



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

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**FINANCIAL REPORTS PREPARED IN ACCORDANCE WITH
ITTO FINANCIAL RULES AND PROCEDURES (ANNEX 4)**

(Item 8 of the Provisional Agenda)

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Executive Summary of ITTO's Financial Statements
for the year ended 31 December 2020

prepared by the ITTO Management

Executive summary

1. The audited financial statements provide information on the financial position and performance of the International Tropical Timber Organization (ITTO) for the fiscal year ended 31 December 2020 (FY2020).
2. For ITTO's project accounts in FY2020, new voluntary contribution pledges of \$4.1 million were announced at the 56th Session of the International Tropical Timber Council, and total project cost expenses during this period were \$3.0 million for projects mostly funded prior to FY2020. Total Administrative Account assessed contribution revenues were \$7.1 million, of which \$1.6 million was not received during FY2020 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2020 Administrative Account budget were \$6.1 million, therefore creating a cash deficit of \$0.6 million for the Administrative Account budget for the year. The International Tropical Timber Council (ITTC) adopted Decision 2(LV.1) "Management of the Administrative Budget for 2019-2020", in June 2020 to address this issue, allowing ITTO to utilize the Working Capital Reserve to cover the deficit and to enable the Secretariat to continue functioning during the ongoing COVID-19 pandemic and anticipated economic downturn in many countries, which may result in delays in receipt of Administrative Account assessed contributions.
3. The ITTC adopted Decision 5(LIV) at its 54th Session in November 2018 to enhance the financing architecture and fundraising of the Organization. In accordance with operative paragraph 8 of that decision, the Secretariat is including here the revenue and direct and indirect costs associated with implementing the pilot of "an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders which address/contribute to the objectives of the International Tropical Timber Agreement (ITTA) and the strategic priorities of the Organization, taking into consideration the need for transparency, and opportunities for member engagement".

Required financial disclosures in accordance with Decision 5(LIV)

(United States dollars)		(United States dollars)	
<i>Pledges associated with implementing the pilot</i>	2020	<i>Costs associated with implementing the pilot</i>	2020
Pledges in ITTC Decision 1(LVI) associated with implementing the pilot		Costs charged to the Administrative Budget	
Pledge by FAO for PP-A/53-323C "Regional assessment of forest education in the Asia and Pacific Region and Online Learning Course for Legal and Sustainable Supply Chains (LSSC)"	123,848	Staff Time *	300,000
Pledge by Japan for PP-A/56-340-1 "Capacity building on forest and land fire management in Indonesia"	1,105,263	Sub-total	300,000
Pledge by Japan for PP-A/56-340-2 "Forest fire prevention and response in tropical forests and forest plantations in Peru"	1,105,263	Costs charged to the Working Capital Reserve in accordance with Decision 9(LIII) and Decision 5(LIV)	
Pledge by Soka Gakkai for PP-A/56-341 "Support for women's group with the restoration of forest landscapes in the Prefectures of Blitta and Lacs, Togo"	93,240	Consultancies	23,228
		Ad hoc Finance Working Group	1,110
		Sub-total	24,338
Total Pledges	2,427,614	Total Costs	324,338

* Estimated based on time spent on brainstorming, meetings and implementing fundraising initiatives as well as time spent on implementing the resulting activities not explicitly budgeted for in those activities.

The ITTC adopted Decision 4(LVI) “Implementing ITTO’s New Financing Architecture – Phase II”, in November 2020, building on Decision 8(LV) by adopting the goals and objectives of each of the four Programmatic Lines and the project concept note. Specific activities include, among others, issuing a first open call for concept notes, continue to periodically convene the Advisory Board and engage with funding mechanisms including the Global Environment Facility (GEF) and its partners ahead of its eighth replenishment process. Accordingly, the staff time associated with the pilot will continue to be substantial for 2021 as well.

4. The 2020 financial statements have, for the fifth successive year, been prepared based on the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Rules and Procedures adopted by the ITTC, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO’s resources and internal control. Highlights include:

- i. The surplus for the FY2020 Statement of Financial Performance was \$0.8 million due to differences in the timing of recognizing revenue and expenses (e.g. the entire Administrative Budget is recognized as revenue in the year that the assessments are due. However, only expenses incurred during the same year are recognized as expenses from that year’s budget).
- ii. Project expenses decreased by \$2.7 million between 2019 and 2020. This was mainly due to projects making significantly less progress in 2020 due to the COVID-19 pandemic.
- iii. Advance transfers to projects increased by \$0.3 million between 2019 and 2020. This was also mainly due to projects making significantly less progress in 2020 due to COVID-19 pandemic and the spending rate for advance transferred funds to executing agencies being reduced.

5. ITTO is committed to enhancing its solid foundation for transparent and effective financial management and reporting. In addition to the best practices for internal control previously implemented under the Financial Rules adopted in 2016 and further revised in 2019, the ITTC adopted a new project audit framework in 2020 to increase timeliness and transparency for the reporting of project fund expenses. ITTO will continue to implement and strengthen its internal controls and accountability measures by proactively evaluating and improving its systems where appropriate by adopting best practices from organizations that are similar in nature. Simultaneously, the Council will play a crucial role as the governing body, receiving regular reports of the Organization’s finances and providing oversight of these.

ITTO's Financial Statements
for the year ended 31 December 2020

audited by the Independent Auditors

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Chapter I Independent Auditor's Report

To the Officer-in-charge of International Tropical Timber Organization

Opinion

We have audited the financial statements of International Tropical Timber Organization (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget to actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Organization's 2020 Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the ITTO Management Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The partner in charge of the audit resulting in this independent auditor's report is Takashi Kubo.

Tokyo, Japan
June 28, 2021

Ernst & Young ShinNihon LLC

Chapter II

Financial statements for the year ended 31 December 2020

International Tropical Timber Organization

I. Statement of financial position as at 31 December

(United States dollars)

	<i>Note</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Assets			
Current assets			
Cash and cash equivalents	6, 28	18,658,085	16,405,795
Investments	7	-	-
Assessed and voluntary contributions receivable, net	8, 27, 28	5,129,987	6,257,753
Other accounts receivable, net	8, 27, 28	232	39,218
Advance transfers - Projects	9	770,836	518,827
Advance transfers - Others	10	235,932	173,674
Total current assets		24,795,072	23,395,267
Non-current assets			
Property and equipment	11	199,550	235,858
Intangible assets	12	6,847	9,595
Other assets	13	-	-
Total non-current assets		206,397	245,452
Total assets		25,001,469	23,640,719
Liabilities			
Current liabilities			
Accounts payable - Members	14, 27, 28	65,133	157,528
Voluntary contributions advance receipts - allocated	15	724,907	400,880
Voluntary contributions advance receipts - unallocated	16	859,466	414,546
Assessed contributions advance receipts	17	442,547	326,398
Other liabilities	18, 27, 28	740,038	784,421
Total current liabilities		2,832,090	2,083,773
Non-current liabilities			
Voluntary contributions advance receipts - allocated	15	10,715,010	11,018,880
Other liabilities	18, 27, 28	1,107,751	984,036
Total non-current liabilities		11,822,760	12,002,916
Total liabilities		14,654,851	14,086,689
Net of total assets and total liabilities		10,346,618	9,554,030
Net assets			
Accumulated surplus - Restricted	19	6,279,329	5,857,336
Accumulated surplus - Unrestricted	19	1,567,289	1,196,694
Reserves	19	2,500,000	2,500,000
Total net assets		10,346,618	9,554,030

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

International Tropical Timber Organization
II. Statement of financial performance for the year ended 31 December

(United States dollars)

	<i>Note</i>	<i>2020</i>	<i>2019</i>
Revenue			
Administrative Account			
Assessed contributions	20	7,091,488	7,170,242
Other voluntary contributions	20	1,140,215	884,755
Financial revenue	21	2,582	12,014
Other income	22	230	890
Project Accounts			
Member States voluntary contributions	20	3,018,554	5,401,501
Other voluntary contributions	20	-	-
Programme support Revenue	20	478,948	496,990
Expost evaluation Revenue	20	28,365	163,005
Financial revenue	21	2,714	15,631
Other income	22	135,337	-
Total revenue		11,898,432	14,145,027
Expenses			
Administrative Account			
Employee benefits	23	5,237,814	4,889,230
Operating expenses	24	1,944,678	2,501,333
Project Accounts			
Project expenses	25	2,964,781	5,618,924
Depreciation and amortization	11, 12	64,060	66,699
Other expenses	26	894,511	558,068
Total expenses		11,105,844	13,634,253
Surplus/(deficit) for the year		792,588	510,774

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

International Tropical Timber Organization
III. Statement of changes in net assets for the year ended 31 December

(United States dollars)

	<i>Restricted accumulated surplus</i>	<i>Unrestricted accumulated surplus</i>	<i>Reserves</i>	<i>Total</i>
Net assets as at 31 December 2018	5,795,068	748,188	2,500,000	9,043,256
Result of the accounting period	62,268	448,506	-	510,774
Net assets as at 31 December 2019 (Note 19)	5,857,336	1,196,694	2,500,000	9,554,030
Result of the accounting period	421,993	370,595	-	792,588
Net assets as at 31 December 2020 (Note 19)	6,279,329	1,567,289	2,500,000	10,346,618

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

International Tropical Timber Organization
IV. Statement of cash flows for the year ended 31 December

(United States dollars)

	2020	2019
Cash flows from operating activities		
Surplus/(deficit) for the year	792,588	510,774
Adjustments to reconcile deficit/surplus to net cash flows		
Increase/(decrease) in allowance for doubtful receivables	911,011	499,547
Depreciation and amortization	64,060	66,699
Unrealized (gain)/loss on foreign exchange	(22,344)	18,797
Changes in assets		
(Increase)/decrease in Assessed contributions receivable	(815,337)	(1,042,492)
(Increase)/decrease in Voluntary contributions receivable	1,032,092	454,578
(Increase)/decrease in Other accounts receivable	40,222	5,048
(Increase)/decrease in Advance transfers - Projects	(252,009)	996,966
(Increase)/decrease in Advance transfers - Others	(62,258)	148,834
Changes in liabilities		
(Decrease)/increase in Accounts payable - Members	(92,395)	95,881
(Decrease)/increase in Other liabilities	118,564	167,849
(Decrease)/increase in Voluntary contributions advance receipts - allocated	20,157	(1,221,431)
(Decrease)/increase in Voluntary contributions advance receipts - unallocated	444,920	(29,397)
(Decrease)/increase in Assessed contributions advance	116,149	(107,284)
Net cash flows from operating activities	2,295,421	564,369
Cash flows from investing activities		
Purchases of property and equipment	(25,005)	(9,155)
Purchases of intangible assets	-	-
Net cash flows from investing activities	(25,005)	(9,155)
Cash flows from financing activities		
Net proceeds from/(payment of) finance lease liabilities	(39,233)	(38,311)
Net cash flows from financing activities	(39,233)	(38,311)
Effect of exchange rate changes on cash and cash equivalents	21,108	(19,157)
Net (decrease) in cash and cash equivalents	2,252,291	497,746
Cash and cash equivalents — beginning of year (Note 6)	16,405,795	15,908,049
Cash and cash equivalents — end of year (Note 6)	18,658,085	16,405,795

