



INTERNATIONAL TROPICAL TIMBER COUNCIL

COMMITTEE ON
FINANCE AND ADMINISTRATION

Distr.
GENERAL

CFA(XL)/6
26 June 2025

ENGLISH ONLY

FORTIETH SESSION
27–31 October 2025
Panama City, Panama

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

(Item 8 of the Provisional Agenda)

This document contains the following separate reports:

	<u>Page</u>
A. Executive Summary of ITTO's Financial Statements for the year ended 31 December 2024 prepared by the ITTO Management	i
B. ITTO's Financial Statements for the year ended 31 December 2024 audited by the Independent Auditors	1

Executive Summary of ITTO's Financial Statements

for the year ended 31 December 2024

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 2024 (FY2024).

2. For ITTO's project accounts in FY2024, new voluntary contribution pledges of \$4.3 million were announced at the 60th Session of the International Tropical Timber Council (ITTC), and total project cost expenses during this period were \$4.6 million for projects mostly funded prior to FY2024. Total Administrative Account assessed contribution revenues were \$7.2 million, of which \$1.7 million was not received during FY2024 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2024 Administrative Account budget were \$5.4 million, therefore creating a cash surplus of \$0.1 million for the Administrative Account budget for the year.

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 has included 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". Furthermore, the ITTC adopted Decision 3(LX), in December 2024, terminating the pilot phase and continue with the Programmatic Approach and four Programme Lines that had been piloted since 2019.

Required financial disclosures in accordance with Decision 5(LIV)

(United States dollars)

Pledges associated with implementing the pilot 2024

Pledges in ITTC Decision 1(LVII) associated with implementing the pilot

Pledge by China, Macao SAR for PP-A/53-323I "Supporting the Establishment and Operation of the Global Timber Index Platform for Building Legal and Sustainable Forest Products Supply Chains - Phase II"	1,140,685
Pledge by China, Macao SAR for PP-A/53-323J "Supporting Pilot Collaborative Operation of the Blockchain-based Timber Traceability System (BTTS) for Building Legal and Sustainable Forest Products Supply Chains - Phase II"	326,370
Pledge by China, Macao SAR for PP-A/53-323K "Global Legal & Sustainable Timber Forum (GLSTF)"	62,000
Pledge by Germany for PP-A/54-331A "Promoting Quality Timber Production in Smallholders and Community-based Teak and Other Valuable Species Plantations in the Tropics"	1,413,449
Pledge by Soka Gakkai for PP-A/56-341B "Support for Women's Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo" - Phase 3	75,160
Pledge by Japan for PP-A/59-351 "Community-based Restoration of Cyclone-Affected Vulnerable Mangrove Forests through Empowerment of Coastal Communities and Women in the Rewa Delta, Fiji"	350,000
Pledge by Japan for PP-A/59-353 (CN-21004) "Post-COVID Recovery in Costa Rica - Enhancing the Value of Secondary Natural Forests through Sustainable Use and its contribution to Climate Change Mitigation while Generating Rural Employment"	250,000
Pledge by Japan for PD 935/23 (I) (CN-23025) Promoting Sustainable Wood Use for Domestic Market in Malaysia	212,089
Pledge by USA for CN-21009 "Strengthening and consolidating the national process for controlling illegal logging and associated trade in Cameroon"	41,265

Total Pledges 3,871,018

(United States dollars)

Costs associated with implementing the pilot 2024

Costs charged to the Administrative Budget

Staff Time *	250,000
Sub-total	250,000

Costs charged to the Working Capital Reserve in accordance with Decision 9(LIII) and Decision 5(LIV)

Development of Concept Note Database	3,521
Consultancies	93,247
Travel	1,689
Sub-total	98,457

Total Costs 348,457

* 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.

4. For the ninth successive year, the 2024 financial statements have been prepared based on the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Rules and Procedures adopted by the Council, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO's resources and internal control. Highlights include the following:

- i. The surplus for the FY2024 Statement of Financial Performance was \$1.5 million, due mainly to differences in the timing of recognizing revenue and expenses (i.e. the entire Administrative Budget is recognized as revenue in the year that the assessments are due, but only expenses incurred in the same year are recognized as expenses in that year's budget), and reduced personnel costs due to a number of vacancies.
- ii. Advance transfers to projects increased by \$0.4 million between 2023 and 2024. This was mainly due to projects making more progress in 2024 and increasing funds transferred to executing agencies in accordance with respective project agreements.
- iii. Deferred revenue decreased by \$1.3 million between 2023 and 2024. This is mainly due to projects pledged in prior years making progress in 2024.

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 implemented under the Financial Rules and policy documents adopted and revised in recent years, the ITTC in 2024 strengthened its oversight and evaluation process for ITTO's internal audit process. 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 continue to play a crucial role as the governing body by receiving regular reports of the Organization's finances and providing oversight of these.

ITTO's Financial Statements
for the year ended 31 December 2024

audited by the Independent Auditors

Contents

<i>Chapter</i>	<i>Page</i>
I. Report of the Independent Auditors on the financial statements: audit opinion	5
II. Financial statements for the year ended 31 December 2024	7
I. Statement of financial position as at 31 December	7
II. Statement of financial performance for the year ended 31 December	8
III. Statement of changes in net assets for the year ended 31 December	9
IV. Statement of cash flows for the year ended 31 December	10
V. Statement of comparison of budget to actual amounts for the year ended 31 December	11
VI. Notes to the 2024 financial statements	12

Chapter 1



Independent Auditor's Report

To the Executive Director 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, 2024, 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, 2024, 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 and the IESBA Code. 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 2024 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 Kenji Izawa.

Ernst & Young Shinohara LLC

Tokyo, Japan
June 26, 2025

Chapter II

Financial statements for the year ended 31 December 2024

International Tropical Timber Organization

I. Statement of financial position as at 31 December

(United States dollars)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets			
Current assets			
Cash and cash equivalents	6, 28	20,554,429	20,376,300
Investments	7	-	-
Assessed and voluntary contributions receivable, net	8, 27, 28	4,527,316	5,119,393
Other accounts receivable, net	8, 27, 28	84,008	34,697
Advance transfers - Projects	9	1,634,094	1,249,626
Advance transfers - Others	10	185,939	271,309
Total current assets		26,985,786	27,051,325
Non-current assets			
Property and equipment	11	183,273	201,592
Intangible assets	12	-	-
Other assets	13	-	-
Total non-current assets		183,273	201,592
Total assets		27,169,059	27,252,917
Liabilities			
Current liabilities			
Accounts payable - Members	14, 27, 28	2,735	241,943
Voluntary contributions advance receipts - allocated	15	1,742,382	1,606,781
Voluntary contributions advance receipts - unallocated	16	1,715,213	1,266,630
Assessed contributions advance receipts	17	243,145	371,261
Other liabilities	18, 27, 28	670,511	683,146
Total current liabilities		4,373,986	4,169,760
Non-current liabilities			
Voluntary contributions advance receipts - allocated	15	7,039,174	8,503,153
Other liabilities	18, 27, 28	775,096	1,055,600
Total non-current liabilities		7,814,270	9,558,752
Total liabilities		12,188,256	13,728,512
Net of total assets and total liabilities		14,980,803	13,524,405
Net assets			
Accumulated surplus - Restricted	19	9,327,290	8,407,722
Accumulated surplus - Unrestricted	19	3,153,513	2,616,682
Reserves	19	2,500,000	2,500,000
Total net assets		14,980,803	13,524,405

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>2024</i>	<i>2023</i>
Revenue			
Administrative Account			
Assessed contributions	20	7,161,588	7,179,897
Host country contributions	20	1,087,875	736,150
Financial revenue	21	155,128	21,415
Other income	22	766	827
Project Accounts			
Member States voluntary contributions	20	4,316,379	4,477,330
Other voluntary contributions	20	-	-
Programme support Revenue	20	504,890	792,689
Expost evaluation Revenue	20	35,185	12,177
Financial revenue	21	126,608	16,008
Other income	22	39,429	-
Total revenue		13,427,849	13,236,494
Expenses			
Administrative Account			
Employee benefits	23	3,912,209	3,911,258
Operating expenses	24	2,136,825	1,942,397
Project Accounts			
Project expenses	25	4,520,864	4,705,045
Depreciation and amortization	11, 12	59,931	58,458
Other expenses	26	1,341,623	1,110,444
Total expenses		11,971,451	11,727,601
Surplus/(deficit) for the year		1,456,398	1,508,893

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 2022	7,568,284	1,947,228	2,500,000	12,015,512
Result of the accounting period	839,438	669,454	-	1,508,893
Net assets as at 31 December 2023 (Note 19)	8,407,722	2,616,682	2,500,000	13,524,405
Result of the accounting period	919,568	536,830	-	1,456,398
Net assets as at 31 December 2024 (Note 19)	9,327,290	3,153,513	2,500,000	14,980,803

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)

