the total annual contribution at \$744,000, and the 2014 annual fee at \$124,000 per Contracting Party.

The Governing Council approved the transfer of funds from the Working Capital Fund to restore the Trust Fund to \$110,000 by the end of 2014 (Decision 2014/A/3/iv). The amount of the transfer was \$3,891.

The Governing Council approved the transfer of funds from the Working Capital Fund to restore the Relocation and Home Leave Fund to \$90,000 (Decision 2014/A/3/iii). The amount of the transfer was \$26,813.

6. VOLUNTARY CONTRIBUTIONS AND GRANTS

	Working Capital Fund	Trust Fund
PICES 25th Anniversary:		
DFO (Canada)	25,000	-
SOA	25,000	-
PICES 2016: Department of State: (USA)	87,824	-
Contributions for the North Pacific CPR Project:		
DFO (Canada)	50,000	-
NPRB (U.S.A.)	26,448	-
EVOS Trustee Council (U.S.A.)	31,285	-
PICES Publication Program: DFO	27,000	-
2014 FUTURE Open Science Meeting:		
SOA (China)	16,465	-
NOAA (USA)	39,000	-
Registration fees	43,049	-
2015 Climate Change Symposium (Brazil):		
IOC	10,629	-
Registration fees	43,938	-
PICES	7,000	-
2014 Inter-sessional Science Board Meeting (Hawaii)	7,626	-
Special project coordination:		
Overhead from MOE (Japan) project	142,960	-
Contributions to Intern program:		
DFO (Canada)	-	10,000
TINRO (Russia)	-	5,495
NOAA (U.S.A.)	-	30,713
Contributions for 2014 PICES Summer School:		
IMBER	-	5,396
NPRB (U.S.A.)	-	5,416
SCOR	-	6,125
Contributions for PICES 2014: SCOR	-	6,125

\$ 583,224 \$ 69,270

7. INTEREST AND OTHER INCOME

	Working Capital Fund	Trust Fund	Relocation and Home Leave Fund
Interest income	\$ 13,620	\$ 150	\$ 323
Income tax levies	79,765	-	-
Overhead from MAFF Project	10,862	-	-
Overhead from PICES Publication	3,000	-	-
DFO postage reversal	30,000	-	-
PICES 2014 registration fees	69,603	-	-
	\$ 206,850	\$ 150	\$ 323

8. PROJECTS

The expenditures in the Working Capital Fund for projects funded by voluntary contributions designated for the respective projects are as follows:

	2014	2013
ESSAS Annual Meeting	\$ -	\$ 4,403
Development of FUTURE	132,551	45,784
North Pacific CPR Project	12,027	103,905
Climate Change Symposium Series	5,823	22,225
PICES 25th Anniversary	201	-
PICES Publication Program	26,282	-
World Ocean Assessment	-	70,325
2011 Zooplankton Production Symposium	63	64
	\$ 176,947	\$ 246,706

9. MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES FUND EXPENDITURES*2012-2017 PICES/MAFF Project: Marine ecosystem health and human well being*

		2014	2013
Special meetings/travel	\$	77,405	\$ 51,815
Contractual services		47,041	41,950
Overhead to PICES		10,862	16,905
Miscellaneous		914	80
Total MAFF expenses		\$ 136,222	\$ 110,750

10. MINISTRY OF ENVIRONMENT FUND EXPENDITURES

		2014
Special meetings/travel	\$	42,214
Contractual services		669,434
Overhead to PICES		142,960
Miscellaneous		482
Total MOE expenses		\$ 855,090

11. FOREIGN EXCHANGE GAIN/LOSS

At year end all funds held in foreign currency (US \$69,370) are converted to Canadian dollars using the December 31st exchange rate. A foreign exchange gain has been reported on the current year financial statements; this amount is an unbudgeted item which has been caused by the ongoing fluctuations in the US dollar (2014 = 1.160, 2013 = 1.0636), and not by the actual purchase or sale of any foreign currencies.

12. UNFUNDED PENSION LIABILITY

The Organization holds a pension plan for its employees with the International Fisheries Commissions Pension Society. The actuarial valuation report was prepared as at January 1, 2014 and showed an unfunded pension liability for PICES of \$177,000. The unfunded pension liability of \$268,000 reported in the 2011 actuarial valuation has been reduced due to monthly instalments and voluntary lumpsum payments approved by the Governing Council. This practice will continue until PICES receives the next actuarial valuation report which is scheduled for January 2017 (Decision 2014/A/3/vii).

No amount has been recorded in the financial statements with regards to the total unfunded liability.