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

International Tropical Timber Organization

V. Statement of comparison of budget to actual amounts for the year ended 31 December 2020

(United States dollars)

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual on comparable basis (Note 5)</i>	<i>Difference between final and actual</i>
Receipts				
Assessed contributions (Notes 8 and 20)	7,091,488	7,091,488	5,457,890	1,633,598
Host country contributions (Note 20)	1,309,572	1,309,572	1,140,215	169,357
Total receipts	8,401,060	8,401,060	6,598,105	1,802,955
Expenditures				
Basic administrative costs				
Salaries and benefits	4,163,762	4,163,762	3,755,959	407,803
Installation costs	112,578	112,578	-	112,578
Official travel	156,200	156,200	14,735	141,465
Social security	975,123	975,123	951,405	23,718
Special activities	52,762	52,762	-	52,762
Data processing	150,016	150,016	147,046	2,970
Other costs	372,246	372,246	295,609	76,637
Council meetings	208,801	208,801	201,943	6,858
Subtotal, basic administrative costs	6,191,488	6,191,488	5,366,697	824,791
Core operational costs				
Communication and outreach	435,000	435,000	351,844	83,156
Expert meetings by Council	110,000	110,000	32,268	77,732
Policy work	-	-	-	-
Statistics, studies & information	265,000	265,000	226,170	38,830
Annual report & biennial review	90,000	90,000	82,777	7,223
Subtotal, core operational costs	900,000	900,000	693,058	206,942
Subtotal, administrative budget	7,091,488	7,091,488	6,059,756	1,031,732
Costs met by Japan (including tax refund)	1,309,572	1,309,572	1,140,215	169,357
Total expenditures	8,401,060	8,401,060	7,199,971	1,201,089
Net total	-	-	(601,866)	-

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

International Tropical Timber Organization

VI. Notes to the 2020 financial statements

Note 1

Reporting entity

1. The International Tropical Timber Organization (ITTO) was established pursuant to the International Tropical Timber Agreement, 1983, as a non-profit intergovernmental entity 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”).
2. 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.
3. ITTO's governing body is the International Tropical Timber Council, which comprises all the Organization's members. The Council adopts such rules and regulations as are necessary to carry out the provisions of the Agreement. The Council is also responsible for the approval of ITTO’s financial statements.
4. The financial statements include only the operations of ITTO. ITTO has no subsidiaries or interests in associates or jointly controlled entities.

Note 2

Statement of approval of the Executive Director

ITTO’s financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The financial statements were authorised for issue by the Officer-in-charge on 28 June 2021, and will be submitted to the International Tropical Timber Council (ITTC) for approval at the next annual Council Session.

Note 3

Basis of preparation

A. Basis of measurement

5. The financial statements have been prepared on a full-accrual method of accounting under International Public Sector Accounting Standards (IPSAS). The accounting policies have been applied consistently throughout the reporting period. ITTO applies the historical cost principle.
6. These financial statements are expressed in United States dollars rounded to the nearest whole number, unless otherwise indicated.

B. Foreign currency translation

Functional and presentation currency

7. Items included in the financial statements are measured using the currency of the primary economic environment in which an entity operates (“the functional currency”). The functional and presentation currency of ITTO is the United States dollar.

Transactions and balances

8. Foreign currency transactions are translated into United States dollars at the prevailing United Nations operational rate of exchange at the time of the transaction. The United Nations rates approximate market rates. Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate in effect at the reporting date. Non-monetary items in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising upon revaluation are recognized in the statement of financial performance and included under gains and losses.

C. Use of estimates and critical judgments

9. The preparation of financial statements in accordance with IPSAS requires ITTO management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Since uncertainty is inherent in the use of estimates and assumptions, actual results may differ significantly from management estimates. In response to the COVID-19 pandemic, further scrutinization of existing judgements and estimates that may be impacted has been considered by the ITTO management.

10. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Examples of estimates include: valuation and impairment of investments; collectability of receivables; provisions and adjustments of advance receipts; accrued liabilities for employee benefits; recognition of project expenses; and contingencies.

11. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and which could have a significant risk of resulting in a material adjustment is included in the following notes:

(a) Investments (Note 7) and receivables (Note 8) valuation : if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in the statement of financial performance.

(b) Note 8, Contributions receivable and other receivables, and note 20, Revenue from contributions are defined in IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). Where non-exchange transactions are deemed to include conditions, IPSAS 23 requires that a liability be recognized until such time that the condition is satisfied, at which time revenue may be recorded. The determination of the existence of conditions for non-exchange transactions requires reasonable professional judgment. Many ITTO contribution agreements with donors

include general stipulations; for those that include conditions, deferred revenue is recognized (advance receipts);

(c) Project expenses (Note 25) incurred by the executing agencies are recognized based on the audit reports of the projects. When those audit reports could not be obtained for the reporting year, an estimation has been built based on the available reports. When no contradictory information is available, it is the best estimate of the management that the costs are spend by the executing agencies on a straight line basis.

(d) Note 31, Contingencies: legal proceedings covering a wide range of matters are or may be pending or threatened in various jurisdictions against ITTO.

12. Provisions are recorded for pending matters when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Owing to the inherently uncertain nature of the matters, the ultimate outcome or actual cost of settlement may materially vary from estimates.

D. Future accounting changes

13. The IPSAS Board has published IPSAS 41: Financial Instruments. IPSAS 41 sets out requirements for recognition and measurement of financial instruments, including impairment, derecognition and general hedge accounting and will be effective 1 January 2022. IPSAS 42: Social Benefits has also been published by the IPSAS Board and will be effective 1 January 2022. IPSAS 42 aims to help users of the financial statements and general purpose financial reports assess the nature of social benefits provided by the entity, the features of the operation of social benefit schemes; and the impact of social benefits on the entity's financial performance, financial position and cash flows. ITTO is currently in the process of assessing the impact of these new IPSASs.

Note 4

Significant accounting policies

Financial assets

14. The designation of financial assets depends on the purpose for which the financial assets are acquired and is determined at initial recognition. All financial assets of ITTO that have a residual value are categorized as loans and receivables.

<i>Major financial asset type</i>	<i>Classification</i>
Contributions and other accounts receivable	Loans and receivables
Other assets	Loans and receivables

15. Contributions and other accounts receivables are recognized initially on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date ITTO becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at fair value.

Loans and receivables

16. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

17. Loans and receivables are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. Such loans and receivables are classified as non-current assets.

18. Unused transfers of cash assistance due from executing agencies represent the claims to the unused cash assistance funds remaining with executing agencies after the completion or termination of a project. They are recorded as “other receivables” and are recovered from executing agencies.

19. Cash generating assets and non-cash generating assets are distinguished based on whether those assets bring revenue from exchange transactions or not. As ITTO only generates non-exchange transactions revenue, all assets are considered non-cash generating assets.

Impairment of financial assets — assets carried at amortized cost

20. At the end of each reporting period, ITTO assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. ITTO considers impairment of financial assets at a specific asset level.

21. A financial asset or a group of financial assets is impaired and impairment loss is incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. No collective impairment is made.

22. The amount of the loss is measured as the difference between the carrying amount of the asset and the estimated recoverable amount. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance and reflected in an allowance account in the statement of financial position.

23. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as receipt of funds), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance. Off-setting of the impairment is done when there is no legal possibility that the corresponding asset would be recovered.

24. Receivables relate to contractual amounts agreed to be paid by governments and intragovernmental organizations.

Advances to executing agencies

25. Projects prepaid expenses represent transfers of cash where executing agencies have not yet met performance obligations as specified by ITTO. ITTO monitors the

utilization of cash by executing agencies and recognizes expenses only when those funds have been used by executing agencies as specified by ITTO.

26. Reporting by executing agencies of the utilization of advances is due usually every six months. Where an executing agency fails to report on the utilization of the advance, or breaches the performance obligation, those amounts, as well as any unused funds, are followed up by ITTO with the executing agency.

Property and equipment

27. Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of assets and the initial estimate of dismantling and site restoration costs.

28. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to ITTO and the cost of the item can be measured reliably. Repairs and maintenance, which do not qualify for capitalization, are charged to surplus or deficit in the period during which they are incurred.

29. Estimated useful lives are as follows:

<i>Property and equipment class</i>	<i>Useful life</i>
Buildings	Shorter of term of arrangement and useful life of building
Furniture and fixtures	10 years
Vehicles	6 years
Office equipment	5 years
Communications and information technology (IT) equipment	4 years

30. The gain or loss arising from the disposal or retirement of an item of property or equipment is the difference between the sale proceeds and the carrying amount of the asset, and is recognized in other revenue or expenses within surplus or deficit.

31. Depreciation of property and equipment is recognized in surplus or deficit on a straight-line basis over the estimated useful lives of the related assets.

Intangible assets

32. Separately acquired intangible assets (e.g. software and rights) and internally developed software are stated at cost, less accumulated amortization and accumulated impairment losses. ITTO does not have any intangible assets with indefinite lives.

33. Amortization of intangible assets is recognized in surplus or deficit on a straight-line basis over the estimated useful lives of the related assets. Software is amortized

over periods ranging from 3 to 10 years. Other rights and licences are amortized over the shorter of the licence or rights period and 2 to 6 years.

Leases

34. ITTO leases certain property and equipment. Leases of property and equipment where ITTO substantially assumes all the risks and rewards of ownership are classified as finance leases. Initial recognition of a finance lease results in an asset and liability being recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments.

35. Subsequent to initial recognition, leased assets are depreciated over the shorter of the lease term and their useful lives in accordance with the accounting policies for property and equipment.

36. Each finance lease payment is allocated between the finance lease liability and finance charges. The interest portion of the finance lease obligations is recognized as an expense in the statement of financial performance over the term of the lease in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other liabilities.

37. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases (net of incentives received from the lessor, if any) are recognized on a straight-line basis under other expenses in the statement of financial performance over the period of the lease.

Impairment of non-cash generating assets

38. Property and equipment and intangible assets are reviewed for impairment at each reporting date. Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of such assets should be assessed, including any significant decrease in market value. An impairment loss is recognized in other expenses within the statement of financial performance when the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount of an asset is the higher of the asset's fair value, less costs to sell, and its value in use. In assessing value in use, ITTO uses a variety of methodologies in accordance with IPSAS 21, depending on the availability of data and the nature of impairment, including a depreciated replacement cost approach, a restoration cost approach and a service units approach.

39. Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the impairment value has decreased or no longer exists. An impairment deficit from previous years is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have existed, net of depreciation or amortization, if no impairment deficit had been recognized.

Financial liabilities

40. Other financial liabilities are initially recognized at fair value, less transaction costs, and subsequently measured at amortized cost using the effective interest method.

