

**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

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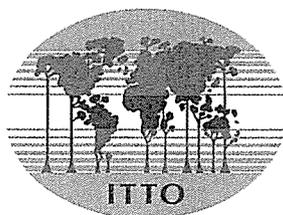
ENGLISH ONLY

TWENTY-NINTH SESSION
3 – 8 November 2014
Yokohama, Japan

REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS

(Item 9 of the Provisional Agenda)

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

DECLARATION OF FAIR STATEMENT

The Executive Director is required by the International Tropical Timber Agreement (“ITTA”) of 2006 to maintain such accounting records as are necessary and to submit the balance sheet of the International Tropical Timber Organization (“ITTO”) as of December 31, 2013, the related statements of revenues and expenditures and changes in fund balance of the year then ended (herein referred to as the “Financial Statements”). He is also required to give such other information as may be appropriate to indicate the current financial position of the Organization.

Management is responsible for the preparation and integrity of the financial statements in this report. These statements have been prepared in accordance with accounting policies described in Note 2 and necessarily include certain amounts that are based on management’s best estimate and judgment. Financial information contained throughout the report is consistent with that in the financial statements. Management considers that the financial statements present fairly the financial position of the Organization, the results of its operations and its cash flows and the information disclosed in this report is presented in accordance with the provisions of ITTA and the “Financial Rules and Rules Relating to Projects of the ITTO.”

To fulfill its responsibility, the Organization maintains systems of internal controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The Internal control systems are subject to both internal and external audit. The External Auditors have audited the financial statements and a summary of significant accounting policies described in Note 2 and the related financial statement schedules I and II for the year ended December 31, 2013 and their report indicates the scope of their audit and their opinion on the Financial Statements.

As Finance/Administrative Officer of the International Tropical Timber Organization, I hereby certify the Financial Statements included in this document.

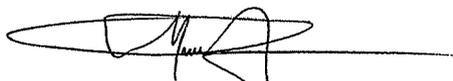
A handwritten signature in black ink, appearing to read 'R. M. Manohar', is written over a horizontal line.

R.M. MANOHAR

Finance/Administrative Officer

... /

As the Executive Director of the International Tropical Timber Organization, I hereby approve and submit the financial report of ITTO, accompanied by Financial Statements, the Schedules and the Annexes for the year 2013.



Emmanuel Ze Meka

Executive Director
Yokohama, Japan
5 JUNE 2014

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

BDO Toyo & Co.

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
	<u>\$38,326,258</u>	<u>\$45,165,005</u>
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
	<u>5,800,715</u>	<u>3,428,490</u>
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)	–
	<u>38,925,588</u>	<u>47,185,027</u>
Arrears in assessed contributions	(6,424,765)	(5,448,512)
Allowance for arrears	24,720	–
	<u>32,525,542</u>	<u>41,736,515</u>
	<u>\$38,326,258</u>	<u>\$45,165,005</u>

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><u>\$ (7,325,620)</u></u>	<u><u>\$ (3,056,452)</u></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	\$47,185,027	\$11,109,600	\$2,673,934	\$892,385	\$32,509,107	\$-
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	\$38,925,588	\$12,753,498	\$2,948,971	\$1,081,179	\$22,141,940	\$-

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

International Tropical Timber Organization

Statement of Cash Flows

	<u>Year ended December 31,</u> <u>2013</u> <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	<u>(3,675,033)</u>
Cash and time deposits at beginning of year	<u>23,536,955</u>
Cash and time deposits at end of year	<u><u>\$19,861,922</u></u>

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	<u>\$ 1,193,025</u>	<u>\$ 1,299</u>	<u>\$ 1,194,324</u>	<u>\$ 1,105,425</u>	<u>\$ -</u>	<u>\$ 1,105,425</u>

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		Thematic				
Total	Administrative Account	Project Sub-Account	Programmes Subaccount	Sub Total	Bali Partnership Fund Account	Executing Agencies	Elimination	
<i>(U.S. dollars)</i>								
Assets								
Cash and time deposits	\$ 3,984,872	\$ 5,855,068	\$ -	\$ 5,855,068	\$ 5,430	\$ 10,016,552	\$ -	
Investments in securities	2,661,960	-	-	-	-	10,240,101	-	
Arrears in voluntary contributions	-	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	-	-	-	-	-	-	
Advances to and receivable from staff members and others	185,622	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	-	31,004,323	(28,839,878)	
Inter-account balance	-	(4,663,347)	4,663,347	-	-	-	-	
Accrued revenue	224,214	-	-	-	-	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	\$ -	\$(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	-	-	-	-	-	-	
Accrued liabilities	255,828	2,699	-	2,699	793	-	-	
Memberships contributions received in advance	132,194	-	-	-	-	-	-	
Accounts payable to Bali Partnership Fund Account	-	-	-	-	-	29,293,122	(29,293,122)	
Unappropriated fund	4,059,886	1,158,846	2,901,040	4,059,886	-	-	-	
Reserve for programme support	1,194,324	735,281	457,744	1,193,025	1,299	-	-	
	5,800,715	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	-	-	-	-	-	-	
Reserve provided by interest income	2,072,728	-	-	-	-	-	-	
Surplus of revenues over expenditures	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	2,941,997	6,974	2,948,971	1,081,179	22,141,940	-	
Arrears in assessed contributions	(6,424,765)	-	-	-	-	-	-	
Allowance for arrears	24,720	-	-	-	-	-	-	
\$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
				U.S. dollars	U.S. dollars				
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)	
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>	
	<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>	

Excess of revenues over expenditures/
(Excess of expenditures over revenues)

International Tropical Timber Organization

Balance Sheet Schedule

	December 31, 2012							
	Special Account		Thematic		Sub Total	Bali Partnership Fund Account	Executing Agencies	Elimination
	Administrative Account	Project Sub-Account	Programmes Subaccount	Programmes Subaccount				
	Total							
Assets								
Cash and time deposits	\$ 23,536,955	\$ 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	-	-	-	-	-	-	-
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	(1,500)	-	8,508	5,540	210	-
Accounts receivable from Special Account	-	-	529,008	-	-	-	35,678,530	(35,678,530)
Accounts receivable from Bali Partnership Fund Account	-	28,188,095	4,951,897	-	28,717,104	-	-	(28,717,104)
Inter-account balance	-	(4,951,897)	-	-	-	-	-	-
Accrued interest on time deposits	132,120	440	-	-	-	-	131,680	-
	\$45,165,005	\$ 6,709,212	\$6,186,023		\$42,208,519	\$29,549,457	\$62,015,792	\$(95,317,974)
Liabilities and contributions								
Accounts payable to Special Account	\$ -	\$ -	\$ 5,311,147	-	\$ 5,311,147	\$28,627,824	\$ -	\$(28,627,824)
Accounts payable to Executing Agencies Account	-	31,783,039	-	-	37,094,186	-	-	(37,094,186)
Accounts payable to staff members and others	1,290	34	-	-	200	1,056	-	-
Accrued liabilities	893,487	699,220	-	-	1,592,707	28,192	-	-
Membership contributions received in advance	348,869	348,869	90,000	-	1,666,075	-	-	-
Accounts payable to Bali Partnership Fund Account	-	-	-	-	-	-	29,506,685	(29,595,965)
Unappropriated fund	1,079,419	-	369,032	-	89,280	-	-	-
Reserve for programme support	1,105,425	734,257	371,168	-	1,079,419	-	-	-
	3,428,490	1,048,123	6,141,348	-	39,534,585	28,657,072	29,506,685	(95,317,974)
Members' funds								
Special Reserve	1,500,000	-	-	-	-	-	-	-
Reserve provided by interest income	2,063,797	-	-	-	-	-	-	-
Surplus of revenues over expenditures	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	44,675	-	2,673,934	892,385	32,509,107	-
	(5,448,512)	(5,448,512)	-	-	-	-	-	-
Arrears in assessed contributions	-	-	-	-	-	-	-	-
Liabilities and members' funds	\$45,165,005	\$ 6,709,212	\$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