13. ANNUAL LEAVE AND OVERTIME LIABILITY

The Organization accrues annual leave not taken and overtime worked for its employees on a per hour basis. No amount has been recorded in the financial statements with regards to the total liability.

14. FINANCIAL STATEMENTS

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

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior years' earnings.

F&A Endnote 4

TABLE 1 PAYMENT SCHEDULE OF ANNUAL FEES, 2005–2015¹

	<i>Canada</i>	<i>China</i>	<i>Japan</i>	<i>Korea</i>	<i>Russia</i>	<i>USA</i>
2005	Dec. 24, 04	Sept. 22, 05²	Mar. 2, 05	Mar. 30, 05	Mar. 31, 05³	Jan. 10, 05
2006	Dec. 28, 05	Aug. 1, 06	Dec. 15, 05	Feb. 8, 06	Feb. 28, 06	Jan. 30, 06
2007	Jan. 23, 07	July 3, 07	Dec. 5, 06	Apr. 3, 07	Feb. 13, 07	Jan. 10, 07
2008	Jan. 16, 08	May 15, 08	Dec. 20, 07	Feb. 15, 08	Feb. 13, 08	Jan. 7, 08⁴
2009	Jan. 5, 09	June 3, 09	Dec. 11, 08	Apr. 1, 09	Mar. 27, 09	Dec. 24, 08
2010	Apr. 1, 10	Aug. 5, 10	Dec. 14, 09	Mar. 2, 10	Mar. 26, 10	Dec. 11, 09
2011	Feb. 8, 11	June 30, 11	Dec. 3, 10	Mar. 25, 11⁵	Feb. 9, 11	Dec. 7, 10
2012	Jan. 3, 12	Aug. 31, 12	Nov. 22, 11	Oct. 11, 12	Mar. 29, 12	Nov. 16, 11
2013	Jan. 7, 13	Oct. 11, 13	Nov. 21, 12	May 14, 13	Apr. 12, 13	Dec. 17, 12
2014	Feb. 18, 14	July 11, 14	Dec. 6, 13	Apr. 11, 14	Mar. 5, 14	Dec. 20, 13
2015	Feb. 16, 15	Nov. 26, 14	Dec. 8, 14	Mar. 25, 15	May 1, 2015⁶	Dec. 31, 14

¹ Late (after March 31) or partial payments are indicated in bold;

² Partial (86%) payment, remainder paid December 30, 2005

³ Partial (96.6%) payment, remainder paid April 25, 2005

⁴ Partial (92.3%) payment, remainder paid on May 22, 2009

⁵ Partial (88.1%) payment, remainder paid on September 20, 2011

⁶ Partial (62%) payment, remainder paid on July 24, 2015

TABLE 2 ANNUAL FEES AND TOTAL GENERAL FUND, 1996-2015

Year	Annual fee	Total Annual Fee	WCF transfer	Total General Fund
1996	84,800	508,800		508,800
1997	84,800	508,800		508,800
1998	84,800	508,800	12,000	520,800
1999	86,000	516,000	58,000	574,000
2000	88,600	531,600	58,400	590,000
2001	91,300	547,800	58,200	606,000
2002	94,000	564,000	59,000	623,000
2003	97,000	582,000	110,500	692,500
2004	100,000	600,000	79,000	679,000
2005	102,500	615,000	95,500	710,500
2006	105,500	633,000	97,000	730,000
2007	108,500	651,000	94,000	745,000
2008	111,000	666,000	96,000	762,000
2009	114,500	687,000	98,000	785,000
2010	114,500	687,000	110,000	797,000
2011	116,200	697,200	116,800	814,000
2012	119,900	719,400	118,600	838,000
2013	122,800	736,800	113,200	850,000
2014	124,000	744,000	131,000	875,000
2015	125,800	754,800	129,200	884,000
2016	127,700*	766,200*	113,300*	879,500*

* - proposed numbers

F&A Endnote 5

External funding and voluntary contributions received since PICES-2011

For the period since PICES-2012, the following external funding and voluntary contributions were provided or committed for various activities of the Organization:

Special projects

- In December 2011, the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan, through the Fisheries Agency of Japan (JFA), approved funding for a 5-year (April 1, 2012 – March 31, 2017) PICES project on “*Marine ecosystem health and human well-being*”. The goal of this project is to identify the relationships between sustainable human communities and productive marine ecosystems in the North Pacific, under the concept of fishery social-ecological systems. The budget allocated for *Year 2* (April 1, 2013 – March 31, 2014) of the project is \$130,036.
- Recognizing the Continuous Plankton Recorder (CPR) data as the only long-term biological indicator of global change on the scale of the North Pacific, PICES has endorsed the North Pacific CPR (NP CPR) survey in 1999 and, since 2008, manages the funding consortium that supports this regional activity. PICES also maintains, under its Technical Committee on Monitoring (MONITOR), an Advisory Panel on *Continuous Plankton Recorder Survey in the North Pacific* (AP-CPR) comprising scientists representing each Contracting Party (Dr. Sonia Batten, project PI, is an *ex-officio* member of the Panel representing SAHFOS). The Panel meets annually to contribute advice and oversee the project; AP-CPR reports are available at http://www.pices.int/members/advisory_panels/cpr.aspx. The following 5 agencies have committed their resources for the project:
 - The Department of Fisheries and Oceans (Canada), a member of the consortium since 2008, provided \$50,000 for the period from April 1, 2013 to March 31, 2014. The contribution at the same level is expected to continue for several more years.
 - The North Pacific Research Board (USA) joined the consortium in 2009 and committed \$50,000 US per year for 5 years (until May 31, 2014) to support operations of the project. A pre-proposal titled “*The North Pacific Continuous Plankton Recorder Survey*” has been submitted for the Long-term Monitoring Program to be funded by NPRB in 2014–2018. On September 30, PICES was invited (among 6 of 36 proponents) to submit a full proposal by February 14, 2014.
 - The *Exxon Valdez* Oil Spill Trustee Council (EVOSTC) provided \$188,600 US for operations of the NP CPR project in 2010–2012, and report writing in 2013 (project on “*Measuring inter-annual variability in the herring’s forage base from the Gulf of Alaska*”). A new project on “*Long-term monitoring of zooplankton populations on the Alaskan Shelf and Gulf of Alaska using Continuous Plankton Recorders*” was approved as a part of a Long Term Monitoring Program of EVOSTC for 2013–2016, with the amount of \$61,300 US for 2013. Funding in subsequent years will be incremented slightly for cost of living increases.
 - The Japanese Society for Promotion of Science (JSPS) awarded a grant (2009–2017) for CPR work to Dr. Sanae Chiba (JAMSTEC). While funds are not passed to the PICES consortium, this project provides in-kind support by taking over the analysis of samples from the western Pacific and is equivalent to a financial contribution of about \$37,500 US per year.
 - The CPR parent organization, the Sir Alister Hardy Foundation for Ocean Science (SAHFOS, UK), contributes the remaining funds required to operate the survey at its current level.

Symposia/sessions/workshops

- The State Oceanic Administration (China) hosted the workshop on “*Radionuclide science and environmental quality of radiation in the North Pacific*” (March 14–15, 2013, Xiamen, China) and covered on-site expenses (accommodation and meals) for all members of the Study Group on *Radionuclide Science in the North Pacific Ocean*.
- The Federal Agency for Fisheries and Pacific Research Institute of Fisheries and Oceanography (Russia) hosted the inter-sessional Science Board meeting (May 20–21, 2013, St. Petersburg, Russia).
- ICES provided \$5,068 for the FUTURE-related workshop on “*Global assessment of the implications of climate change on the spatial distribution of fish and fisheries*” (May 22–24, 2013, St. Petersburg, Russia).

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- Several international and national organizations/programs were invited, and subsequently agreed, to co-sponsor (by covering travel of additional invited speakers and/or convenors for these events) the following scientific sessions and workshops to be held at PICES-2013 (October 11–20, 2013, Nanaimo, Canada): “*The changing carbon cycle of North Pacific continental shelves and marginal seas*” (SOLAS), “*Marine ecosystem services and the contribution from marine ecosystems to the economy and human well-being*” (IMBER), “*Banking on recruitment curves; returns on intellectual investment*” (ISC), “*Comparison of size-based and species based ecosystem models*” and “*Identifying mechanisms linking physical climate and ecosystem change: Observed indices, hypothesized processes, and “data dreams” for the future*” (ICES), and “*Tools, approaches and challenges for accessing and integrating distributed datasets*” (IODE).
- The State Oceanic Administration (China) committed \$15,000 for the 2014 FUTURE Open Science Meeting (April 14–18, 2014, Kohala Coast, Hawaii, USA).