	2024	2023
Cash flows from operating activities		
Surplus/(deficit) for the year	1,456,398	1,508,893
Adjustments to reconcile deficit/surplus to net cash flows		
Increase/(decrease) in allowance for doubtful receivables	1,288,403	992,602
Depreciation and amortization	59,931	58,458
Unrealized (gain)/loss on foreign exchange	34,132	110,566
Changes in assets		
(Increase)/decrease in Assessed contributions receivable	(1,128,182)	(228,033)
(Increase)/decrease in Voluntary contributions receivable	431,856	(817,099)
(Increase)/decrease in Other accounts receivable	(49,311)	6,795
(Increase)/decrease in Advance transfers - Projects	(384,468)	(94,944)
(Increase)/decrease in Advance transfers - Others	85,371	(133,698)
Changes in liabilities		
(Decrease)/increase in Accounts payable - Members	(239,208)	175,918
(Decrease)/increase in Other liabilities	(265,341)	(216,069)
(Decrease)/increase in Voluntary contributions advance receipts - allocated	(1,328,378)	1,565,842
(Decrease)/increase in Voluntary contributions advance receipts - unallocated	448,583	(363,750)
(Decrease)/increase in Assessed contributions advance	(128,115)	21,801
Net cash flows from operating activities	281,669	2,587,282
Cash flows from investing activities		
Purchases of property and equipment	(41,612)	(3,608)
Purchases of intangible assets	-	-
Net cash flows from investing activities	(41,612)	(3,608)
Cash flows from financing activities		
Net proceeds from/(payment of) finance lease liabilities	(27,797)	(29,909)
Net cash flows from financing activities	(27,797)	(29,909)
Effect of exchange rate changes on cash and cash equivalents	(34,132)	(102,555)
Net (decrease) in cash and cash equivalents	178,129	2,451,210
Cash and cash equivalents — beginning of year (Note 6)	20,376,300	17,925,090
Cash and cash equivalents — end of year (Note 6)	20,554,429	20,376,300

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 2024

(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)	7,161,588	7,161,588	5,467,660	1,693,928
Host country contributions (Note 20)	1,156,479	1,156,479	1,087,875	68,604
Total receipts	8,318,067	8,318,067	6,555,535	1,762,532
Expenditures				
Basic administrative costs				
Salaries and benefits	3,960,433	3,960,433	3,076,837	883,596
Installation costs	129,250	129,250	72,847	56,403
Official travel	250,990	250,990	55,975	195,015
Social security	957,526	957,526	846,603	110,923
Special activities	160,747	160,747	94,151	66,596
Data processing	123,566	123,566	118,540	5,026
Other costs	368,730	368,730	214,518	154,212
Council meetings	225,479	225,479	205,076	20,403
Allocation from working capital reserve	(72,493)	(72,493)	-	(72,493)
Subtotal, basic administrative costs	6,104,228	6,104,228	4,684,547	1,419,681
Core operational costs				
Communication and outreach	480,000	480,000	375,819	104,181
Expert meetings by Council	110,000	110,000	18,429	91,571
Policy work	-	-	-	-
Statistics, studies & information	320,000	320,000	281,355	38,645
Annual report & biennial review	90,000	90,000	50,649	39,351
Subtotal, core operational costs	1,000,000	1,000,000	726,252	273,748
Subtotal, administrative budget	7,104,228	7,104,228	5,410,800	1,693,428
Costs met by Japan (including tax refund)	1,156,479	1,156,479	1,087,875	68,604
Total expenditures	8,260,707	8,260,707	6,498,675	1,762,032
Net total	57,360	57,360	56,861	-

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

International Tropical Timber Organization

VI. Notes to the 2024 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 Executive Director on 26 Jun 2025, 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.

10. The classification and measurement of financial assets under IPSAS 41 depends on the characteristics of the contractual cashflows and the management model of ITTO for a particular financial asset.

11. ITTO determines the management model at a level that reflects how financial assets are managed together to achieve a particular management objective. This assessment includes judgment reflecting all relevant evidence as well as how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. ITTO constantly monitors its financial assets that are derecognised prior to their maturity, if any, to understand the reason for their disposal and whether the reasons are consistent with the objective of the management for which the asset was held. Monitoring is part of ITTO’s continuous assessment of whether the management model for which the financial assets are held continues to be appropriate. For further details on the management model assessment policy please refer to the Note 4 for significant accounting policies.

12. The measurement of impairment losses as per expected credit losses (ECL) under IPSAS 41 for financial assets of ITTO requires judgement, in particular, the estimation of the default instances, the amount and timing of future cash flows that are expected to be recovered after default and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, which can result in different levels of allowances. ITTO’s ECL calculations are outputs of statistical estimation models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The elements of the ECL models that are considered for the judgements and estimates include:

- Qualitative and quantitative factors considered for ITTO’s judgement of credit risk assessment of the issuer of respective debt instrument.
- The segmentation of ITTO’s financial assets, when the ECL of a segment is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs and statistical models used

- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default, loss given default and exposure at default.
- Selection of forward-looking macroeconomic variables and scenarios and their probability weightages, to derive the economic inputs into the ECL models

13. 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.

14. 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 : a forward-looking model is used which requires an entity to recognize expected credit losses at all times. The model uses a dual measurement approach whereby expected credit losses are measured as either 12-month expected credit losses or lifetime expected credit losses. 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.

15. 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

16. The IPSAS Board has published IPSAS 43: Leases, IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations, IPSAS 45 Property, Plant, and Equipment and IPSAS 46 Measurement which will be effective from 1 January 2025. Furthermore, IPSAS 47 Revenue, IPSAS 48 Transfer Expenses and IPSAS 49 Retirement Benefit Plans have been published and will be effective from 1 January 2026, and IPSAS 50 Exploration for and Evaluation of Mineral Resources has been published and will be effective

from 1 January 2027. ITTO is currently in the process of assessing the impact of these new IPSASs and plans to implement them by the effective dates.

Note 4 **Significant accounting policies**

Classification and measurement of financial instruments

17. IPSAS 41 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria to determine how financial assets should be classified and measured:

- The entity's management model for financial assets
- The contractual cash flow characteristics of the financial asset

18. Depending on the criteria, financial assets are subsequently measured at amortized cost (AC), fair value through net assets or equity (FVNAE), or fair value through surplus or deficit (FVSD).

Financial assets

19. The designation of financial assets depends on the purpose for which the financial assets are acquired and is determined at initial recognition. The following financial assets have been classified as amortized cost because they are held to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further details in each financial asset type are presented in the following paragraphs.

<i>Major financial asset type</i>	<i>Classification</i>
Cash and cash equivalents	Amortized cost
Assessed and voluntary contributions receivable	Amortized cost
Other accounts receivable	Amortized cost

20. Cash and Cash equivalents are either bank accounts, term deposits, or certificates of deposit, etc. that have maturities up to 90 days are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. All these are held in order to collect contractual cash flows and pass the Solely Payment of Principal and Interest (SPPI) test. And will therefore be classified as measured at amortized cost, in accordance with IPSAS 41 paragraph 40.

21. ITTO's financial assets include receivables which consist of voluntary contributions receivables, receivables of assessed contributions and other accounts receivable. For receivables, the principal is deemed to be the amount resulting from the transaction, and the interest element is deemed to be zero. The cash flow from receivables is the payment of the amount resulting from the transaction, and ITTO's management model is to hold the receivable to collect this cash flow. Receivables will therefore be classified as measured at amortized cost, in accordance with IPSAS 41 paragraph 40.

22. Cash generating assets and non-cash generating assets are distinguished based on whether those assets are held with the primary objective of generating a commercial return. As ITTO does not hold

assets with the primary objective of generating a commercial return, all assets are considered non-cash generating assets.

23. The IPSAS Board issued IPSAS 41 Financial Instruments in August 2018 with an original effective date for implementation of 1 January 2022. The implementation date of the Standard was subsequently postponed until 1 January 2023. The new Standard replaces IPSAS 29 Financial Instruments: Recognition and Measurement establishing new requirements for classifying, recognizing and measuring financial instruments. Compared to IPSAS 29, IPSAS 41 makes the following changes to accounting for financial instruments:

- a. Applies a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; and
- b. Applies a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.

24. The comparison of the classification differences between IPSAS 29 and IPSAS 41 are summarized in the table below:

<i>Financial Assets</i>	<i>Category IPSAS 29</i>	<i>Category IPSAS 41</i>
Cash and cash equivalents	Financial assets at fair value through surplus and deficit	Amortized Cost
Assessed and voluntary contributions receivable	Loans and receivables	Amortized Cost
Other accounts receivable	Loans and receivables	Amortized Cost

Impairment of financial assets — assets carried at amortized cost

25. IPSAS 41 provides a single forward-looking model for estimation of expected credit losses on the financial assets that eliminates the threshold for impairment recognition. It is no longer necessary for a trigger event to occur prior to recognizing a credit loss, as was the convention under IPSAS 29's incurred credit losses based impairment model. IPSAS 41 requires recognizing ECLs from day one and at all times. This allows for more timely information in the financial statements that supports a better decision-making.

The new impairment model applies to all financial assets measured at Amortized Cost.

ITTO recognises loss allowances based on expected credit losses (ECL) model, as required by IPSAS 41 on financial assets measured at amortized cost.

