



**PACIFIC ISLANDS
FORUM SECRETARIAT**

FINANCIAL STATEMENTS

**For the year ended
31 December 2019**



Secretary General's Statement

I am pleased to present the Secretariat's financial statements and independent auditors' report for the year ended 31 December 2019.

During the year, we expended FJD20.4m from General Fund and FJD20m from Trust Fund, while our total cash and investment holdings at year end amounted to FJD29.8m.

I remain conscious of the responsibility entrusted to the Secretariat by Members of the Pacific Islands Forum, and by our development partners, to manage such a substantial level of funding. I therefore reaffirm our commitment to ensure that these financial statements provide an accountable and transparent summary of the Secretariat's financial activities for the 2019 financial year.

In my opinion:

- (a) the accompanying General fund statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Secretariat for the year ended 31 December 2019;
- (b) the accompanying statement of financial position is drawn up so as to give a true and fair view of the state of the Secretariat's affairs as at 31 December 2019;
- (c) the accompanying statement of changes in funds is drawn up so as to give a true and fair view of the movement in funds of the Secretariat for the year ended 31 December 2019; and
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Secretariat for the year ended 31 December 2019.

In light of the COVID-19 outbreak which has impacted the public health and economic systems globally, since the beginning of the year 2020, the Secretariat has responded to the rapidly changing environment and associated risks with implementation of strict measures including staff movement restrictions to duty travel and access to the headquarters by essential staff only, to mitigate the risks as well as including adhering to the local Government's protocols and lockdowns. The Secretariat believes it has sufficient financial resources at this time to continue in operational existence for the foreseeable future but it will continue to review further the impact of the outbreak on the organisation's revenues and expenditures for the future years.

Dated at Suva this 21 day of May 2020

Meg Taylor, DBE
Secretary General



Independent Auditor's Report

To the Members of Pacific Islands Forum Secretariat

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Pacific Islands Forum Secretariat (the 'Secretariat'), which comprise the statement of financial position as at 31 December 2019, and the general fund statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Secretariat in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

Members and management are responsible for the other information. The other information comprises the information included in the Secretariat's Annual Report for the year ended 31 December 2019 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at that date of our signing.

Responsibilities of Members and Management for the Financial Statements

Members and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the members and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members and management are responsible for assessing the Secretariat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members and management either intend to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

The members and management are responsible for overseeing the Secretariat's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members and management.



- Conclude on the appropriateness of the members and managements use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with members and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

This report is made solely to the Secretariat's Members, as a body. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Secretariat and the Members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Kaushick Chandra'.

Kaushick Chandra

22 May 2020
Suva, Fiji



**General Fund Statement of Comprehensive Income
For the Year Ended 31 December 2019**

	Note	2019 FJD	2018 FJD
Income			
Contributions from Members	3	5,881,073	5,057,820
Interest income		267,258	241,547
Recoveries income		1,706,000	1,637,650
Administration fees received		1,045,651	978,590
Other income	4	10,780,196	12,557,207
		<u>19,680,178</u>	<u>20,472,814</u>
Expenditure			
Economic Governance	5(a)	4,153,832	4,022,630
Political Governance and Security	5(b)	2,995,913	2,448,483
Strategic Partnerships and Coordination	5(c)	2,642,635	3,227,114
Corporate Services	5(d)	6,936,204	6,749,614
Management of the Secretariat	5(e)	3,716,391	4,108,060
		<u>20,444,975</u>	<u>20,555,901</u>
Net foreign exchange (loss)		<u>(356,708)</u>	<u>(393,474)</u>
(Deficit) of income over expenditure		<u>(1,121,505)</u>	<u>(476,561)</u>

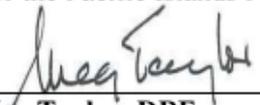
This statement is to be read in conjunction with the accompanying notes to and forming part of the financial statements posted on the PIFS website: www.forumsec.org.



