

Financial Statements
International Tropical Timber Organization
December 31, 2013 and 2012



International Tropical Timber Organization

Financial Statements

December 31, 2013 and 2012

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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 balance sheet of the International Tropical Timber Organization (the "ITTO") as of December 31, 2013, the related statements of revenues and expenditures, changes in fund balance, and cash flows for the year then ended (herein referred to as the "financial statements"), 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, 2013. The financial statements have been prepared by the ITTO Secretariat based on the provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

The ITTO Secretariat is responsible for the preparation and fair presentation 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.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by the Secretariat, and evaluating the overall financial statements presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements and financial statement schedules have been prepared, in all material respects, in accordance with the accounting policies set out in Note 2.

Without modifying our opinion, 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 anyone other than members of ITTO.

June 12, 2014



International Tropical Timber Organization

Balance Sheets

| | December 31 | |
|--|-----------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Assets | | |
| Cash and time deposits | \$19,861,922 | \$23,536,955 |
| Held to maturity securities | – | 15,061,660 |
| Investments in securities | 12,902,060 | – |
| Arrears in voluntary contributions | 5,151,401 | 5,965,379 |
| Accounts receivable from Japan | – | 381,028 |
| Prepaid expenses | 1,038 | 1,325 |
| Advances to and receivable from staff members and others | 185,622 | 86,538 |
| Accrued revenue | 224,214 | 132,120 |
| | \$38,326,258 | \$45,165,005 |
| Liabilities and contributions | | |
| Accounts payable to staff members and others | \$ 53,330 | \$ 1,290 |
| Accounts payable to Japan | 105,153 | – |
| Accrued liabilities | 255,828 | 893,487 |
| Membership contributions received in advance | 132,194 | 348,869 |
| Unappropriated fund | 4,059,886 | 1,079,419 |
| Reserve for programme support | 1,194,324 | 1,105,425 |
| | 5,800,715 | 3,428,490 |
| Members' funds | | |
| Administrative Account: | | |
| Special reserve | 1,500,000 | 1,500,000 |
| Reserve provided by interest income | 2,072,728 | 2,063,797 |
| Surplus of revenues over expenditures | 9,180,770 | 7,545,803 |
| Project accounts: | | |
| Appropriated for specified projects | 35,422,222 | 39,103,581 |
| Unappropriated funds | (5,508,905) | (5,272,905) |
| Surplus from completed projects | 2,258,772 | 2,244,750 |
| Impairment of Investments in securities | (6,000,000) | – |
| | 38,925,588 | 47,185,027 |
| Arrears in assessed contributions | (6,424,765) | (5,448,512) |
| Allowance for arrears | 24,720 | – |
| | 32,525,542 | 41,736,515 |
| | \$38,326,258 | \$45,165,005 |

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

International Tropical Timber Organization

Statements of Revenues and Expenditures

| | Year ended December 31 | |
|--|-------------------------------|-----------------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Revenues: | | |
| Contributions from member countries | \$ 7,924,735 | \$ 6,406,455 |
| Reimbursement by Japan | 307,493 | 967,569 |
| Voluntary contributions | 9,372,718 | 11,113,312 |
| Correction to prior year's budget | (429,706) | – |
| Interest income | 67,763 | 211,635 |
| Dividends | 430,977 | – |
| Other income | 2,223 | 3,523 |
| | <u>17,676,203</u> | <u>18,702,494</u> |
| Expenditures and others: | | |
| Administrative accounts: | | |
| Salaries and benefits | 4,222,748 | 4,950,476 |
| Installation costs | – | 32,722 |
| Official travel | 138,027 | 132,080 |
| Social security | 807,938 | 777,065 |
| Special activities | 24,597 | 21,166 |
| Data processing | 129,613 | 161,678 |
| Other costs | 189,316 | 329,135 |
| Council meetings | 197,319 | 935,427 |
| Communication and Outreach | 241,361 | – |
| Statistics, Studies and Information | 259,900 | – |
| Annual Report and Biennial review | 7,698 | – |
| Write-off of arrears in contributions | 125,907 | 75,988 |
| Unsettlement cost for advances | – | (4,375) |
| Exchange loss | 64,054 | 95,922 |
| Gain & Loss on Securities | (91,819) | – |
| Allowance expense for arrears | 24,720 | – |
| Time delay (Reversal of time delay) in settling advance payments | 109,652 | (69,321) |
| Impairment of Investments in securities | 6,000,000 | – |
| | <u>12,451,031</u> | <u>7,437,963</u> |
| Project accounts: | | |
| Project cost | 12,550,791 | 14,320,984 |
| | <u>25,001,823</u> | <u>21,758,946</u> |
| Excess of revenues over expenditures | <u>\$ (7,325,620)</u> | <u>\$ (3,056,452)</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> | | | | | | |
| 2012 | | | | | | |
| Members' funds as of January 1, 2012 | \$50,641,685 | \$11,390,138 | \$ 3,147,610 | \$ 287,681 | \$35,816,257 | \$ - |
| Excess of revenues over expenditures | (3,056,452) | 3,932 | (2,182,733) | (877,652) | - | - |
| Utilization of remaining funds by donors | (140,321) | (101,588) | (115,736) | 77,003 | - | - |
| Transfer to (from) unappropriated fund(liabilities) | (77,003) | - | - | (77,003) | - | - |
| Separation cost | (173,019) | (173,019) | - | - | - | - |
| Adjustment of prior year | (9,863) | (9,863) | - | - | - | - |
| Transfer to Executing Agencies Account from Special Account | - | - | 1,824,793 | - | (1,824,793) | - |
| Transfer to Bali Partnership Fund Account from Executing Agencies Account | - | - | - | 1,482,356 | (1,482,356) | - |
| Transfer to Bali Partnership Fund Account from Special Account | - | - | - | - | - | - |
| Members' funds as of December 31, 2012 | <u>\$47,185,027</u> | <u>\$11,109,600</u> | <u>\$ 2,673,934</u> | <u>\$ 892,385</u> | <u>\$32,509,107</u> | <u>\$ -</u> |
| 2013 | | | | | | |
| Excess of revenues over expenditures | (7,402,197) | 2,016,136 | (3,878,835) | 560,502 | (6,000,000) | (100,000) |
| Surplus from Completed projects | 76,578 | - | 56,072 | 20,506 | - | - |
| Utilization of remaining funds by donors | (784,371) | (122,789) | (661,582) | - | - | - |
| Adjustment of prior year | (149,449) | (149,449) | - | - | - | - |
| Transfer to Special Account from Administrative Account | - | (100,000) | - | - | - | 100,000 |
| Transfer to Special Account from Executing Agencies Account | - | - | 4,759,382 | - | (4,759,382) | - |
| Transfer to Executing Agencies Account from Bali Partnership Fund Account | - | - | - | (392,214) | 392,214 | - |
| Members' funds as of December 31, 2013 | <u>\$38,925,588</u> | <u>\$12,753,498</u> | <u>\$ 2,948,971</u> | <u>\$ 1,081,179</u> | <u>\$22,141,940</u> | <u>\$ -</u> |

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

International Tropical Timber Organization

Statement of Cash Flows

| | Year ended December 31, |
|--|--------------------------------|
| | 2013 |
| | <i>(U.S. dollars)</i> |
| Excess of revenues over expenditures transferred to members' funds | \$ (7,325,620) |
| Changes in assets and liabilities: | |
| Arrears account | (976,253) |
| Arrears in contribution | 813,978 |
| Investments in securities | (18,902,060) |
| Held to maturity securities | 15,061,660 |
| Accounts receivable from Japan | 381,028 |
| Prepaid expenses | 287 |
| Advances to and receivable from staff members and others | (99,084) |
| Accrued revenue | (92,094) |
| Allowance for arrears | 24,720 |
| Accounts payable to staff members and others | 52,040 |
| Accounts payable to Japan | 105,153 |
| Accrued liabilities | (637,659) |
| Contributions received in advance | (216,675) |
| Unappropriated fund | 2,980,467 |
| Reserve for programme support | 88,899 |
| Impairment of Investments in securities | 6,000,000 |
| Changes in members' funds: | |
| Adjustment of prior year | (149,449) |
| Cash disbursement as Decision 2 (XXXIV) | (122,789) |
| Utilization of remaining funds by donors | (661,582) |
| Net increase / (Net decrease) in cash | (3,675,033) |
| Cash and time deposits at beginning of year | 23,536,955 |
| Cash and time deposits at end of year | \$19,861,922 |

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, the Executing Agencies Account and Other Accounts which the International Tropical Timber Council (ITTC) shall deem appropriate and necessary. As of December 31, 2013, only the first four accounts have been established. The Executing Agencies Account was established in 2003. In addition, as of December 31, 2013, 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 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, which is expected to enter into force in the near future, included the creation of the Thematic Programmes Sub-Account (article 20, paragraph 1(a)). In anticipation of the entry into force of the ITTA, 2006, and with a view to gain experience of the Thematic Programmes, 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 years ended December 31, 2013, 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, 2013.

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 is 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)

The management of LM placed their funds under voluntary administration due to shortage of liquidity to carry on their operation. In April 2013 Trustees were appointed who explored the possibilities of reviving the Managed Performance Fund (MPF). After their efforts to revive the MPF failed the Trustees focused their efforts towards liquidation of the assets. They completed their review of the fund loans in February 2014 and informed the investors that they were preparing for potential litigation against the former trustee and that the return to Unit holders will vary depending on the outcome of their recovery actions. The Trustees have not given any time frame due to the legal process involved and the value which may be recovered through these efforts. ITTO have therefore recognized this impairment to their investment of six million US dollars and the management obtained a letter written by Pinnacle Wealth Management, a financial agency who arranged the investment. The expected collection of the principal is in 4.5 years or less, which will be recognized as revenue when collected.

(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 2012 and 2011 which are recognized in 2013 and 2012 totaled \$279,564 and \$191,837, respectively.

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, 2013 and 2012 are as follows:

| | 2013 | | | 2012 | | |
|------------------------|-----------------------|--------------|--------------|-----------------|--------------|--------------|
| | Special Account | Bali Account | Total | Special Account | Bali Account | Total |
| | <i>(U.S. dollars)</i> | | | | | |
| Beginning balance | \$ 1,105,425 | \$ – | \$ 1,105,425 | \$ 2,478,403 | \$ – | \$ 2,478,403 |
| Inter-account transfer | 792 | (792) | – | (35,083) | 35,083 | – |
| Provided | 828,817 | 2,113 | 830,930 | 1,135,342 | 16,398 | 1,151,740 |
| Usage and others | (742,009) | (22) | (742,031) | (2,473,238) | (51,481) | (2,524,718) |
| Ending balance | \$ 1,193,025 | \$ 1,299 | \$ 1,194,324 | \$ 1,105,425 | \$ – | \$ 1,105,425 |

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, 2013 is \$285,674 (Special (Project Sub-account): \$122,658, Special (Pre-project Sub-account): \$107,152, Special (Thematic Programmes Sub-account): \$19,875 Bali Partnership Accounts: \$35,990). The total reserve recorded as at December 31, 2012 is \$639,718 (Special (Project Sub-account): \$566,591, Special (Pre-project Sub-account): \$47,127, Special (Thematic Programmes Sub-account): \$7,500, Bali Partnership Accounts: \$18,500). 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.

Investment in securities, which was presented in Cash and time deposits in the prior year's balance sheet of Administrative Account and in held to maturity in the prior year's balance sheet of Executive Agencies Account, are separately presented on the balance sheet for the current year.

3. Elimination Financial Statements

During the year ended December 31, 2013, \$100,000 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/49-295, as adopted in Decision 3(XLIX).

International Tropical Timber Organization

Balance Sheet Schedule

December 31, 2013

| | Special Account | | | | | | | Elimination |
|--|---------------------|------------------------|---------------------|-----------------------|---------------------|-------------------------------|---------------------|-----------------------|
| | Total | Administrative Account | Project Sub-Account | Programmes Subaccount | Sub Total | Bali Partnership Fund Account | Executing Agencies | |
| | | | | | | | | |
| Assets | | | | | | | | |
| Cash and time deposits | \$ 19,861,922 | \$ 3,984,872 | \$ 5,855,068 | \$ - | \$ 5,855,068 | \$ 5,430 | \$ 10,016,552 | \$ - |
| Investments in securities | 12,902,060 | 2,661,960 | - | - | - | - | 10,240,101 | - |
| Arrears in voluntary contributions | 5,151,401 | - | 4,155,311 | 364,287 | 4,519,598 | 631,802 | - | - |
| Accounts receivable from Executing Agencies Account | - | - | - | - | - | 29,293,122 | - | (29,293,122) |
| Prepaid expenses | 1,038 | 1,038 | - | - | - | - | - | - |
| Advances to and receivable from staff members and others | 185,622 | 145,138 | 40,484 | - | 40,484 | - | - | - |
| Advances to Special Account | - | - | - | - | - | - | - | (31,004,323) |
| Accounts receivable from Bali Partnership Fund Account | - | - | 28,247,606 | 592,272 | 28,839,878 | - | - | (28,839,878) |
| Inter-account balance | - | - | (4,663,347) | 4,663,347 | - | - | - | - |
| Accrued revenue | 224,214 | 50,129 | - | - | - | - | 174,086 | - |
| | \$38,326,258 | \$ 6,843,137 | \$33,635,122 | \$5,619,906 | \$39,255,028 | \$29,930,354 | \$51,435,061 | \$(89,137,323) |
| Liabilities and contributions | | | | | | | | |
| Accounts payable to Special Account | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$(28,839,878) |
| Accounts payable to Executing Agencies Account | - | - | 28,754,150 | 2,250,173 | 31,004,323 | - | - | (31,004,323) |
| Accounts payable to staff members and others | 53,330 | - | 42,149 | 3,975 | 46,124 | 7,206 | - | - |
| Accounts payable to Japan | 105,153 | 105,153 | - | - | - | - | - | - |
| Accrued liabilities | 255,828 | 252,337 | 2,699 | - | 2,699 | 793 | - | - |
| Membership contributions received in advance | 132,194 | 132,194 | - | - | - | - | - | - |
| Accounts payable to Bali Partnership Fund Account | 4,059,886 | - | 1,158,846 | 2,901,040 | 4,059,886 | - | 29,293,122 | (29,293,122) |
| Unappropriated fund | 1,194,324 | - | 735,281 | 457,744 | 1,193,025 | 1,299 | - | - |
| Reserve for programme support | 5,800,715 | 489,684 | 30,693,125 | 5,612,932 | 36,306,057 | 28,849,175 | 29,293,122 | (89,137,323) |
| Members' funds | | | | | | | | |
| Special Reserve | 1,500,000 | 1,500,000 | - | - | - | - | - | - |
| Reserve provided by interest income | 2,072,728 | 2,072,728 | - | - | - | - | - | - |
| Surplus of revenues over expenditures | 9,180,770 | 9,180,770 | - | - | - | - | - | - |
| Appropriated for specified projects | 35,422,222 | - | 2,966,475 | 29,017 | 2,995,492 | 4,284,790 | 28,141,940 | - |
| Unappropriated funds | (5,508,905) | - | (1,671,400) | (22,043) | (1,693,443) | (3,815,461) | - | - |
| Surplus from completed projects | 2,258,772 | - | 1,646,922 | - | 1,646,922 | 611,850 | - | - |
| Impairment of Investments in securities | (6,000,000) | - | - | - | - | - | (6,000,000) | - |
| | 38,925,588 | 12,753,498 | 2,941,997 | 6,974 | 2,948,971 | 1,081,179 | 22,141,940 | - |
| Arrears in assessed contributions | (6,424,765) | (6,424,765) | - | - | - | - | - | - |
| Allowance for arrears | 24,720 | 24,720 | - | - | - | - | - | - |
| Liabilities and members' funds | \$38,326,258 | \$ 6,843,137 | \$33,635,122 | \$5,619,906 | \$39,255,028 | \$29,930,354 | \$51,435,061 | \$(89,137,323) |