Capacity building

- Several contributions were received/committed for the Trust Fund in support of the PICES Intern Program:
 - Department of Fisheries and Oceans, Canada – \$10,000;
 - Korea Institute of Ocean Science and Technology, Korea – \$5,000 US;
 - National Marine Fisheries Service of NOAA, USA – \$23,219 (\$11,219 from the 2012/2013 grant and \$12,200 from the 2013/2014 grant);
- The following organizations/programs provided funding for the 2013 PICES Summer School on “*Ocean observing systems and ecosystem monitoring*” (August 19–23, 2013, Newport, Oregon, USA):
 - National Science Foundation (USA) ~ \$33,500 US (a grant to the US national delegate through the Oregon State University)
 - Ocean Observatories Initiatives and Hatfield Marine Science Center ~\$11,000 US (through the Oregon State University)
 - North Pacific Research Board (USA) –\$5,000 US;
 - Scientific Committee on Oceanic Research (SCOR) – \$4,900 US
 - Integrated Marine Biogeochemistry and Ecosystem Research (IMBER) – \$2,850 US
 - Surface Ocean Lower Atmosphere Study (SOLAS) – \$2,800 US;
- SCOR provided a grant of \$5,000 US to support participation of scientists from countries with “economies in transition” in SCOR-relevant sessions and/or workshops at PICES-2013.

Operations of the PICES Secretariat

- The Korea Institute of Ocean Science and Technology contributed \$20,000 US to support a part-time contract position at the PICES Secretariat to assist the Science Board Chairman.
- An overhead of \$16,905 of the *Year 2* budget for the PICES/MAFF project on “*Marine ecosystem health and human well-being*” was retained to offset expenses related to the Secretariat’s involvement in the project.
- An overhead of \$25,194 of the US contribution related to the World Ocean Assessment was retained to offset expenses related to the Secretariat’s involvement in the project.

F&A Endnote 6

Report from the Anniversary Planning Committee

NORTH PACIFIC MARINE SCIENCE ORGANIZATION (PICES) HISTORICAL BACKGROUND

PICES is an intergovernmental scientific organization, established by an international convention to promote and coordinate marine scientific research in the North Pacific Ocean and adjacent seas in order to advance scientific knowledge of the area concerned and its living resources.

Informal and intergovernmental meetings leading to the establishment of PICES:

- March 1978 – April 1986: A series of informal meetings
- December 8-9, 1987: Discussion of the concept for a new international marine science organization for the North Pacific Ocean and the Bering Sea (Ottawa, Canada)
- November 15-16, 1988: Discussion on underlying principles and draft convention articles for a new international marine science organization for the North Pacific Ocean and the Bering Sea (Sidney, Canada)
- December 11-13, 1989: Draft PICES Convention prepared (Seattle, USA)
- December 12, 1990: Final Draft PICES Convention approved and signed (Ottawa, Canada)
- December 10-13, 1991: First PICES Scientific Workshop to review the state of knowledge in selected fields, to identify research gaps and priorities, and to consider joint actions that might be developed through PICES (Seattle, USA)
- [March 24, 1992: PICES Convention entered into force \(Ottawa, Canada\)](#)
- [October 12-17, 1992: First PICES Annual Meeting \(Victoria, Canada\)](#)

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NORTH PACIFIC MARINE SCIENCE ORGANIZATION 25TH PICES ANNIVERSARY

- PICES was established to promote and coordinate marine scientific research in the North Pacific Ocean and adjacent seas and has made significant contributions to this mission through its scientific programs, expert group activities, annual meetings, and co-sponsored symposia.
- On March 24, 2017, there will be 25 years since the PICES Convention entered into force.
- The 25th PICES Annual Meeting is scheduled from November 1-13, 2016 in San Diego, USA, and is expected to give a start to an "anniversary year" – a year to recognize and celebrate the accomplishments to date and to look forward to the next 25 years.

Anniversary Planning Committee - PICES-2015

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ANNIVERSARY PLANNING COMMITTEE TERMS OF REFERENCE

At PICES-2012 (Hiroshima, Japan), Council agreed that the approaching 25th Anniversary of PICES provides an important opportunity for the Organization and its member countries to recognize the accomplishments to date and to look forward to the next 25 years, and approved the formation of an Anniversary Planning Committee, with the following terms of reference (Decision 2012/A/5):

- To direct the planning of events, activities and products for the PICES 25th Anniversary year that:
 - summarize the scientific accomplishments and advancements to date that are related to marine science in the North Pacific;
 - promote and highlight both the scientific importance of PICES accomplishments and associated benefits to member countries;
 - provide an opportunity to look forward to future advancements in marine science in the next 25 years.
- To prepare the budget and plan fund-raising activities for the PICES 25th Anniversary year;
- To report annually to F&A and GC on progress, with final recommendations and associated financial implications due for presentation at PICES-2014.

ANNIVERSARY PLANNING COMMITTEE MEMBERSHIP

Council agreed that (1) the Anniversary Planning Committee membership will include: Chairman of the Finance and Administration Committee, Chairman and Vice-Chairman (or Chairman-elect) of Science Board, Executive Secretary, and a representative from each of the Contracting Parties; and (2) the F&A Chairman will lead the Committee.

