

IODINE GLOBAL NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016, 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, 2016, 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 16, 2017

IODINE GLOBAL NETWORK

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

(in US dollars)

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	2016	2015
REVENUE		
GiveWell	\$ 571,813	\$ 496,798
Projects (Note 3)	162,258	358,922
Kiwanis International	89,000	64,000
UNICEF	53,699	155,864
Donations	36,302	23,979
Interest	2,276	2,591
	915,348	1,102,154
OPERATING EXPENSES		
Regional support (Schedule A)	316,766	300,332
Direct project costs (Schedule B)	314,303	413,097
Secretariats (Schedule C)	160,909	174,244
Newsletter and Website	63,831	95,635
Annual conference	40,165	37,659
Senior advisor	12,500	9,718
Audit and legal	6,919	6,630
Board insurance	2,247	2,438
Board meeting	1,689	-
Bank charges	599	1,095
	919,928	1,040,848
	(4,580)	61,306
OTHER ITEMS		
Foreign currency translation gain (loss)	13,470	(32,661)
EXCESS OF REVENUE OVER EXPENSES	\$ 8,890	\$ 28,645

IODINE GLOBAL NETWORK

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016 (in US dollars)

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	Hetzel Award	Unrestricted	2016 Total	2015 Total
BALANCE, BEGINNING OF YEAR	\$ 10,000	\$ 298,852	\$ 308,852	\$ 280,207
Excess of revenue over expenses	-	8,890	8,890	28,645
BALANCE, END OF YEAR	\$ 10,000	\$ 307,742	\$ 317,742	\$ 308,852

IODINE GLOBAL NETWORK

STATEMENT OF FINANCIAL POSITION

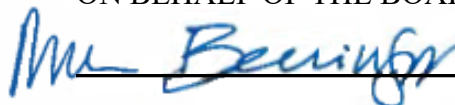
DECEMBER 31, 2016

(in US dollars)

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	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 246,383	\$ 638,755
Short-term investments (Note 4)	396,000	444,120
Accounts receivable (Note 5)	50,981	40,865
Contributions receivable	19,942	-
Prepaid expenses	1,951	1,968
	\$ 715,257	\$ 1,125,708
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 190,731	\$ 124,399
Deferred contributions (Note 6)	206,784	692,457
	397,515	816,856
NET ASSETS		
Internal restrictions - Hetzel Award (Note 7)	10,000	10,000
Unrestricted	307,742	298,852
	317,742	308,852
	\$ 715,257	\$ 1,125,708

ON BEHALF OF THE BOARD

 Director

 Director

IODINE GLOBAL NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

(in US dollars)

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	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 8,890	\$ 28,645
Net change in non-cash working capital items (Note 8)	(449,382)	268,917
	(440,492)	297,562
INVESTING ACTIVITY		
Net change in investments	48,120	(187,353)
INCREASE IN CASH AND CASH EQUIVALENTS	(392,372)	110,209
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	638,755	528,546
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 246,383	\$ 638,755

Cash and cash equivalents consist of cash.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(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 (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 admissible 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.

Revenue recognition

The Council 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 are recognized when received or receivable.

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.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(in US dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2016

(in US dollars)

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3. PROJECTS REVENUE

	2016	2015
UNICEF - Bangladesh	\$ 74,085	\$ -
UNICEF - Menaro	27,242	159,958
UNICEF - CEE/CIS	26,940	22,560
Micronutrient - PCA	14,501	-
Micronutrient - Indonesia	12,678	-
UNICEF - Yemen	4,585	26,565
EU Thyroid	2,227	-
ETH Zurich - UNICEF Esaro	-	73,956
GAIN - Phase II	-	31,176
GAIN / Intertek	-	17,042
GAIN Consultancy	-	13,765
UNICEF - Latin America and Caribbean	-	7,027
United Arab Emirates	-	6,873
	\$ 162,258	\$ 358,922

4. SHORT-TERM INVESTMENTS

	2016	2015
Term deposits - 0.45%, maturing January 17, 2017	\$ 396,000	\$ 297,000
Redeemable term deposit - redeemed during the year	-	75,000
Guaranteed Investment Certificates - redeemed during the year	-	72,120
	\$ 396,000	\$ 444,120

5. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable from partners	\$ 47,401	\$ 36,368
Sales taxes receivable	3,580	4,497
	\$ 50,981	\$ 40,865

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(in US dollars)

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6. DEFERRED CONTRIBUTIONS

	Balance December 31, 2015	Received	Recognized	Balance December 31, 2016
GiveWell	\$ 612,510	\$ 132,710	\$ 571,813	\$ 173,407
GAIN Consultancy	15,515	-	-	15,515
EU Thyroid	5,165	7,404	2,227	10,342
Mi Tanzania	-	7,520	-	7,520
UNICEF - Menaro	27,242	-	27,242	-
Kiwanis International	25,000	64,000	89,000	-
UNICEF - Yemen	4,585	-	4,585	-
UNICEF - CEE/CIS	2,440	24,500	26,940	-
	\$ 692,457	\$ 236,134	\$ 721,807	\$ 206,784

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

	2016	2015
Accounts receivable	\$ (10,116)	\$ (10,622)
Contributions receivable	(19,942)	21,831
Prepaid expenses	17	189
Accounts payable and accrued liabilities	66,332	79,157
Deferred contributions	(485,673)	178,362
	\$ (449,382)	\$ 268,917

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 82% of the total accounts receivable is to be received from three partners. The Organization considers that no risk arises from that situation.

IODINE GLOBAL NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(in US dollars)

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9. FINANCIAL INSTRUMENTS (continued)

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, 2016, assets include cash of \$34,522 which has been converted into US dollars.

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.

IODINE GLOBAL NETWORK

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

(in US dollars)

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	2016	2015
SCHEDULE A - REGIONAL SUPPORT		
Africa	\$ 45,163	\$ 49,761
Asia Pacific	33,712	31,203
China and Eastern Asia	35,720	34,000
Eastern Europe	24,789	28,867
Europe	14,031	14,417
Gulf	55,767	49,500
Latin America	38,987	36,362
South East Asia	68,597	56,222
	\$ 316,766	\$ 300,332

SCHEDULE B - DIRECT PROJECT COSTS

GiveWell	\$ 145,152	\$ 44,106
UNICEF - Bangladesh	70,396	-
UNICEF - PCA	24,574	-
UNICEF - CEE/CIS	22,278	22,560
UNICEF - Menaro	18,885	190,907
Micronutrient - PCA	14,500	-
Micronutrient - Indonesia	13,041	-
UNICEF - Yemen	3,250	26,565
EU - Thyroid	2,227	-
ETH Zurich - UNICEF Esaro	-	87,812
UNICEF - Latin America and Caribbean	-	6,635
GAIN - Phase II	-	14,747
United Arab Emirates	-	6,000
GAIN Consultancy	-	13,765
	\$ 314,303	\$ 413,097

SCHEDULE C - SECRETARIATS

Seattle office	\$ 80,995	\$ 43,530
Ottawa office	51,500	41,117
Zurich office	28,414	89,597
	\$ 160,909	\$ 174,244