	Total	Special Account						Elimination
		Administrative Account	Project Sub-Account	Thematic Programmes Subaccount	Sub Total	Bali Partnership Fund Account	Executing Agencies	
		<i>U.S. dollars</i>						
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	
Exchange gain	—	—	—	—	—	—	—	
Other item-recovery of advance	—	—	—	—	—	—	—	
Other income	3,523	3,523	—	—	—	—	—	
	18,702,494	7,512,545	8,961,839	2,078,309	11,040,148	281,204	(459,799)	
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	
Time delay (Reversal of time delay) in settling fellowship and other advance payments	(69,321)	—	72,914	(4,375)	72,914	(142,235)	—	
Unsettlement cost for advances	(4,375)	—	—	(4,375)	(4,375)	—	—	
	21,758,946	7,508,613	10,200,481	3,022,400	13,222,881	1,158,856	(459,799)	
Excess of revenues over expenditures/ (Excess of expenditures over revenues)	\$ (3,056,452)	\$ 3,932	\$ (1,238,642)	\$ (944,091)	\$ (2,182,733)	\$ (877,652)	\$ —	

**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

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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

BDO Toyo & Co.

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
	<u>\$ 6,843,137</u>	<u>\$ 6,709,212</u>
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
	<u>489,684</u>	<u>1,048,123</u>
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
	<u>12,753,498</u>	<u>11,109,600</u>
Arrears in assessed contributions <i>(Note 2)</i>	(6,424,765)	(5,448,512)
Allowance for arrears	24,720	–
	<u>\$ 6,843,137</u>	<u>\$ 6,709,212</u>

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
	<u>8,366,171</u>	<u>7,512,545</u>
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	–
	<u>6,224,128</u>	<u>7,432,625</u>
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	<u><u>\$ 2,016,136</u></u>	<u><u>\$ 3,932</u></u>

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	<u>\$3,984,872</u>	<u>\$6,254,139</u>

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

- Contributions for 1997 – 2001 were reduced by 70% in accordance with Decision 5 (XLIII), Annex, item II.
- 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>\$2,610,330</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>\$2,762,731</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>\$531,852</u>	<u>\$119,130</u>	<u>\$80,503</u>	<u>\$38,626</u>	<u>\$ –</u>	<u>\$ 62,954</u>	<u>\$62,954</u>	<u>\$75,988</u>	<u>\$125,907</u>	<u>\$1,097,915</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)	–
	<u>269,905</u>	<u>(159,936)</u>	<u>109,970</u>
Consuming members:			
Russian federation	117	–	117
	<u>117</u>	<u>–</u>	<u>117</u>
Total	<u>\$270,022</u>	<u>\$(159,936)</u>	<u>\$110,086</u>

* 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:

	<u>2013</u>	<u>2012</u>
	<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	<u>\$132,194</u>	<u>\$348,869</u>

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	-
	<u>235,974</u>	<u>-</u>	<u>235,974</u>	<u>-</u>
Total of budgeted receipts	<u>8,189,974</u>	<u>265,239</u>	<u>7,924,735</u>	<u>\$6,026,342</u>

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	4,998,702	3,915,255	5,345,864	4,579,974
Installation costs:				
Assignment grant	47,256	–	64,442	16,094
Lump-sum benefit	55,178	–	67,685	16,628
Sub-Total	102,434	–	132,127	32,722
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	149,533	138,027	173,570	132,080
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	936,296	807,938	889,175	777,065
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	63,781	24,597	51,078	21,166
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	176,570	129,613	167,090	161,678

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:

	<u>2013</u>	<u>2012</u>
	<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
	<u>790,078</u>	<u>831,601</u>
Administrative charge paid to trustee:		
From ITTO – Administrative Account	61,772	80,804
– Other Accounts	4,092	21,448
	<u>65,864</u>	<u>102,251</u>
Payment to an insurance company	<u>\$855,942</u>	<u>\$933,852</u>

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

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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

BDO Toyo & Co.

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
	<u>\$39,255,028</u>	<u>\$42,208,519</u>
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
	<u>36,306,057</u>	<u>39,534,585</u>
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
	<u>2,941,997</u>	<u>2,629,259</u>
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>	–	–
	<u>6,974</u>	<u>44,675</u>
	<u>2,948,971</u>	<u>2,673,934</u>
	<u>\$39,255,028</u>	<u>\$42,208,519</u>

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)	-
	<u>8,608,877</u>	<u>8,961,839</u>
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
	<u>9,332,965</u>	<u>10,200,481</u>
Excess of revenues over expenditures	<u>(\$724,088)</u>	<u>\$ (1,238,642)</u>
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)	-
	<u>(13,488)</u>	<u>2,078,309</u>
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)
	<u>3,085,187</u>	<u>3,022,400</u>
Excess of revenues over expenditures	<u>\$ (3,098,675)</u>	<u>\$ (944,091)</u>

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

International Tropical Timber Organization
Special Account

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

	Project Sub-Account			Thematic Programmes Sub-Account			Total
	Appropriated for specified projects	Unappropriated funds	Surplus from completed projects	Appropriated for specified projects	Unappropriated funds	Surplus from completed projects	
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)	10,110	-
Utilization of remaining funds by donors	-	(105,626)	-	-	-	(10,110)	(115,736)
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	<u>\$ 5,855,068</u>	<u>\$ 6,133,674</u>

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

International Tropical Timber Organization
Special Account

Notes to Financial Statements

1. Significant Accounting Policies

See Note 2 to the financial statements of ITTO.

2. Contributions

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

	<u>2013</u>	<u>2012</u>
Project Sub-Account:	<i>(U.S. dollars)</i>	
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
	<u>\$ 9,062,133</u>	<u>\$ 9,713,726</u>
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
	<u>2,575,104</u>	<u>500,233</u>
Total	<u>\$11,637,237</u>	<u>\$10,213,959</u>

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)	<u>Description</u>	<u>Amount transferred</u> <i>(U.S. dollars)</i>
	Transfer from Admin. WCA to allocate to PP-A/49-295	100,000
	Total	<u><u>\$100,000</u></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)	<u>Description</u>	<u>Amount transferred</u> <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><u>\$105,626</u></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:

Pres-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 2012	FY2013	Accumulated Total 2013	12/31/13	Accumulated Total 2012	FY2013			Deletion of completed projects 2013
ECONOMIC INFORMATION & MARKET INTELLIGENCE (04)											
PPD 14/00 (0)	172,000	-	172,000	-	(171,500)	500	122,849	6,864	-	129,713	-
PPD 13/007 Rev.1 (04) Spring'08	84,505	(84,505)	84,505	84,505	-	-	68,342	16,165	-	-	16,165
PPD 16/713 Rev.1 (04) /C49	-	88,794	88,794	(68,794)	(68,794)	20,000	-	7,371	-	7,371	-
Sub-Total (04):	256,505	4,289	260,794	15,711	(240,294)	20,500	191,191	30,398	(84,505)	137,084	16,165
REFORESTATION & FOREST MANAGEMENT (12)											
PPD 92/04 Rev.1 (F) C/36	61,452	-	61,452	-	(61,452)	-	61,452	-	-	61,452	-
PPD 94/04 Rev.1 (F) C/36	52,402	-	52,402	-	(52,402)	-	49,482	-	-	49,482	-
PPD 98/04 Rev.1 (F) C/37	94,500	-	94,500	-	(94,500)	-	89,574	-	-	89,574	-
PPD 136/07 Rev.1 (F) Spring'08	52,358	-	52,358	-	(52,358)	-	49,523	-	-	49,523	-
PPD 142/08 Rev.1 (F) /C44	79,969	-	79,969	-	(79,969)	-	77,018	-	-	77,018	-
PPD 143/09 (F) /C45	61,938	-	61,938	-	(61,938)	-	61,317	-	-	61,317	-
PPD 147/10 Rev.1 (F) /C46	99,279	-	99,279	-	(99,279)	-	96,540	-	-	96,540	-
PP-F/27-62 PPD 2/99 Rev.1 (F)	95,267	-	95,267	-	(95,267)	-	93,267	-	-	93,267	-
PPD 153/11 Rev.1 (F) /C47	99,576	-	99,576	-	(99,576)	-	53,576	40,000	-	93,576	-
PPD 165/12 Rev.1 (F) /C48	79,380	-	79,380	(40,000)	(79,380)	-	2,918	73,500	-	76,418	-
Sub-Total (F):	776,121	-	776,121	(40,000)	(776,121)	-	634,666	113,500	-	748,166	27,955
FOREST INDUSTRIAL (0)											
PPD 3/09 Rev.1 (0)	64,522	-	64,522	-	(64,522)	-	64,522	-	-	64,522	-
PPD 68/03 Rev.1 (0) / C41	80,000	-	80,000	-	(80,000)	-	75,695	-	-	75,695	-
Sub-Total (0):	144,522	-	144,522	-	(144,522)	-	140,217	-	-	140,217	4,305

