



**TENTH REGULAR SESSION  
FINANCE AND ADMINISTRATION COMMITTEE  
Seventh Session  
Cairns, Australia  
30 November - 06 December 2013**

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**AUDITOR'S REPORT FOR 2012 AND GENERAL ACCOUNT FUND  
FINANCIAL STATEMENTS FOR 2012**

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**WCPFC10-2013-FAC7-04  
25 October 2013**

**Introduction**

1. The Commission's Financial Regulations require that the independent external Auditor issue a report on the audit of the annual financial statements and relevant schedules relating to the accounts (Finance Regulation 12.6) and that following consideration of the audited financial statements and audit report the Commission shall signify its acceptance of the audited financial statements or take such other action as it may consider appropriate (Financial Regulation 13.1).
2. In undertaking the audit the Auditor is required to report on all relevant matters, including:
  - whether the statements are based on proper accounts and records;
  - whether the statements are in agreement with the accounts and records;
  - whether income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year have been in accordance with the Regulations; and
  - provide observations with respect to the efficiency and economy of the financial procedures and conduct of business, the accounting system, internal financial controls and the administration and management of the Commission.
3. The audit and compliance reports, which comprise all of the formal communications from the external auditor, was circulated to All Commission Members, Cooperating Non-Members and Participating Territories in June 2012. The audit, compliance reports and annual financial statements are attached for reference. They show a compliant and unqualified set of accounts and reports.

**External Audit Timing Requirements**

4. In accordance with the requirements of Finance Regulation 12, the Commission's annual financial statements for the 2012 financial period were submitted to the Auditor prior to 31 March 2013. The audit was submitted to the Commission on 12 July, 2013.

**Scope**

5. The primary reporting focus of the financial statements is the Commission's General Account Fund established in accordance with Financial Regulation 6.1 (a). However detailed

information about the other funds in existence as at 31 December 2012: the Working Capital Fund; Special Requirements Fund; Regional Observer Programme Support Fund; Western Pacific East Asia Oceanic Fisheries Management Project (formerly the Indonesia/Philippines Data Collection Project Fund); the Japanese Trust Fund; and the Voluntary Contributions Fund is given at Note 7 to the Financial Statements. These other funds were therefore subject to the same audit process as the General Account Fund. The reporting format for these funds was adopted on the recommendation of the external auditor.

### **Audit findings**

The audit report and compliance report provide:

- the external auditors opinion was that the “financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2012, and the results of its operations and its cash flows for the year...”; and
- a statement that there was no evidence of non compliance with the Commission’s Financial Regulation 12.4 (c) which requires an opinion on regulatory compliance in relation to income, expenditure, the investment of moneys and the acquisition and disposal of assets.

### **Financial results**

7. The financial statements show that the outcome for the General Account Fund for 2012 was that there was an excess of income over expenditure of USD238,784. In addition to the surplus, prior years’ contributions of USD568,310 were paid by some Members in 2012 and this resulted in the General Account Fund balance at the end of the year of USD807,094. In accordance with Financial Regulation 4.4 this balance was transferred to the Working Capital Fund.

### **Recommendation**

8. The Commission is invited to consider the audited financial statements.

**WESTERN AND CENTRAL PACIFIC  
FISHERIES COMMISSION**

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

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**YEAR ENDED DECEMBER 31, 2012**

## **Independent Auditors' Report**

The Chairman  
Western and Central Pacific Fisheries Commission:

We have audited the accompanying financial statements of Western and Central Pacific Fisheries Commission (the "Commission"), which comprise the general account fund statements of assets, liabilities and fund balance as of December 31, 2012, and the related statement of income and expenditures and changes in fund balance, of cash flows and of appropriations and expenditures for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Commission's financial regulation 12.4; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 auditing standards generally accepted in the United States of America. Those standards, which are consistent with the generally accepted auditing standards referred to in the Commission's financial regulation 12.4, require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Commission'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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

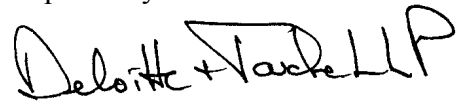
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2012, and the results of its operations and its cash flows for the year then ended on the basis of accounting described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements were prepared in conformity with financial regulations of the Commission and certain accounting standards adopted by other international organizations, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

## **Other Matters**

We have also issued our report dated July 10, 2013, on the Commission's compliance with financial regulation 12.4(c) and our consideration of the Commission's internal control over financial reporting as required by the Commission's financial regulation 12.4(d).

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, flowing style.