<i>Major financial liability type</i>	<i>Classification</i>
Accounts payable	Other financial liabilities
Other liabilities	Other financial liabilities

41. Accounts payable and accruals arising from the purchase of goods and services are recognized when supplies are delivered or services consumed. Liabilities are stated at the invoice amounts, less the payment discounts if eligible at the reporting date. Where invoices are not available at the reporting date, the liability is estimated and recorded. Financial liabilities measured at amortized cost, due within 12 months of the date of the statement of financial position, are classified as current liabilities. Otherwise, they are classified as non-current liabilities.

42. There was no discounting of advance receipts by donors as the impact is considered as not material. The amounts paid to executing agencies are always the contribution amount received from the donors, hence the financial risks on the advance receipts are considered remote.

Employee benefits

43. ITTO recognizes the following categories of employee benefits:

- (a) Short-term employee benefits;
- (b) Post-employment benefits;
- (c) Other long-term employee benefits;
- (d) Termination benefits.

Short-term employee benefits

44. Short-term employee benefits are those that are due to be settled within 12 months after the end of the period during which employees have provided related services. These benefits include wages and salaries, compensated absences (such as paid leave and annual leave) and other benefits, including medical care and housing subsidies. An expense is recognized when a staff member provides services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled as at the reporting date and represents the amount expected to be paid to settle the liability. Owing to the short-term nature of such entitlements, the liability is not discounted for the time value of money.

Post-employment benefits

45. Post-employment benefits are those payable after completion of or separation from employment, excluding termination payments.

46. All staff of ITTO participate in a provident fund as their pension plan, which was established by the Staff Regulations and Rules to provide retirement related benefits to employees. Contributions to the provident fund which are payable monthly are set at the percentage rates defined by the United Nations Joint Staff Pension Fund (UNJSPF). Therefore, the provident fund is classified as a defined-contribution plan in line with the requirements of IPSAS 25: Employee benefits. ITTO's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

Other long-term employee benefits

47. Other long-term employee benefits obligations are those that are not due to be settled within 12 months after the end of the period in which employees provide the related service. These benefits comprise home leave, annual leave and repatriation grant. The discounting of those obligations was considered not material considering the amount of the current obligations.

Termination benefits

48. Termination benefits are recognized as an expense only when ITTO is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date. No termination benefit was recognized at the beginning nor the end of the reporting period.

Provisions

49. A provision is recognized if, as a result of a past event, ITTO has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where the provision is expected to be settled beyond the next 12 months, the increase in the provision due to the passage of time is recognized as interest expense. When an outflow is dependent upon a future event that is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

50. A provision for the return of unused funds to donors is reported for unused balances related to projects that have expired at year-end where the donor agreement requires unused funds to be returned and where it is probable that funds will be returned as opposed to being reallocated. Where the donor has not disbursed all the cash to ITTO, the receivable balance is written down to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). A provision for returns of unused funds is reported only if there are funds to be returned after the receivable has been fully written down. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis. The expense arising from reporting a provision (or reducing any receivable) for unused funds is presented in the statement of financial performance.

Revenue recognition

Assessed contributions

51. Assessed contributions are non-exchange transactions, which means that resources (such as cash, items of property and equipment or enforceable rights to such) are received by ITTO with no or nominal consideration provided directly in return to the donor. The resources are to be applied towards advancing the Organization's mission.
52. Assessed contributions are determined during the Council session of the year preceding considering the budget of the Organization and the number of votes of each member.
53. Assessed contributions are received from members.
54. The fair value of assessed contributions is determined by the cash inflow.
55. Assessed contributions are recognized in the year of the budget it is meant to cover.

Voluntary contributions

56. Voluntary contributions are non-exchange transactions, which means that resources (such as cash, items of property and equipment or enforceable rights to such) are received by ITTO with no or nominal consideration provided directly in return to the donor. The resources are to be applied towards advancing the Organization's mission.
57. Voluntary contributions are received from members, regional and international financial institutions, the common fund for commodities, and other sources.
58. The fair value of voluntary contributions is determined by the cash inflow.
59. Voluntary contributions may be subject to terms in a binding agreement imposed upon the use of the resource (termed earmarked funds) or may be free of specific terms allowing ITTO to direct such resources according to its mandate (termed unearmarked fund). Earmarked funds may be subject to conditions where terms not only restrict the use of resources, but also require the return of resources, if not used as specified.
60. With regard to unearmarked funds and earmarked funds with no conditions attached, ITTO recognizes an asset (cash or receivable) and revenue at the earlier of cash received or formal acknowledgement/agreement of the contribution to be provided unless the agreement specifies a later contribution start date.

Examples of such funds with no conditions attached are:

- Donors pledges to Thematic Programme funds
- Programme support recognized from donors pledges
- Donors pledges to Fellowship programme
- Projects' ex-post budgets when the project is officially finished

61. For earmarked contributions:

(a) Where the agreement has a legislative clause, the receivable and related revenue is not recorded until ITTO is notified of the legislative approval;

(b) Where the agreement has a performance clause, the receivable and related revenue is not recorded until the obligation is met.

62. For earmarked contributions with a condition attached, ITTO recognizes an asset (cash or receivable) and a liability (contributions advance receipts or deferred revenue) at the earlier of cash received or formal written acknowledgement/agreement of the contribution to be provided (unless the contribution specifies a later start date). The liability is reduced and revenue is recognized only when conditions have been satisfied.

63. Revenue from voluntary contributions is shown net of realized gains and losses on foreign exchange as ITTO does not assume the risk of foreign exchange on contribution revenue.

Pledges

64. Pledges of contributions to ITTO may be received at any time but are most likely to occur following donor meetings which are held annually. ITTO does not recognize pledges as assets or revenue until they are enforceable at the earlier of written confirmation of the pledge or receipt of funds. Once enforceable, the asset and related revenue are recognized consistent with the revenue recognition policy for voluntary contributions referred to above. Until that time, the pledges are disclosed as contingent assets.

Contributions in kind

65. ITTO receives contributions of services and office space and other facilities from the Host Government. These contributions, as well as in-kind contributions of goods, are initially measured and recorded at their fair value at the date of receipt. The fair value of these non-monetary assets is determined by reference to observable market values or by independent appraisal. The revenue and the corresponding expense are recorded in the statement of financial performance as part of voluntary contributions.

Recognition of expenses

66. Expenses are recognized in the statement of financial performance in the period to which they relate.

Transfers of cash assistance and programme supplies

67. In fulfilling its mandate, ITTO transfers cash to governments, non-governmental organizations and other third parties (“executing agencies”). Transfers of cash assistance are initially reported as an advance on the statement of financial position where there are performance obligations imposed on the executing agency, and are expensed when ITTO is satisfied that those performance obligations are met. An accrual against advances is recorded at year-end for expenses incurred by executing agencies reported to but not processed by ITTO.

68. Project expenses incurred by the executing agencies are recognized based on the audit reports of the projects. When those audit reports could not be obtained for the reporting year, an estimation has been built based on the available reports. When no contradictory information is available, it is the best estimate of the management that the costs are spend by the executing agencies on a straight line basis.

Commitments

69. Commitments are future expenses and liabilities to be incurred on contracts outstanding at the reporting date for which ITTO has little, if any, discretion to avoid in the ordinary course of operations, including:

(a) Capital commitments represents the aggregate amount of capital expenditures contracted for but not recognized as paid or provided for at the period-end;

(b) Contracts for the supply of goods or services that ITTO is expecting to be delivered in the ordinary course of operations;

(c) Cash transfers;

(d) Other non-cancellable commitments.

ITTO does not have any non-cancellable lease agreements.

Contingencies

Contingent assets

70. A contingent asset is a possible asset that is not wholly within the control of the organization. Contingent assets are reviewed to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an asset is no longer contingent and the asset's value can be measured reliably, the asset is recognized during the period in which the change occurs.

Contingent liabilities

71. A contingent liability is disclosed unless the possibility that it will be realized is remote. If it becomes probable that a contingent liability will be realized, a provision is recorded during the period in which the change of probability occurs. A contingent liability will also arise in cases where there are liabilities that cannot be measured reliably.

Segment reporting

72. The ITTO governing body and management does not manage the organization based on service segments or geographical segments.

Budget

73. ITTO budgets, which are approved by the Council for each financial biennium, permit expenditures to be incurred within the Administrative Account. ITTO has classified its budgets as: (a) basic administrative costs budgets; and (b) core operational costs budgets.

74. The basic administrative costs budget includes costs such as salaries and benefits, installation costs, and official travel. Costs met by Japan, which include office equipment, council meetings, supporting staff and tax refund for Japanese taxation, are also classified under the basic administrative costs. However, these costs are fully reimbursed by Japan and are not included in the total for the assessment of the administrative budget.

75. The core operational costs budget includes 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 the Agreement.

76. An original budget is defined by IPSAS as “the initial approved budget for the budget period”. The final budget is defined as:

- (a) The original budget as defined above;
- (b) All subsequent changes to the budget approved by the Council.

77. While ITTO’s financial statements are prepared under the IPSAS full-accrual basis, ITTO budgets are prepared and managed on a modified cash basis. The most significant differences are as follows:

(a) The actual budget does not include revenue. Expenses for projects and activities funded by voluntary contributions in the Project Accounts and expenses deriving from other voluntary contributions in the Administrative Account are also not included in the budget of ITTO. The difference is presented under “presentation differences” in the reconciliation between budget actuals and net cash flows;

(b) Budget costs are recorded on a modified cash basis in contrast with expenses in the financial statements that are prepared under the IPSAS full-accrual basis. The difference is presented under “basis differences” under the “operating” category in the reconciliation between budget actuals and net cash flows;

(c) The budget does not include investing and financing activities. These are presented under “basis differences” under the “investing” and “financing” categories in the reconciliation between budget actuals and net cash flows. The amount of the budget is based on estimated expenses.

Note 5

Comparison to budget

Statement V documents the various budgets to the actual amounts incurred against them. Both budgets and actual amounts (cash and budgetary commitments) are calculated on the same modified cash basis.

The presentation of this statement has been expanded to show the budget information for costs met by Japan, which was included in the approved administrative budget for the 2020 and 2021 financial biennium (CFA(XXXV)/2 Rev.1, dated 29 October 2020). Furthermore, information on host country contributions are included in accordance with the request of Japan (CFA(XXXV)/8, dated 13 November 2020).

Main comparisons of budget and actual amounts for costs met by Japan consist of office, equipment, utilities (\$520,083 budget vs \$541,869 actual), council meetings (\$405,490 budget vs \$137,650 actual), supporting staff (\$100,307 budget vs \$93,393 actual) and tax refund for Japanese taxation (\$283,692 budget vs \$367,303 actual), respectively.

Explanations of material differences between the final budgets and actual amounts are as follows.

(a) Assessed contributions amounting to approximately \$1.6 million were not received overall during the reporting period, which had an influence on management's decision regarding budget spending.

(b) There were months where certain positions were vacant including the position for the projects manager of division of forest management during the reporting period, which impacted salaries and benefits, and social security costs.

(c) There were no installation costs incurred in 2020 due to staff not being hired during this period.

(d) Many official meetings were cancelled or held online in 2020 due to the COVID-19 pandemic, which impacted the official travel costs.