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Activities (d)	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 2012	FY2013	Accumulated Total 2013	12/31/13	Accumulated Total 2012	FY2013		
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)		33,708		11,292	
PP-A/29-94	240,000		240,000		(240,000)		240,000			
PP-A/30-102 [Dec-7/XXXX]	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)		49,518		2,082	
PP-A/31-111A	264,700		264,700		(264,700)		243,527		21,173	
PP-A/31-112	220,000		220,000		(220,000)		86,299		133,701	
PP-A/31-114	174,270		174,270		(174,270)		154,183		20,087	
PP-A/32-116	2,898,490	291,858	3,190,348	(291,858)	(2,898,490)		2,910,574	267,691	12,084	
PP-A/32-118	50,000		50,000		(50,000)		50,000			
PP-A/32-119	50,000		50,000		(50,000)		49,789		211	
PP-A/32-121	50,000		50,000		(50,000)		50,000			
PP-A/32-123	297,980		297,980		(297,980)		293,386		20,614	
PP-A/33-125 [Dec-4/XXXXIII]	610,000		610,000		(610,000)		269,224		28,756	
PP-A/33-126	200,000		200,000		(200,000)		610,000			
PP-A/33-126B [XXXXVII] Additional	50,000		50,000		(50,000)		176,419		23,981	
PP-A/33-127	277,500		277,500		(277,500)		50,000			
PP-A/34-131A: C&I Adm'l Wkrs	200,000		200,000		(200,000)		277,500			
PP-A/34-131B: C&I/ITTO & A CTO	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/Inv'l Org.	50,000		50,000		(50,000)		150,000			
PP-A/34-131 [Dec-7/XXXXIV]	66,600		66,600		(66,600)		29,382		20,618	
PP-A/34-135 [Dec-10/XXXXIV]	300,000		300,000		(300,000)		66,600			
PP-A/35-138 [Dec-4/35] Market	150,000		150,000		(150,000)		297,769		231	
PP-A/35-139B [Dec-4/35] Ghdln	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] Supprt	100,000		100,000		(100,000)		484,401		15,599	
PP-A/35-141 [Dec-4/35] Promotin	250,000		250,000		(250,000)		97,609		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] Synposm	30,000		30,000		(30,000)		100,000			
PP-A/35-147 [Dec-4/35] Mahogry	166,500		166,500		(166,500)		30,000		11,523	
PP-A/36-151A [Dec-4/35] O/36	150,000		150,000		(150,000)		154,977		8,135	
PP-A/36-152 [Dec-4/35] O/36	150,000		150,000		(150,000)		141,865		10,513	
PP-A/36-152 [Dec-4/35] O/36	150,000		150,000		(150,000)		139,487			

International Tropical Timber Organization
Special 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 12/31/13
	Accumulated Total 2012	FY2013	Accumulated Total 2012	FY2013	Accumulated Total 2013	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)	-	(110,000)	-	55,125	-	54,875	-
PP-A/43-224: CEJ Add. Wesp	200,758	-	(200,758)	-	(200,758)	-	173,310	-	27,448	-
PP-A/43-227: SPN guidelines	300,000	-	(254,700)	-	(254,700)	45,300	260,766	(6,066)	45,300	-
PP-A/43-230: Tech.&Env. Study	60,000	-	(60,000)	-	(60,000)	-	51,925	-	6,075	-
PP-A/43-231: Bioenergy	300,000	-	(300,000)	-	(300,000)	-	297,700	-	2,300	-
PP-A/43-232: Further processing	150,000	-	(150,000)	-	(150,000)	-	131,772	2,748	15,480	-
PP-A/43-232: Further processing	218,962	-	(218,962)	-	(218,962)	-	218,962	-	-	-
PP-A/45-241: Outreach	60,000	-	(60,000)	-	(60,000)	-	42,832	-	17,168	-
PP-A/45-244: Forest gov. WS	50,000	-	(50,000)	-	(50,000)	-	48,738	-	1,262	-
PP-A/45-244: CEJ Asst	50,000	-	(40,000)	-	(40,000)	10,000	36,146	-	13,854	-
PP-A/45-244: Initial TPAC mtg	200,000	-	(200,000)	-	(200,000)	-	200,000	-	-	-
PP-A/45-244: Climate Change	200,000	-	(200,000)	-	(200,000)	-	187,841	-	12,159	-
PP-A/45-246: Cont. on Biodiv.	100,000	-	(100,000)	-	(100,000)	-	100,000	-	-	-
PP-A/45-247: Wood Prom. Tech.	76,595	-	(76,595)	-	(76,595)	-	60,655	-	15,940	-
PP-A/45-248: IUCN Biodiv. Guid	120,000	-	(120,000)	-	(120,000)	-	67,011	40,736	12,253	-
PP-A/45-248: CSA-GTAGY(10-11)	95,000	-	(95,000)	-	(95,000)	-	59,439	-	35,561	-
PP-A/45-250: 39th Exp. Panel	95,000	-	(95,000)	-	(95,000)	-	66,915	-	28,085	-
PP-A/45-251: 40th Exp. Panel	150,000	-	(150,000)	-	(150,000)	-	150,000	-	-	-
PP-A/46-252: IVF 2011	75,000	-	(75,000)	-	(75,000)	-	12,539	34,013	28,628	-
PP-A/45-253: State D-buss	200,000	-	(200,000)	-	(200,000)	-	178,213	14,803	7,283	-
PP-A/46-254: FAO FLEW/erp	24,813	-	(24,813)	-	(24,813)	-	19,293	-	5,520	-
PP-A/46-255: Send. For. Guidelin	95,000	-	(95,000)	-	(95,000)	-	72,665	-	22,335	-
PP-A/46-256: 41st Exp. Panel	100,000	-	(100,000)	-	(100,000)	-	65,214	-	29,786	-
PP-A/46-257: 42nd Exp. Panel	100,000	-	(100,000)	-	(100,000)	-	71,114	376	28,510	-
PP-A/47-258: UN CSD(12-13)	150,000	-	(150,000)	-	(150,000)	-	150,000	-	-	-
PP-A/47-259: Action Plan 2012	150,000	-	(150,000)	-	(150,000)	-	150,000	-	-	-
PP-A/47-260: Climate Ck. Assist	90,000	-	(90,000)	-	(90,000)	-	1,488	7,856	140,657	-
PP-A/47-261: Evaluate TP	250,000	-	(250,000)	-	(250,000)	-	50,221	12,863	26,917	-
PP-A/47-262: Wood processing	100,000	50,000	(78,755)	-	(78,755)	171,245	20,522	24,104	205,374	-
PP-A/47-263: Disseminate SME	130,000	-	(130,000)	-	(130,000)	70,000	9,203	12,574	128,223	-
PP-A/47-264: Nat. For. Guidelin	100,000	-	(100,000)	-	(100,000)	-	111,783	12,554	5,663	-
PP-A/47-265: GFLR training	1,320,224	-	(1,320,224)	-	(1,320,224)	50,000	151,983	5,752	94,248	-
PP-A/47-266: ITTO/CBD-A CTO	95,000	-	(95,000)	-	(95,000)	-	78,064	50,033	1,118,208	-
PP-A/47-268: 43rd Exp. Panel	95,000	-	(95,000)	-	(95,000)	-	69,667	25,333	16,936	-
PP-A/47-269: 44th Exp. Panel	347,000	-	(347,000)	-	(347,000)	-	68,420	14,307	5,665	-
PP-A/30-102B UNFF German cont.	50,000	-	(50,000)	-	(50,000)	-	26,456	40,663	9,337	-
PP-A/47-270: Outreach 2012	100,000	-	(100,000)	-	(100,000)	-	6,522	67,122	26,356	-
PP-A/48-271: Congo Basin Mtg.										