In accordance with the 'General approach' for expected credit losses under IPSAS 41, ITTO measures loss allowances on its financial assets, except receivables, at an amount equal to:

- Lifetime ECLs - if the credit risk on that financial instrument has increased significantly since initial recognition
- 12-month ECLs – if the credit risk is determined to be low at initial recognition, or for the financial instruments whose credit risk has not increased significantly since initial recognition.

Loss allowances for contribution receivables and receivables under exchange and non-exchange transactions are measured by ITTO at an amount equal to lifetime ECLs, in accordance with the simplified approach of IPSAS 41.

For the purpose of determining expected credit losses on remaining in-scope financial assets, ITTO assesses the related credit risk of such instruments. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, ITTO considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on ITTO's informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which ITTO is exposed to credit risk.

26. 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. Writing-off of the asset due to the impairment is done when there is no legal possibility that the corresponding asset would be recovered.

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

Advances to executing agencies

28. 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.

29. 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

30. 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.

31. 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.

32. 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

33. 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.

34. 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

35. 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 useful life.

36. 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

37. 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.

38. 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.

39. 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.

40. 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

41. 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.

42. 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

43. 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	Amortized cost
Other liabilities	Amortized cost

44. 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.

45. 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

46. 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

47. 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

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

49. 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 39: 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

50. 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

51. 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

52. 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.

53. 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

54. 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.

55. 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.

56. Assessed contributions are received from members.

57. The fair value of assessed contributions is determined by the cash inflow, or for non-monetary assets is determined by reference to observable market values or by independent appraisal.

58. Assessed contributions are recognized in the year of the budget it is meant to cover.

Voluntary contributions

59. 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.

60. Voluntary contributions are received from members, regional and international financial institutions, the common fund for commodities, and other sources.

61. The fair value of voluntary contributions is determined by the cash inflow, or for non-monetary assets is determined by reference to observable market values or by independent appraisal.

62. 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.

63. With 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

64. 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.

65. 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.

66. 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

67. 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

68. 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

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

Transfers of cash assistance and programme supplies

70. 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.

71. 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

72. 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 representing 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

73. 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

74. 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

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

Budget

76. 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.

77. 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.

78. 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.

79. 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.

80. 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 includes the budget information for costs met by Japan, which was included in the approved administrative budget for the 2023 and 2024 financial biennium (CFA(XXXVIII)/2 Rev.1, dated 17 November 2023).

Main comparisons of budget and actual amounts for costs met by Japan consist of office, equipment, utilities (\$434,461 budget vs \$410,373 actual), council meetings (\$412,888 budget vs \$ 371,237 actual), supporting staff (\$80,783 budget vs \$67,057 actual) and tax refund for Japanese taxation (\$228,347 budget vs \$ 239,208 actual), respectively.

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

- (a) Assessed contributions amounting to approximately \$1.7 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 director and projects manager of the division of forest management, and planning, monitoring and evaluation officer of the division of operations during the reporting period, which impacted salaries and benefits, and social security costs.
- (c) 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.
- (d) In exceptional cases, the Council has allowed the use of the Working Capital Reserve to absorb non-recurring substantial increases to the budget that would have an impact on the total budget amount. An amount of \$72,493 for the 2024 budget was allocated from the Working Capital Reserve to absorb the increases under Salaries and benefits for separation costs for the retirement of two senior level staff.

The net surplus between actual receipts and expenditures will be received by the Working Capital Reserve in accordance with ITTO Financial Rules Rule 5.5

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>2024</i>
Total actual amount on comparable basis as presented in the budget and actuals comparative statement	(6,498,675)	-	-	-	(6,498,675)
Basis differences	(2,879)	(41,612)	(27,797)	-	(72,288)
Exchange rate changes on cash and cash equivalents	-	-	-	(34,132)	(34,132)
Presentation differences	6,783,223	-	-	-	6,783,223
Net cashflows from the statement of cash flows	281,669	(41,612)	(27,797)	(34,132)	178,129

Note 6

Cash and cash equivalents

All cash and cash equivalents in ITTO are held by banks 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 contributions: receivables from non-exchange transactions

(United States dollars)

<i>Administrative account</i>	<i>Member States</i>	<i>Loss Allowance for Expected Credit Losses</i>	<i>Total assessed contributions receivable</i>
Balance as of 31 December 2022	11,334,414	(8,805,117)	2,529,297
Assessed Contribution for 2023	7,179,897	-	7,179,897
Receipt for 2023 Assessed Contributions	(5,798,838)	-	(5,798,838)
Receipt for prior year Assessed Contributions	(1,153,027)	-	(1,153,027)
Write-off	-	-	-
Net Increase of Loss Allowance for Expected Credit Losses	-	(992,602)	(992,602)
Balance as of 31 December 2023	11,562,446	(9,797,719)	1,764,727
<i>Administrative account</i>	<i>Member States</i>	<i>Loss Allowance for Expected Credit Losses</i>	<i>Total assessed contributions receivable</i>
Balance as of 31 December 2023	11,562,446	(9,797,719)	1,764,727
Assessed Contribution for 2024	7,161,588	-	7,161,588
Receipt for 2024 Assessed Contributions	(5,467,660)	-	(5,467,660)
Receipt for prior year Assessed Contributions	(603,758)	-	(603,758)
Write-off	-	-	-
Net Increase of Loss Allowance for Expected Credit Losses	-	(1,250,391)	(1,250,391)
Balance as of 31 December 2024	12,652,616	(11,048,110)	1,604,506

Host country contributions: receivables from non-exchange transactions

(United States dollars)

<i>Administrative account</i>	<i>Member States</i>	<i>Loss Allowance for Expected Credit Losses</i>	<i>Total host country contributions receivable</i>
Balance as of 31 December 2022	425,468	-	425,468
Claims	31,887	-	31,887
Cash-in	(425,468)	-	(425,468)
Balance as of 31 December 2023	31,887	-	31,887
Claims	404,994	-	404,994
Cash-in	(31,887)	-	(31,887)
Balance as of 31 December 2024	404,994	-	404,994

Voluntary contributions: receivables from non-exchange transactions

(United States dollars)

<i>Project accounts</i>	<i>Donors</i>	<i>Loss Allowance for Expected Credit Losses</i>	<i>Total voluntary contributions receivable</i>
Balance as of 31 December 2022	2,112,098	-	2,112,098
Increases in Voluntary Contributions Receivables for 2023	5,151,682	-	5,151,682
Cash received in 2023 for Voluntary Contributions	(4,998,556)	-	(4,998,556)
Allocation from Internal Funds	1,057,555	-	1,057,555
Balance as of 31 December 2023	3,322,779	-	3,322,778
Increases in Voluntary Contributions Receivables for 2024	4,081,511	-	4,081,511
Cash received in 2024 for Voluntary Contributions	(4,817,948)	-	(4,817,948)
Allocation from Internal Funds	(68,526)	-	(68,526)
Balance as of 31 December 2024	2,517,816	-	2,517,816

<i>Breakdown of Increases in Voluntary Contributions Receivables</i>	<i>2024</i>	<i>2023</i>
--	-------------	-------------

Pledges in ITTC Decision 1(LX) and (LIX) - Financing for Projects, Pre-Projects and Activities

Canada	36,987	-
China, Macao SAR	1,540,568	1,529,055
Finland	-	5,247
Germany	-	1,413,449
Korea	119,032	579,315
Japan	1,791,948	2,005,522
Australia	105,456	-
USA	555,000	551,265
Dr. Hwan Ok Ma (Private)	10,000	-
Kisso-an (Private)	2,193	2,613
Soka Gakkai	64,181	75,160
Unearmarked Fund	56,170	-
Bali Partnership Fund (Sub-account B)	51,708	-

Total of Pledges in ITTC Decision 1(LX) and (LIX)- Financing for Projects, Pre-Projects and Activities

	4,333,244	6,161,625
Adjustments to pledges in Decision 1 not affecting Accounts Receivable	(68,767)	(56,976)
Adjustments for items not recorded in Decision 1	(182,966)	(952,968)
Total	4,081,511	5,151,682

(United States dollars)

<i>Breakdown of Voluntary Contributions Cash Receipts</i>	<i>2024</i>	<i>2023</i>
Australia	105,456	-
Canada	36,987	-
China	90,000	85,000
China, Macao SAR	1,546,233	1,449,174
European Union	31,091	247,229
Germany	424,363	142,293
Japan	1,600,115	1,940,862
Korea	267,930	272,430
USA	600,000	600,000
Bruno Manser Fonds	-	150,000
FAO	-	15,000
CITES	-	18,777
Kisso-an	1,591	2,632
Soka Gakkai	64,181	75,160
Dr. Hwan Ok Ma	50,000	-
Total	4,817,948	4,998,556

(United States dollars)

<i>Breakdown of Allocation from Internal Funds</i>	<i>2024</i>	<i>2023</i>
Japan's allocation of voluntary contributions advance receipts	85,062	113,178
Fellowship Pooled Fund (including refund to pool from cancelled Fellowship)	131,383	107,024
Adjustments to reclassification of internal funds	-	-
Adjustments for cash received in prior years	(147,920)	(1,277,757)
Total	68,526	(1,057,555)

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.

