

Financial Statements
International Tropical Timber Organization
December 31, 2015 and 2014



International Tropical Timber Organization

Financial Statements

December 31, 2015 and 2014

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Report of Independent Auditors

To the Executive Director of
International Tropical Timber Organization

Pursuant to Article 23 of the International Tropical Timber Agreement of 2006, we have audited the accompanying financial statements of the International Tropical Timber Organization (the "ITTO"), which comprise the balance sheet as at December 31, 2015, and the statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended, (herein referred to as the "financial statements") and a summary of significant accounting policies described in Note 2 and the related financial statement schedules I to II for the year ended December 31, 2015. The financial statements have been prepared by the ITTO Secretariat based on the financial reporting provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

Management's Responsibility for the financial statements

The ITTO Secretariat is responsible for the preparation of these financial statements and financial statement schedules in accordance with the accounting policies described in Note 2 and for such internal control as Secretariat determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The financial statements consist of four accounts - the Administrative Account, the Special Account, the Bali Partnership Fund Account and the Executing Agencies Account.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related financial statement schedules based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

Opinion

In our opinion, the financial statements of ITTO for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the accounting policies set out in Note 2.

Emphasis of Matter

1. Additional information of Significant Accounting Policies

We draw attention to Note 2 to the financial statements that indicates ITTO incurred 12 millions of dollars of provisions in the expenditure section of the statements of revenues and expenditures the balance sheet date. The proposals by OC will be brought to the ITTC in November, 2016. These events or conditions indicate that a material uncertainty exists that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC. Our opinion is not modified in respect of this matter.

2. Basis of Accounting

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist ITTO to comply with the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO". As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of ITTO and should not be distributed to or used by parties other than members of ITTO. Our opinion is not modified in respect of this matter.



August 25, 2016

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101-0053 Japan

International Tropical Timber Organization

Balance Sheets

	December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Assets		
Cash and time deposits	\$20,018,577	\$23,454,660
Net Investments in securities	-	12,200,000
<i>Investments in securities</i>	<i>12,014,000</i>	<i>12,200,000</i>
<i>Less: Provision for Impairment of Investment in securities</i>	<i>(12,014,000)</i>	-
Arrears in voluntary contributions	-	2,105,391
Accounts receivable from Japan	-	284,112
Prepaid expenses	35,658	39,336
Advances to and receivable from staff members and others	339,840	320,109
Accrued revenue	316	438,332
	\$ 20,394,391	\$ 38,841,939
Liabilities and contributions		
Accounts payable to staff members and others	\$ 10,089	\$ 21,755
Accounts payable to Japan	122,423	96,679
Accrued liabilities	397,812	572,515
Liabilities arising from Exchange of Notes	3,419,632	4,241,912
Membership contributions received in advance	46,705	176,272
Unappropriated fund	2,436,238	2,498,885
Reserve for programme support	1,337,230	1,543,317
	7,770,130	9,151,335
Members' funds		
Administrative Account:		
Special reserve	1,500,000	1,500,000
Reserve provided by interest income	2,009,132	2,078,016
Surplus of revenues over expenditures	12,494,981	10,396,840
Project accounts:		
Appropriated for specified projects, pre-projects and activities	16,160,443	29,886,585
Unappropriated funds	2,306,874	(5,137,477)
Surplus from completed projects, pre-projects and activities	2,324,698	2,315,257
Impairment of Investments in securities	(5,967,546)	(5,967,546)
Provision for Impairment of Investment in securities	(12,014,000)	-
	18,814,583	35,071,675
Arrears in assessed contributions	(6,215,042)	(5,405,793)
Allowance for arrears	24,720	24,720
	12,624,261	29,690,602
	\$ 20,394,391	\$ 38,841,939

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization

Statements of Revenues and Expenditures

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Revenues:		
Contributions from member countries	\$ 7,952,059	\$ 7,322,796
Reimbursement by Japan	260,077	772,803
Voluntary contributions	4,825,627	11,181,747
Rectification	-	(864,420)
Pledges not received	-	(32,302)
Interest income	403,663	952,895
Dividends	-	64,847
Other income	2,012	34,746
	<u>13,443,437</u>	<u>19,433,111</u>
Expenditures and others:		
Administrative accounts:		
Salaries and benefits	3,467,839	3,695,896
Official travel	86,515	122,895
Social security	710,284	725,514
Special activities	37,470	32,015
Data processing	122,156	86,628
Other costs	244,892	205,545
Council meetings	201,123	693,228
Communication and Outreach	428,675	428,054
Expert meetings	100,003	129,376
Statistics, Studies and Information	251,157	283,034
Annual Report and Biennial review	30,000	30,286
Write-off of arrears in contributions	330,000	55,755
Exchange loss	37,340	124,570
Time delay (Reversal) in settling advance payments	(122,627)	(46,368)
Gain and Loss on securities	-	81,592
Allowance expense for arrears	-	-
Increase in Provision for Impairment of Investment in securities	12,014,000	-
	<u>17,938,829</u>	<u>6,648,020</u>
Project accounts:		
Project cost	11,426,172	11,126,761
	<u>29,365,000</u>	<u>17,774,781</u>
Excess of revenues over expenditures (Excess of expenditures over revenues)	<u>\$ (15,921,563)</u>	<u>\$ 1,658,331</u>

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization

Statements of Changes in Fund Balance

For the years ended December 31

	Total	Administrative Account	Special Account	Bali Partnership Fund Account	Executing Agencies Account	Elimination
	<i>(U.S. dollars)</i>					
2014						
Members' funds as of January 1, 2014	\$34,196,396	\$12,753,498	\$ 2,948,971	\$1,081,179	\$17,412,748	\$ –
Excess of revenues over expenditures	1,553,869	1,438,556	34,953	112,906	32,454	(65,000)
Surplus from Completed projects	104,461	–	96,441	8,020	–	–
Utilization of remaining funds by donors	(618,770)	–	(618,770)	–	–	–
Utilization of members fund provided by interest income for consultant fee	(60,062)	(60,062)	–	–	–	–
Adjustment of prior year	(104,220)	(92,136)	(12,084)	–	–	–
Transfer to Special Account from Administrative Account	–	(65,000)	–	–	–	65,000
Transfer to Special Account from Bali Partnership Fund Account	–	–	348,767	(348,767)	–	–
Transfer to Special Account from Executing Agencies Account	–	–	405,082	–	(405,082)	–
Transfer to Bali Partnership Fund Account from Executing Agencies Account	–	–	–	356,793	(356,793)	–
Members' funds as of December 31, 2014	<u>\$35,071,675</u>	<u>\$13,974,857</u>	<u>\$ 3,203,360</u>	<u>\$ 1,210,131</u>	<u>\$16,683,328</u>	<u>\$ –</u>
2015						
Excess of revenues over expenditures	(15,931,004)	2,564,787	(5,698,431)	(433,359)	(12,014,000)	(350,000)
Surplus from Completed projects	9,441	–	7,695	1,746	–	–
Utilization of remaining funds by donors	(150,000)	–	(150,000)	–	–	–
Utilization of members fund provided by interest income for consultant fee	(69,729)	(69,729)	–	–	–	–
Adjustment of prior year	(115,801)	(115,801)	–	–	–	–
Transfer to Special Account from Administrative Account	–	(350,000)	–	–	–	350,000
Transfer to Special Account from Bali Partnership Fund Account	–	–	150,000	(150,000)	–	–
Transfer to Special Account from Executing Agencies Account	–	–	5,715,529	–	(5,715,529)	–
Transfer to Bali Partnership Fund Account from Executing Agencies Account	–	–	–	648,884	(648,884)	–
Members' funds as of December 31, 2015	<u>\$ 18,814,583</u>	<u>\$ 16,004,115</u>	<u>\$ 3,228,152</u>	<u>\$ 1,277,402</u>	<u>\$ (1,695,084)</u>	<u>\$ –</u>

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization

Statements of Cash Flows

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Excess of revenues over expenditures	\$ (15,921,563)	\$ 1,658,331
Changes in assets and liabilities:		
Arrears in voluntary contributions	2,105,391	3,046,010
Arrears in assessed contributions	(809,249)	1,018,973
Investments in securities	186,000	702,060
Impairment of Investment in securities	12,014,000	
Accounts receivable from Japan	284,112	(284,112)
Prepaid expenses	3,678	(38,297)
Advances to and receivable from staff and others	(19,731)	(134,487)
Accrued revenue	438,016	(214,118)
Liabilities arising from Exchange of Notes	(822,280)	(487,279)
Allowance for arrears	-	-
Accounts payable to staff members and others	(11,666)	(31,575)
Accounts payable to Japan	25,744	(8,474)
Accrued liabilities	(174,703)	316,687
Membership contributions received in advance	(129,567)	44,078
Unappropriated fund	(62,647)	(1,561,001)
Reserve for programme support	(206,087)	348,993
Changes in members' funds:		
Adjustment of prior year	(115,801)	(104,220)
Cash disbursement as Decision 2 (XXXIV)	(69,729)	(60,062)
Utilization of remaining funds by donors	(150,000)	(618,770)
Net increase / (Net decrease) in cash	(3,436,083)	3,592,738
Cash and time deposits at beginning of year	23,454,660	19,861,922
Cash and time deposits at end of year	\$ 20,018,577	\$23,454,660

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization

Notes to Financial Statements

1. Organization and Business

The International Tropical Timber Organization (ITTO) was established pursuant to the International Tropical Timber Agreement, 1983, with its headquarters in Yokohama, Japan, and continues to operate from this location. The Agreement was succeeded by the International Tropical Timber Agreement, 1994 and 2006 (“the Agreement”).

The objectives of the Organization are laid down in Article 1 of the Agreement and include the provision of a consultative forum for producing and consuming members on all aspects of the world timber economy; promotion of the expansion, diversification, and structural improvement of the international tropical timber trade together with more transparency and better distribution; the encouragement of reforestation and other forest management activities; promotion of further processing of tropical timber in the producing countries, with research and development as well as technology transfer to support both of these goals; and support for development of national policies in sustainable utilization and conservation of tropical forests, with special regard for ecological balance and genetic resources.

The accounts of ITTO consist of the Administrative Account, the Special Account, the Bali Partnership Fund Account, the Executing Agencies Account and Other Accounts which the International Tropical Timber Council (ITTC) shall deem appropriate and necessary. As of December 31, 2015, only the first four accounts have been established. The Executing Agencies Account was established in 2003. In addition, as of December 31, 2015, four sub-accounts have been established under the Special Account and two sub-accounts under the Bali Partnership Fund Account, namely: (1) the Project Sub-Account, (2) the Pre-Project Sub-Account, (3) the Thematic Programmes Sub-Account and (4) the Japan Trust Fund under the Special Account, and the Sub-Account “A” and the Sub-Account “B” under the Bali Partnership Fund Account. All inter-account balance and transaction are eliminated in the consolidated financial statements of ITTO.

Administrative Account

Contributions to the Administrative Account are payable in freely usable currencies in accordance with the provisions of Article 22 of the Agreement.

The Government of Japan provides suitable premises, with furniture, fittings, and other equipment, as well as conference facilities gratis for the use of ITTO, and supplies all necessary gas, electricity, water, fire protection, and other utilities gratis for the ITTO headquarters. The value of such items provided is not recorded in the accompanying financial statements.

International Tropical Timber Organization

Notes to Financial Statements (continued)

1. Organization and Business (continued)

Special Account

The possible sources of finance for the Special Account are:

- (a) The Common Fund for Commodities (CFC);
- (b) Regional and international financial institutions; and
- (c) Voluntary contributions.

The resources of the Special Account are used only for approved projects or for pre-project activities. All expenditures under the Pre-Project Sub-Account are reimbursed from the Project Sub-Account if projects emanated from those pre-projects are subsequently approved and funded. All receipts pertaining to specific identifiable projects are brought into the Special Account. All expenditures incurred on such projects are charged to the Special Account.

ITTC shall, by special vote, establish terms and conditions on which it would, when and where appropriate, sponsor projects for loan financing, where a member or members have voluntarily assumed full obligations and responsibilities for such loans. ITTO shall have no obligations for such loans.

Contributions for specified approved projects are used only for the projects for which they were originally intended, unless otherwise decided by ITTC in agreement with the contributor. In case ITTC decides to terminate a project, ITTO shall return to each contributor for specific projects the balance of any funds remaining pro rata to each contributor's share in the total of the contributions originally made available for financing that project, unless otherwise agreed to by the contributor.

Financial contributions to the Special Account are payable in freely usable currencies and are exempt from foreign-exchange restrictions. ITTC may decide to accept other forms of contributions to the Special Account, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

Actions/activities, pre-projects and projects are funded from the resources of both the Special Account and the Bali Partnership Fund Account (co-financed projects) in accordance with approval by ITTC.

International Tropical Timber Organization

Notes to Financial Statements (continued)

1. Organization and Business (continued)

The Thematic Programmes Sub-Account

The ITTA, 2006, included the creation of the Thematic Programmes Sub-Account (article 20, paragraph 1(a)). The Council, at its Forty-fourth Session in November 2008, adopted the following three Decisions:

- Decision 8 (XLIV) The Thematic Programmes Sub-Account under the Special Account;
- Decision 9 (XLIV) on Thematic Programmes on Pilot Basis, and Operational Procedures and Guidelines; and
- Decision 10 (XLIV) Thematic Programme Profiles for the following thematic areas:
 - a. Forest Law Enforcement, Governance and Trade (TFLET);
 - b. Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES);
 - c. Community Forest Management and Enterprises (CFME);
 - d. Trade and Market Transparency (TMT); and
 - e. Industry Development and Efficiency (IDE).

The Council, through Decision 8 (XLIV) decided to:

- (1) Establish, with effect from January 1, 2009, the Thematic Programmes Sub-Account in the Special Account of the International Tropical Timber Organization for the development, management, implementation and evaluation of Thematic Programmes;
- (2) Authorize the Executive Director to transfer into the Thematic Programmes Sub-Account unearmarked contributions for the financing of specific Thematic Programmes, consistent with the procedures for Thematic Programmes established on a pilot basis by the Council;
- (3) Request the Executive Director to submit to the Council an auditor's report on the Thematic Programmes Sub-Account of the Special Account as soon as possible after the close of the financial year but not later than six months after that date and in any case not later than two months before the next session of the Council; and
- (4) Apply mutatis mutandis the Financial Rules of the International Tropical Timber Organization to the Thematic Programmes Sub-Account.

The purpose of the Thematic Programmes Sub-Account shall be to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with Thematic Programmes established by the Council. The donors may allocate their contributions to specific Thematic Programmes or may request the Executive Director to make proposals for allocating their contributions. (Article 20, paragraphs 4 and 5, ITTA, 2006).

International Tropical Timber Organization

Notes to Financial Statements (continued)

1. Organization and Business (continued)

Thematic Programmes Sub-Account (continued)

In accordance with the Decision 9 (XLIV) on the Operational Procedures and Guidelines, the Executive Director will be responsible for the implementation of the thematic programmes including the assessment and selection of proposals for financing under the Thematic Programme. The Members and the Executive Director will develop and submit proposals for financing under the Thematic Programme. Each thematic programme will have a Thematic Programme Advisory Committee to assist the Executive Director with the implementation of the thematic programme.

Japan Trust Fund in the Special Account

Pursuant to an Agreement between ITTO and Government of Japan, the Japan Trust Fund was established on December 9, 1993 as a separate Sub-Account of the Special Account. The resources of this fund consist of:

- (a) Interest accrued on investment of the unliquidated voluntary contribution from Japan to the Special Account as follows:
 - All interest up to December 31, 1993
 - A percentage agreed to between the Executive Director and Japan, but not exceeding 50 per cent of interest with effect from January 1, 1994. (Actual percentage for each of twenty two years ended December 31, 2015, was 50 percent.)
- (b) All interest earned from investment of funds from this Trust Fund.

This fund is used for:

- (a) Supplementary assistance approved by the ITTC to meet increased project cost for projects which were originally financed fully or partially by Japan.
- (b) Meeting costs related to assistance to ITTO agreed by Japan and the Executive Director.
- (c) Assistance to meet ad hoc expenditures for liaison activities between the Host Country (Japan) and the ITTO.

In December 2002, in accordance with instructions from Government of Japan an amount of \$15,000,000, accumulated surplus recorded in prior years in the Japan Trust Fund was transferred into the unappropriated fund (liability) in the Bali Partnership Fund: Sub-Account A, for subsequent financing by Japan of projects and pre-projects under the Bali Partnership Fund: Sub-Account A. These funds were fully allocated as of December 31, 2007, and as such the balance is nil as at December 31, 2015.

International Tropical Timber Organization

Notes to Financial Statements (continued)

1. Organization and Business (continued)

Bali Partnership Fund Account

Pursuant to Article 18.1. (C) and Article 21 of the Agreement, the Bali Partnership Fund was established in 1999. The Fund is used for enhancing the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources. Resources of the Fund shall be allocated by the ITTC only for Projects, Pre-Projects and Activities for the purpose set out in the Agreement and approved by the ITTC. Rule 15.3 of the Financial Rules and Rules Relating to Projects of ITTO adopted by ITTC through Decision 6 (XXIII) of December 6, 1997 (“the Financial Rules”), stipulates that no resources shall be transferred from the Special Account to the Bali Partnership Fund without a decision by ITTC and the consent of the original financial contributor. The activities began to take place in this Fund in 1999.

The possible sources of finance for the Bali Partnership Fund are:

- (a) Voluntary contribution from members;
- (b) Fifty per cent of interest earned as result of activities related to the Special Account;
- (c) Voluntary contribution from other public and private sources; and
- (d) Interest earned in the Bali Partnership Fund from all deposits to that Fund.

In allocating resources of the Fund, the Council shall take into account:

- (a) The special needs of members whose forestry sectors’ contribution to their economies is adversely affected by the implementation of the strategy for achieving the exports of tropical timber and timber products from sustainably managed sources by the year 2000; and
- (b) The needs of members with significant forest areas who establish conservation programmes in timber producing forests.

Operational rules of the Bali Partnership Fund Account are the same as those of the Special Account. The Bali partnership Fund Account has two sub-accounts, the Sub-Account “A” for country-specific and the Sub-Account “B” for non-country-specific relating to actions/activities, pre-projects and projects designed to directly assist tropical timber producing members to achieve the objective of the Fund.

International Tropical Timber Organization

Notes to Financial Statements (continued)

1. Organization and Business (continued)

Executing Agencies Account

The ITTC at its Thirty-fifth Session held during November 3 – 8, 2003, through Decision 3 (XXXV), decided to establish the Executing Agencies Account with effect from the year ended December 31, 2003, in order to exclude the funds committed from the cash and time deposits of the Special Account and the Bali Partnership Fund Account at the end of each fiscal year.

The source of finance for the Executing Agencies Account are mainly the funds committed for specified Projects, Pre-Projects and Activities which are not yet disbursed to the respective Executing Agencies, and are to be disbursed in the future years in accordance with Projects Agreements between ITTO and the respective Executing Agencies.

The Decision 3 (XXXV) also authorized the transfer of fifty per cent interest earned on the Executing Agencies Account into the “unearmarked funds” in the Special Account, and the remaining balance of interest earned into the Bali Partnership Fund Account.

2. Significant Accounting Policies

(1) Basis of preparation of accompanying financial statements

The accounting of ITTO is performed in accordance with provisions of the ITTA and the “Financial Rules and Rules Relating to Project of ITTO”. The accounts are maintained in U.S. dollars. Japanese yen transactions are translated into U.S. dollars monthly at the rates of exchange as determined and supplied by the United Nations. Foreign currency exchange gains and losses on conversion are included in the revenues and expenditures account. The accounts have been prepared primarily on an accrual basis.

(2) Investments in Securities

Financial asset is classified as Investments in Security if;

1) the financial assets are designated upon initial recognition when a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the organization’s key management personnel. Investments in Securities are stated at fair values, with any gains or losses arising on measurement recognized in surplus or deficit. Fair value was measured based on those derived from inputs that are observable for the asset, either directly or indirectly.

2) the financial assets are the investments for which the organization has the positive intent and ability to hold to maturity. These investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

3) Provision for Impairment of Investment in securities

USD 12,014,000 of the provision was provided on the balance of the investment in Ardent Fund. On 26th April, 2016, Blackstar Capital Star Limited, the solo owner of Ardent Harmony Inc. presented a petition of voluntary liquidation to the Grand Court of the Cayman Island and the court issued a supervision order that the liquidation of Ardent Harmony Inc be continued.

The management received an official report from the liquidator dated on 20th June, 2016. Based on the content regarding the residual assets, the management estimated collectible amount from the investment, which includes a claim for a legal cost against ITTO injunction.

(3) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Administrative Account

(4) Fixed assets

Fixed asset additions are written off in the year of acquisition.

(5) Special reserve

A contingency reserve was established to set aside funds to meet obligations towards the staff members of the Organization arising in the event that the ITTO ceases to exist such as termination indemnities, repatriation travel and removal costs, and repatriation grants. The International Tropical Timber Council (ITTC) decided in its Resolution 1 (VIII) at its Eighth Session that the “contingency reserve” be a “Special Reserve Fund” to be utilized only as determined by the ITTC.

(6) Allowance for arrears

A provision for impairment of arrears is established when there is objective evidence that ITTO will not be able to collect all amounts due according to the original terms of the arrears. The length of outstanding period of the arrears and the status of the membership are considered indicators that the arrear is impaired. The change in the amount of the provision is expensed and included in Allowance expense for arrears on Statements of Revenues and Expenditures.

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Administrative Account(continued)

(7) Reserve provided by interest income

Based on the Financial Rules of ITTO (Rule 5.5), interest income is set aside as a reserve which constitutes a resource of the administrative budget for the next year through approval of the ITTC. Under Decision 2 (XXXIV) adopted at the Thirty-fourth Session in May 2003, the ITTC authorized the Executive Director to use the interest earned in the Administrative Account to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties. Therefore, for the Administrative Budget for the financial year 2003 onward, interest income is set aside in a separate heading to be utilized for these authorized purposes.