International Tropical Timber Organization

Schedule of Revenues and Expenditures

Year ended December 31, 2013

| | Special Account | | | | | | | Elimination |
|---|-----------------------|------------------------|---------------------|--------------------------------|-----------------------|-------------------------------|-----------------------|---------------------|
| | Total | Administrative Account | Project Sub-Account | Thematic Programmes Subaccount | Sub Total | Bali Partnership Fund Account | Executing Agencies | |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Contributions from members countries | \$ 7,924,735 | \$ 7,924,735 | — | — | — | — | — | \$ — |
| Reimbursement by Japan | 307,493 | 307,493 | — | — | — | — | — | — |
| Voluntary contributions | 9,372,718 | — | 8,767,000 | 74,586 | 8,841,586 | 631,132 | — | (100,000) |
| Interest income | 67,763 | 350 | 33,706 | — | 33,706 | 33,707 | 357,301 | (357,301) |
| Dividends | 430,977 | 131,370 | 149,804 | — | 149,804 | 149,804 | — | — |
| Other income | 2,223 | 2,223 | — | — | — | — | — | — |
| Correction to prior year's budget | (429,706) | — | (341,632) | (88,074) | (429,706) | — | — | — |
| | <u>17,676,203</u> | <u>8,366,171</u> | <u>8,608,877</u> | <u>(13,488)</u> | <u>8,595,389</u> | <u>814,643</u> | <u>357,301</u> | <u>(457,301)</u> |
| Expenditures: | | | | | | | | |
| Salaries and benefits | 4,222,748 | 4,222,748 | — | — | — | — | — | — |
| Installation costs | — | — | — | — | — | — | — | — |
| Official travel | 138,027 | 138,027 | — | — | — | — | — | — |
| Special security | 807,938 | 807,938 | — | — | — | — | — | — |
| Special activities | 24,597 | 24,597 | — | — | — | — | — | — |
| Data processing | 129,613 | 129,613 | — | — | — | — | — | — |
| Other costs | 189,316 | 189,316 | — | — | — | — | — | — |
| Council meetings | 197,319 | 197,319 | — | — | — | — | — | — |
| Communication and Outreach | 241,361 | 241,361 | — | — | — | — | — | — |
| Statistics, Studies and Information | 259,900 | 259,900 | — | — | — | — | — | — |
| Annual Report and Biennial review | 7,698 | 7,698 | — | — | — | — | — | — |
| Exchange loss | 64,054 | 59,927 | 4,165 | (30) | 4,134 | (7) | — | — |
| Write-off of arrears in contributions | 125,907 | 125,907 | — | — | — | — | — | — |
| Write-off of advance payment | — | — | — | — | — | — | — | — |
| Project cost | 12,550,791 | — | 9,261,797 | 3,072,842 | 12,334,639 | 216,152 | — | — |
| Transfer of interest to Special Account and Bali Partnership Fund Account | — | — | — | — | — | — | 357,301 | (357,301) |
| Time delay (Reversal of time delay) in settling advance payments | 109,652 | 12,783 | 67,004 | 12,375 | 79,379 | 17,490 | — | — |
| Gain & Loss on Securities | (91,819) | (91,819) | — | — | — | — | — | — |
| Allowance expense for arrears | 24,720 | 24,720 | — | — | — | — | — | — |
| Impairment of Investments in securities | 6,000,000 | — | — | — | — | — | 6,000,000 | — |
| | <u>25,001,823</u> | <u>6,350,035</u> | <u>9,332,965</u> | <u>3,085,187</u> | <u>12,418,152</u> | <u>233,636</u> | <u>6,357,301</u> | <u>(357,301)</u> |
| Excess of revenues over expenditures/ (Excess of expenditures over revenues) | <u>\$ (7,325,620)</u> | <u>\$ 2,016,136</u> | <u>\$ (724,088)</u> | <u>\$ (3,098,675)</u> | <u>\$ (3,822,763)</u> | <u>\$ 581,007</u> | <u>\$ (6,000,000)</u> | <u>\$ (100,000)</u> |

International Tropical Timber Organization

Balance Sheet Schedule

December 31, 2012

| | Special Account | | | | | | | Elimination |
|--|-----------------|------------------------|---------------------|--------------------------------|--------------|-------------------------------|--------------------|----------------|
| | Total | Administrative Account | Project Sub-Account | Thematic Programmes Subaccount | Sub Total | Bali Partnership Fund Account | Executing Agencies | |
| | | | | | | | | |
| Assets | | | | | | | | |
| Cash and time deposits | \$23,536,955 | \$ 6,254,139 | \$ 6,133,674 | \$ - | \$ 6,133,674 | \$ 5,430 | \$11,143,712 | \$ - |
| Held to maturity securities | 15,061,660 | - | - | - | - | - | 15,061,660 | - |
| Arrears in voluntary contributions | 5,965,379 | - | 5,226,958 | 706,618 | 5,933,576 | 31,802 | - | - |
| Accounts receivable from Japan | 381,028 | 381,028 | - | - | - | - | - | - |
| Accounts receivable from Executing Agencies Account | - | - | 1,415,656 | - | 1,415,656 | 29,506,685 | - | (30,922,341) |
| Prepaid expenses | 1,325 | 1,325 | - | - | - | - | - | - |
| Advances to and receivable from staff members and others | 86,538 | 72,279 | 10,008 | (1,500) | 8,508 | 5,540 | 210 | - |
| Accounts receivable from Special Account | - | - | - | - | - | - | 35,678,530 | (35,678,530) |
| Accounts receivable from Bali Partnership Fund Account | - | - | 28,188,095 | 529,008 | 28,717,104 | - | - | (28,717,104) |
| Inter-account balance | - | - | (4,951,897) | 4,951,897 | - | - | - | - |
| Accrued interest on time deposits | 132,120 | 440 | - | - | - | - | 131,680 | - |
| | \$45,165,005 | \$ 6,709,212 | \$36,022,496 | \$6,186,023 | \$42,208,519 | \$29,549,457 | \$62,015,792 | \$(95,317,974) |
| Liabilities and contributions | | | | | | | | |
| Accounts payable to Special Account | \$ - | \$ - | \$ - | \$ - | \$ - | \$28,627,824 | \$ - | \$(28,627,824) |
| Accounts payable to Executing Agencies Account | - | - | 31,783,039 | 5,311,147 | 37,094,186 | - | - | (37,094,186) |
| Accounts payable to staff members and others | 1,290 | 34 | 200 | - | 200 | 1,056 | - | - |
| Accrued liabilities | 893,487 | 699,220 | 76,075 | 90,000 | 166,075 | 28,192 | - | - |
| Memberships contributions received in advance | 348,869 | 348,869 | - | - | - | - | - | - |
| Accounts payable to Bali Partnership Fund Account | - | - | 89,280 | - | 89,280 | - | 29,506,685 | (29,595,965) |
| Unappropriated fund | 1,079,419 | - | 710,386 | 369,032 | 1,079,419 | - | - | - |
| Reserve for programme support | 1,105,425 | - | 734,257 | 371,168 | 1,105,425 | - | - | - |
| | 3,428,490 | 1,048,123 | 33,393,237 | 6,141,348 | 39,534,585 | 28,657,072 | 29,506,685 | (95,317,974) |
| Members' funds | | | | | | | | |
| Special Reserve | 1,500,000 | 1,500,000 | - | - | - | - | - | - |
| Reserve provided by interest income | 2,063,797 | 2,063,797 | - | - | - | - | - | - |
| Surplus of revenues over expenditures | 7,545,803 | 7,545,803 | - | - | - | - | - | - |
| Appropriated for specified projects | 39,103,581 | - | 2,227,705 | 66,749 | 2,294,455 | 4,300,019 | 32,509,107 | - |
| Unappropriated funds | (5,272,905) | - | (1,251,852) | (22,074) | (1,273,926) | (3,998,978) | - | - |
| Surplus from completed projects | 2,244,750 | - | 1,653,406 | - | 1,653,406 | 591,345 | - | - |
| | 47,185,027 | 11,109,600 | 2,629,259 | 44,675 | 2,673,934 | 892,385 | 32,509,107 | - |
| Arrears in assessed contributions | (5,448,512) | (5,448,512) | - | - | - | - | - | - |
| Liabilities and members' funds | \$45,165,005 | \$ 6,709,212 | \$36,022,496 | \$6,186,023 | \$42,208,519 | \$29,549,457 | \$62,015,792 | \$(95,317,974) |

International Tropical Timber Organization

Schedule of Revenues and Expenditures

Year ended December 31, 2012

| | Special Account | | | | | | | Elimination |
|---|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-------------------------------|--------------------|------------------|
| | Total | Administrative Account | Project Sub-Account | Thematic Programmes Subaccount | Sub Total | Bali Partnership Fund Account | Executing Agencies | |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Contributions from members countries | \$ 6,406,455 | \$ 6,406,455 | - | \$ - | - | \$ - | \$ - | - |
| Reimbursement by Japan | 967,569 | 967,569 | - | - | - | - | - | - |
| Reimbursement by Special Account | - | 131,403 | - | - | - | - | - | (131,403) |
| Voluntary contributions | 11,113,312 | - | 8,857,844 | 2,078,309 | 10,936,154 | 177,158 | - | - |
| Correction to prior year's budget | - | - | - | - | - | - | - | - |
| Reversal of time delay in settling fellowship and other advance payments | - | - | - | - | - | - | - | - |
| Interest income | 211,635 | 3,595 | 103,994 | - | 103,994 | 104,046 | 328,396 | (328,396) |
| Exchange gain | - | - | - | - | - | - | - | - |
| Other item-recovery of advance | - | - | - | - | - | - | - | - |
| Other income | 3,523 | 3,523 | - | - | - | - | - | - |
| | <u>18,702,494</u> | <u>7,512,545</u> | <u>8,961,839</u> | <u>2,078,309</u> | <u>11,040,148</u> | <u>281,204</u> | <u>328,396</u> | <u>(459,799)</u> |
| Expenditures: | | | | | | | | |
| Salaries and benefits | 4,950,476 | 4,950,476 | - | - | - | - | - | - |
| Installation costs | 32,722 | 32,722 | - | - | - | - | - | - |
| Official travel | 132,080 | 132,080 | - | - | - | - | - | - |
| Special security | 777,065 | 777,065 | - | - | - | - | - | - |
| Special activities | 21,166 | 21,166 | - | - | - | - | - | - |
| Data processing | 161,678 | 161,678 | - | - | - | - | - | - |
| Other costs | 329,135 | 329,135 | - | - | - | - | - | - |
| Council meetings | 935,427 | 935,427 | - | - | - | - | - | - |
| Exchange loss | 95,922 | 92,876 | 2,908 | 71 | 2,980 | 66 | - | - |
| Write-off of arrears in contributions | 75,988 | 75,988 | - | - | - | - | - | - |
| Write-off of advance payment | - | - | - | - | - | - | - | - |
| Correction to prior year's expenditure | - | - | - | - | - | - | - | - |
| Project cost | 14,320,984 | - | 10,124,658 | 3,026,704 | 13,151,362 | 1,301,025 | - | (131,403) |
| Transfer of interest to Special Account and Bali Partnership Fund Account | - | - | - | - | - | - | 328,396 | (328,396) |
| Time delay (Reversal of time delay) in settling fellowship and other advance payments | (69,321) | - | 72,914 | (4,375) | 72,914 | (142,235) | - | - |
| Unsettled cost for advances | (4,375) | - | - | - | (4,375) | - | - | - |
| | <u>21,758,946</u> | <u>7,508,613</u> | <u>10,200,481</u> | <u>3,022,400</u> | <u>13,222,881</u> | <u>1,158,856</u> | <u>328,396</u> | <u>(459,799)</u> |
| Excess of revenues over expenditures/ (Excess of expenditures over revenues) | <u>\$ (3,056,452)</u> | <u>\$ 3,932</u> | <u>\$ (1,238,642)</u> | <u>\$ (944,091)</u> | <u>\$ (2,182,733)</u> | <u>\$ (877,652)</u> | <u>\$ -</u> | <u>\$ -</u> |

**Financial Statements of
the Administrative Account**

International Tropical Timber Organization

December 31, 2013 and 2012



International Tropical Timber Organization
Administrative Account

Financial Statements

December 31, 2013 and 2012

Contents

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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 balance sheet of the Administrative Account of International Tropical Timber Organization (the "ITTO") as of December 31, 2013, and the related 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 provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

The ITTO Secretariat is responsible for the preparation and fair presentation 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.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by the Secretariat, and evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with accounting policies set out in Note 1.

Without modifying our opinion, 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 anyone other than members of ITTO.

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.

June 12, 2014



International Tropical Timber Organization
Administrative Account

Balance Sheets

| | December 31, | |
|--|-----------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Assets | | |
| Cash and time deposits | \$ 3,984,872 | \$ 6,254,139 |
| Investments in securities | 2,661,960 | – |
| Accounts receivable from Japan | – | 381,028 |
| Prepaid expenses | 1,038 | 1,325 |
| Advances to and receivable from staff members and others | 145,138 | 72,279 |
| Accrued revenue | 50,129 | 440 |
| | \$ 6,843,137 | \$ 6,709,212 |
| Liabilities and contributions | | |
| Accounts payable to staff members and others | \$ – | \$ 34 |
| Accounts payable to Japan | 105,153 | – |
| Accrued liabilities | 252,337 | 699,220 |
| Contributions received in advance <i>(Note 2)</i> | 132,194 | 348,869 |
| | 489,684 | 1,048,123 |
| Members' funds | | |
| Special reserve <i>(Note 1)</i> | 1,500,000 | 1,500,000 |
| Reserve provided by interest income <i>(Note 1)</i> | 2,072,728 | 2,063,797 |
| Surplus of revenues over expenditures | 9,180,770 | 7,545,803 |
| | 12,753,498 | 11,109,600 |
| Arrears in assessed contributions <i>(Note 2)</i> | (6,424,765) | (5,448,512) |
| Allowance for arrears | 24,720 | – |
| | \$ 6,843,137 | \$ 6,709,212 |

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, | |
|--|--------------------------------|-------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Revenues: | | |
| Contributions from member countries <i>(Note 2)</i> | \$7,924,735 | \$6,406,455 |
| Reimbursement by Japan <i>(Note 3)</i> | 307,493 | 967,569 |
| Reimbursement by Special Account <i>(Note 3)</i> | – | 131,403 |
| Interest income | 350 | 3,595 |
| Dividends | 131,370 | – |
| Other income | 2,223 | 3,523 |
| | 8,366,171 | 7,512,545 |
| Expenditures: | | |
| Salaries and benefits | 4,222,748 | 4,950,476 |
| Installation costs | – | 32,722 |
| Official travel | 138,027 | 132,080 |
| Social security | 807,938 | 777,065 |
| Special activities | 24,597 | 21,166 |
| Data processing | 129,613 | 161,678 |
| Other costs | 189,316 | 329,135 |
| Council meetings | 197,319 | 935,427 |
| Communication and Outreach | 241,361 | – |
| Statistics, Studies and Information | 259,900 | – |
| Annual Report and Biennial review | 7,698 | – |
| Exchange loss, net | 59,927 | 92,876 |
| Time delay in settling advance payments | 12,783 | – |
| Gain on securities, net | (91,819) | – |
| Allowance expense for arrears | 24,720 | – |
| | 6,224,128 | 7,432,625 |
| Excess of revenues over expenditures before write-off of arrears in contribution and advance payments | 2,142,043 | 79,920 |
| Write-off of arrears in contributions <i>(Note 2)</i> | 125,907 | 75,988 |
| Excess of revenues over expenditures | \$ 2,016,136 | \$ 3,932 |

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> | | | |
| 2012 | | | | |
| Member's funds as of January 1, 2012 | \$1,500,000 | \$2,161,790 | \$7,728,348 | \$11,390,138 |
| Excess of revenues over expenditures | – | – | 3,932 | 3,932 |
| Utilization of members fund provided by interest income for consultant fee (Decision 2 (XXXIV)) | – | (101,588) | – | (101,588) |
| Separation cost | – | – | (173,019) | (173,019) |
| Adjustment of prior year | – | – | (9,863) | (9,863) |
| Transfer to reserve on interest income, net | – | 3,595 | (3,595) | – |
| Members' funds as of December 31, 2012 | <u>\$1,500,000</u> | <u>\$2,063,797</u> | <u>\$7,545,803</u> | <u>\$11,109,600</u> |
| 2013 | | | | |
| Excess of revenues over expenditures | \$ – | \$ – | \$ 2,016,136 | \$ 2,016,136 |
| Utilization of members fund provided by interest income for consultant fee (Decision 2 (XXXIV)) | – | (122,789) | – | (122,789) |
| Transfer to Special account for selection of Executive Director | – | – | (100,000) | (100,000) |
| Adjustment of prior year | – | – | (149,449) | (149,449) |
| Transfer to reserve on interest income, net | – | 131,720 | (131,720) | – |
| Members' funds as of December 31, 2013 | <u>\$1,500,000</u> | <u>\$2,072,728</u> | <u>\$9,180,770</u> | <u>\$12,753,498</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, | |
|--|--------------------------------|-------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Excess of revenues over expenditures transferred to members' funds | \$ 2,016,136 | \$ 3,932 |
| Changes in assets and liabilities: | | |
| Arrears account | (976,253) | 405,158 |
| Investments in securities | (2,661,960) | – |
| Accounts receivable from Japan | 381,028 | (381,028) |
| Prepaid expenses | 287 | 63,858 |
| Advances to and receivable from staff members and others | (72,859) | 185,950 |
| Accrued revenue | (49,688) | (354) |
| Allowance for arrears | 24,720 | – |
| Accounts payable to staff members and others | (34) | – |
| Accounts payable to Japan | 105,153 | – |
| Accrued liabilities | (446,883) | 511,798 |
| Advance received from Japan | – | (16,118) |
| Contributions received in advance | (216,675) | 79,387 |
| Changes in members' funds: | | |
| Adjustment of prior year | (149,449) | (9,863) |
| Cash disbursement as Decision 2 (XXXIV) | (122,789) | (101,588) |
| Cash disbursement for separation costs | – | (173,019) |
| Transfer to Special account for selection of Executive Director | (100,000) | – |
| Net increase / (Net decrease) in cash | (2,269,267) | 568,114 |
| Cash and time deposits at beginning of year | 6,254,139 | 5,686,024 |
| Cash and time deposits at end of year | \$3,984,872 | \$6,254,139 |

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 \$110,086 and \$117,592 was not recorded in the financial statements at December 31, 2013 and 2012, 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 2013, one Member (Togo) paid its contribution in full and had no arrears in its contribution to the Administrative Budget in respect of their obligation related to each year from 2002 to 2013 as of December 31, 2013. Therefore, one-fifth of its arrears accrued in contribution for the period 1986 – 1996 in the amount of \$125,908 were written off in 2013. This amount includes an additional write-off Togo was entitled to when it had settled all its payments for the years 2002 – 2012 on 20 December 2012.