(e) Costs met by Japan are paid directly or reimbursable by Japan based on actual expenditures and the budget is based on actual expenditures from previous years. The Council Session for 2020 was held online due to the COVID-19 pandemic, which reduced costs.

The net deficit between actual receipts and expenditures were covered by the Working Capital Reserve in accordance with Decision 2(LV.1) "Management of the Administrative Budget for 2019-2020", allowing ITTO to utilize an amount not exceeding US\$1,000,000 from the Working Capital Reserve, in addition to the amount of US\$300,000 annually authorized in Decision 2(XXXIV), to meet the short fall of funds to implement the work programme of the Organization for the year 2020.

The following table presents the reconciliation of actual budget amounts on a comparable basis in the statement of comparison of budget to actual amounts and the amounts presented in the statement of cash flows.

(United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Exchange rate changes</i>	<i>2020</i>
Total actual amount on comparable basis as presented in the budget and actuals comparative statement	(7,199,971)	-	-	-	(7,199,971)
Basis differences	(56,576)	(25,005)	(39,233)	-	(120,814)
Exchange rate changes on cash and cash equivalents	-	-	-	21,108	21,108
Presentation differences	9,551,968	-	-	-	9,551,968
Net cashflows from the statement of cash flows	2,295,421	(25,005)	(39,233)	21,108	2,252,291

Note 6
Cash and cash equivalents

All cash in ITTO is at bank or on hand and convertible (freely exchanged to other currencies without licence or authorization).

Note 7
Investments

ITTO does not currently hold any investments. In accordance with CFA(XXXII)/8, recommendation 9, investment of the Organization's funds is suspended until at such time as the Council deems appropriate for ITTO to resume investing.

Note 8
Accounts receivables

Assessed and voluntary contributions: receivables from non-exchange transactions

(United States dollars)

<i>Administrative account</i>	<i>Member States</i>	<i>Allowance for doubtful assessed contributions receivable</i>	<i>Total assessed contributions receivable</i>
Balance as of 31 December 2018	8,040,263	(5,574,406)	2,465,858
Assessed Contribution for 2019	7,170,242	-	7,170,242
Receipt for 2019 Assessed Contributions	(5,465,184)	-	(5,465,184)
Receipt for prior year Assessed Contributions	(662,566)	-	(662,566)
Write-off	(44,195)	44,195	-
Increase of Allowance for doubtful assessed contributions receivable	-	(499,547)	(499,547)
Balance as of 31 December 2019	9,038,560	(6,029,757)	3,008,802

<i>Administrative account</i>	<i>Member States</i>	<i>Allowance for doubtful assessed contributions receivable</i>	<i>Total assessed contributions receivable</i>
Balance as of 31 December 2019	9,038,560	(6,029,757)	3,008,802
Assessed Contribution for 2020	7,091,488	-	7,091,488
Receipt for 2020 Assessed Contributions	(5,457,890)	-	(5,457,890)
Receipt for prior year Assessed Contributions	(987,603)	-	(987,603)
Write-off	-	-	-
Increase of Allowance for doubtful assessed contributions receivable	-	(741,669)	(741,669)
Balance as of 31 December 2020	9,684,554	(6,771,426)	2,913,128

<i>Project accounts</i>	<i>Donors</i>	<i>Allowance for doubtful voluntary contributions receivable</i>	<i>Total voluntary contributions receivable</i>
Balance as of 31 December 2018	3,513,929	-	3,513,929
Increases in Voluntary Contributions Receivables for 2019	5,527,695	-	5,527,695
Cash received in 2019 for Voluntary Contributions	(5,139,971)	-	(5,139,971)
Allocation from Internal Funds	(652,703)	-	(652,703)
Balance as of 31 December 2019	3,248,951	-	3,248,951
Increases in Voluntary Contributions Receivables for 2020	4,339,032	-	4,339,032
Cash received in 2020 for Voluntary Contributions	(5,161,467)	-	(5,161,467)
Allocation from Internal Funds	(209,658)	-	(209,658)
Balance as of 31 December 2020	2,216,858	-	2,216,858

(United States dollars)

<i>Breakdown of Increases in Voluntary Contributions Receivables</i>	<i>2020</i>	<i>2019</i>
<i>Pledges in ITTC Decision 1(LVI) and (LV) - Financing for Projects, Pre-Projects and Activities</i>		
China	100,000	200,000
European Union	-	328,416
The Netherlands	227,543	-
Germany	-	2,469,636
Sweden	20,000	-
Korea	-	511,733
Japan	3,069,919	848,232
USA	480,000	588,265
CITES Secretariat	-	-
FAO	147,848	-
IUCN	-	38,867
PPECF	-	43,869
Soka Gakkai	93,240	-
World Bank	-	-
Unearmarked Fund	-	35,792
Bali Partnership Fund (Sub-account B)	-	-
<i>Total of Pledges in ITTC Decision 1(LVI) and (LV)- Financing for Projects, Pre-Projects and Activities</i>	<i>4,138,550</i>	<i>5,064,810</i>
Adjustments to pledges in Decision 1 not affecting Accounts Receivable	(124,441)	(19,956)
Adjustments for items not recorded in Decision 1	324,923	482,841
Total	4,339,032	5,527,695

(United States dollars)		
<i>Breakdown of Voluntary Contributions Cash Receipts</i>	2020	2019
APFNet	-	-
CBD	-	-
China	100,000	100,000
CITES Secretariat	-	19,445
European Union	-	1,094,469
The Netherlands	229,995	-
Germany	210,619	2,620,310
Sweden	23,279	-
IUCN	-	28,233
Japan	2,933,556	891,911
Korea	317,557	341,733
PPECF	-	43,869
USA	1,000,000	-
World Bank	-	-
FAO	65,000	-
CITES	143,221	-
CBD	45,000	-
Soka Gakkai	93,240	-
Total	5,161,467	5,139,971
<i>Breakdown of Allocation from Internal Funds</i>	2020	2019
China's unallocated voluntary contributions advance receipts	-	100,000
USA's unallocated voluntary contributions advance receipts	-	202,799
Japan's unallocated voluntary contributions advance receipts	36,761	-
Fellowship Pooled Fund (including refund to pool from cancelled Fellowship)	172,897	237,494
Unearmarked Fund	-	35,792
Bali Partnership Fund (Sub-account B)	-	-
Adjustments to reclassification of internal funds	-	76,618
Total	209,658	652,703

1. Receivables are earmarked when agreements specify terms for the use of contributions, such as the purpose, geographical area and period of use, and are unearmarked when contributions are free of specific terms, allowing ITTO to direct such resources according to its mandate. Both earmarked and unearmarked receivables are recorded when contribution agreements become enforceable, which occurs at the date when the agreement is signed, free of legislative/parliamentary approval clauses, or at the date when donor's notification of the amount to be disbursed to ITTO, when such a clause exists, is fulfilled. Ageing of receivables as

well as the exposure to credit and currency risks related to those receivables are disclosed in Note 28, Financial risk management.

2. The exposure of ITTO to credit and currency risks related to receivables are disclosed in Note 28, Financial risk management.

Other accounts receivable

Other accounts receivable are mainly composed by amounts related to accounts receivable from the Executing Agency and accrued interest.

An amount of \$34,006 of bad debt write off was recognized in 2020 for cancelled travel expenses pending reimbursement, in accordance with the recommendation in the report of the Committee on Finance and Administration (CFA(XXXV)/8) approved by Council in November 2020.

In addition, projects PD507/08 Rev.1(F), PD552/09 Rev.1(F), and PD764/14 Rev.3(F) will be recommended for termination at the 57th Council Session in November 2021. The amount of advance transfers recorded under each project have been reclassified as other accounts receivable and an allowance has been recognized for the entire amount of \$135,337.

Note 9

Advance transfers - Projects

(United States dollars)

<i>Category</i>	<i>2020</i>	<i>2019</i>
Reforestation and Forest Management	118,816	452,911
Economics, Statistics and Market	137,698	-
Forest Industry	37,957	63,061
Activities	476,365	2,855
Total advance transfer by type	770,836	518,827

Reconciliation of advance transfer balances

(United States dollars)

Advance transfer as at 31 December 2018	1,515,793
Expenses recognized through reports from EAs	(2,962,028)
Advance transfers made in 2019	1,965,063
Reclassified to other receivables	-
Advance transfers as at 31 December 2019	518,827
Expenses recognized through reports from EAs	(1,589,791)
Advance transfers made in 2020	1,977,136
Reclassified to other receivables	(135,337)
Advance transfers as at 31 December 2020	770,836

Advance transfers - Projects represent transfers of cash where executing agencies have not yet met performance obligations as specified by ITTO. ITTO monitors the utilization of cash by executing agencies and recognizes expenses only when those funds have been used by executing agencies as specified by ITTO.

Note 10

Advance transfers – Others

(United States dollars)

<i>Breakdown of Advance transfers – Others</i>	<i>2020</i>	<i>2019</i>
Prepaid expenses - staff	153,701	145,524
Prepaid expenses - others	82,232	28,151
Total	235,932	173,674

Note 11
Property and equipment

(United States dollars)

	<i>Buildings</i>	<i>Furniture and fixtures</i>	<i>Vehicles</i>	<i>Office equipment</i>	<i>Communications and information technology (IT) equipment</i>	<i>Total 2019</i>
Cost						
Balance as at 1 January	28,933	151,827	107,558	195,553	46,429	530,300
Additions	-	-	-	9,155	-	9,155
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	28,933	151,827	107,558	204,708	46,429	539,456
Accumulated depreciation						
Balance as at 1 January	1,449	80,296	107,558	29,407	20,928	239,639
Depreciation	2,891	9,424	-	40,786	10,858	63,959
Impairment	-	-	-	-	-	-
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	4,340	89,720	107,558	70,193	31,786	303,598
Carrying value as at 31 December	24,592	62,107	-	134,515	14,643	235,858
	<i>Buildings</i>	<i>Furniture and fixtures</i>	<i>Vehicles</i>	<i>Office equipment</i>	<i>Communications and information technology (IT) equipment</i>	<i>Total 2020</i>
Cost						
Balance as at 1 January	28,933	151,827	107,558	204,708	46,429	539,456
Additions	20,287	-	-	-	4,718	25,005
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	49,220	151,827	107,558	204,708	51,147	564,460
Accumulated depreciation						
Balance as at 1 January	4,340	89,720	107,558	70,193	31,786	303,598
Depreciation	3,746	9,450	-	41,505	6,611	61,312
Impairment	-	-	-	-	-	-
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	8,086	99,170	107,558	111,698	38,398	364,910
Carrying value as at 31 December	41,134	52,657	-	93,010	12,749	199,550

1. ITTO does not currently hold any donated property or items of equipment that are subject to conditions.
2. The gross carrying amount of fully depreciated property and equipment is \$185,980 for 2020 and 2019.
3. The carrying value of property and equipment recognized under finance leases is as follows:

(United States dollars)

	2020	2019
Office equipment	83,657	120,950
Total	83,657	120,950

4. The ITTO leases copy machines, which the annual lease payments are allocated between the finance charges and the repayment of the finance lease obligation to achieve a constant rate of interest on the remaining balance of the obligation.
5. There is no significant difference between minimum lease payments and the present value of minimum lease payments.
6. ITTO has not entered into any arrangements containing contingent rent.