(8) Provident Fund

Until December 31, 2001, all staff members, except nationals of or permanent residents of Japan, participated in a provident fund as their pension plan. Contributions to the provident fund which are payable monthly include: (a) an amount equivalent to 7.25 percent of pensionable remuneration to be paid by the staff members and deducted from their salary; and (b) an amount twice of the staff members' contribution (14.50 percent) payable by the Organization. The ITTC, at its Forty-fourth Session held in November 2008, authorized the amendments to be made to the ITTO Staff Regulations and Rules; and accordingly amended the contributions to the Provident Fund by both the staff members and by the Organization to be "at the percentage rates set by the United Nations Joint Staff Pension Fund (UNJSPF)". The current percentages applied from November 2008 are: (a) 7.90% to be paid by the staff members, and (b) 15.80% payable by the Organization. Beginning from January 1, 2002, the ITTC authorized the Executive Director to implement a uniform system with regard to the contribution of the Organization to the Provident Fund for all staff members. Under this system, and for staff members who are nationals of or permanent residents of Japan, their contributions to the provident fund are the contribution payable by the Organization less the amount payable (by employer) to the Japanese national scheme. These staff members do not contribute to the provident fund as their salary are already deducted for the self-contribution to the Japanese national scheme.

ITTO entered into an agreement in December 1987 with an insurance company named Assicurazioni Generali S.p.A. for the management of the Organization's provident fund on behalf of its staff members with the firm "Generali Worldwide Insurance Company Limited", Guernsey, Channel Islands, United Kingdom. Subsequently, in April 2002, the agreement with the company was revised, mainly with a view to expand the scope of the provident fund through the inclusion of the option of ITTO US Equity Own Fund, in addition to the USD Deposit Administration Fund (USD Bond).

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Administrative Account (continued)

(9) Contribution Discounts

Based on the Rule 4.3 of the Financial Rules, and member who has paid its full contribution within four months after the due date, the first day of each financial year (Article 19.6 of the Agreement), shall receive a discount at a rate to be determined from time to time by the ITTC. The contribution discount for each year is recognized in the following year as a reduction of the following year's assessed contribution amount. The discount provided during 2013 which are recognized in 2014 totaled \$240,395. There was no discount provided during 2014.

Special Accounts and Bali Partnership Fund Account

(10) Recognition of contributions

A voluntary contribution is recognized when a project is approved and financing is authorized by the ITTC. However, effective from 2002, voluntary contributions committed to be paid on installment basis are recognized on cash receipt basis.

Contributions received before project approval are recorded as unappropriated funds in the liabilities.

(11) Appropriation for specified projects

The outstanding balance of commitments for specified projects and pre-projects at year-end is appropriated for specified projects. When the actual expenditure is made, the appropriated surplus is reversed to the unappropriated surplus.

(12) Surplus from completed projects

The balance returned from the executing agency for projects is appropriated for surplus from completed projects with obligation of refund to donors.

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Special Accounts and Bali Partnership Fund Account (continued)

(13) Reserve for programme support

Based on ITTC Decisions 5 (XI), 5 (XII), and 4 (XV), the costs of administering new projects and pre-projects may be deducted with the first disbursement of expenditure. These include the expenses of telecommunications, bank charges, costs of financial control and document translation costs. The rates deducted from the total projects budgets increased from 5.5% to 6% (not exceeding 11% in the case of ITTO-executed projects and pre-projects from 10.5%) through Decision 2 (XXX) held in June 2001 and effective thereafter. Such administrative costs are to be co-mingled for general use of all projects under the heading "Programme Support". The ITTC at its 34th Session held in November 2003 approved the increase of the above rates (from 6% to 8% and from 11% to 13%), which are adopted for projects, pre-projects and activities approved in 2004 and after. Subsequently, the ITTC at its 48th Session held in November 2012 approved the increase of the rates from 8% to 12% and from 13% to 14%), which are adopted for projects and pre-projects approved in 2013 and after, and activities approved in November 2012 and after.

ITTO meets such costs through a provision for reserve for programme support when voluntary contributions to individual projects are received.

The movements of the reserve for programme support for the years ended December 31, 2015 and 2014 are as follows:

	2015				2014			
	Special Account	Bali Account	Executing Agency Account	Total	Special Account	Bali Account	Executing Agency Account	Total
Beginning balance	\$ 1,508,626	\$ 34,691	\$ –	\$ 1,543,317	\$ 1,193,025	\$ 1,299	\$ –	\$ 1,194,324
Inter-account transfer	(490)	169	321	–	18,061	(19,445)	1,384	–
Provided	547,549	5,636	–	553,185	1,183,691	52,936	–	1,236,627
Usage and others	(758,951)	–	(321)	(759,272)	(886,151)	(99)	(1,384)	(887,634)
Ending balance	<u>\$ 1,296,734</u>	<u>\$ 40,496</u>	<u>–</u>	<u>\$ 1,337,230</u>	<u>\$ 1,508,626</u>	<u>\$ 34,691</u>	<u>–</u>	<u>\$ 1,543,317</u>

(U.S. dollars)

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Special Accounts and Bali Partnership Fund Account (continued)

(14) Reserve for unsettled advance payment

Advances are provided to employees and others in respect to official travel, meetings, education grants and other such related items. At the time an advance is provided, the value of the advance, which may not necessarily be equal to the total actual expenditure to be incurred, is carried forward as debtors in the balance sheet until the year of settlement.

Effective from December 31, 2007, a reserve is recorded for those advances provided for which the expenditure has already been incurred. The total reserve recorded as at December 31, 2015 is \$121,768 (Special (Project Sub-account): \$32,840, Special (Pre-project Sub-account): \$68,677, Special (Thematic Programmes Sub-account): \$4,750 Bali Partnership Accounts: \$15,500). The total reserve recorded as at December 31, 2014 was \$176,222 (Special (Project Sub-account): \$91,850, Special (Pre-project Sub-account): \$48,132, Special (Thematic Programmes Sub-account): \$2,375 Bali Partnership Accounts: \$33,865). The reserve has been offset against the “Advances to and receivables from staff members and others” account in the balance sheet. The reserve remains in the balance sheet until such time as all supporting documentation is submitted to ITTO by the individuals who received the advance.

Reclassification

Certain reclassifications to the prior year’s financial statements amounts have been made to conform to the presentation for the current year.

Reclassification in the section of members’ fund.

The management decided at the end of 2015 to transfer \$7,208,900 to Unappropriated Funds out of the Appropriated funds, which had no commitments to projects/activities, for the purpose of identifying the amount available in the Unappropriated funds. This reclassification was applied to the balance of the accounts as of the end of year of 2015 and reflected in the financial statements of the year of 2015.

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Change in accounting policies

In the 2015 Financial Statements, ITTO adopted an accounting policy change to provide reliable and more relevant information about the effects of transactions and conditions on its financial position.

The accounting policy of the previous financial statements (2014 and before) only recognized expenses arising from funds (i.e., Members' voluntary contribution under the ITTA) received or to be received from donors when their payment to the executing agency was processed. However, by reviewing the arrangement of existing projects, the management reached to the conclusion that the accounting policy was insufficient to provide the full and precise picture of the liabilities which ITTO has to pay to recipient Members based on its international binding obligations arising from the bilateral Exchange of Notes with a donor country, to undertake programs to implement a part of the country's development assistance scheme, which is independent from ordinary projects carried out within the framework of the ITTA.

In this light, the change was introduced to better reflect ITTO's obligations concerning those programs, arising from the bilateral Exchange of Notes mentioned above, by which the entire amount of the unused portion of the funds received by ITTO for this purpose shall be registered as liabilities.

This change has been applied retrospectively in the Financial Statements. The following tables show the effect of the changes in previous periods. The effects of the changes before 2014 have been considered impracticable to determine. Consequently, the new accounting policy has been applied to the opening balance of 2014 of liabilities and each affected component of equity.

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Change in accounting policies (continued)

January 1st, 2014 - consolidated accounts			
	Previously published	Change in accounting policies	Revised
Assets	38,326,258	0	38,326,258
Liabilities and contributions	5,800,715	4,729,192	10,529,907
Members' funds	32,525,542	-4,729,192	27,796,350

December 31st, 2014 - consolidated accounts			
	Previously published	Change in accounting policies	Revised
Assets	38,841,939	0	38,841,939
Liabilities and contributions	4,909,424	4,241,912	9,151,336
Members' funds	33,932,515	-4,241,912	29,690,603
Revenues and Expenditures	1,171,052	487,279	1,658,331

December 31st, 2015 - consolidated accounts			
	Former accounting policies	Change in accounting policies	Revised
Assets	20,394,391	0	20,394,391
Liabilities and contributions	4,350,623	3,419,507	7,770,130
Members' funds	16,043,768	-3,419,507	12,624,261
Revenues and Expenditures	-16,743,969	822,406	-15,921,563

International Tropical Timber Organization

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Additional Information

Because of the Provision for Impairment of Investment in securities described in this section, the financial position of ITTO has been significantly deteriorated. As a result, the management has temporary suspended payments to relevant projects at least until the International Tropical Timber Council (ITTC) convenes in November 2016.

In this regard, the management has taken actions to deal with the situation. As of the reporting date, USD 6 million of replacement funds have been identified by the Oversight Committee (OC) established by the ITTC decision adopted in November 2015 to provide guidance on the issue of the impaired investments. Furthermore, the OC pointed out that seeking additional contributions from donors in order to cover the loss is not an appropriate option, and hence the ITTC ought to consider termination and/or downsizing of some of the ongoing projects as necessary, which will be decided as proposals at the ITTC in November 2016. The management believes such actions on the proposals will ensure to ITTO the ability to continue the same level of operation. However, a material uncertainty exist that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC.

The financial statements were prepared with a going concern assumption.

3. Elimination Financial Statements

During the year ended December 31, 2015, \$350,000 was eliminated on consolidation due to transfer from the Working Capital Account in the Administrative Account to the Special Account to allocate funds to to Activity PP-A/51-313 and PP-A/51-314, as adopted in Decision 1(L).

4. Significant subsequent events.

Provision for Impairment of Investment in securities

USD 12,014,000 of the provision was provided on the balance of the investment in Ardent Fund. On 26th April, 2016, Blackstar Capital Star Limited, the solo owner of Ardent Harmony Inc. presented a petition of voluntary liquidation to the Grand Court of the Cayman Island and the court issued a supervision order that the liquidation of Ardent Harmony Inc be continued. The management received an official report from the liquidator dated on 20th June, 2016. Based on the content regarding the residual assets, the management estimated collectible amount from the investment, which includes a claim for a legal cost against ITTO injunction.

International Tropical Timber Organization

Balance Sheet Schedule

December 31, 2015

	Total	Administrative Account	Special Account		Sub Total	Bali Partnership Fund Account	Executing Agencies	Elimination
			Project Sub-Account	Thematic Programmes Subaccount				
Assets					<i>(U.S. dollars)</i>			
Cash and time deposits	20,018,577	10,133,637	3,763,172	-	3,763,172	5,431	6,116,337	-
Net Investments in securities	-	-	-	-	-	-	-	-
<i>Investments in securities</i>	12,014,000	-	-	-	-	-	12,014,000	-
<i>Less: Provision for Impairment on security</i>	(12,014,000)	-	-	-	-	-	(12,014,000)	-
Accounts receivable from Executing Agencies Account	-	-	1,415,656	-	1,415,656	30,967,226	-	(32,382,882)
Prepaid expenses	35,658	35,658	-	-	-	-	-	-
Advances to and receivable from staff members and others	339,840	134,562	195,788	2,300	198,088	7,190	-	-
Advances to Special Account	-	-	-	-	-	-	26,575,437	(26,575,437)
Accounts receivable from Bali Partnership Fund Account	-	-	29,158,779	586,422	29,745,201	-	-	(29,745,201)
Inter-account balance	-	-	(1,482,548)	1,482,548	-	-	-	-
Accrued revenue	316	316	-	-	-	-	-	-
	20,394,391	10,304,173	33,050,846	2,071,270	35,122,116	30,979,847	32,691,774	(88,703,520)
Liabilities and contributions								
Accounts payable to Special Account	-	-	-	-	-	29,655,921	-	(29,655,921)
Accounts payable to Executing Agencies Account	-	-	27,286,327	704,766	27,991,093	-	-	(27,991,093)
Accounts payable to staff members and others	10,089	-	4,543	1,390	5,933	4,156	-	-
Advances payable to Japan	122,423	122,423	-	-	-	-	-	-
Accrued liabilities	397,812	321,253	68,245	6,442	74,686	1,873	-	-
Liabilities arising from Exchange of Notes	3,419,632	-	-	-	-	-	3,419,632	-
Membership contributions received in advance	46,705	46,705	-	-	-	-	-	-
Accounts payable to Bali Partnership Fund Account	-	-	89,280	-	89,280	-	30,967,226	(31,056,506)
Unappropriated fund	2,436,238	-	1,543,794	892,443	2,436,238	-	-	-
Reserve for programme support	1,337,230	-	825,428	471,306	1,296,734	40,496	-	-
	7,770,130	490,382	29,817,617	2,076,347	31,893,964	29,702,446	34,386,858	(88,703,520)

International Tropical Timber Organization

Balance Sheet Schedule (continued)

December 31, 2015

	Total	Administrative Account	Special Account		Sub Total	Bali Partnership Fund Account	Executing Agencies	Elimination
			Project Sub-Account	Thematic Programmes Subaccount				
Members' funds								
Special Reserve	1,500,000	1,500,000	-	-	-	-	-	-
Reserve provided by interest income	2,009,132	2,009,132	-	-	-	-	-	-
Surplus of revenues over expenditures	12,494,981	12,494,981	-	-	-	-	-	-
Appropriated for specified projects	16,160,443	-	(101,519)	(4,750)	(106,269)	(19,750)	16,286,461	-
Unappropriated funds	2,306,874	-	1,599,652	(327)	1,599,325	707,549	-	-
Surplus from completed projects	2,324,698	-	1,735,096	-	1,735,096	589,602	-	-
Impairment of Investments in securities	(5,967,546)	-	-	-	-	-	(5,967,546)	-
Provision for Impairment of Investment in securities	(12,014,000)	-	-	-	-	-	(12,014,000)	-
	18,814,583	16,004,114	3,233,229	(5,077)	3,228,152	1,277,402	(1,695,084)	-
Arrears in assessed contributions	(6,215,042)	(6,215,042)	-	-	-	-	-	-
Allowance for arrears	24,720	24,720	-	-	-	-	-	-
Liabilities and members' funds	20,394,391	10,304,173	33,050,846	2,071,270	35,122,116	30,979,847	32,691,774	(88,703,520)

International Tropical Timber Organization

Schedule of Revenues and Expenditures

Year ended December 31, 2015

	Total	Administrative Account	Special Account		Sub Total	Bali Partnership Fund Account	Executing Agencies	Elimination
			Project Sub-Account	Thematic Programmes Subaccount				
<i>U.S. dollars</i>								
Revenues:								
Contributions from members countries	7,952,059	7,952,059	-	-	-	-	-	-
Reimbursement by Japan	260,077	260,077	-	-	-	-	-	-
Voluntary contributions	4,825,627	-	4,432,230	743,397	5,175,627	-	-	(350,000)
Interest income	403,663	845	201,409	-	201,409	201,409	675,258	(675,258)
Other income	2,012	2,012	-	-	-	-	-	-
	13,443,437	8,214,992	4,633,638	743,397	5,377,035	201,409	675,258	(1,025,258)
Expenditures:								
Salaries and benefits	3,467,839	3,467,839	-	-	-	-	-	-
Official travel	86,515	86,515	-	-	-	-	-	-
Social security	710,284	710,284	-	-	-	-	-	-
Special activities	37,470	37,470	-	-	-	-	-	-
Data processing	122,156	122,156	-	-	-	-	-	-
Other costs	244,892	244,892	-	-	-	-	-	-
Council meetings	201,123	201,123	-	-	-	-	-	-
Expert meetings	100,003	100,003	-	-	-	-	-	-
Communication and outreach	428,675	428,675	-	-	-	-	-	-
Statistics, Studies and information	251,157	251,157	-	-	-	-	-	-
Annual Report and Biennial review	30,000	30,000	-	-	-	-	-	-
Exchange loss	37,340	19,974	17,252	114	17,367	-	-	-
Write-off of arrears in contributions	330,000	-	330,000	-	330,000	-	-	-
Financial Fee	-	-	-	-	-	-	276,105	(276,105)
Transfer of interest to Special Account and Bali Partnership Fund Account	-	-	-	-	-	-	399,153	(399,153)
Time delay (Reversal of time delay) in settling fellowship and other advance payments	(122,627)	(49,884)	(61,003)	2,375	(58,628)	(14,115)	-	-
Gain & Loss on Securities	-	-	-	-	-	-	-	-
Write-off arrears in voluntary contributions	-	-	-	-	-	-	-	-
Increase in Provision for Impairment of Investment in securities	12,014,000	-	-	-	-	-	12,014,000	-
	17,938,829	5,650,206	286,249	2,489	288,738	(14,115)	12,689,258	(675,258)
Project cost	11,426,172	-	8,891,625	1,887,409	10,779,034	647,138	-	-
	29,365,000	5,650,206	9,177,874	1,889,898	11,067,772	633,022	12,689,258	(675,258)
Excess of revenues over expenditures/ (Excess of expenditures over revenues)	(15,921,563)	2,564,787	(4,544,236)	(1,146,501)	(5,690,737)	(431,613)	(12,014,000)	(350,000)

Balance Sheet Schedule

December 31, 2014

	Special Account				Bali Partnership Fund Account	Executing Agencies	Elimination	
	Total	Administrative Account	Project Sub-Account	Thematic Programmes Subaccount				Sub Total
	<i>(U.S. dollars)</i>							
Assets								
Cash and time deposits	\$23,454,660	\$ 8,850,389	\$ 6,483,087	\$ –	\$ 6,483,087	\$ 5,431	\$ 8,115,753	\$ –
Investments in securities	12,200,000	–	–	–	–	–	12,200,000	–
Arrears in voluntary contributions	2,105,391	–	2,105,391	–	2,105,391	–	–	–
Accounts receivable from Japan	284,112	284,112	–	–	–	–	–	–
Accounts receivable from Executing Agencies Account	–	–	–	–	–	30,118,766	–	(30,118,766)
Prepaid expenses	39,336	39,336	–	–	–	–	–	–
Advances to and receivable from staff members and others	320,109	163,086	157,023	–	157,023	–	–	–
Advances to Special Account	–	–	–	–	–	–	30,290,156	(30,290,156)
Accounts receivable from Bali Partnership Fund Account	–	–	28,282,779	586,422	28,869,201	–	–	(28,869,201)
Inter-account balance	–	–	(3,102,873)	3,102,873	–	–	–	–
Accrued revenue	438,332	235	–	–	–	–	438,098	–
	<u>\$38,841,939</u>	<u>\$ 9,337,157</u>	<u>\$33,925,407</u>	<u>\$3,689,295</u>	<u>37,614,702</u>	<u>\$30,124,196</u>	<u>\$51,044,007</u>	<u>\$(89,278,123)</u>
Liabilities and contributions								
Accounts payable to Special Account	\$ –	\$ –	\$ –	\$ –	\$ –	\$28,869,201	\$ –	\$(28,869,201)
Accounts payable to Executing Agencies Account	–	–	28,441,378	1,848,778	30,290,156	–	–	(30,290,156)
Accounts payable to staff members and others	21,755	–	11,459	915	12,374	9,381	–	–
Accounts payable to Japan	96,679	96,679	–	–	–	–	–	–
Accrued liabilities	572,515	470,422	94,942	6,358	101,301	793	–	–
Liabilities arising from Exchange of Notes	4,241,912	–	–	–	–	–	4,241,912	–
Membership contributions received in advance	176,272	176,272	–	–	–	–	–	–
Accounts payable to Bali Partnership Fund Account	–	–	–	–	–	–	30,118,766	(30,118,766)
Unappropriated fund	2,498,885	–	1,140,360	1,358,525	2,498,885	–	–	–
Reserve for programme support	1,543,317	–	1,031,320	477,306	1,508,626	34,691	–	–
	<u>9,151,335</u>	<u>743,373</u>	<u>30,719,460</u>	<u>3,691,882</u>	<u>34,411,342</u>	<u>28,914,066</u>	<u>34,360,678</u>	<u>(89,278,123)</u>
Members' funds								
Special Reserve	1,500,000	1,500,000	–	–	–	–	–	–
Reserve provided by interest income	2,078,016	2,078,016	–	–	–	–	–	–
Surplus of revenues over expenditures	10,396,840	10,396,840	–	–	–	–	–	–
Appropriated for specified projects, pre-project and activities	29,886,585	–	2,932,882	19,456	2,952,338	4,283,372	22,650,874	–
Unappropriated funds	(5,137,477)	–	(1,454,336)	(22,043)	(1,476,380)	(3,661,097)	–	–
Surplus from completed projects, pre-project and activities	2,315,257	–	1,727,401	–	1,727,401	587,856	–	–
Impairment of Investments in securities	(5,967,546)	–	–	–	–	–	(5,967,546)	–
	<u>35,071,675</u>	<u>13,974,857</u>	<u>3,205,947</u>	<u>(2,587)</u>	<u>3,203,360</u>	<u>1,210,131</u>	<u>16,683,329</u>	<u>–</u>
Arrears in assessed contributions	(5,405,793)	(5,405,793)	–	–	–	–	–	–
Allowance for arrears	24,720	24,720	–	–	–	–	–	–
Liabilities and members' funds	<u>\$38,841,939</u>	<u>\$ 9,337,157</u>	<u>\$33,925,407</u>	<u>\$3,689,295</u>	<u>\$37,614,702</u>	<u>\$30,124,196</u>	<u>\$51,044,007</u>	<u>\$(89,278,123)</u>