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Title	Budget		Receipt		Arrears in Contributions at		Expenditure		Appropriated for future		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	Accumulated Total 2013	expenditures at 12/31/13	
PP-A/48-272: C&I for SFVA WS	50,000	-	(25,000)	(25,000)	(50,000)	-	3,262	3,262	6,524	43,476	-
PP-A/48-277 Exp-Mtg review C&I	50,000	-	(25,000)	(25,000)	(50,000)	-	3,262	3,262	6,524	43,476	-
PP-A/48-274 Int'l C&I Mtgs.	25,000	30,000	(25,000)	(25,000)	(50,000)	-	3,262	13,039	16,301	38,699	-
PP-A/48-275 Env Svcs. Forum	116,288	115,794	(116,588)	(50,000)	(166,588)	65,794	8,685	(33,170)	(24,485)	256,867	-
PP-A/48-276 GFPLR 13-14	50,000	-	(50,000)	(50,000)	(50,000)	-	5,871	26,055	31,924	38,076	-
PP-A/48-277 Fin. Conf. 2013	30,000	20,000	(30,000)	(30,000)	(30,000)	20,000	3,214	4,744	8,658	41,942	-
PP-A/48-278 Site events 13-14	30,000	100,000	-	(50,000)	(50,000)	100,000	19,565	3,913	3,913	126,087	-
PP-A/48-279 Lessons learned WS	150,000	285,000	(150,000)	(245,000)	(395,000)	90,000	11,739	105,539	125,104	269,896	-
PP-A/48-280 Development of EDP	90,000	90,000	(90,000)	(90,000)	(90,000)	90,000	3,261	15,442	12,181	271,819	-
PP-A/48-282 Involvement in CFF	25,000	-	(25,000)	(25,000)	(25,000)	-	3,261	10,435	10,435	69,565	-
PP-A/48-283 State enhancement	40,000	-	(40,000)	(40,000)	(40,000)	-	4,565	19,019	24,237	21,739	-
PP-A/48-284 State enhancement	35,000	-	(35,000)	(35,000)	(35,000)	-	7,941	30,435	35,000	15,763	-
PP-A/48-285 43th & 46th EP, 2013	155,626	-	(155,626)	(155,626)	(155,626)	-	7,941	78,073	86,014	69,612	-
PP-A/48-286 Resource mobilization	97,443	-	(97,443)	(97,443)	(97,443)	-	31,198	31,198	31,198	66,246	-
PP-A/48-287 BWP2 Credit Scheme	95,150	95,150	(95,150)	(95,150)	(95,150)	-	12,410	12,410	12,410	82,740	-
PP-A/48-288 BWP14b Ptcp. GFPLR	25,000	25,000	(25,000)	(25,000)	(25,000)	-	3,261	10,196	10,196	21,739	-
PP-A/48-282 BWP35c Guidelines WS	35,000	35,000	(35,000)	(35,000)	(35,000)	-	3,525	3,525	3,525	24,804	-
PP-A/48-283 BWP35c Latin Am WS	75,000	75,000	(75,000)	(75,000)	(75,000)	-	3,525	3,525	3,525	33,800	-
PP-A/48-284 BWP54 Fundraising	33,800	33,800	(33,800)	(33,800)	(33,800)	33,800	-	-	-	100,000	-
CODE NOT FOUND 48295	100,000	100,000	(100,000)	(100,000)	(100,000)	-	24,102,590	3,325,173	27,427,763	5,192,197	-
Sub-Total (A):	29,537,701	3,082,259	(28,813,713)	(3,052,132)	(31,865,846)	754,115	24,102,590	3,325,173	27,427,763	5,192,197	-
Co-finance:											
PP-A/26-79 (Shifted to BFF)	91,965	-	(91,965)	(91,965)	(91,965)	-	543,041	-	543,041	-	-
PP-a/20-095 (BFF Activity)	33,224	-	(33,224)	(33,224)	(33,224)	-	33,224	-	33,224	-	-
PP-a/20-096 (BFF Activity)	50,000	-	(50,000)	(50,000)	(50,000)	-	50,000	-	50,000	-	-
PP-a/20-097 (BFF Activity)	20,000	-	(20,000)	(20,000)	(20,000)	-	20,000	-	20,000	-	-
PP-a/20-103 (BFF Activity)	8,000	-	(8,000)	(8,000)	(8,000)	-	8,000	-	8,000	-	-
PP-a/21-110 (BFF Activity)	237,500	-	(237,500)	(237,500)	(237,500)	-	237,500	-	237,500	-	-
PP-A/22-122 (Shifted to BFF)	302,000	-	(302,000)	(302,000)	(302,000)	-	302,000	-	302,000	-	-
Sub-Total (Co-finance):	742,689	-	(742,689)	(742,689)	(742,689)	-	1,193,765	-	1,193,765	-	-
Total of Pre-Project Sub-Account:	31,457,338	3,086,548	(30,693,030)	(3,076,421)	(33,769,471)	774,615	26,262,429	3,469,071	29,646,995	5,348,167	16,163