In addition, project PD764/14 Rev.3(F) will be recommended for termination at the 61st Council Session in October 2025. The amount of advance transfers recorded under the project has been reclassified as other accounts receivable and an allowance has been recognized for the amount of \$38,012.

Note 9

Advance transfers - Projects

(United States dollars)

<i>Category</i>	<i>2024</i>	<i>2023</i>
Reforestation and Forest Management	390,863	509,100
Economics, Statistics and Market	189,093	281,729
Forest Industry	151,482	47,425
Activities	902,656	411,372
Total advance transfer by type	1,634,094	1,249,626

Reconciliation of advance transfer balances

(United States dollars)

Advance transfer as at 31 December 2022	1,154,682
Expenses recognized through reports from EAs	(2,608,515)
Advance transfers made in 2023	2,703,459
Reclassified to other receivables	-
Advance transfers as at 31 December 2023	1,249,626
Expenses recognized through reports from EAs	(3,251,709)
Advance transfers made in 2024	3,674,189
Reclassified to other receivables	(38,012)
Advance transfers as at 31 December 2024	1,634,094

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>2024</i>	<i>2023</i>
Prepaid expenses - staff	93,927	180,870
Prepaid expenses - others	92,012	90,440
Total	185,939	271,309

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 2023</i>
Cost						
Balance as at 1 January	71,321	151,827	107,558	204,708	79,849	615,264
Additions	-	-	-	139,851	3,608	143,459
Disposals, transfers and adjustments	-	-	-	(186,065)	-	(186,065)
Balance as at 31 December	71,321	151,827	107,558	158,494	83,457	572,657
Accumulated depreciation						
Balance as at 1 January	21,436	118,018	107,558	192,995	60,032	500,039
Depreciation	7,059	9,424	-	32,076	8,533	57,091
Impairment	-	-	-	-	-	-
Disposals, transfers and adjustments	-	-	-	(186,065)	-	(186,065)
Balance as at 31 December	28,495	127,442	107,558	39,005	68,565	371,066
Carrying value as at 31 December	42,826	24,386	-	119,488	14,892	201,592
	<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 2024</i>
Cost						
Balance as at 1 January	71,321	151,827	107,558	158,494	83,457	572,657
Additions	14,211	-	-	1,569	25,832	41,612
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	85,532	151,827	107,558	160,063	109,288	614,269
Accumulated depreciation						
Balance as at 1 January	28,495	127,442	107,558	39,005	68,565	371,066
Depreciation	7,604	9,450	-	28,636	14,241	59,931
Impairment	-	-	-	-	-	-
Disposals, transfers and adjustments	-	-	-	-	-	-
Balance as at 31 December	36,099	136,892	107,558	67,642	82,806	430,997
Carrying value as at 31 December	49,433	14,936	-	92,422	26,483	183,273

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 \$225,726 for 2024 and \$221,008 for 2023.
3. The carrying value of property and equipment recognized under finance leases is as follows:

(United States dollars)

	2024	2023
Office equipment	90,861	118,877
Total	90,861	118,877

4. The ITTO leases copy machines, where 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)

	Software acquired externally	Software internally developed	Licences and rights	Copyrights	Total 2023
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	12,342	-	-	-	12,342
Amortization	1,366	-	-	-	1,366
Disposals	-	-	-	-	-
Balance as at 31 December	13,709	-	-	-	13,709
Carrying value as at 31 December	-	-	-	-	-

(United States dollars)

	<i>Software acquired externally</i>	<i>Software internally developed</i>	<i>Licences and rights</i>	<i>Copyrights</i>	<i>Total 2024</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	13,709	-	-	-	13,709
Amortization	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December	13,709	-	-	-	13,709
Carrying value as at 31 December	-	-	-	-	-

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>2024</i>	<i>2023</i>
Deferred revenue for the Administrative Account	5,965	7,316
<i>Deferred revenue for projects</i>		
Reforestation and Forest Management (F)	1,984,792	2,514,654
Economics, Statistics and Markets (M)	489,917	469,327
Forest Industry (I)	449,435	623,643
Activities (A)	5,851,448	6,494,994
Deferred revenue for projects	8,775,591	10,102,617
Total deferred revenue	8,781,556	10,109,933

Reconciliation of deferred revenue balances

(United States dollars)

Deferred revenue for projects as at 31 December 2022	8,537,020
Liabilities recognized for obligations attached to pledges	6,042,928
Revenue recognized from ongoing projects	(4,477,330)
Deferred revenue for projects as at 31 December 2023	10,102,617
Liabilities recognized for obligations attached to pledges	2,989,353
Revenue recognized from ongoing projects	(4,316,379)
Deferred revenue for projects as at 31 December 2024	8,775,591

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 2024

(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 712/13 Rev.2 (F)	F	250,000	125,441	26,787	97,772	56,250	-
PD 808/16 Rev.5 (F) Ph.I	F	320,000	125,867	34,286	159,847	56,420	-
PD 808/16 Rev.5 (F) Ph.II	F	246,488	-	26,409	220,079	-	-
PD 836/17 Rev.1 (F)	F	417,558	359,846	44,738	12,974	-	-
PD 849/17 Rev.2 (F)	F	335,765	233,704	35,975	66,086	32,533	-
PD 902/19 Rev.2 (F) Ph.I funded by Voluntary Contribution)	(portion F	500,000	69,667	53,571	376,762	76,687	250,000
PD 903/19 Rev.3 (F)	F	261,904	-	28,061	233,843	-	-
PD 905/19 Rev.3 (F) Ph.I	F	200,000	137,572	21,429	40,999	11,303	-
PD 912/20 Rev.3 (I) Ph.I	I	166,847	26,991	17,876	121,980	52,037	-
PD 913/20 Rev.4 (M)	M	730,088	426,233	78,224	225,631	189,093	-
PD 916/21 Rev.1 (F)	F	450,000	7,944	48,214	393,842	95,000	-
PD 926/22 Rev.1 (I)	I	320,000	215,170	34,286	70,544	16,243	-
PD 927/22 Rev.2 (F)	F	233,300	37,774	24,996	170,531	12,447	-
PD 928/22 Rev.1 (I)	I	261,811	180,346	28,051	53,414	35,621	-
PD 931/23 (F)	F	138,260	31,648	14,814	91,798	6	-
PD 932/23 (F)	F	84,784	66,214	9,084	9,486	986	-
PD 933/23 Rev.2 (M)	M	296,000	-	31,714	264,286	-	-
PD 934/23 Rev.1 (F)	F	148,976	22,242	15,962	110,772	40,629	-
PD 935/23 Rev.1 (I)	I	231,120	2,860	24,763	203,497	47,581	-
PP-A/52-320: CITES BWP Activity	A	1,828,266	735,027	142,915	950,324	133,395	-
PP-A/53-323 BWP/1 LSSC BWP Activity	A	658,391	154,787	85,825	417,779	-	-
PP-A/53-323C BWP/1 LSSC Education Programme	A	133,848	118,986	-	14,862	-	-
PP-A/53-323I BWP/1 GTI Ph.2	A	1,140,685	975,035	148,785	16,865	-	-
PP-A/53-323J BWP/1 BTTS Ph.2	A	326,370	276,906	42,570	6,894	-	-
PP-A/53-323K: BWP/1 GLSTF	A	137,000	87,494	-	49,506	-	-
PP-A/53-323L BWP/1 GTI Ph.3	A	1,140,215	285,102	148,724	706,389	115,542	684,215
PP-A/53-323M BWP/1 BTTS Ph.3	A	325,353	105,894	42,437	177,022	14,750	190,353
PP-A/54-331A Teak Phase 2	A	1,413,449	190,986	-	1,222,463	298,523	846,793
PP-A/55-338 BWP18-19/15 C&I SFM	A	42,677	23,638	2,609	16,430	-	-
PP-A/56-341B REFACOF Togo Ph.3	A	75,160	69,768	2,891	2,501	500	-
PP-A/56-341C REFACOF Benin Ph.1	A	64,181	4,376	-	59,805	15,624	-
PP-A/56-342A SFM Myanmar	A	378,930	310,142	40,600	28,188	24,487	-
PP-A/59-351 BWP11d Fiji	A	350,000	163,792	37,500	148,708	102,102	-
PP-A/59-352 BWP11e Sarawak	A	258,000	182,988	27,643	47,369	12,572	-
PP-A/59-354 WG on ITTA 2006	A	75,000	40,188	9,783	25,029	-	-
PP-A/59-356 KFS Officer 23-26	A	808,989	316,062	28,733	464,194	2,456	278,328
PP-A/59-357 BWP2 Private Sector	A	126,593	-	6,522	120,071	-	-
PP-A/59-358 BWP6 Stats WS	A	120,680	46,303	6,834	67,543	-	20,000
PP-A/59-359 BWP7 Fire managemt	A	90,000	26,487	11,739	51,774	-	-
PP-A/59-360 BWP8a Gender guidelines	A	146,171	-	18,261	127,910	-	-
PP-A/59-361 BWP8b FLR guidelines	A	153,000	1,887	5,217	145,896	-	-
PP-A/59-362 BWP9 CBD, COP 16	A	142,750	3,990	8,743	130,017	-	30,000
PP-A/59-363 BW10 CPF, UNFF	A	50,760	41,688	2,609	6,463	-	-
PP-A/59-364 BWP12 Communication Strategy	A	50,000	21,000	6,522	22,479	-	-
PP-A/59-365 BWP14c Japanese Translation	A	55,169	30,039	6,283	18,847	-	25,000
PP-A/59-366 BWP15 TAG-CSAG	A	57,683	22,507	5,217	29,958	-	-
PP-A/60-367 Upper Baram	A	139,039	-	5,670	133,369	-	-
PP-A/60-368 Yucatan Peninsula	A	227,097	21,736	24,332	181,029	81,399	-
PP-A/60-369 Thai Borders	A	278,078	102,111	23,221	152,746	101,306	-
PP-A/60-370 Miombo Forest	A	166,847	153	10,133	156,561	-	-
PP-A/60-371 Fire project Ex-post	A	50,000	38,000	-	12,000	-	-