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

The arrears in contributions balance at December 31, 2013 consists of the following:

| | *Prior to Part XXI | Part XXII (2005) | Part XXIII (2006) | Part XXIV (2007) | Part XXV (2008) | Part XXVI (2009) | Part XXVII (2010) | Part XXVIII (2011) | Part XXIX (2012) | Part XXX (2013) | Total |
|-------------------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|------------------------|-------------------------|--------------------------|------------------------|-----------------------|--------------------|
| Producing members: | | | | | | | | | | | |
| Benin | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 116,907 | \$ 116,907 |
| Bolivia | 580,479 | 64,460 | 59,532 | 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 | - | 70,320 | 67,650 | 66,636 | 68,950 | 72,100 | 82,030 | 97,821 | - | - | 525,507 |
| Congo | 400,860 | - | 63,782 | 69,411 | 24,813 | 72,100 | 82,030 | 81,931 | (84,110) | (276,045) | 434,772 |
| Costa Rica | - | - | - | - | - | - | - | - | - | 8,193 | 8,193 |
| Democratic Republic of the Congo | 736,394 | 73,250 | 67,650 | 69,412 | 68,950 | 74,984 | 82,030 | 101,444 | 105,392 | 120,678 | 1,500,184 |
| Fiji | - | - | - | - | - | - | 10,542 | (10,542) | - | - | - |
| Gabon | - | - | - | - | - | - | 58,228 | 101,444 | 18,246 | 116,907 | 294,825 |
| Ghana | - | - | - | - | - | - | - | 30,000 | (30,000) | 86,907 | 86,907 |
| Honduras | 220,975 | - | 22,853 | - | - | - | - | - | (4,936) | 71,653 | 310,545 |
| India | - | - | - | - | - | 38,272 | (38,272) | 101,444 | 45,792 | 169,704 | 316,940 |
| Liberia (Note) | 387,804 | 14,064 | - | - | - | (59,125) | - | - | (38,790) | 116,907 | 420,860 |
| Mali | - | - | - | - | - | - | - | - | - | 116,907 | 116,907 |
| Mozambique | - | - | - | - | - | - | - | - | - | 116,907 | 116,907 |
| 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) | - | - |
| Peru | - | - | - | - | - | - | - | - | 3,186 | 173,832 | 177,018 |
| Suriname | 223,132 | 41,020 | 37,884 | 2,140 | - | - | (104,220) | (111,282) | (88,674) | - | - |
| Togo | 149,862 | 70,320 | - | - | - | 68,308 | (288,491) | - | - | - | - |
| Vanuatu | 34,294 | 38,090 | 37,884 | 36,095 | 38,612 | 40,376 | 41,015 | 47,099 | - | - | 313,465 |
| Venezuela | - | - | - | - | 57,918 | 60,564 | - | 76,083 | (109,457) | - | 85,108 |
| | <u>2,738,011</u> | <u>371,524</u> | <u>359,358</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>6,135,716</u> |
| Consuming members: | | | | | | | | | | | |
| Albania | - | - | - | - | - | - | - | - | - | 41,828 | 41,828 |
| 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>24,720</u> | <u>-</u> | <u>27,060</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>289,049</u> |
| Total | <u>\$2,762,731</u> | <u>\$371,524</u> | <u>\$386,418</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>\$6,424,765</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 XIV (1986 – 1997) | | | | | | | | | |
|-------------------------------------|--------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|---------------------------|
| | Original amount | Write-off in 2002 – 2013 | Part XV (1998) | Part XVI (1999) | Part XVII (2000) | Part XVIII (2001) | Part XIX (2002) | Part XX (2003) | Part XXI (2004) | Total |
| | <i>(U.S. dollars)</i> | | | | | | | | | |
| Producing members: | | | | | | | | | | |
| Bolivia | \$ 351,556 | \$ – | \$ – | \$ 59,769 | \$ – | \$ – | \$ 52,800 | \$ 55,680 | \$ 60,674 | \$ 580,479 |
| Congo | 330,751 | (111,510) | 48,500 | 51,525 | 48,700 | 32,894 | – | – | – | 400,860 |
| Côte d'Ivoire | 402,517 | (402,517) | – | – | – | – | – | – | – | – |
| Democratic Republic of the Congo | 339,997 | – | 48,500 | 51,525 | 56,000 | 59,540 | 57,200 | 60,320 | 63,312 | 736,394 |
| Gabon | 193,130 | (193,130) | – | – | – | – | – | – | – | – |
| Honduras | 220,975 | – | – | – | – | – | – | – | – | 220,975 |
| Liberia (Note) | 379,941 | (75,988) | 9,692 | 15,458 | 16,800 | 17,175 | – | 12,064 | 12,662 | 387,804 |
| Nigeria | – | – | – | – | – | – | – | 4,211 | – | 4,211 |
| Suriname | – | – | 8,245 | 35,037 | 35,840 | 36,640 | 33,000 | 34,800 | 39,570 | 223,132 |
| Togo | 366,743 | (314,770) | – | 48,857 | 16,070 | – | – | 32,962 | – | 149,862 |
| Vanuatu | – | – | – | – | – | – | – | – | 34,294 | 34,294 |
| | <u>2,585,610</u> | <u>(1,097,915)</u> | <u>114,937</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>2,738,011</u> |
| Consuming members: | | | | | | | | | | |
| 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>24,720</u> |
| Total | <u><u>\$2,610,330</u></u> | <u><u>\$(1,097,915)</u></u> | <u><u>\$114,937</u></u> | <u><u>\$262,171</u></u> | <u><u>\$173,410</u></u> | <u><u>\$146,249</u></u> | <u><u>\$143,000</u></u> | <u><u>\$200,037</u></u> | <u><u>210,512</u></u> | <u><u>\$2,762,731</u></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 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Total |
|--------------------|-------------------------|-------------------------|------------------------|------------------------|--------------------|-------------------------|------------------------|------------------------|-------------------------|---------------------------|
| Producing members: | | | | | | | | | | |
| Congo | \$111,510 | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$111,510 |
| Côte d'Ivoire | 241,510 | 80,504 | 80,503 | – | – | – | – | – | – | 402,517 |
| Gabon | 115,878 | 38,626 | – | 38,626 | – | – | – | – | – | 193,130 |
| Liberia | – | – | – | – | – | – | – | 75,988 | – | 75,988 |
| Togo | 62,954 | – | – | – | – | 62,954 | 62,954 | – | 125,907 | 314,770 |
| Total | <u><u>\$531,852</u></u> | <u><u>\$119,130</u></u> | <u><u>\$80,503</u></u> | <u><u>\$38,626</u></u> | <u><u>\$ –</u></u> | <u><u>\$ 62,954</u></u> | <u><u>\$62,954</u></u> | <u><u>\$75,988</u></u> | <u><u>\$125,907</u></u> | <u><u>\$1,097,915</u></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, 2013 is as follows:

| | Interest charge for arrears for the period from 1986 to 1996 | | |
|----------------------------------|---|-----------------------------|----------------------|
| | Original amount | Write-off in 2002 – 2013 | Remaining balance |
| | <i>(U.S. dollars)</i> | | |
| Producing members: | | | |
| Bolivia | \$ 30,927 | \$ – | \$ 30,927 |
| Congo | 45,786 | (18,315) | 27,472 |
| 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 (*) | 35,295 | (35,295) | – |
| Togo | 18,766 | (18,766) | – |
| | 269,905 | (159,936) | 109,970 |
| Consuming members: | | | |
| Russian federation | 117 | – | 117 |
| | 117 | – | 117 |
| Total | \$270,022 | \$(159,936) | \$110,086 |

* 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, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---------------|-----------------------|-----------|
| | <i>(U.S. dollars)</i> | |
| Cameroon | \$ – | \$110,732 |
| Colombia | – | 14,047 |
| Cote d'Ivoire | – | 78 |
| Myanmar | – | 244 |
| Switzerland | – | 47,825 |
| Netherlands | 132,094 | 132,094 |
| New Zealand | – | 43,849 |
| Ecuador | 100 | – |
| Total | \$132,194 | \$348,869 |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

Assessed contributions from member countries for 2013 and 2012 were as follows:

| | 2013 | | | 2012 |
|-------------------------------------|-----------------------|----------|------------|-----------|
| | Assessed | Discount | Net | Net |
| | <i>(U.S. dollars)</i> | | | |
| Budgeted receipts | | | | |
| Producing members: | | | | |
| Benin | \$ 116,907 | \$ – | \$ 116,907 | \$ – |
| Cambodia | 82,966 | 3,312 | 79,654 | 60,224 |
| Cameroon | 116,907 | 5,797 | 111,110 | 105,392 |
| Congo | 116,907 | – | 116,907 | 105,392 |
| Côte d’Ivoire | 116,907 | 5,797 | 111,110 | 105,392 |
| Democratic Republic of the Congo | 120,678 | – | 120,678 | 105,392 |
| Ecuador | 94,280 | – | 94,280 | 52,696 |
| Fiji | 64,110 | 2,898 | 61,212 | 52,696 |
| Gabon | 116,907 | – | 116,907 | 105,392 |
| Ghana | 116,907 | – | 116,907 | 105,392 |
| Guatemala | 67,882 | 2,162 | 65,720 | 39,311 |
| Guyana | 94,280 | – | 94,280 | 53,607 |
| Honduras | 71,653 | – | 71,653 | 41,404 |
| India | 169,704 | – | 169,704 | 105,392 |
| Indonesia | 422,375 | 16,473 | 405,902 | 299,500 |
| Liberia | 116,907 | – | 116,907 | 105,392 |
| Mali | 116,907 | – | 116,907 | – |
| Malaysia | 486,486 | 22,013 | 464,473 | 400,235 |
| Mexico | 162,162 | 4,717 | 157,445 | 85,772 |
| Mozambique | 116,907 | – | 116,907 | – |
| Myanmar | 199,874 | – | 199,874 | 176,908 |
| Panama | 67,882 | – | 67,882 | 41,404 |
| Papua New Guinea | 177,246 | 5,383 | 171,863 | 97,864 |
| Peru | 181,018 | – | 181,018 | 109,156 |
| Philippines | 75,424 | 2,948 | 72,476 | 53,607 |
| Togo | 116,907 | – | 116,907 | 96,248 |
| Trinidad and Tobago | 64,110 | – | 64,110 | – |
| | 3,771,200 | 71,500 | 3,699,700 | 2,503,768 |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

| | 2013 | | | 2012 |
|--------------------------|-----------------------|----------------|------------------|------------------|
| | Assessed | Discount | Net | Net |
| | <i>(U.S. dollars)</i> | | | |
| Consuming members: | | | | |
| Albania | \$ 41,828 | \$ – | \$ 41,828 | \$ – |
| Australia | 66,925 | 3,352 | 63,573 | 60,952 |
| Austria | 46,011 | 2,162 | 43,849 | 39,312 |
| Belgium/Luxembourg | 62,742 | 3,726 | 59,016 | 67,752 |
| Bulgaria | 46,011 | – | 46,011 | – |
| Canada | 62,742 | 3,559 | 59,183 | 64,709 |
| China | 1,008,054 | 54,970 | 953,084 | 999,456 |
| Cyprus | 41,828 | – | 41,828 | – |
| Czech Republic | 50,194 | – | 50,194 | – |
| Denmark | 50,194 | 2,549 | 47,645 | 46,342 |
| Estonia | 41,828 | – | 41,828 | – |
| Finland | 41,828 | 1,966 | 39,862 | 35,738 |
| France | 133,850 | 7,243 | 126,607 | 131,696 |
| Germany | 79,473 | 4,127 | 75,346 | 75,042 |
| Greece | 46,011 | 2,277 | 43,734 | 41,404 |
| Hungary | 41,828 | – | 41,828 | – |
| Ireland | 58,559 | 2,948 | 55,611 | 53,607 |
| Italy | 117,118 | 6,418 | 110,700 | 116,684 |
| Japan | 652,516 | 34,720 | 617,796 | 631,275 |
| Latvia | 41,828 | – | 41,828 | – |
| Lithuania | 41,828 | – | 41,828 | – |
| Luxembourg | 41,828 | – | 41,828 | – |
| Malta | 46,011 | – | 46,011 | – |
| Netherlands | 129,667 | 7,265 | 122,402 | 132,094 |
| New Zealand | 46,011 | 2,162 | 43,849 | 39,312 |
| Norway | 41,828 | 2,277 | 39,551 | 41,404 |
| Poland | 46,011 | 2,359 | 43,652 | 42,882 |
| Portugal | 62,742 | 3,312 | 59,430 | 60,224 |
| Republic of Korea | 267,698 | 15,112 | 252,586 | 274,772 |
| Romania | 41,828 | – | 41,828 | – |
| Slovakia | 46,011 | – | 46,011 | – |
| Slovenia | 41,828 | – | 41,828 | – |
| Spain | 92,022 | 4,968 | 87,054 | 90,336 |
| Sweden | 46,011 | 2,277 | 43,734 | 41,404 |
| Switzerland | 50,194 | 2,369 | 47,825 | 43,076 |
| United Kingdom | 108,753 | 5,887 | 102,866 | 107,037 |
| United States of America | 301,161 | 15,734 | 285,427 | 286,064 |
| | <u>4,182,800</u> | <u>193,739</u> | <u>3,989,061</u> | <u>3,522,574</u> |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

| | 2013 | | | 2012 |
|----------------------------|-----------------------|----------|------------|-------------|
| | Assessed | Discount | Net | Net |
| | <i>(U.S. dollars)</i> | | | |
| Late joining members * | | | | |
| Producing members: | | | | |
| Brazil | \$ 113,136 | \$ - | \$ 113,136 | \$ - |
| Costa Rica | 8,193 | - | 8,193 | - |
| Colombia | 114,645 | - | 114,645 | - |
| | 235,974 | - | 235,974 | - |
| Total of budgeted receipts | 8,189,974 | 265,239 | 7,924,735 | \$6,026,342 |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

2. Contributions (continued)

- * 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

| | 2013 | | 2012 | |
|--|-----------------------|------------------|------------------|------------------|
| | Budget | Actual | Budget | Actual |
| | <i>(U.S. dollars)</i> | | | |
| Salaries and benefits: | | | | |
| Salaries | \$2,353,791 | \$2,189,008 | \$2,470,660 | \$2,133,991 |
| Post adjustment | 1,719,894 | 1,253,970 | 1,965,217 | 1,736,266 |
| Rental subsidy | 3,506 | – | 3,058 | – |
| Education grant | 332,524 | 128,218 | 322,653 | 210,427 |
| Dependence allowance | 72,197 | 79,965 | 74,313 | 72,550 |
| Home leave | 124,521 | 121,703 | 135,046 | 66,328 |
| Language allowance | – | – | – | – |
| Overtime | 38,961 | 19,457 | 37,110 | 15,207 |
| Mobility and hardship allowance | 6,116 | 9,225 | 15,473 | 6,883 |
| Separation benefits | 215,646 | 98,119 | 198,007 | 261,015 |
| Removal costs | 46,167 | 15,000 | 44,810 | 38,166 |
| Repatriation/Recruitment travel | 85,379 | 590 | 79,517 | 39,142 |
| Sub-Total | <u>4,998,702</u> | <u>3,915,255</u> | <u>5,345,864</u> | <u>4,579,974</u> |
| Installation costs: | | | | |
| Assignment grant | 47,256 | – | 64,442 | 16,094 |
| Lump-sum benefit | 55,178 | – | 67,685 | 16,628 |
| Sub-Total | <u>102,434</u> | <u>–</u> | <u>132,127</u> | <u>32,722</u> |
| Official travel: | | | | |
| Transportation/Tickets | 103,750 | 94,819 | 125,026 | 88,654 |
| DSA and travel expenses | 45,783 | 43,208 | 48,544 | 43,425 |
| Sub-Total | <u>149,533</u> | <u>138,027</u> | <u>173,570</u> | <u>132,080</u> |
| Social security: | | | | |
| Provident fund | 695,128 | 571,137 | 666,148 | 569,784 |
| Accident/Health insurance | 92,077 | 124,569 | 111,796 | 97,358 |
| Japanese national scheme | 149,091 | 112,232 | 111,231 | 109,923 |
| Sub-Total | <u>936,296</u> | <u>807,938</u> | <u>889,175</u> | <u>777,065</u> |
| Special activities: | | | | |
| Consultants | 36,457 | 7,950 | 36,278 | 17,880 |
| Workshops and meetings | 14,824 | 8,000 | 14,800 | 3,286 |
| Other activities | 12,500 | 8,647 | – | – |
| Sub-Total | <u>63,781</u> | <u>24,597</u> | <u>51,078</u> | <u>21,166</u> |
| Data processing: | | | | |
| Computer software and servicing | 80,113 | 67,198 | 78,767 | 50,836 |
| Communications, user charges and supplies | 87,631 | 61,844 | 79,664 | 103,573 |
| Training and staff development | 8,826 | 571 | 8,659 | 7,270 |
| Sub-Total | <u>176,570</u> | <u>129,613</u> | <u>167,090</u> | <u>161,678</u> |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

