



**EIGHTH REGULAR SESSION
FINANCE AND ADMINISTRATION COMMITTEE
Fifth Session
Koror, Palau
04 - 09 December 2011**

**AUDITOR'S REPORT FOR 2010 AND GENERAL ACCOUNT FUND
FINANCIAL STATEMENTS FOR 2010**

**WCPFC8-2011 –FAC5/04
19 October 2011**

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 August 2011. 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 11, the Commission's annual financial statements for the 2010 financial period were submitted to the Auditor prior to 31 March 2010. Due to unanticipated obligation on behalf of the auditors, the audit was not submitted to the Commission until 19th August 2011.

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 2010: 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 6 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

6. 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 31 December, 2010, and the results of its operations and its cash flows for the year then ended...”; 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 2010 was that there was an excess of income over expenditure of USD247,472. In addition to the surplus, prior years’ contributions of USD59,907 were paid by some Members in 2010 and this resulted in the General Account Fund balance at the end of the year of USD316,059. In accordance with Financial Regulation 4.4. this balance was transferred to the Working Capital Fund in 2011.

Recommendation

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

August 18, 2011

The Chairman
Western and Central Pacific Fisheries Commission

Dear Chairman:

We have performed an audit of the financial statements of Western and Central Pacific Fisheries Commission (the Commission) as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated August 18, 2011.

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 auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) has been described to you in our engagement letter dated May 23, 2011, 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 in conformity with the financial regulations of the Commission and certain accounting standards adopted by other international organizations, in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by us with the oversight of management and the Board of Directors are presented fairly, in all material respects, in conformity with those accounting standards. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

We considered the Commission’s internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements 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. We are not aware of any significant changes in accounting estimates or in management’s judgments relating to such estimates.

SIGNIFICANT ACCOUNTING POLICIES

The Commission's significant accounting policies are set forth in note 1 to the Commission's 2010 financial statements. During the year ended December 31, 2010, there were no significant changes in previously adopted accounting policies or their application.

OTHER INFORMATION IN THE ANNUAL REPORT

The 2010 audited financial statements were not included in documents containing other information such as the Commission's Annual Report as of the date of this letter.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Commission's 2010 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2010.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Commission's management about the representations embodied in the financial statements. 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 I, a copy of the representation letter we obtained from management.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE WITH MANAGEMENT

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Commission's management and staff and had unrestricted access to the Commission's senior management in the performance of our audit.

OTHER MATERIAL WRITTEN COMMUNICATIONS

There were no other material written communications between management and us related to the audit of the financial statements for the year ended December 31, 2010.

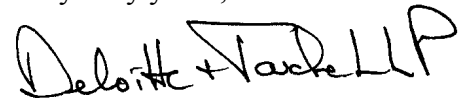
The Board of Directors
Western and Central Pacific Fisheries Commission
August 18, 2011

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

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

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, slightly stylized font. The word "Deloitte" is on the left, followed by a plus sign, and "Touche LLP" is on the right. The "T" in "Touche" is particularly large and loops back.



August 18, 2011

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, 2010, 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.

**P. O. Box 2356, Kolonia, Pohnpei 96941,
Federated States of Micronesia.**

**Phone: +691 320 1992/1993 facsimile: +691 320 1108
Email: Aaron.Nighswander@wcpfc.int**

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 \$32,400 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.


APPENDIX I, CONTINUED

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.
13. The receivable from US Government in the amount of \$66,875 for the Catch Attribution Study is collectible and therefore related allowance is not required.

Very truly yours,



Glenn Hurry
Executive Director



Aaron Nighswander
Finance and Administration Officer

**WESTERN AND CENTRAL PACIFIC
FISHERIES COMMISSION**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED DECEMBER 31, 2010

Independent Auditors' Report

The Chairman
Western and Central Pacific Fisheries Commission:

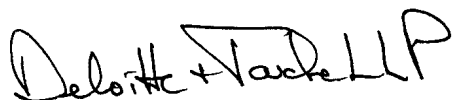
We have audited the accompanying general account fund statements of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2010, and the related statements of income and expenditures and changes in fund balance, of cash flows and of appropriations and expenditures for the year then ended. These financial statements are the responsibility of the Commission's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 2.