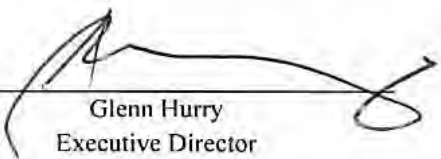
July 10, 2013

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Assets, Liabilities and Fund Balance  
December 31, 2012  
(With Comparative Totals as of December 31, 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>	<u>Note</u>
Cash and short-term deposits	\$ 1,677,403	\$ 1,579,152	
Contributions receivable	124,321	517,935	
Less provision for delayed contributions	(124,321)	(517,935)	4
Due From Other Funds	393,970	13,315	
Accounts receivable	18,908	13,304	
Other assets and advance payments	-	44,466	
<b>Total assets</b>	<b>\$ 2,090,281</b>	<b>\$ 1,650,237</b>	
 <u>Liabilities and Fund Balance</u>			
Unliquidated obligations	\$ 683,194	\$ 538,059	
Accounts payable	36,988	-	
Member contributions in advance	288,490	-	
Owed to Other Funds	878,821	614,292	
Accrued entitlements	167,316	135,911	
Income tax withheld	5,390	4,707	
Social security tax withheld	82	7,268	
Provision for medical expenses	30,000	30,000	
Fund balance	-	320,000	
<b>Total liabilities and fund balance</b>	<b>\$ 2,090,281</b>	<b>\$ 1,650,237</b>	

See accompanying notes to financial statements.

  
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 Glenn Hurry  
 Executive Director

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)

<u>Income</u>	<u>2012</u>	<u>2011</u>	<b>Note</b>
Contributions:			
Assessed contributions	\$ 5,568,883	\$ 6,388,086	4
Voluntary contributions	<u>10,608</u>	<u>22,566</u>	
Total contributions income	5,579,491	6,410,652	
Miscellaneous income:			
Interest	7,416	5,424	
Other	<u>505,060</u>	<u>89,562</u>	
Total income	<u>6,091,967</u>	<u>6,505,638</u>	
<i>Less</i>			<i>(refer Statement of Appropriations &amp; Expenditures, page 5)</i>
Expenditures	<u>6,033,144</u>	<u>5,657,779</u>	
Excess of income over expenditure	58,823	847,859	
<i>Less</i>			
Delayed contributions	<u>79,660</u>	<u>455,727</u>	
Net excess of income over expenditure (expenditure over income)	(20,837)	392,132	
<i>add</i>			
Prior year contributions paid in current year	(60,379)	35,593	
Fund balance at beginning of year	320,000	316,059	
Transfer to Working Capital Fund	<u>(238,784)</u>	<u>(423,784)</u>	
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 320,000</u></u>	

See accompanying notes to financial statements.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Cash Flows  
Year Ended December 31, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)

Cash flows from operating activities:	2012	2011
Net excess of income over expenditures (expenditures over income)	\$ (20,837)	\$ 392,132
(Increase) decrease in other accounts receivable	(386,259)	(26,619)
(Increase) decrease in other assets	44,466	(21,129)
Increase (decrease) in advances from member states	288,490	(8,997)
Increase in unliquidated obligations	145,135	270,121
Increase in other liabilities	326,419	209,994
Previous year's contributions paid	(60,379)	35,593
Net cash from operating activities	337,035	851,095
Transfer to Working Capital Fund	(238,784)	-
Net change in cash and short term deposits	98,251	851,095
Cash and short term deposits at the beginning of the year	1,579,152	728,057
Cash and short term deposits at the end of the year	\$ 1,677,403	\$ 1,579,152

See accompanying notes to financial statements.