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Project/Sub-Account	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 2012	2013		
ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)									
PD 168/02 Rev.1 (M) /C33	243,594	-	(243,594)	-	(243,594)	-	(805)	230,315	14,084
PD 182/03 Rev.2 (M) /C37	285,768	-	(285,768)	-	(285,768)	-	-	285,320	448
PD 479/07 Rev.2 (M) /C44	596,419	-	(596,419)	-	(596,419)	-	-	586,516	9,903
PD 480/07 Rev.2 (M) /C44	263,520	-	(263,520)	-	(263,520)	-	-	260,766	2,754
PD 479/98 Rev.2 (M)	271,198	-	(271,198)	-	(271,198)	-	-	271,198	-
PD 599/11 Rev.1 (M) /C47	497,930	-	(497,930)	-	(497,930)	-	171,000	36,903	290,027
PD 620/11 Rev.1 (M) /C47	599,872	727,308	(494,530)	(727,308)	(1,161,839)	165,342	650,382	938,301	388,880
PD 621/11 Rev.3 (M) /C48	349,032	-	(149,032)	(200,000)	(349,032)	-	75,275	11,059	262,718
PD 678/12 Rev.1 (M) /C48	398,704	-	(398,704)	-	(398,704)	-	169,745	169,745	228,959
PD 692/13 Rev.1 (M) /C49	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	1,969,975	1,481,183
REForestation & FOREST MANAGEMENT (E)									
PD 280/00 Rev.2 (F) (ITTC30)	563,265	-	(563,265)	-	(563,265)	-	-	552,324	10,941
PD 370/00 Rev.1 (F)	594,678	-	(594,678)	-	(594,678)	-	-	594,678	-
PD 530/00 Rev.3 (F) /C32	342,795	-	(342,795)	-	(342,795)	-	-	311,869	30,926
PD 540/00 Rev.4 (F) /C32	378,584	-	(243,687)	-	(243,687)	134,897	-	219,822	158,762
PD 630/01 Rev.2 (F) /C32	301,570	-	(301,570)	-	(301,570)	-	-	279,118	22,452
PD 660/01 Rev.1 (F) /C31	770,751	-	(770,751)	-	(770,751)	-	-	749,856	20,895
PD 165/02 Rev.3 (F) /C35	526,401	-	(526,401)	-	(526,401)	-	-	506,401	20,000
PD 197/03 Rev.2 (F) /C35	317,093	-	(317,093)	-	(317,093)	-	-	280,569	36,524
PD 217/03 Rev.7 (F) /C37	199,898	-	(139,898)	-	(139,898)	-	-	135,246	4,652
PD 248/03 Rev.4 (F) /C37	577,800	-	(577,800)	-	(577,800)	-	7,712	572,800	5,000
PD 256/03 Rev.1 (F) /C35	301,750	-	(301,750)	-	(301,750)	-	-	259,595	42,155
PD 359/05 Rev.1 (F)	942,166	-	(942,166)	-	(942,166)	-	-	928,784	13,382
PD 367/05 Rev.2 (F) /C41	143,856	-	(143,856)	-	(143,856)	-	-	126,915	16,941
PD 377/05 Rev.3 (F)	421,060	-	(421,060)	-	(421,060)	-	-	344,401	33,406
PD 396/06 Rev.2 (F) /C41	508,234	-	(508,234)	-	(508,234)	-	-	481,282	18,700
PD 419/06 Rev.3 (F) /C41	912,764	-	(912,764)	-	(912,764)	-	-	817,541	72,374
PD 419/06 Rev.3 (F) EXT. IT/CAD/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)	-	-	288,281	62,239
PD 425/06 Rev.1 (F) /C41	507,903	-	(507,903)	-	(507,903)	-	-	487,574	20,329
PD 428/06 Rev.2 (F) /C44	547,917	(502,978)	(502,978)	502,978	(502,978)	-	13,807	474,171	38,384
PD 438/06 Rev.2 (F)	463,115	-	(463,115)	-	(463,115)	-	-	509,533	180,329
PD 440/07 Rev.2 (F) /C44	402,516	-	(402,516)	-	(402,516)	-	-	225,164	319,746
PD 450/07 R.2 (F-1) SP10	1,092,960	-	(1,092,960)	-	(1,092,960)	-	-	224,746	82,770
PD 451/07 Rev.1 (F) /C42	513,527	-	(513,527)	-	(513,527)	-	2,214	1,077,044	15,916
PD 454/07 Rev.3 (F) /C46	513,527	-	(513,527)	-	(513,527)	-	-	115,071	398,242

International Tropical Timber Organization
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Notes to Financial Statements (continued)

Title	Budget		Receipt		Arrears in		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	Contributions at 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	3,470,384	-	3,470,384	-
PD 459/07 Rev.1 (F)/C44	593,163	-	(593,163)	-	(593,163)	-	572,843	3,731	16,589	-	576,574	-
PD 460/07 R.2 (F) Ph.1/SP.10	277,333	(277,333)	(277,333)	277,333	-	-	268,595	5,338	-	(274,333)	80,560	-
PD 470/07 Rev.1 (F)/C44	209,574	-	(209,574)	-	(209,574)	-	15,560	65,000	129,014	-	80,560	-
PD 482/07 Rev.2 (F)/C44	470,108	(470,108)	(470,108)	470,108	-	-	449,746	20,362	-	(470,108)	-	-
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	-
PD 507/08 Rev.1 (F)/C44	396,310	-	(396,310)	-	(396,310)	-	221,131	5,384	-	-	226,515	-
PD 519/08 Rev.1 (F)/C44	814,590	-	(814,590)	-	(814,590)	-	575,338	73,010	-	-	648,348	-
PD 528/08 Rev.1 (F)/C45	465,264	-	(465,264)	-	(465,264)	-	270,802	80,618	-	-	351,420	-
PD 554/08 Rev.1 (F)/C46	424,837	-	(424,837)	-	(424,837)	-	247,364	96,000	-	-	343,364	-
PD 559/09 Rev.1 (F)/C45	149,710	-	(149,710)	-	(149,710)	-	131,210	-	-	-	131,210	-
PD 552/09 Rev.1 (F)/C45	644,814	-	(644,814)	-	(644,814)	-	316,335	90,429	-	-	406,764	-
PD 377/10 Rev.1 (F)/C46	2,051,039	-	(2,051,039)	-	(2,051,039)	-	553,002	506,529	-	-	1,059,531	-
PD 383/10 Rev.1 (F)/C46	149,796	(149,796)	(149,796)	149,796	-	-	124,796	25,000	-	(149,796)	-	-
PD 566/10 Rev.1 (F)/C46	414,104	-	(414,104)	-	(414,104)	-	244,342	62,339	-	-	307,082	-
PD 590/10 Rev.1 (F)/C46	517,563	-	(517,563)	-	(517,563)	-	297,500	61,756	-	-	359,257	-
PD 21/98 Rev.2 (F)	647,517	-	(647,517)	-	(647,517)	-	552,271	50,109	-	-	602,380	-
PD 24/98 Rev.2 (F)	177,610	-	(177,610)	-	(177,610)	-	168,890	-	-	-	168,890	-
PD 62/99 Rev.3 (F)	543,892	-	(543,892)	-	(543,892)	-	470,189	6,145	-	-	476,334	-
PD 492/98 Rev.4 (F)/C47	492,588	-	(492,588)	-	(492,588)	-	36,860	194,726	-	-	231,586	-
PD 569/06 Rev.3 (F)/C47	569,665	-	(569,665)	-	(569,665)	-	191,949	80,000	-	-	271,949	-
PD 530/08 Rev.4 (F)/C47	162,788	-	(162,788)	-	(162,788)	-	149,904	-	-	(149,904)	-	-
PD 564/09 Rev.1 (F) SP.11	149,904	(149,904)	(149,904)	149,904	-	-	66,649	78,581	-	-	145,430	-
PD 384/10 Rev.2 (F)/C47	162,788	-	(162,788)	-	(162,788)	-	43,819	182,273	-	-	226,092	-
PD 617/11 Rev.1 (F)/C47	1,283,191	(441,632)	(591,559)	(350,000)	(941,559)	-	45,376	60,000	-	-	105,376	-
PD 622/11 Rev.1 (F)/C47	149,958	-	(149,958)	-	(149,958)	-	20	60,000	-	-	80,000	-
PD 477/07 Rev.4 (F)/C48	338,256	-	(338,256)	-	(338,256)	-	20	60,000	-	-	80,000	-
PD 381/10 Rev.2 (F)/C48	345,840	-	(345,840)	-	(345,840)	-	169,933	169,933	-	-	339,866	-
PD 655/12 Rev.2 (F)/C48	517,450	-	(517,450)	-	(517,450)	-	20,373	22,321	-	-	42,694	-
PD 659/12 Rev.1 (F)/C48	245,272	-	(245,272)	-	(245,272)	-	14,715	118,392	-	-	133,107	-
PD 668/12 Rev.1 (F)/C48	641,639	-	(641,639)	-	(641,639)	-	32	155,510	-	-	187,522	-
PD 673/12 Rev.1 (F)/C48	464,033	-	(464,033)	-	(464,033)	-	-	-	-	-	464,033	-
PD 682/13 Rev.1 (F)/C49	149,744	-	-	-	-	149,744	-	-	-	-	-	-
PD 696/13 Rev.2 (F)/C49	310,576	-	-	-	-	310,576	-	-	-	-	-	-
PD 710/13 Rev.1 (F)/C49	479,976	-	-	-	-	479,976	-	-	-	-	-	-
PD 601/11 Rev.3 (F)/C49	496,290	-	-	-	-	496,290	-	-	-	-	-	-
PD 602/11 Rev.3 (F)/C49	350,402	-	-	-	-	350,402	-	-	-	-	-	-
Sub-Total (F):	31,948,750	1,019,006	(28,300,326)	(2,283,833)	(30,584,219)	2,383,537	18,052,308	3,752,680	-	(2,208,350)	19,596,838	-
												23,641
												13,370,917