Note 12
Intangible assets

(United States dollars)

	<i>Software acquired externally</i>	<i>Software internally developed</i>	<i>Licences and rights</i>	<i>Copyrights</i>	<i>Total 2019</i>
Cost					
Balance as at 1 January	13,709	-	-	-	13,709
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December	13,709	-	-	-	13,709
Amortization					
Balance as at 1 January	1,374	-	-	-	1,374
Amortization	2,740	-	-	-	2,740
Disposals	-	-	-	-	-
Balance as at 31 December	4,114	-	-	-	4,114
Carrying value as at 31 December	9,595	-	-	-	9,595

(United States dollars)

	<i>Software acquired externally</i>	<i>Software internally developed</i>	<i>Licences and rights</i>	<i>Copyrights</i>	<i>Total 2020</i>
Cost					
Balance as at 1 January	13,709	-	-	-	13,709
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December	13,709	-	-	-	13,709
Amortization					
Balance as at 1 January	4,114	-	-	-	4,114
Amortization	2,748	-	-	-	2,748
Disposals	-	-	-	-	-
Balance as at 31 December	6,862	-	-	-	6,862
Carrying value as at 31 December	6,847	-	-	-	6,847

Note 13

Other assets

Other assets are mainly comprised of prepaid expenses that cover a period longer than 1 year.

Note 14

Accounts payable – Members

The amounts in Accounts payable – Members correspond to advance payments made by Members to ITTO for reimbursement of income tax payments of staff members, in accordance with Regulation 2.11 of the ITTO Staff Regulations and Rules.

Note 15
Voluntary contributions advance receipts – allocated
Deferred revenue

(United States dollars)

<i>Breakdown of deferred revenue</i>	<i>2020</i>	<i>2019</i>
Deferred revenue for the Administrative Account	9,189	9,326
<i>Deferred revenue for projects</i>		
Reforestation and Forest Management (F)	1,459,180	2,842,303
Economics, Statistics and Markets (M)	672,921	653,080
Forest Industry (I)	286,224	442,884
Activities (A)	9,012,403	7,472,166
Deferred revenue for projects	11,430,728	11,410,433
Total deferred revenue	11,439,917	11,419,759

Reconciliation of deferred revenue balances

(United States dollars)

Deferred revenue for projects as at 31 December 2018	12,631,689
Liabilities recognized for obligations attached to pledges	4,180,246
Revenue recognized from ongoing projects	(5,401,501)
Deferred revenue for projects as at 31 December 2019	11,410,434
Liabilities recognized for obligations attached to pledges	3,038,848
Revenue recognized from ongoing projects	(3,018,554)
Deferred revenue for projects as at 31 December 2020	11,430,728

Deferred revenue consists of contributions receivable which are not yet due, and, based on the terms of agreements, are to be used by ITTO in future periods specified by donors.

Detail of projects with balance as of 31 December 2020

(United States dollars)

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses</i>	<i>Programme Support</i>	<i>Deferred Revenue for Projects</i>	<i>Advance Transfers</i>	<i>Voluntary contributions: receivables</i>
PD 452/07 Rev.5 (F) /C50	F	556,963	278,714	70,353	207,896	24,669	-
PD 599/11 Rev.1 (M) /C47	M	490,624	362,811	36,884	90,929	61,045	-
PD 646/12 Rev.3 (F) /C50	F	427,210	365,026	46,627	15,557	-	-
PD 696/13 Rev.2 (F) /C49	F	294,444	199,502	33,276	61,666	31,016	-
PD 712/13 Rev.2 (F)/C54	F	250,000	-	26,787	223,213	-	-
PD 721/13 Rev.3 (F)/03'16	F	440,873	348,950	47,236	44,687	10,816	-
PD 732/14 Rev.2 (M)/03'16	M	321,138	206,461	34,408	80,269	-	-
PD 737/14 Rev.2 (I)/03'16	I	589,863	383,238	63,200	143,425	27,077	-
PD 740/14 Rev.2 (F) /C50	F	450,542	355,742	51,942	42,858	35,018	-
PD 741/14 Rev.3 (F)/03'16	F	437,478	371,109	46,873	19,496	-	-
PD 765/14 R.4 (F) Ph.I/C52	F	250,000	195,885	26,786	27,329	16,901	10,000
PD 770/15 Rev.1 (I)/03'16	I	196,224	47,948	21,024	127,252	9,379	-
PD 777/15 Rev.3 (F)/04'16	F	515,590	311,264	55,242	149,084	-	-
PD 796/15 Rev.2 (M)/C53	M	80,000	-	8,573	71,427	-	-
PD 815/16 Rev.2 (I)/C53 (portion funded by voluntary contribution)	I	96,000	70,168	10,286	15,546	1,238	-
PD 832/16 Rev.2 (M)/C55	M	416,080	48,347	44,580	323,153	76,653	-
PD 836/17 Rev.1 (F)/C54	F	417,558	-	44,738	372,820	-	50,000
PD 845/17 Rev.2 (M)/C56	M	120,000	-	12,857	107,143	-	-
PD 852/17 Rev.3 (F)/C56	F	125,000	-	13,393	111,607	-	-
PD 849/18 Rev.2 (F)/C54	F	100,000	-	10,715	89,285	-	-
PPD 189/17 Rev.1 (F)/C53	F	50,000	-	5,357	44,643	-	-
PPD 191/18 Rev.1 (F)/C54	F	71,211	59,185	7,630	4,396	396	-
PPD 196/19 Rev.1 (F)/C55 (portion funded by Voluntary Contribution)	F	50,000	-	5,357	44,643	-	-
PP-A/49-291 BWP 6 IMM (EU)	A	4,749,586	2,803,771	232,554	1,713,262	-	1,179,357
PP-A/50-304 BWP 18 TAG&CSAG	A	150,402	120,680	26,088	3,634	-	-
PP-A/50-305 BWP 13 CPF	A	110,000	79,987	11,086	18,927	-	-
PP-A/52-320 BWP 5 CITES (General)	A	1,423,980	59,734	94,003	1,270,244	-	-
PP-A/52-320A CITES Tree Species (Asia)	A	179,920	152,473	27,447	-	-	-
PP-A/52-320C CITES Tree Species (Africa/Latin America)	A	376,027	358,008	18,019	-	-	-
PP-A/53-321 Korea Officer	A	979,577	904,771	-	74,806	-	-
PP-A/53-322 BWP 1 Incentives for value chain	A	50,000	39,717	6,522	3,761	-	-
PP-A/53-323 BWP 2 Forest Product Supply Chains (General)	A	791,180	91,892	103,146	596,143	145,000	-
PP-A/53-323C BWP 2 Education Program	A	123,848	60,359	-	63,489	-	68,848
PP-A/53-323D BWP 2 Timber-Lex	A	24,000	7,000	3,130	13,870	-	17,000
PP-A/53-324 BWP 3 Participation of private sector	A	145,000	9,527	18,914	116,559	51,705	-
PP-A/53-325 BWP 11 (a) Gender equity	A	25,000	10,864	3,261	10,875	-	-
PP-A/54-326 FLR Guidelines	A	118,773	80,429	-	38,344	-	-
PP-A/54-328 BWP 7 C&I workshops	A	36,117	19,918	-	16,199	-	-
PP-A/54-329 Mangrove ecosystems	A	4,826	-	-	4,826	-	-
PP-A/54-330 BWP 17 Outreach	A	5,044	5,000	-	44	-	-
PP-A/54-331 BWP 4 Enhancing Teak management	A	1,236,250	461,626	161,250	613,374	50,895	656,157
PP-A/54-332 BWP 9 Statistical capacity building WS	A	86,761	-	6,522	80,239	-	-
PP-A/55-334 BWP 2 BMEL LSSC Activity	A	2,390,000	1,245,421	121,877	1,022,702	195,280	-
PP-A/55-335 BWP 10 New Action Plan	A	93,265	-	12,165	81,100	-	-
PP-A/55-336 EU Grant to 6 BWPs	A	341,643	-	-	341,643	-	122,699
PP-A/55-337 IUCN FLR Tier 2	A	70,867	2,977	-	67,890	9,717	19,434
PP-A/55-338 BWP 14 C&I for SFM	A	20,000	-	2,609	17,391	-	-
PP-A/55-339 BWP 15 Communications Strategy	A	70,000	-	9,130	60,870	-	-

(United States dollars)

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses</i>	<i>Programme Support</i>	<i>Deferred Revenue for Projects</i>	<i>Advance Transfers</i>	<i>Voluntary contributions: receivables</i>
PP-A/56-340 Forest Fire Indonesia/Peru	A	2,210,526	-	236,842	1,973,684	-	-
PP-A/56-341 BWP 11 (c) REFACOF Togo	A	93,240	6,232	6,000	81,008	23,768	-
PP-A/56-342A BWP 2 SFM in Myanmar	A	378,930	-	40,600	338,330	-	-
PP-A/56-342B BWP 2 China, Myanmar and Viet Nam	A	344,100	5,000	36,868	302,232	-	-
PP-A/56-344 BWP 11 (b) FLR Guidelines (2021)	A	60,000	-	7,826	52,174	-	20,000
PP-A/56-345 BWP 12 CBD COP 15 (2021)	A	30,000	-	3,913	26,087	-	30,000
PP-A/57-346 Case Studies on Wood Products	A	10,000	-	1,304	8,696	-	7,000
Fellowship programme							
PP-A/52-319 FFF/up to15A	A	80,658	44,237	-	36,421	-	-
PP-A/52-319 FFF/16A	A	56,668	51,040	-	5,628	-	-
PP-A/52-319 FFF/17A	A	120,829	100,436	10,018	10,374	-	-
PP-A/52-319 FFF/18A	A	139,564	126,823	2,022	10,719	-	-
PP-A/52-319 FFF/19A	A	115,451	67,468	17,785	30,199	-	-
PP-A/52-319 FFF/20A	A	172,896	17,929	22,552	132,415	-	-
Recognized as net assets					(225,756)		
Unallocated pledges to the fellowship program							36,363
Projects funded from Net Assets (BPF-B/Unearmarked Fund)							
PD 815/16 Rev.2 (I)/C53 (portion funded by Uearmarked Fund)	I	20,480	14,969	2,194	3,317	264	-
PPD 196/19 Rev.1 (F)/C55 (portion funded by Uearmarked Fund)	F	35,792	-	3,835	31,957	-	-
Recognized as net assets					(35,274)		
Total		24,217,998	10,552,636	1,973,605	11,430,728	770,836	2,216,858

