

IODINE GLOBAL NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2015

IODINE GLOBAL NETWORK

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Iodine Global Network

We have audited the accompanying financial statements of Iodine Global Network, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Iodine Global Network as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
March 17, 2016

IODINE GLOBAL NETWORK

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

(in US dollars)

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	2015	2014
REVENUE		
Give Well	\$ 496,798	\$ 27,915
Projects (Note 3)	358,922	292,933
UNICEF	155,864	93,193
Kiwanis International	64,000	56,000
Donations	23,979	4,950
Interest	2,591	3,805
AUSAID - Contribution	-	98,169
Micronutrient Initiative	-	47,383
GAIN	-	36,867
	1,102,154	661,215
OPERATING EXPENSES		
Direct project costs (Schedule A)	413,097	301,231
Regional support (Schedule B)	300,332	212,136
Secretariats (Schedule C)	174,244	85,246
Newsletter and Website	95,635	66,409
Annual conference	37,659	18,290
Audit and legal	6,630	13,859
Board insurance	2,438	2,663
Bank charges	1,095	771
Senior advisor	9,718	6,250
Fundraising	-	6,627
Board meeting	-	6,820
	1,040,848	720,302
	61,306	(59,087)
OTHER ITEMS		
Foreign currency translation loss	(32,661)	(35,580)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		
	\$ 28,645	\$ (94,667)

IODINE GLOBAL NETWORK

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015 (in US dollars)

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	Hetzel Award	Unrestricted	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	\$ 10,000	\$ 270,207	\$ 280,207	\$ 374,874
Excess (deficiency) of revenue over expenses	-	28,645	28,645	(94,667)
BALANCE, END OF YEAR	\$ 10,000	\$ 298,852	\$ 308,852	\$ 280,207

IODINE GLOBAL NETWORK

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(in US dollars)

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	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 638,755	\$ 528,546
Current portion of investments (Note 4)	444,120	196,572
Accounts receivable (Note 5)	40,865	30,243
Contribution receivable	-	21,831
Prepaid expenses	1,968	2,157
	1,125,708	779,349
INVESTMENTS (Note 4)	-	60,195
	\$ 1,125,708	\$ 839,544
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 124,399	\$ 45,242
Deferred contributions (Note 6)	692,457	514,095
	816,856	559,337
NET ASSETS		
Internal restrictions - Hetzel Award (Note 7)	10,000	10,000
Unrestricted	298,852	270,207
	308,852	280,207
	\$ 1,125,708	\$ 839,544

Contingencies (Note 10)

ON BEHALF OF THE BOARD


Director


Director

IODINE GLOBAL NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

(in US dollars)

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	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 28,645	\$ (94,667)
Net change in non-cash working capital items (Note 8)	268,917	397,791
	297,562	303,124
INVESTING ACTIVITY		
Net change in investments	(187,353)	182,613
INCREASE IN CASH AND CASH EQUIVALENTS	110,209	485,737
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	528,546	42,809
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 638,755	\$ 528,546

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(in US dollars)

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1. STATUTE AND NATURE OF OPERATIONS

The Iodine Global Network, incorporated under the Canada Not-for-profit Corporations Act, is a not-for-profit organization that promotes and supports the elimination of iodine deficiency disorders. It is a registered public foundation and is therefore exempt from income tax under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFP) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the recognition as revenue of funding received for specific projects given that a portion is based on the amount of expenses deemed admissible for the project.

Revenue recognition

The Council follows the deferral method for recognizing revenue from contributions, restricted donations and grants. A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Other revenues are recognized when received or receivable.

Foreign currency

The financial statements are prepared using the United States dollar as the functional and the reporting currency. The Organization uses the temporal method to translate its foreign currency transactions. All transactions in other currencies during the year have been converted using the exchange rate in effect at the date of the transaction. At year end, monetary items not denominated in United States dollars are translated at the year end exchange rate.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net earnings.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(in US dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets measured at amortized cost include cash, investments and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

The Organization recognizes its transaction costs in net earnings in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of earnings using the straight-line method.