(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/60-372 Article 44, ITTA	A	68,505	-	8,935	59,569	-	-
PP-A/60-373 BWP5 C&I Workshops\	A	30,182	5,182	3,261	21,739	-	-
PP-A/60-374 FAO Woodwork	A	20,020	-	-	20,020	-	20,020
PP-A/60-377 Article 44, ITTA	A	45,000	-	5,870	39,130	-	-
Fellowship programme							
PP-A/52-319 FFF/up to 15A	A	80,658	44,942	-	35,716	-	-
PP-A/52-319 FFF/16A	A	56,668	51,040	-	5,628	-	-
PP-A/52-319 FFF/17A	A	120,829	101,646	10,018	9,164	-	-
PP-A/52-319 FFF/18A	A	139,564	133,024	2,022	4,519	-	-
PP-A/52-319 FFF/19A	A	115,451	78,915	17,785	18,751	-	-
PP-A/52-319 FFF/20A	A	172,896	132,462	22,552	17,882	-	-
PP-A/52-319 FFF/21A	A	127,321	116,271	-	11,050	-	-
PP-A/52-319 FFF/22A	A	76,635	67,788	-	8,847	-	-
PP-A/52-319 FFF/23A	A	107,024	83,035	-	23,989	-	-
PP-A/52-319 FFF/24A	A	131,383	-	-	131,383	-	-
Recognized as net assets					-266,928		
Unallocated pledges to the Fellowship programme							116,922
Projects funded from Net Assets (BPF-B/Uncarmarked Fund)							
PD 902/19 Rev.2 (F) Ph.1/09/21 (portion funded by Uncarmarked Fund)	F	56,083	7,814	6,009	42,260	8,602	-
Recognized as net assets					-42,260		
Total		17,951,500	7,288,710	1,578,012	8,775,591	1,634,094	2,461,632

Detail of projects financially closed during 2024

<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 452/07 Rev.5 (F)	F	556,963	474,160	70,353	12,450
PD 832/16 Rev.2 (M)	M	416,080	351,067	44,580	20,433
PD 922/21 Rev.1 (I)	I	339,500	287,810	36,375	15,315
430-MFI	A	48,324	48,324	-	0
PP-A/53-322	A	50,000	39,717	6,522	3,761
PP-A/53-323H	A	16,420	16,420	-	0
PP-A/55-335	A	93,265	25,358	12,165	55,742
PP-A/55-336	A	325,636	304,333	21,303	0
PP-A/57-347	A	11,000	11,000	-	0
PP-A/59-355	A	25,349	21,181	4,167	0
PP-A/59-353 [CN-21004]	A	250,000	222,215	26,786	999
Total		2,132,536	1,801,584	222,252	108,701

Detail of projects recommended for termination

<i>Project ID</i>	<i>Category</i>	<i>ITTO Budget</i>	<i>Expenses</i>	<i>Programme Support</i>	<i>Bad debt expenses</i>	<i>Balance</i>
PD 764/14 Rev.3 (F)	F	606,313	419,413	51,886	38,012	97,002
Total		606,313	419,413	51,886	38,012	97,002

Detail of projects with balance as of 31 December 2023

(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)	F	556,963	447,478	70,353	39,132	26,682	-
PD 712/13 Rev.2 (F)	F	250,000	45,495	26,787	177,718	29,045	-
PD 764/14 Rev.3 (F)	F	606,313	381,401	51,886	173,026	38,012	-
PD 808/16 Rev.5 (F) Ph.I	F	320,000	69	34,286	285,645	90,000	-
PD 832/16 Rev.2 (M)	M	416,080	326,489	44,580	45,011	24,578	-
PD 836/17 Rev.1 (F)	F	417,558	248,523	44,738	124,297	26,429	-
PD 849/17 Rev.2 (F)	F	335,765	86,739	35,975	213,051	92,519	-
PD 902/19 Rev.2 (F) Ph.I funded by Voluntary Contribution)	(portion F	500,000	38,703	53,571	407,726	101,761	250,000
PD 905/19 Rev.3 (F) Phase I	F	200,000	16,573	21,429	161,998	53,427	-
PD 913/20 Rev.4 (M)	M	730,088	227,548	78,224	424,316	257,151	-
PD 916/21 Rev.1 (F)	F	450,000	-	48,214	401,786	-	-
PD 922/21 Rev.1 (I)	I	339,500	244,791	36,375	58,334	35,601	-
PD 926/22 Rev.1 (I)	I	320,000	73,008	34,286	212,706	4,610	-
PD 927/22 Rev.2 (F)	F	233,300	-	24,996	208,304	-	-
PD 928/22 Rev.1 (I)	I	261,811	70,521	28,051	163,239	7,214	-
PD 931/23 (F)	F	138,260	-	14,814	123,446	-	-
PD 932/23 (F)	F	84,784	10,190	9,084	65,510	39,810	-
PD 934/23 Rev.1 (F)	F	148,976	-	15,962	133,014	-	-
PD 935/23 Rev.1 (I)	I	212,088	-	22,724	189,364	-	-
PP-A/52-320: CITES BWP Activity	A	1,778,266	520,858	136,393	1,121,015	74,249	-
PP-A/53-322 BWP18-19/1	A	50,000	39,717	6,522	3,761	-	-
PP-A/53-323 BWP LSSC BWP Activity	A	658,391	74,381	85,825	498,185	-	-
PP-A/53-323C BWP18-19 LSSC Education Programme	A	133,848	104,365	14,248	15,235	-	-
PP-A/53-323H BWP 2/SWU Policy	A	15,000	10,000	-	5,000	-	-
PP-A/53-323I BWP/2 GTI Ph.2	A	1,140,685	368,446	148,785	623,454	31,554	684,411
PP-A/53-323J BWP/2 BTTS Ph.2	A	326,370	116,669	42,570	167,131	3,331	195,822
PP-A/53-323K: BWP/2 GLSTF	A	62,000	33,663	-	28,337	-	-
PP-A/54-331A Teak Phase 2	A	1,413,449	19,535	-	1,393,914	83,522	1,271,156
PP-A/55-335 BWP/11 Action Plan	A	93,265	8,409	12,165	72,691	-	-
PP-A/55-336 EU Grant to 6 BWPs	A	327,841	251,212	-	76,629	-	33,296
PP-A/55-338 BWP18-19/15 C&I SFM	A	42,677	-	2,609	40,068	-	-
PP-A/56-341B REFACOF Togo Ph.3	A	75,160	15,532	2,891	56,737	14,468	-
PP-A/56-342A SFM Myanmar	A	378,930	233,485	40,600	104,845	50,264	-
PP-A/57-347 PFF NTFP Report	A	11,000	8,551	-	2,449	-	-
PP-A/59-351 BWP11d Fiji	A	350,000	-	37,500	312,500	-	-
PP-A/59-352 BWP11e Sarawak	A	258,000	32,223	27,643	198,134	153,983	-
PP-A/59-353 BWP11f Costa Rica	A	250,000	143,707	26,786	79,507	-	-
PP-A/59-354 WG on ITTA 2006	A	75,000	-	9,783	65,217	-	-
PP-A/59-355 Publication C&I	A	31,951	21,181	4,167	6,602	-	-
PP-A/59-356 KFS Officer 23-26	A	1,018,126	96,364	10,100	911,662	-	636,364
PP-A/59-357 BWP2 Private Sector	A	101,593	-	3,261	98,332	-	-
PP-A/59-358 BWP6 Stats WS	A	83,282	-	1,957	81,325	-	15,000
PP-A/59-359 BWP7 Fire managemt	A	60,000	(0)	7,826	52,174	-	-
PP-A/59-360 BWP8a Gender guidelines	A	96,171	-	11,739	84,432	-	-
PP-A/59-361 BWP8b FLR guidelines	A	133,000	1,887	2,609	128,504	-	-
PP-A/59-362 BWP9 CBD, COP 16	A	95,718	-	2,609	93,109	-	20,000
PP-A/59-363 BW10 CPF, UNFF	A	40,760	-	1,304	39,455	-	-
PP-A/59-364 BWP12 Communication Strategy	A	25,000	-	3,261	21,739	-	-
PP-A/59-365 BWP14c Japanese Translation	A	31,996	960	3,261	27,775	-	25,000
PP-A/59-366 BWP15 TAG-CSAG	A	37,683	-	2,609	35,074	-	-
PP-A/60-371 Ex-post fire project	A	50,000	-	-	50,000	-	-