**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

**Statement of Appropriations and Expenditures  
Year Ended December 31, 2012**

WCPFC Budget Items 2012 Assessed and Voluntary Contributions General Account Fund Expenditure	Approved Budget 2012	Transfers	Revised Budget	Total Expenditures 31/01/12	Balance of Budget
<b>Part 1 - Administrative Expenses of the Secretariat</b>					
<b>Sub-Item 1.1           <i>Staff Costs</i></b>					
Professional Staff Salary	960,887	0	960,887	884,796	76,091
Professional Staff Benefits and Allowances	935,693	-30,000	905,693	793,675	112,018
Professional Staff Insurance	112,266	0	112,266	105,365	6,902
Recruitment/Repatriation	32,130	0	32,130	11,063	21,067
Support Staff	262,897	5,000	267,897	267,192	705
<b>Total, sub-item 1.1</b>	<b>2,303,873</b>	<b>-25,000</b>	<b>2,278,873</b>	<b>2,062,090</b>	<b>216,783</b>
<b>Sub-Item 1.2           <i>Other Personnel Costs</i></b>					
Temporary Assistance/Overtime	10,000	1,000	11,000	10,833	167
Chairman's Expenses	0	0	0	0	0
Consultants	133,000	24,000	157,000	156,999	1
<b>Total, sub-item 1.2</b>	<b>143,000</b>	<b>25,000</b>	<b>168,000</b>	<b>167,832</b>	<b>168</b>
<b>Sub-item 1.3           <i>Official Travel</i></b>	<b>220,000</b>	<b>-53,210</b>	<b>166,790</b>	<b>126,045</b>	<b>40,745</b>
<b>Sub-item 1.4           <i>General Operating Expenses</i></b>					
Electricity, Water, Sanitation	120,000	18,500	138,500	138,211	289
Communications/Courier	58,000	5,700	63,700	63,625	75
Office Supplies & Fuel	50,042	-12,000	38,042	37,971	71
Publications and Printing	10,000	-9,900	100	27	73
Audit	9,000	-1,800	7,200	7,000	200
Bank Charges	8,000	0	8,000	7,270	730
Official Hospitality	11,000	3,800	14,800	14,796	4
Community Outreach	5,000	0	5,000	4,940	60
Miscellaneous Services	10,500	-4,000	6,500	6,452	48
Security	56,500	-4,000	52,500	51,961	539
Training	22,000	3,700	25,700	25,622	78
<b>Total, sub-item 1.4</b>	<b>360,042</b>	<b>0</b>	<b>360,042</b>	<b>357,875</b>	<b>2,167</b>
<b>Sub-item 1.5           <i>Capital Expenditure</i></b>					
Vehicles	30,000	-5,000	25,000	24,392	608
Information Technology	50,200	37,000	87,200	87,199	1
Construction of House for Executive Directors	162,000	9,300	171,300	171,300	0
Solar Power	0	64,810	64,810	64,810	0
Furniture and Equipment	48,500	-6,000	42,500	42,482	18
<b>Total, sub-item 1.5</b>	<b>290,700</b>	<b>100,110</b>	<b>390,810</b>	<b>390,183</b>	<b>627</b>
<b>Sub-item 1.6           <i>Maintenance</i></b>					
Vehicles	4,000	300	4,300	4,255	45
Information and Communication Technology	78,500	-17,000	61,500	61,070	430
Buildings & Grounds	70,400	-11,900	58,500	58,493	7
Gardeners and Cleaners	59,600	-4,400	55,200	55,170	30
Insurance	36,000	-13,900	22,100	22,031	69
<b>Total, sub-item 1.6</b>	<b>248,500</b>	<b>-46,900</b>	<b>201,600</b>	<b>201,020</b>	<b>580</b>
<b>Sub-item 1.7           <i>Meeting Services</i></b>					
Annual Session	395,000	28,000	423,000	422,693	307
Scientific Committee	135,000	22,300	157,300	157,131	169
Northern Committee	10,000	7,500	17,500	17,403	97
Technical and Compliance Committee	135,000	0	135,000	128,401	6,599
Management Objectives Workshop	90,000	-57,800	32,200	25,931	6,269
<b>Total, sub-item 1.7</b>	<b>765,000</b>	<b>0</b>	<b>765,000</b>	<b>751,559</b>	<b>13,441</b>
<b>TOTAL, Section 1/Item 1</b>	<b>4,331,115</b>	<b>0</b>	<b>4,331,115</b>	<b>4,056,604</b>	<b>274,511</b>
<b>Part 2 - Science &amp; Technical &amp; Compliance Programme</b>					
<b>Section 2 ( Item 2)</b>					
<b>Sub-item 2.1           <i>Scientific Services (SPC)</i></b>	<b>792,000</b>	<b>0</b>	<b>792,000</b>	<b>792,000</b>	<b>0</b>
<b>Sub-item 2.2           <i>Scientific Research</i></b>					
Regional Tagging	10,000	0	10,000	10,000	0
Refinement of BE Tuna Biological Parameters	55,000	0	55,000	55,000	0
WPEA OFM Project Co-finance	25,000	0	25,000	25,000	0
Harvest Control Rules	10,000	0	10,000	10,000	0
Technical Support Management Obj. Workshop	30,000	0	30,000	30,000	0
High Priority Project(s) - to be allocated	96,000	8,700	104,700	104,692	9
<b>Total, sub-item 2.2</b>	<b>226,000</b>	<b>8,700</b>	<b>234,700</b>	<b>234,692</b>	<b>9</b>
<b>Sub-item 2.3           <i>Technical &amp; Compliance Programme</i></b>					
ROP - Audit/Remediation	10,000	0	10,000	9,261	739
ROP - Special Projects and Research Activities	30,000	20,100	50,100	50,054	46
ROP - Training, Assistance & Development	30,000	2,900	32,900	32,808	92
Reg. Obs. Prog. Data Entry (SPC)	334,769	0	334,769	334,569	200
By-Catch Mitigation - Website	10,000	0	10,000	10,000	0
Vessel Monitoring System - SLA Costs	370,000	0	370,000	345,042	24,958
Vessel Monitoring System - Airtime	80,000	0	80,000	76,269	3,731
Vessel Monitoring System - Security Audit	37,000	-13,700	23,300	5,786	17,514
CCM Staff VMS Training	40,000	0	40,000	14,244	25,756
VMS Redundancy Provision	18,000	700	18,700	18,624	76
Information Management System	50,000	-10,000	40,000	26,623	13,377
Workshops/IATC Cross Endor. Train.	45,000	-8,700	36,300	26,570	9,730
<b>Total, item 2.3</b>	<b>1,054,769</b>	<b>-8,700</b>	<b>1,046,069</b>	<b>949,849</b>	<b>96,220</b>
<b>TOTAL, Section 2/Item 2</b>	<b>2,072,769</b>	<b>0</b>	<b>2,072,769</b>	<b>1,976,540</b>	<b>96,229</b>
<b>Total, Parts 1 &amp; 2</b>	<b>6,403,884</b>	<b>0</b>	<b>6,403,884</b>	<b>6,033,144</b>	<b>370,740</b>