3. PROJECTS REVENUE

	2015	2014
UNICEF - Menaro	\$ 159,958	\$ -
ETH Zurich - UNICEF Esaro	73,956	-
GAIN - Phase II	31,176	117,349
UNICEF - Yemen	26,565	-
UNICEF - CEE/CIS	22,560	-
GAIN / Intertek	17,042	-
GAIN Consultancy	13,765	20,000
UNICEF - Latin America and Caribbean	7,027	85,577
United Arab Emirates	6,873	39,815
UNICEF - Laos	-	19,222
Government of Qatar	-	10,970
	\$ 358,922	\$ 292,933

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(in US dollars)

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4. INVESTMENTS

	2015	2014
Guaranteed Investment Certificates (GIC) - bank's prime rate minus 2%, maturing May 31, 2016	\$ 72,120	\$ 256,767
Redeemable term deposit - 0.2%, maturing January 19, 2016	75,000	-
Term deposits - 0.45%, maturing January 20, 2016	297,000	-
	444,120	256,767
Current portion of investments	444,120	196,572
	\$ -	\$ 60,195

5. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable from partners	\$ 36,368	\$ 24,548
Sales taxes receivable	4,497	5,695
	\$ 40,865	\$ 30,243

6. DEFERRED CONTRIBUTIONS

	Balance December 31, 2014	Received	Recognized	Balance December 31, 2015
GiveWell	\$ 322,873	\$ 786,434	\$ 496,798	\$ 612,510
UNICEF - Menaro	131,000	56,200	159,958	27,242
Kiwanis International	-	89,000	64,000	25,000
GAIN Consultancy	29,280	-	13,765	15,515
EU Thyroid	-	5,165	-	5,165
UNICEF - Yemen	-	31,150	26,565	4,585
UNICEF - CEE/CIS	-	25,000	22,560	2,440
GAIN / Intertek	17,042	-	17,042	-
UNICEF - Latin America and Caribbean	7,027	-	7,027	-
United Arab Emirates	6,873	-	6,873	-
	\$ 514,095	\$ 992,949	\$ 814,588	\$ 692,457

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(in US dollars)

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7. INTERNAL RESTRICTIONS

The Board of Directors of the Organization created the Basil Hetzel Award Fund to honor the achievement of Dr. Basil Hetzel. The Award was created following a special contribution made by Dr. Hetzel. A cash grant of \$2,000 can be awarded to a person or persons who made the most significant public advocacy for the elimination of iodine deficiency disorders.

8. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2015	2014
Accounts receivable	\$ (10,622)	\$ 86,290
Contribution receivable	21,831	466
Prepaid expenses	189	338
Accounts payable and accrued liabilities	79,157	(1,204)
Deferred contributions	178,362	311,901
	\$ 268,917	\$ 397,791

9. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The Organization advances money to its partners in the normal course of its operations.

Approximately 90% of the total contributions receivable is to be received from five partners. The Organization considers that no risk arises from that situation.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2015, assets include cash of \$41,943 and a Guaranteed Investment Certificate of \$100,000 (2014: \$975 and \$298,590) in Canadian dollars, which have been converted into US dollars.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(in US dollars)

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10. CONTINGENCIES

In the normal course of operations, the Organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

IODINE GLOBAL NETWORK

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

(in US dollars)

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	2015	2014
SCHEDULE A - DIRECT PROJECT COSTS		
UNICEF - Menaro	\$ 190,907	\$ -
ETH Zurich - UNICEF Esaro	87,812	-
GiveWell	44,106	27,915
UNICEF - Yemen	26,565	-
UNICEF - CEE/CIS	22,560	-
GAIN - Phase II	14,747	117,379
GAIN Consultancy	13,765	20,000
UNICEF - Latin America and Caribbean	6,635	85,577
United Arab Emirates	6,000	25,815
UNICEF - Laos	-	14,529
Government of Qatar	-	10,016
	\$ 413,097	\$ 301,231

SCHEDULE B - REGIONAL SUPPORT

Africa	\$ 49,761	\$ 49,772
Asia Pacific	31,203	14,936
China and Eastern Asia	34,000	31,000
Eastern Europe	28,867	23,313
Europe	14,417	21,000
Gulf	49,500	21,612
Latin America	36,362	20,712
South East Asia	56,222	29,791
	\$ 300,332	\$ 212,136

SCHEDULE C - SECRETARIATS

Zurich office	\$ 89,597	\$ 38,353
Seattle office	43,530	-
Ottawa office	41,117	46,893
	\$ 174,244	\$ 85,246