International Tropical Timber Organization

Schedule of Revenues and Expenditures

	Year ended December 31, 2014							
	Total	Administrative Account	Special Account			Bali Partnership Fund Account	Executing Agencies	Elimination
			Project Sub-Account	Thematic Programmes Subaccount	Sub Total			
	<i>U.S. dollars</i>							
Revenues:								
Contributions from members countries	\$ 7,322,796	\$7,322,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement by Japan	772,803	772,803	-	-	-	-	-	-
Voluntary contributions	11,181,747	-	8,739,474	2,384,518	11,123,992	122,755	-	(65,000)
Rectification	(864,420)	-	(864,420)	-	(864,420)	-	-	-
Pledged not received	(32,302)	-	(500)	-	(500)	(31,802)	-	-
Interest income	952,895	18,818	467,081	-	467,081	466,997	929,319	(929,319)
Dividends	64,847	64,847	-	-	-	-	-	-
Other income	34,746	2,292	-	-	-	-	32,454	-
	<u>19,433,111</u>	<u>8,181,556</u>	<u>8,341,634</u>	<u>2,384,518</u>	<u>10,726,152</u>	<u>557,949</u>	<u>961,773</u>	<u>(994,319)</u>
Expenditures:								
Salaries and benefits	3,695,896	3,695,896	-	-	-	-	-	-
Official travel	122,895	122,895	-	-	-	-	-	-
Social security	725,514	725,514	-	-	-	-	-	-
Special activities	32,015	32,015	-	-	-	-	-	-
Data processing	86,628	86,628	-	-	-	-	-	-
Other costs	205,545	205,545	-	-	-	-	-	-
Council meetings	693,228	693,228	-	-	-	-	-	-
Communication and Outreach	428,054	428,054	-	-	-	-	-	-
Expert meetings	129,376	129,376	-	-	-	-	-	-
Statistics, Studies and Information	283,034	283,034	-	-	-	-	-	-
Annual Report and Biennial review	30,286	30,286	-	-	-	-	-	-
Write-off of arrears in contributions	55,755	55,755	-	-	-	-	-	-
Exchange loss	124,570	124,353	118	77	195	22	-	-
Time delay (Reversal of time delay) in settling advance payments	(46,368)	40,545	(67,287)	(17,500)	(84,787)	(2,125)	-	-
Gain & Loss on Securities	81,592	89,876	(4,142)	-	(4,142)	(4,142)	(8,284)	8,284
Project cost	11,126,761	-	7,870,594	2,812,898	10,683,492	443,268	-	-
Transfer of interest to Special Account and Bali Partnership Fund Account	-	-	-	-	-	-	937,603	(937,603)
	<u>17,774,781</u>	<u>6,743,000</u>	<u>7,799,283</u>	<u>2,795,475</u>	<u>10,594,758</u>	<u>437,023</u>	<u>929,319</u>	<u>(929,319)</u>
Excess of revenues over expenditures/ (Excess of expenditures over revenues)	<u>\$ 1,658,331</u>	<u>\$ 1,438,556</u>	<u>\$ 542,351</u>	<u>\$ (410,957)</u>	<u>\$ 131,394</u>	<u>\$ 120,926</u>	<u>\$ 32,454</u>	<u>\$ (65,000)</u>

**Financial Statements of
the Administrative Account**

International Tropical Timber Organization

December 31, 2015 and 2014



International Tropical Timber Organization
Administrative Account

Financial Statements

December 31, 2015 and 2014

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Report of Independent Auditors (Administrative Account)

To the Executive Director of
International Tropical Timber Organization

Pursuant to Article 23 of the International Tropical Timber Agreement of 2006, we have audited the accompanying financial statements of the Administrative Account of International Tropical Timber Organization (the "ITTO"), which comprise the balance sheet as at December 31, 2015, and the statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended, (herein referred to as the "financial statements") and a summary of significant accounting policies described in Note 1. The financial statements have been prepared by the ITTO Secretariat based on the financial reporting provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

Management's Responsibility for the Financial Statements

The ITTO Secretariat is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 1 and for such internal control as Secretariat determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Administrative Account of ITTO for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1.

Emphasis of Matter

1. Additional information of Significant Accounting Policies

We draw attention to Note 1 to the financial statements that indicate ITTO, as a whole, incurred 12 millions of dollars of provisions in the expenditure section of the statements of revenues and expenditures the balance sheet date. The proposals by OC will be brought to the ITTC in November, 2016. These events or conditions indicate that a material uncertainty exists that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC. Our opinion is not modified in respect of this matter.

2. Basis of Accounting

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist ITTO to comply with the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO". As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of ITTO and should not be distributed to or used by parties other than members of ITTO. Our opinion is not modified in respect of this matter. As described in Note 1 to the financial statements of ITTO, the Administrative Account is a part of the ITTO Accounts; accordingly, the financial statements of the Administrative Account should be read in conjunction with the audited financial statements of ITTO.



August 25, 2016

BDO Toyo & Co.
Kandamitoshirocho7, Chiyoda-ku, Tokyo
101-0053 Japan

International Tropical Timber Organization
Administrative Account

Balance Sheets

	December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Assets		
Cash and time deposits	\$ 10,133,637	\$ 8,850,389
Investments in securities <i>(Note 1)</i>	–	–
Accounts receivable from Japan	–	284,112
Prepaid expenses	35,658	39,336
Advances to and receivable from staff members and others	134,562	163,086
Accrued revenue	316	235
	\$ 10,304,173	\$ 9,337,157
Liabilities and contributions		
Accounts payable to Japan	\$ 122,423	\$ 96,679
Accrued liabilities	321,253	470,422
Membership contributions received in advance <i>(Note 2)</i>	46,705	176,272
	490,382	743,373
Members' funds		
Special reserve <i>(Note 1)</i>	1,500,000	1,500,000
Reserve provided by interest income <i>(Note 1)</i>	2,009,132	2,078,016
Surplus of revenues over expenditures	12,494,981	10,396,840
	16,004,114	13,974,857
Arrears in assessed contributions <i>(Note 2)</i>	(6,215,042)	(5,405,793)
Allowance for arrears <i>(Note 1)</i>	24,720	24,720
	\$ 10,304,137	\$ 9,337,157

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Administrative Account

Statements of Revenues and Expenditures

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Revenues:		
Contributions from member countries <i>(Note 2)</i>	\$7,952,059	\$7,322,796
Reimbursement by Japan <i>(Note 3)</i>	260,077	772,803
Interest income from deposit	845	503
Interest income from contribution	–	18,314
Dividends	–	64,847
Other income	2,012	2,292
	8,214,992	8,181,556
Expenditures:		
Salaries and benefits	3,467,839	3,695,896
Official travel	86,515	122,895
Social security	710,284	725,514
Special activities	37,470	32,015
Data processing	122,156	86,628
Other costs	244,892	205,545
Council meetings	201,123	693,228
Communication and Outreach	428,675	428,054
Expert meetings by Council	100,003	129,376
Statistics, Studies and Information	251,157	283,034
Annual Report and Biennial review	30,000	30,286
Exchange loss	19,974	124,353
Time delay (reversal of time delay) in settling advance payments	(49,884)	40,545
Gain and Loss on securities	–	89,876
Allowance expense for arrears	–	–
	5,650,206	6,687,244
Excess of revenues over expenditures before write-off of arrears in contribution and advance payments	2,564,787	1,494,311
Write-off of arrears in contributions <i>(Note 2)</i>	–	55,755
Excess of revenues over expenditures	\$ 2,564,787	\$ 1,438,556

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Administrative Account

Statements of Changes in Fund Balance

For the years ended December 31

	Special reserve	Reserve provided by interest income	Surplus of revenues over expenditures	Total
	<i>(U.S. dollars)</i>			
2014				
Member's funds as of January 1, 2014	\$1,500,000	\$2,072,728	\$9,180,770	\$12,753,498
Excess of revenues over expenditures	–	–	\$1,438,556	\$1,438,556
Utilization of members fund provided by interest income for consultant fee (Decision 2 (XXXIV))	–	(60,062)	–	(60,062)
Transfer to Special account for the Study on Regional ITTO Presence and the Smooth Transition of the Organization	–	–	(65,000)	(65,000)
Adjustment of prior year	–	–	(92,136)	(92,136)
Transfer to reserve on interest income	–	65,350	(65,350)	–
Members' funds as of December 31, 2014	<u>\$1,500,000</u>	<u>\$2,078,016</u>	<u>\$10,396,840</u>	<u>\$13,974,857</u>
2015				
Excess of revenues over expenditures	\$ –	\$ –	\$2,564,787	\$2,564,787
Utilization of members fund provided by interest income for consultant fee (Decision 2 (XXXIV))	–	(69,729)	–	(69,729)
Transfer to Special account for the Oversight Committee and Selection of Executive Director	–	–	(350,000)	(350,000)
Adjustment of prior year	–	–	(115,801)	(115,801)
Transfer to reserve on interest income	–	845	(845)	–
Members' funds as of December 31, 2015	<u>\$1,500,000</u>	<u>\$2,009,132</u>	<u>\$12,494,981</u>	<u>\$16,004,114</u>

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Administrative Account

Statements of Cash Flows

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Excess of revenues over expenditures transferred to members' funds	\$ 2,564,787	\$ 1,438,556
Changes in assets and liabilities:		
Arrears in assessed contributions	(809,249)	1,018,973
Investments in securities	–	2,661,960
Accounts receivable from Japan	284,112	(284,112)
Prepaid expenses	3,678	(38,297)
Advances to and receivable from staff members and others	28,524	(17,948)
Accrued revenue	(81)	49,894
Accounts payable to Japan	25,744	(8,474)
Accrued liabilities	(149,168)	218,085
Membership contributions received in advance	(129,567)	44,078
Changes in members' funds:		
Adjustment of prior year	(115,801)	(92,136)
Cash disbursement as Decision 2 (XXXIV)	(69,729)	(60,062)
Transfer to Special account for the Study on Regional ITTO Presence and the Smooth Transition of the Organization	(350,000)	(65,000)
Net increase / (Net decrease) in cash	1,283,249	4,865,517
Cash and time deposits at beginning of year	8,850,389	3,984,872
Cash and time deposits at end of year	\$10,133,637	\$8,850,389

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements

1. Significant Accounting Policies

See Note 2 to the financial statements of ITTO.

2. Contributions

The contribution of each member to the administrative budget for each financial year is assessed in the same proportion as its votes bear to the total votes of all the members. Contributions become due on the first day of each financial year. If after seven months from the due date a member has still not paid the full contribution, its voting rights shall be suspended until such time as it has paid in full the contribution, unless the ITTC, by special vote, decides otherwise. Prior to December 31, 1996, interest was charged to members for delayed payments of their contributions. The interest was calculated using the host country's central bank rate. Accrued interest on arrears in contributions that had been previously charged to the members of \$82,615 was not recorded in the financial statements at December 31, 2015 and 2014, respectively.

The ITTC, at its Thirty-third Session, authorized the Executive Director, to write off on an annual basis, one-fifth of a Member's arrears of the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond. In 2015, there were no Members who received a write off for their arrears.

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

The arrears in contributions balance at December 31, 2015 consists of the following:

	*Prior to Part XXIII	Part XXIV (2007)	Part XXV (2008)	Part XXVI (2009)	Part XXVII (2010)	Part XXVIII (2011)	Part XXIX (2012)	Part XXX (2013)	Part XXXI (2014)	Part XXXII (2015)	Total
	<i>(U.S. dollars)</i>										
Producing members:											
Benin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,907	\$(112,573)	\$ 6,433	\$ 10,767
Bolivia	704,471	61,083	68,950	72,100	78,875	90,575	-	-	-	-	1,076,054
Brazil	-	-	-	51,408	457,475	(508,883)	-	113,136	(113,136)	-	-
Cameroon	-	-	-	74,984	(74,984)	-	-	-	-	-	-
Central African Republic	137,970	66,636	68,950	72,100	82,030	97,821	-	-	12,788	82,250	620,545
Congo	408,887	69,411	24,813	72,100	82,030	81,931	(84,110)	(276,045)	(379,017)	24,491	24,491
Costa Rica	-	-	-	-	-	-	-	8,193	(8,193)	-	-
Côte d'Ivoire	-	-	-	-	-	-	-	-	-	89,403	89,403
Democratic Republic of the Congo	877,294	69,412	68,950	74,984	82,030	101,444	105,392	120,678	87,327	92,979	1,680,490
Fiji	-	-	-	-	10,542	(10,542)	-	-	-	-	-
Gabon	-	-	-	-	58,228	101,444	18,246	116,907	87,327	54,552	436,704
Ghana	-	-	-	-	-	30,000	(30,000)	86,907	(6,031)	(80,876)	-
Honduras	243,828	-	-	-	-	-	(4,936)	71,653	(46,457)	-	264,088
India	-	-	-	38,272	(38,272)	101,444	45,792	169,704	(316,940)	-	-
Liberia (Note)	401,868	-	-	(59,125)	-	-	(38,790)	116,907	83,969	89,403	594,232
Mali	-	-	-	-	-	-	-	116,907	(37,275)	89,403	169,035
Mozambique	-	-	-	-	-	-	-	116,907	(116,907)	92,979	92,979
Myanmar	2,123	203	3,077	106,708	138,820	(248,833)	(2,098)	7,740	(7,740)	-	-
Nigeria	4,211	-	-	-	82,030	27,501	-	-	-	-	113,742
Panama	-	-	-	-	7,360	5,616	(12,976)	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-	-	129,967	129,967
Peru	-	-	-	-	-	-	3,186	173,832	(177,018)	-	-
Suriname	302,036	2,140	-	-	(104,220)	(111,282)	(88,674)	-	-	53,642	53,642
Togo	220,182	-	-	68,308	(288,491)	-	-	-	-	89,403	89,403
Vanuatu	110,268	36,095	38,612	40,376	41,015	47,099	-	-	-	-	313,465
Venezuela	-	-	57,918	60,564	-	76,083	(109,457)	-	-	-	85,108
Viet Nam	-	-	-	-	-	-	-	-	45,898	(45,898)	-
	<u>3,413,138</u>	<u>304,980</u>	<u>331,270</u>	<u>672,779</u>	<u>614,468</u>	<u>(118,582)</u>	<u>(198,426)</u>	<u>1,060,334</u>	<u>(1,003,978)</u>	<u>768,130</u>	<u>5,844,112</u>
Consuming members:											
Albania	-	-	-	-	-	-	-	41,828	40,761	41,119	123,708
Greece	-	-	-	-	-	43,476	-	-	-	-	43,476
Nepal	27,060	27,765	27,580	28,840	31,550	36,230	-	-	-	-	179,025
Portugal	-	-	-	-	-	58,617	(58,617)	-	-	-	-
Republic of Korea	-	-	-	-	-	72,127	(72,127)	-	-	-	-
Russian Federation	24,720	-	-	-	-	-	-	-	-	-	24,720
	<u>51,780</u>	<u>27,765</u>	<u>27,580</u>	<u>28,840</u>	<u>31,550</u>	<u>210,450</u>	<u>(130,744)</u>	<u>41,828</u>	<u>40,761</u>	<u>41,119</u>	<u>370,929</u>
Total	<u>\$3,464,918</u>	<u>\$332,745</u>	<u>\$358,850</u>	<u>\$701,619</u>	<u>\$ 646,018</u>	<u>\$ 91,868</u>	<u>\$(329,170)</u>	<u>\$1,102,162</u>	<u>\$(963,217)</u>	<u>\$809,249</u>	<u>\$6,215,042</u>

Note: Liberia – Reduction of arrears

- (a) Contributions for 1997 – 2001 were reduced by 70% in accordance with Decision 5 (XLIII), Annex, item II.
- (b) Contributions for 2003 – 2005 were reduced by 80% in accordance with Decision 5 (XLIII), Annex, item III.

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

Part I to XV
(1986 – 1998)

	Original amount	Write-off in 2002 – 2015	Part XVI (1999)	Part XVII (2000)	Part XVIII (2001)	Part XIX (2002)	Part XX (2003)	Part XXI (2004)	Part XXII (2005)	Part XXIII (2006)	Total
<i>(U.S. dollars)</i>											
Producing members:											
Bolivia	\$ 351,556	\$ –	\$ 59,769	\$ –	\$ –	\$ 52,800	\$ 55,680	\$ 60,674	\$ 64,460	\$ 59,532	\$704,471
Central African Republic	–	–	–	–	–	–	–	–	70,320	67,650	137,970
Congo	379,251	(167,265)	51,525	48,700	32,894	–	–	–	–	63,782	408,887
Costa Rica	–	–	–	–	–	–	–	–	–	–	–
Côte d'Ivoire	402,517	(402,517)	–	–	–	–	–	–	–	–	–
Democratic Republic of the Congo	388,497	–	51,525	56,000	59,540	57,200	60,320	63,312	73,250	67,650	877,294
Gabon	193,130	(193,130)	–	–	–	–	–	–	–	–	–
Honduras	220,975	–	–	–	–	–	–	–	–	22,853	243,828
Liberia (Note)	389,633	(75,988)	15,458	16,800	17,175	–	12,064	12,662	14,064	–	401,868
Myanmar	–	–	–	–	–	–	–	–	–	2,123	2,123
Nigeria	–	–	–	–	–	–	4,211	–	–	–	4,211
Suriname	8,245	–	35,037	35,840	36,640	33,000	34,800	39,570	41,020	37,884	302,036
Togo	366,743	(314,770)	48,857	16,070	–	–	32,962	–	70,320	–	220,182
Vanuatu	–	–	–	–	–	–	–	34,294	38,090	37,884	110,268
	<u>2,700,547</u>	<u>(1,153,670)</u>	<u>262,171</u>	<u>173,410</u>	<u>146,249</u>	<u>143,000</u>	<u>200,037</u>	<u>210,512</u>	<u>371,524</u>	<u>359,358</u>	<u>3,413,138</u>
Consuming members:											
Nepal	–	–	–	–	–	–	–	–	–	27,060	27,060
Russian federation	24,720	–	–	–	–	–	–	–	–	–	24,720
	<u>24,720</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>27,060</u>	<u>51,780</u>
Total	<u>\$2,725,267</u>	<u>\$(1,153,670)</u>	<u>\$262,171</u>	<u>\$173,410</u>	<u>\$146,249</u>	<u>\$143,000</u>	<u>\$200,037</u>	<u>\$210,512</u>	<u>\$371,524</u>	<u>\$386,418</u>	<u>\$3,464,918</u>

Note: Liberia – Reduction of arrears

In 2007, contributions for 1997 – 2001 were reduced by 70% in accordance with Decision 5 (XLIII), Annex, item II in the amount of \$340,837.

Details of write-off of Members' arrears incurred in the period 1986 – 1996 is as follows:

	Prior to 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<i>(U.S. dollars)</i>											
Producing members:											
Congo	\$111,510	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$55,755	\$ –	\$167,265
Côte d'Ivoire	322,014	80,503	–	–	–	–	–	–	–	–	402,517
Gabon	154,504	–	38,626	–	–	–	–	–	–	–	193,130
Liberia	–	–	–	–	–	–	75,988	–	–	–	75,988
Togo	62,954	–	–	–	62,954	62,954	–	125,908	–	–	314,770
Total	<u>\$650,982</u>	<u>\$80,503</u>	<u>\$38,626</u>	<u>\$ –</u>	<u>\$ 62,954</u>	<u>\$62,954</u>	<u>\$75,988</u>	<u>\$125,908</u>	<u>\$55,755</u>	<u>\$ –</u>	<u>\$1,153,670</u>

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

In relation to the write-off of the above arrears in contributions, interest charged to the members for the period from 1986 to 1996, which were not recorded in the financial statements, were also written off. The status of interest previously charged and written-off at December 31, 2015 is as follows:

	Interest charge for arrears for the period from 1986 to 1996		
	Original amount	Write-off in 2002 – 2015	Remaining balance
	<i>(U.S. dollars)</i>		
Producing members:			
Bolivia	\$ 30,927	\$ –	\$ 30,927
Congo	45,786	(45,786)	–
Côte d’Ivoire	41,022	(41,022)	–
Democratic Republic of the Congo	15,334	–	15,334
Gabon	46,538	(46,538)	–
Honduras	36,237	–	36,237
Liberia (*1)	35,295	(35,295)	–
Togo	18,766	(18,766)	–
	<u>269,905</u>	<u>(187,407)</u>	<u>82,498</u>
Consuming members:			
Russian federation	117	–	117
	<u>117</u>	<u>–</u>	<u>117</u>
Total	<u>\$270,022</u>	<u>\$(187,407)</u>	<u>\$82,615</u>

*1 Liberia’s interest on assessed contribution from 1986 – 1996 was waived pursuant to Decision 5 (XLII).