Detail of projects financially closed during 2020

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses (cumulative)</i>	<i>Programme Support</i>	<i>Balance at project closure (*See note below)</i>
PD 723/13 R.2(F) Ph.I St.1/C52	F	140,000	125,000	15,000	-
PD 754/14 Rev.3 (F)/03'16	F	541,031	466,328	57,968	16,735
PP-A/47-266: ITTO/CBD-ACTO	A	1,218,803	1,074,383	97,794	46,626
PP-A/53-323A BWP18-19/2 GIZ	A	75,835	69,573	6,262	-
PP-A/54-333 BWP18-19/12 Fire	A	20,000	17,391	2,609	-
Thematic programme projects					
TFL-PD 044/13 Rev.2 (M)/03'14	M	405,968	354,640	44,202	7,126
Total		2,401,637	2,107,316	223,835	70,486

Detail of projects financially closed during 2019

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses (cumulative)</i>	<i>Programme Support</i>	<i>Balance at project closure (*See note below)</i>
PD 456/07 Rev.4 (F)-JICA E/N	F	3,297,355	2,969,170	244,249	83,936
PD 456/07 Rev.4 (F) Non-JICA	F	555,556	507,621	43,950	3,984
PD 470/07 Rev.1 (F) /C44	F	206,577	155,620	15,524	35,433
PD 477/07 Rev.4 (F) /C48	F	332,477	284,261	25,056	23,160
PD 563/09 Rev.5 (F) /SP'14	F	460,000	410,714	49,286	-
PD 601/11 Rev.3 (F) /C49	F	473,602	419,712	36,762	17,128
PD 602/11 Rev.3 (F) /C49	F	333,067	297,151	25,956	9,960
PD 668/12 Rev.1 (F) /C48	F	611,132	540,362	47,529	23,241
PD 692/13 Rev.1 (M) /C49	M	264,704	167,510	24,427	72,767
PD 710/13 Rev.1 (F) /C49	F	447,936	390,192	51,426	6,318
PD 751/14 Rev.3 (M)/C52	M	130,000	116,071	13,929	-
PP-A/53-323B BWP18-19/2 PPECF	A	43,869	43,869	-	-
PP-A54-326A Landscape_IUCN/KOR Tier 1	A	27,250	27,250	-	-
PP-A/54-327 Cleanwood (JPNFA)	A	331,443	294,006	37,438	-
Thematic programme projects					
RED-PD 029/09 Rev.1 (F)/03'10	F	1,080,187	971,970	83,317	24,900
TFL-PD 037/13 Rev.2 (M)/03'14	M	502,464	429,294	55,589	17,581
Total		9,097,619	8,024,772	754,438	318,409

*Note: Balance includes funds to be returned, transferred to Pooled Sub-accounts for ex-post evaluations and/or otherwise reallocated depending on consultations with donors in accordance with prevailing rules and procedures.

Detail of projects recommended for termination

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses (cumulative)</i>	<i>Programme Support</i>	<i>Bad debt expenses</i>	<i>Balance</i>
PD 507/08 Rev.1 (F) /C44	F	385,800	326,568	29,356	10,155	19,721
PD 552/09 Rev.1 (F) /C45	F	621,578	472,511	41,844	35,182	72,042
PD 764/14 Rev.3 (F)/04'16	F	606,313	16,140	51,886	90,000	448,287
Total		1,613,691	815,218	123,086	135,337	540,050

Unearmarked funds and earmarked funds with no conditions attached, such as donor pledges to the Thematic Programme funds or the Fellowship fund, recognize revenue at the earlier of cash received or formal acknowledgement/agreement of the contribution to be provided. Therefore, advance receipts from Thematic programme projects and the Fellowship programmes are recorded in net assets and are excluded from the reconciliation of deferred revenue balances shown above.

Note 16

Voluntary contributions advance receipts - unallocated

The amounts in Voluntary contributions advance receipts – unallocated are comprised of (a) voluntary contributions that have been received from donors but have not been allocated to specific projects and (b) unspent balance of completed projects belonging to donors.

Note 17

Assessed contributions advance receipts

Those amounts correspond to assessed contributions, related to 2021 budget, that were received before the end of 2020.

Note 18

Other liabilities

(United States dollars)

<i>Breakdown of Other liabilities</i>	<i>2020</i>	<i>2019</i>
Other accounts payable	193,341	119,057
Employee benefits accrued liabilities	1,437,111	1,281,621
Lease obligation	89,797	121,940
Other accrued liabilities	127,539	245,840
Total	1,847,788	1,768,457

Information on finance lease payments is contained in Note 11: Property and equipment.

Employee benefits liabilities breakdown

(United States dollars)

	<i>2020</i>	<i>2019</i>
Current employee benefits liabilities		
Home leave	80,068	89,495
Accrued salaries and allowances	160,743	174,738
Accrued social securities	124,736	118,276
Total current employee benefits liabilities	365,547	382,509
Non-current employee benefits liabilities		
Home leave	30,611	19,236
Repatriation benefits	373,863	376,996
Annual Leave	667,090	502,879
Total non-current employee benefits liabilities	1,071,564	899,111
Total employee benefits liabilities	1,437,111	1,281,621

Note 19
Net assets

(United States dollars)

<i>Breakdown of net assets</i>	2020			2019		
	<i>Restricted accumulated surplus</i>	<i>Unrestricted accumulated surplus</i>	<i>Reserves</i>	<i>Restricted accumulated surplus</i>	<i>Unrestricted accumulated surplus</i>	<i>Reserves</i>
Administrative Account						
Working Capital reserve	5,379,966	-	-	5,167,833	-	-
Reserve provided by interest income	-	234,325	-	-	231,744	-
Special reserve	-	-	2,500,000	-	-	2,500,000
Project Accounts						
Funds provided by interest income	115,126	-	-	64,282	-	-
Thematic programme funds allocated to projects	902	-	-	17,643	-	-
Funds allocated to Fellowship programme	367,584	-	-	194,262	-	-
Unearmarked funds allocated to projects	35,274	-	-	41,427	-	-
Funds allocated to expost evaluation	380,477	-	-	371,889	-	-
Thematic programme funds unallocated	-	4,935	-	-	4,935	-
Programme support funds	-	1,328,029	-	-	960,016	-
Total	6,279,329	1,567,289	2,500,000	5,857,336	1,196,694	2,500,000

1. Net assets represent the value of ITTO assets, less its outstanding liabilities at the reporting date. ITTO net assets comprise accumulated surpluses and reserves.
2. Accumulated surplus represent the accumulated surpluses and deficits from ITTO operations over the years. Accumulated surplus is presented as restricted or unrestricted. Restricted accumulated surplus are linked to commitments or require a Council decision to be utilized.
3. Reserves represent the special reserve contained in the Administrative Account. In accordance with the Financial Rules and Procedures of ITTO, this reserve is set aside to meet obligations towards the staff members of the Organization, arising in the event that ITTO ceases to exist, such as termination indemnities, repatriation travel and removal costs, and repatriation grants.

Note 20

Administrative account; Revenue from Assessed Contributions and the other contributions

(United States dollars)

<i>Breakdown of revenue</i>	<i>2020</i>	<i>2019</i>
Assessed Contributions		
Member countries	7,091,488	7,170,242
Total Assessed contributions	7,091,488	7,170,242
Host Country cash contributions		
Government of Japan	367,303	281,763
City of Yokohama	231,882	79,853
Host Country in-kind contributions		
Government of Japan	208,972	203,526
City of Yokohama	332,058	319,612
Total Host Country contributions	1,140,215	884,755
Total Assessed and Host Country Contributions	8,231,703	8,054,997
Assessed Contribution receivable	2,913,128	3,008,802
Host Country Contribution receivable	-	-

In-kind contributions

In-kind contributions comprise contributions received as goods or services. In-kind contributions mainly include rights to use assets such as land and buildings.

Project accounts; Revenue from Voluntary Contributions

(United States dollars)

<i>Breakdown of revenue</i>	<i>2020</i>	<i>2019</i>
Contributions		
Donors	3,018,554	5,401,501
Revenue from closed projects to the Pooled Fund for Ex-Post Evaluation	28,365	163,005
Programme Support Revenue	478,948	496,990
Total voluntary contributions	3,525,867	6,061,496
Voluntary Contribution receivable	2,216,858	3,248,951
Advance transfer - Project	770,836	518,827
Advance receipts	11,430,728	11,410,434

Ex-Post evaluation revenue from Thematic Programme projects are normally recognized at the start of the project. An amount of \$6,224 and \$57,092 were transferred in 2020 and 2019 respectively as Thematic Programme related Ex-post evaluation revenue.

Cash Receipts and Pledges from Donors

A detailed breakdown of cash receipts and pledges by donor can be found in Note 8: Accounts receivables.

Note 21

Financial revenue

ITTO generates interest revenue from bank accounts. Interest revenue for 2020 is \$5,295 and 2019 is \$27,645.

Note 22

Other income

Other income is mainly comprised of honorariums received by staff members when invited by external institutions to give lectures or speeches.

In addition, projects PD507/08 Rev.1(F), PD552/09 Rev.1(F), and PD764/14 Rev.3(F) will be recommended for termination at the 57th Council Session in November 2021 and adjustment entries of \$135,337 resulting from the bad debt expenses are recognized under this item.

Note 23

Administrative account; Employee benefits expenses

(United States dollars)

<i>Breakdown of employee benefits expenses</i>	<i>2020</i>	<i>2019</i>
Salaries and benefits	4,286,408	3,991,350
Social security	951,405	897,880
Total employee benefits expenses	5,237,814	4,889,230

The total amount of defined contribution plan expenses for pension schemes amount to \$648,946 for 2020 and \$608,424 for 2019. sk1

Note 24
Operating expenses

(United States dollars)

<i>Breakdown of operating expenses</i>	<i>2020</i>	<i>2019</i>
Installation costs	-	-
Official travel	14,735	136,817
Special activities	-	11,848
Data processing	147,046	141,136
Other costs	270,604	346,774
Council meetings	139,593	393,611
Expert meetings	32,268	87,394
Communication and outreach	351,844	354,692
Statistics, Studies and information	226,170	247,419
Annual Report and Biennial review	82,777	54,509
Services received through host country in-kind contributions	541,030	523,138
Services received through host country cash contributions	54,998	33,858
Working capital reserve expenses in accordance with Council decisions	83,613	170,136
Total operating expenses	1,944,678	2,501,333

Note 25
Project expenses

(United States dollars)

<i>Category</i>	<i>2020</i>	<i>2019</i>
Transfers to executing agencies		
Reforestation and Forest Management	863,113	1,617,061
Economics, Statistics and Markets	97,819	191,609
Forest Industry	162,814	181,413
Activities	1,738,105	3,559,291
Programme support expenses	76,929	69,550
Ex-post Expenses	26,000	-
Total by type	2,964,781	5,618,924

Transfers to executing agencies correspond to the expenses incurred during the accounting period of 2020 and 2019 by those agencies.

Ex-post expenses are expenses incurred by ITTO for the evaluation of finished projects.