We have also issued our report dated August 18, 2011, 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).



August 18, 2011

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

**General Account Fund
Statement of Assets, Liabilities and Fund Balance
December 31, 2010
(With Comparative Totals as of December 31, 2009)**

<u>Assets</u>	<u>2010</u>	<u>2009</u>	<u>Note</u>
Cash and short-term deposits	\$ 728,057	\$ 486,552	3
Contributions receivable	\$ 97,801		
Less provision for delayed contributions	<u>(97,801)</u>	-	4
Accounts receivable	-	4,401	
Other assets and advance payments	<u>23,337</u>	<u>49,254</u>	
Total assets	<u>\$ 751,394</u>	<u>\$ 540,207</u>	
 <u>Liabilities and Fund Balance</u>			
Unliquidated obligations	\$ 267,938	\$ 207,341	
Member contributions in advance	8,997	16,000	
Accrued entitlements	118,621	166,839	
Income tax withheld	3,531	-	
Social security tax withheld	6,248	-	
Provision for medical expenses	30,000	30,000	
Fund balance	<u>316,059</u>	<u>120,027</u>	
Total liabilities and fund balance	<u>\$ 751,394</u>	<u>\$ 540,207</u>	

See accompanying notes to financial statements.



 Glenn Hufry
 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, 2010
(With Comparative Totals for the Year Ended December 31, 2009)**

<u>Income</u>	<u>2010</u>	<u>2009</u>	Note
Contributions:			
Assessed contributions	\$ 5,377,599	\$ 4,229,153	4
Income deferred from prior year	-	256,000	
	<u>5,377,599</u>	<u>4,485,153</u>	
Voluntary contributions	11,065	11,460	
	<u>5,388,664</u>	<u>4,496,613</u>	
Total contributions income	5,388,664	4,496,613	
Transfer from Working Capital Fund	-	227,082	
Miscellaneous income:			
Interest	7,722	16,388	
Other	36,694	34,924	
	<u>5,433,080</u>	<u>4,775,007</u>	
<i>Less</i>			<i>(refer Statement of</i>
Expenditures	<u>5,115,360</u>	<u>4,687,434</u>	<i>Appropriations &</i>
			<i>Expenditures,</i>
			<i>page 5)</i>
Excess of income over expenditure	317,720	87,573	
<i>Less</i>			
Delayed contributions	<u>70,248</u>	<u>62,684</u>	
Net excess of income over expenditure	247,472	24,889	
<i>add</i>			
Prior year contributions paid in current year	59,907	77,120	4
Fund balance at beginning of year	120,027	6,832	
Transfer to Working Capital Fund	(120,027)	(6,832)	
Savings on prior year obligations	8,680	18,018	
Deferred income	<u>-</u>	<u>-</u>	
Fund balance at end of year	<u>\$ 316,059</u>	<u>\$ 120,027</u>	

See accompanying notes to financial statements.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

**General Account Fund
Statement of Cash Flows
Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)**

Cash flows from operating activities:	<u>2010</u>	<u>2009</u>
Net excess of income over expenditures	\$ 247,472	\$ 24,889
Decrease in other accounts receivable	4,401	16,122
Decrease in other assets	25,917	16,881
Decrease in advances from member states	(7,003)	(5)
Increase (decrease) in unliquidated obligations	69,277	(35,352)
Increase in other liabilities	(38,439)	45,997
Previous year's contributions paid	59,907	77,120
Deferred income from prior year	-	(256,000)
Net cash from operating activities	361,532	(110,348)
Transfer to Working Capital Fund	<u>(120,027)</u>	<u>(6,832)</u>
Net change in cash and short term deposits	241,505	(117,180)
Cash and short term deposits at the beginning of the year	<u>486,552</u>	<u>603,732</u>
Cash and short term deposits at the end of the year	<u><u>\$ 728,057</u></u>	<u><u>\$ 486,552</u></u>

See accompanying notes to financial statements.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Statement of Appropriations and Expenditures Year Ended December 31, 2010