3. Expenditures (continued)

| | 2013 | | 2012 | |
|-------------------------------|-----------------------|----------------|----------------|----------------|
| | Budget | Actual | Budget | Actual |
| | <i>(U.S. dollars)</i> | | | |
| Other costs: | | | | |
| Communications | \$ 64,270 | \$ 35,873 | \$ 63,129 | \$ 44,335 |
| Publications | 37,826 | 1,184 | 47,006 | 73,005 |
| Transport | 101,348 | 46,267 | 99,487 | 86,812 |
| Library | 14,941 | 5,346 | 14,659 | 8,350 |
| Supplies | 37,196 | 9,026 | 36,492 | 17,596 |
| Hospitality | 17,277 | 8,739 | 17,000 | 12,842 |
| Bank Charges | 16,831 | 10,548 | 16,544 | 15,884 |
| Audit | 69,348 | 69,348 | 68,036 | 68,036 |
| Miscellaneous | 6,426 | 2,984 | 6,314 | 2,275 |
| Sub-Total | <u>365,463</u> | <u>189,316</u> | <u>368,667</u> | <u>329,135</u> |
| Council meetings: | | | | |
| Costs not met by Japan | 10,326 | 3,056 | 10,159 | 6,957 |
| Council Session Outside Japan | 200,000 | 194,264 | 200,000 | 200,000 |
| Sub-Total | <u>210,326</u> | <u>197,319</u> | <u>210,159</u> | <u>206,957</u> |
| Costs met by Japan: | | | | |
| Staff assessment(*1) | 396,608 | 307,493 | 370,423 | 370,502 |
| Council meetings | - | - | - | 597,066 |
| Sub-Total | <u>396,608</u> | <u>307,493</u> | <u>370,423</u> | <u>967,569</u> |
| Costs met by Special Account: | | | | |
| Translation costs regarding | | | | |
| Council meetings | - | - | - | 131,403 |
| Sub-Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>131,403</u> |
| Communication and | | | | |
| Outreach(*2): | | | | |
| Publications | 260,000 | 184,978 | - | - |
| Outreach | 60,627 | 38,501 | - | - |
| ITTO Website | 40,773 | 17,882 | - | - |
| Sub-Total | <u>361,400</u> | <u>241,361</u> | <u>-</u> | <u>-</u> |
| Statistics, Studies and | | | | |
| Information(*2): | | | | |
| Market Information Services | 200,000 | 197,000 | - | - |
| Market Discussion | 35,000 | 26,678 | - | - |
| Relevant Market Studies | 40,000 | 30,711 | - | - |
| Work on Statistics | 20,000 | 5,511 | - | - |
| Sub-Total | <u>295,000</u> | <u>259,900</u> | <u>-</u> | <u>-</u> |

International Tropical Timber Organization
Administrative Account

Notes to Financial Statements (continued)

Annual Report and Biennial
review(*2) :

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Annual Report | 30,000 | 7,698 | — | — |
| Sub-Total | <u>30,000</u> | <u>7,698</u> | <u>—</u> | <u>—</u> |
| Exchange loss, net | — | 59,927 | — | 92,876 |
| Time delay in settling advance payments | — | 12,783 | — | — |
| Gain on securities, net | — | (91,819) | — | — |
| Allowance expense for arrears | — | 24,720 | — | — |
| Total expenditures incurred | <u>8,086,113</u> | <u>6,224,128</u> | <u>7,708,153</u> | <u>7,432,625</u> |
| Expenditures reimbursed by Japan | (396,608) | (307,493) | (370,423) | (967,569) |
| Expenditures reimbursed by Special Account | — | — | — | (131,403) |
| Total | <u>\$7,689,505</u> | <u>\$5,916,634</u> | <u>\$7,337,730</u> | <u>\$6,333,653</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 2013 and 2012 were as follows:

| | 2013 | 2012 |
|--|-----------------------|-------------|
| | <i>(U.S. dollars)</i> | |
| Contributions made during the period: | | |
| By staff members | \$214,701 | \$183,330 |
| By ITTO – Administrative Account | 531,726 | 488,408 |
| – Other Accounts | 43,651 | 159,862 |
| | 790,078 | 831,601 |
| Administrative charge paid to trustee: | | |
| From ITTO – Administrative Account | 61,772 | 80,804 |
| – Other Accounts | 4,092 | 21,448 |
| | 65,864 | 102,251 |
| Payment to an insurance company | \$855,942 | \$933,852 |

The balance of net assets for the Provident Fund at December 31, 2013 and 2012 were \$8,714,592 and \$8,173,328, 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, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|--|-----------------------|--------------|
| | <i>(U.S. dollars)</i> | |
| Revenues: | | |
| Contributions from member countries | \$ 7,924,735 | \$ 6,406,455 |
| Less: Arrears in contribution for current year | (1,381,393) | (232,216) |
| | 6,543,343 | 6,174,239 |
| Expenditures, net of reimbursement | | |
| By Japan and Special Account | 5,916,634 | 6,333,653 |
| Working capital savings used for current year budget | 626,708 | (159,414) |
| Authorized allocation by Council for separation costs | (173,019) | – |
| Transferred to Special Account for selection of Executive Director | (100,000) | – |
| Working capital savings from prior year's budgets | 3,198,075 | 2,796,103 |
| Receipts from members for prior year's arrears | 279,232 | 561,386 |
| Working capital savings at year-end | \$ 3,830,996 | \$ 3,198,075 |

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.

| | 2013 | 2012 |
|--|-----------------------|-------------|
| | <i>(U.S. dollars)</i> | |
| The amount of interest at year end: | | |
| Brought forward | \$ 396,687 | \$ 494,680 |
| Interest and dividends during the year | 131,720 | 3,595 |
| Expenditures during the year | (122,789) | (101,588) |
| | \$ 405,618 | \$ 396,687 |

**Financial Statements of
the Special Account**

International Tropical Timber Organization

December 31, 2013 and 2012



International Tropical Timber Organization
Special Account

Financial Statements

December 31, 2013 and 2012

Contents

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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 balance sheet of the Special Account of International Tropical Timber Organization (the "ITTO") as of December 31, 2013, the related 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 provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

The ITTO Secretariat is responsible for the preparation and fair presentation 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.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by the Secretariat, and evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the accounting policies set out in Note 1.

Without modifying our opinion, 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 anyone other than members of ITTO.

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.

June 12, 2014



International Tropical Timber Organization
Special Account

Balance Sheets

| | December 31, | |
|---|-----------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Assets | | |
| Cash and time deposits | \$ 5,855,068 | \$ 6,133,674 |
| Arrears in voluntary contributions <i>(Note 4)</i> : | | |
| Project Sub-Account | 4,155,311 | 5,226,958 |
| Thematic Programmes Sub-Account | 364,287 | 706,618 |
| Accounts receivable: | | |
| Bali Partnership Fund Account | 28,839,878 | 28,717,104 |
| Executing Agencies Account | – | 1,415,656 |
| Advances to and receivable from staff members and others <i>(Note 1)</i> | 40,484 | 8,508 |
| | \$39,255,028 | \$42,208,519 |
| Liabilities and contributions | | |
| Accounts payable: | | |
| Bali Partnership Fund Account | \$ – | \$ 89,280 |
| Executing Agencies Account | 31,004,323 | 37,094,186 |
| Staff members and others | 46,124 | 200 |
| Accrued liabilities | 2,699 | 166,075 |
| Unappropriated fund: | | |
| Project Sub-Account | 1,158,846 | 710,386 |
| Thematic Programmes Sub-Account | 2,901,040 | 369,032 |
| Reserve for programme support <i>(Note 1)</i> | 1,193,025 | 1,105,425 |
| | 36,306,057 | 39,534,585 |
| Members' funds | | |
| Surplus of revenues over expenditures: | | |
| Project Sub-Account | | |
| Appropriated for specified projects <i>(Note 4)</i> | 2,966,475 | 2,227,705 |
| Unappropriated funds | (1,671,400) | (1,251,852) |
| Surplus from completed projects <i>(Note 4)</i> | 1,646,922 | 1,653,406 |
| | 2,941,997 | 2,629,259 |
| Thematic Programmes Sub-Account: | | |
| Appropriated for specified pre-projects <i>(Note 4)</i> | 29,017 | 66,749 |
| Unappropriated funds | (22,043) | (22,074) |
| Surplus from completed pre-projects <i>(Note 4)</i> | – | – |
| | 6,974 | 44,675 |
| | 2,948,971 | 2,673,934 |
| | \$39,255,028 | \$42,208,519 |

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, | |
|--|--------------------------------|----------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Project Sub-Account | | |
| Revenues: | | |
| Voluntary contributions <i>(Notes 2, 3 and 4)</i> | \$ 8,767,000 | \$ 8,857,844 |
| Interest income | 33,706 | 103,994 |
| Dividends | 149,804 | – |
| Correction to prior year's budget | (341,632) | – |
| | 8,608,877 | 8,961,839 |
| Expenditures and others: | | |
| Project cost <i>(Note 4)</i> | 9,261,797 | 10,124,658 |
| Exchange loss, net | 4,165 | 2,908 |
| Time delay (Reversal of time delay) in settling advance payments | 67,004 | 72,914 |
| | 9,332,965 | 10,200,481 |
| Excess of revenues over expenditures | (\$724,088) | \$ (1,238,642) |
| Thematic Programmes Sub-Account | | |
| Revenues: | | |
| Voluntary contributions <i>(Notes 2, 3 and 4)</i> | \$ 74,586 | \$ 2,078,309 |
| Correction to prior year's budget | (88,074) | – |
| | (13,488) | 2,078,309 |
| Expenditures and others: | | |
| Project cost <i>(Note 4)</i> | 3,072,842 | 3,026,704 |
| Exchange loss | (30) | 71 |
| Time delay (Reversal of time delay) in settling advance payments | 12,375 | (4,375) |
| | 3,085,187 | 3,022,400 |
| Excess of revenues over expenditures | \$ (3,098,675) | \$ (944,091) |

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 | |
| 2012 | | | | | | |
| Members' funds as of January 1, 2012 | \$ 2,958,631 | \$(1,247,313) | \$ 1,385,846 | \$ 62,338 | \$ (11,893) | \$ 3,147,610 |
| Excess of revenues over expenditures | - | (1,238,642) | - | - | (944,091) | (2,182,733) |
| Appropriation for specified projects | (1,607,288) | 1,607,288 | - | (944,020) | 944,020 | - |
| Surplus from Completed Projects | - | (267,560) | 267,560 | - | (10,110) | - |
| Utilization of remaining funds by donors | - | (105,626) | - | - | - | (10,110) |
| Transfer from unappropriated fund (liabilities) | - | - | - | - | - | - |
| Inter-account transaction | - | - | - | - | - | - |
| Transfer to/(from) Bali Partnership Fund | - | - | - | - | - | - |
| Transfer to/(from) Executing Agencies Account | 876,362 | - | - | 948,431 | - | 1,824,793 |
| Members' funds as of December 31, 2012 | \$ 2,227,705 | \$(1,251,852) | \$ 1,653,406 | \$ 66,749 | \$ (22,074) | \$ 2,673,934 |
| 2013 | | | | | | |
| Excess of revenues over expenditures | \$ (959,639) | \$ 179,478 | \$ - | \$ (3,098,705) | \$ 30 | \$ (3,878,835) |
| Appropriation for specified projects | - | - | - | - | - | - |
| Surplus from Completed Projects | - | - | 56,072 | - | - | 56,072 |
| Utilization of remaining funds by donors | - | (599,026) | (62,556) | - | - | (661,582) |
| Transfer from unappropriated fund (liabilities) | - | - | - | - | - | - |
| Inter-account transaction | - | - | - | - | - | - |
| Transfer to/(from) Bali Partnership Fund | - | - | - | - | - | - |
| Transfer to/(from) Executing Agencies Account | 1,698,408 | - | - | 3,060,974 | - | 4,759,382 |
| Members' funds as of December 31, 2013 | \$ 2,966,475 | \$ (1,671,400) | \$ 1,646,922 | \$ 29,017 | \$ (22,043) | \$ 2,948,971 |

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, | |
|--|--------------------------------|---------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Excess of revenues over expenditures transferred to members' funds | \$(3,822,763) | \$(2,182,733) |
| Changes in assets and liabilities: | | |
| Arrears in contributions | 1,413,978 | 4,016,571 |
| Accounts receivable from Bali Partnership Fund Account | (122,774) | (957,392) |
| Accounts receivable from Executing Agencies Account | 1,415,656 | 774,373 |
| Advance to and receivable from staff members and others | (31,976) | 59,029 |
| Accrued interest on time deposits | - | 4,207 |
| Accounts payable to Bali Partnership Fund Account | (89,280) | - |
| Accounts payable to Executing Agencies Account | (6,089,863) | (1,193,551) |
| Accounts payable to staff members and others | 45,924 | (79) |
| Accrued Liabilities | (163,376) | 166,075 |
| Unappropriated fund | 2,980,467 | (2,149,421) |
| Reserve for programme support | 87,600 | (1,372,978) |
| Changes in members' funds: | | |
| Transfer to/(from) Executing Agencies Account | 4,759,382 | - |
| Utilization of remaining funds by donors | (661,582) | - |
| Appropriated for specified project | - | (726,514) |
| Unappropriated funds | - | 2,168,011 |
| Surplus from completed projects | - | 267,560 |
| Net increase (decrease) in cash | (278,607) | (1,126,841) |
| Cash and time deposits at beginning of year | 6,133,674 | 7,260,515 |
| Cash and time deposits at end of year | \$ 5,855,068 | \$ 6,133,674 |

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.

2. Contributions

Cash received for contributions by countries for the years ended December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|----------------------------------|-----------------------|--------------|
| | <i>(U.S. dollars)</i> | |
| Project Sub-Account: | | |
| Received from: | | |
| Government of Germany | \$ 727,308 | \$ 721,899 |
| Government of Japan (F.A.) | 884,096 | – |
| Government of Japan (MoFA) | 4,543,939 | 6,134,843 |
| Government of Republic of Korea | 40,000 | 20,000 |
| Government of Sweden | 10,000 | – |
| Government of the Netherlands | 250,000 | – |
| Government of U.S.A. | 900,000 | 900,000 |
| Common Fund for Commodities | – | 74,001 |
| European Commission | 1,535,653 | 1,781,775 |
| Administrative Account - WCA | 100,000 | – |
| Private | 31,132 | 1,208 |
| Private (for other activities) | 40,004 | 80,000 |
| | \$ 9,062,133 | \$ 9,713,726 |
| Thematic Programmes Sub-Account: | | |
| Received from: | | |
| Government of Australia | \$ 1,941,097 | \$ 386,608 |
| Government of Finland | – | 63,625 |
| Government of Japan(F.A.) | 146,125 | – |
| Government of The Netherlands | 487,882 | – |
| Government of U.S.A. | – | 50,000 |
| | 2,575,104 | 500,233 |
| Total | \$11,637,237 | \$10,213,959 |

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, 2013 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 |
| | \$325,261,688 |

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, 2013, 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/49-295 | 100,000 |
| | Total | <u>\$100,000</u> |

There was no utilization of remaining funds by donors in the Special Account during the year ended December 31, 2013.