Note 26
Other expenses

(United States dollars)

<i>Breakdown of other expenses</i>	<i>2020</i>	<i>2019</i>
Exchange loss / (gain)	(17,790)	56,818
Allowance expense for debt - Administrative Account	741,669	499,547
Allowance expense for debt - Project Account	169,343	-
Interest expense	1,290	1,703
Total other expenses	894,511	558,068

Net foreign exchange gains or losses

(United States dollars)

<i>Breakdown of foreign exchange gains or losses</i>	<i>Unrealized</i>	<i>Realized</i>	<i>2019</i>
Gains	24,703	1,401	26,104
Losses	43,501	39,422	82,922
Total net losses	18,797	38,021	56,818
<i>Breakdown of foreign exchange gains or losses</i>	<i>Unrealized</i>	<i>Realized</i>	<i>2020</i>
Gains	138,753	1,287	140,040
Losses	116,410	5,841	122,250
Total net losses	(22,344)	4,554	(17,790)

Note 27

Financial instruments

1. ITTO has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. The present note contains information about the exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and its management of capital. Further quantitative disclosures are included throughout the financial statements.

Accounting classifications and fair values

2. The following tables detail the value of financial assets and financial liabilities by class of instrument and by category, as defined in the accounting policies.

Financial assets as at 31 December

(United States dollars)

<i>Breakdown of financial assets</i>	<i>Loans and receivables</i>	<i>Fair value through surplus or deficit</i>		<i>Total carrying value</i>	<i>Total fair value</i>
		<i>Available-for-sale</i>	<i>Designated as such upon initial recognition</i>		<i>2019</i>
Assessed and voluntary contributions receivable	6,257,753	-	-	6,257,753	6,257,753
Other accounts receivable	39,218	-	-	39,218	39,218
Total financial assets	6,296,971			6,296,971	6,296,971

<i>Breakdown of financial assets</i>	<i>Loans and receivables</i>	<i>Fair value through surplus or deficit</i>		<i>Total carrying value</i>	<i>Total fair value</i>
		<i>Available-for-sale</i>	<i>Designated as such upon initial recognition</i>		<i>2020</i>
Assessed and voluntary contributions receivable	5,129,987	-	-	5,129,987	5,129,987
Other accounts receivable	232	-	-	232	232
Total financial assets	5,130,219			5,130,219	5,130,219

3. The carrying value of financial assets is considered to be a reasonable approximation of fair value.

Financial liabilities as at 31 December

(United States dollars)

<i>Breakdown of financial liabilities</i>	<i>Other financial liabilities (amortized cost)</i>	<i>Total carrying value</i>	<i>Total fair value</i>
			<i>2019</i>
Accounts payable - Members	157,528	157,528	157,528
Other liabilities	1,768,457	1,768,457	1,768,457
Total financial liabilities	1,925,985	1,925,985	1,925,985

<i>Breakdown of financial liabilities</i>	<i>Other financial liabilities (amortized cost)</i>	<i>Total carrying value</i>	<i>Total fair value</i>
			<i>2020</i>
Accounts payable - Members	65,133	65,133	65,133
Other liabilities	1,847,788	1,847,788	1,847,788
Total financial liabilities	1,912,921	1,912,921	1,912,921

4. Most liabilities are short-term and are expected to be settled within the next 12 months. Non-current liabilities are reported at amortized cost in the statement of financial position, and it is assumed that the carrying amounts don't materially deviate from the fair values of the financial instruments.

Valuation method

5. The valuation method of the different levels of financial instruments carried at fair value has been defined as follows:

(a) Level 1. Average quoted prices from two separate sources (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as price) or indirectly (derived from prices);

(c) Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. ITTO does not hold any financial liabilities that are recognized at fair value through surplus or deficit. All ITTO's financial assets and liabilities are of level 3.

Note 28

Financial risk management

Exposure to credit risk

1. Credit risk is the risk of financial loss to ITTO if a donor or other counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from cash and cash equivalents, investments, receivables from contributions and other receivables.

2. ITTO holds bank accounts only in Japan and United States.

3. In the Financial Rules and Rules relating to Projects of the ITTO (Second Edition), ITTO has a detailed investment policy along with a charter for an investment oversight panel with quarterly reporting requirements to Council members.

4. The significant receivables of ITTO are all towards member countries. ITTO has established an allowance for impairment that represents its estimate of incurred losses in respect of receivables from contributions and other receivables, based on the following rules representing the management's best estimate of the risk.

For all assessed contributions receivables that are overdue 4 years and more, 100% allowance is recommended for financial reporting purposes. Write-off of receivables is not addressed by this IPSAS policy framework, as the Council is the final authority to determine the write-offs of balances of assessed receivables outstanding from Member States.

Fair values of unpaid assessed contributions that are outstanding for periods up to 4 years are to be computed using allowance of 80% for receivables overdue by more than 36 months, allowance of 60% for receivables overdue by more than 24 months, and 20% for receivables overdue by more than 12 months.

5. The carrying value of all financial instruments represents the maximum exposure to credit risk.

Ageing of assessed and voluntary contributions receivables

(United States dollars)

	<i>0 to 1 year</i>	<i>>1 to 2 years</i>	<i>>2 to 3 years</i>	<i>>3 up to 4 years</i>	<i>4 years and more</i>	<i>2019</i>
Assessed contributions receivables	1,705,058	1,183,630	611,529	561,146	4,977,197	9,038,560
Voluntary contributions receivables	3,248,951	-	-	-	-	3,248,951
Allowance	-	(236,726)	(366,917)	(448,917)	(4,977,197)	(6,029,757)
Net Total	4,954,008	946,904	244,612	112,229	-	6,257,753
	<i>0 to 1 year</i>	<i>>1 to 2 years</i>	<i>>2 to 3 years</i>	<i>>3 up to 4 years</i>	<i>4 years and more</i>	<i>2020</i>
Assessed contributions receivables	1,633,598	955,042	1,019,912	537,659	5,538,343	9,684,554
Voluntary contributions receivables	2,216,858	-	-	-	-	2,216,858
Allowance	-	(191,008)	(611,947)	(430,127)	(5,538,343)	(6,771,426)
Net Total	3,850,456	764,034	407,965	107,532	-	5,129,987

Exposure to liquidity risk

6. Liquidity risk is the risk that ITTO will encounter difficulty in meeting its obligations associated with its accounts payables, other liabilities and promised transfers of cash to programmes. ITTO holds sufficient financial assets to cover all its obligations and contingent liabilities. ITTO does not have any borrowings.

7. ITTO strictly monitors its budget to avoid engaging in commitments which sufficient budget is unavailable from contributions received and liquidated by the donors.

Contractual maturities of financial liabilities

(United States dollars)

	<i>Due</i>				<i>Overdue</i>				<i>2019 total carrying value</i>
	<i>0-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>More than 1 year</i>	<i>0-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>More than 1 year</i>	
Lease payments	9,303	9,303	18,606	83,729	-	-	-	-	120,942
Total	9,303	9,303	18,606	83,729	-	-	-	-	120,942

	<i>Due</i>				<i>Overdue</i>				<i>2020 total carrying value</i>
	<i>0-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>More than 1 year</i>	<i>0-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>More than 1 year</i>	
Lease payments	9,977	9,977	19,955	49,888	-	-	-	-	89,797
Total	9,977	9,977	19,955	49,888	-	-	-	-	89,797

8. No other financial liabilities have contractual maturities.

9. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Exposure to market risk

10. ITTO financial instruments are only composed by loans, receivables and other financial liabilities, consequently ITTO exposure to market risk is considered as not significant.

Currency risk

11. Currency risk (or foreign exchange risk) arises with regard to financial instruments that are denominated in a foreign currency. ITTO is exposed to currency risk on expenses, assets and liabilities that are denominated in a currency other than the United States dollar. The currencies in which these transactions are primarily denominated are as follows:

(a) Regarding expenses for the year employee benefits are mainly made in Japanese yen;

(b) Regarding assets and liabilities as at 31 December are mainly balanced in the United States dollar.

Summary of currency positions

(United States dollars)

	<i>United States dollar</i>	<i>Yen (converted)</i>	<i>Euro (converted)</i>	<i>2019</i>
Cash and cash equivalents	15,529,883	875,911	-	16,405,795
Assessed and voluntary contributions receivable	5,073,405	-	1,184,348	6,257,753
Other accounts receivable	6,448	32,770	-	39,218
Total financial assets	20,609,736	908,681	1,184,348	22,702,766
Accounts payable - Members	-	157,528	-	157,528
Other liabilities	1,272,536	495,921	-	1,768,457
Total financial liabilities	1,272,536	653,449	-	1,925,985
Net exposure	19,337,200	255,232	1,184,348	20,776,781
	<i>United States dollar</i>	<i>Yen (converted)</i>	<i>Euro (converted)</i>	<i>2020</i>
Cash and cash equivalents	17,090,166	1,567,920	-	18,658,085
Assessed and voluntary contributions receivable	3,827,930	-	1,302,056	5,129,987
Other accounts receivable	232	-	-	232
Total financial assets	20,918,328	1,567,920	1,302,056	23,788,304
Accounts payable - Members	-	65,133	-	65,133
Other liabilities	1,301,723	546,065	-	1,847,788
Total financial liabilities	1,301,723	611,197	-	1,912,921
Net exposure	19,616,604	956,722	1,302,056	21,875,383

Sensitivity analysis: foreign currency

12. The following table shows the sensitivity of net assets and surplus/deficits to the strengthening and weakening of key currencies used by ITTO. This analysis is based on foreign currency exchange rate variances that ITTO considered to be reasonably possible as at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted contributions and expenditures.

(United States dollars)

<i>As at 31 December 2019</i>	<i>Surplus/(deficit)</i>	
	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
	Japanese yen	(23,203)
Total	(23,203)	28,359

<i>As at 31 December 2020</i>	<i>Surplus/(deficit)</i>	
	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
	Japanese yen	(86,975)
Total	(86,975)	106,302

13. The information presented above is calculated by reference to carrying amounts of assets and liabilities.

Sensitivity analysis: interest rates

14. The exposure of ITTO to interest rates is not material.

Note 29

Capital management

1. ITTO defines the capital as the aggregate of its net assets, which comprises accumulated surpluses and reserve balances. ITTO does not have any long-term borrowings and its Financial Rules and Procedures prohibit ITTO from borrowing funds for the Administrative Account.

2. Except for unrestricted accumulated surplus, the utilization by ITTO of net assets requires a Council decision or termination of commitments. Unrestricted accumulated surplus are composed by:

- (a) Interest earned on funds in the Administrative Account usable by the Executive Director to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties; and
- (b) Programme Support within the Project Accounts usable to defray the expenses of administration of projects, pre-projects, and other activities of the Organization approved by the Council. Such administrative expenses shall

comprise bank charges, project-related communication costs, the remuneration of project administration staff, and other expenses related to project administration.

3. The Executive Director shall notify the Council if the amount of the Working Capital Reserve falls below 15% or approximately two months of annual operating expenses of the Administrative Budget. Working Capital Reserve is part of the restricted accumulated surplus and amount to \$5,379,966 at the end of 2020 and \$ 5,167,833 at the end of 2019.

Note 30
Commitments

ITTO had no open purchase orders at the end of the reporting period.

Long-term agreements

ITTO is not part of any long term agreement.