WCPFC Budget Items 2010 Assessed and Voluntary Contributions General Account Fund Expenditure	Approved Budget (USD)	<i>Transfers</i>	<i>Revised Budget</i>	Total Expenditure 31/12/10	Balance of Budget
Part 1 Section 1 (Item 1) Administrative Expenses					
Sub-item 1.1 - Staff costs					
Established Posts	1,971,889	(181,900)	1,789,989	1,716,420	73,569
General temporary assistance	2,000	0	2,000	327	1,673
Overtime	5,000	0	5,000	1,643	3,357
Executive Director interview expenses	24,000		24,000	19,638	4,362
Consultants	84,000	0	84,000	78,938	5,062
Chairman's expenses	20,000		20,000	6,616	13,384
Total sub-item 1.1	2,106,889	(181,900)	1,924,989	1,823,582	101,407
Sub-item 1.2 : Staff Travel	200,000	32,596	232,596	232,596	0
Sub-item 1.3 - General Operating Expenses					
Electricity, water, sanitation	117,300	0	117,300	115,188	2,112
Communications	53,000	37	53,037	53,037	0
Office supplies & fuel	31,000	882	31,882	31,882	0
Publications & Printing	27,000		27,000	27,000	0
Audit	9,000		9,000	7,000	2,000
Bank charges	7,200	2,243	9,443	9,443	0
Official hospitality	10,000	1,284	11,284	11,284	0
Security	45,000	0	45,000	44,658	342
Training	7,000	0	7,000	4,800	2,200
Miscellaneous	10,000	56	10,056	10,056	0
Sub-item 1.4 - Capital expenditure					
Information & communications technology	50,200	9,026	59,226	59,226	0
Fencing	15,000	0	15,000	15,000	0
Furniture and Office Equipment	30,000		30,000	17,542	12,458
Total sub-item 1.4	95,200	9,026	104,226	91,768	12,458
Sub-item 1.5 - Maintenance					
Vehicles	5,000		5,000	1,970	3,030
Information & communications technology	51,900	(9,026)	42,874	33,131	9,743
Buildings & grounds	100,000	123,953	223,953	223,953	0
Insurance	36,000		36,000	26,153	9,847
Total sub-item 1.5	192,900	114,927	307,827	285,207	22,620
Sub-item 1.6 - Meeting services					
Annual session	129,000	13,264	142,264	142,264	0
Scientific Committee	158,000	14,456	143,544	143,544	0
Northern Committee	10,000	720	10,720	10,720	0
Technical and Compliance Committee	130,000	21,319	151,319	151,319	0
Total sub-item 1.6	517,000	49,759	537,847	447,847	90,000
Sub-total Section 1 (Item 1)	3,428,489	28,910	3,428,487	3,195,348	233,139
General Account Fund Expenditure (cont.)					
Sub-item 2.1 - Scientific services (OFP-SPC)	700,000		700,000	700,000	0
Sub-item 2.2 - Scientific research					
Regional tagging	10,000		10,000	10,000	0
FAD related tuna composition & distribution	2,000		2,000	2,000	0
Scoping the use of reference points & MSE	20,000		20,000	20,000	0
Indonesia/Philippines data collection project	75,000		75,000	75,000	0
High Priority Projects - Unallocated	12,050		12,050	12,050	0
Collection/evaluation of PS species data & Special Proj.	54,500		54,500	54,500	0
Total sub-item 2.2	228,550	0	228,550	228,550	0
Sub-item 2.3 - Technical and Compliance Programme					
WCPFC Record of fishing vessels-database and website	10,000		10,000	9,200	800
Regional Observer Programme data entry support (SPC)	40,000		40,000	40,000	0
By catch mitigation - Website	7,500		7,500	7,500	0
Vessel Monitoring System- capital costs	35,000		35,000	30,445	4,555
Vessel Monitoring System - operating costs*	659,060		659,060	604,591	54,469
Vessel Monitoring System - annual security audit	25,000		25,000	25,000	0
VMS redundancy provision	30,000		30,000	24,726	5,274
Information Management System	20,000		20,000	20,000	0
Total sub-item 2.3	826,560	0	826,560	761,462	65,098
Total Section 2/Item 2	1,755,110	0	1,755,110	1,690,012	65,098
Total Parts 1 and 2	5,183,599	28,910	5,183,597	4,885,360	298,237
Working Capital	230000		230,000	230000	0

See accompanying notes to the financial statements.