Current APC membership includes:

- John Stein (APC Chairman, F&A Committee Chairman)
- Thomas Theriault (Science Board Chairman)
- Hiroaki Saito (Science Board Vice-Chairman)
- Darlene Smith (F&A member, MEQ member, representative of Canada)
- Haiwen Zhang (GC member, representative of China)
- Ken Mori (F&A member, representative of Japan)
- Hyun Young Kim (representative of Korea)
- Oleg Katugin (FUTURE SSC member, representative of Russia)
- Cisco Werner (representative of USA)
- Robin Brown (PICES Executive Secretary)
- Alexander Bychkov (PICES Special Projects Coordinator, *ex-officio*)

ANNIVERSARY PLANNING COMMITTEE FUNDING

At PICES-2014 (Yeosu, Korea), Council:

- reiterated the importance for each Contracting Party to raise at least \$25,000 for the 25th Anniversary of the Organization (Decision 2014/A/5(i))
- instructed the Executive Secretary to create a separate encumbered fund for the 25th Anniversary with the initial amount of \$70,000 that includes \$20,000 from the completed projects and \$50,000 of earmarked reserve operating funds in the Working Capital (Decision 2014/A/5(ii))

WCF transfers (Decision 2014/A/5(ii))	70,000
Canada contribution (Decision 2014/A/5(i))	25,000
China contribution (Decision 2014/A/5(i))	25,000
Russia contribution (Decision 2014/A/5(i))	25,000
US contribution (Decision 2014/A/5(i))	33,075
Korea contribution (Decision 2014/A/5(i)), to be paid in spring 2016	25,000
Total Income	203,075

ANNIVERSARY PLANNING COMMITTEE IDEAS - PUBLICATIONS

- Book by Sara Tjossem (School of International and Public Affairs, Columbia University), with a title "*Fostering Marine Science and Internationalism: The Journey with PICES*":
 - A book "*The Journey to PICES: Scientific Cooperation in the North Pacific*" by the same author covers the 20-year gestation of PICES, the birth of the Organization and its infancy, and was published by Alaska Sea Grant in 2005. The new book will follow the development of the Organization until its 25th Anniversary;
 - The Publishing Agreement was signed with Springer with no cost to PICES and with access to the electronic version of the book and the author rights valid for PICES;
 - The book is expected to be published prior to PICES-2016, with a copy signed by the author included in every registration package;
 - Estimated expenses, including author's honorarium and travel, and purchasing copies from Springer for distribution, are ~\$80,000.
- Special journal (*Progress in Oceanography*?) issue that highlights the science advancements of PICES and future of marine science in the North Pacific:
 - The issue is expected to be published in late 2017 electronically and early 2018 as hard copies;
 - Estimated expenses for distribution or covering Open Access are ~\$30,000.
- 25th anniversary edition(s) of PICES newsletter to be published during 2017.

Anniversary Planning Committee - PICES-2015

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ANNIVERSARY PLANNING COMMITTEE IDEAS - E-PRODUCTS

- Video of PICES accomplishments:
 - One ~8-min to 10-min video (for a scientific audience) or two shorter videos (one for a scientific audience and another for a more general public)
 - The video is expected to be produced prior to PICES-2016 for screening at the Opening Session and posted for a strong on-line presence afterwards
 - Estimated expenses for the video are ~\$15,000, plus coverage for travel of a videographer
 - Implementation through a contract with 77th Parallel Productions (www.77thparallel.com)
 - Key messages are to be provided by PICES

Main message:

PICES has succeeded in creating an interdisciplinary international forum for Pacific scientists and providing an opportunity for a "fair" joint work of scientists from six countries with different cultures, languages, educational and research systems

Many scientists have used PICES international network to pursue their science beyond their nation boundaries. This network has led to several cutting edge scientific achievements, and we have to select 2-3 examples for the video.

Anniversary Planning Committee - PICES-2015

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ANNIVERSARY PLANNING COMMITTEE IDEAS - E-PRODUCTS

- PICES website development:
 - Changes are needed to keep up with new web/server technologies
 - Estimated expenses for the work that includes substantial "back-end" changes and adding a responsive design to look and function well on mobile devices are ~\$10,000-\$32,000
 - Implementation through a contract with QLogics (Victoria, Canada)
- Interactive historical timeline of PICES:
 - A multiple-scale approach: a number of timelines have to be created, ones that focused on Annual Meetings, leadership, discoveries/achievements, capacity building, partnerships, etc.
 - Two formats: a static poster depiction and an interactive electronic timelines
 - Implementation through contracts: (1) for selecting timelines types, structuring each timeline and finding/selecting specific events and (2) for the development of web-based interactive timelines (<http://www.bbc.co.uk/history/interactive/timelines/british/index.shtml>), with (1) to be completed by April 2016
 - Estimated expenses ~\$5,000-\$10,000
- PICES photo album highlighting people and events over PICES history (25 photo pages that depict 25 years of PICES)