Contributions received in advance from Members at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
	<i>(U.S. dollars)</i>	
Australia	\$ –	\$ 65,790
Cameroon	45,415	69
Congo	–	64,912
Ecuador	100	198
New Zealand	–	45,231
Norway	1,190	–
Papua New Guinea	–	72
Total	<u>\$46,705</u>	<u>\$176,272</u>

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

Assessed contributions from member countries for 2015 and 2014 were as follows:

	2015			2014
	Assessed	Discount	Net	Net
	<i>(U.S. dollars)</i>			
Budgeted receipts				
Producing members:				
Benin	\$ 89,403	\$ —	\$ 89,403	\$ 83,969
Brazil	511,381	—	511,381	500,343
Cambodia	75,099	—	75,099	66,153
Cameroon	92,979	—	92,979	87,327
Central African Republic	82,250	—	82,250	—
Colombia	92,978	—	92,978	90,970
Congo	89,403	—	89,403	83,969
Costa Rica	46,490	—	46,490	45,486
Côte d'Ivoire	89,403	—	89,403	83,969
Democratic Republic of the Congo	92,979	—	92,979	87,327
Ecuador	67,946	—	67,946	63,817
Fiji	64,370	—	64,370	57,091
Gabon	92,979	—	92,979	87,327
Ghana	89,403	—	89,403	83,969
Guatemala	46,490	—	46,490	40,049
Guyana	60,794	—	60,794	57,099
Honduras	46,490	—	46,490	43,664
India	114,434	—	114,434	107,479
Indonesia	296,815	—	296,815	278,777
Liberia	89,403	—	89,403	83,969
Mali	89,403	—	89,403	83,969
Malaysia	450,587	—	450,587	397,657
Mexico	96,554	—	96,554	90,686
Mozambique	92,979	—	92,979	87,327
Myanmar	189,533	—	189,533	178,013
Panama	50,065	—	50,065	47,023
Papua New Guinea	146,620	—	146,620	137,708
Peru	114,434	—	114,434	107,479
Philippines	64,370	—	64,370	56,471
Suriname	53,642	—	53,642	—
Togo	89,403	—	89,403	83,969
Trinidad and Tobago	42,913	—	42,913	36,779
Viet Nam	64,370	—	64,370	—
	3,776,362	—	3,776,362	3,339,835

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

	2015			2014
	Assessed	Discount	Net	Net
	<i>(U.S. dollars)</i>			
Consuming members:				
Albania	\$ 41,119	\$ —	\$ 41,119	\$ 40,761
Australia	65,790	—	65,790	61,721
Austria	45,231	—	45,231	42,426
Belgium	61,679	—	61,679	57,896
Bulgaria	45,231	—	45,231	42,307
China	1,040,309	—	1,040,309	978,833
Cyprus	41,119	—	41,119	38,460
Czech Republic	49,343	—	49,343	46,152
Denmark	49,343	—	49,343	46,293
Estonia	41,119	—	41,119	38,460
Finland	41,119	—	41,119	38,568
France	131,581	—	131,581	123,472
Germany	78,127	—	78,127	73,302
Greece	45,231	—	45,231	42,433
Hungary	41,119	—	41,119	38,460
Ireland	57,567	—	57,567	54,006
Italy	115,133	—	115,133	108,043
Japan	645,568	—	645,568	605,968
Latvia	41,119	—	41,119	38,460
Lithuania	41,119	—	41,119	38,460
Luxembourg	41,119	—	41,119	38,460
Malta	45,231	—	45,231	42,307
Netherlands	131,581	—	131,581	123,703
New Zealand	45,231	—	45,231	42,426
Norway	41,119	—	41,119	40,761
Poland	45,231	—	45,231	42,437
Portugal	61,679	—	61,679	57,873
Republic of Korea	271,384	—	271,384	255,131
Romania	41,119	—	41,119	38,460
Slovakia	45,231	—	45,231	42,307
Slovenia	41,119	—	41,119	38,460
Spain	94,574	—	94,574	88,963
Sweden	45,231	—	45,231	42,433
Switzerland	49,343	—	49,343	46,283
United Kingdom	106,909	—	106,909	100,321
United States of America	287,833	—	287,833	285,326
	4,111,900	—	4,111,900	3,880,132

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

	2015			2014
	Assessed	Discount	Net	Net
	<i>(U.S. dollars)</i>			
Late joining members *				
Producing members:				
Central African Republic	\$ –	\$ –	\$ –	\$ 12,788
Croatia	27,938	–	27,938	–
Suriname	–	–	–	44,144
Thailand	35,859	–	35,859	–
Viet Nam	–	–	–	45,898
	63,797	–	63,797	102,830
Total of budgeted receipts	\$7,952,059	\$ –	\$7,952,059	\$7,322,796

* In accordance with ITTA, 2006, Article 19, Paragraph 6, “[t]he initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial biennium, but the assessment made upon other members from the current financial biennium shall not thereby be altered.”

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

3. Expenditures

	2015		2014	
	Budget	Actual	Budget	Actual
	<i>(U.S. dollars)</i>			
Salaries and benefits:				
Salaries	\$ 2,308,694	\$1,988,395	\$2,263,425	\$2,055,654
Post adjustment	1,461,219	745,719	1,432,568	1,006,281
Rental subsidy	2,831	–	2,831	–
Education grant	302,563	152,604	302,563	142,467
Dependence allowance	86,893	63,644	86,893	69,546
Home leave	127,681	45,415	106,401	104,500
Language allowance	–	–	–	–
Overtime	32,569	12,108	31,930	14,745
Mobility and hardship allowance	6,953	2,700	6,953	4,050
Separation benefits	255,356	146,813	106,785	9,962
Removal costs	49,261	37,374	20,600	–
Repatriation/Recruitment travel	137,931	12,991	57,680	–
Sub-Total	4,771,951	3,207,762	4,418,629	3,407,205
Installation costs:				
Assignment grant	113,004	–	47,256	–
Lump-sum benefit	131,948	–	55,178	–
Sub-Total	244,952	–	102,434	–
Official travel:				
Transportation/Tickets	95,937	66,443	95,937	68,998
DSA and travel expenses	45,765	20,073	45,765	53,897
Sub-Total	141,702	86,515	141,702	122,895
Social security:				
Provident fund	716,661	526,927	702,609	534,411
Accident/Health insurance	110,377	70,094	108,213	60,748
Japanese national scheme	138,302	113,263	135,590	130,355
Sub-Total	965,340	710,284	946,412	725,514
Special activities:				
Consultants	35,362	34,330	35,362	26,468
Workshops and meetings	13,708	–	13,708	–
Other activities	12,018	3,140	12,018	5,547
Sub-Total	61,088	37,470	61,088	32,015
Data processing:				
Computer software and servicing	48,149	46,833	48,149	28,124
Communications, user charges and supplies	74,974	74,912	74,974	54,775
Training and staff development	7,441	411	7,441	3,729
Sub-Total	130,564	122,156	130,564	86,628

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

3. Expenditures (continued)

	2015		2014	
	Budget	Actual	Budget	Actual
	<i>(U.S. dollars)</i>			
Other costs:				
Communications	\$52,634	\$33,082	\$52,634	\$13,486
Publications	32,580	7,061	32,580	10,222
Transport	97,006	44,894	97,006	47,464
Library	13,637	8,115	13,637	4,435
Supplies	47,535	12,104	47,535	28,813
Hospitality	14,878	6,599	14,878	9,382
Bank Charges	15,080	7,466	15,080	8,585
Audit	111,537	111,537	111,537	82,990
Miscellaneous	6,419	14,034	6,419	168
Sub-Total	<u>391,306</u>	<u>244,892</u>	<u>391,306</u>	<u>205,545</u>
Council meetings:				
Costs not met by Japan	9,952	1,161	9,952	9,116
Council Session Outside Japan	200,000	199,962	200,000	200,000
Sub-Total	<u>209,952</u>	<u>201,123</u>	<u>209,952</u>	<u>209,116</u>
Costs met by Japan:				
Staff assessment(*1)	285,821	260,077	280,217	288,691
Council meetings	-	-	-	484,112
Sub-Total	<u>285,821</u>	<u>260,077</u>	<u>280,217</u>	<u>772,803</u>
Costs met by Special Account:				
Translation costs regarding				
Council meetings	-	-	-	-
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocation from working capital				
account	(121,025)	-	-	-
Communication and				
Outreach(*2):				
Publications	260,000	260,000	260,000	287,870
Outreach	84,654	84,654	84,654	85,607
ITTO Website	84,021	84,021	84,021	54,577
Sub-Total	<u>428,675</u>	<u>428,675</u>	<u>428,675</u>	<u>428,054</u>
Expert meetings by Council(*2):				
Expert meetings/Workshops	140,000	100,003	140,000	129,376
Sub-Total	<u>140,000</u>	<u>100,003</u>	<u>140,000</u>	<u>129,376</u>

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

3. Expenditures (continued)

	2015		2014	
	Budget	Actual	Budget	Actual
	<i>(U.S. dollars)</i>			
Statistics, Studies and Information(*2):				
Market Information Services	200,000	200,000	200,000	197,397
Market Discussion	35,000	14,704	35,000	30,024
Relevant Market Studies	40,000	36,410	40,000	38,640
Work on Statistics	20,000	43	20,000	16,973
Sub-Total	<u>295,000</u>	<u>251,157</u>	<u>295,000</u>	<u>283,034</u>
Annual Report and Biennial review(*2) :				
Annual Report	30,000	30,000	30,000	30,286
Biennial Review	-	-	40,000	-
Sub-Total	<u>30,000</u>	<u>30,000</u>	<u>70,000</u>	<u>30,286</u>
Exchange loss, net	-	19,974	-	124,353
Time delay in settling advance payments	-	(49,884)	-	40,545
Gain on securities, net	-	-	-	89,876
Allowance expense for arrears	-	-	-	-
Total expenditures incurred	<u>7,975,326</u>	<u>5,650,206</u>	<u>7,615,979</u>	<u>6,687,244</u>
Expenditures reimbursed by Japan	(285,821)	(260,077)	(280,217)	(772,803)
Expenditures reimbursed by Special Account	-	-	-	-
Total	<u>\$7,689,505</u>	<u>\$5,390,129</u>	<u>\$7,335,762</u>	<u>\$5,914,441</u>

*1 This expenditure is applied to Japanese staff only. Since actual expenditure is reimbursable by Japan, such expenditure is not included in the budget.

*2 In accordance with ITTA, 2006, Article 19, Paragraph 2, “[t]he Administrative Account shall include: (a) Basic administrative costs such as salaries and benefits, installation costs, and official travel; and (b) Core operational costs such as those related to communication and outreach, expert meetings convened by the Council and preparation and publication of studies and assessments pursuant to articles 24, 27 and 28 of this Agreement.”

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

4. Provident Fund

Contributions for the Provident Fund for the year 2015 and 2014 were as follows:

	2015	2014
	<i>(U.S. dollars)</i>	
Contributions made during the period:		
By staff members	\$206,197	\$200,083
By ITTO – Administrative Account	492,873	503,578
– Other Accounts	31,481	21,523
	730,551	725,184
Administrative charge paid to trustee:		
From ITTO – Administrative Account	59,337	62,748
– Other Accounts	4,332	5,325
	63,669	68,073
Payment to an insurance company	\$794,220	\$793,257

The balance of net assets for the Provident Fund at December 31, 2015 and 2014 were \$8,713,166 and \$9,597,474, respectively.

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

5. Working Capital Account Savings from Previous Budgets

The Council in its Decision 7 (XII) created a Working Capital Account within the Administrative Account in which to place previously paid arrears and savings for future use. Working Capital Account savings for administrative budgets and receipts of payments of arrears in contributions at December 31, 2015 and 2014 are as follows:

	2015	2014
	<i>(U.S. dollars)</i>	
Revenues:		
Contributions from member countries	\$ 7,952,059	\$ 7,322,796
Less: Arrears in contribution for current year	(936,023)	(358,070)
	7,016,036	6,964,726
Expenditures, net of reimbursement		
By Japan and Special Account	5,376,109	5,914,441
Working capital surplus/deficit from current year budget	1,639,927	1,050,285
Authorized allocation by Council for separation costs	-	-
Transferred to Special Account for selection of Executive Director	(100,000)	(65,000)
Transferred to Special Account for the work of the Oversight committee	(250,000)	-
Adjustment of prior year	(115,801)	(92,136)
Working capital savings from prior year's budgets	4,966,123	2,751,687
Receipts from members for prior year's arrears	126,774	1,321,287
Working capital savings at year-end	\$ 6,267,022	\$ 4,966,123

	2015	2014
	<i>(U.S. dollars)</i>	
Surplus of revenues over expenditures and surplus from completed projects	\$ 12,494,981	\$ 10,396,840
Less:		
Accumulated Other income	(12,917)	(24,925)
Arrears in assessed contributions	(6,215,042)	(5,405,793)
Allowance for Arrears	-	(24,720)
Working capital savings at year-end	\$ 6,267,022	\$ 4,966,123

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

Note:

The ITTC, through its Decision 2 (XXXIV) on the Management of the Administrative Budget, authorized the Executive Director to use interest and dividends earned in the Administrative Account to hire, on a temporary and intermittent basis, consultants and contractors to support the secretariat in carrying out its duties.

	2015	2014
	<i>(U.S. dollars)</i>	
The amount of interest at year end:		
Brought forward	\$ 410,906	\$ 405,618
Interest and dividends during the year	845	65,350
Expenditures during the year	(69,729)	(60,062)
	\$342,022	\$410,906

**Financial Statements of
the Special Account**

International Tropical Timber Organization

December 31, 2015 and 2014



International Tropical Timber Organization
Special Account

Financial Statements

December 31, 2015 and 2014

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Report of Independent Auditors (Special Account)

To the Executive Director of
International Tropical Timber Organization

Pursuant to Article 23 of the International Tropical Timber Agreement of 2006, we have audited the accompanying financial statements of the Special Account of International Tropical Timber Organization (the "ITTO"), which comprise the balance sheet as at December 31, 2015, and the statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended, (herein referred to as the "financial statements") and a summary of significant accounting policies described in Note 1. The financial statements have been prepared by the ITTO Secretariat based on the financial reporting provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

Management's Responsibility for the Financial Statements

The ITTO Secretariat is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 1 and for such internal control as Secretariat determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Special Account of ITTO for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1.

Emphasis of Matter

1. Additional information of Significant Accounting Policies

We draw attention to Note 1 to the financial statements that indicate ITTO, as a whole, incurred 12 millions of dollars of provisions in the expenditure section of the statements of revenues and expenditures the balance sheet date. The proposals by OC will be brought to the ITTC in November, 2016. These events or conditions indicate that a material uncertainty exists that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC. Our opinion is not modified in respect of this matter.

2. Basis of Accounting

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist ITTO to comply with the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO". As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of ITTO and should not be distributed to or used by parties other than members of ITTO. Our opinion is not modified in respect of this matter. As described in Note 1 to the financial statements of ITTO, the Special Account is a part of the ITTO Accounts; accordingly, the financial statements of the Special Account should be read in conjunction with the audited financial statements of ITTO.



August 25, 2016

BDO Toyo & Co.
Kandamitoshirocho7, Chiyoda-ku, Tokyo
101-0053 Japan

International Tropical Timber Organization
Special Account

Balance Sheets

	December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Assets		
Cash and time deposits	\$ 3,763,172	\$ 6,483,087
Arrears in voluntary contributions <i>(Note 5)</i> :		
Project Sub-Account	–	2,105,391
Thematic Programmes Sub-Account	–	–
Accounts receivable from Bali Partnership Fund Account	29,745,201	28,869,201
Accounts receivable from Executing Agencies Account	1,415,656	
Advances to and receivable from staff members and others <i>(Note 1)</i>	198,088	157,023
	\$ 35,122,116	\$ 37,614,702
Liabilities and contributions		
Accounts payable:		
Executing Agencies Account	\$ 27,991,093	\$ 30,290,156
Staff members and others	5,933	12,374
Accrued liabilities	74,686	101,301
Accounts payable to Bali Partnership Fund Account	89,280	
Unappropriated fund:		
Project Sub-Account	1,543,794	1,140,360
Thematic Programmes Sub-Account	892,443	1,358,525
Reserve for programme support <i>(Note 1)</i>	1,296,734	1,508,626
	31,893,964	34,411,342
Members' funds		
Project Sub-Account		
Appropriated for specified projects, pre-projects and activities <i>(Note 1, 4 and 5)</i>	(101,519)	2,932,882
Unappropriated funds <i>(Note 4)</i>	1,599,652	(1,454,336)
Surplus from completed projects, pre-projects and activities <i>(Note 1 and 5)</i>	1,735,096	1,727,401
	3,233,229	3,205,947
Thematic Programmes Sub-Account:		
Appropriated for specified projects, pre-projects and activities <i>(Note 1, 4 and 5)</i>	(4,750)	19,456
Unappropriated funds <i>(Note 4)</i>	(327)	(22,043)
Surplus from completed projects, pre-projects and activities <i>(Note 1 and 5)</i>	–	–
	(5,077)	(2,587)
	3,228,152	3,203,360
	\$ 35,122,116	\$ 37,614,702

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization
Special Account

Statements of Revenues and Expenditures

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Project Sub-Account		
Revenues:		
Voluntary contributions (<i>Notes 1, 2, 3 and 5</i>)	\$ 4,432,230	\$ 8,739,474
Rectification	–	(864,420)
Pledges not received	–	(500)
Interest income	201,409	467,081
Dividends	–	–
Correction to prior year's budget	–	–
	4,633,638	8,341,634
Expenditures and others:		
Project cost (<i>Note 5</i>)	8,891,625	7,870,594
Exchange loss	17,252	118
Time delay (Reversal) in settling advance payments	(61,003)	(67,287)
Write-off of arrears in contributions	330,000	–
Gain on Securities	–	(4,142)
Write-off arrears in voluntary contributions	–	–
	9,177,874	7,799,283
Excess of revenues over expenditures	\$ (4,544,236)	\$ 542,351
 Thematic Programmes Sub-Account		
Revenues:		
Voluntary contributions (<i>Notes 2, 3 and 5</i>)	\$ 743,397	\$ 2,384,518
Correction to prior year's budget	–	–
	743,397	2,384,518
Expenditures and others:		
Project cost (<i>Note 5</i>)	1,887,409	2,812,898
Time delay (Reversal) in settling advance payments	2,375	(17,500)
Exchange gain and loss, net	114	77
Write-off arrears in voluntary contributions	–	–
	1,889,898	2,795,475
Excess of revenues over expenditures	\$ (1,146,501)	\$ (410,957)

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization
Special Account

Statements of Changes in Fund Balance
For the years ended December 31

	Project Sub-Account			Thematic Programmes Sub-Account			Total
	Appropriated for specified projects	Unappropriated Funds	Surplus from completed projects	Appropriated for specified projects	Unappropriated funds	Surplus from completed projects	
2014							
Members' funds as of January 1, 2014	\$ 2,966,475	\$ (1,671,400)	\$1,646,922	\$ 29,017	\$ (22,043)	\$ –	\$ 2,948,971
Excess of revenues over expenditures	\$ (25,195)	\$ 471,105	\$ –	\$ (410,957)	\$ –	\$ –	\$ 34,953
Surplus from Completed Projects	–	–	96,441	–	–	–	96,441
Utilization of remaining funds by donors	–	(570,794)	(47,976)	–	–	–	(618,770)
Adjustment of prior year	(12,084)	–	–	–	–	–	(12,084)
Transfer to/from Bali Partnership Fund	–	316,753	32,015	–	–	–	348,767
Transfer to/from Executing Agencies Account	3,686	–	–	401,396	–	–	405,082
Members' funds as of December 31, 2014	<u>\$ 2,932,882</u>	<u>\$ (1,454,336)</u>	<u>\$ 1,727,401</u>	<u>\$ 19,456</u>	<u>\$ (22,043)</u>	<u>\$ –</u>	<u>\$3,203,360</u>
2015							
Excess of revenues over expenditures	\$ (4,736,087)	\$ 184,157	\$ –	\$ (1,146,387)	\$ (114)	\$ –	\$ (5,698,431)
Surplus from Completed Projects	–	–	7,695	–	–	–	7,695
Utilization of remaining funds by donors	–	(150,000)	–	–	–	–	(150,000)
Reclassification of member's fund(<i>Note 4</i>)	(2,869,831)	2,869,831	–	(21,831)	21,831	–	–
Adjustment of prior year	–	–	–	–	–	–	–
Transfer to/from Bali Partnership Fund	–	150,000	–	–	–	–	150,000
Transfer to/from Executing Agencies Account	4,571,517	–	–	1,144,012	–	–	5,715,529
Members' funds as of December 31, 2015	<u>\$ (101,519)</u>	<u>\$ 1,599,652</u>	<u>\$ 1,735,096</u>	<u>\$ (4,750)</u>	<u>\$ (327)</u>	<u>\$ –</u>	<u>\$3,228,152</u>

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization
Special Account

Statements of Cash Flows

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Excess of revenues over expenditures	\$(5,690,737)	\$ 131,394
Changes in assets and liabilities:		
Arrears in voluntary contributions	2,105,391	2,414,207
Accounts receivable from Bali Partnership Fund Account	(876,000)	(29,323)
Accounts receivable from Executing Agencies Account	(1,415,656)	-
Advance to and receivable from staff members and others	(41,065)	(116,539)
Accounts payable to Bali Partnership Fund Account	89,280	-
Accounts payable to Executing Agencies Account	(2,299,063)	(714,167)
Accounts payable to staff members and others	(6,441)	(33,750)
Accrued Liabilities	(26,614)	98,602
Unappropriated fund	(62,648)	(1,561,001)
Reserve for programme support	(211,892)	315,601
Changes in members' funds:		
Adjustment of prior year	-	(12,084)
Utilization of remaining funds by donors	(150,000)	(618,770)
Transfer to/from Executing Agencies Account	5,715,529	405,081
Transfer to/from Bali Partnership Fund	150,000	348,767
Net increase (decrease) in cash	(2,719,915)	628,019
Cash and time deposits at beginning of year	6,483,087	5,855,068
Cash and time deposits at end of year	<u>\$ 3,763,172</u>	<u>\$ 6,483,087</u>

The accompanying notes are an integral part of these financial statements.

International Tropical Timber Organization
Special Account

Notes to Financial Statements

1. Significant Accounting Policies

See Note 2 to the financial statements of ITTO.

Change in accounting policies

In the 2015 Financial Statements, ITTO adopted an accounting policy change to provide reliable and more relevant information about the effects of transactions and conditions on its financial position.

The accounting policy of the previous financial statements (2014 and before) only recognized expenses arising from funds (i.e., Members' voluntary contribution under the ITTA) received or to be received from donors when their payment to the executing agency was processed. However, by reviewing the arrangement of existing projects, the management reached to the conclusion that the accounting policy was insufficient to provide the full and precise picture of the liabilities which ITTO has to pay to recipient Members based on its international binding obligations arising from the bilateral Exchange of Notes with a donor country, to undertake programs to implement a part of the country's development assistance scheme, which is independent from ordinary projects carried out within the framework of the ITTA.

In this light, the change was introduced to better reflect ITTO's obligations concerning those programs, arising from the bilateral Exchange of Notes mentioned above, by which the entire amount of the unused portion of the funds received by ITTO for this purpose shall be recorded as liabilities.

This change has been applied retrospectively in the Financial Statements. The following tables show the effect of the changes in previous periods. The effects of the changes before 2014 have been considered impracticable to determine. Consequently, the new accounting policy has been applied to the opening balance of 2014 of liabilities and each affected component of equity.