During the year ended December 31, 2012, ITTO utilized members' funds. The details are as follows:

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 PP-A/45-249 | \$ 40,000 |
| | Allocation of Unearmarked Funds to PPD 14/00 (M) | 50,000 |
| | Allocation of Unearmarked Funds to PP-A/48-285 | 15,626 |
| | Total | <u>\$105,626</u> |

There was no utilization of members' fund transferred from the Administrative Account during the year ended December 31, 2012.

| 4. 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 | | | Arrears in Contributions at | | | Expenditure | | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/13 |
| | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | Arrears in Contributions at 12/31/13 | Accumulated Total 2012 | FY2013 | Deletion of completed projects 2013 | Accumulated Total 2013 | | | |
| <u>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</u> | | | | | | | | | | | | | | |
| PPD 14/00(M) | 172,800 | - | 172,800 | (171,500) | - | (171,500) | 500 | 122,849 | 6,864 | - | 129,713 | 42,287 | - | |
| PPD 139/07 Rev. 1(M) Spring'08 | 84,505 | (84,505) | - | 84,505 | (84,505) | - | - | 68,542 | 16,163 | (84,505) | - | - | 16,163 | |
| PPD 167/13 Rev. 1(M) /C49 | - | 88,794 | 88,794 | (68,794) | - | (68,794) | 20,000 | 7,371 | - | - | 7,371 | 81,423 | - | |
| Sub-Total (M) : | 256,305 | 4,289 | 260,794 | (256,005) | 15,711 | (240,294) | 20,500 | 191,191 | 30,398 | (84,505) | 137,084 | 123,710 | 16,163 | |
| <u>REFORESTATION & FOREST MANAGEMENT (E)</u> | | | | | | | | | | | | | | |
| PPD 92/04 Rev.1 (F) C36 | 61,452 | - | 61,452 | (61,452) | - | (61,452) | - | 61,452 | - | - | 61,452 | - | - | |
| PPD 94/04 Rev.1 (F) C36 | 52,402 | - | 52,402 | (52,402) | - | (52,402) | - | 49,482 | - | - | 49,482 | 2,920 | - | |
| PPD 98/04 Rev.1 (F) C37 | 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) | - | 96,540 | - | - | 96,540 | 2,739 | - | |
| PP-172/02 PPD 2/99 Rev. 1(F) | 95,267 | - | 95,267 | (95,267) | - | (95,267) | - | 93,267 | - | - | 93,267 | 2,000 | - | |
| PPD 153/11 Rev. 1(F) /C47 | 99,576 | - | 99,576 | (99,576) | - | (99,576) | - | 53,576 | 40,000 | - | 93,576 | 6,000 | - | |
| PPD 165/12 Rev. 1(F) /C48 | 79,380 | - | 79,380 | (39,380) | (40,000) | (79,380) | - | 2,918 | 73,500 | - | 76,418 | 2,962 | - | |
| Sub-Total (F) : | 776,121 | - | 776,121 | (736,121) | (40,000) | (776,121) | - | 634,666 | 113,500 | - | 748,166 | 27,955 | - | |
| <u>FOREST INDUSTRY (U)</u> | | | | | | | | | | | | | | |
| PPD 5/00 Rev. 1 (U) | 64,522 | - | 64,522 | (64,522) | - | (64,522) | - | 64,522 | - | - | 64,522 | - | - | |
| PPD 68/03 Rev.2 (U) / C41 | 80,000 | - | 80,000 | (80,000) | - | (80,000) | - | 75,695 | - | - | 75,695 | 4,305 | - | |
| Sub-Total (U) : | 144,522 | - | 144,522 | (144,522) | - | (144,522) | - | 140,217 | - | - | 140,217 | 4,305 | - | |

International Tropical Timber Organization Special Account

Notes to Financial Statements (continued)

| Title | Budget | | Receipt | | Arrears in Contributions at 12/31/13 | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/13 |
|----------------------------------|------------------------|---------|------------------------|-----------|--------------------------------------|----------|------------------------|---------|--|---|
| | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | 12/31/13 | Accumulated Total 2012 | FY2013 | | |
| Activities (A) | | | | | | | | | | |
| PP-A/23-63 | 280,975 | - | (280,975) | - | (280,975) | - | 280,975 | - | - | - |
| PP-A/24-71 | 45,000 | - | (45,000) | - | (45,000) | - | 45,000 | - | - | - |
| PP-A/24-72 | 45,000 | - | (45,000) | - | (45,000) | - | 45,000 | - | - | - |
| PP-A/29-94 | 240,000 | - | (240,000) | - | (240,000) | - | 240,000 | - | 11,292 | - |
| PP-A/30-102 [Dec. 7(XXX)] | 328,268 | - | (328,268) | - | (328,268) | - | 307,551 | - | 20,717 | - |
| PP-A/30-102A Staff Secondment | 695,591 | - | (695,591) | - | (695,591) | - | 695,591 | - | - | - |
| PP-A/30-105 | 172,380 | - | (172,380) | - | (172,380) | - | 144,798 | - | 27,582 | - |
| PP-A/31-109 | 280,000 | - | (280,000) | - | (280,000) | - | 277,495 | - | 2,505 | - |
| PP-A/31-110 | 52,000 | - | (52,000) | - | (52,000) | - | 49,918 | - | 2,082 | - |
| PP-A/31-111A | 264,700 | - | (264,700) | - | (264,700) | - | 243,527 | - | 21,173 | - |
| PP-A/31-111C [XXXXVI] Additional | 220,000 | - | (220,000) | - | (220,000) | - | 86,299 | - | 133,701 | - |
| PP-A/31-112 | 174,270 | - | (174,270) | - | (174,270) | - | 154,183 | - | 20,087 | - |
| PP-A/31-114 | 2,898,490 | 291,858 | (2,898,490) | (291,858) | (3,190,348) | - | 2,910,574 | 267,691 | 12,084 | - |
| PP-A/32-116 | 50,000 | - | (50,000) | - | (50,000) | - | 50,000 | - | - | - |
| PP-A/32-118 | 50,000 | - | (50,000) | - | (50,000) | - | 49,789 | - | 211 | - |
| PP-A/32-119 | 50,000 | - | (50,000) | - | (50,000) | - | 50,000 | - | - | - |
| PP-A/32-121 | 50,000 | - | (50,000) | - | (50,000) | - | 29,386 | - | 20,614 | - |
| PP-A/32-123 | 297,980 | - | (297,980) | - | (297,980) | - | 269,224 | - | 28,756 | - |
| PP-A/33-125 [Dec. 4(XXXIII)] | 610,000 | - | (610,000) | - | (610,000) | - | 610,000 | - | - | - |
| PP-A/33-126 | 200,000 | - | (200,000) | - | (200,000) | - | 176,419 | - | 23,581 | - |
| PP-A/33-126B [XXXXVI] Additional | 50,000 | - | (50,000) | - | (50,000) | - | 50,000 | - | - | - |
| PP-A/34-131A; C&I Adm'l W/tps | 277,500 | - | (277,500) | - | (277,500) | - | 277,500 | - | - | - |
| PP-A/34-131B; C&I (TTO & ACTO | 100,000 | - | (100,000) | - | (100,000) | - | 200,000 | - | - | - |
| PP-A/34-131C; Country Assst. | 150,000 | - | (150,000) | - | (150,000) | - | 99,470 | - | 530 | - |
| PP-A/34-131D; C&I (Infr. Ogr. | 50,000 | - | (50,000) | - | (50,000) | - | 50,000 | - | - | - |
| PP-A/34-133 [Dec. 7(XXXIV)] | 66,600 | - | (66,600) | - | (66,600) | - | 29,382 | - | 20,618 | - |
| PP-A/34-135 [Dec. 10(XXXIV)] | 300,000 | - | (300,000) | - | (300,000) | - | 66,600 | - | - | - |
| PP-A/35-138 [Dec. 4(35) Market | 150,000 | - | (150,000) | - | (150,000) | - | 299,769 | - | 231 | - |
| PP-A/35-139B [Dec. 4(35) Guidln | 60,000 | - | (60,000) | - | (60,000) | - | 150,000 | - | - | - |
| PP-A/35-140A [Dec. 4(35) Nat. WS | 500,000 | - | (500,000) | - | (500,000) | - | 5,946 | - | 54,054 | - |
| PP-A/35-140B [Dec. 4(35) Support | 100,000 | - | (100,000) | - | (100,000) | - | 484,401 | - | 15,599 | - |
| PP-A/35-141 [Dec. 4(35) Promotn | 250,000 | - | (250,000) | - | (250,000) | - | 97,669 | - | 2,391 | - |
| PP-A/35-142 [Dec. 4(35) FAO/Law | 100,000 | - | (100,000) | - | (100,000) | - | 243,204 | - | 6,796 | - |
| PP-A/35-144 [Dec. 4(35) Ex-Post | 100,000 | - | (100,000) | - | (100,000) | - | 100,000 | - | - | - |
| PP-A/35-145 [Dec. 4(35) CSA/GTAG | 100,000 | - | (100,000) | - | (100,000) | - | 80,903 | - | 19,097 | - |
| PP-A/35-146 [Dec. 4(35) Symposi | 30,000 | - | (30,000) | - | (30,000) | - | 100,000 | - | - | - |
| PP-A/35-147 [Dec. 4(35) Managem | 166,500 | - | (166,500) | - | (166,500) | - | 154,977 | - | 11,523 | - |
| PP-A/36-151A [Dec. 4(C31) C/36 | 150,000 | - | (150,000) | - | (150,000) | - | 141,865 | - | 8,135 | - |
| PP-A/36-152 [Dec. 4 (b)(C36)] | 150,000 | - | (150,000) | - | (150,000) | - | 139,487 | - | 10,513 | - |

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 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | | |
| | | | | | | | | |
| PP-A/37-151 (Dec. 4/35) Subsidiary | 20,000 | - | (20,000) | - | 20,000 | - | - | - |
| PP-A/37-155 (Dec. 4/35) Biodiv. | 185,000 | - | (185,000) | - | 185,000 | - | - | - |
| PP-A/37-158A Proj Cycle-Consul | 380,000 | - | (380,000) | - | 380,000 | - | - | - |
| PP-A/39-161 Recruitment of ED | 100,000 | - | (100,000) | - | 100,000 | - | - | - |
| PP-A/39-162A: ITTO & CITES | 7,082,101 | 1,775,657 | (7,012,101) | (1,845,657) | 8,857,758 | 2,125,978 | 771,093 | - |
| PP-A/39-162B: ITTO & CITES | 200,000 | - | (200,000) | - | 200,000 | - | 200,000 | - |
| PP-A/39-163A: Support CPP | 40,000 | - | (40,000) | - | 40,000 | - | 14,221 | - |
| PP-A/39-163B: GFPIS | 40,000 | - | (40,000) | - | 40,000 | - | 40,000 | - |
| PP-A/39-164: Eval. Ythama Plan | 100,000 | - | (100,000) | - | 100,000 | - | 100,000 | - |
| PP-A/39-165: Action Plan 2008 | 150,000 | - | (150,000) | - | 150,000 | - | 150,000 | - |
| PP-A/39-165A: Thematic Program | 110,000 | - | (110,000) | - | 110,000 | - | 110,000 | - |
| PP-A/39-166 Outreach | 250,000 | - | (250,000) | - | 250,000 | - | 250,000 | - |
| PP-A/39-167 UNCTAD INFO COMM | 80,000 | - | (80,000) | - | 80,000 | - | 80,000 | - |
| PP-A/39-168: TAG and CSAG | 80,000 | - | (80,000) | - | 80,000 | - | 80,000 | - |
| PP-A/39-169 Law Enforcement | 200,000 | - | (200,000) | - | 200,000 | - | 200,000 | - |
| PP-A/39-170: Legality of Exports | 240,000 | - | (240,000) | - | 240,000 | - | 227,717 | - |
| PP-A/39-173: Timber Tracking | 229,000 | - | (229,000) | - | 229,000 | - | 216,233 | - |
| PP-A/39-175: Certification System | 150,000 | - | (150,000) | - | 150,000 | - | 141,060 | - |
| PP-A/39-181: FAO 2wk course | 35,000 | - | (35,000) | - | 35,000 | - | 32,948 | - |
| PP-A/39-182: Forest Law Asia WS | 50,000 | - | (50,000) | - | 50,000 | - | 40,279 | - |
| PP-A/39-183: Wood Bioenergy | 200,000 | - | (200,000) | - | 200,000 | - | 196,778 | - |
| PP-A/40-187: Parliamentary Conf | 50,000 | - | (50,000) | - | 50,000 | - | 48,850 | - |
| PP-A/42-191: Forest Inventory | 105,000 | - | (105,000) | - | 105,000 | - | 102,744 | - |
| PP-A/43-195: FLE Workshop | 70,000 | - | (70,000) | - | 70,000 | - | 70,000 | - |
| PP-A/43-196: WS Publication | 35,000 | - | (35,000) | - | 35,000 | - | 22,983 | - |
| PP-A/43-199 Durban Workshop | 70,000 | - | (70,000) | - | 70,000 | - | 43,688 | - |
| PP-A/43-203: Web-based DB | 50,000 | - | (50,000) | - | 50,000 | - | 24,274 | - |
| PP-A/43-204: Assist Statistics | 200,000 | - | (200,000) | - | 200,000 | - | 183,938 | - |
| PP-A/43-205: Promote ITC, NEPD | 290,000 | - | (290,000) | - | 290,000 | - | 277,538 | - |
| PP-A/43-206: Investment Wksp | 200,000 | - | (200,000) | - | 200,000 | - | 192,692 | - |
| PP-A/43-209 Harmonize SFM | 100,000 | - | (100,000) | - | 100,000 | - | 100,000 | - |
| PP-A/43-211: UNFF Secondment | 200,000 | - | (200,000) | - | 200,000 | - | 198,353 | - |
| PP-A/43-212: UNFF initiative | 200,000 | - | (200,000) | - | 200,000 | - | 198,814 | - |
| PP-A/43-213: IUFRO-CPP-GFPIS | 75,000 | - | (75,000) | - | 75,000 | - | 75,000 | - |
| PP-A/43-214: Outreach Activity | 225,000 | - | (225,000) | - | 225,000 | - | 225,000 | - |
| PP-A/43-218: Market study | 100,000 | - | (100,000) | - | 100,000 | - | 99,004 | - |
| PP-A/43-219: Statistics Wksp | 60,000 | - | (60,000) | - | 60,000 | - | 56,604 | - |
| PP-A/43-220: Timber procurement | 143,337 | - | (143,337) | - | 143,337 | - | 140,313 | - |
| PP-A/43-221: Market outlook/09 | 140,000 | - | (140,000) | - | 140,000 | 5,000 | 131,700 | - |

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 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | | |
| PP-A/43-222: Competitiveness | 150,000 | - | (150,000) | - | 150,000 | - | 150,000 | - |
| PP-A/43-223: Environmental Svc | 110,000 | - | (110,000) | - | 55,125 | - | 55,125 | - |
| PP-A/43-224: C&I Add. Wksp | 200,758 | - | (200,758) | - | 173,310 | - | 173,310 | - |
| PP-A/43-227: SFM guidelines | 300,000 | - | (300,000) | 45,300 | 260,766 | (6,066) | 254,700 | 45,300 |
| PP-A/43-230: Tech. & Env. Study | 60,000 | - | (60,000) | - | 53,925 | - | 53,925 | - |
| PP-A/43-231: Bioenergy | 300,000 | - | (300,000) | - | 297,700 | - | 297,700 | - |
| PP-A/43-232: Further processing | 150,000 | - | (150,000) | - | 131,772 | 2,748 | 134,520 | - |
| PP-A/45-241: Outreach | 218,962 | - | (218,962) | - | 218,962 | - | 218,962 | - |
| PP-A/45-242: Forest Gov. WS | 60,000 | - | (60,000) | - | 42,832 | - | 42,832 | - |
| PP-A/45-243: C&I Asst. | 50,000 | - | (50,000) | - | 48,738 | - | 48,738 | - |
| PP-A/45-244: Initial TPAC mtg. | 50,000 | - | (50,000) | 10,000 | 36,146 | - | 36,146 | - |
| PP-A/45-245: Climate Change | 200,000 | - | (200,000) | - | 200,000 | - | 200,000 | - |
| PP-A/45-246: Conf. on Biodiv. | 200,000 | - | (200,000) | - | 187,841 | - | 187,841 | - |
| PP-A/45-247: Wood Prom. Tech. | 100,000 | - | (100,000) | - | 100,000 | - | 100,000 | - |
| PP-A/45-248: IUCN Biodiv. Guid | 76,595 | - | (76,595) | - | 60,655 | - | 60,655 | - |
| PP-A/45-249: CSAGT/G(10-11) | 120,000 | - | (120,000) | - | 67,011 | 40,736 | 107,747 | - |
| PP-A/45-250: 39th Exp. Panel | 95,000 | - | (95,000) | - | 59,439 | - | 59,439 | - |
| PP-A/45-251: 40th Exp. Panel | 95,000 | - | (95,000) | - | 66,915 | - | 66,915 | - |
| PP-A/46-252: IVF 2011 | 150,000 | - | (150,000) | - | 150,000 | - | 150,000 | - |
| PP-A/45-253: Status D-base | 75,000 | - | (75,000) | - | 12,359 | 34,013 | 46,372 | - |
| PP-A/46-254: FAO FLE Wksp | 200,000 | - | (200,000) | - | 178,213 | 14,503 | 192,717 | - |
| PP-A/46-255: Send. For. Guidelin | 24,813 | - | (24,813) | - | 19,293 | - | 19,293 | - |
| PP-A/46-256: 41st Exp. Panel | 95,000 | - | (95,000) | - | 72,665 | - | 72,665 | - |
| PP-A/46-257: 42nd Exp. Panel | 95,000 | - | (95,000) | - | 65,214 | - | 65,214 | - |
| PP-A/47-258: UN.CSD(12.13) | 100,000 | - | (100,000) | - | 71,114 | 376 | 71,490 | - |
| PP-A/47-259: Action Plan 2012 | 150,000 | - | (150,000) | - | 150,000 | - | 150,000 | - |
| PP-A/47-260: Climate Cg. Assst | 150,000 | - | (150,000) | - | 1,488 | 7,856 | 9,343 | - |
| PP-A/47-261: Evaluate TP | 90,000 | - | (90,000) | 50,000 | 50,221 | 12,863 | 63,083 | - |
| PP-A/47-262: Wood processing | 250,000 | - | (250,000) | 171,245 | 20,522 | 24,104 | 44,626 | - |
| PP-A/47-263: Disseminate SME | 100,000 | 50,000 | (80,000) | 70,000 | 11,783 | 12,574 | 24,357 | - |
| PP-A/47-264: Natr. For. Guidelin | 130,000 | - | (130,000) | - | 111,783 | 12,554 | 124,337 | - |
| PP-A/47-265: GPHLR learning | 100,000 | - | (100,000) | 50,000 | 5,752 | - | 5,752 | - |
| PP-A/47-266: IT/O/CBDA-CTO | 1,320,224 | - | (1,320,224) | - | 151,983 | 50,033 | 202,016 | - |
| PP-A/47-268: 43rd Exp. Panel | 95,000 | - | (95,000) | - | 78,064 | - | 78,064 | - |
| PP-A/47-269: 44th Exp. Panel | 95,000 | - | (95,000) | - | 69,667 | 25,333 | 95,000 | - |
| PP-A/30-102B: UNFF German cont. | 347,000 | - | (347,000) | - | 68,420 | 272,915 | 341,335 | - |
| PP-A/47-270: Outreach 2012 | 50,000 | - | (50,000) | - | 26,456 | 14,207 | 40,663 | - |
| PP-A/48-271: Congo Basin Mtg. | 100,000 | - | (100,000) | (50,000) | 6,522 | 67,122 | 73,644 | - |