* The VMS operating expenditure is financed in part by advances from the Working Capital Fund as approved by WCPFC5. The excess expenditure for that item and the totals should be read in that context.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

1. Organization

The Western and Central Pacific Fisheries Commission (the Commission) is an international organisation 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 the 19th of June 2004 upon entry into force of the Convention. The Secretariat was established in September 2005 when the Executive Director took up his post.

The Commission is the organisation 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 Commission, 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, 2010

(With Comparative Totals as of December 31, 2009)

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

Scope

These financial statements 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
- 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 January 1 to December 31, 2010.

Generally, income, expenditure, assets, and liabilities are recognised on the accrual basis of accounting (please refer to “Assets” hereunder).

The accounts of the Commission are presented in United States Dollars (\$). Accounts maintained in other currencies are translated into \$’s 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.

Expenditures

All General Account Fund expenditures are recorded against allocated lines of budgetary appropriation.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

2. Summary of Significant Accounting and Financial Reporting Policies of the Commission, 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 interest of prudence and no judgment is made about collectability.

Acquisitions 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, 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 (FSM), except under conditions agreed in advance with the FSM National Government.

The Commission is subject to Pohnpei State Tax and is reimbursed periodically by the national government for those taxes.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

3. Cash and Term Deposits

Funds being held in bank accounts in the name of the Commission but which are not included in the General Account Fund statements amounted to \$1,520,399 in 2010 (\$804,378 in 2009). These funds are in respect of:

<u>Fund</u>	<u>2010</u>	<u>2009</u>
Working Capital Fund	\$ 592,010	\$ 241,982
Western Pacific East Asia Oceanic Fisheries Management Project Fund	153,478	263,975
Regional Observer Program Support Fund	179,205	57,595
Special Requirements Fund	268,470	183,642
Japanese Trust Fund	23,884	27,715
Fees and Charges Trust Fund	270,502	-
Voluntary Contributions Fund	<u>32,850</u>	<u>29,469</u>
Total	\$ <u>1,520,399</u>	\$ <u>804,378</u>

4. Provision for Delays in the Receipt of Contributions Receivable

The provisions of \$97,801 in 2010 (\$87,459 in 2009), are derived as follows:

	<u>2010</u>	<u>2009</u>
Assessed member contributions for the approved current year budget	\$ 5,377,599	\$ 4,229,153
<u>Add</u> Outstanding Contributions as at beginning of year	<u>87,459</u>	<u>101,895</u>
Total member contributions available for collection	5,465,058	4,331,048
<u>Less</u> current year Contributions received	<u>5,307,350</u>	<u>4,166,469</u>
Provision for delayed contributions	157,708	164,579
<u>Less</u> prior year contributions received in current year	<u>59,907</u>	<u>77,120</u>
Total provision as at end of year	\$ <u>97,801</u>	\$ <u>87,459</u>

5. Non-Expendable Property

At December 31, 2010 and 2009, the estimated value at cost of non-expendable property totaled \$821,072 and \$675,289, respectively.

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 dollars.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds

Working Capital Fund

The Commission's Working Capital Fund at December 31, 2010 and 2009 totaled \$592,010 and \$241,982, respectively. A copy of the financial statements related to the Working Capital Fund is at page 11.

Western Pacific East Asia Oceanic Fisheries Management Project

The balance of this fund at December 31, 2010 and 2009 totaled \$162,392 and \$263,975, respectively. A copy of the financial statements related to the Fund is at page 12.

Regional Observer Program Support Fund

The balance of this fund at December 31, 2010 and 2009 totaled \$212,691 and \$53,194, respectively. A copy of the financial statements related to the Fund is at page 13.

Special Requirements Fund

The balance of the Special Requirements Fund at December 31, 2010 and 2009 totaled \$252,553 and \$183,642, respectively. A copy of the financial statements related to the Fund is at page 14.