Anniversary Planning Committee - PICES-2015

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ANNIVERSARY PLANNING COMMITTEE
 IDEAS - LOGOS

- Leading up to the 25th Anniversary of PICES, the Anniversary Planning Committee, is expected to examine the "branding" of PICES, including such foundational item as the PICES logo. Included below are the original PICES logo and a new version of the logo that has a more modern feel and places the moniker "PICES" squarely within the graphic, rather than external to it. If a consensus is achieved by the APC regarding the logo, a recommendation could be forwarded to the Governing Council for action.



Anniversary Planning Committee - PICES-2015

ANNIVERSARY PLANNING COMMITTEE
 IDEAS -LECTURE SERIES

- Lecture series on achievements of PICES
- Team – selected PICES-2016 plenary speakers
- Potential options:
 - Lectures given at several Asian and North American universities
 - Lectures given at the 2017 PICES/ICES Conference for Early Career Scientists (could be partially or fully covered by the ECS-2017 Fund)
 - Lectures recoded and posted on the PICES website

Anniversary Planning Committee - PICES-2015

ANNIVERSARY PLANNING COMMITTEE
 IDEAS -PICES-2016

- Travel expenses for special guests
- Travel expenses for plenary speakers (in addition to speakers to be covered by the General Fund and/or PICES-2016 Fund)
- Travel expenses for early career speakers (in addition to early career scientists to be covered by the Trust Fund and/or PICES-2016 Fund)
- Additional contribution to the Anniversary Gala (major expenses for the Anniversary Gala (Welcome Reception) are to be covered by the PICES-2016 Fund)

Anniversary Planning Committee - PICES-2015

F&A Endnote 7

Suggested activities and products for the 25th anniversary of PICES

Activity/product ¹	Potential cost, CAD ²	Priority (H/M/L) ³	Potential “in-kind” or monetary contribution ⁴
Book “ <i>The Journey with PICES</i> ” (author’s honorarium and travel, and purchasing copies)	~80,000	H	
Special Issue of <i>Progress of Oceanography</i> (open access)	30,000-40,000	M	
Video on PICES accomplishment for non-scientific audience (managers, general public)	~12,000	H	
Video on PICES accomplishment for scientific audience	~12,000	L	
Documentary on PICES science for national educational broadcasting	~100,000	H	
Website development (back end and some functional improvements)	15,000-30,000	M- to L+	
Website development (design)	?	L+	
PICES timelines (static poster depiction)	5,000-10,000	H	
PICES timelines (interactive web-based depiction)	?	M-	
PICES photo album: 25 photo pages that depict 25 years of PICES (pdf version)	10,000-15,000	H	PDF version may not cost so much
PICES photo album: 25 photo pages that depict 25 years of PICES (hard copies)	?	M-	Depends on available fund
Lecture series on PICES accomplishments (recorded and web posted option)	? (cheap)	H	A specific lists of the guests and speaker are needed to check whether they would get inner financial support for their international travel
Lecture series at the 2017 PICES/ICES ECS Conference	?	M	
Lecture series (tour to several locations)	?	M	
Travel to PICES-2016: special guests	~20,000	H-	China will support at least 5 chinese ECS to take part in PICES-2016
Travel to PICES-2016: plenary speakers	~20,000	H	
Travel to PICES-2016: early career scientists	~30,000	H	
Anniversary Gala	~20,000	H	
Predicting/forecasting exercise	?	H	China will support Chinese scientists 150K USD to develop the prediction/forecasting system
memorabilia	~10,000	H	

¹ Add any other activities as you see appropriate
² Add dollar amount instead of “?”, if possible
³ Indicate your ranking for the proposed activity/product as high (H), medium (M) or low (L)
⁴ Monetary contribution could be through PICES or directly from national agency
⁵ Provide any additional comments/clarifications in your cover message

PROPOSED FY 2016 BUDGET

Sources for General Fund (GNF)	Amount	
National contributions	766,200	(\$127,700 per Contracting Party)
Transfer from Working Capital Fund	113,300	
Total	879,500	

Category	GNF Allotment	WCF Allotments
Personnel Services	577,500	benefit adjustments, liabilities reduction
Annual Meeting	13,000	registration fee revenue as needed/available
Special Meetings/Travel	212,000	encumbered funds as needed/available
Publications/Communications	37,000	
Office/Administrative	40,000	
Projects		encumbered funds as needed/available
Total	879,500	