International Tropical Timber Organization
Special 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 12/31/13
	Accumulated Total 2012	2013	Accumulated Total 2012	2013	Accumulated Total 2013	12/31/13	2013	Deletion of completed projects 2013		
FOREST INDUSTRY (I)										
PD 364/05 Rev.4 (I)/C43	214,364	-	-	(214,364)	(214,364)	-	5,097	-	214,364	-
PD 384/05 Rev.3 (I)/C41	463,670	-	-	(463,670)	(463,670)	-	-	-	438,495	-
PD 385/05 Rev.4 (I,F)	314,678	(314,678)	-	-	-	-	-	(314,678)	25,175	-
PD 433/06 Rev.3 (I)/C45	516,927	-	-	(516,927)	(516,927)	-	147,711	-	333,968	-
PD 448/07 Rev.2 (I)/C44	354,672	(354,672)	(354,672)	354,672	(292,522)	-	21,731	(354,672)	182,939	-
PD 506/08 Rev.1 (I)/C44	292,522	-	-	(292,522)	(292,522)	-	-	-	60,644	9,551
PD 512/08 Rev.2 (I)/C45	398,517	(398,517)	(398,517)	398,517	(278,640)	-	37,829	(397,031)	15,404	6,053
PD 513/08 Rev.1 (I)/C45	278,640	-	-	(278,640)	(278,640)	-	68,805	-	19,392	-
PD 521/08 Rev.3 (I)/C46	490,374	-	-	(490,374)	(490,374)	-	19,796	(601,907)	244,711	663
PD 523/08 Rev.1 (I)/C45	605,094	(605,094)	(555,094)	555,094	(50,000)	200,068	5,357	-	226,041	-
PD 687/13 Rev.1 (I)/C49	250,068	-	-	(50,000)	(50,000)	-	-	-	226,041	-
PD 722/13 Rev.1 (I)/C49	226,041	-	-	(50,000)	(50,000)	-	-	-	226,041	-
PD 01/95 Rev.1 (O,F,I)	2,433,135	-	(2,433,135)	-	(2,433,135)	-	-	-	2,392,832	-
PD 39/93 Rev.4 (I)	317,149	-	(317,149)	-	(317,149)	-	-	-	40,304	-
PD 58/97 Rev.1 (I)	622,191	-	(622,191)	-	(622,191)	-	-	-	5,375	-
pd 13/99 (am) rev.2 ph.2 BPF	216,017	-	(216,017)	-	(216,017)	-	-	-	2,397	-
PD 457/07 Rev.5 (I)/C46	31,210	-	-	31,210	(31,210)	-	-	-	-	-
PD 540/09 Rev.2 (I)/C47	448,362	-	(448,362)	-	(448,362)	-	190,987	-	167,029	-
PD 600/11 Rev.1 (I) 2011	537,095	-	(537,095)	-	(537,095)	-	140,070	-	179,856	-
PD 39/93 Rev.4 (I) Ph.II A/U10	74,520	-	(74,520)	-	(74,520)	-	-	-	20,000	-
Freezalah Fellowship Fund	5,327,423	515,000	(5,842,423)	(716,208)	(6,642,423)	200,000	851,551	-	603,726	-
	13,936,560	(681,852)	(10,914,177)	(1,714,422)	(12,628,599)	626,109	1,488,934	(1,668,288)	1,970,997	16,268
Sub-Total (I) :										
	49,391,347	1,355,003	(5,409,160)	(5,409,160)	(47,365,655)	3,380,696	6,314,343	(3,876,638)	16,823,097	39,909
Total of Project Sub-Account:										
	31,485,548	6,314,343	(3,876,638)	(3,876,638)	33,923,253					

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 2012	FY2013		
ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)										
	TFL-PD 007/09 Rev.2 (M)/03/10	365,526	-	(365,526)	-	(365,526)	-	121,198	122,105	-
	TFL-PD 007/09 Rev.1 (M)/03/10	163,039	-	(163,039)	-	(163,039)	-	163,039	163,039	-
	TFL-PD 010/09 Rev.1 (M)/03/10	474,163	-	(474,163)	-	(474,163)	-	454,970	454,970	-
	TFL-PD 014/09 Rev.1 (M)/03/10	302,562	-	(302,562)	-	(302,562)	-	206,534	207,441	19,193
	TFL-PD 017/09 Rev.2 (M)/SP/10	322,056	-	(322,056)	-	(322,056)	-	229,302	305,009	95,121
	TMT-SPD 002/10 Rev.1 (M)/SP/10	150,000	-	(150,000)	-	(150,000)	-	124,787	140,592	17,097
	CEM-SPD 065/10 Rev.1 (M)/SP/10	31,104	-	(31,104)	-	(31,104)	-	2,304	15,804	9,406
	TFL-PD 019/10 Rev.2 (M)/SP/10	496,670	-	(496,670)	(266,883)	(763,553)	26,396	277,740	471,657	-
	TFL-PD 028/10 Rev.2 (M)/SP/10	563,339	-	(563,339)	(75,448)	(638,787)	337,891	113,869	226,601	25,033
	TMT-PD 066/11 Rev.3 (M)/SP/11	320,920	-	(320,920)	(75,448)	(396,368)	-	124,117	226,601	336,738
	RED-PD 045/11 Rev.2 (M)/SP/11	470,683	-	(470,683)	(75,448)	(546,131)	-	177,626	301,744	19,176
	TMT-SPD 004/11 R.2 (M)/SP/11	359,716	-	(359,716)	-	(359,716)	-	144,556	264,533	206,150
	TMT-SPD 010/12 Rev.1 (M)/SP/12	138,033	-	(138,033)	-	(138,033)	-	29,004	249,318	110,398
	TMT-SPD 011/12 Rev.2 (M)/SP/12	138,996	-	(138,996)	-	(138,996)	-	70,059	80,284	57,749
	TMT-SPD 012/12 Rev.1 (M)/SP/12	111,931	-	(111,931)	-	(111,931)	-	10,296	10,296	-
	TMT-SPD 013/12 Rev.1 (M)/SP/12	130,000	-	(130,000)	-	(130,000)	-	8,291	77,091	34,900
	TFL-SPD 028/12 Rev.1 (M)/SP/12	147,701	-	(147,701)	-	(147,701)	-	59,620	96,877	53,123
	TFL-SPD 029/12 Rev.1 (M)/SP/12	137,941	-	(137,941)	-	(137,941)	-	78,870	89,811	57,890
	TFL-SPD 030/12 Rev.1 (M)/SP/12	131,236	-	(131,236)	-	(131,236)	-	25,028	35,246	102,695
	TFL-PPD 040/13 Rev.2 (M)/2013	-	74,586	-	(74,586)	-	-	9,721	46,749	84,487
	TFL-PPD 001/09 Rev.2 (M)/03/10 Closed '12	-	-	-	-	-	-	7,991	7,991	66,995
	Sub-Total (M)	4,975,616	74,586	(4,268,998)	(416,917)	(4,685,915)	364,287	2,066,979	3,351,272	1,657,626