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Change in accounting policies (continued)

January 1st, 2014 - special account

	Previously published	Change in accounting policies	Revised
Assets	39,255,028	0	39,255,028
Liabilities and contributions	36,306,057	0	36,306,057
Members' funds	2,948,971	0	2,948,971

December 31st, 2014 - special account

	Previously published	Change in accounting policies	Revised
Assets	37,614,702	0	37,614,702
Liabilities and contributions	34,411,342	0	34,411,342
Members' funds	3,203,360	0	3,203,360
Revenues and Expenditures	-355,885	487,279	131,394

December 31st, 2015 - special account

	Former accounting policies	Change in accounting policies	Revised
Assets	35,122,116	0	35,122,116
Liabilities and contributions	31,893,964	0	31,893,964
Members' funds	3,228,152	0	3,228,152
Revenues and Expenditures	-6,513,143	822,406	-5,690,737

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

2. Contributions

Cash received for contributions by countries for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Project Sub-Account:	<i>(U.S. dollars)</i>	
Received from:		
Government of Germany	\$ 751,683	\$ 808,031
Government of Japan (F.A.)	-	1,488,887
Government of Japan (MoFA)	2,630,380	3,216,690
Government of Republic of Korea	40,000	40,000
Government of China	100,000	-
Government of the Netherlands	250,000	162,094
Government of U.S.A.	875,000	777,245
Common Fund for Commodities	24,075	85,086
APF Net	130,000	-
European Commission	1,345,468	2,478,123
Administrative Account - WCA	350,000	65,000
Private (for other activities)	25,089	-
	\$ 6,521,696	\$ 9,121,156
Thematic Programmes Sub-Account:		
Received from:		
Government of Japan(F.A.)	\$ -	\$ 53,875
Government of The Netherlands	-	693,204
Government of U.S.A.	-	100,000
	-	847,079
Total	\$ 6,521,696	\$9,968,235

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

2. Contributions (continued)

The accumulated balance of cash received for contributions at December 31, 2015 is as follows:

<u>Received in</u>	<u>Cash Received</u> <i>(U.S. dollars)</i>
1987	\$ 2,015,449
1988	2,359,075
1989	4,512,761
1990	28,552,991
1991	11,367,530
1992	13,657,049
1993	14,777,664
1994	21,532,261
1995	17,384,781
1996	24,458,292
1997	18,137,365
1998	15,122,116
1999	13,417,709
2000	13,054,181
2001	15,721,129
2002	12,433,738
2003	9,601,789
2004	3,250,425
2005	6,449,698
2006	7,296,004
2007	8,352,459
2008	6,687,804
2009	14,675,509
2010	8,825,338
2011	9,767,374
2012	10,213,959
2013	11,637,237
2014	9,968,235
2015	6,521,696
	\$ 341,751,619

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

3. Utilization of Members' Funds by Donors Account

During the year ended December 31, 2015, ITTO utilized members' funds. The details are as follows:

Utilization of members' fund transferred from the Administrative Account:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Transfer from Admin. WCA to allocate to PP-A/51-314	\$ 100,000
	Transfer from Admin. WCA to allocate to PP-A/51-313	250,000
	Total	<u>\$350,000</u>

Utilization of remaining funds by donors in the Special Account:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Allocation of Unearmarked Funds to ITTO Fellowship Programme	\$ 85,000
	Total	<u>\$ 85,000</u>

Utilization of members' fund transferred from the Bali Partnership Fund:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Transfer from BPF Sub-account B to allocate to ITTO Fellowship Programme	\$ 150,000
	Total	<u>\$ 150,000</u>

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

3. Utilization of Members' Funds by Donors Account (continued)

During the year ended December 31, 2014, ITTO utilized members' funds. The details are as follows:

Utilization of members' fund transferred from the Administrative Account:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Transfer from Admin. WCA to allocate to PP-A/50-310	\$ 25,000
	Transfer from Admin. WCA to allocate to PP-A/50-311	40,000
	Total	<u>\$65,000</u>

Utilization of remaining funds by donors in the Special Account:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Allocation of Unearmarked Funds to ITTO Fellowship Programme	\$ 4,041
	Allocation of Unearmarked Funds to PP-A/49-292	100,000
	Allocation of Unearmarked Funds to PP-A/50-302	50,000
	Allocation of Unearmarked Funds to PP-A/50-307	100,000
	Total	<u>\$254,041</u>

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

3. Utilization of Members' Funds by Donors Account (continued)

Utilization of members' fund transferred from the Bali Partnership Fund:

(Project Sub-A/C)	Description	Amount transferred <i>(U.S. dollars)</i>
	Transfer from BPF Sub-account B to allocate to ITTO Fellowship Programme	\$ 95,959
	Transfer from BPF Sub-account B to allocate to PP-A/48-275	65,794
	Transfer from BPF Sub-account B to allocate to PP-A/48-280	90,000
	Transfer from BPF Sub-account B to allocate to PP-A/49-294	20,000
	Transfer from BPF Sub-account B to allocate to PP-A/50-304	20,000
	Transfer from BPF Sub-account B to allocate to PP-A/50-306	25,000
	Total	\$316,753

4. Reclassification in the section of members' fund

The management decided at the end of 2015 to transfer \$ 2,891,662 to Unappropriated Funds out of the Appropriated funds, which had no commitments to projects/activities, for the purpose of identifying the amount available in the Unappropriated funds. This reclassification was applied to the balance of the accounts as of the end of year of 2015 and reflected in the financial statements of the year of 2015.

International Tropical Timber Organization Special Account

Notes to Financial Statements (continued)

5. Detail of Project Status														
Details of project status in Special Account for the years ended December 31, 2013 are as follows;														
Pre-Project Sub-Account														
Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15	
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Arrears in Contributions at 12/31/15	Accumulated Total 2014	2015	Deletion of completed projects 2015	Accumulated Total 2015			
<u>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</u>														
PPD 14/00 (M)	171,500	-	171,500	(171,500)	-	(171,500)	-	145,272	10,000.00	-	155,272	16,228	-	-
PPD 167/13 Rev.1 (M) /C49	88,794	-	88,794	(88,794)	-	(88,794)	-	59,545	29,248.81	-	88,794	-	-	-
Sub-Total (M) :	260,294	-	260,294	(260,294)	-	(260,294)	-	204,818	39,248.81	-	244,066	16,228	-	-
<u>REFORESTATION & FOREST MANAGEMENT (F)</u>														
PPD 92/04 Rev.1 (F) C/36	61,452	-	61,452	(61,452)	-	(61,452)	-	61,452	-	-	61,452	-	-	-
PPD 94/04 Rev.1 (F) C/36	52,402	-	52,402	(52,402)	-	(52,402)	-	49,482	-	-	49,482	2,920	-	-
PPD 98/04 Rev.1 (F) C/37	94,500	-	94,500	(94,500)	-	(94,500)	-	89,574	-	-	89,574	4,926	-	-
PPD 136/07 Rev.1 (F) Spring'08	52,358	-	52,358	(52,358)	-	(52,358)	-	49,523	-	-	49,523	2,835	-	-
PPD 142/08 Rev.1 (F) /C44	79,969	-	79,969	(79,969)	-	(79,969)	-	77,018	-	-	77,018	2,951	-	-
PPD 143/09 (F) /C45	61,938	-	61,938	(61,938)	-	(61,938)	-	61,317	-	-	61,317	621	-	-
PPD 147/10 Rev.1(F) /C46	99,279	-	99,279	(99,279)	-	(99,279)	-	95,656	-	-	95,656	3,623	-	-
PPD 153/11 Rev.1(F) /C47	99,576	-	99,576	(99,576)	-	(99,576)	-	93,576	1,730.88	-	95,307	4,269	-	-
PP-F/27-62 PPD 2/99 Rev.1(F)	95,267	-	95,267	(95,267)	-	(95,267)	-	93,267	-	-	93,267	2,000	-	-
Sub-Total (F) :	696,741	-	696,741	(696,741)	-	(696,741)	-	670,864	1,730.88	-	672,595	24,146	-	-
<u>FOREST INDUSTRY (I)</u>														
* PPD 5/00 Rev.1 (I)	64,522	(64,522)	-	(64,522)	64,522	-	-	64,522	-	(64,522)	-	-	-	-
PPD 68/03 Rev.2 (I) / C41	80,000	-	80,000	(80,000)	-	(80,000)	-	75,695	-	-	75,695	4,305	-	-
Sub-Total (I) :	144,522	(64,522)	80,000	(144,522)	64,522	(80,000)	-	140,217	-	(64,522)	75,695	4,305	-	-

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Title	Budget			Receipt			Arrears in Contributions at 12/31/15	Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15	
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015		Accumulated Total 2014	2015	Deletion of completed projects 2015	Accumulated Total 2015			
Activities (A)														
PP-A/23-63	280,975	-	280,975	(280,975)	-	(280,975)	-	280,975	-	-	-	280,975	-	-
PP-A/24-71	45,000	-	45,000	(45,000)	-	(45,000)	-	45,000	-	-	-	45,000	-	-
PP-A/24-72	45,000	-	45,000	(45,000)	-	(45,000)	-	33,708	-	-	-	33,708	11,292	-
PP-A/29-94	240,000	-	240,000	(240,000)	-	(240,000)	-	240,000	-	-	-	240,000	-	-
PP-A/30-102 [Dec.7(XXX)]	328,268	-	328,268	(328,268)	-	(328,268)	-	307,551	-	-	-	307,551	20,717	-
PP-A/30-102A Staff Secondment	695,591	-	695,591	(695,591)	-	(695,591)	-	695,591	-	-	-	695,591	-	-
PP-A/30-102B UNFF German cont.	433,422	589,038	1,022,460	(433,422)	(589,038)	(1,022,460)	-	436,342	584,204.58	-	-	1,020,547	1,913	-
PP-A/30-105	172,380	-	172,380	(172,380)	-	(172,380)	-	144,798	-	-	-	144,798	27,582	-
PP-A/31-109	280,000	-	280,000	(280,000)	-	(280,000)	-	277,495	-	-	-	277,495	2,505	-
PP-A/31-110	52,000	-	52,000	(52,000)	-	(52,000)	-	49,918	-	-	-	49,918	2,082	-
PP-A/31-111A	264,700	-	264,700	(264,700)	-	(264,700)	-	243,527	-	-	-	243,527	21,173	-
PP-A/31-111C [XXXVI] Additional	220,000	-	220,000	(220,000)	-	(220,000)	-	86,299	-	-	-	86,299	133,701	-
PP-A/31-112	174,270	-	174,270	(174,270)	-	(174,270)	-	154,183	-	-	-	154,183	20,087	-
PP-A/32-116	50,000	-	50,000	(50,000)	-	(50,000)	-	50,000	-	-	-	50,000	-	-
PP-A/32-118	50,000	-	50,000	(50,000)	-	(50,000)	-	49,789	-	-	-	49,789	211	-
PP-A/32-119	50,000	-	50,000	(50,000)	-	(50,000)	-	50,000	-	-	-	50,000	-	-
PP-A/32-121	50,000	-	50,000	(50,000)	-	(50,000)	-	29,386	-	-	-	29,386	20,614	-
PP-A/32-123	297,980	-	297,980	(297,980)	-	(297,980)	-	269,224	-	-	-	269,224	28,756	-
PP-A/33-125 [Dec.4(XXXIII)]	610,000	-	610,000	(610,000)	-	(610,000)	-	610,000	-	-	-	610,000	-	-
PP-A/33-126	200,000	-	200,000	(200,000)	-	(200,000)	-	176,419	-	-	-	176,419	23,581	-
PP-A/33-126B [XXXVI]Additional	50,000	-	50,000	(50,000)	-	(50,000)	-	50,000	-	-	-	50,000	-	-
PP-A/33-127	277,500	-	277,500	(277,500)	-	(277,500)	-	277,500	-	-	-	277,500	-	-
PP-A/34-131A: C&I Add'l Wksp	200,000	-	200,000	(200,000)	-	(200,000)	-	200,000	-	-	-	200,000	-	-
PP-A/34-131B: C&I /ITTO & ACTO	100,000	-	100,000	(100,000)	-	(100,000)	-	99,470	-	-	-	99,470	530	-
PP-A/34-131C: Country Assist.	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	-	150,000	-	-
PP-A/34-131D: C&I /Int'l Org.	50,000	-	50,000	(50,000)	-	(50,000)	-	29,382	-	-	-	29,382	20,618	-
PP-A/34-133 [Dec.7(XXXIV)]	66,600	-	66,600	(66,600)	-	(66,600)	-	66,600	-	-	-	66,600	-	-
PP-A/34-135 [Dec.10(XXXIV)]	300,000	-	300,000	(300,000)	-	(300,000)	-	299,769	-	-	-	299,769	231	-
PP-A/35-138 [Dec.4/35] Market	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	-	150,000	-	-
PP-A/35-139B [Dec.4/35] Guidln	60,000	-	60,000	(60,000)	-	(60,000)	-	5,946	-	-	-	5,946	54,054	-
PP-A/35-140A [Dec.4/35] Nat.WS	500,000	-	500,000	(500,000)	-	(500,000)	-	484,401	-	-	-	484,401	15,599	-
PP-A/35-140B [Dec.4/35] Supprt	100,000	-	100,000	(100,000)	-	(100,000)	-	97,609	-	-	-	97,609	2,391	-
PP-A/35-141 [Dec.4/35] Promotn	250,000	-	250,000	(250,000)	-	(250,000)	-	243,204	-	-	-	243,204	6,796	-
PP-A/35-142 [Dec.4/35] FAO/Law	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	-	100,000	-	-
PP-A/35-144 [Dec.4/35] Ex-Post	100,000	-	100,000	(100,000)	-	(100,000)	-	80,903	-	-	-	80,903	19,097	-
PP-A/35-145 [Dec.4/35]CSAG/TAG	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	-	100,000	-	-
PP-A/35-146 [Dec.4/35] Symposm	30,000	-	30,000	(30,000)	-	(30,000)	-	30,000	-	-	-	30,000	-	-
PP-A/35-147 [Dec.4/35] Mahogny	166,500	-	166,500	(166,500)	-	(166,500)	-	154,977	-	-	-	154,977	11,523	-
PP-A/36-151A [Dec.4/C35] C/36	150,000	-	150,000	(150,000)	-	(150,000)	-	141,865	-	-	-	141,865	8,135	-
PP-A/36-152 [Dec.4 (ix)C36]	150,000	-	150,000	(150,000)	-	(150,000)	-	139,487	-	-	-	139,487	10,513	-
PP-A/37-154 [Dec.4/35]Subsidy	20,000	-	20,000	(20,000)	-	(20,000)	-	20,000	-	-	-	20,000	-	-
PP-A/37-155 [Dec.4/35] Biodiv.	185,000	-	185,000	(185,000)	-	(185,000)	-	185,000	-	-	-	185,000	-	-
PP-A/37-158A Proj.Cycle-Consul	380,000	-	380,000	(380,000)	-	(380,000)	-	380,000	-	-	-	380,000	-	-
PP-A/39-161: Recruitment of ED	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	-	100,000	-	-

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Title	Budget			Receipt				Arrears in Contributions at 12/31/15	Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014		2015	Deletion of completed projects 2015	Accumulated Total 2015			
PP-A/39-162A: ITTO & CITES	10,809,201	1,570,468	12,379,669	(10,679,201)	(1,700,468)	(12,379,669)	-	10,698,375	1,457,320.63	-	12,155,696	223,974	-	
PP-A/39-162B: ITTO & CITES	200,000	-	200,000	(200,000)	-	(200,000)	-	200,000	-	-	200,000	-	-	
PP-A/39-163A: Support CFP	40,000	-	40,000	(40,000)	-	(40,000)	-	14,221	-	-	14,221	25,779	-	
PP-A/39-163B: GFIS	40,000	-	40,000	(40,000)	-	(40,000)	-	40,000	-	-	40,000	-	-	
PP-A/39-164: Eval. Y'hama Plan	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	100,000	-	-	
PP-A/39-165: Action Plan 2008	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	150,000	-	-	
PP-A/39-165A: Thematic Program	110,000	-	110,000	(110,000)	-	(110,000)	-	110,000	-	-	110,000	-	-	
PP-A/39-166: Outreach	250,000	-	250,000	(250,000)	-	(250,000)	-	250,000	-	-	250,000	-	-	
PP-A/39-167: UNCTAD INFO COMM	50,000	-	50,000	(50,000)	-	(50,000)	-	50,000	-	-	50,000	-	-	
PP-A/39-168: TAG and CSAG	80,000	-	80,000	(80,000)	-	(80,000)	-	80,000	-	-	80,000	-	-	
PP-A/39-169: Law Enforcement	200,000	-	200,000	(200,000)	-	(200,000)	-	200,000	-	-	200,000	-	-	
PP-A/39-170: Legality of Expts	240,000	-	240,000	(240,000)	-	(240,000)	-	227,113	-	-	227,113	12,887	-	
PP-A/39-173: Timber Tracking	229,000	-	229,000	(229,000)	-	(229,000)	-	216,233	-	-	216,233	12,767	-	
PP-A/39-175: Certificn System	150,000	-	150,000	(150,000)	-	(150,000)	-	141,060	-	-	141,060	8,940	-	
PP-A/39-181: FAO 2wk. course	35,000	-	35,000	(35,000)	-	(35,000)	-	32,948	-	-	32,948	2,052	-	
PP-A/39-182: Forest Law AsiaWS	50,000	-	50,000	(50,000)	-	(50,000)	-	40,279	-	-	40,279	9,721	-	
PP-A/39-183: Wood Bioenergy	200,000	-	200,000	(200,000)	-	(200,000)	-	196,778	-	-	196,778	3,222	-	
PP-A/40-187: Parliam'tary Conf	50,000	-	50,000	(50,000)	-	(50,000)	-	48,850	-	-	48,850	1,150	-	
PP-A/42-191: Forest Inventory	105,000	-	105,000	(105,000)	-	(105,000)	-	102,744	-	-	102,744	2,256	-	
PP-A/43-195: FLE Workshop	70,000	-	70,000	(70,000)	-	(70,000)	-	70,000	-	-	70,000	-	-	
PP-A/43-196: WS Publication	35,000	-	35,000	(35,000)	-	(35,000)	-	22,983	-	-	22,983	12,017	-	
PP-A/43-199: Durban Workshop	70,000	-	70,000	(70,000)	-	(70,000)	-	43,688	-	-	43,688	26,312	-	
PP-A/43-203: Web-based DB	50,000	-	50,000	(50,000)	-	(50,000)	-	24,274	20,204.45	-	44,479	5,521	-	
PP-A/43-204: Assist Statistics	200,000	-	200,000	(200,000)	-	(200,000)	-	183,938	2,863.00	-	186,801	13,199	-	
PP-A/43-205: Promote ITC, NEPD	290,000	-	290,000	(290,000)	-	(290,000)	-	277,578	-	-	277,578	12,422	-	
PP-A/43-206: Investment Wksp	200,000	-	200,000	(200,000)	-	(200,000)	-	192,692	-	-	192,692	7,308	-	
PP-A/43-209: Harmonize SFM	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	100,000	-	-	
PP-A/43-211: UNFF Secondment	230,000	-	230,000	(230,000)	-	(230,000)	-	214,853	11,000.00	-	225,853	4,147	-	
PP-A/43-212: UNFF8 initiative	200,000	-	200,000	(200,000)	-	(200,000)	-	198,814	-	-	198,814	1,186	-	
PP-A/43-213: IUFRO-CPF-GFIS	75,000	-	75,000	(75,000)	-	(75,000)	-	75,000	-	-	75,000	-	-	
PP-A/43-214: Outreach Activity	225,000	-	225,000	(225,000)	-	(225,000)	-	225,000	-	-	225,000	-	-	
PP-A/43-218: Market study	100,000	-	100,000	(100,000)	-	(100,000)	-	99,004	-	-	99,004	996	-	
PP-A/43-219: Statistics Wksp	60,000	-	60,000	(60,000)	-	(60,000)	-	59,693	260.30	-	59,954	46	-	
PP-A/43-220: Timber procuremt	143,337	-	143,337	(143,337)	-	(143,337)	-	140,313	-	-	140,313	3,024	-	
PP-A/43-221: Market outlook'09	140,000	-	140,000	(140,000)	-	(140,000)	-	136,701	-	-	136,701	3,299	-	
PP-A/43-222: Competitiveness	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	150,000	-	-	
PP-A/43-223: Environmental Svc	110,000	-	110,000	(110,000)	-	(110,000)	-	55,125	-	-	55,125	54,875	-	
PP-A/43-224: C&I Add. Wksp	200,758	-	200,758	(200,758)	-	(200,758)	-	200,758	-	-	200,758	-	-	
PP-A/43-227: SFM guidelines	254,700	-	254,700	(254,700)	-	(254,700)	-	254,700	-	-	254,700	-	-	
PP-A/43-230: Tech.&Env. Study	60,000	-	60,000	(60,000)	-	(60,000)	-	53,925	6,074.75	-	60,000	-	-	
PP-A/43-231: Bioenergy	300,000	-	300,000	(300,000)	-	(300,000)	-	297,700	1,341.00	-	299,041	959	-	
PP-A/43-232: Further processing	150,000	-	150,000	(150,000)	-	(150,000)	-	134,520	-	-	134,520	15,480	-	
PP-A/45-241: Outreach	218,962	-	218,962	(218,962)	-	(218,962)	-	218,962	-	-	218,962	-	-	
PP-A/45-242: Forest gov. WS	60,000	-	60,000	(60,000)	-	(60,000)	-	42,832	-	-	42,832	17,168	-	
PP-A/45-243: C&I Asst.	50,000	-	50,000	(50,000)	-	(50,000)	-	48,738	-	-	48,738	1,262	-	