Estimated interest and other income		180,000
Net income tax levies		70,000
Tax (GST, PST) rebate		10,000
Interest		10,000
Registration fees for PICES-2016		80,000
Overhead from the PICES/MAFF project		10,000

F& A Endnote 9

PICES Annual Calendar of activities

Month, Date	Activity	Who?	Notes
	Colour coding		Governing Council - Financial Rules / Rules of Procedure
	Colour coding		Annual Meeting operations
	Colour coding		Science Board, Committee and expert group chairs
January			
January 1			START OF FISCAL YEAR. Fees for new year are due on this date
January 5	Annual leave balances and allocation	Executive Secretary and staff	
February			
March			
March 31	Closing date for submissions Wooster and POMA Awards	PICES participants to Exec Secretary	
March 31	Submit financial records to auditor	Exec Secretary; Deputy of Admin	Financial Regulation 11 the Executive Secretary shall submit to the external auditor (referred to in Regulation 13), not later than ninety days immediately following the end of the fiscal year, statements for that fiscal year showing
April			
April ??	Invitations to Invited Speakers	Secretariat	(*** check this ***)
??????????	Open registration website for annual meeting	Secretariat	(*** check this ***)
May			
May 1	Wooster Award:Nominations to the Secretariat	Nominators	Handbook IX: Nominations must be received no later that May 1 of each year and include the following information: nominee's name, institutional affiliation and title, address and biographical resume, and statement of justification for the nomination.
May 1	POMA Award :Nominations to the Secretariat	Nominators	Handbook IX: *** check handbook/consistency *** Nominations must be received no later that May 1 of each year and include the following information: nominee's name, institutional affiliation and title, address and biographical resume, and statement of justification for the nomination.

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May 14	Completion of audit	Exec Secretary; Deputy of Admin	Financial Regulation 13 (iii) the external auditor shall examine the financial statements submitted by the Executive Secretary under Regulation 11(ii) and conclude this examination within six weeks of their receipt. The external auditor shall conduct this examination in conformity with generally accepted auditing standards and shall report to the Council on all relevant matters including
May 28	Send audit report to Contracting Parties	Exec Secretary	Financial Regulation 13 (v) the Executive Secretary shall provide to the Contracting Parties a copy of the audit report and the audited financial statements within 15 days of their receipt;
June			
June 15	Activate website: submit workshop/session proposals – Year +1	Secretariat	
June 20	Close of Registration for annual meeting		
July			
July 1	Extended closure date for registration/abstract submission	participants	
July 1	Financial support application deadline	participants	
July 5 -31	Prepare Session Schedules; edit abstracts for scientific content	Session Convenors	Handbook VII <i>Convenors are responsible for:</i> reviewing contributed abstracts for consistency with the topic, and returning those which are not to the Secretariat; selecting oral and poster presentations, including the identification of "backup" oral presentations from among the posters in case of last minute cancellation (a not uncommon occurrence);
July 31	Ensure that invited speakers are registered and submit an abstract for their invited talk	Session Convenors	Handbook VII <i>Convenors are responsible for:</i> ensuring that invited speakers register for the meeting and submit an abstract via the PICES website before July 31;
July 31 ??	Conform final schedule and list oral presentations with Secretariat	Session Convenors	Handbook VII <i>Convenors are responsible for:</i> preparing a preliminary schedule of oral presentations, in consultation

			with the Executive Secretary, and returning the outcome to the Secretariat by the deadline set by the Secretariat (typically July 31 for Annual Meetings);
August			
August 15	Abstract submission notification	Secretariat	
August ??	Recommendations re: financial support	SB members plus Secretariat	
August 19	Circulate draft budget	Executive Secretary	Financial Regulation 3: (assuming Oct 19 Opening) The Executive Secretary shall prepare and submit to the annual meeting of the Council a draft budget and justification, comprising estimates of income and expenditures of the Organization for the ensuing financial year. At the same time the Executive Secretary shall prepare a forecast budget and justification for the subsequent financial year, and shall transmit the draft budget and forecast budget estimates to all Contracting Parties at least 60 days before the opening of the annual meeting;
August 19	Nominations for election to be sent to Executive Secretary	GC members	Rules of Procedure 5: (assuming Oct 19 Opening) nominations of candidates for elections in the Council shall be sent in writing to the Executive Secretary at least 60 days prior to the start of the Annual Meeting at which the election will occur;
August 19	Notice of changes to Rules of Procedure and/or Financial Regulations	Executive Secretary	Rules of Procedure 22 (assuming Oct 19 Opening) i no proposal involving changes in these Rules of Procedure or the i Financial Regulations shall be considered at a meeting of the Council) unless either: (a) two months' notice of the proposal has been given to the Contracting Parties; or (b) the Council agrees by consensus.
August 19	Circulate draft agenda	Executive Secretary	Rules of Procedure 10 (assuming October 19 Opening) (vii) the Executive Secretary shall circulate to delegates a draft agenda 60 days before each meeting of the Council and indicate the date on which proposals for inclusion should be submitted for consideration, and a provisional agenda 45 days before each meeting;