See accompanying notes to the financial statements.

# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2012  
(With Comparative Totals as of December 31, 2011)

## 1. Organization

The Western and Central Pacific Fisheries Commission (the Commission) is an international organization established under the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. The Commission came into existence on 19<sup>th</sup> of June 2004 through force of the Convention. The Secretariat was established in September 2005 when the Executive Director took up his post.

The Commission is the organization through which state parties to the Convention seek to ensure, through effective management, the long term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific Ocean in accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

The subsidiary bodies of the Commission are a Scientific Committee, a Technical and Compliance Committee, a Northern Committee and a Finance and Administration Committee.

The Commission is currently concentrating on:

- (i) Implementing the decisions of the Annual Sessions of the Commission in relation to conservation and management measures;
- (ii) Monitoring the effect of the conservation and management measures adopted in terms of supporting the sustainable use, conservation and management of western and central Pacific fish stocks and improving data acquired from fisheries in the Convention Area as a basis for monitoring the fisheries supported by members;
- (iii) Operationalising an integrated system for monitoring, control and surveillance, as provided for in the Convention, including establishment of the Commission's Vessel Record and Authorizations to Fish, Procedures for Listing Vessels that have undertaken IUU fishing activities in the Convention Area, implementation of the High Seas Boarding and Inspection scheme, the satellite-based vessel monitoring system and the Regional Observer Programme.
- (iv) Administration of relationships with other Regional Fisheries Management Organizations;
- (v) Monitoring initiatives to establish an international convention for straddling fish stocks and discrete high seas fish stocks in the southern Pacific Ocean;
- (vi) Supporting efforts to improve data collection and research associated with tuna fisheries and the WCPO ecosystem including initiatives to scale up tuna tagging programmes;
- (vii) Supporting efforts to promote an ecosystems approach to fisheries (EAF) and its application to WCPO;
- (viii) Supporting efforts to mitigate the impacts of tuna fishing on non-target species and the marine ecosystem;
- (ix) Supporting initiatives to evaluate management options for WCPO tuna resources including the matter of allocation;
- (x) Monitoring and engagement with global efforts to address tuna fishing capacity concerns;
- (xi) Monitoring developments in the tuna industry; and
- (xii) The establishment of a fully functional Secretariat.

# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

## Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

### 2. Summary of Significant Accounting and Financial Reporting Policies of the Commission Scope

These financial statements primarily reflect the assets, liabilities and transactions relating to the General Account Fund. The Commission administers the following other funds:

- Working Capital Fund;
- Special Requirements Fund;
- Regional Observer Programme Support Fund;
- Western Pacific East Asia Oceanic Fisheries Management Project Fund;
- Japanese Trust Fund;
- Fees and Charges Trust Fund; and
- Voluntary Contributions Fund

The Fees and Charges trust fund was established in 2010 following a decision by the Commission at WCPFC6 to impose a fee on non-member carrier and bunker vessels.

The accounts of the Commission are maintained in accordance with the financial regulations of the Commission and administrative instructions issued by the Executive Director of the Commission. They also take into account certain accounting standards adopted by the United Nations Common System.

The Commission accounts are maintained on a fund accounting basis. The funds are maintained as distinct financial and accounting entities.

The financial period of the Commission consists of a calendar year. The financial statements presented are for the calendar year 1 January to 31 December 2012.

Generally, income, expenditure, assets, and liabilities are recognized on the accrual basis of accounting (please refer "Assets" hereunder).

The accounts of the Commission are presented in United States Dollars (USD). Accounts maintained in other currencies are translated into USD at the time of the translation at the current rates of exchange.

#### Income

The amounts necessary to finance the activities of the Commission are assessed to Member States according to the agreed scale of assessments set out in the Commission's Financial Regulations. Interest income includes interest earned on various bank accounts and term deposits.

#### Expenditure

All General Account Fund expenditure is recorded against allocated lines of budgetary appropriation.

# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

## Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

### 2. Summary of Significant Accounting and Financial Reporting Policies of the Commission Scope, Continued

#### Assets

Cash and term deposits comprise funds on deposit in operating accounts, interest bearing bank accounts, and petty cash holdings.

The asset Contributions receivable is matched by a Provision for delays in collection of the outstanding contributions, in accordance with United Nations System Accounting Standards. This is done in the interests of prudence and no judgment is made about collectability.

Acquisition of capital assets are charged against expenditure accounts in the year of purchase, hence furniture, equipment and other non-expendable property are not included in the assets of the Commission appearing in the Statement of Assets, Liabilities, Reserves and Fund Balance. The estimated total of non-expendable property held by the Commission is stated in note 5.

#### Use of Estimates

The preparation of financial statements can require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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 these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

#### Taxation

The Commission is exempt from taxes and custom duties as follows:

Within the scope of the official activities, the Commission, its property, premises and assets and its income, including contributions made to the Commission under the Convention, shall be exempt from all national taxes. Goods, including the Commission's publications, motor vehicles and items for official entertainment purposes that are intended for the official use of the Commission shall be exempt from all customs and excise duties payable at customs, except payment for services.

Goods imported or purchased under an exemption shall not be sold or otherwise disposed of in the Federated States of Micronesia, except under conditions agreed in advance with the Government.

The Commission is subject to Pohnpei State Tax but has an arrangement in place with the national government for that tax to be reimbursed.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

3. Cash and Term Deposits

Funds being held in the name of the Commission but which are not included in the General Account Fund statements amounted to USD3,044,792. These funds are:

<u>Fund</u>	<u>2012</u>	<u>2011</u>
Working Capital Fund	\$ 1,595,691	\$ 1,139,584
Western Pacific East Asia Oceanic Fisheries Management Project Trust Fund	642,114	649,863
Regional Observer Program Support Fund	156,035	155,677
Special Requirements Fund	146,435	236,160
Fees and Charges Trust Fund	460,572	410,407
Japanese Trust Fund	13,555	13,560
Voluntary Contributions Fund	<u>30,390</u>	<u>5,309</u>
Total	\$ <u>3,044,792</u>	\$ <u>2,610,560</u>

4. Provision for Delays in the Receipt of Contributions Receivable

The provisions of \$124,321 in 2012 and \$517,935 in 2012 and 2011, respectively, are derived as follows:

	<u>2012</u>	<u>2011</u>
Assessed member contributions for the approved current year budget	\$ 5,568,883	\$ 6,388,086
<u>Add</u> Outstanding Contributions as at beginning of year	<u>517,935</u>	<u>97,801</u>
Total member contributions available for collection	6,086,818	6,485,887
<u>Less</u> current year Contributions received	<u>5,489,188</u>	<u>5,932,359</u>
Provision for delayed contributions	597,580	553,528
<u>Less</u> prior year contributions received in current year	<u>473,259</u>	<u>35,593</u>
Total provision as at end of year	\$ <u>124,321</u>	\$ <u>517,935</u>

5. Transfer of Excess Funds to the Working Capital Fund

Transfers of \$807,094 did not take place in the 2012 fiscal year but will take place at the beginning of the 2013 fiscal year.

6. Non-Expendable Property

At December 31, 2012, the estimated value of non-expendable property totaled \$1,022,880 (2011 \$790,871).

A lease and grant for the Commission's headquarters building were obtained at no charge during 2007. The cost value of the building has been estimated at \$2.9 million.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds

Working Capital Fund

The Commission's Working Capital Fund as at December 31, 2012 and 2011 totaled \$1,595,691 and \$1,139,584, respectively. A copy of the financial statement related to the Working Capital Funds is on page 12.

Western Pacific East Asia Oceanic Fisheries Management Project

The balance of this fund as at December 31, 2012 and 2011 totaled \$642,114 and \$649,863, respectively. A copy of the financial statements related to the fund is at page 13.

Regional Observer Program Support Fund

The balance of this fund as at December 31, 2012 and 2011 totaled \$156,035 and \$155,677, respectively. A copy of the financial statement related to the fund is on page 14.

Special Requirements Fund

The balance of the Special Requirements Fund as at 31 December 2012 and 2011 totaled \$146,435 and \$236,160, respectively. A copy of the financial statement related to the fund is on page 15.

Japanese Trust Fund

The balance of the Japanese Trust Fund as at December 31, 2012 and 2011 totaled \$13,555 and \$13,560, respectively. A copy of the financial statement related to the fund is on page 16.

Fees and Charges Trust Fund

The balance of the Fees and Charges Trust Fund, as at December 31, 2012 and 2011 totaled \$460,572 and \$410,407, respectively. A copy of the financial statement related to the fund is on page 17.

