

IODINE GLOBAL NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017, 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, 2017, 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
June 18, 2018

IODINE GLOBAL NETWORK

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

(in U.S. dollars)

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	2017	2016
REVENUE		
UNICEF	\$ 550,894	\$ 186,551
GiveWell	409,893	571,813
Projects (Note 3)	135,270	29,406
Kiwanis International	79,000	89,000
Donations	47,809	36,302
Interest	2,039	2,276
	1,224,905	915,348
OPERATING EXPENSES		
Project activity costs (Schedule A)	589,761	314,303
Regional support (Schedule B)	349,911	316,766
Secretariats (Schedule C)	131,073	160,909
Newsletter and Website	60,561	63,831
Annual conference	32,242	40,165
Board meeting	15,369	1,689
Senior advisor	13,150	12,500
Audit and legal	9,160	6,919
Board insurance	2,364	2,247
Foreign currency translation gain (loss)	(495)	13,470
Bank charges	3,483	599
	1,207,569	906,458
EXCESS OF REVENUE OVER EXPENSES	\$ 17,336	\$ 8,890

IODINE GLOBAL NETWORK

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017 (in U.S. dollars)

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		Hetzel Award	Unrestricted	2017 Total	2016 Total			
BALANCE, BEGINNING OF YEAR	\$	10,000	\$	307,742	\$	317,742	\$	308,852
Excess of revenue over expenses		-	17,336	17,336	8,890			
BALANCE, END OF YEAR	\$	10,000	\$	325,078	\$	335,078	\$	317,742

IODINE GLOBAL NETWORK

STATEMENT OF FINANCIAL POSITION

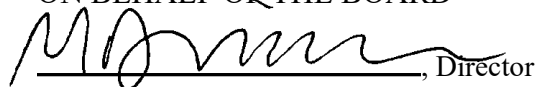
DECEMBER 31, 2017

(in U.S. dollars)

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	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 278,879	\$ 246,383
Short-term investments (Note 5)	546,000	396,000
Accounts receivable (Note 6)	168,009	50,981
Contributions receivable	152,259	19,942
Prepaid expenses	1,941	1,951
	\$ 1,147,088	\$ 715,257
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 146,164	\$ 190,731
Deferred contributions (Note 7)	665,846	206,784
	812,010	397,515
NET ASSETS		
Internal restrictions - Hetzel Award (Note 8)	10,000	10,000
Unrestricted	325,078	307,742
	335,078	317,742
	\$ 1,147,088	\$ 715,257

ON BEHALF OF THE BOARD


_____, Director


_____, Director

IODINE GLOBAL NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(in U.S. dollars)

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	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 17,336	\$ 8,890
Net change in non-cash working capital items (Note 9)	165,160	(449,382)
	182,496	(440,492)
INVESTING ACTIVITY		
Net change in investments	(150,000)	48,120
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,496	(392,372)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	246,383	638,755
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 278,879	\$ 246,383

Cash and cash equivalents consist of cash.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

(in U.S. 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. Partners in various countries help the Organization fulfill its mission. The Organization 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 (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPO 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 eligible for the project.

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Accounts receivable

The Organization advances money to the regional coordinator on a regular basis. If the advance exceeds the amount of expense from the partner, the difference is recorded as an account receivable from the partner.

Revenue recognition

The Organization follows the deferral method for recognizing revenue from contributions, restricted donations and grants. Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same periods as the related expenses are recognized.

Other revenues, such as donations and interest, are recognized when received or receivable.

Allocated expenses

The Organization allocates certain of its personnel costs by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. The personnel costs are allocated through the direct project costs based on time worked for each project.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

(in U.S. dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements are prepared using the US 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 US 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.

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

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

Impairment

Financial assets measured at cost and amortized 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

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.

Cash and cash equivalents

Cash and cash equivalents include cash and redeemable short-term investments or investments with maturities of three months or less from the date of acquisition.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

(in U.S. dollars)

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3. PROJECTS REVENUE

	2017	2016
Nutrition International Tanzania	\$ 69,565	\$ -
Nutrition International PCA	44,494	14,501
GAIN Consultancy	15,515	-
EU Thyroid	5,696	2,227
Nutrition International Indonesia	-	12,678
	\$ 135,270	\$ 29,406

4. ALLOCATED EXPENSES

Personnel costs from the Executive Director's office expenses for a total amount of \$17,416 (2016: \$-) have been allocated to the direct project costs as follows:

	2017
GAIN Consultancy	\$ 4,415
UNICEF PCA #3	4,321
Tanzania	8,680
	\$ 17,416

5. SHORT-TERM INVESTMENTS

	2017	2016
Term deposits - 0.45% - 0.55%, maturing between January 5, 2018 and September 1, 2018	\$ 546,000	\$ 396,000

6. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable from partners	\$ 164,899	\$ 47,401
Sales taxes receivable	3,110	3,580
	\$ 168,009	\$ 50,981

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

(in U.S. dollars)

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7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources restricted for specific projects and regional support. Changes in the deferred contributions balance are as follows:

	Balance December 31, 2016	Received	Recognized	Balance December 31, 2017
UNICEF	\$ -	\$ 765,997	\$ 550,894	\$ 215,103
Give Well	173,407	659,051	409,893	422,565
Kiwanis International	-	100,000	79,000	21,000
EU Thyroid	10,342	2,532	5,696	7,178
Nutrition International Tanzania	7,520	62,045	69,565	-
GAIN Consultancy	15,515	-	15,515	-
	\$ 206,784	\$ 1,589,625	\$ 1,130,563	\$ 665,846

8. 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.

9. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2017	2016
Contributions receivable	\$ (132,317)	\$ (19,942)
Accounts receivable	(117,028)	(10,116)
Prepaid expenses	10	17
Accounts payable and accrued liabilities	(44,567)	66,332
Deferred contributions	459,062	(485,673)
	\$ 165,160	\$ (449,382)

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

(in U.S. dollars)

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10. 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 92% of the accounts receivable is to be received from two 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, 2017, assets include cash of \$27,520 in canadian dollars which has been converted into US dollars.

11. 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.

12. 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, 2017

(in U.S. dollars)

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	2017	2016
SCHEDULE A - PROJECT ACTIVITY COSTS		
UNICEF - ETH	\$ 214,503	\$ -
UNICEF PCA #3	138,103	-
Tanzania	66,657	-
GiveWell	59,983	145,152
Nutrition International PCA	47,921	39,074
UNICEF - PCA #2	41,383	-
GAIN Consultancy	15,515	-
EU - Thyroid	5,696	2,227
UNICEF - Bangladesh	-	70,396
UNICEF - CEE/CIS	-	22,278
UNICEF - Menaro	-	18,885
Nutrition International Indonesia	-	13,041
UNICEF - Yemen	-	3,250
	\$ 589,761	\$ 314,303

SCHEDULE B - REGIONAL SUPPORT

South East Asia	\$ 66,752	\$ 68,597
Gulf	52,680	55,767
Africa	49,009	45,163
America	48,651	38,987
Asia Pacific	45,890	33,712
China and Eastern Asia	45,000	35,720
Eastern Europe	31,400	24,789
Europe	10,529	14,031
	\$ 349,911	\$ 316,766

SCHEDULE C - SECRETARIATS

Executive Director office	\$ 62,536	\$ 80,995
Ottawa office	45,098	51,500
Chair office	23,439	28,414
	\$ 131,073	\$ 160,909