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August 19	draft agenda for Committee meetings, in consultation with its members, Chairmen of its subsidiary bodies, and with the SB Chairman,	Chairs of Scientific/Technical Committees	Handbook III; (assuming October 19 Opening) <i>Responsibilities of the Chairman of a Scientific/Technical Committee involve:</i> developing a draft agenda for Committee meetings, in consultation with its members, Chairmen of its subsidiary bodies, and with the SB Chairman, for distribution at least 60 days prior to any meetings and submitting the provisional agenda to the Secretariat for posting on the PICES website at least 30 days prior to the Annual Meeting;
August 19	draft agenda for Committee meetings, in consultation with its members, Chairmen of its subsidiary bodies, and with the SB Chairman,	Chairs of Working Groups, Study Groups, Advisory Panels (and Sections)	Handbook V; (assuming October 19 Opening) <i>Chairmen are responsible for:</i> - <i>ensuring the successful completion of the terms of reference of the group within the timeframe approved by the Governing Council;</i> <i>developing a draft agenda for distribution at least 60 days prior to any meetings of the group;</i>
September			
September 4	Circulate provisional GC agenda	Executive Secretary	Rules of Procedure 10 (assuming October 19 Opening) (vii) the Executive Secretary shall circulate to delegates a draft agenda 60 days before each meeting of the Council and indicate the date on which proposals for inclusion should be submitted for consideration, and a provisional agenda 45 days before each meeting;
September 19	Provide agendas for posting	SB Chair;	Handbook II; (assuming October 19 Opening)
September 19	Provide agendas for posting	SB Chair; Chairs of Scientific/Technical Committees	Handbook III; (assuming October 19 Opening) <i>Responsibilities of the Chairman of a Scientific/Technical Committee involve:</i> submitting the provisional agenda to the Secretariat for posting on the PICES website at least 30 days prior to the Annual Meeting;
September 19	Provide agendas for posting	Chairs of Working Groups, Study Groups, Advisory Panels (and Sections)	Handbook V; (assuming October 19 Opening)
September 28	GC members to provide complete list of delegation (all committees and expert	Governing Council members	Rules of Procedure 1: (assuming October 19 Opening): (ii) each Contracting Party shall, three weeks in advance, inform the Executive Secretary of the names of delegates, advisors, and members attending each meeting of the Organization;

October			
October 19	Opening of Annual Meeting (2015)		
October 25	Close of GC Session (2015) – effective date of elections		Rules of Procedure 6 (assuming Oct 25 GC completion) The Chairman and the Vice-Chairman shall each be elected from among the delegates for a term of two years and each shall be eligible for re-election only once for a successive term. They shall normally take office at the conclusion of the Annual Meeting at which elected.
November			
November 25	PICES Press article describing Annual Meeting	SB Chair	Handbook II (assuming Oct 25 GC Completion) <i>After the Annual Meeting, the SB Chairman shall: report decisions of the Governing Council to SB members; write an article for PICES Press describing the results of the Annual Meeting within 30 days of the end of the Annual Meeting;</i>
November 25	Provide Secretariat with comprehensive Report	Chairs of Scientific/Technical Committees	Handbook III (assuming Oct 25 GC Completion) <i>Responsibilities of the Chairman of a Scientific/Technical Committee involve: providing the Secretariat a major comprehensive report of the Committee's activities for the Annual Report within 30 days of the end of the Annual Meeting.</i>
November 25	Provide Secretariat with comprehensive Report	Chairs of Working Groups, Study Groups, Advisory Panels (and Sections)	Handbook V (assuming Oct 25 GC Completion) <i>Responsibilities of the Chairman of a Scientific/Technical Committee involve: providing the Secretariat a major comprehensive report of the Committee's activities for the Annual Report within 30 days of the end of the Annual Meeting.</i>
December			
December 25	Submit SB Report	SB Chair	Handbook II (assuming Oct 25 GC Completion) <i>After the Annual Meeting, the SB Chairman shall: compile the SB report for the Annual Report within 60 days of the end of the Annual Meeting;</i>
December 25	Complete Governing Council Report	Chairman with Executive Secretary	