Voluntary Contributions Fund

The balance of the Voluntary Contributions Fund as at December 31, 2012 and 2011 totaled \$30,390 and \$5,309, respectively. A copy of the financial statement related to the fund is on page 18.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2012  
 (With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Working Capital Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 1,139,584	\$ 592,010
General Account Surplus, savings on prior year obligations and prior year's contributions received	807,094	542,220
Interest	<u>3,533</u>	<u>5,354</u>
Total income	<u>1,950,211</u>	<u>1,139,584</u>
Expenditures	<u>354,520</u>	<u>-</u>
Fund balance	\$ <u>1,595,691</u>	\$ <u>1,139,584</u>

Working Capital Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2012  
 (With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ 542,095	\$ 38,890
Money market account	596,502	594,067
Owed from GAF	<u>807,094</u>	<u>506,627</u>
Total assets	<u>1,945,691</u>	<u>1,139,584</u>
<u>Liabilities</u>		
Liabilities	<u>350,000</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>1,595,691</u>	\$ <u>1,139,584</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Western Pacific East Asia Oceanic Fisheries Management Project Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 649,863	\$ 162,392
Contribution:		
Australia	-	100,000
International Seafood Sustainability Foundation	10,000	-
WCPFC GAF co-financing	25,000	25,000
Japan Trust Fund	34,330	18,000
UNDP	379,715	432,629
KOICA	-	220,000
Interest	<u>705</u>	<u>715</u>
Total income	<u>1,099,613</u>	<u>958,736</u>
Expenditures	<u>457,499</u>	<u>308,873</u>
Fund balance	\$ <u>642,114</u>	\$ <u>649,863</u>

Western Pacific East Asia Oceanic Fisheries Management Project Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2012  
(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ 191,137	\$ 232,045
Money market account	126,486	126,232
Prepaid expense	566	19,880
Tranche payment from KOICA	-	70,000
Tranche payment from UNDP	313,008	210,621
Owed from GAF	<u>25,000</u>	<u>-</u>
Total assets	<u>656,197</u>	<u>658,778</u>
<u>Liabilities</u>		
Amount due to GAF due to transfer error	<u>14,083</u>	<u>8,915</u>
Fund balance	\$ <u>642,114</u>	\$ <u>649,863</u>



WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2012  
 (With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Regional Observer Program Support Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 155,677	\$ 212,691
Contribution from USA for catch attribution study	-	8,025
Interest	<u>358</u>	<u>290</u>
Total income	<u>156,035</u>	<u>221,006</u>
Expenditures	<u>-</u>	<u>65,329</u>
Fund balance	\$ <u>156,035</u>	\$ <u>155,677</u>

Regional Observer Program Support Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2012  
 (With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ 156,035	\$ 152,684
Amount due from GAF	<u>-</u>	<u>2,993</u>
Total assets	<u>156,035</u>	<u>155,677</u>
<u>Fund balance</u>	\$ <u>156,035</u>	\$ <u>155,677</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Special Requirements Fund

Schedule of Income and Expenditures and Changes in Fund Balance

Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 236,160	\$ 252,553
Interest	<u>530</u>	<u>641</u>
Total income	<u>236,690</u>	<u>253,194</u>
Expenditures:		
Cook Islands- Tuna Data Workshop	3,896	9,594
Cook Islands IMS Symposium	16,110	7,440
Cook Islands to Aid in Analysis of CMM 2010-2	6,044	-
Cook Islands (iFIMS) Technical Consultation	20,097	-
Tonga for an internship at WCPFC Headquarters	10,986	-
Marshall Islands i2Fish Group Meeting	<u>33,122</u>	<u>-</u>
Total expenditures	<u>90,255</u>	<u>17,034</u>
Fund balance	\$ <u>146,435</u>	\$ <u>236,160</u>

Special Requirements Fund

Schedule of Assets, Liabilities and Fund Balance

December 31, 2012

(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ <u>146,435</u>	\$ <u>236,160</u>
Total assets	<u>146,435</u>	<u>236,160</u>
<u>Fund balance</u>	\$ <u>146,435</u>	\$ <u>236,160</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Japanese Trust Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income and Other Additions::		
Balance brought forward from prior year	\$ 13,560	\$ 8,484
Contribution from Japan	428,354	424,593
Unliquidated 2010 obligation returned	-	15,400
Interest	<u>-</u>	<u>425</u>
Total income	<u>441,914</u>	<u>448,902</u>
Expenditures:		
Administrative expenses	29,885	91,244
Payments for projects	<u>398,474</u>	<u>344,098</u>
Total expenditures	<u>428,359</u>	<u>435,342</u>
Fund balance	\$ <u>13,555</u>	\$ <u>13,560</u>