Japanese Trust Fund

The balance of the Japanese Trust Fund as at December 31, 2010 and 2009 totaled \$8,484 and \$27,715, respectively. A copy of the financial statements related to the Fund is at page 15.

Fees and Charges Trust Fund

The balance of the Fees and Charges Trust Fund, (which was established in Headquarters Building Fund as at December 31, 2010 totaled \$273,102. A copy of the financial statements related to the Fund is at page 16.

Voluntary Contributions Fund

The balance of the Voluntary Contributions Fund as at December 31, 2010 and 2009 totaled \$30,250 and \$5,039, respectively. A copy of the financial statements related to the Fund is at page 17.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Working Capital Fund
 Schedule of Income and Expenditure and Changes in Fund Balance
 Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Income and Other Additions:		
Balance b/fwd from prior year	\$ 241,982	\$ 462,232
Contribution from General Account Fund	230,000	-
Transfer of General Account Surplus	<u>120,028</u>	<u>6,832</u>
Total income and other additions	<u>592,010</u>	<u>469,064</u>
Less Transfer:		
To General Account Fund	<u>-</u>	<u>227,082</u>
Net transfers	<u>-</u>	<u>227,082</u>
Fund Balance	\$ <u>592,010</u>	\$ <u>241,982</u>

Working Capital Fund
 Schedule of Assets, Liabilities and Fund Balance
 December 31, 2010
 (With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ 3,287	\$ 241,982
Interest bearing deposit	-	-
Money market account	<u>588,723</u>	<u>-</u>
Total assets	<u>592,010</u>	<u>241,982</u>
<u>Liabilities</u>		
Interest due to General Account Fund	<u>-</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>592,010</u>	\$ <u>241,982</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Western Pacific East Asia Fisheries Management Project Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Income and Other Additions:		
Balance of the Western Pacific East Asia Fisheries Management Project Fund b/fwd from prior year	\$ 263,975	\$ 87,856
Contribution:		
Australia	100,000	100,000
USA	20,000	-
WCPFC GAF co-financing	-	104,861
Japan Trust Fund	30,000	30,000
UNDP	40,000	-
Netherlands	25,964	-
General Account Fund	75,000	-
Interest	<u>660</u>	<u>768</u>
Total income	<u>555,599</u>	<u>323,485</u>
Expenditures	<u>393,207</u>	<u>59,510</u>
Fund Balance	\$ <u>162,392</u>	\$ <u>263,975</u>

Western Pacific East Asia Fisheries Management Project Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2010
(With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ 52,499	\$ 263,975
Money market account	100,979	-
Amount due from GAF due to transfer errors	<u>8,914</u>	<u>-</u>
Total assets	<u>162,392</u>	<u>263,975</u>
<u>Liabilities</u>		
Unliquidated obligations	<u>-</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>162,392</u>	\$ <u>263,975</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Regional Observer Program Support Fund
 Schedule of Income and Expenditure and Changes in Fund Balance
 Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Income</u>		
Balance brought forward from prior year	\$ 53,194	\$ 92,930
Contribution from New Caledonia for Observer data processing by SPC	152,865	-
Contribution from USA	353,880	-
Contribution from USA for catch attribution study	66,975	-
Interest	<u>242</u>	<u>193</u>
Total income	627,156	93,123
Expenditures	<u>414,465</u>	<u>39,929</u>
Fund balance	\$ <u>212,691</u>	\$ <u>53,194</u>

Regional Observer Program Support Fund
 Schedule of Assets, Liabilities and Fund Balance
 December 31, 2010
 (With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ 179,205	\$ 57,595
Amount due from USA for catch attribution study	<u>66,975</u>	<u>-</u>
Total assets	<u>246,180</u>	<u>57,595</u>
<u>Liabilities</u>		
Amount payable to General Account Fund	-	4,401
Unliquidated obligations	<u>33,489</u>	<u>-</u>
	<u>33,489</u>	<u>4,401</u>
<u>Fund balance</u>	\$ <u>212,691</u>	\$ <u>53,194</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Special Requirements Fund