Project ID	Category	ITTO Budget	Expenses	Programme Support	Deferred Revenue for Projects	Advance Transfers	Voluntary contributions: receivables
Fellowship programme							
PP-A/52-319 FFF/up to15A	A	80,658	44,942	-	35,716	-	-
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	133,024	2,022	4,519	-	-
PP-A/52-319 FFF/19A	A	115,451	78,915	17,785	18,751	-	-
PP-A/52-319 FFF/20A	A	172,896	131,804	22,552	18,540	-	-
PP-A/52-319 FFF/21A	A	127,321	114,787	-	12,534	-	-
PP-A/52-319 FFF/22A	A	76,635	63,718	-	12,917	-	-
PP-A/52-319 FFF/23A	A	107,024	-	-	107,024	-	-
Recognized as net assets					-226,003		
Unallocated pledges to the Fellowship programme							11,729
Projects funded from Net Assets (BPF-B/Unearmarked Fund)							
PD 902/19 Rev.2 (F) Ph.I/09'21 (portion funded by Unearmarked Fund)	F	56,083	4,341	6,009	45,733	11,414	-
Recognized as net assets					-45,733		
Total		16,819,776	5,041,679	1,403,743	10,102,617	1,249,626	3,142,779

Detail of projects financially closed during 2023

Project ID	Category	ITTO Budget	Expenses (cumulative)	Programme Support	Balance at project closure (*See note below)
PD 732/14 Rev.2 (M)	M	321,138	278,974	34,408	7,756
PD 770/15 Rev.1 (I)	I	196,224	160,200	21,024	15,000
PD 845/17 Rev.3 (M)	M	120,000	97,143	12,857	10,000
PPD 201/21 Rev.1 (F)	F	65,588	56,833	7,552	1,203
PP-A/49-291 BWP 25b IMM	A	4,682,836	4,376,181	306,655	-
PP-A/50-304 BWP 2021-22/Activity 18 TAG&CSAG	A	172,719	141,413	31,306	-
PP-A/50-305 BWP27 CPF	A	99,240	85,546	13,694	-
PP-A/50-305A BWP13/Dec.7(LVII)	A	100,000	86,957	13,043	-
PP-A/52-320D: Agarwood 2021	A	371,252	319,008	52,244	-
PP-A/53-323D BWP 2/Timber-Lex	A	24,000	20,000	4,000	-
PP-A/53-323E BWP 2/Mekong FAO	A	70,000	53,559	16,441	-
PP-A/53-323F BWP 2/Macao GTI	A	986,720	839,194	128,703	18,823
PP-A/53-323G BWP 2/Macao BTTS	A	347,200	293,090	45,287	8,823
PP-A/53-324 BWP18-19/ Activity 3	A	93,407	71,232	22,175	-
PP-A/53-325 BWP18-19/ Activity 10(a)	A	18,829	15,568	3,261	-
PP-A/54-326 Landscape Restoration	A	88,976	88,976	-	-
PP-A/54-328 BWP 2018-19/8b C&I Meetings	A	13,440	13,440	-	-
PP-A/54-329 BWP 2018-19/10 Mangrove	A	4,826	4,826	-	-
PP-A/54-330 BWP 2018-19/19b Outreach	A	30,044	26,783	3,261	-
PP-A/54-331 BWP 2018-19/4 Teak	A	1,236,250	1,069,878	161,250	5,122
PP-A/54-332 BWP 2018-19/9 Statistics Workshops	A	8,479	-	8,479	-
PP-A/55-337 IUCN FLR Tier 2	A	41,844	41,844	-	-
PP-A/55-339 BWP 2018-19/16 Communication Strategy	A	70,000	60,870	9,130	-
PP-A/56-341A REFACOF Togo Phase 2	A	89,582	83,581	6,001	-
PP-A/56-342B Timber Legality Assurance Systems	A	344,100	220,933	36,868	86,299
PP-A/56-344 BWP 2021-22/Activity 11b	A	45,820	32,776	13,044	-
PP-A/56-345 BWP 2021-22/Activity12	A	34,282	27,146	7,136	-
PP-A/57-346 FAO PF CS	A	10,000	8,696	1,304	-
PP-A/57-348 BWP 17c Japanese Translation	A	68,004	61,482	6,522	0
PP-A/57-349 FAO Global Timber Outlook	A	77,000	70,000	7,000	-
PP-A/57-350 KFS Officer secondment 2021-2023	A	417,368	379,426	37,943	-
Total		10,249,168	9,085,555	1,010,587	153,026

*Note 1): Balance includes funds to be returned, transferred to Pooled Sub-accounts for ex-post evaluations and/or otherwise reallocated depending on consult in accordance with prevailing rules and procedures.

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, receipts for Thematic programme projects and the Fellowship programmes are recorded in net assets after recognizing project revenue 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 2025 budget, that were received before the end of 2024.

Note 18

Other liabilities

(United States dollars)

<i>Breakdown of Other liabilities</i>	<i>2024</i>	<i>2023</i>
Other accounts payable	48,657	65,935
Employee benefits accrued liabilities	985,494	1,295,841
Lease obligation	79,679	114,066
Other accrued liabilities	331,777	262,903
Total	1,445,607	1,738,745

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

Employee benefits liabilities breakdown

(United States dollars)

	<i>2024</i>	<i>2023</i>
Current employee benefits liabilities		
Home leave	52,100	55,984
Accrued salaries and allowances	27,803	53,999
Accrued social securities	99,805	133,517
Total current employee benefits liabilities	179,707	243,500
Non-current employee benefits liabilities		
Home leave	9,802	11,829
Repatriation benefits	312,493	434,732
Annual Leave	483,492	605,780
Total non-current employee benefits liabilities	805,787	1,052,342
Total employee benefits liabilities	985,494	1,295,841

Note 19
Net assets

(United States dollars)

<i>Breakdown of net assets</i>	<i>2024</i>			<i>2023</i>		
	<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	8,543,169	-	-	7,669,922	-	-
Reserve provided by interest income	-	404,260	-	-	249,132	-
Special reserve	-	-	2,500,000	-	-	2,500,000
Project Accounts						
Funds provided by interest income	38,767	-	-	20,037	-	-
Thematic programme funds allocated to projects	902	-	-	902	-	-
Funds allocated to Fellowship programme	383,850	-	-	322,942	-	-
Unearmarked funds allocated to projects	42,260	-	-	45,733	-	-
Funds allocated to expost evaluation	318,342	-	-	348,186	-	-
Thematic programme funds unallocated	-	4,935	-	-	4,935	-
Programme support funds	-	2,744,317	-	-	2,362,615	-
Total	9,327,290	3,153,513	2,500,000	8,407,722	2,616,682	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, removal costs and grants.

Note 20**Administrative account; Revenue from Assessed Contributions and the other contributions**

(United States dollars)

<i>Breakdown of revenue</i>	<i>2024</i>	<i>2023</i>
Assessed Contributions		
Member countries	7,161,588	7,179,897
Total Assessed contributions	7,161,588	7,179,897
Host Country cash contributions		
Government of Japan	239,208	247,212
City of Yokohama	466,090	88,580
Host Country in-kind contributions		
Government of Japan	147,169	158,427
City of Yokohama	235,407	241,932
Total Host Country contributions	1,087,875	736,150
Total Assessed and Host Country Contributions	8,249,463	7,916,047
Assessed Contribution receivable	1,604,506	1,764,727
Host Country Contribution receivable	404,994	31,887

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>2024</i>	<i>2023</i>
Contributions		
Donors	4,316,379	4,477,330
Revenue from closed projects to the Pooled Fund for Ex-Post Evaluation	35,185	12,177
Programme Support Revenue	504,890	792,689
Total voluntary contributions	4,856,454	5,282,196
Voluntary Contribution receivable	2,517,816	3,322,779
Advance transfer - Project	1,634,094	1,249,626
Advance receipts	8,775,591	10,102,617

Ex-Post evaluation revenue from Thematic Programme projects are normally recognized at the start of the project. There were no Ex-post evaluation revenue from Thematic Programme projects recognized in 2023 and 2024.

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 2024 is \$281,737 and 2023 is \$37,423.

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.

Note 23
Administrative account; Employee benefits expenses

(United States dollars)

<i>Breakdown of employee benefits expenses</i>	<i>2024</i>	<i>2023</i>
Salaries and benefits	3,065,606	3,056,293
Social security	846,603	854,965
Total employee benefits expenses	3,912,209	3,911,258

The total amount of defined contribution plan expenses for pension schemes amount to \$590,472 for 2024 and \$607,444 for 2023.