Japanese Trust Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2012  
(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ <u>114,696</u>	\$ <u>74,225</u>
Total assets	<u>114,696</u>	<u>74,225</u>
<u>Liabilities</u>		
Unliquidated obligations (including admin expenses)	71,256	56,265
Owed to General Account Fund	<u>29,885</u>	<u>4,400</u>
<u>Fund balance</u>	\$ <u>13,555</u>	\$ <u>13,560</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Fees and Charges Trust Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
Income and Other Additions:		
Balance brought from prior year	\$ 410,407	\$ 273,102
Carrier and bunker fees	70,396	37,611
Contributing non-members	214,467	231,899
Interest	<u>574</u>	<u>425</u>
Total income	<u>695,844</u>	<u>543,037</u>
Expenditures:		
Transfer to Working Capital Fund	125,000	125,000
Bank fees and other charges	95	60
Carrier and bunker fees returns	-	7,570
Write off of CNM 2011 unpaid contributions	<u>110,177</u>	<u>-</u>
Total expenditures	<u>235,272</u>	<u>132,630</u>
Fund balance	\$ <u>460,572</u>	\$ <u>410,407</u>

Fees and Charges Trust Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2012

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ 314,288	\$ 203,820
Amount due from General Account Fund	46,727	104,672
Amount due from Vol. Contributions Fund	-	5,000
Uncollected Contributions from CNMs	<u>102,553</u>	<u>128,097</u>
Total assets	<u>463,568</u>	<u>441,589</u>
<u>Liabilities</u>		
Advance payments by non-members	<u>2,996</u>	<u>31,182</u>
Total liabilities	<u>2,996</u>	<u>31,182</u>
<u>Fund balance</u>	\$ <u>460,572</u>	\$ <u>410,407</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2012

(With Comparative Totals as of December 31, 2011)

7. Other Funds, Continued

Voluntary Contributions Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2012  
(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
Income:		
Balance brought forward from prior year	\$ 5,309	\$ 30,250
Contribution from China	25,000	-
Interest	<u>81</u>	<u>59</u>
Total income	<u>30,390</u>	<u>30,309</u>
Expenditures:		
Study of FAD management and monitoring	<u>-</u>	<u>25,000</u>
Total expenditures	<u>-</u>	<u>25,000</u>
Fund balance	\$ <u>30,390</u>	\$ <u>5,309</u>

Voluntary Contributions Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2012  
(With Comparative Totals as of December 31, 2011)

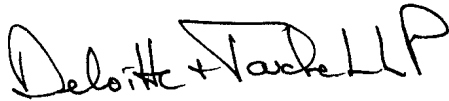
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash at bank	\$ 40,390	\$ 20,309
Amount due from fees and charges account	<u>-</u>	<u>2,600</u>
Total assets	<u>40,390</u>	<u>22,909</u>
<u>Liabilities</u>		
Amount due to fees and charges account	-	7,600
Unliquidated obligations	<u>10,000</u>	<u>10,000</u>
Total liabilities	<u>10,000</u>	<u>17,600</u>
<u>Fund balance</u>	\$ <u>30,390</u>	\$ <u>5,309</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 12.4(C) OF THE COMMISSION'S FINANCIAL REGULATIONS**

The Executive Director  
Western and Central Pacific Fisheries Commission:

We have audited the general account fund statement of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2012 and the related statements of income and expenditures and changes in fund balance, of cash flows and appropriations and expenditures for the year then ended, and have issued our report thereon dated July 10, 2013

As a result of our audit, no instances came to our attention to indicate noncompliance with the Commission's financial regulation 12.4(c).



July 10, 2013



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Tamuning, GU 96913-3911  
USA

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Fax: (671)649-4932  
[www.deloitte.com](http://www.deloitte.com)

July 10, 2013

The Chairman  
Western and Central Pacific Fisheries Commission:

We have performed an audit of the financial statement of the Western and Central Pacific Fisheries Commission (the "Commission") as of December 31, 2012, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated July 10, 2013.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Commission is responsible.

#### **OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS**

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated March 12, 2013, a copy of which has been provided to you. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Commission's financial statements for the year ended December 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards, which are consistent with the generally accepted auditing standards referred to in the Commission's financial regulation 12.4, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statement that has been prepared by management on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles, with the oversight of the Board of Directors is presented fairly, in all material respects, in conformity with the cash basis of accounting. The audit of the financial statement does not relieve management or the Board of Directors of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether caused by fraud or error. In making those risk assessments, we considered internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the operating effectiveness of the Commission's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

## **CORRECTED MISSTATEMENT**

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

The material misstatement included in Appendix I was brought to the attention of management as a result of our audit procedures and was corrected by management during the current period.

## **ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. During the year ended December 31, 2012, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

## **OTHER INFORMATION IN THE ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE**

When audited financial statements are included in documents containing other information such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statement audited by us. We will read the other information in the Annual Report and will enquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in this other information, we will discuss this matter with management and, if appropriate, with the Board of Directors.

## **MANAGEMENT'S REPRESENTATIONS**

We have made specific inquiries of the Commission's management about the representations embodied in the Commission's financial statement. Additionally, we have requested that management provide to us the written representations the Commission is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix II, a copy of the representation letter we obtained from management.