Schedule of Income and Expenditure and Changes in Fund Balance

Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Income:		
Balance brought forward from prior year	\$ 183,642	\$ 139,284
Contribution:		
Chinese Taipei	40,000	30,000
USA	30,000	15,000
Australia	46,960	-
Interest	<u>443</u>	<u>2,431</u>
Total income	<u>301,045</u>	<u>186,715</u>
Expenditure:		
PNA Project	-	3,069
Cook Islands Project	32,556	-
Marshall Islands/PNG/Fiji/Cook Islands SPC Project	15,916	-
Bank fees	<u>20</u>	<u>4</u>
Total expenditure	<u>48,492</u>	<u>3,073</u>
Fund balance	\$ <u>252,553</u>	\$ <u>183,642</u>

Special Requirements Fund

Schedule of Assets, Liabilities and Fund Balance

December 31, 2010

(With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ 268,470	\$ 132,440
Interest bearing deposit	<u>-</u>	<u>51,202</u>
Total assets	<u>268,470</u>	<u>183,642</u>
<u>Liabilities</u>		
Outstanding unliquidated obligations for approved SPC projects	<u>15,917</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>252,553</u>	\$ <u>183,642</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Japanese Trust Fund
 Schedule of Income and Expenditure and Changes in Fund Balance
 Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Income:		
Balance brought forward from prior year	\$ 27,715	\$ 25,277
Contribution from Japan	424,592	404,931
Interest	<u>-</u>	<u>15</u>
Total income	<u>452,307</u>	<u>430,223</u>
Expenditure:		
Administrative expenses	106,444	96,561
Payments for projects	<u>337,379</u>	<u>305,947</u>
Total expenditure	<u>443,823</u>	<u>402,508</u>
Fund balance	\$ <u>8,484</u>	\$ <u>27,715</u>

Japanese Trust Fund
 Schedule of Assets, Liabilities and Fund Balance
 December 31, 2010
 (With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ <u>23,884</u>	\$ <u>27,715</u>
Total assets	<u>23,884</u>	<u>27,715</u>
<u>Liabilities</u>		
Provision for leave entitlements-JTFC	<u>15,400</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>8,484</u>	\$ <u>27,715</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Fees and Charges Trust Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2010

Income:	
Balance brought forward from prior year	\$ -
Carrier and bunker fees	272,786
Interest	<u>487</u>
Total income	<u>273,273</u>
Expenditure	<u>171</u>
Fund balance	\$ <u>273,102</u>

Fees and Charges Trust Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2010

<u>Assets</u>	
Cash at bank	\$ 270,502
Amount due from Voluntary Fund	<u>2,600</u>
Total assets	<u>273,102</u>
<u>Fund balance</u>	\$ <u>273,102</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2010

(With Comparative Totals as of December 31, 2009)

6. Other Funds, Continued

Voluntary Contributions Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2010
(With Comparative Totals as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
Income:		
Balance brought forward from prior year	\$ 5,039	\$ 25,822
Contribution from Australia – Chairman’s travel	45,263	41,181
Contribution from USA	-	23,838
Contribution from Papua New Guinea:		
Study on FAD management and monitoring	25,000	
Register of Fishing Vessels	4,975	
Interest	<u>84</u>	<u>42</u>
Total income	<u>80,361</u>	<u>90,883</u>
Expenditure	<u>50,111</u>	<u>85,844</u>
Fund balance	\$ <u>30,250</u>	\$ <u>5,039</u>

Voluntary Contributions Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2010
(With Comparative Totals as of December 31, 2009)

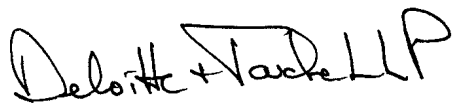
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash at bank	\$ <u>32,850</u>	\$ <u>29,469</u>
Total assets	<u>32,850</u>	<u>29,469</u>
<u>Liabilities</u>		
Air conditioning work contract	-	24,430
Due to fees and charges account	<u>2,600</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>30,250</u>	\$ <u>5,039</u>

**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, 2010 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 August 18, 2011.

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



August 18, 2011