

**IODINE GLOBAL NETWORK**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

# IODINE GLOBAL NETWORK

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Iodine Global Network

### *Opinion*

We have audited the financial statements of Iodine Global Network (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows 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, 2019, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 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.

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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
July 9, 2020

# IODINE GLOBAL NETWORK

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

(in U.S. dollars)

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	2019	2018
<b>REVENUE</b>		
Bill & Melinda Gates Foundation	\$ 846,342	\$ 36,125
UNICEF	697,892	410,825
GiveWell	646,138	595,977
Kiwanis International	99,080	85,000
Donations	96,988	38,673
Projects (Note 3)	38,547	183,987
Interest and other	36,019	2,660
	<b>2,461,006</b>	<b>1,353,247</b>
<b>OPERATING EXPENSES</b>		
Project activity costs (Schedule A)	1,575,179	707,151
Regional support (Schedule B)	367,818	331,193
Secretariats (Schedule C)	209,449	162,777
Newsletter and website	99,080	60,303
Annual conference	25,525	40,675
Senior advisor	21,350	7,200
Board meeting	11,563	11,809
Board insurance	2,271	2,227
Foreign currency translation	662	1,458
Audit and legal	9,569	1,740
Bank charges	5,532	4,142
	<b>2,327,998</b>	<b>1,330,675</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 133,008</b>	<b>\$ 22,572</b>

## IODINE GLOBAL NETWORK

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019 (in U.S. dollars)

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	Hetzel Award	Unrestricted	2019 Total	2018 Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 10,000	\$ 347,650	\$ 357,650	\$ 335,078
Excess of revenue over expenses	-	133,008	133,008	22,572
<b>BALANCE, END OF YEAR</b>	\$ 10,000	\$ 480,658	\$ 490,658	\$ 357,650

# IODINE GLOBAL NETWORK

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

(in U.S. dollars)

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	2019	2018
<b>ASSETS</b>		
Cash	\$ 245,561	\$ 305,042
Short-term investments (Note 5)	1,200,000	795,000
Accounts receivable (Note 6)	135,894	52,423
Contributions receivable	-	37,581
Prepaid expenses	9,844	1,999
	<b>\$ 1,591,299</b>	<b>\$ 1,192,045</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 248,671	\$ 173,684
Deferred contributions (Note 7)	851,970	660,711
	<b>1,100,641</b>	<b>834,395</b>
<b>NET ASSETS</b>		
Internal restrictions - Hetzel Award	10,000	10,000
Unrestricted	480,658	347,650
	<b>490,658</b>	<b>357,650</b>
	<b>\$ 1,591,299</b>	<b>\$ 1,192,045</b>

ON BEHALF OF THE BOARD



\_\_\_\_\_, Director

Michael  
Zimmermann

Digitally signed by Michael Zimmermann  
DN: cn=Michael Zimmermann, o, ou,  
email=michael.zimmermann@hest.ethz.c  
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\_\_\_\_\_, Director

# IODINE GLOBAL NETWORK

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

(in U.S. dollars)

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	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 133,008	\$ 22,572
Net change in non-cash items related to operations (Note 9)	212,511	252,591
	345,519	275,163
<b>INVESTING ACTIVITY</b>		
Net change in investments	(405,000)	(249,000)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(59,481)</b>	<b>26,163</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>305,042</b>	<b>278,879</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 245,561</b>	<b>\$ 305,042</b>

Cash and cash equivalents consist of cash.



# IODINE GLOBAL NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(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 (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### **Use of estimates**

The preparation of financial statements in compliance with the ASNFPPO 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, 2019

(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 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 adjust 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, 2019

(in U.S. dollars)

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### 3. PROJECTS REVENUE

	2019	2018
GAIN - Africa	\$ 29,276	\$ 28,223
CDC Foundation	9,271	147,514
EU Thyroid	-	8,250
	\$ 38,547	\$ 183,987

### 4. ALLOCATED EXPENSES

Personnel costs from the Executive Director's office expenses for a total amount of \$0 (2018: \$8,454) have been allocated to the direct project costs as follows:

	2019	2018
GAIN - Africa	\$ -	\$ 7,500
EU Thyroid	-	954
	\$ -	\$ 8,454

### 5. SHORT-TERM INVESTMENTS

	2019	2018
Term deposits - 0.20%, maturing between March 30, 2020 and June 25, 2020	\$ 1,200,000	\$ 795,000

### 6. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable from partners	\$ 79,890	\$ 45,086
Donations receivable	50,359	5,159
Sales taxes receivable	5,645	2,178
	\$ 135,894	\$ 52,423

# IODINE GLOBAL NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(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, 2018	Received	Recognized	Balance December 31, 2019
UNICEF	\$ 101,668	\$ 918,560	\$ 697,892	\$ 322,336
Bill & Melinda Gates Foundation	224,304	861,250	846,342	239,212
GiveWell	313,692	492,418	646,138	159,972
Kiwanis International	-	200,000	99,080	100,920
Founders Pledge	-	29,530	-	29,530
GAIN - Africa	11,776	17,500	29,276	-
CDC Foundation	9,271	-	9,271	-
	\$ 660,711	\$ 2,519,258	\$ 2,327,999	\$ 851,970

### 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 ITEMS RELATED TO OPERATIONS

	2019	2018
Accounts receivable	\$ (83,471)	\$ 115,586
Contributions receivable	37,581	114,678
Prepaid expenses	(7,845)	(58)
Accounts payable and accrued liabilities	74,987	27,520
Deferred contributions	191,259	(5,135)
	\$ 212,511	\$ 252,591

# **IODINE GLOBAL NETWORK**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(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 40% 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, 2019, assets include cash of \$27,489 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. SUBSEQUENT EVENTS**

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The extent to which these events may impact the Organization's activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, business disruptions, and the effectiveness of actions taken in various countries to contain and treat the disease. These events are highly uncertain and, as such, the Organization cannot determine the ultimate financial impacts at this time.

### **13. 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, 2019

(in U.S. dollars)

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	2019	2018
<b>SCHEDULE A - PROJECT ACTIVITY COSTS</b>		
Bill & Melinda Gates Foundation	\$ 787,717	\$ 33,725
UNICEF - 2018-2020	341,596	28,229
UNICEF - ETH	174,773	196,721
GiveWell	162,854	187,366
UNICEF - Multiple Regions	69,692	48,904
GAIN - Africa	29,276	28,223
CDC Foundation	9,271	143,128
UNICEF - PCA #2	-	32,605
EU Thyroid	-	8,250
	<b>\$ 1,575,179</b>	<b>\$ 707,151</b>

## SCHEDULE B - REGIONAL SUPPORT

Gulf	\$ 74,361	\$ 56,065
America	69,943	56,926
South East Asia	63,680	48,361
Eastern Europe	60,988	39,156
China and Eastern Asia	57,611	46,584
Europe	16,068	23,133
Africa	13,027	44,399
Asia Pacific	12,140	16,569
	<b>\$ 367,818</b>	<b>\$ 331,193</b>

## SCHEDULE C - SECRETARIATS

Executive Director office	\$ 118,542	\$ 79,278
Ottawa office	61,860	45,002
Chair office	29,047	38,497
	<b>\$ 209,449</b>	<b>\$ 162,777</b>