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

| Project/Sub-Account | Title | Budget | | Receipt | | Arrears in Contributions at 12/31/13 | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from completed projects at 12/31/13 | |
|--|----------------|------------------------|-----------|------------------------|-------------|--------------------------------------|---------|------------------------|-----------|--|---|------------------------|
| | | Accumulated Total 2012 | 2013 | Accumulated Total 2012 | 2013 | Accumulated Total 2013 | 2013 | Accumulated Total 2012 | 2013 | | | Accumulated Total 2013 |
| | | | | | | | | | | | | |
| <u>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</u> | | | | | | | | | | | | |
| PD 168/02 Rev.1 (M) /C/33 | | 243,594 | - | (243,594) | - | (243,594) | - | (805) | - | 14,084 | - | |
| PD 182/03 Rev.2 (M) /C/37 | | 285,768 | - | (285,768) | - | (285,768) | - | - | - | 448 | - | |
| PD 479/07 Rev.2 (M) /C/44 | | 596,419 | - | (596,419) | - | (596,419) | - | - | - | 9,903 | - | |
| PD 480/07 Rev.2 (M) /C/44 | | 263,520 | - | (263,520) | - | (263,520) | - | - | - | 2,754 | - | |
| PD 479/98 Rev.2 (M) | | 271,198 | - | (271,198) | - | (271,198) | - | - | - | 271,198 | - | |
| PD 599/11 Rev.1 (M) /C/47 | | 497,930 | - | (497,930) | - | (497,930) | - | - | - | 290,027 | - | |
| PD 620/11 Rev.1 (M) /C/47 | | 599,872 | 727,308 | (434,530) | (727,308) | (1,161,839) | 165,342 | 171,000 | - | 388,880 | - | |
| PD 621/11 Rev.3 (M) /C/48 | | 349,032 | - | (349,032) | (200,000) | (200,000) | - | 650,382 | - | 262,718 | - | |
| PD 678/12 Rev.1 (M) /C/48 | | 398,704 | - | (398,704) | (398,704) | (398,704) | - | 169,745 | - | 228,959 | - | |
| PD 692/13 Rev.1 (M) /C/49 | | - | 290,541 | - | (84,833) | (84,833) | 205,708 | 7,132 | - | 283,409 | - | |
| | Sub-Total (M): | 3,506,037 | 1,017,849 | (2,741,991) | (1,410,845) | (4,152,837) | 371,050 | 1,072,729 | - | 1,481,183 | - | |
| <u>REFORESTATION & FOREST MANAGEMENT (F)</u> | | | | | | | | | | | | |
| PD 28/00 Rev.2 (F) (ITT/C30) | | 563,265 | - | (563,265) | - | (563,265) | - | - | - | 10,941 | - | |
| PD 37/00 Rev.1 (F) | | 594,678 | - | (594,678) | - | (594,678) | - | - | - | - | - | |
| PD 53/00 Rev.3 (F) /C/32 | | 342,795 | - | (342,795) | - | (342,795) | - | - | - | 30,926 | - | |
| PD 54/00 Rev.4 (F) /C/32 | | 378,584 | - | (378,584) | - | (378,584) | 134,897 | - | - | 158,762 | - | |
| PD 63/01 Rev.2 (F) /C/32 | | 301,570 | - | (301,570) | - | (301,570) | - | - | - | 22,452 | - | |
| PD 66/01 Rev.1 (F) /C/31 | | 770,751 | - | (770,751) | - | (770,751) | - | - | - | 20,895 | - | |
| PD 165/02 Rev.3 (F) /C/35 | | 526,401 | - | (526,401) | - | (526,401) | - | - | - | 20,000 | - | |
| PD 197/03 Rev.2 (F) /C/35 | | 317,093 | - | (317,093) | - | (317,093) | - | - | - | 36,554 | - | |
| PD 217/03 Rev.7 (F) /C/37 | | 139,898 | - | (139,898) | - | (139,898) | - | - | - | 4,652 | - | |
| PD 248/03 Rev.4 (F) /C/37 | | 577,800 | - | (577,800) | - | (577,800) | - | 7,712 | - | 5,000 | - | |
| PD 256/03 Rev.1 (F) /C/35 | | 301,750 | - | (301,750) | - | (301,750) | - | - | - | 42,155 | - | |
| PD 359/05 Rev.1 (F) | | 942,166 | - | (942,166) | - | (942,166) | - | - | - | 13,382 | - | |
| PD 367/05 Rev.2 (F) /C/41 | | 143,856 | - | (143,856) | - | (143,856) | - | - | - | 16,941 | - | |
| PD 377/05 Rev.3 (F) | | 421,060 | - | (421,060) | - | (421,060) | - | 43,253 | - | 33,406 | - | |
| PD 396/06 Rev.2 (F) /C/41 | | 508,234 | - | (508,234) | - | (508,234) | - | 8,252 | - | 18,700 | - | |
| PD 419/06 Rev.3 (F) /Spring/08 | | 912,764 | - | (912,764) | - | (912,764) | - | 22,849 | - | 72,374 | - | |
| PD 419/06R.3(F)-EXT. TICAD/SP13 | | - | 1,800,000 | - | (1,800,000) | (1,800,000) | - | 595,442 | - | 1,204,558 | - | |
| PD 424/06 Rev.2 (F) /Spring/08 | | 429,138 | - | (429,138) | - | (429,138) | - | 78,618 | - | 62,239 | - | |
| PD 426/06 Rev.1 (F) /C/41 | | 507,903 | - | (507,903) | - | (507,903) | - | - | - | 20,329 | - | |
| PD 428/06 Rev.2 (F) /C/44 | | 507,978 | (502,978) | 502,978 | - | (502,978) | - | 13,807 | (487,978) | - | - | |
| PD 438/06 Rev.2 (F) | | 547,917 | - | (547,917) | - | (547,917) | - | - | - | 38,384 | - | |
| PD 441/07 Rev.2 (F) /C/44 | | 463,115 | - | (463,115) | - | (463,115) | - | 57,622 | - | 180,329 | - | |
| PD 450/07 R.2 (F.1) /SP10 | | 402,516 | - | (402,516) | - | (402,516) | - | 95,000 | - | 82,770 | - | |
| PD 451/07 Rev.1 (F) /C/42 | | 1,092,960 | - | (1,092,960) | - | (1,092,960) | - | - | - | 15,916 | - | |
| PD 454/07 Rev.3 (F) /C/46 | | 513,527 | - | (513,527) | - | (513,527) | - | 2,214 | - | 398,242 | - | |

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

| Title | Budget | | Receipt | | Arrears in Contributions at 12/31/13 | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from completed projects at 12/31/13 | | |
|-----------------------------|------------------------|-----------|------------------------|-------------|--------------------------------------|-----------|------------------------|-----------|--|---|-------------------------------------|------------------------|
| | Accumulated Total 2012 | 2013 | Accumulated Total 2012 | 2013 | Accumulated Total 2013 | 12/31/13 | Accumulated Total 2012 | 2013 | | | Deletion of completed projects 2013 | Accumulated Total 2013 |
| PD 456/07 Rev.4 (F)/C47 | 4,408,557 | - | (3,664,392) | (226,290) | (3,890,682) | 517,875 | 480,652 | 457,522 | - | 938,173 | 3,470,384 | - |
| PD 459/07 Rev.1 (F)/C44 | 593,163 | - | (593,163) | - | (593,163) | - | 572,843 | 3,731 | - | 576,574 | 16,589 | - |
| PD 460/07 R.2 (F) Ph.1/SP10 | 277,333 | (277,333) | (277,333) | 277,333 | - | - | 268,995 | 5,338 | (274,333) | - | - | - |
| PD 470/07 Rev.1 (F)/C44 | 209,574 | - | (209,574) | - | (209,574) | - | 15,560 | 65,000 | - | 80,560 | 129,014 | - |
| PD 482/07 Rev.2 (F)/C44 | 470,108 | (470,108) | (470,108) | 470,108 | - | - | 449,746 | 20,362 | (470,108) | - | - | 0 |
| PD 492/07 Rev.3 (F)/C44 | 676,231 | (676,231) | (676,231) | 676,231 | - | - | 627,590 | 48,641 | (676,231) | - | - | 23,641 |
| PD 501/08 Rev.1 (F)/C45 | 353,435 | - | (353,435) | - | (353,435) | - | 341,082 | - | - | 341,082 | 12,353 | - |
| PD 507/08 Rev.1 (F)/C44 | 396,310 | - | (396,310) | - | (396,310) | - | 221,131 | 5,384 | - | 226,515 | 169,795 | - |
| PD 519/08 Rev.1 (F)/C44 | 814,590 | - | (814,590) | - | (814,590) | - | 575,338 | 73,010 | - | 648,348 | 166,242 | - |
| PD 528/08 Rev.1 (F)/C45 | 465,264 | - | (465,264) | - | (465,264) | - | 270,802 | 80,618 | - | 351,420 | 113,844 | - |
| PD 534/08 Rev.1 (F)/C46 | 424,837 | - | (424,837) | - | (424,837) | - | 247,364 | 96,000 | - | 343,364 | 81,473 | - |
| PD 539/09 Rev.1 (F)/C45 | 149,710 | - | (149,710) | - | (149,710) | - | 131,210 | - | - | 131,210 | 18,500 | - |
| PD 552/09 Rev.1 (F)/C45 | 644,814 | - | (644,814) | - | (644,814) | - | 316,335 | 90,429 | - | 406,764 | 238,050 | - |
| PD 577/10 Rev.1 (F)/C46 | 2,051,039 | - | (2,051,039) | - | (2,051,039) | - | 553,002 | 506,529 | - | 1,059,531 | 991,508 | - |
| PD 583/10 Rev.1 (F)/C46 | 149,796 | (149,796) | (149,796) | 149,796 | - | - | 124,796 | 25,000 | (149,796) | - | - | - |
| PD 586/10 Rev.1 (F)/C46 | 414,104 | - | (414,104) | - | (414,104) | - | 244,242 | 62,839 | - | 307,082 | 107,022 | - |
| PD 590/10 Rev.1 (F)/C46 | 517,563 | - | (517,563) | - | (517,563) | - | 297,500 | 61,756 | - | 359,257 | 158,306 | - |
| PD 21/98 Rev.2 (F) | 647,517 | - | (647,517) | - | (647,517) | - | 552,271 | 50,109 | - | 602,380 | 45,137 | - |
| PD 24/98 Rev.2 (F) | 177,610 | - | (177,610) | - | (177,610) | - | 168,890 | - | - | 168,890 | 8,720 | - |
| PD 62/99 Rev.3 (F) | 543,892 | - | (543,892) | - | (543,892) | - | 470,189 | 6,145 | - | 476,334 | 67,558 | - |
| PD 495/08 Rev.4 (F)/C47 | 492,588 | - | (492,588) | - | (492,588) | - | 36,860 | 194,726 | - | 231,586 | 261,002 | - |
| PD 530/08 Rev.3 (F)/C47 | 569,665 | - | (569,665) | - | (569,665) | - | 191,949 | 80,000 | - | 271,949 | 297,716 | - |
| PD 564/09 Rev.1 (F) SP11 | 149,904 | (149,904) | (149,904) | 149,904 | - | - | 149,904 | - | (149,904) | - | - | - |
| PD 584/10 Rev.2 (F)/C47 | 162,788 | - | (162,788) | - | (162,788) | - | 66,849 | 78,581 | - | 145,430 | 17,358 | - |
| PD 617/11 Rev.1 (F)/C47 | 1,283,191 | (341,632) | (941,559) | (350,000) | (941,559) | - | 43,819 | 182,273 | - | 226,092 | 715,467 | - |
| PD 622/11 Rev.1 (F)/C47 | 149,958 | - | (149,958) | - | (149,958) | - | 45,376 | 60,000 | - | 105,376 | 44,582 | - |
| PD 477/07 Rev.4 (F)/C48 | 338,256 | - | (338,256) | - | (338,256) | - | 20 | 29,468 | - | 29,388 | 308,868 | - |
| PD 581/10 Rev.2 (F)/C48 | 345,840 | - | (345,840) | - | (345,840) | - | - | 169,933 | - | 169,933 | 175,907 | - |
| PD 635/12 Rev.2 (F)/C48 | 517,450 | - | (274,760) | (242,690) | (517,450) | - | 20,373 | 22,321 | - | 42,694 | 474,756 | - |
| PD 653/12 Rev.1 (F)/C48 | 245,272 | - | (245,272) | (245,272) | (245,272) | - | - | 118,392 | - | 118,392 | 126,880 | - |
| PD 668/12 Rev.1 (F)/C48 | 641,639 | - | (200,000) | (441,639) | (641,639) | - | 14,715 | 32,743 | - | 47,458 | 594,181 | - |
| PD 673/12 Rev.1 (F)/C48 | 464,033 | - | (464,033) | - | (464,033) | - | 32 | 195,510 | - | 195,542 | 268,491 | - |
| PD 682/13 Rev.1 (F)/C49 | - | 149,744 | - | - | - | 149,744 | - | - | - | - | 149,744 | - |
| PD 696/13 Rev.2 (F)/C49 | - | 310,576 | - | - | - | 310,576 | - | - | - | - | 310,576 | - |
| PD 710/13 Rev.1 (F)/C49 | - | 479,976 | - | - | - | 479,976 | - | - | - | - | 479,976 | - |
| PD 601/11 Rev.3 (F)/C49 | - | 496,290 | - | (6,223) | (6,223) | - | - | 461 | - | 461 | 495,829 | - |
| PD 602/11 Rev.3 (F)/C49 | - | 350,402 | - | (50,000) | (50,000) | 300,402 | - | 5,190 | - | 5,190 | 345,212 | - |
| Sub-Total (F): | 31,948,750 | 1,019,006 | (28,300,326) | (2,283,893) | (30,584,219) | 2,383,537 | 18,052,508 | 3,752,680 | (2,208,350) | 19,596,838 | 13,370,917 | 23,641 |

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

| Title | Budget | | | Receipt | | | Arrears in Contributions at 12/31/13 | | | 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 | Accumulated Total 2012 | 2013 | Deletion of completed projects 2013 | Accumulated Total 2013 | | | | |
| | | | | | | | | | | | | | | |
| FOREST INDUSTRY (I) | | | | | | | | | | | | | | |
| PD 364/05 Rev.4 (0)/C43 | 214,364 | - | (214,364) | - | (214,364) | (214,364) | - | 209,266 | 5,097 | - | 214,364 | - | - | - |
| PD 384/05 Rev.3 (0)/C41 | 463,670 | - | (463,670) | - | (463,670) | (463,670) | - | 438,495 | - | - | 438,495 | - | 25,175 | - |
| PD 385/05 Rev.4 (LF) | 314,678 | (314,678) | - | - | - | - | - | 314,678 | - | (314,678) | - | - | - | - |
| PD 433/06 Rev.3 (0)/C45 | 516,927 | - | (516,927) | - | (516,927) | (516,927) | - | 186,257 | 147,711 | - | 333,968 | - | 182,959 | - |
| PD 448/07 Rev.2 (0)/C44 | 354,672 | (354,672) | - | (354,672) | 354,672 | - | - | 332,941 | 21,731 | (354,672) | - | - | - | 9,551 |
| PD 506/08 Rev.1 (0)/C44 | 292,522 | - | (292,522) | - | (292,522) | (292,522) | - | 231,878 | - | - | 231,878 | - | 60,644 | - |
| PD 512/08 Rev.2 (0)/C45 | 398,517 | (398,517) | - | (398,517) | 398,517 | - | - | 359,202 | 37,829 | (397,031) | - | - | - | 6,053 |
| PD 513/08 Rev.1 (0)/C45 | 278,640 | - | (278,640) | - | (278,640) | (278,640) | - | 263,236 | 68,805 | - | 263,236 | - | 15,404 | - |
| PD 521/08 Rev.3 (0)/C46 | 490,374 | - | (490,374) | - | (490,374) | (490,374) | - | 402,176 | 19,796 | (601,907) | - | - | 19,392 | - |
| PD 523/08 Rev.1 (0)/C45 | 605,094 | (605,094) | - | (555,094) | 555,094 | - | - | 582,111 | 5,357 | - | 5,357 | - | 244,711 | - |
| PD 687/13 Rev.1 (0)/C49 | 250,068 | - | (250,068) | - | (500,000) | (500,000) | 200,068 | - | - | - | - | - | 226,041 | - |
| PD 722/13 Rev.1 (0)/C49 | 226,041 | - | (226,041) | - | - | - | 226,041 | - | - | - | - | - | 226,041 | - |
| PD 2433,135 | 2,433,135 | - | (2,433,135) | - | (2,433,135) | (2,433,135) | - | 2,392,832 | - | - | 2,392,832 | - | 40,304 | - |
| PD 01/93 Rev.1 (M.F.I) | 317,149 | - | (317,149) | - | (317,149) | (317,149) | - | 311,774 | - | - | 311,774 | - | 5,375 | - |
| PD 39/93 Rev.4 (0) | 622,191 | - | (622,191) | - | (622,191) | (622,191) | - | 619,194 | - | - | 619,194 | - | 2,997 | - |
| PD 58/97 Rev.1 (0) | 216,017 | - | (216,017) | - | (216,017) | (216,017) | - | 216,017 | - | - | 216,017 | - | - | - |
| pd 13/99 (nm) rev.2 ph.2 BPF | 31,210 | - | (31,210) | - | (31,210) | (31,210) | - | 31,210 | - | - | 31,210 | - | - | - |
| PD 457/07 Rev.5 (0)/C46 | 448,362 | - | (448,362) | - | (448,362) | (448,362) | - | 90,346 | 190,987 | - | 281,333 | - | 167,029 | - |
| PD 540/09 Rev.2 (0)/C47 | 537,095 | - | (537,095) | - | (537,095) | (537,095) | - | 39,786 | 140,070 | - | 179,856 | - | 357,239 | - |
| PD 600/11 Rev.1 (0) 2011 | 74,520 | - | (74,520) | - | (74,520) | (74,520) | - | 54,520 | - | - | 54,520 | - | 20,000 | - |
| PD 39/93 Rev.4 (0) Ph.II AU10 | 5,327,423 | 515,000 | (5,842,423) | (4,926,215) | (716,208) | (5,642,423) | 200,000 | 4,387,146 | 851,551 | - | 5,238,697 | - | 603,726 | - |
| Freezalah Fellowship Fund | 13,956,560 | (681,852) | (13,274,708) | (10,914,177) | (1,714,422) | (12,628,599) | 626,109 | 11,463,065 | 1,488,934 | (1,668,288) | 11,283,711 | - | 1,970,997 | 16,268 |
| Sub-Total (0) : | 49,391,347 | 1,355,003 | (50,746,350) | (41,956,494) | (5,409,160) | (47,365,655) | 3,380,696 | 31,485,548 | 6,314,343 | (3,876,638) | 33,923,253 | - | 16,823,097 | 39,909 |
| Total of Project Sub-Account: | | | | | | | | | | | | | | |