**Statement of Financial Position
As at 31 December 2019**

	Note	2019 FJD	2018 FJD
Current assets			
Cash and cash equivalents	6	27,372,204	26,316,269
Other financial assets at amortised cost	7	2,477,893	3,869,873
Inventories	8	9,732	11,362
Receivables - Members	9	131,993	427,930
Other receivables and prepayments	10	494,074	183,554
Total current assets		30,485,896	30,808,988
Non-current assets			
Property, plant and equipment	11	5,308,243	5,965,033
Right-of-use asset	13	461,974	-
Intangible assets	12	-	17,013
Total non-current assets		5,770,217	5,982,046
Total assets		36,256,113	36,791,034
Current liabilities			
Current payables and accruals	14	2,300,927	3,019,118
Lease liabilities	13(b)	102,093	-
Provisions	15	301,043	301,043
Contributions received in advance - Trust Fund	16	16,752,098	19,076,876
Deferred Income - General Fund	17	4,804,805	-
Total current liabilities		24,260,966	22,397,037
Non-current liabilities			
Lease liabilities	13(b)	368,098	-
Total non-current liabilities		368,098	-
Total Liabilities		24,629,064	22,397,037
Net assets		11,627,049	14,393,997
Accumulated and reserve funds			
General fund		9,355,533	10,877,043
Exchange translation reserve		(985,316)	(628,608)
Capital reserve		2,500,119	4,145,562
Special fund reserve		756,713	-
Total accumulated and reserve funds		11,627,049	14,393,997

For the Pacific Islands Forum Secretariat,


Meg Taylor, DBE
Secretary General


Irvine Paki Ormsby
Acting Director Corporate Services

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**Statement of Changes in Funds
For the Year Ended 31 December 2019**

	2019	2018
	FJD	FJD
General Fund		
Balance at the beginning of the year	10,877,043	10,960,130
(Deficit) of income over expenditure	(1,121,505)	(476,561)
Transfer to Exchange Translation Reserve	356,708	393,474
Transfer (to) Special Fund Reserve	(756,713)	-
Balance at the end of the year	<u>9,355,533</u>	<u>10,877,043</u>
Exchange Translation Reserve		
Balance at the beginning of the year	(628,608)	(235,134)
Transfer (from) General Fund	<u>(356,708)</u>	<u>(393,474)</u>
Balance at the end of the year	<u>(985,316)</u>	<u>(628,608)</u>
Capital Reserve		
Balance at the beginning of the year	4,145,562	4,311,963
Purchase of Trust Fund assets	26,002	95,953
Reversal of leasehold land revaluation (refer note 11)	(1,393,472)	-
Depreciation on revalued assets and PPE used for Projects	<u>(277,973)</u>	<u>(262,354)</u>
Balance at the end of the year	<u>2,500,119</u>	<u>4,145,562</u>
Special Fund Reserve		
Balance at the beginning of the year	-	-
Transfer from General Fund	<u>756,713</u>	<u>-</u>
Balance at the end of the year	<u>756,713</u>	<u>-</u>

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Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 FJD	2018 FJD
Cash flow from operating activities			
Contributions from members and donors		21,897,774	17,263,163
Trust Fund income		17,016,436	14,908,341
Programme and project costs		(19,611,277)	(20,661,846)
Other operational costs		(18,153,644)	(16,519,928)
Interest received		287,128	247,662
Interest on leases		(28,821)	-
Rent and other income		89,438	193,534
Net cash flow generated from/(used in) operating activities		1,497,034	(4,569,074)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		2,278	74,329
Payments for property, plant and equipment		(1,315,042)	(340,840)
Movement in other financial asset at amortised cost		1,391,980	(1,572,676)
Net cash flow generated from/ (used in) investing activities		79,216	(1,839,187)
Cash flows from financing activities			
Repayment of principal lease liability		(97,816)	-
Net cash flow (used in) financing activities		(97,816)	-
Effect on exchange rate changes		(422,500)	(217,042)
Net increase/ (decrease) in cash held		1,055,935	(6,625,303)
Cash and cash equivalents at the beginning of the year		26,316,269	32,941,572
Cash and cash equivalents at the end of the year	6	27,372,204	26,316,269

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