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

	Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15
		Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Arrears in Contributions at 12/31/15	Accumulated Total 2014	2015	Deletion of completed projects 2015	Accumulated Total 2015		
	PP-A/45-244: Initial TPAC mtg.	40,000	-	40,000	(40,000)	-	(40,000)	-	36,146	-	-	36,146	3,854	
	PP-A/45-245: Climate Change	200,000	-	200,000	(200,000)	-	(200,000)	-	200,000	-	-	200,000	-	
	PP-A/45-246: Conf. on Biodiv.	200,000	-	200,000	(200,000)	-	(200,000)	-	187,841	-	-	187,841	12,159	
	PP-A/45-247: Wood Prom. Tech.	100,000	-	100,000	(100,000)	-	(100,000)	-	100,000	-	-	100,000	-	
	PP-A/45-248: IUCN Biodiv. Guid	76,595	-	76,595	(76,595)	-	(76,595)	-	60,655	-	-	60,655	15,940	
*	PP-A/45-250: 39th Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	59,439	-	-	59,439	35,561	-
*	PP-A/45-251: 40th Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	66,915	-	-	66,915	28,085	-
	PP-A/46-252: IYF 2011	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	150,000	-	
	PP-A/46-253: Stats D-base	75,000	-	75,000	(75,000)	-	(75,000)	-	38,815	2,933.02	-	41,748	33,252	
	PP-A/46-254: FAO FLE Wksp	200,000	-	200,000	(200,000)	-	(200,000)	-	192,717	-	-	192,717	7,283	
	PP-A/46-255: Scnd.For.Guidelin	24,813	-	24,813	(24,813)	-	(24,813)	-	19,293	-	-	19,293	5,520	
*	PP-A/46-256: 41st Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	72,665	-	-	72,665	22,335	-
*	PP-A/46-257: 42nd Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	65,214	-	-	65,214	29,786	-
	PP-A/47-258: UN CSD(12-13)	100,000	-	100,000	(100,000)	-	(100,000)	-	71,490	-	-	71,490	28,510	
	PP-A/47-259: Action Plan 2012	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	-	150,000	-	
	PP-A/47-260: Climate Cg Assist	100,000	-	100,000	(100,000)	-	(100,000)	-	36,170	23,412.97	-	59,583	40,417	
	PP-A/47-261: Evaluate TP	90,000	-	90,000	(90,000)	-	(90,000)	-	63,083	-	-	63,083	26,917	
	PP-A/47-262: Wood processing	78,755	-	78,755	(78,755)	-	(78,755)	-	75,089	-	-	75,089	3,666	
	PP-A/47-263: Disseminate SME	130,000	-	130,000	(130,000)	-	(130,000)	-	111,426	18,500.00	-	129,926	74	
	PP-A/47-264: Natr.For.Guidelin	130,000	-	130,000	(130,000)	-	(130,000)	-	124,337	-	-	124,337	5,663	
	PP-A/47-266: ITTO/CBD-ACTO	1,320,224	-	1,320,224	(1,320,224)	-	(1,320,224)	-	207,174	95,910.00	-	303,084	1,017,140	
*	PP-A/47-268: 43rd Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	78,064	-	-	78,064	16,936	-
	PP-A/47-269: 44th Exp. Panel	95,000	-	95,000	(95,000)	-	(95,000)	-	95,000	-	-	95,000	-	
	PP-A/47-270: Outreach 2012	50,000	-	50,000	(50,000)	-	(50,000)	-	40,663	-	-	40,663	9,337	
	PP-A/48-271: Congo Basin Mtg.	100,000	-	100,000	(100,000)	-	(100,000)	-	92,824	-	-	92,824	7,176	
	PP-A/48-272: C&I for SFM WS	50,000	-	50,000	(50,000)	-	(50,000)	-	18,235	5,000.00	-	23,235	26,765	
	PP-A/48-273: Exp.Mtg.review.C&I	50,000	-	50,000	(50,000)	-	(50,000)	-	7,816	31,126.23	-	38,942	11,058	
	PP-A/48-274: Int'l C&I Mtgs.	65,000	40,000	105,000	(65,000)	(40,000)	(105,000)	-	28,495	16,175.74	-	44,671	60,329	
	PP-A/48-275: Env.Svcs. Forum	232,382	-	232,382	(232,382)	-	(232,382)	-	189,929	67.00	-	189,996	42,385	
	PP-A/48-276: GPFLR '13-'14	50,000	-	50,000	(50,000)	-	(50,000)	-	17,676	32,324.22	-	50,000	-	
	PP-A/48-277: Fire Conf. 2013	50,000	-	50,000	(50,000)	-	(50,000)	-	31,722	18,278.00	-	50,000	-	
	PP-A/48-278: Side events '13-14	130,000	-	130,000	(130,000)	-	(130,000)	-	89,895	131.20	-	90,026	39,974	
	PP-A/48-279: Knowledge Managemt	395,000	-	395,000	(395,000)	-	(395,000)	-	143,312	35,192.93	-	178,505	216,495	
	PP-A/48-280: Development of EDP	180,000	-	180,000	(180,000)	-	(180,000)	-	94,987	15,871.00	-	110,858	69,142	
*	PP-A/48-281: CSAG-TAG 2013-14	80,000	(80,000)	-	(80,000)	80,000	-	-	38,790	40,984.22	(79,774)	-	-	-
	PP-A/48-282: Involvement in CPF	25,000	-	25,000	(25,000)	-	(25,000)	-	3,261	-	-	3,261	21,739	
	PP-A/48-283: Stats enhancement	40,000	-	40,000	(40,000)	-	(40,000)	-	40,000	-	-	40,000	-	
	PP-A/48-284: Prep. guidelines	35,000	-	35,000	(35,000)	-	(35,000)	-	35,000	-	-	35,000	-	
*	PP-A/48-285: 45th&46th EP, 2013	155,626	-	155,626	(155,626)	-	(155,626)	-	94,161	-	-	94,161	61,465	-
	PP-A/48-286: Resource mobiliztn	97,443	-	97,443	(97,443)	-	(97,443)	-	97,443	-	-	97,443	-	
	PP-A/49-287: BWP2 Credit Scheme	95,150	-	95,150	(95,150)	-	(95,150)	-	77,410	-	-	77,410	17,740	
	PP-A/49-288: BWP14b Ptcp. GPFLR	25,000	-	25,000	(25,000)	-	(25,000)	-	3,261	7,703.34	-	10,964	14,036	
	PP-A/49-291: BWP25b IMM(EU)	856,680	-	856,680	(856,680)	-	(856,680)	-	281,850	223,728.01	-	505,578	351,102	
	PP-A/49-292: BWP/4a PublishGuidl	135,000	-	135,000	(135,000)	-	(135,000)	-	44,795	89,925.03	-	134,720	280	
	PP-A/49-292: BWP35c GuidelineWS	50,000	-	50,000	(50,000)	-	(50,000)	-	6,522	-	-	6,522	43,478	

International Tropical Timber Organization
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Notes to Financial Statements (continued)

Title	Budget			Receipt				Arrears in Contributions at 12/31/15	Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014		2015	Deletion of completed projects 2015	Accumulated Total 2015			
PP-A/49-293 BWP35c Latin Am WS	25,000	-	25,000	(25,000)	-	(25,000)	-	23,261	1,250.00	-	24,511	489		
PP-A/49-294 BWP54 Fundraising	20,000	-	20,000	(20,000)	-	(20,000)	-	2,195	11,500.00	-	13,695	6,305		
PP-A/49-295 Dec.3/49 ED Select	100,000	-	100,000	(100,000)	-	(100,000)	-	67,031	2,918.06	-	69,949	30,051		
PP-A/50-296 Rev.1/TBCA (MoFA)	1,280,619	-	1,280,619	(1,280,619)	-	(1,280,619)	-	134,679	918,486.08	-	1,053,165	227,454		
PP-A/50-297 BWP2 Gender Equity	10,000	-	10,000	(10,000)	-	(10,000)	-	1,304	8,696.00	-	10,000	-		
PP-A/50-298 BWP10 Mngrv WS	50,000	-	50,000	(50,000)	-	(50,000)	-	6,521	21,234.58	-	27,756	22,244		
PP-A/50-299 BWP12b Carbon rml	42,465	25,090	67,555	-	(67,555)	(67,555)	-	-	34,737.42	-	34,737	32,817		
PP-A/50-300 BWP14b Fire Conf.	60,000	-	60,000	(20,000)	(40,000)	(60,000)	-	2,608	52,605.83	-	55,214	4,786		
PP-A/50-301 BWP19c ENB 2015	30,000	5,000	35,000	(30,000)	(5,000)	(35,000)	-	3,913	26,749.00	-	30,662	4,338		
PP-A/50-302 BWP20 Improve mark	50,000	-	50,000	(50,000)	-	(50,000)	-	6,522	-	-	6,522	43,478		
PP-A/50-303 BWP23 Web-based pf	100,000	-	100,000	(80,000)	(20,000)	(100,000)	-	10,434	77,609.00	-	88,043	11,957		
PP-A/50-304 BWP TAG&CSAG'15-16	50,000	30,000	80,000	(50,000)	(30,000)	(80,000)	-	6,521	(9,447.90)	-	(2,927)	82,927		
PP-A/50-305 BWP27 CPF	25,000	25,000	50,000	(25,000)	(25,000)	(50,000)	-	7,102	22,344.42	-	29,447	20,553		
PP-A/50-306 BWP29 Stats Asst.	25,000	-	25,000	(25,000)	-	(25,000)	-	3,261	-	-	3,261	21,739		
PP-A/50-307 BWP30 Forst extnsn	100,000	-	100,000	(100,000)	-	(100,000)	-	13,044	-	-	13,044	86,956		
PP-A/50-308 BWP33 ITTO & WCO	222,208	-	222,208	(97,208)	(125,000)	(222,208)	-	12,668	96,304.00	-	108,972	113,236		
PP-A/50-309 BWP50 Assess gdlm.	50,000	-	50,000	(50,000)	-	(50,000)	-	6,522	455.00	-	6,977	43,023		
PP-A/50-310 BWP51 Study on R.O	25,000	-	25,000	(25,000)	-	(25,000)	-	3,261	19,251.96	-	22,513	2,487		
PP-A/50-310 BWP51 Study on R.O	40,000	-	40,000	(40,000)	-	(40,000)	-	5,217	-	-	5,217	34,783		
PP-A/51-312 Symposium on IL	-	-	-	-	-	-	-	-	-	-	-	17,090		
PP-A/51-313 Dec.4(LI) Investmt	-	250,000	250,000	-	(250,000)	(250,000)	-	-	-	-	-	250,000		
PP-A/51-314 Dec.5(LI) New ED	-	100,000	100,000	-	(100,000)	(100,000)	-	-	-	-	-	100,000		
Sub-Total (A) :	37,602,565	2,554,596	40,157,160	(37,245,100)	(2,912,061)	(40,157,160)	-	30,387,647	4,276,696.77	(79,774)	34,584,569	4,427,986	-	
Co-finance														
PP-A/26-79 (Shifted to BPF)	91,965	-	91,965	(91,965)	-	(91,965)	-	546,879	-	-	546,879	-		
pp-a/29-095 (BPF Activity)	33,224	-	33,224	(33,224)	-	(33,224)	-	33,224	-	-	33,224	-		
pp-a/29-96 (BPF Activity)	50,000	-	50,000	(50,000)	-	(50,000)	-	50,000	-	-	50,000	-		
pp-a/29-97 (BPF Activity)	20,000	-	20,000	(20,000)	-	(20,000)	-	20,000	-	-	20,000	-		
pp-a/30-103 (BPF Activity)	8,000	-	8,000	(8,000)	-	(8,000)	-	8,000	-	-	8,000	-		
pp-a/31-111b (BPF Activity)	237,500	-	237,500	(237,500)	-	(237,500)	-	237,500	-	-	237,500	-		
PP-A/32-122 (Shifted to BPF)	302,000	-	302,000	(302,000)	-	(302,000)	-	302,000	-	-	302,000	-		
Sub-Total (Co-finance) :	742,689	-	742,689	(742,689)	-	(742,689)	-	1,197,603	-	-	1,197,603	-		
Total of Pre-Project Sub-Account:	39,446,810	2,490,074	41,936,884	(39,089,345)	(2,847,539)	(41,936,884)	-	32,601,148	4,317,676.46	(144,296)	36,774,528	4,472,665	-	

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Project Sub-Account														
Title	Budget			Receipt				Arrears in Contributions at 12/31/15	Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014		2015	Deletion of completed projects 2015	Accumulated Total 2015			
<i>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</i>														
PD 168/02 Rev.1 (M) /C33	243,594	-	243,594	(243,594)	-	(243,594)	-	229,510	-	-	229,510	14,084	-	-
* PD 182/03 Rev.2 (M) /C37	285,768	(285,768)	-	(285,768)	285,768	-	-	285,768	-	(285,768)	-	-	-	-
* PD 479/07 Rev.2 (M) /C44	596,419	(596,419)	-	(596,419)	596,419	-	-	586,516	9,903	(596,419)	-	-	-	-
* PD 480/07 Rev.2 (M) /C44	263,520	(263,520)	-	(263,520)	263,520	-	-	263,520	-	(263,520)	-	-	-	-
PD 599/11 Rev.1 (M) /C47	497,930	-	497,930	(497,930)	-	(497,930)	-	207,903	2,382	-	210,285	287,645	-	-
PD 620/11 Rev.1 (M) /C47	1,883,447	162,645	2,046,092	(1,883,447)	(162,645)	(2,046,092)	-	995,466	728,383	-	1,723,849	322,244	-	-
PD 621/11 Rev.3 (M) /C48	349,032	-	349,032	(349,032)	-	(349,032)	-	146,392	166,178	-	312,570	36,462	-	-
PD 678/12 Rev.1 (M) /C48	398,704	-	398,704	(398,704)	-	(398,704)	-	319,409	51,170	-	370,579	28,125	-	-
PD 692/13 Rev.1 (M) /C49	290,541	-	290,541	(290,541)	-	(290,541)	-	24,479	112,845	-	137,324	153,217	-	-
PD 756/14 Rev.1 (M) /C50	149,341	-	149,341	(149,341)	-	(149,341)	-	16,001	40,053	-	56,054	93,287	-	-
* PD 477/98 Rev.2 (M)	271,198	(271,198)	-	(271,198)	271,198	-	-	271,198	-	(271,198)	-	-	-	-
Sub-Total (M) :	5,229,494	(1,254,260)	3,975,234	(5,229,494)	1,254,260	(3,975,234)	-	3,346,162	1,110,913	(1,416,905)	3,040,171	935,063	-	-
<i>REFORESTATION & FOREST MANAGEMENT (F)</i>														
PD 28/00 Rev.2 (F) (ITTC30)	563,265	-	563,265	(563,265)	-	(563,265)	-	552,324	-	-	552,324	10,941	-	-
PD 37/00 Rev.1 (F)	594,678	-	594,678	(594,678)	-	(594,678)	-	594,678	-	-	594,678	-	-	-
PD 53/00 Rev.3 (F) /C32	342,795	-	342,795	(342,795)	-	(342,795)	-	311,869	-	-	311,869	30,926	-	-
PD 54/00 Rev.4 (F) /C32	378,584	-	378,584	(378,584)	-	(378,584)	-	354,719	-	-	354,719	23,865	-	-
PD 63/01 Rev.2 (F) /C32	301,570	-	301,570	(301,570)	-	(301,570)	-	279,118	-	-	279,118	22,452	-	-
PD 66/01 Rev.1 (F) /C31	770,751	-	770,751	(770,751)	-	(770,751)	-	749,856	-	-	749,856	20,895	-	-
PD 165/02 Rev.3 (F) /C35	526,401	-	526,401	(526,401)	-	(526,401)	-	506,401	-	-	506,401	20,000	-	-
PD 217/03 Rev.7 (F) /C37	139,898	-	139,898	(139,898)	-	(139,898)	-	135,246	-	-	135,246	4,652	-	-
PD 248/03 Rev.4 (F) /C37	577,800	-	577,800	(577,800)	-	(577,800)	-	572,800	-	-	572,800	5,000	-	-
PD 256/03 Rev.1 (F) /C35	301,750	-	301,750	(301,750)	-	(301,750)	-	259,595	-	-	259,595	42,155	-	-
PD 359/05 Rev.1 (F)	942,166	-	942,166	(942,166)	-	(942,166)	-	928,784	-	-	928,784	13,382	-	-
PD 367/05 Rev.2 (F) /C41	143,856	-	143,856	(143,856)	-	(143,856)	-	128,474	-	-	128,474	15,382	-	-
PD 377/05 Rev.3 (F)	421,060	-	421,060	(421,060)	-	(421,060)	-	387,654	-	-	387,654	33,406	-	-
PD 419/06 Rev.3 (F) /Spring'08	912,764	-	912,764	(912,764)	-	(912,764)	-	896,229	-	-	896,229	16,535	-	-
PD419/06R.3(F)-EXT.TICAD/SP13	1,800,000	-	1,800,000	(1,800,000)	-	(1,800,000)	-	1,800,000	-	-	1,800,000	-	-	-
PD 424/06 Rev.2 (F) /Spring'08	429,138	-	429,138	(429,138)	-	(429,138)	-	410,165	5,954	-	416,119	13,019	-	-
PD 438/06 Rev.2 (F)	547,917	-	547,917	(547,917)	-	(547,917)	-	511,752	4,916	-	516,669	31,248	-	-
PD 441/07 Rev.2 (F) /C44	463,115	-	463,115	(463,115)	-	(463,115)	-	336,086	106,000	-	442,086	21,029	-	-
PD 450/07 R.2 (F,I) SP10	402,516	-	402,516	(402,516)	-	(402,516)	-	363,397	10,000	-	373,397	29,119	-	-
PD 451/07 Rev.1 (F) /C42	1,092,960	-	1,092,960	(1,092,960)	-	(1,092,960)	-	1,077,044	-	-	1,077,044	15,916	-	-
PD 452/07 Rev.5 (F) /C50	656,630	-	656,630	-	(656,630)	(656,630)	-	-	70,353	-	70,353	586,277	-	-
PD 454/07 Rev.3 (F) /C46	513,527	-	513,527	(513,527)	-	(513,527)	-	190,285	90,000	-	280,285	233,242	-	-
PD 456/07 Rev.4 (F) /C47	593,327	-	593,327	(593,327)	-	(593,327)	-	175,618	40,000	-	215,618	377,709	-	-
CODE NOT FOUND 07456J	3,297,355	-	3,297,355	(3,297,355)	-	(3,297,355)	-	3,297,355	-	-	3,297,355	-	-	-

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Notes to Financial Statements (continued)

Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Arrears in Contributions at 12/31/15	Accumulated Total 2014	2015	Deletion of completed projects 2015	Accumulated Total 2015		
	PD 459/07 Rev.1 (F) /C44	593,163	-	593,163	(593,163)	-	(593,163)	-	576,574	-	-		
PD 470/07 Rev.1 (F) /C44	209,574	-	209,574	(209,574)	-	(209,574)	-	89,594	2,411	-	92,004	117,570	
PD 477/07 Rev.4 (F) /C48	338,256	-	338,256	(338,256)	-	(338,256)	-	29,388	82,392	-	111,780	226,476	
PD 495/08 Rev.4 (F) /C47	492,588	-	492,588	(492,588)	-	(492,588)	-	291,887	112,551	-	404,437	88,151	
PD 507/08 Rev.1 (F) /C44	396,310	-	396,310	(396,310)	-	(396,310)	-	237,486	57,000	-	294,486	101,824	
PD 519/08 Rev.1 (F) /C44	814,590	-	814,590	(814,590)	-	(814,590)	-	788,513	2,778	-	791,291	23,299	
PD 528/08 Rev.1 (F) /C45	465,264	-	465,264	(465,264)	-	(465,264)	-	408,123	38,256	-	446,379	18,885	
PD 530/08 Rev.3 (F) /C47	569,665	-	569,665	(569,665)	-	(569,665)	-	335,997	131,448	-	467,445	102,220	
PD 534/08 Rev.1 (F) /C46	424,837	-	424,837	(424,837)	-	(424,837)	-	395,781	-	-	395,781	29,056	
PD 552/09 Rev.1 (F) /C45	644,814	-	644,814	(644,814)	-	(644,814)	-	406,764	5,691	-	412,455	232,359	
PD 563/09 Rev.5 (F) /SP14	460,000	(330,000)	130,000	-	(130,000)	(130,000)	-	-	131,751	-	131,751	-	
PD 577/10 Rev.1 (F) /C46	2,051,039	-	2,051,039	(2,051,039)	-	(2,051,039)	-	2,051,039	-	-	2,051,039	-	
PD 581/10 Rev.2 (F) /C48	345,840	-	345,840	(345,840)	-	(345,840)	-	220,846	50,000	-	270,846	74,994	
PD 584/10 Rev.2 (F) /C47	162,788	-	162,788	(162,788)	-	(162,788)	-	145,430	-	-	145,430	17,358	
PD 586/10 Rev.1 (F) /C46	414,104	-	414,104	(414,104)	-	(414,104)	-	377,858	-	-	377,858	36,246	
PD 590/10 Rev.1 (F) /C46	517,563	-	517,563	(517,563)	-	(517,563)	-	491,747	5,239	-	496,986	20,577	
PD 601/11 Rev.3 (F) /C49	496,290	-	496,290	(496,290)	-	(496,290)	-	164,064	105,321	-	269,385	226,905	
PD 602/11 Rev.3 (F) /C49	350,402	-	350,402	(350,402)	-	(350,402)	-	108,429	70,000	-	178,429	171,973	
PD 617/11 Rev.1 (F) /C47	941,559	-	941,559	(941,559)	-	(941,559)	-	362,718	242,735	-	605,452	336,107	
* PD 622/11 Rev.1 (F) /C47	149,958	(149,958)	-	(149,958)	149,958	-	-	149,958	-	(149,958)	-	-	
PD 635/12 Rev.2 (F) /C48	517,450	-	517,450	(517,450)	-	(517,450)	-	186,814	201,751	-	388,565	128,885	
PD 646/12 Rev.3 (F) /C50	435,187	-	435,187	(435,187)	-	(435,187)	-	46,627	12	-	46,639	388,548	
PD 653/12 Rev.1 (F) /C48	245,272	-	245,272	(245,272)	-	(245,272)	-	197,486	17,104	-	214,590	30,682	
PD 668/12 Rev.1 (F) /C48	641,639	-	641,639	(641,639)	-	(641,639)	-	201,568	135,000	-	336,568	305,071	
PD 673/12 Rev.1 (F) /C48	464,033	-	464,033	(464,033)	-	(464,033)	-	318,852	120,996	-	439,848	24,185	
PD 682/13 Rev.1 (F) /C49	149,744	-	149,744	(149,744)	-	(149,744)	-	16,044	80,000	-	96,044	53,700	
PD 696/13 Rev.2 (F) /C49	310,576	-	310,576	(310,576)	-	(310,576)	-	33,276	65,835	-	99,111	211,465	
PD 710/13 Rev.1 (F) /C49	479,976	-	479,976	(479,976)	-	(479,976)	-	56,837	102,735	-	159,571	320,405	
PD 724/13 Rev.1 (F) /C50	149,632	-	149,632	(149,632)	-	(149,632)	-	16,032	103,818	-	119,850	29,782	
PD 725/13 Rev.2 (F) /C50	149,408	-	149,408	(102,904)	(46,504)	(149,408)	-	11,026	8,238	-	19,264	130,144	
PD 740/14 Rev.2 (F) /C50	484,792	-	484,792	-	(484,792)	(484,792)	-	-	128,520	-	128,520	356,272	
PD 21/98 Rev.2 (F)	647,517	-	647,517	(647,517)	-	(647,517)	-	647,517	-	-	647,517	-	
PD 24/98 Rev.2 (F)	177,610	-	177,610	(177,610)	-	(177,610)	-	168,890	-	-	168,890	8,720	
PD 62/99 Rev.3 (F)	543,892	-	543,892	(543,892)	-	(543,892)	-	496,441	(38,104)	-	458,337	47,451	
Sub-Total (F) :	32,949,155	(479,958)	32,469,197	(31,301,229)	(1,167,968)	(32,469,197)	-	24,849,050	2,290,700	(149,958)	26,989,793	5,443,051	