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

| Thematic Programmes Sub-Account | Title | Budget | | Receipt | | Arrears in Contributions at 12/31/13 | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/13 | | |
|--|--|------------------------|--------|------------------------|-----------|--------------------------------------|----------|------------------------|-----------|--|---|-------------------------------------|------------------------|
| | | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | 12/31/13 | Accumulated Total 2012 | FY2013 | | | Deletion of completed projects 2013 | Accumulated Total 2013 |
| | | | | | | | | | | | | | |
| <u>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</u> | | | | | | | | | | | | | |
| | TFL-PD003/09 Rev.2 (M)/03/10 | 365,526 | - | (365,526) | - | (365,526) | - | 121,198 | 907 | - | 122,105 | - | |
| | TFL-PD007/09 Rev.1 (M)/03/10 | 163,039 | - | (163,039) | - | (163,039) | - | 163,039 | - | - | 163,039 | - | |
| | TFL-PD010/09 Rev.1 (M)/03/10 | 474,163 | - | (474,163) | - | (474,163) | - | 454,970 | - | - | 454,970 | - | |
| | TFL-PD014/09 Rev.1 (M)/03/10 | 302,562 | - | (302,562) | - | (302,562) | - | 206,534 | 907 | - | 207,441 | - | |
| | TFL-PD017/09 Rev.2 (M)/SP10 | 322,056 | - | (322,056) | - | (322,056) | - | 229,392 | 75,617 | - | 305,009 | - | |
| | TMT-SPD002/10 Rev.1 (M)/SP10 | 150,000 | - | (150,000) | - | (150,000) | - | 124,787 | 15,804 | - | 140,592 | - | |
| | CFM-PPD005/10 Rev.1 (M)/SP10 | 31,104 | - | (31,104) | - | (31,104) | - | 2,304 | (2,304) | - | - | - | |
| | TFL-PD019/10 Rev.2 (M)/SP10 | 496,670 | - | (203,391) | (266,883) | (470,274) | 26,396 | 277,740 | 193,897 | - | 471,637 | - | |
| | TFL-PD024/10 Rev.2 (M)/SP10 | 563,339 | - | (150,000) | (75,448) | (225,448) | 337,891 | 113,969 | 12,652 | - | 226,601 | - | |
| | TMT-PPD006/11 Rev.3 (M)/SP11 | 320,920 | - | (320,920) | - | (320,920) | - | 124,117 | 177,626 | - | 301,744 | - | |
| | RED-PD043/11 Rev.2 (M)/SP11 | 470,683 | - | (470,683) | - | (470,683) | - | 122,977 | 141,556 | - | 264,533 | - | |
| | TMT-SPD004/11 R.2(M)/SP11 | 359,716 | - | (359,716) | - | (359,716) | - | 29,004 | 220,314 | - | 249,318 | - | |
| | TMT-SPD010/12 Rev.1 (M)/SP12 | 138,033 | - | (138,033) | - | (138,033) | - | 10,225 | 70,059 | - | 80,284 | - | |
| | TMT-SPD011/12 Rev.2 (M)/SP12 | 138,996 | - | (138,996) | - | (138,996) | - | 10,296 | - | - | 10,296 | - | |
| | TMT-SPD012/12 Rev.1 (M)/SP12 | 111,931 | - | (111,931) | - | (111,931) | - | 8,291 | 68,740 | - | 77,031 | - | |
| | TMT-SPD013/12 Rev.1 (M)/SP12 | 150,000 | - | (150,000) | - | (150,000) | - | 37,257 | 59,620 | - | 96,877 | - | |
| | TFL-SPD028/12 Rev.1 (M)/SP12 | 147,701 | - | (147,701) | - | (147,701) | - | 10,941 | 78,870 | - | 89,811 | - | |
| | TFL-SPD029/12 Rev.1 (M)/SP12 | 137,941 | - | (137,941) | - | (137,941) | - | 10,218 | 25,028 | - | 35,246 | - | |
| | TFL-SPD030/12 Rev.1 (M)/SP12 | 131,236 | - | (131,236) | - | (131,236) | - | 9,721 | 37,028 | - | 46,749 | - | |
| | TFL-PPD040/13 Rev.2 (M)/2013 | - | 74,586 | - | (74,586) | (74,586) | - | - | 7,991 | - | 7,991 | - | |
| | TFL-PPD001/09 Rev.2 (M)/03/10 Closed '12 | 4,975,616 | - | (4,368,988) | (416,917) | (4,685,915) | 364,287 | 2,066,979 | 1,284,294 | - | 3,351,272 | - | |
| | Sub-Total (M) : | | | | | | | | | | | | |
| | | 4,975,616 | 74,586 | (4,368,988) | (416,917) | (4,685,915) | 364,287 | 2,066,979 | 1,284,294 | - | 3,351,272 | 1,667,836 | |

International Tropical Timber Organization Special Account

Notes to Financial Statements (continued)

| Title | Budget | | Receipt | | Arrears in Contributions at 12/31/13 | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/13 |
|--|------------------------|-----------|------------------------|-----------|--------------------------------------|---------|------------------------|-----------|--|---|
| | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2012 | FY2013 | | |
| REFORESTATION & FOREST MANAGEMENT (E) | | | | | | | | | | |
| REDA-004/09 Rev. 1 (F)/1109 | 97,180 | - | (97,180) | - | (97,180) | - | 92,930 | - | 4,250 | - |
| RED-PD 005/09 Rev. 2 (F)/0210 | 400,680 | - | (400,680) | - | (400,680) | - | 390,834 | - | 9,846 | - |
| TFL-PPD 005/09 Rev. 1 (F)/1109 | 56,970 | (56,970) | - | 56,970 | - | - | 4,280 | (4,280) | - | - |
| RED-PPD 006/09 Rev. 2 (F)/0210 | 82,080 | - | (82,080) | - | (82,080) | - | 82,080 | - | - | - |
| RED-PD 007/09 Rev. 2(F)/0310 | 447,071 | - | (447,071) | - | (447,071) | - | 447,071 | - | - | - |
| RED-PD 009/09 Rev. 2(F)/0310 | 149,493 | - | (149,493) | - | (149,493) | - | 127,204 | 13,805 | 141,009 | 8,484 |
| RED-PD 018/09 Rev. 1(F)/0210 | 356,519 | - | (356,519) | - | (356,519) | - | 285,702 | 53,736 | 339,439 | 17,080 |
| RED-PD 020/09 Rev. 1(F)/0310 | 149,040 | - | (149,040) | - | (149,040) | - | 149,040 | - | 149,040 | - |
| REDA-023/09 Rev. 1 (F)/0210 | 476,820 | - | (476,820) | - | (476,820) | - | 474,591 | 2,229 | - | - |
| RED-PD 026/09 Rev. 1 (F)/0210 | 658,716 | - | (658,716) | - | (658,716) | - | 552,537 | 119,773 | 487,366 | 171,350 |
| RED-PD 029/09 Rev. 1 (F)/0310 | 1,124,784 | - | (1,124,784) | - | (1,124,784) | - | 552,537 | 308,318 | 860,855 | 263,929 |
| CFM-PPD 001/10 Rev. 1 (F)/SP10 | 465,151 | - | (465,151) | - | (465,151) | - | 338,025 | 82,839 | 420,864 | 44,287 |
| CFM-PPD 006/10 Rev. 1 (F)/SP10 | 122,040 | - | (122,040) | - | (122,040) | - | 79,000 | 43,000 | 122,040 | - |
| CFM-SPD 007/10 Rev. 1 (F)/SP10 | 149,229 | - | (149,229) | - | (149,229) | - | 124,533 | 13,175 | 137,708 | 11,521 |
| CFM-PA 009/10 Rev. 2 (F)/SP10 | 200,000 | - | (200,000) | - | (200,000) | - | 200,000 | (7,315) | 192,685 | 7,315 |
| RED-PD 031/11 Rev. 1 (F)/SP11 | 478,894 | - | (478,894) | - | (478,894) | - | 191,439 | 179,851 | 371,291 | 107,603 |
| RED-PD 033/11 Rev. 3 (F)/SP11 | 415,384 | - | (415,384) | - | (415,384) | - | 233,081 | 84,744 | 317,825 | 97,559 |
| RED-PD 037/11 Rev. 2 (F)/SP11 | 590,922 | - | (590,922) | - | (590,922) | - | 193,772 | 5,560 | 199,332 | 391,590 |
| RED-PD 038/11 Rev. 3 (F)/SP11 | 571,890 | - | (571,890) | - | (571,890) | - | 162,438 | 116,022 | 278,460 | 293,430 |
| RED-SPD 039/11 Rev. 1 (F)/SP11 | 113,373 | - | (113,373) | - | (113,373) | - | 8,398 | - | 104,975 | - |
| RED-PPD 041/11 Rev. 2 (F)/SP11 | 144,650 | - | (144,650) | - | (144,650) | - | 81,034 | 63,616 | 144,650 | - |
| RED-PPD 051/11 Rev. 1 (F)/SP11 | 73,613 | - | (73,613) | - | (73,613) | - | 8,781 | - | 64,832 | - |
| RED-SPD 055/11 Rev. 1 (F)/SP11 | 81,864 | - | (81,864) | - | (81,864) | - | 66,390 | 12,800 | 79,190 | 2,674 |
| RED-SPD 055/11 Rev. 1 (F)/SP11 | 149,922 | - | (149,922) | - | (149,922) | - | 71,105 | 78,817 | 149,922 | - |
| RED-PA 056/11 Rev. 1 (F)/SP11 | 253,120 | - | (253,120) | - | (253,120) | - | 188,448 | 42,509 | 230,957 | 22,163 |
| RED-PPD 058/11 Rev. 2 (F)/SP11 | 142,110 | - | (142,110) | - | (142,110) | - | 10,527 | - | 131,583 | - |
| RED-PPD 064/11 Rev. 2 (F)/SP11 | 504,317 | - | (504,317) | - | (504,317) | - | 187,357 | - | 316,960 | - |
| RED-PA 069/11 Rev. 1 (F)/SP11 | 143,510 | - | (143,510) | - | (143,510) | - | 76,510 | 40,000 | 27,000 | 187,357 |
| RED-PPD 074/12 Rev. 1 (F)/SP12 | 101,117 | - | (101,117) | - | (101,117) | - | 9,388 | 70,222 | 79,610 | 21,507 |
| RED-SPD 075/12 Rev. 1 (F)/SP12 | 145,800 | - | (145,800) | - | (145,800) | - | 10,820 | 90,840 | 101,659 | 44,141 |
| RED-SPD 077/12 Rev. 1 (F)/SP12 | 121,662 | - | (121,662) | - | (121,662) | - | 9,012 | 30,202 | 39,214 | 82,448 |
| RED-SPD 079/12 Rev. 1 (F)/SP12 | 146,751 | - | (146,751) | - | (146,751) | - | 10,870 | 34,539 | 45,409 | 101,342 |
| RED-SPD 084/12 Rev. 1 (F)/SP12 | 149,922 | - | (149,922) | - | (149,922) | - | 11,105 | 65,568 | 76,673 | 73,249 |
| RED-SPD 092/12 Rev. 1 (F)/SP12 | 149,904 | - | (149,904) | - | (149,904) | - | 11,104 | 43,980 | 55,084 | 94,820 |
| RED-SPD 093/12 Rev. 3 (F)/12 | 297,205 | - | (297,205) | - | (297,205) | - | 22,015 | 203,998 | 226,013 | 71,192 |
| Sub-Total (F) | 9,711,208 | (656,970) | (9,654,733) | - | (9,654,733) | - | 5,279,053 | 1,788,549 | 7,067,602 | 2,587,132 |
| Forest Indirect (D) | | | | | | | | | | |
| TMT-PA 007/11 Rev. 1 (F)/SP11 | 60,116 | - | (60,116) | - | (60,116) | - | 37,916 | - | 22,200 | - |
| Sub-Total (D) | 60,116 | - | (60,116) | - | (60,116) | - | 37,916 | - | 22,200 | - |
| Total of Thematic Programmes Sub-Account: | 14,747,435 | 17,616 | (14,040,817) | (359,947) | (14,400,764) | 364,287 | 7,383,948 | 3,072,842 | 10,456,790 | 4,277,157 |

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

International Tropical Timber Organization

December 31, 2013 and 2012



International Tropical Timber Organization
Bali Partnership Fund Account

Financial Statements

December 31, 2013 and 2012

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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 balance sheet of the Bali Partnership Fund Account of International Tropical Timber Organization (the "ITTO") as of December 31, 2013, and the related statements of revenues and expenditures, changes in fund balance, and cash flows for the years 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 provisions of the ITTA and the "Financial Rules and Rules Relating to Projects of the ITTO".

The ITTO Secretariat is responsible for the preparation and fair presentation 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.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by the Secretariat, and evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with accounting policies set out in Note 1.

Without modifying our opinion, 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 anyone other than members of ITTO.

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.