Note 24
Operating expenses

(United States dollars)

<i>Breakdown of operating expenses</i>	<i>2024</i>	<i>2023</i>
Installation costs	72,847	-
Official travel	55,975	22,904
Special activities	94,151	7,594
Data processing	92,708	132,165
Other costs	198,738	246,401
Council meetings	376,313	401,800
Expert meetings	18,429	12,858
Communication and outreach	350,819	318,194
Statistics, Studies and information	281,355	231,116
Annual Report and Biennial review	50,649	80,086
Services received through host country in-kind contributions	382,576	400,359
Services received through host country cash contributions	67,056	58,671
Expenses from reserve provided by interest income	-	-
Working capital reserve expenses in accordance with Council decisions	95,207	30,250
Total operating expenses	2,136,825	1,942,397

Note 25
Project expenses

(United States dollars)

Category	2024	2023
Transfers to executing agencies		
Reforestation and Forest Management	801,782	577,144
Economics, Statistics and Markets	223,263	393,813
Forest Industry	324,857	430,879
Activities	3,017,542	3,089,589
Programme support expenses	88,390	123,123
Ex-post Expenses	65,030	90,497
Total by type	4,520,864	4,705,045

Transfers to executing agencies correspond to the expenses incurred during the accounting period of 2024 and 2023 by those agencies.

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

Note 26
Other expenses

(United States dollars)

Breakdown of other expenses	2024	2023
Exchange loss / (gain)	48,556	113,369
Allowance expense for debt - Administrative Account	1,250,391	992,602
Allowance expense for debt - Project Account	38,012	-
Interest expense	4,664	4,472
Total other expenses	1,341,623	1,110,444

Net foreign exchange gains or losses

(United States dollars)

Breakdown of foreign exchange gains or losses	Unrealized	Realized	2023
Gains	60,954	5,612	66,567
Losses	165,866	14,070	179,936
Total net losses	104,911	8,458	113,369
Breakdown of foreign exchange gains or losses	Unrealized	Realized	2024
Gains	102,090	18,305	120,394
Losses	136,221	32,729	168,951
Total net losses	34,132	14,425	48,556

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>Amortized cost</i>	<i>Fair value through surplus or deficit</i>	<i>Fair value through net assets/equity</i>	<i>Total carrying value</i>	<i>Total fair value</i>
					2023
Cash and cash equivalents	20,376,300	-	-	20,376,300	20,376,300
Assessed and voluntary contributions receivable	5,119,393	-	-	5,119,393	5,119,393
Other accounts receivable	34,697	-	-	34,697	34,697
Total financial assets	25,530,390			25,530,390	25,530,390

<i>Breakdown of financial assets</i>	<i>Amortized cost</i>	<i>Fair value through surplus or deficit</i>	<i>Fair value through net assets/equity</i>	<i>Total carrying value</i>	<i>Total fair value</i>
					2024
Cash and cash equivalents	20,554,429	-	-	20,554,429	20,554,429
Assessed and voluntary contributions receivable	4,527,316	-	-	4,527,316	4,527,316
Other accounts receivable	84,008	-	-	84,008	84,008
Total financial assets	25,165,753			25,165,753	25,165,753

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>Amortized cost</i>	<i>Total carrying value</i>	<i>Total fair value</i>
			2023
Accounts payable - Members	241,943	241,943	241,943
Other liabilities	1,738,745	1,738,745	1,738,745
Total financial liabilities	1,980,688	1,980,688	1,980,688

	<i>Amortized cost</i>	<i>Total carrying value</i>	<i>Total fair value</i>
<i>Breakdown of financial liabilities</i>			<i>2024</i>
Accounts payable - Members	2,735	2,735	2,735
Other liabilities	1,445,607	1,445,607	1,445,607
Total financial liabilities	1,448,342	1,448,342	1,448,342

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 held bank accounts only in Japan and United States in 2024.
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. Receivables are recorded at amortized cost in accordance with IPSAS 41. In order to assess the expected impact of the expected credit loss, analysis is performed on historical payment patterns using the simplified approach under IPSAS 41, measured at an amount equal to lifetime expected credit loss.

Assessed contributions are due to ITTO at the beginning of the year to which they relate. As of 1 January of the following calendar year, any unpaid balance is considered to be one year in arrears. The table below summarizes the timing of the payments of contributions for the last four years:

Assessed Contributions due vs Payments	2021 Contributions		2022 Contributions		2023 Contributions		2024 Contributions	
	Amount in USD	%	Amount in USD	%	Amount in USD	%	-	Amount in USD
Due Amount	7,104,313	100%	7,064,768	100%	7,179,897	100%	7,161,588	100%
Paid within the year (< 12 months)	5,150,042	72.49%	5,344,848	75.65%	5,798,838	80.76%	5,467,660	76.35%
Paid later than 1 year and not later than 2 years	331,665	4.67%	602,145	8.52%	305,989	4.26%	-	-
Paid later than 2 year and not later than 3 years	545,825	7.68%	140,510	1.99%	-	-	-	-
Paid later than 3 year and not later than 4 years	157,259	2.21%	-	-	-	-	-	-
Not Paid at 31.12.24	919,522	12.94%	977,265	13.83%	1,075,070	14.97%	1,693,928	23.65%

The information can be further analysed as a percentage of total contributions receivable each year as shown in the following table:

Year	Within 12 months	Within 24 months	Within 36 months	Within 48 months
2018 contributions paid %	78.22%	83.38%	85.68%	91.43%
2019 contributions paid %	76.22%	86.68%	89.99%	90.61%
2020 contributions paid %	76.96%	87.14%	87.89%	87.96%
2021 contributions paid %	72.49%	77.16%	84.84%	87.06%
2022 contributions paid %	75.65%	84.18%	86.17%	-
2023 contributions paid %	80.76%	85.03%	-	-
2024 contributions paid %	76.35%	-	-	-
Average	76.67%	83.93%	86.91%	89.26%

To create a forward-looking model including contributions receivable from member countries, ITTO analyses all current year contributions against historical percentage patterns of payments after the year-end. The model uses these percentages to determine the projected amount expected to be received in the following years, as well as a range of possible outcomes/scenarios to determine a

probability weighted amount. Long-term repayment agreements, of which currently there are none, will be discounted based on the time value of money using the effective interest rate method. These historical percentages will be updated at each year-end, including political and macro-economic factors which could impact payment patterns and is also used to determine significant increases in credit risk.

The historical analysis shows little change in the collectability of balances after 4 years and ITTO, therefore, developed the assumption that 10.74% will be applied as a predictive rate of expected credit loss for annual assessments going forward. This rate may be adjusted over time if the actual collection history changes. The allowance is calculated per the collection history rate unless the outstanding receivable for that assessment year is less than the calculated allowance, in which case the allowance is capped at the actual accounts receivable balance. The same rate was applied to the assessments for 2021-2024 to determine the expected credit loss and the full amount due for 2020 and prior years will be added, as calculated as follows:

<i>Year</i>	<i>Assesed Amount</i>	<i>Expected Credit Loss Percentage</i>	<i>Impact on Allowance</i>
2020 and prior	-	-	7,986,832
2021	7,104,313	10.74%	762,815
2022	7,064,768	10.74%	758,569
2023	7,179,897	10.74%	770,930
2024	7,161,588	10.74%	768,965
Total	-	-	11,048,110

For voluntary contributions with conditions, in accordance with IPSAS 23, voluntary contributions receivables are covered 100% by a liability for deferred revenue. In accordance with IPSAS41, paragraph 2 (i) and application guidance (AG6), ITTO is not subject to any credit risk from default by a counter party (donor), therefore, no further analysis is done regarding conditional voluntary contributions.

For voluntary contributions without conditions recognized as revenue on the date of the signature of the agreement with the donor, IPSAS 41 provides for the use of a lifetime expected credit loss recognized at each reporting date referred to as the simplified approach. ITTO uses historical credit loss experience to calculate the lifetime expected credit loss provision accordingly. ITTO does not recognize any lifetime expected credit loss for voluntary contribution receivables at this moment due to historical analysis suggesting that the expected credit loss would be negligible.

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

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 where sufficient budget is unavailable from contributions received and liquidated by the donors.

Contractual maturities of financial liabilities

(United States dollars)

	Due				Overdue				2023 total carrying value
	0-3 months	3-6 months	6-12 months	More than 1 year	0-3 months	3-6 months	6-12 months	More than 1 year	
Lease payments	6,710	6,710	13,420	\$87,226	-	-	-	-	114,066
Total	6,710	6,710	13,420	87,226	-	-	-	-	114,066

	Due				Overdue				2024 total carrying value
	0-3 months	3-6 months	6-12 months	More than 1 year	0-3 months	3-6 months	6-12 months	More than 1 year	
Lease payments	6,129	6,129	12,258	\$55,163	-	-	-	-	79,679
Total	6,129	6,129	12,258	\$55,163	-	-	-	-	79,679

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 not significant.