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

	Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/13	Surplus from completed projects at 12/31/13
		Accumulated Total 2012	2013	Accumulated Total 2013	Accumulated Total 2012	2013	Accumulated Total 2013	Arrears in Contributions at 12/31/13	Accumulated Total 2012	2013	Deletion of completed projects 2013	Accumulated Total 2013		
<i>FOREST INDUSTRY (I)</i>														
	PD 364/05 Rev.4 (I) /C43	299,450	-	299,450	(299,450)	-	(299,450)	-	299,450	-	-	299,450	-	-
*	PD 384/05 Rev.3 (I) /C41	463,670	(463,670)	-	(463,670)	463,670	-	-	438,495	25,175	(463,670)	-	-	9,175
	PD 433/06 Rev.3 (I) /C45	516,927	-	516,927	(516,927)	-	(516,927)	-	496,230	870	-	497,100	19,827	-
	PD 457/07 Rev.5 (I) /C46	31,210	-	31,210	(31,210)	-	(31,210)	-	42,489	(11,279)	-	31,210	-	-
	PD 506/08 Rev.1 (I) /C44	292,522	-	292,522	(292,522)	-	(292,522)	-	231,668	39,130	-	270,798	21,724	-
	PD 540/09 Rev.2 (I) /C47	448,362	-	448,362	(448,362)	-	(448,362)	-	372,594	52,415	-	425,009	23,353	-
	PD 600/11 Rev.1 (I) 2011	537,095	-	537,095	(537,095)	-	(537,095)	-	179,856	180,449	-	360,304	176,791	-
	PD 687/13 Rev.1 (I) /C49	250,068	-	250,068	(250,068)	-	(250,068)	-	126,906	48,619	-	175,525	74,543	-
	PD 700/13 Rev.2 (I) Ph.I/SP'15	-	1,399,989	1,399,989	-	(1,399,989)	(1,399,989)	-	-	628,565	-	628,565	771,424	-
	PD 722/13 Rev.1 (I) /C49	226,041	-	226,041	(226,041)	-	(226,041)	-	24,258	123,075	-	147,333	78,708	-
	PD 01/93 Rev.1 (M,F,I)	2,433,135	-	2,433,135	(2,433,135)	-	(2,433,135)	-	2,392,832	-	-	2,392,832	40,304	-
	PD 39/93 Rev.4 (I)	317,149	-	317,149	(317,149)	-	(317,149)	-	311,774	-	-	311,774	5,375	-
	PD 58/97 Rev.1 (I)	622,191	-	622,191	(622,191)	-	(622,191)	-	619,194	-	-	619,194	2,997	-
	pd 13/99 (mfi) rev.2 ph.2 BPF	216,017	-	216,017	(216,017)	-	(216,017)	-	216,017	-	-	216,017	-	-
	Freezailah Fellowship Fund	6,274,517	235,000	6,509,517	(6,174,517)	(335,000)	(6,509,517)	-	5,704,676	362,927	-	6,067,603	441,914	-
	Sub-Total (I) :	12,928,354	1,171,319	14,099,673	(12,828,354)	(1,271,319)	(14,099,673)	-	11,456,438	1,449,946	(463,670)	12,442,713	1,656,959	9,175
	Total of Project Sub-Account:	51,107,003	(562,899)	50,544,104	(49,359,077)	(1,185,027)	(50,544,104)	-	39,651,650	4,851,560	(2,030,533)	42,472,677	8,035,074	9,175

International Tropical Timber Organization Special Account

Notes to Financial Statements (continued)

Thematic Programmes Sub-Account															
Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15		
	Accumulated Total 2014	2015	Accumulated Total 2015	Accumulated Total 2014	2015	Accumulated Total 2015	Arrears in Contributions at 12/31/15	Accumulated Total 2014	2015	Deletion of completed projects 2015	Accumulated Total 2015				
<i>ECONOMIC INFORMATION & MARKET INTELLIGENCE</i>															
* TFL-PD 003/09 Rev.2 (M)/03'10	365,526	(365,526)	-	(365,526)	365,526	-	-	308,423	57,103	(365,526)	-	-	-	42,103	
* TFL-PD 007/09 Rev.1 (M)/03'10	163,039	(163,039)	-	(163,039)	163,039	-	-	163,039	-	(163,039)	-	-	-	-	
TFL-SPD 014/09 Rev.1 (M)/03'10	302,562	-	302,562	(302,562)	-	(302,562)	-	213,759	-	-	213,759	88,803	-	-	
* TFL-PD 017/09 Rev.2 (M)/SP'10	322,056	(322,056)	-	(322,056)	322,056	-	-	305,444	16,612	(322,056)	-	-	-	1,612	
* TMT-SPD 002/10 Rev.1 (M)/SP'10	150,000	(150,000)	-	(150,000)	150,000	-	-	140,592	9,408	(150,000)	-	-	-	9,408	
TFL-PD 024/10 Rev.2 (M)/SP'10	563,339	-	563,339	(563,339)	-	(563,339)	-	458,750	76,432	-	535,182	28,157	-	-	
TMT-SPD004/11 R.2(M)/SP'11	359,716	-	359,716	(359,716)	-	(359,716)	-	298,886	31,518	-	330,404	29,312	-	-	
* TMT-PD 006/11 Rev.3 (M)/SP'11	320,920	(320,920)	-	(320,920)	320,920	-	-	301,747	19,173	(320,920)	-	-	-	9,173	
RED-PD 045/11 Rev.2 (M)/SP'11	470,683	-	470,683	(470,683)	-	(470,683)	-	403,554	49,165	-	452,719	17,964	-	-	
TMT-SPD 010/12 Rev.1 (M)/SP'12	138,033	-	138,033	(138,033)	-	(138,033)	-	80,284	-	-	80,284	57,749	-	-	
* TMT-SPD 011/12 Rev.2 (M)/SP'12	138,996	(138,996)	-	(138,996)	138,996	-	-	10,296	128,700	(138,996)	-	-	-	-	
TMT-SPD 012/12 Rev.1 (M)/SP'12	111,931	-	111,931	(111,931)	-	(111,931)	-	111,931	-	-	111,931	-	-	-	
* TMT-SPD 013/12 Rev.1 (M)/SP'12	150,000	(150,000)	-	(150,000)	150,000	-	-	113,195	36,805	(150,000)	-	-	-	24,260	
* TFL-SPD 028/12 Rev.1 (M)/SP'12	147,701	(147,701)	-	(147,701)	147,701	-	-	145,939	1,762	(147,701)	-	-	-	1,762	
* TFL-SPD 029/12 Rev.1 (M)/SP'12	137,941	(137,941)	-	(137,941)	137,941	-	-	127,969	9,972	(137,941)	-	-	-	9,972	
* TFL-SPD 030/12 Rev.1 (M)/SP'12	131,236	(131,236)	-	(131,236)	131,236	-	-	121,255	9,981	(131,236)	-	-	-	9,981	
TMT-SPD 014/13 Rev.1 (M)/03'14	136,640	-	136,640	(136,640)	-	(136,640)	-	74,640	42,000	-	116,640	20,000	-	-	
TFL-PD 032/13 Rev.2 (M)/03'14	456,680	-	456,680	(456,680)	-	(456,680)	-	148,930	2,446	-	151,376	305,304	-	-	
TFL-PD 033/13 Rev.2 (M)/03'14	495,880	-	495,880	(495,880)	-	(495,880)	-	153,130	102,446	-	255,576	240,304	-	-	
TFL-PD 037/13 Rev.2 (M)/03'14	518,833	-	518,833	(518,833)	-	(518,833)	-	55,626	150,000	-	205,626	313,207	-	-	
TFL-SPD 038/13 Rev.3 (M)/03'14	149,707	-	149,707	(149,707)	-	(149,707)	-	91,040	49,169	-	140,209	9,498	-	-	
TFL-PPD 040/13 Rev.2 (M)/2013	74,586	-	74,586	(74,586)	-	(74,586)	-	43,152	25,600	-	68,752	5,834	-	-	
TFL-SPD 043/13 Rev.1 (M)/03'14	147,280	-	147,280	(147,280)	-	(147,280)	-	15,780	-	-	15,780	131,500	-	-	
TFL-PD 044/13 Rev.2 (M)/03'14	412,556	-	412,556	(412,556)	-	(412,556)	-	44,271	-	-	44,271	368,285	-	-	
TFL-PPD 045/13 Rev.2 (M)/03'14	66,942	-	66,942	(66,942)	-	(66,942)	-	47,172	13,770	-	60,942	6,000	-	-	
TMT-SPD 017/15 Rev.2 (M)/2015	-	149,997	149,997	-	(149,997)	(149,997)	-	-	80,000	-	80,000	69,997	-	-	
TMT-SPD 020/15 (M)/2015	-	113,400	113,400	-	(113,400)	(113,400)	-	-	73,400	-	73,400	40,000	-	-	
TMT-SPD 021/15 (M)/2015	-	130,000	130,000	-	(130,000)	(130,000)	-	-	80,000	-	80,000	50,000	-	-	
TMT-SPD 023/15 R.1(M)/2015	-	150,000	150,000	-	(150,000)	(150,000)	-	-	80,000	-	80,000	70,000	-	-	
Sub-Total (M) :	6,432,783	(1,484,018)	4,948,765	(6,432,783)	1,484,018	(4,948,765)	-	3,978,806	1,145,461	(2,027,415)	3,096,852	1,851,913	108,270	-	

International Tropical Timber Organization Special Account

Notes to Financial Statements (continued)

	Title	Budget			Receipt				Expenditure				Appropriated for future expenditures at 12/31/14	Surplus from completed projects at 12/31/14
		Accumulated Total 2013	2014	Accumulated Total 2014	Accumulated Total 2013	2014	Accumulated Total 2014	Arrears in Contributions at 12/31/14	Accumulated Total 2013	2014	Deletion of completed projects 2014	Accumulated Total 2014		
		<u>REFORESTATION & FOREST MANAGEMENT (F)</u>												
	RED-A 004/09 Rev.1 (F)/11'09	97,180	-	97,180	(97,180)	-	(97,180)	-	92,930	-	-	92,930	4,250	-
*	RED-PD 005/09 Rev.2 (F)/02'10	400,680	(400,680)	-	(400,680)	400,680	-	-	390,680	10,000	(400,680)	-	-	-
*	RED-PD 007/09 Rev.2(F)/03'10	447,071	(447,071)	-	(447,071)	447,071	-	-	447,071	-	(447,071)	-	-	-
*	RED-PD 018/09 Rev.1(F)/02'10	356,519	(356,519)	-	(356,519)	356,519	-	-	346,519	10,000	(356,519)	-	-	-
*	RED-PD 020/09 Rev.1(F)/03'10	149,040	(149,040)	-	(149,040)	149,040	-	-	149,040	-	(149,040)	-	-	-
	RED-PD 026/09 Rev.1 (F)/02'10	658,716	-	658,716	(658,716)	-	(658,716)	-	581,415	42,238	-	623,653	35,063	-
	RED-PD 029/09 Rev.1 (F)/03'10	1,124,784	-	1,124,784	(1,124,784)	-	(1,124,784)	-	860,855	1,595	-	862,450	262,335	-
*	CFM-PPD006/10 Rev.1 (F)/SP'10	122,040	(122,040)	-	(122,040)	122,040	-	-	122,040	-	(122,040)	-	-	8,018
	RED-PD 031/11 Rev.1 (F)/SP'11	478,894	-	478,894	(478,894)	-	(478,894)	-	432,204	14,493	-	446,697	32,197	-
*	RED-PD 033/11 Rev.3 (F)/SP'11	415,384	(415,384)	-	(415,384)	415,384	-	-	403,573	11,811	(415,384)	-	-	-
	RED-PD 037/11 Rev.2 (F)/SP'11	590,922	-	590,922	(590,922)	-	(590,922)	-	455,613	108,541	-	564,154	26,768	-
	RED-PD 038/11 Rev.3 (F)/SP'11	571,890	-	571,890	(571,890)	-	(571,890)	-	396,288	110,546	-	506,834	65,056	-
	RED-SPD 039/11 Rev.1 (F)/SP'11	113,373	-	113,373	(113,373)	-	(113,373)	-	8,398	-	-	8,398	104,975	-
	RED-PPD 050/11 Rev.1 (F)/SP'11	73,613	-	73,613	(73,613)	-	(73,613)	-	61,781	11,832	-	73,613	-	-
	RED-PPD 051/11 Rev.1 (F)/SP'11	81,864	-	81,864	(81,864)	-	(81,864)	-	79,190	-	-	79,190	2,674	-
*	RED-SPD 055/11 Rev.1 (F)/SP'11	149,922	(149,922)	-	(149,922)	149,922	-	-	149,922	-	(149,922)	-	-	-
	RED-PA 056/11 Rev.1 (F)/SP'11	253,120	-	253,120	(253,120)	-	(253,120)	-	230,957	22,163	-	253,120	-	-
	RED-SPD 058/11 Rev.2 (F)/SP'11	142,110	-	142,110	(142,110)	-	(142,110)	-	10,527	-	-	10,527	131,583	-
*	RED-PD 064/11 Rev.2 (F)/SP'11	504,317	(504,317)	-	(504,317)	504,317	-	-	341,438	162,879	(504,317)	-	-	162,817
*	RED-PA 069/11 Rev.1 (F)/SP'11	143,510	(143,510)	-	(143,510)	143,510	-	-	116,510	27,000	(143,510)	-	-	-
*	RED-SPD 075/12 Rev.1 (F)/SP'12	145,800	(145,800)	-	(145,800)	145,800	-	-	145,800	-	(145,800)	-	-	-
	RED-SPD 077/12 Rev.1 (F)/SP'12	121,662	-	121,662	(121,662)	-	(121,662)	-	68,309	26,448	-	94,757	26,905	-
	RED-SPD 079/12 Rev.1 (F)/SP'12	146,751	-	146,751	(146,751)	-	(146,751)	-	115,709	22,551	-	138,260	8,491	-
	RED-SPD 084/12 Rev.1 (F)/SP'12	149,922	-	149,922	(149,922)	-	(149,922)	-	126,673	10,710	-	137,383	12,539	-
	RED-SPD 092/12 Rev.1 (F)/SP'12	149,904	-	149,904	(149,904)	-	(149,904)	-	85,997	49,141	-	135,139	14,765	-
	RED-SPD 093/12 Rev.3 (F)'12	297,205	-	297,205	(297,205)	-	(297,205)	-	294,153	-	-	294,153	3,052	-
	Sub-Total (F) :	7,886,193	(2,834,283)	5,051,910	(7,886,193)	2,834,283	(5,051,910)	-	6,513,592	641,948	(2,834,283)	4,321,257	730,653	170,836
<u>Forest Industry (I)</u>														
	TMT-PA 007/11 Rev.1 (I)/SP'11	60,116	-	60,116	(60,116)	-	(60,116)	-	37,916	-	-	37,916	22,200	-
	TMT-SPD 022/15 (I)/2015	-	200,000	200,000	-	(200,000)	(200,000)	-	-	100,000	-	100,000	100,000	-
	Sub-Total (I) :	60,116	200,000	260,116	(60,116)	(200,000)	(260,116)	-	37,916	100,000	-	137,916	122,200	-
	Total of Thematic Programmes Sub-Account:	14,379,092	(4,118,301)	10,260,791	(14,379,092)	4,118,301	(10,260,791)	-	10,530,315	1,887,409	(4,861,698)	7,556,025	2,704,766	279,105

**Financial Statements of
the Bali Partnership Fund Account**

International Tropical Timber Organization

December 31, 2015 and 2014



International Tropical Timber Organization
Bali Partnership Fund Account

Financial Statements

December 31, 2015 and 2014

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Report of Independent Auditors (Bali Partnership Fund Account)

To the Executive Director of
International Tropical Timber Organization

Pursuant to Article 23 of the International Tropical Timber Agreement of 2006, we have audited the accompanying financial statements of the Bali Partnership Fund Account of International Tropical Timber Organization (the "ITTO"), which comprise the balance sheet as at December 31, 2015, and the statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended, (herein referred to as the "financial statements") and a summary of significant accounting policies described in Note 1. The financial statements have been prepared by the ITTO Secretariat based on the financial reporting provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

Management's Responsibility for the Financial Statements

The ITTO Secretariat is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 1 and for such internal control as Secretariat determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Bali Partnership Fund Account of ITTO for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1.

Emphasis of Matter

1. Additional information of Significant Accounting Policies

We draw attention to Note 1 to the financial statements that indicate ITTO, as a whole, incurred 12 millions of dollars of provisions in the expenditure section of the statements of revenues and expenditures the balance sheet date. The proposals by OC will be brought to the ITTC in November, 2016. These events or conditions indicate that a material uncertainty exists that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC. Our opinion is not modified in respect of this matter.

2. Basis of Accounting

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist ITTO to comply with the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO". As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of ITTO and should not be distributed to or used by parties other than members of ITTO. Our opinion is not modified in respect of this matter. As described in Note 1 to the financial statements of ITTO, the Bali Partnership Fund Account is a part of the ITTO Accounts; accordingly, the financial statements of the Bali Partnership Fund Account should be read in conjunction with the audited financial statements of ITTO.

BDO Toyo & Co.

August 25, 2016

BDO Toyo & Co.
Kandamitoshirocho7, Chiyoda-ku, Tokyo
101-0053 Japan

International Tropical Timber Organization
Bali Partnership Fund Account

Balance Sheets

	December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Assets		
Cash and time deposits	\$ 5,431	\$ 5,431
Arrears in voluntary contributions <i>(Note 6)</i>	–	–
Accounts receivable from Executing Agencies Account	30,967,226	30,118,766
Advances to and receivable from staff members and others	7,190	–
	\$ 30,979,847	\$30,124,196
Liabilities and contributions		
Accounts payable to Special Account	\$ 29,655,921	\$28,869,201
Accounts payable to staff members and others <i>(Note 1)</i>	4,156	9,381
Accrued liabilities	1,873	793
Reserve for programme support <i>(Note 1)</i>	40,496	34,691
	29,702,446	28,914,066
Members' funds		
Appropriated for specified projects, pre-projects and activities <i>(Note 1,5 and 6)</i>	(19,750)	4,283,372
Unappropriated funds <i>(Note 5)</i>	707,549	(3,661,097)
Surplus from completed projects, pre-projects and activities <i>(Note 1 and 6)</i>	589,602	587,856
Total Members' funds	1,277,402	1,210,131
	\$ 30,979,847	\$30,124,196

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Bali Partnership Fund Account

Statements of Revenues and Expenditures

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Revenues:		
Voluntary contributions <i>(Notes 1, 2, 4 and 6)</i>	–	\$ 122,755
Pledges not received	–	(31,802)
Interest income <i>(Note 3)</i>	201,409	466,997
	201,409	557,949
Expenditures and others:		
Project cost <i>(Note 6)</i>	647,138	443,268
Exchange gain and loss	–	22
Time delay (Reversal of time delay) in settling advance payments	(14,115)	(2,125)
Gain on securities, net <i>(Note 3)</i>	–	(4,142)
	633,022	437,023
Excess of expenditures over revenues	\$ (431,613)	\$ 120,926

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Bali Partnership Fund Account

Statements of Changes in Fund Balance

For the years ended December 31

	Appropriated for specified projects	Unappropriated funds	Surplus from completed projects	Total
	<i>(U.S. dollars)</i>			
2014				
Member's funds as of January 1, 2014	\$ 4,284,790	\$(3,815,461)	\$ 611,850	\$ 1,081,179
Excess of expenditures over revenues	(358,211)	471,117	–	112,906
Transfer to surplus from completed project	–	–	8,020	8,020
Transfer to/from Special Account	–	(316,753)	(32,015)	(348,767)
Transfer to/from Executing Agencies Account	356,793	–	–	356,793
Members' funds as of December 31, 2014	<u>\$ 4,283,372</u>	<u>\$(3,661,097)</u>	<u>\$ 587,856</u>	<u>\$ 1,210,131</u>
2015				
Excess of expenditures over revenues	\$ (634,768)	\$ 201,409	\$ –	\$ (433,159)
Transfer to surplus from completed project	–	–	1,746	1,746
Reclassification of member's fund(<i>Note 5</i>)	(4,317,238)	4,317,238	–	–
Transfer to/from Special Account	–	(150,000)	–	(150,000)
Transfer to/from Executing Agencies Account	648,884	–	–	648,884
Members' funds as of December 31, 2015	<u>\$ (19,750)</u>	<u>\$ 707,549</u>	<u>\$ 589,602</u>	<u>\$ 1,277,402</u>

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Bali Partnership Fund Account

Statements of Cash Flows

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Excess of expenditures over revenues	\$ (431,613)	\$ 120,926
Changes in assets and liabilities:		
Arrears in contributions	–	631,802
Accounts Receivable from Executing Agencies Account	(848,460)	(825,644)
Advance to and received from staff members and others	(7,190)	–
Accounts Payable to Special Account	786,720	29,323
Accounts Payable to staff members and others	(5,225)	2,175
Accrued Liabilities	1,080	–
Reserve for programme support	5,805	33,392
Changes in members' funds:		
Transfer to/from Executing Agencies Account	648,884	356,793
Transfer to/from Special Account	(150,000)	(348,767)
Net increase (decrease) in cash	1	1
Cash and time deposits at beginning of year	5,431	5,430
Cash and time deposits at end of year	\$ 5,431	\$ 5,431

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements

1. Significant Accounting Policies

See Note 2 to the financial statements of ITTO.