## **OTHER-MATTERS**

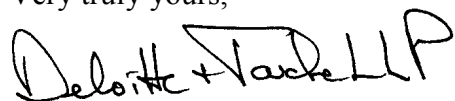
As discussed in Note 2 to the financial statement, which describes the basis of accounting. The financial statements were prepared in conformity with financial regulations of the Commission and certain accounting standards adopted by other international organizations, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of the Commission for their cooperation and assistance during the course of this engagement.

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

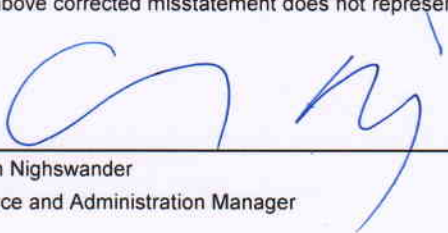


**APPENDIX I**

**Summary of Corrected Misstatement**

Description of Misstatement	Assets		Liabilities		Equity		Income		TOTAL
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
<AJE 1>									
Dr Cash (SRF)	5,110								5,110
Cr Account Payable (SRF)				5,110					(5,110)

The above corrected misstatement does not represent fraud or illegal acts.



Aaron Nighswander  
Finance and Administration Manager



July 10, 2013

Deloitte & Touche  
P. O. Box 753  
Kolonia, Pohnpei 96941

Gentlemen:

In connection with your audit of the general account fund statement of assets, liabilities and fund balance as of December 31, 2012, and the related statements of income and expenditures and changes in fund balance, cash flows and appropriations and expenditures for the year then ended of the Western and Central Pacific Fisheries Commission for the purpose of expressing an opinion as to whether these statements present fairly the financial position, results of operations and cash flows of the Western and Central Pacific Fisheries Commission in conformity with accounting principles described in Note 2 to those financial statements, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the statements of financial position, activities, and cash flows in conformity with accounting principles described in Note 2 to the financial statements. We understand that, as is customary, your audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of expressing an opinion on the financial statements. We note that the auditing standards generally accepted in the United States of America are consistent with the generally accepted auditing standards mentioned in the Commission's finance regulation 12.4. We also confirm that we are responsible for the design and implementation of programs and controls to prevent and detect fraud. We also understand that certain representations in this letter are being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. We confirm, to the best of our knowledge and belief that the financial statements and additional information referred to above are fairly presented on the basis of accounting described in Note 2 to those financial statements.

2. We have made available to you all -
  - a. Financial records and related data.
  - b. Rules of Procedures as adopted at the Inaugural Session, financial regulations, the Headquarters Agreement and the staff regulations pertinent to the operations of the Commission.
3. There have been no -
  - a. Fraud involving management or employees who have significant roles in the system of internal control.
  - b. Fraud involving other employees that could have a material effect on the financial statements.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
5. We have advised you that there are no -
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
6. There are no unasserted claims or assessments that are probable of assertion and must be disclosed. We have not consulted an attorney concerning any such matters as we are not aware of any potential litigation or claims that are outstanding or that have been asserted.

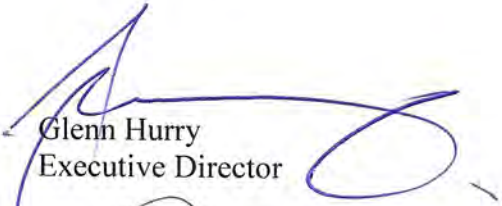
Except where otherwise stated below, matters less than \$36,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

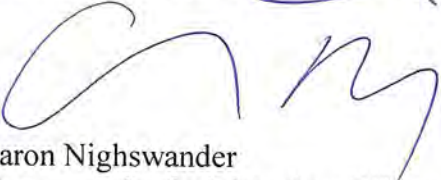
7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
8. WCPFC has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.



9. We have complied with the aspects of contractual agreements that have a material effect on the financial statements in the event of noncompliance.
10. No events have occurred subsequent to the balance sheet date and to the date of our signatures below that could require adjustment to or disclosure in the financial statements.
11. In preparing the financial statements in conformity with the basis of accounting described in Note 2 to the financial statements, management makes estimates. The WCPFC secretariat is aware of its responsibilities to disclose in the financial statements all estimates where it is reasonably possible that the estimates will change in the near future and the effect of the change could be material to the financial statements. However, we do not believe that any events have occurred to the date of this letter, which would require revisions to the estimates used in the preparation of the aforementioned financial statements.
12. We have included certain comparative financial information from the prior year's financial statements in accordance with Section 11.2 of the Financial Regulations, which provides that the Executive Director shall give such other information as may be appropriate to indicate the financial position of the Commission.

Very truly yours,

  
Glenn Hurry  
Executive Director

  
Aaron Nighswander  
Finance and Administration Officer