June 12, 2014



International Tropical Timber Organization
Bali Partnership Fund Account

Balance Sheets

| | December 31, | |
|--|-----------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Assets | | |
| Cash and time deposits | \$ 5,430 | \$ 5,430 |
| Arrears in voluntary contributions <i>(Note 5)</i> | 631,802 | 31,802 |
| Accounts receivable from Executing Agencies Account | 29,293,122 | 29,506,685 |
| Advances to and receivable from staff members and others <i>(Note 1)</i> | – | 5,540 |
| | \$29,930,354 | \$29,549,457 |
| Liabilities and contributions | | |
| Accounts payable to Special Account | \$28,839,878 | \$28,627,824 |
| Accounts payable to staff members and others | 7,206 | 1,056 |
| Accrued liabilities | 793 | 28,192 |
| Reserve for programme support | 1,299 | – |
| | 28,849,175 | 28,657,072 |
| Members' funds | | |
| Surplus of revenues over expenditures: | | |
| Appropriated for specified projects <i>(Note 5)</i> | 4,284,790 | 4,300,019 |
| Unappropriated funds | (3,815,461) | (3,998,978) |
| Surplus from completed projects <i>(Note 5)</i> | 611,850 | 591,345 |
| Total Members' funds | 1,081,179 | 892,385 |
| | \$29,930,354 | \$29,549,457 |

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, | |
|--|--------------------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Revenues: | | |
| Voluntary contributions <i>(Notes 2, 4 and 5)</i> | \$ 631,132 | \$ 177,158 |
| Interest income <i>(Note 3)</i> | 33,707 | 104,046 |
| Dividends <i>(Note 3)</i> | 149,804 | — |
| | 814,643 | 281,204 |
| Expenditures and others: | | |
| Project cost <i>(Note 5)</i> | 216,152 | 1,301,025 |
| Exchange loss, net | (7) | 66 |
| Time delay (Reversal of time delay) in settling advance payments | 17,490 | (142,235) |
| | 233,636 | 1,158,856 |
| Excess of expenditures over revenues | \$ 581,007 | \$ (877,652) |

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> | | | |
| 2012 | | | | |
| Member's funds as of January 1, 2012 | \$ 4,158,762 | \$(4,179,961) | \$ 308,879 | \$ 287,681 |
| Excess of expenditures over revenues | — | (877,652) | — | (877,652) |
| Appropriated for specified project | (1,341,100) | 1,341,100 | — | — |
| Utilization of remaining funds by donors | — | 77,003 | — | 77,003 |
| Transfer to surplus from completed project | — | (359,469) | 359,469 | — |
| Transfer to/from unappropriated fund | — | — | (77,003) | (77,003) |
| Transfer to/from Special Account | — | — | — | — |
| Transfer to/from Executing Agencies Account | 1,482,356 | — | — | 1,482,356 |
| Other | — | — | — | — |
| Members' funds as of December 31, 2012 | <u>\$ 4,300,019</u> | <u>\$(3,998,978)</u> | <u>\$ 591,345</u> | <u>\$ 892,385</u> |
| 2013 | | | | |
| Excess of expenditures over revenues | \$ 376,985 | \$ 183,517 | \$ — | \$ 560,502 |
| Appropriated for specified project | — | — | — | — |
| Utilization of remaining funds by donors | — | — | — | — |
| Transfer to surplus from completed project | — | — | 20,506 | 20,506 |
| Transfer to/from unappropriated fund | — | — | — | — |
| Transfer to/from Special Account | — | — | — | — |
| Transfer to/from Executing Agencies Account | (392,214) | — | — | (392,214) |
| Other | — | — | — | — |
| Members' funds as of December 31, 2013 | <u>\$ 4,284,790</u> | <u>\$(3,815,461)</u> | <u>\$ 611,850</u> | <u>\$ 1,081,179</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, | |
|--|--------------------------------|--------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Excess of expenditures over revenues transferred to members' funds | \$ 581,007 | \$ (877,652) |
| Changes in assets and liabilities: | | |
| Arrears in contributions | (600,000) | – |
| Accounts Receivable from Executing Agencies Account | 213,563 | (1,584,895) |
| Advance to and received from staff members and others | 5,540 | (12,354) |
| Accrued interest | – | 4,207 |
| Accounts Payable to Special Account | 212,054 | 957,392 |
| Accounts Payable to staff members and others | 6,150 | (456) |
| Accrued Liabilities | (27,399) | 28,192 |
| Reserve for programme support | 1,299 | – |
| Changes in members' funds: | | |
| Transfer to/from Executing Agencies Account | (392,214) | – |
| Appropriated for specified project | – | 141,257 |
| Unappropriated funds | – | 1,058,634 |
| Surplus from completed projects | – | 282,465 |
| Net increase (decrease) in cash | 1 | (3,208) |
| Cash and time deposits at beginning of year | 5,430 | 8,638 |
| Cash and time deposits at end of year | \$ 5,430 | \$ 5,430 |

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, 2013 and 2012.

The accumulated balance of cash received and transfers from the Special Account for contributions at December 31, 2013 are as follows:

| <u>Received in</u> | <u>Cash received</u> | <u>Transfer from Special Account</u> <i>(U.S. dollars)</i> | <u>Net contribution received</u> |
|--------------------|----------------------|---|--------------------------------------|
| 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 |
| | <u>\$4,690,990</u> | <u>\$31,866,905</u> | <u>\$36,557,895</u> |

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 and Dividends includes those incurred in the Special Account in the amount of \$183,076 for 2013 and \$103,639 for 2012.

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

4. Utilization of Members' Funds

During the year ended December 31, 2013, there was no utilization of members' funds to Projects, Pre-Projects or Activities to be recorded as revenue.

During the year ended December 31, 2012, ITTO utilized members' funds. The details are as follows:

Utilization of remaining funds by donors' account:

| <u>Description</u> | <u>Amount transferred</u> <i>(U.S. dollars)</i> |
|---|--|
| Transfer to BPF-B from completed Activities | <u>\$77,003</u> |
| Total | <u><u>\$77,003</u></u> |

During the year ended December 31, 2012, there was no utilization of members' funds to Projects, Pre-Projects or Activities to be recorded as revenue.

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements

| 5. DETAIL OF PROJECT STATUS | | | | | | | | | | | | | | |
|--|-------------|---------|------------|-------------|--------|-------------|------------|--------|------------|-------------------------------------|------------------------|--------|--|---|
| Detail of project status in Bali Partnership Fund for the years ended December 31, 2013 is as follows: | | | | | | | | | | | | | | |
| Title | Accumulated | | | Budget | | | Receipt | | | Expenditure | | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/12 |
| | Total 2012 | FY2013 | Total 2013 | Total 2012 | FY2013 | Total 2013 | Total 2012 | FY2013 | Total 2013 | Deletion of completed projects 2013 | Accumulated Total 2013 | | | |
| <i>ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)</i> | | | | | | | | | | | | | | |
| 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 | - | 456 | - |
| PD 124/01 R.2 (M) P.I C/32 | 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 | - | - | - |
| PD 124/01 Rev.3 (M) P.III C/46 | 500,000 | 600,000 | 1,100,000 | (500,000) | - | 600,000 | - | - | - | - | 472,072 | 30,793 | 597,135 | - |
| PD 291/04 Rev.2 (M) | 216,378 | - | 216,378 | (216,378) | - | (216,378) | - | - | - | - | 215,178 | - | 1,200 | - |
| PPD 138/07 Rev.1 (M) / C44 | 79,844 | - | 79,844 | (79,844) | - | (79,844) | - | - | - | - | 78,324 | 1,520 | - | - |
| PD 449/07 Rev.2 (M.I) / C43 | 473,040 | - | 473,040 | (473,040) | - | (473,040) | - | - | - | - | 463,788 | - | 9,252 | - |
| Sub-Total (M) : | 7,849,242 | 600,000 | 8,449,242 | (7,849,242) | - | (7,849,242) | 600,000 | - | - | - | 7,808,886 | 32,313 | 608,043 | - |
| <i>REFORESTATION & FOREST MANAGEMENT (F)</i> | | | | | | | | | | | | | | |
| pd 20/99 r.2 (f) C28 Shift/BPF | 559,493 | - | 559,493 | (559,493) | - | (559,493) | - | - | - | - | 311,990 | - | 247,503 | - |
| PD 23/99 Rev.2 (F) | 172,136 | - | 172,136 | (172,136) | - | (172,136) | - | - | - | - | 170,597 | - | 1,539 | - |
| pd 32/99 r.2 (f) C29 Shift/BPF | 618,969 | - | 618,969 | (618,969) | - | (618,969) | - | - | - | - | 614,944 | - | 4,025 | - |
| BPF PPD 59/02 Rev.2 (F) C36 | 84,305 | - | 84,305 | (84,305) | - | (84,305) | - | - | - | - | 61,319 | - | 22,986 | - |
| BPF PD 199/03 Rev.3 (F) C36 | 343,440 | - | 343,440 | (343,440) | - | (343,440) | - | - | - | - | 296,587 | - | 46,854 | - |
| BPF PD 200/03 Rev.4 (F) C37 | 367,632 | - | 367,632 | (367,632) | - | (367,632) | - | - | - | - | 351,705 | - | 15,927 | - |
| PPD 108/04 Rev.1 (F) | 75,578 | - | 75,578 | (75,578) | - | (75,578) | - | - | - | - | 72,702 | - | 2,876 | - |
| BPF PD 276/04 Rev.2 (F) C37 | 480,920 | - | 480,920 | (480,920) | - | (480,920) | - | - | - | - | 479,174 | - | 1,746 | - |
| BPF PD 288/04 Rev.2 (F) C38 | 568,728 | - | 568,728 | (568,728) | - | (568,728) | - | - | - | - | 553,728 | - | 15,000 | - |
| PD 346/05 Rev.2 (F) | 324,000 | - | 324,000 | (324,000) | - | (324,000) | - | - | - | - | 241,290 | - | 82,710 | - |
| PD 350/05 Rev.3 (F) | 366,271 | - | 366,271 | (366,271) | - | (366,271) | - | - | - | - | 335,754 | - | 30,517 | - |
| PD 351/05 Rev.1 (F) | 514,653 | - | 514,653 | (514,653) | - | (514,653) | - | - | - | - | 393,656 | - | 120,997 | - |
| BPF PD 360/05 Rev.1 (F) C38 | 610,000 | - | 610,000 | (610,000) | - | (610,000) | - | - | - | - | 493,657 | - | 116,343 | - |
| PD 372/05 Rev.1 (F) | 790,020 | - | 790,020 | (790,020) | - | (790,020) | - | - | - | - | 730,030 | - | 27,969 | - |
| PD 376/05 Rev.2 (F) M) | 462,645 | - | 462,645 | (462,645) | - | (462,645) | - | - | - | - | 398,186 | - | 447,645 | - |
| PD 383/05 Rev.2 (F) / C41 | 594,432 | - | 594,432 | (594,432) | - | (594,432) | - | - | - | - | 295,750 | - | 298,682 | - |
| PPD 123/06 Rev.1 (F) | 79,920 | - | 79,920 | (79,920) | - | (79,920) | - | - | - | - | 76,051 | - | 3,869 | - |
| PD 493/07 Rev.1 (F) / Spring/08 | 561,195 | - | 561,195 | (561,195) | - | (561,195) | - | - | - | - | 552,873 | 2,429 | 5,893 | - |
| Sub-Total (F) : | 7,574,337 | - | 7,574,337 | (7,574,337) | - | (7,574,337) | - | - | - | - | 6,429,993 | 84,309 | 1,060,035 | - |

International Tropical Timber Organization
Bali Partnership Fund Account

Notes to Financial Statements (continued)

| Title | Budget | | Receipt | | Arrears in Contributions at | | Expenditure | | Appropriated for future expenditures at 12/31/13 | Surplus from Completed Projects at 12/31/12 | |
|---------------------------------|------------------------|-----------|------------------------|------------------------|-----------------------------|------------------------|------------------------|---------|--|---|-------------------------------------|
| | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | Accumulated Total 2012 | FY2013 | Accumulated Total 2013 | Accumulated Total 2012 | FY2013 | | | Deletion of completed projects 2013 |
| FOREST INDUSTRY (I) | | | | | | | | | | | |
| 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 | - |
| BPF PD 97/04 Rev.1 (I) C36 | 94,832 | - | 94,832 | (94,832) | - | (94,832) | 94,119 | - | - | 84,119 | - |
| BPF PD 347/05 Rev.2 (I) C38 | 313,200 | (313,200) | - | 313,200 | 313,200 | - | 292,694 | 20,506 | (313,200) | - | 20,506 |
| pd 73/89 (m.f.i) Shift/BPF | 3,557,358 | 31,132 | 3,588,490 | (3,526,838) | (31,132) | (3,557,970) | 3,497,475 | 34,339 | - | 3,531,814 | - |
| pd 73/89 (mfb) Marabeni,Brzl | 210,000 | - | 210,000 | (210,000) | - | (210,000) | 201,184 | - | - | 201,184 | - |
| Sub-Total (I) : | 10,621,962 | (282,068) | 10,339,894 | (10,591,442) | 282,068 | (10,309,374) | 10,522,044 | 54,845 | (313,200) | 10,263,689 | 20,506 |
| Activities (A) | | | | | | | | | | | |
| pp-a/26-79 | 661,965 | - | 661,965 | (661,965) | - | (661,965) | 617,834 | - | - | 617,834 | - |
| 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(XXXX) | 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(XXXV)] | 728,800 | - | 728,800 | (728,800) | - | (728,800) | 728,800 | - | - | 728,800 | - |
| PP-A/35-137 27-Exp. Panel/104 | 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/43-200: Assst Proposals | 100,000 | (100,000) | - | 100,000 | 100,000 | - | 34,809 | 65,191 | (100,000) | - | - |
| 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 Misions | 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 W workshops | 150,000 | - | 150,000 | (150,000) | - | (150,000) | 150,000 | - | - | 150,000 | - |
| PP-A/43-236: Biodiv. Guideline | 120,000 | - | 120,000 | (120,000) | - | (120,000) | 120,000 | - | - | 120,000 | - |
| Sub-Total (A) : | 7,147,758 | (100,000) | 7,047,758 | (7,147,758) | 100,000 | (7,047,758) | 6,781,308 | 65,191 | (100,000) | 6,746,499 | 301,259 |
| Total of Bali Partnership Fund: | 33,193,298 | 217,932 | 33,411,230 | (33,162,778) | 382,068 | (32,780,710) | 31,542,232 | 236,658 | (413,200) | 31,365,689 | 2,045,541 |
| | | | | | | | | | | | 20,506 |

**Financial Statements of
the Executing Agencies Account**

International Tropical Timber Organization

December 31, 2013 and 2012



International Tropical Timber Organization
Executing Agencies Account

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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 balance sheet of the Executing Agencies Account of International Tropical Timber Organization (the "ITTO") as of December 31, 2013, and the related 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 provisions of the ITTA and the "Financial Rules and Rules Relating to Project of ITTO".

The ITTO Secretariat is responsible for the preparation and fair presentation 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.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by the Secretariat, and evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with accounting policies set out in Note 1.

Without modifying our opinion, 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 Project of 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 anyone other than members of ITTO.

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.

June 12, 2014



International Tropical Timber Organization
Executing Agencies Account

Balance Sheets

| | December 31, | |
|--|-----------------------|---------------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Assets | | |
| Cash and time deposits | \$10,016,552 | \$11,143,712 |
| Held to maturity securities | - | 15,061,660 |
| Investments in securities | 10,240,101 | - |
| Advances to Special Account | 31,004,323 | 35,678,530 |
| Advances to others | - | 210 |
| Accrued revenue | 174,086 | 131,680 |
| | \$51,435,061 | \$62,015,792 |
| Liabilities and contributions | | |
| Accounts payable to Bali Partnership Fund Account | \$29,293,122 | \$29,506,685 |
| | 29,293,122 | 29,506,685 |
| Members' funds | | |
| Funds committed for specified projects of Special Account and Bali Partnership Fund Account <i>(Note 2)</i> | 28,141,940 | 32,509,107 |
| Impairment of Investments in securities | (6,000,000) | - |
| | 22,141,940 | 32,509,107 |
| | \$51,435,061 | \$62,015,792 |

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, | |
|--|--------------------------------|-------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Revenues: | | |
| Interest income <i>(Note 3)</i> | \$57,694 | \$328,396 |
| Dividends <i>(Note 3)</i> | 299,607 | — |
| Expenditures and others: | | |
| Transfer of interest to Special Account and Bali Partnership Fund Account <i>(Note 3)</i> | 357,301 | 328,396 |
| Impairment of Investments in securities | 6,000,000 | — |
| Excess of revenues over expenditures | \$ (6,000,000) | \$ — |

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)

2012

| | |
|--|---------------------|
| Members' funds as of January 1, 2012 | \$35,816,257 |
| Transfer of funds committed for specified projects to Special Account | (1,824,793) |
| Transfer of funds committed for specified projects from Bali Partnership Fund Account | (1,482,356) |
| Excess of revenues over expenditures | — |
| Members' funds as of December 31, 2012 | <u>\$32,509,107</u> |

2013

| | |
|--|---------------------|
| Transfer of funds committed for specified projects to Special Account | \$ (4,759,382) |
| Transfer of funds committed for specified projects from Bali Partnership Fund Account | 392,214 |
| Excess of revenues over expenditures | (6,000,000) |
| Members' funds as of December 31, 2013 | <u>\$22,141,940</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, | |
|---|--------------------------------|---------------|
| | 2013 | 2012 |
| | <i>(U.S. dollars)</i> | |
| Excess of revenues over expenditures | \$ (6,000,000) | \$ – |
| Changes in assets and liabilities: | | |
| Advances to Special Account | 4,674,207 | 419,178 |
| Account payable to Bali Partnership Fund Account | (213,563) | 1,584,895 |
| Held to maturity securities | 15,061,660 | (10,092,376) |
| Investments in securities | (16,240,101) | |
| Advance to Other | 210 | – |
| Accrued interest | (42,406) | (130,486) |
| Impairment of Investments in securities | 6,000,000 | – |
| Changes in members' funds: | | |
| Special Account and Bali Partnership Fund Account | (4,367,168) | (3,307,150) |
| Net decrease in cash | (1,127,160) | (11,525,939) |
| Cash and time deposits at beginning of year | 11,143,712 | 22,669,650 |
| Cash and time deposits at end of year | \$ 10,016,552 | \$ 11,143,712 |

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.

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, 2012 | Movement <i>(U.S. dollars)</i> | December 31, 2013 |
|-------------------------------|----------------------|-----------------------------------|----------------------|
| Project Sub-Account | \$23,546,894 | \$ (1,698,408) | \$21,848,486 |
| Thematic Programmes | 7,311,147 | (3,060,974) | 4,250,173 |
| Special Account Total | 30,858,041 | (4,759,382) | 26,098,659 |
| Bali Partnership Fund Account | 1,651,067 | 392,214 | 2,043,280 |
| Total | <u>\$32,509,107</u> | <u>\$(4,367,168)</u> | <u>\$28,141,940</u> |

These amounts are included under the heading “Appropriated for future expenditures at December 31, 2013” of “Note 4 Detail of Project Status” in the respective financial statements of Special Account” and “Note 5 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 the interest and dividends earned, \$178,651 was transferred to both the Special Account and the Bali Partnership Fund Account for the year ended December 31, 2013 while \$164,198 was transferred to both accounts for the year ended December 31, 2012.