2. Contributions

There were no Cash received in respect to contributions from countries for the years ended December 31, 2015.

Cash received for contributions by countries for the years ended December 31, 2014 are as follows:

	2014
	<i>(U.S. dollars)</i>
Received from:	
Government of China	\$ 100,000
Government of Japan (MoFA)	600,000
Government of U.S.A.	22,755
	\$ 722,755

The accumulated balance of cash received and transfers from the Special Account for contributions at December 31, 2015 are as follows:

Received in	Cash received	Transfer from Special Account	Net contribution received
		<i>(U.S. dollars)</i>	
1999	\$ 100,000	\$ 2,111,185	\$ 2,211,185
2000	1,125,000	2,542,201	3,667,201
2001	100,000	4,016,671	4,116,671
2002	–	16,753,972	16,753,972
2003	709,642	140,000	849,642
2004	709,262	1,194,600	1,903,862
2005	130,000	2,848,315	2,978,315
2006	140,000	682,360	822,360
2007	1,480,000	85,940	1,565,940
2008	76,444	544,195	620,639
2009	2,993	50,000	52,993
2010	117,649	250,000	367,649
2011	–	439,176	439,176
2012	–	177,158	177,158
2013	–	31,132	31,132
2014	722,755	–	722,755
2015	–	–	–
	\$5,413,745	\$31,866,905	\$37,280,650

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

3. Interest Income

For financial Bali Partnership Fund, 50 percent of interest earned as a result of activities related to Special Account is attributable to the Bali Partnership Fund. Interest income, insurance fee and redemption fee, net includes those incurred in the Special Account in the amount of \$199,577 for 2015 and \$468,802 for 2014.

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

4. Utilization of Members' Funds

During the year ended December 31, 2015, ITTO utilized members' funds. The details are as follows:

Utilization of members' fund transferred from the Bali Partnership Fund to the Project Sub-Account:

Description	Amount transferred <i>(U.S. dollars)</i>
Transfer from BPF Sub-account B to allocate to ITTO Fellowship Programme	\$ 150,000
Total	\$ 150,000

During the year ended December 31, 2014, ITTO utilized members' funds. The details are as follows:

Utilization of members' fund transferred from the Bali Partnership Fund to the Project Sub-Account:

Description	Amount transferred <i>(U.S. dollars)</i>
Transfer from BPF Sub-account B to allocate to ITTO Fellowship Programme	\$ 95,959
Transfer from BPF Sub-account B to allocate to PP-A/48-275	65,794
Transfer from BPF Sub-account B to allocate to PP-A/48-280	90,000
Transfer from BPF Sub-account B to allocate to PP-A/49-294	20,000
Transfer from BPF Sub-account B to allocate to PP-A/50-304	20,000
Transfer from BPF Sub-account B to allocate to PP-A/50-306	25,000
Total	\$316,753

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

5. Reclassification in the section of members' fund

The management decided at the end of 2015 to transfer \$4,317,238 to Unappropriated Funds out of the Appropriated funds, which had no commitments to projects/activities, for the purpose of identifying the amount available in the Unappropriated funds. This reclassification was applied to the balance of the accounts as of the end of year of 2015 and reflected in the financial statements of the year of 2015.

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements

6. DETAIL OF PROJECT STATUS													
Detail of project status in Bali Partnership Fund for the years ended December 31, 2013 is as follows;													
Title	Budget			Receipt				Expenditure			Appropriated for future expenditures at 12/31/15	Surplus from completed projects at 12/31/15	
	Accumulated Total 2015	2015	Accumulated Total 2015	Accumulated Total 2015	2015	Accumulated Total 2015	Arrears in Contributions at 12/31/15	Accumulated Total 2015	2015	Accumulated Total 2015			
<u>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</u>													
PD 124/01 R.2 (M) P.I S.I C/32	1,269,965	-	1,269,965	(1,269,965)	-	(1,269,965)	-	1,269,965	-	1,269,965	-	-	-
PD 124/01 Rev.2 (M) P.II C/42	864,070	-	864,070	(864,070)	-	(864,070)	-	864,070	-	864,070	-	-	-
PD 124/01 Rev.3 (M) P.III C/46	1,200,000	-	1,200,000	(1,200,000)	-	(1,200,000)	-	766,438	317,530	1,083,968	116,032	-	-
* PPD 138/07 Rev.1 (M) / C44	79,844	(79,844)	-	(79,844)	79,844	-	-	79,844	-	-	-	-	-
PD 449/07 Rev.2 (M,I) / C43	473,040	-	473,040	(473,040)	-	(473,040)	-	463,788	-	463,788	9,252	-	-
pd 16/93 r.4 (m) ph.4 C/31	4,445,945	-	4,445,945	(4,445,945)	-	(4,445,945)	-	4,445,489	-	4,445,489	456	-	-
Sub-Total (M) :	8,332,864	(79,844)	8,253,020	(8,332,864)	79,844	(8,253,020)	-	7,889,594	317,530	8,127,280	125,740	-	-
<u>REFORESTATION & FOREST MANAGEMENT (F)</u>													
BPF PPD 59/02 Rev.2 (F) C36	84,305	-	84,305	(84,305)	-	(84,305)	-	61,319	-	61,319	22,986	-	-
BPF PD 199/03 Rev.3 (F) C36	343,440	-	343,440	(343,440)	-	(343,440)	-	296,587	-	296,587	46,854	-	-
PPD 108/04 Rev.1 (F)	75,578	-	75,578	(75,578)	-	(75,578)	-	72,702	-	72,702	2,876	-	-
* BPF PD 276/04 Rev.2 (F) C37	480,920	(480,920)	-	(480,920)	480,920	-	-	479,174	1,746	-	-	-	1,746
BPF PD 288/04 Rev.2 (F) C38	568,728	-	568,728	(568,728)	-	(568,728)	-	553,728	-	553,728	15,000	-	-
PD 346/05 Rev.2 (F)	324,000	-	324,000	(324,000)	-	(324,000)	-	241,290	50,000	291,290	32,710	-	-
PD 350/05 Rev.3 (F)	366,271	-	366,271	(366,271)	-	(366,271)	-	344,556	511	345,066	21,205	-	-
PD 351/05 Rev.1 (F)	514,653	-	514,653	(514,653)	-	(514,653)	-	500,164	(511)	499,653	15,000	-	-
BPF PD 360/05 Rev.1 (F) C38	610,000	-	610,000	(610,000)	-	(610,000)	-	493,657	-	493,657	116,343	-	-
PD 372/05 Rev.1 (F)	790,020	-	790,020	(790,020)	-	(790,020)	-	770,020	-	770,020	20,000	-	-
PD 383/05 Rev.2 (F) / C41	594,432	-	594,432	(594,432)	-	(594,432)	-	296,306	265,400	561,706	32,726	-	-
PPD 123/06 Rev.1 (F)	79,920	-	79,920	(79,920)	-	(79,920)	-	76,051	-	76,051	3,869	-	-
pd 20/99 r.2 (f) C28 Shift/BPF	559,493	-	559,493	(559,493)	-	(559,493)	-	314,209	-	314,209	245,284	-	-
PD 23/99 Rev.2 (F)	172,136	-	172,136	(172,136)	-	(172,136)	-	170,597	-	170,597	1,539	-	-
pd 32/99 r.2 (f) C29 Shift/BPF	618,969	-	618,969	(618,969)	-	(618,969)	-	614,944	-	614,944	4,025	-	-
Sub-Total (F) :	6,182,865	(480,920)	5,701,945	(6,182,865)	480,920	(5,701,945)	-	5,285,303	317,146	5,121,530	580,415	-	1,746

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

	Title	Budget			Receipt				Expenditure			Appropriated for future expenditures at 12/31/14	Surplus from completed projects at 12/31/14
		Accumulated Total 2013	2014	Accumulated Total 2014	Accumulated Total 2013	2014	Accumulated Total 2014	Arrears in Contributions at 12/31/14	Accumulated Total 2013	2014	Accumulated Total 2014		
<i>FOREST INDUSTRY (I)</i>													
	BPF PPD 97/04 Rev.1 (I) C36	94,832	-	94,832	(94,832)	-	(94,832)	-	84,119	-	84,119	10,713	
	PD 333/05 Rev.2 (I)	(1,282)	-	(1,282)	1,282	-	1,282	-	360,615	-	360,615	-	
	pd 73/89 (m,f,i) Shift/BPF	3,580,725	-	3,580,725	(3,580,725)	-	(3,580,725)	-	3,551,296	14,207	3,565,504	15,222	
	pd 73/89 (mfi)b Marubeni,Brzl	210,000	-	210,000	(210,000)	-	(210,000)	-	201,184	-	201,184	8,816	
	PD 13/99 Rev.2 (M,F,I) Phase I	506,642	-	506,642	(506,642)	-	(506,642)	-	506,642	-	506,642	-	
	PD 13/99 Rev.2 (M,F,I) Ph.II	5,939,930	-	5,939,930	(5,939,930)	-	(5,939,930)	-	5,939,930	-	5,939,930	-	
	Sub-Total (I) :	10,330,847	-	10,330,847	(10,330,847)	-	(10,330,847)	-	10,643,786	14,207	10,657,994	34,750	-
<i>Activities (A)</i>													
	pp-a/26-79	661,965	-	661,965	(661,965)	-	(661,965)	-	622,393	-	622,393	39,572	
	PP-A/29-95	402,432	-	402,432	(402,432)	-	(402,432)	-	402,226	-	402,226	205	
	PP-A/30-103	196,000	-	196,000	(196,000)	-	(196,000)	-	196,000	-	196,000	-	
	PP-A/30-104	832,500	-	832,500	(832,500)	-	(832,500)	-	830,443	-	830,443	2,057	
	PP-A/31-111B Dec.6(XXXI)	411,300	-	411,300	(411,300)	-	(411,300)	-	393,860	-	393,860	17,440	
	pp-a/32-122 (Dec.10) c/32	649,891	-	649,891	(649,891)	-	(649,891)	-	561,165	-	561,165	88,726	
	PP-A/34-131 [Dec.4(XXXIV)]	728,800	-	728,800	(728,800)	-	(728,800)	-	728,800	-	728,800	-	
	PP-A/35-137 27-Exp.Panel/1'04	10,000	-	10,000	(10,000)	-	(10,000)	-	10,000	-	10,000	-	
	PP-A/36-151B (Dec.4/C35) C36	518,870	-	518,870	(518,870)	-	(518,870)	-	512,124	-	512,124	6,746	
	PP-A/39-178: Biodiversity	396,000	-	396,000	(396,000)	-	(396,000)	-	375,520	-	375,520	20,480	
	PP-A/43-193: Civil Society	300,000	-	300,000	(300,000)	-	(300,000)	-	252,967	-	252,967	47,033	
	PP-A/43-194: Timber tracking	600,000	-	600,000	(600,000)	-	(600,000)	-	570,402	-	570,402	29,598	
	PP-A/43-202: Forest tenure	200,000	-	200,000	(200,000)	-	(200,000)	-	189,619	-	189,619	10,381	
	PP-A/43-207: Assess Missions	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	150,000	-	
	PP-A/43-208: SFM Tropics 2010	720,000	-	720,000	(720,000)	-	(720,000)	-	685,539	-	685,539	34,461	
	PP-A/43-225: GPFLR Workshops	150,000	-	150,000	(150,000)	-	(150,000)	-	150,000	-	150,000	-	
	PP-A/43-226: Biodiv. Guideline	120,000	-	120,000	(120,000)	-	(120,000)	-	120,000	-	120,000	-	
	Sub-Total (A) :	7,047,758	-	7,047,758	(7,047,758)	-	(7,047,758)	-	6,751,059	-	6,751,059	296,699	-
	Total of Bali Partnership Fund:	31,894,333	(560,764)	31,333,569	(31,894,333)	560,764	(31,333,569)	-	30,569,742	648,884	30,657,862	1,037,604	1,746

**Financial Statements of
the Executing Agencies Account**

International Tropical Timber Organization

December 31, 2015 and 2014



International Tropical Timber Organization
Executing Agencies Account

Financial Statements

December 31, 2015 and 2014

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Report of Independent Auditors (Executing Agencies Account)

To the Executive Director of
International Tropical Timber Organization

Pursuant to Article 23 of the International Tropical Timber Agreement of 2006 and Decision 3(XXXV) in the International Tropical Timber Council, we have audited the accompanying financial statements of the Executing Agencies Account of International Tropical Timber Organization (the "ITTO"), which comprise the balance sheet as at December 31, 2015, and the statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended, (herein referred to as the "financial statements") and a summary of significant accounting policies described in Note 1. The financial statements have been prepared by the ITTO Secretariat based on the financial reporting provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

Management's Responsibility for the Financial Statements

The ITTO Secretariat is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 1 and for such internal control as Secretariat determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Executing Agencies Account of ITTO for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1.

Emphasis of Matter

1. Additional information of Significant Accounting Policies

We draw attention to Note 1 to the financial statements that indicate ITTO, as a whole, incurred 12 millions of dollars of provisions in the expenditure section of the statements of revenues and expenditures the balance sheet date. The proposals by OC will be brought to the ITTC in November, 2016. These events or conditions indicate that a material uncertainty exists that may cease ITTO's ability to continue the same level of operations until the proposals are approved by the ITTC. Our opinion is not modified in respect of this matter.

2. Basis of Accounting

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist ITTO to comply with the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO". As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of ITTO and should not be distributed to or used by parties other than members of ITTO. Our opinion is not modified in respect of this matter. As described in Note 1 to the financial statements of ITTO, the Executing Agencies Account is a part of the ITTO Accounts; accordingly, the financial statements of the Executing Agencies Account should be read in conjunction with the audited financial statements of ITTO.



August 25, 2016

BDO Toyo & Co.
Kandamitoshirocho7, Chiyoda-ku, Tokyo
101-0053 Japan

International Tropical Timber Organization
Executing Agencies Account

Balance Sheets

	December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Assets		
Cash and time deposits	\$ 6,116,337	\$ 8,115,753
Net of Investments in securities	-	12,200,000
<i>Investments in securities(Note 1)</i>	<i>12,014,000</i>	<i>12,200,000</i>
<i>Less: Provision for Impairment of Investment in securities</i>	<i>(12,014,000)</i>	-
Accounts Receivable from Special Account	26,575,437	30,290,156
Accrued revenue	-	438,098
	\$ 32,691,774	\$ 51,044,007
Liabilities and contributions		
Liabilities arising from Exchange of Notes	3,419,632	4,241,912
Accounts payable to Bali Partnership Fund Account	30,967,226	30,118,766
	34,386,858	34,360,678
Members' funds		
Funds committed for specified projects of Special Account and Bali Partnership Fund Account(<i>Note 2</i>)	16,286,461	22,650,875
Impairment of Investments in securities	(5,967,546)	(5,967,546)
Provision for Impairment of Investment in securities	(12,014,000)	-
	(1,695,084)	16,683,329
	\$ 32,691,774	\$ 51,044,007

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Executing Agencies Account

Statements of Revenues and Expenditures

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Revenues:		
Interest income <i>(Note 3)</i>	\$ 675,258	\$ 929,319
Other income	-	32,454
	675,258	961,773
Expenditures and others:		
Financial Fee <i>(Note 3)</i>	276,105	-
Transfer of interest to Special Account and Bali Partnership Fund Account <i>(Note 3)</i>	399,153	937,603
Gain on securities <i>(Note 3)</i>	-	(8,284)
Increase in Provision for Impairment of Investment in securities	12,014,000	-
	12,689,258	929,319
Excess of revenues over expenditures	\$ (12,014,000)	\$ 32,454

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Executing Agencies Account

Statements of Changes in Fund Balance

For the years ended December 31

(U.S. dollars)

2014

Members' funds as of January 1, 2014	\$17,412,748
Transfer of funds committed for specified projects to Special Account	(405,082)
Transfer of funds committed for specified projects to Bali Partnership Fund Account	(356,793)
Excess of revenues over expenditures	32,454
Members' funds as of December 31, 2014	<u>\$16,683,329</u>

2015

Transfer of funds committed for specified projects to Special Account	\$ (5,715,529)
Transfer of funds committed for specified projects to Bali Partnership Fund Account	(648,884)
Excess of revenues over expenditures	(12,014,000)
Members' funds as of December 31, 2015	<u>\$ (1,695,084)</u>

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Executing Agencies Account

Statements of Cash Flows

	Year ended December 31,	
	2015	2014
	<i>(U.S. dollars)</i>	
Excess of revenues over expenditures	\$ (12,014,000)	\$ 32,454
Changes in assets and liabilities:		
Advances to Special Account	3,714,719	714,167
Account payable to Bali Partnership Fund Account	848,460	825,644
Investments in securities	186,000	-
Provision for Impairment of Investment in securities	12,014,000	-
Liabilities arising from Exchange of Notes	(822,280)	(487,279)
Investments in securities	-	(1,959,899)
Accrued revenue	438,098	(264,012)
Impairment of Investments in securities	-	-
Changes in members' funds:		
Transfer to/from Special Account and Bali Partnership Fund Account	(6,364,413)	(761,874)
Net decrease in cash	(1,999,417)	(1,900,798)
Cash and time deposits at beginning of year	8,115,753	10,016,552
Cash and time deposits at end of year	\$ 6,116,337	\$ 8,115,753

The accompanying notes are an integral part of these statements.

International Tropical Timber Organization
Executing Agencies Account

Notes to Financial Statements

1. Significant Accounting Policies

See Note 2 to the financial statements of ITTO.

Change in accounting policies

In the 2015 Financial Statements, ITTO adopted an accounting policy change to provide reliable and more relevant information about the effects of transactions and conditions on its financial position.

The accounting policy of the previous financial statements (2014 and before) only recognized expenses arising from funds (i.e., Members' voluntary contribution under the ITTA) received or to be received from donors when their payment to the executing agency was processed. However, by reviewing the arrangement of existing projects, the management reached to the conclusion that the accounting policy was insufficient to provide the full and precise picture of the liabilities which ITTO has to pay to recipient Members based on its international binding obligations arising from the bilateral Exchange of Notes with a donor country, to undertake programs to implement a part of the country's development assistance scheme, which is independent from ordinary projects carried out within the framework of the ITTA.

In this light, the change was introduced to better reflect ITTO's obligations concerning those programs, arising from the bilateral Exchange of Notes mentioned above, by which the entire amount of the unused portion of the funds received by ITTO for this purpose shall be recorded as liabilities.

This change has been applied retrospectively in the Financial Statements. The following tables show the effect of the changes in previous periods. The effects of the changes before 2014 have been considered impracticable to determine. Consequently, the new accounting policy has been applied to the opening balance of 2014 of liabilities and each affected component of equity.

1. Significant Accounting Policies (continued)

Change in accounting policies (continued)

January 1st, 2014 - executing agencies acc.

	Previously published	Change in accounting policies	Revised
Assets	51,435,061	0	51,435,061
Liabilities and contributions	29,293,122	4,729,192	34,022,314
Members' funds	22,141,940	-4,729,192	17,412,748

December 31st, 2014 - executing agencies acc.

	Previously published	Change in accounting policies	Revised
Assets	51,044,007	0	51,044,007
Liabilities and contributions	30,118,766	4,241,912	34,360,678
Members' funds	20,925,241	-4,241,912	16,683,329
Revenues and Expenditures	32,454		32,454

December 31st, 2015 - executing agencies acc.

	Former accounting policies	Change in accounting policies	Revised
Assets	32,691,774	0	32,691,774
Liabilities and contributions	30,967,351	3,419,507	34,386,858
Members' funds	1,724,423	-3,419,507	-1,695,084
Revenues and Expenditures	-12,014,000	0	-12,014,000

2. Funds Committed for Specified Projects

The funds committed for specified projects of the Project Sub-Account, Thematic Programmes Sub-Account and the Bali Partnership Fund are composed as below.

	December 31, 2014	Movement <i>(U.S. dollars)</i>	December 31, 2015
Project Sub-Account	\$17,115,608	\$ (4,571,517)	\$12,544,091
Thematic Programmes	3,848,778	(1,144,012)	2,704,766
Special Account Total	20,964,386	(5,715,529)	15,248,857
Bali Partnership Fund Account	1,686,487	(648,884)	1,037,604
Total	22,650,875	(6,364,413)	16,286,461
Impairment of Investments in securities	(5,967,546)	-	(5,967,546)
Provision for Impairment of Investments in securities	-	(12,014,000)	(12,014,000)
Total	\$16,683,329	\$ (18,378,412)	\$(1,695,084)

2. Funds Committed for Specified Projects (continued)

These amounts are included under the heading “Appropriated for future expenditures at December 31, 2015” of “Note 5 Detail of Project Status” in the respective financial statements of Special Account” and “Note 6 Detail of Project Status” in those of Bali Partnership Fund Account.

3. Interest income

In accordance with the Decision 3 (XXXV) of ITTC, 50 percent of Interest income, insurance fee and redemption fee, net earned, \$199,577(*1) was transferred to both the Special Account and the Bali Partnership Fund Account for the year ended December 31, 2015 while \$468,802 was transferred to both accounts for the year ended December 31, 2014.

(*1)

Interest income	\$	675,258
Insurance Fee		(90,105)
Redemption Fee		(186,000)
Total	\$	399,153

Transferred to ;

Special Account	\$	199,577
Bali Partnership Fund Account		199,577

4. Significant subsequent events

Provision for Impairment of Investment in securities

USD 12,014,000 of the provision was provided on the balance of the investment in Ardent Fund. On 26th April, 2016, Blackstar Capital Star Limited, the solo owner of Ardent Harmony Inc. presented a petition of voluntary liquidation to the Grand Court of the Cayman Island and the court issued a supervision order that the liquidation of Ardent Harmony Inc be continued. The management received an official report from the liquidator dated on 20th June, 2016. Based on the content regarding the residual assets, the management estimated collectible amount from the investment, which includes a claim for a legal cost against ITTO injunction.