Currency risk

11. Currency risk (or foreign exchange risk) arises on 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) Expenses for the year employee benefits are mainly made in Japanese yen;
- (b) 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>Korean Won (converted)</i>	<i>Euro (converted)</i>	<i>2023</i>
Cash and cash equivalents	20,163,602	212,699	-	-	20,376,300
Assessed and voluntary contributions receivable	4,417,845	31,887	636,364	33,296	5,119,393
Other accounts receivable	34,697	-	-	-	34,697
Total financial assets	24,616,144	244,586	636,364	33,296	25,530,390
Accounts payable - Members	-	241,943	-	-	241,943
Other liabilities	1,383,472	355,274	-	-	1,738,745
Total financial liabilities	1,383,472	597,216	-	-	1,980,688
Net exposure	23,232,672	(352,631)	636,364	33,296	23,549,702
	<i>United States dollar</i>	<i>Yen (converted)</i>	<i>Korean Won (converted)</i>	<i>Euro (converted)</i>	<i>2024</i>
Cash and cash equivalents	20,199,276	355,154	-	-	20,554,429
Assessed and voluntary contributions receivable	3,843,994	404,994	278,328	-	4,527,316
Other accounts receivable	84,008	-	-	-	84,008
Total financial assets	24,127,278	760,147	278,328	-	25,165,754
Accounts payable - Members	-	2,735	-	-	2,735
Other liabilities	915,015	530,592	-	-	1,445,607
Total financial liabilities	915,015	533,327	-	-	1,448,342
Net exposure	23,212,263	226,820	278,328	-	23,717,412

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 2023</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	32,057	(39,181)
Total	32,057	(39,181)

<i>As at 31 December 2024</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	(20,620)	25,202
Total	(20,620)	25,202

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**

- 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.
- 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:
 - 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
 - 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 \$8,543,169 at the end of 2024 and \$7,669,922 at the end of 2023.

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 2022	-	332,091
Revenue from pledges	-	65,063
Transfer to the Ex-post pooled fund	-	-
Transfer to the TP pooled fund	-	-
Expenses of 2023	-	(74,211)
Balance as of 31 December 2023	-	322,942
Revenue from pledges	-	151,366
Transfer to the Ex-post pooled fund	-	-
Transfer to the TP pooled fund	-	-
Expenses of 2024	-	(90,458)
Balance as of 31 December 2024	-	383,850

Note 31
Contingencies*Contingent assets*

ITTO has not received pledges prior to concluding contribution agreements, or pledges subject to approval. ITTO consequently has 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)

	2024	2023
Remuneration	838,511	886,567
Other Entitlements	203,477	91,283
Long-term Benefits	231,407	213,709
Total	1,273,395	1,191,559

3. The remuneration paid to key management personnel includes salary, post adjustment, dependency allowances, medical and social insurance and other entitlements such as education 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 \$190,060.20 for 2024 and \$195,427 for 2023.
5. There were no loans or advances granted to key management personnel during the reporting period.

Note 33

Events after the reporting date

No significant adjusting or non-adjusting event occurred between the closing date of 31 December 2024 and the date of this report.

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)

	Project Accounts														Eliminations		Total	
	Administrative Account		Special Account: Project Sub-Account		Special Account: Thematic Programme Sub-Account		Bali Partnership Fund		Sub-Total									
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023				
Assets																		
Current assets																		
Cash and cash equivalents	10,696,034	10,453,303	9,831,103	9,907,302	5,681	5,681	21,611	10,015	9,858,395	9,922,998	-	-	20,554,429	20,376,300				
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Assessed and voluntary contributions receivable, net	2,009,500	1,796,614	2,517,816	3,322,779	-	-	-	-	2,517,816	3,322,779	-	-	4,527,316	5,119,393				
Other accounts receivable, net	45,241	20,833	38,767	13,864	-	-	-	-	38,767	13,864	-	-	84,008	34,697				
Advance transfers - Projects	-	-	1,634,094	1,249,626	-	-	-	-	1,634,094	1,249,626	-	-	1,634,094	1,249,626				
Advance transfers - Others	162,176	240,043	23,762	31,267	-	-	-	-	23,762	31,267	-	-	185,939	271,309				
Total current assets	12,912,952	12,510,792	14,045,542	14,524,837	5,681	5,681	21,611	10,015	14,072,834	14,540,533	-	-	26,985,786	27,051,325				
Non-current assets																		
Property and equipment	183,273	201,592	-	-	-	-	-	-	-	-	-	-	183,273	201,592				
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total non-current assets	183,273	201,592	-	-	-	-	-	-	-	-	-	-	183,273	201,592				
Total assets	13,096,224	12,712,384	14,045,542	14,524,837	5,681	5,681	21,611	10,015	14,072,834	14,540,533	-	-	27,169,059	27,252,917				
Liabilities																		
Current liabilities																		
Accounts payable - Members	2,735	241,943	-	-	-	-	-	-	-	-	-	-	2,735	241,943				
Voluntary contributions advance receipts - allocated	5,965	7,316	1,736,417	1,599,465	-	-	-	-	1,736,417	1,599,465	-	-	1,742,382	1,606,781				
Voluntary contributions advance receipts - unallocated	-	-	1,715,213	1,266,630	-	-	-	-	1,715,213	1,266,630	-	-	1,715,213	1,266,630				
Assessed contributions advance receipts	243,145	371,261	-	-	-	-	-	-	-	-	-	-	243,145	371,261				
Other liabilities	621,854	617,211	48,657	65,935	-	-	-	-	48,657	65,935	-	-	670,511	683,146				
Total current liabilities	873,699	1,237,730	3,500,287	2,932,030	-	-	-	-	3,500,287	2,932,030	-	-	4,373,986	4,169,760				
Non-current liabilities																		
Voluntary contributions advance receipts - allocated	-	-	7,039,174	8,503,153	-	-	-	-	7,039,174	8,503,153	-	-	7,039,174	8,503,153				
Other liabilities	775,096	1,055,600	-	-	-	-	-	-	-	-	-	-	775,096	1,055,600				
Total non-current liabilities	775,096	1,055,600	7,039,174	8,503,153	-	-	-	-	7,039,174	8,503,153	-	-	7,814,270	9,558,752				
Total liabilities	1,648,795	2,293,330	10,539,461	11,435,182	-	-	-	-	10,539,461	11,435,182	-	-	12,188,256	13,728,512				
Net of total assets and total liabilities	11,447,429	10,419,054	3,506,081	3,089,655	5,681	5,681	21,611	10,015	3,533,373	3,105,351	-	-	14,980,803	13,524,405				
Net assets																		
Accumulated surplus - Restricted	8,543,169	7,669,922	763,845	729,121	892	892	19,383	7,787	784,121	737,801	-	-	9,327,290	8,407,722				
Accumulated surplus - Unrestricted	404,260	249,132	2,742,236	2,360,534	4,789	4,789	2,228	2,228	2,749,252	2,367,550	-	-	3,153,513	2,616,682				
Reserves	2,500,000	2,500,000	-	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000				
Total net assets	11,447,429	10,419,054	3,506,081	3,089,655	5,681	5,681	21,611	10,015	3,533,373	3,105,351	-	-	14,980,803	13,524,405				

International Tropical Timber Organization

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

(United States dollars)

	Project Accounts												Total	
	Administrative Account		Project Accounts								Eliminations			
			Special Account: Project Sub-Account		Special Account: Thematic Programme Sub-Account		Bali Partnership Fund		Sub-Total					
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue														
Administrative Account														
Assessed contributions	7,161,588	7,179,897	-	-	-	-	-	-	-	-	-	-	7,161,588	7,179,897
Host country contributions	1,087,875	736,150	-	-	-	-	-	-	-	-	-	-	1,087,875	736,150
Financial revenue	155,128	21,415	-	-	-	-	-	-	-	-	-	-	155,128	21,415
Other income	766	827	-	-	-	-	-	-	-	-	-	-	766	827
Project Accounts													-	-
Member States voluntary contributions	-	-	4,316,379	4,477,330	-	-	-	-	4,316,379	4,477,330	-	-	4,316,379	4,477,330
Other voluntary contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Programme support Revenue	-	-	504,890	792,689	-	-	-	-	504,890	792,689	-	-	504,890	792,689
Expost evaluation Revenue	-	-	35,185	12,177	-	-	-	-	35,185	12,177	-	-	35,185	12,177
Financial revenue	-	-	63,304	8,708	-	-	63,304	7,300	126,608	16,008	-	-	126,608	16,008
Other income	-	-	39,429	-	-	-	-	-	39,429	-	-	-	39,429	-
Total revenue	8,405,357	7,938,289	4,959,187	5,290,905	-	-	63,304	7,300	5,022,491	5,298,205	-	-	13,427,849	13,236,494
Expenses														
Administrative Account														
Employee benefits	3,912,209	3,911,258	-	-	-	-	-	-	-	-	-	-	3,912,209	3,911,258
Operating expenses	2,136,825	1,942,397	-	-	-	-	-	-	-	-	-	-	2,136,825	1,942,397
Project Accounts														
Project expenses	-	-	4,520,864	4,705,045	-	-	-	-	4,520,864	4,705,045	-	-	4,520,864	4,705,045
Depreciation and amortization	59,931	58,458	-	-	-	-	-	-	-	-	-	-	59,931	58,458
Other expenses	1,268,017	1,088,916	73,605	21,527	-	-	-	-	73,605	21,527	-	-	1,341,623	1,110,444
Total expenses	7,376,982	7,001,029	4,594,469	4,726,573	-	-	-	-	4,594,469	4,726,573	-	-	11,971,451	11,727,601
Surplus/(deficit) for the year	1,028,376	937,260	364,718	564,332	-	-	63,304	7,300	428,022	571,632	-	-	1,456,398	1,508,893