International Tropical Timber Organization
Special Account

Notes to Financial Statements (continued)

Title	Budget		Receipt		Arrears in Contributions at		Expenditure		Appropriated for		Surplus from Completed Projects at 12/31/13
	Accumulated Total 2012	FY2013	Accumulated Total 2012	FY2013	Accumulated Total 2013	12/31/13	FY2013	Deletion of completed projects 2013	Accumulated Total 2013	future expenditures at 12/31/13	
REGENERATION & FOREST MANAGEMENT											
RED-A 004/09 Rev.1 (F)/11/09	97,180	-	97,180	-	(97,180)	-	-	-	92,930	4,250	-
RED-PD 005/09 Rev.2 (F)/02/10	400,680	-	400,680	-	(400,680)	-	-	-	390,834	9,846	-
TTL-PPD 005/09 Rev.1 (F)/11/09	56,970	(56,970)	-	56,970	(600,680)	-	(4,280)	-	-	-	-
RED-PD 006/09 Rev.2 (F)/02/10	82,080	-	82,080	-	(82,080)	-	-	-	82,080	-	-
RED-PD 007/09 Rev.2 (F)/03/10	447,071	-	447,071	-	(447,071)	-	-	-	447,071	-	-
RED-PD 008/09 Rev.2 (F)/03/10	149,493	-	149,493	-	(149,493)	-	-	-	141,009	8,484	-
RED-PD 009/09 Rev.1 (F)/02/10	356,519	-	356,519	-	(356,519)	-	-	-	339,439	17,080	-
RED-PD 010/09 Rev.1 (F)/02/10	149,040	-	149,040	-	(149,040)	-	-	-	149,040	-	-
RED-PD 020/09 Rev.1 (F)/03/10	476,820	-	476,820	-	(476,820)	-	-	-	476,820	-	-
RED-A 021/09 Rev.1 (F)/02/10	638,716	-	638,716	-	(638,716)	-	-	-	487,366	151,350	-
RED-PD 026/09 Rev.1 (F)/02/10	1,124,784	-	1,124,784	-	(1,124,784)	-	-	-	308,318	265,929	-
RED-PD 029/09 Rev.1 (F)/03/10	465,151	-	465,151	-	(465,151)	-	-	-	338,025	860,855	-
CFM-PPD 006/10 Rev.1 (F)/SP/10	122,040	-	122,040	-	(122,040)	-	-	-	122,040	-	-
CFM-PPD 007/10 Rev.1 (F)/SP/10	149,229	-	149,229	-	(149,229)	-	-	-	137,708	-	-
CFM-FA 008/10 Rev.2 (F)/SP/10	200,000	-	200,000	-	(200,000)	-	-	-	200,000	11,521	-
RED-PD 031/11 Rev.1 (F)/SP/11	478,894	-	478,894	-	(478,894)	-	-	-	191,439	7,315	-
RED-PD 032/11 Rev.1 (F)/SP/11	413,384	-	413,384	-	(413,384)	-	-	-	317,825	107,603	-
RED-PD 033/11 Rev.1 (F)/SP/11	590,922	-	590,922	-	(590,922)	-	-	-	193,772	97,559	-
RED-PD 034/11 Rev.2 (F)/SP/11	571,890	-	571,890	-	(571,890)	-	-	-	278,460	238,430	-
RED-PD 035/11 Rev.3 (F)/SP/11	113,373	-	113,373	-	(113,373)	-	-	-	8,398	104,975	-
RED-PD 036/11 Rev.3 (F)/SP/11	144,650	-	144,650	-	(144,650)	-	-	-	144,650	-	-
RED-PD 041/11 Rev.2 (F)/SP/11	73,613	-	73,613	-	(73,613)	-	-	-	8,781	64,832	-
RED-PD 050/11 Rev.1 (F)/SP/11	81,864	-	81,864	-	(81,864)	-	-	-	79,190	2,674	-
RED-PD 051/11 Rev.1 (F)/SP/11	149,922	-	149,922	-	(149,922)	-	-	-	149,922	-	-
RED-PD 055/11 Rev.1 (F)/SP/11	253,120	-	253,120	-	(253,120)	-	-	-	230,957	-	-
RED-FA 056/11 Rev.1 (F)/SP/11	142,110	-	142,110	-	(142,110)	-	-	-	10,527	22,583	-
RED-PD 038/11 Rev.2 (F)/SP/11	504,317	-	504,317	-	(504,317)	-	-	-	187,357	316,960	-
RED-PD 064/11 Rev.2 (F)/SP/11	143,510	-	143,510	-	(143,510)	-	-	-	116,510	27,000	-
RED-FA 069/11 Rev.1 (F)/SP/11	101,117	-	101,117	-	(101,117)	-	-	-	79,610	21,507	-
RED-PD 074/12 Rev.1 (F)/SP/12	145,800	-	145,800	-	(145,800)	-	-	-	101,659	44,141	-
RED-PD 075/12 Rev.1 (F)/SP/12	121,662	-	121,662	-	(121,662)	-	-	-	39,214	82,448	-
RED-PD 077/12 Rev.1 (F)/SP/12	146,751	-	146,751	-	(146,751)	-	-	-	30,202	116,549	-
RED-PD 079/12 Rev.1 (F)/SP/12	149,922	-	149,922	-	(149,922)	-	-	-	76,673	73,249	-
RED-PD 084/12 Rev.1 (F)/SP/12	149,904	-	149,904	-	(149,904)	-	-	-	43,980	94,820	-
RED-PD 092/12 Rev.1 (F)/SP/12	297,205	-	297,205	-	(297,205)	-	-	-	226,013	71,192	-
RED-PD 093/12 Rev.3 (F)/12	9,654,733	(9,654,733)	-	9,654,733	(9,654,733)	-	-	-	1,788,549	2,587,132	-
Sub-Total (F):	9,711,703	(9,654,733)	9,654,733	56,970	(9,711,703)	-	-	-	5,279,053	1,788,549	7,067,602
Forest Industry Ltd											
TMT-FA 007/11 Rev.1 (O)/SP/11	60,116	-	60,116	-	(60,116)	-	-	-	37,916	22,200	-
	60,116	-	60,116	-	(60,116)	-	-	-	37,916	22,200	-
Sub-Total (O):	120,232	-	120,232	-	(120,232)	-	-	-	75,832	44,400	-
Total of Thematic Programmes Sub-Account:	14,247,435	17,616	14,765,051	(359,947)	(14,043,817)	364,287	-	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

BDO Toyo & Co.

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	—
	<u>814,643</u>	<u>281,204</u>
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)
	<u>233,636</u>	<u>1,158,856</u>
Excess of expenditures over revenues	<u>\$ 581,007</u>	<u>\$ (877,652)</u>

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	<u>1</u>	<u>(3,208)</u>
Cash and time deposits at beginning of year	5,430	8,638
Cash and time deposits at end of year	<u>\$ 5,430</u>	<u>\$ 5,430</u>