Ongoing projects and activities

Restricted accumulated surplus are partially composed by funds allocated to ongoing projects. While no obligation is attached to the related assets recognized initially, ITTO has commitments for both Thematic Programme (TP) ongoing projects and the Fellowship Programme, as follows:

(United States dollars)

	<i>Thematic Programme</i>	<i>Fellowship Programme</i>
Balance as of 31 December 2018	186,049	242,320
Revenue from pledges	-	75,098
Transfer to the Ex-post pooled fund	(57,092)	-
Transfer to the TP pooled fund	-	-
Expenses of 2019	(111,314)	(123,156)
Balance as of 31 December 2019	17,643	194,262
Revenue from pledges	-	269,250
Transfer to the Ex-post pooled fund	-	-
Transfer to the TP pooled fund	(7,126)	-
Expenses of 2020	(10,517)	(95,928)
Balance as of 31 December 2020	0	367,584

Note 31
Contingencies

Contingent assets

ITTO has not received pledges prior to concluding contribution agreements, or pledges subject to approval. ITTO has consequently no contingent assets, corresponding to probable inflow of resources, to disclose.

Contingent liabilities

ITTO has no pending litigation representing a financial risk for the organization.

Note 32
Related parties

Key management personnel

1. The leadership structure of ITTO consists of the Executive Director and the Directors of each division, including those who substitute these positions as Officer-in-charge.

2. There are no close family members of key management personnel employed by ITTO nor have there been any transactions made with them by ITTO during the reporting period.

Costs of Key management

(United States dollars)

	<i>2020</i>	<i>2019</i>
Remuneration	973,935	917,709
Other Entitlements	109,876	116,484
Long-term Benefits	211,218	183,859
Total	1,295,029	1,218,052

3. The remuneration paid to key management personnel includes salary, post adjustment, dependency allowances, medical and social insurance and other entitlements such as educations grants.

4. Key management personnel are also eligible for post-employment employee benefits such as pension defined contributions plan, repatriation and home leave benefits and payment of unused annual leave. The total amount of defined contribution plan expenses for pension schemes for key management personnel was \$163,356 for 2020 and \$158,140 for 2019.

5. There were no loans or advances granted to key management personnel during the reporting period.

Note 33

Events after the reporting date

1. No significant adjusting or non-adjusting event occurred between the closing date of 31 December 2020 and the date of this report.
2. However, the COVID-19 pandemic may continue to cause delays in the implementation of projects and receipt of contributions from Member countries. While the related impact cannot be reliably measured or assessed, results of the programme budget, operations, cash flows and financial position may be negatively impacted for 2021 and beyond.

Note 34

Financial Accounts

1. The ITTO governing body and management does not manage the organization based on service segments or geographical segments. It, therefore, does not have segments as defined under IPSAS-18: Segment reporting.
2. However, Article 18 of the International Tropical Timber Agreement, 2006 establishes separate financial accounts to reflect the major funding sources of ITTO as follows:
 - (a) The Administrative Account, which is an assessed contribution account where expenses necessary for the administration of the Agreement are brought into and are met by annual contributions paid by members;
 - (b) The Special Account, which is a voluntary contribution account comprising of two sub-accounts: the Project Sub-Account and the Thematic Programmes Sub-Account. The purpose of the Project Sub-Account is to facilitate earmarked contributions for the financing of pre-projects, projects and activities approved in accordance with criteria established by Council on policy work and project activities of the Organization. The purpose of the Thematic Programmes Sub-Account is to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with Thematic Programmes established by the Council; and
 - (c) The Bali Partnership Fund, which is a Fund for sustainable management of tropical timber producing forests, established to assist producer members to make the investments necessary to achieve the objective of enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources.
3. All financial accounts elimination includes revenue and expenses arising from transfers between funds which are accounted for at cost and are eliminated on consolidation.

International Tropical Timber Organization**I. Statement of financial position as at 31 December by financial account**

(United States dollars)

	<i>Project Accounts</i>														<i>Eliminations</i>	<i>Total</i>
	<i>Administrative Account</i>		<i>Project Accounts</i>								<i>Sub-Total</i>		<i>31 December 2020</i>	<i>31 December 2019</i>		
	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>Special Account: Project Sub-Account</i>		<i>Special Account: Thematic Programme Sub-Account</i>		<i>Bali Partnership Fund</i>		<i>31 December 2020</i>	<i>31 December 2019</i>						
	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>		
Assets																
Current assets																
Cash and cash equivalents	6,930,318	6,648,655	11,693,499	9,709,375	5,681	22,422	28,587	25,343	11,727,767	9,757,140	-	-	18,658,085	16,405,795		
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Assessed and voluntary contributions receivable, net	2,913,128	3,008,802	2,216,858	3,248,951	-	-	-	-	2,216,858	3,248,951	-	-	5,129,987	6,257,753		
Other accounts receivable, net	232	2,681	-	34,651	-	-	-	1,886	-	36,537	-	-	232	39,218		
Advance transfers - Projects	-	-	770,836	518,827	-	-	-	-	770,836	518,827	-	-	770,836	518,827		
Advance transfers - Others	235,532	136,638	400	37,037	-	-	-	-	400	37,037	-	-	235,932	173,674		
Total current assets	10,079,211	9,796,776	14,681,594	13,548,841	5,681	22,422	28,587	27,229	14,715,861	13,598,491	-	-	24,795,072	23,395,267		
Non-current assets																
Property and equipment	199,550	235,858	-	-	-	-	-	-	-	-	-	-	199,550	235,858		
Intangible assets	6,847	9,595	-	-	-	-	-	-	-	-	-	-	6,847	9,595		
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total non-current assets	206,397	245,452	-	-	-	-	-	-	-	-	-	-	206,397	245,452		
Total assets	10,285,607	10,042,228	14,681,594	13,548,841	5,681	22,422	28,587	27,229	14,715,861	13,598,491	-	-	25,001,469	23,640,719		
Liabilities																
Current liabilities																
Accounts payable - Members	65,133	157,528	-	-	-	-	-	-	-	-	-	-	65,133	157,528		
Voluntary contributions advance receipts - allocated	9,189	9,326	715,718	391,554	-	-	-	-	715,718	391,554	-	-	724,907	400,880		
Voluntary contributions advance receipts - unallocated	-	-	859,466	414,546	-	-	-	-	859,466	414,546	-	-	859,466	414,546		
Assessed contributions advance receipts	442,547	326,398	-	-	-	-	-	-	-	-	-	-	442,547	326,398		
Other liabilities	546,697	665,364	193,341	119,057	-	-	-	-	193,341	119,057	-	-	740,038	784,421		
Total current liabilities	1,063,565	1,158,616	1,768,525	925,157	-	-	-	-	1,768,525	925,157	-	-	2,832,090	2,083,773		
Non-current liabilities																
Voluntary contributions advance receipts - allocated	-	-	10,715,010	11,018,880	-	-	-	-	10,715,010	11,018,880	-	-	10,715,010	11,018,880		
Other liabilities	1,107,751	984,036	-	-	-	-	-	-	-	-	-	-	1,107,751	984,036		
Total non-current liabilities	1,107,751	984,036	10,715,010	11,018,880	-	-	-	-	10,715,010	11,018,880	-	-	11,822,760	12,002,916		
Total liabilities	2,171,316	2,142,652	12,483,535	11,944,037	-	-	-	-	12,483,535	11,944,037	-	-	14,654,851	14,086,689		
Net of total assets and total liabilities	8,114,292	7,899,576	2,198,059	1,604,804	5,681	22,422	28,587	27,229	2,232,327	1,654,454	-	-	10,346,618	9,554,030		
Net assets																
Accumulated surplus - Restricted	5,379,966	5,167,833	872,112	646,870	892	17,633	26,359	25,001	899,363	689,503	-	-	6,279,329	5,857,336		
Accumulated surplus - Unrestricted	234,325	231,744	1,325,947	957,934	4,789	4,789	2,228	2,228	1,332,964	964,951	-	-	1,567,289	1,196,694		
Reserves	2,500,000	2,500,000	-	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000		
Total net assets	8,114,292	7,899,576	2,198,059	1,604,804	5,681	22,422	28,587	27,229	2,232,327	1,654,454	-	-	10,346,618	9,554,030		

International Tropical Timber Organization

II. Statement of financial performance for the year ended 31 December by financial account

(United States dollars)

	<i>Project Accounts</i>												<i>Eliminations</i>	<i>Total</i>	
	<i>Administrative Account</i>														
	<i>2020</i>	<i>2019</i>	<i>Special Account: Project Sub-Account</i>		<i>Special Account: Thematic Programme Sub-Account</i>		<i>Bali Partnership Fund</i>		<i>Sub-Total</i>		<i>2020</i>	<i>2019</i>			<i>2020</i>
Revenue															
Administrative Account															
Assessed contributions	7,091,488	7,170,242	-	-	-	-	-	-	-	-	-	-	-	7,091,488	7,170,242
Other voluntary contributions	1,140,215	884,755	-	-	-	-	-	-	-	-	-	-	-	1,140,215	884,755
Financial revenue	2,582	12,014	-	-	-	-	-	-	-	-	-	-	-	2,582	12,014
Other income	230	890	-	-	-	-	-	-	-	-	-	-	-	230	890
Project Accounts															
Member States voluntary contributions	-	-	3,018,554	5,401,422	-	-	-	79	3,018,554	5,401,501	-	-	-	3,018,554	5,401,501
Other voluntary contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Programme support Revenue	-	-	478,948	496,990	-	-	-	-	478,948	496,990	-	-	-	478,948	496,990
Expost evaluation Revenue	-	-	28,365	163,005	-	-	-	-	28,365	163,005	-	-	-	28,365	163,005
Financial revenue	-	-	1,356	7,844	-	-	1,358	7,787	2,714	15,631	-	-	-	2,714	15,631
Other income	-	-	135,337	-	-	-	-	-	135,337	-	-	-	-	135,337	-
Total revenue	8,234,515	8,067,900	3,662,559	6,069,261	-	-	1,358	7,866	3,663,917	6,077,127	-	-	-	11,898,432	14,145,027
Expenses															
Administrative Account															
Employee benefits	5,237,814	4,889,230	-	-	-	-	-	-	-	-	-	-	-	5,237,814	4,889,230
Operating expenses	1,944,678	2,501,333	-	-	-	-	-	-	-	-	-	-	-	1,944,678	2,501,333
Project Accounts															
Project expenses	-	-	2,954,264	5,507,610	10,517	111,314	-	-	2,964,781	5,618,924	-	-	-	2,964,781	5,618,924
Depreciation and amortization	64,060	66,699	-	-	-	-	-	-	-	-	-	-	-	64,060	66,699
Other expenses	773,247	541,994	121,264	16,074	-	-	-	-	121,264	16,074	-	-	-	894,511	558,068
Total expenses	8,019,800	7,999,256	3,075,528	5,523,684	10,517	111,314	-	-	3,086,045	5,634,997	-	-	-	11,105,844	13,634,253
Surplus/(deficit) for the year	214,715	68,644	587,032	545,578	(10,517)	(111,314)	1,358	7,866	577,873	442,130	-	-	-	792,588	510,774