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	Budget		Receipt		Arrears in Contributions at 12/31/13	Expenditure		Appropriated for future expenditures at 12/31/13	Surplus from Completed Projects at 12/31/12		
	Accumulated Total 2012	FY2013	Accumulated Total 2012	FY2013		Accumulated Total 2012	FY2013			Deletion of completed projects 2013	Accumulated Total 2013
ECONOMIC INFORMATION & MARKET INTELLIGENCE (M)											
pd 16/93-t4(m) ph.4 C/31	4,445,945	-	(4,445,945)	-	(4,445,945)	-	-	4,445,489	456	-	
PD 124/01 R.2 (M) P.I.S.I.C/32	1,269,965	-	(1,269,965)	-	(1,269,965)	-	-	1,269,965	-	-	
PD 124/01 Rev.2 (M) P.I.C/42	864,070	-	(864,070)	-	(864,070)	-	-	864,070	-	-	
PD 124/01 Rev.3 (M) P.II.C/46	500,000	600,000	(500,000)	-	600,000	-	30,793	502,865	597,135	-	
PD 291/04 Rev.2 (M)	216,378	-	(216,378)	-	(216,378)	-	-	215,178	1,200	-	
PD 138/07 Rev.1 (M) / C44	79,844	-	(79,844)	-	(79,844)	-	-	79,844	-	-	
PD 449/07 Rev.2 (M.I) / C43	473,040	-	(473,040)	-	(473,040)	-	-	463,788	9,252	-	
Sub-Total (M) :	7,849,242	600,000	(7,849,242)	-	(7,849,242)	600,000	32,313	7,808,886	608,943	-	
REFORESTATION & FOREST MANAGEMENT (F)											
pd 20/99-t.2 (f) C28 Shit/BPF	559,493	-	(559,493)	-	(559,493)	-	-	311,990	247,503	-	
PD 23/99 Rev.2 (F)	172,136	-	(172,136)	-	(172,136)	-	-	170,597	1,539	-	
pd 32/99-t.2 (f) C29 Shit/BPF	618,969	-	(618,969)	-	(618,969)	-	-	614,944	4,025	-	
BPF PD 59/02 Rev.2 (F) C36	84,305	-	(84,305)	-	(84,305)	-	-	61,319	22,986	-	
BPF PD 199/03 Rev.3 (F) C36	343,440	-	(343,440)	-	(343,440)	-	-	296,587	46,854	-	
BPF PD 200/03 Rev.4 (F) C37	367,632	-	(367,632)	-	(367,632)	-	-	351,705	15,927	-	
PPD 108/04 Rev.1 (F)	75,578	-	(75,578)	-	(75,578)	-	-	72,702	2,876	-	
BPF PD 276/04 Rev.2 (F) C37	480,920	-	(480,920)	-	(480,920)	-	-	479,174	1,746	-	
BPF PD 288/04 Rev.2 (F) C38	568,728	-	(568,728)	-	(568,728)	-	-	553,728	15,000	-	
PD 346/03 Rev.2 (F)	324,000	-	(324,000)	-	(324,000)	-	-	241,290	82,710	-	
PD 350/03 Rev.3 (F)	366,271	-	(366,271)	-	(366,271)	-	-	335,754	30,517	-	
PD 351/03 Rev.1 (F)	514,653	-	(514,653)	-	(514,653)	-	-	393,656	120,997	-	
BPF PD 360/03 Rev.1 (F) C38	610,000	-	(610,000)	-	(610,000)	-	-	493,657	116,343	-	
PD 372/03 Rev.1 (F)	790,020	-	(790,020)	-	(790,020)	-	32,421	762,451	27,569	-	
PD 376/03 Rev.2 (F.M)	462,645	-	(462,645)	-	(462,645)	-	49,459	447,645	15,000	-	
PD 383/03 Rev.2 (F) / C41	594,432	-	(594,432)	-	(594,432)	-	-	295,750	298,682	-	
PD 123/06 Rev.1 (F)	79,920	-	(79,920)	-	(79,920)	-	-	76,051	3,869	-	
PD 493/07 Rev.1 (F) / Spring'08	561,195	-	(561,195)	-	(561,195)	-	2,429	552,873	8,316	-	
Sub-Total (F) :	7,574,337	-	(7,574,337)	-	(7,574,337)	-	84,309	6,429,993	1,060,035	-	

International Tropical Timber Organization
Bali Partnership Fund Account
Notes to Financial Statements (continued)

Title	Budget		Receipt		Arrears in		Expenditure		Appropriated for future expenditures at 12/31/13	Surplus from Completed Projects at 12/31/12
	Accumulated Total 2012	FY2013	Accumulated Total 2012	FY2013	Accumulated Total 2013	Contributions at 12/31/13	Accumulated Total 2012	FY2013		
FOREST INDUSTRY (I)										
PD 13/99 Rev.2 (M.F.I) Phase I	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	-	-	-
BPF PD 97/04 Rev.1 (I) C36	94,832	-	(94,832)	-	(94,832)	-	84,119	-	10,713	-
BPF PD 347/05 Rev.2 (I) C38	313,200	(313,200)	(313,200)	313,200	-	-	292,694	20,506	(313,200)	-
pd 73/89 (m.f.) Shif/BPF	3,537,358	31,132	(3,526,838)	(31,132)	(3,557,970)	30,520	3,497,475	34,339	56,676	20,506
pd 73/89 (m.f.b) Mambent/Brz	210,000	-	(210,000)	-	(210,000)	-	201,184	-	8,816	-
Sub-Total (I)	10,621,962	(282,068)	(10,591,442)	282,068	(10,309,374)	30,520	10,522,044	54,845	76,205	20,506
Activities (A)										
pp-a/26-79	661,965	-	(661,965)	-	(661,965)	-	617,834	-	44,131	-
PP-A/29-95	402,432	-	(402,432)	-	(402,432)	-	402,226	-	205	-
PP-A/30-103	196,000	-	(196,000)	-	(196,000)	-	196,000	-	-	-
PP-A/31-111B Dec 6(XXXI)	832,500	-	(832,500)	-	(832,500)	-	830,443	-	2,057	-
PP-a/32-122 (Dec.10) c/22	411,300	-	(411,300)	-	(411,300)	-	393,860	-	17,440	-
PP-A/33-131 (Dec.4(XXXIV))	649,891	-	(649,891)	-	(649,891)	-	561,165	-	88,726	-
PP-A/34-151B (Dec.4(C35) C36	728,800	-	(728,800)	-	(728,800)	-	728,800	-	-	-
PP-A/35-178: Biodiversity	10,000	-	(10,000)	-	(10,000)	-	10,000	-	-	-
PP-A/36-194: Civil Society	518,870	-	(518,870)	-	(518,870)	-	512,124	-	6,746	-
PP-A/37-194: Timber tracking	396,000	-	(396,000)	-	(396,000)	-	375,520	-	20,480	-
PP-A/38-200: Assit Proposals	600,000	-	(600,000)	-	(600,000)	-	570,402	-	29,598	-
PP-A/39-202: Forest tenure	100,000	(100,000)	(100,000)	100,000	-	-	34,809	65,191	-	-
PP-A/40-207: Assess Missions	200,000	-	(200,000)	-	(200,000)	-	189,619	-	10,381	-
PP-A/41-208: SPM Topics 2010	150,000	-	(150,000)	-	(150,000)	-	150,000	-	-	-
PP-A/42-225: GFRLR Workshops	720,000	-	(720,000)	-	(720,000)	-	685,539	-	34,461	-
PP-A/43-226: Biodiv. Guideline	150,000	-	(150,000)	-	(150,000)	-	150,000	-	-	-
Sub-Total (A)	7,147,753	(100,000)	(7,147,753)	100,000	(7,047,753)	-	6,781,308	65,191	301,259	-
Total of Bali Partnership Fund:	33,193,298	217,932	(33,162,778)	382,068	(32,780,710)	630,520	31,542,232	236,658	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

Financial Statements

December 31, 2013 and 2012

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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
	<u>\$51,435,061</u>	<u>\$62,015,792</u>
Liabilities and contributions		
Accounts payable to Bali Partnership Fund Account	\$29,293,122	\$29,506,685
	<u>29,293,122</u>	<u>29,506,685</u>
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)	-
	<u>22,141,940</u>	<u>32,509,107</u>
	<u>\$51,435,061</u>	<u>\$62,015,792</u>

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	<u>\$ (6,000,000)</u>	<u>\$ -</u>

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

	<i>(U.S. dollars)</i>
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	<u>\$ 10,016,552</u>	<u>\$ 11,143,712</u>

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	<u>30,858,041</u>	<u>(4,759,382)</u>	<u>26,098,659</u>
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.

