Consolidated Financial Statements of

NUTRITION INTERNATIONAL

And Independent Auditor's Report thereon

Year ended March 31, 2024
(In U.S. dollars)

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8
Canada
Telephone 613 212 5764
Fax 613 212 2896

INDEPENDENT AUDITOR'S REPORT

To the Members of Nutrition International

Opinion

We have audited the consolidated financial statements of Nutrition International (formerly the Micronutrient Initiative) (the "Organization"), which comprise:

- the consolidated statement of financial position as of March 31, 2024.
- the consolidated statement of operations for the year then ended.
- the consolidated statement of changes in net assets for the year then ended.
- the consolidated statement of cash flows for the year then ended.
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Organization as of March 31, 2024, and its consolidated results of operations, its consolidated changes in net assets 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 auditor's 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.

Emphasis of Matter

These financial statements are prepared using Canadian dollars as the functional currency and United States dollars as the reporting currency as disclosed in note 1(c). To fulfill the requirements of certain of the Organization's funders, management has also prepared consolidated financial statements using Canadian dollars as the reporting currency for the year ended March 31, 2024. We have issued an unmodified audit opinion on those consolidated financial statements dated July 11, 2023.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 25, 2024

NUTRITION INTERNATIONAL

Consolidated Statement of Financial Position

March 31, 2024, with comparative information for 2023
(In U.S. dollars)

	2024	2023
Assets		
Current assets:		
Cash	$ 12,509,101	$ 9,943,344
Short-term Investments (note 2)	23,765,954	22,907,143
Accounts receivable	4,161,824	3,267,721
Prepaid expenses	1,279,591	1,110,953
	41,716,470	37,229,161
Investments (note 2)	4,724,097	4,132,340
Tangible capital and intangible assets (note 3)	1,171,807	1,421,150
	$ 47,612,374	$ 42,782,651
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 4,942,690	$ 5,256,061
Deferred contributions (note 5)	28,611,459	24,270,241
	33,554,149	29,526,302
Net assets:		
Unrestricted and internally restricted (note 9)	14,785,749	13,960,321
Cumulative translation adjustment	(727,524)	(703,972)
	14,058,225	13,256,349
Commitments (note 10)		
	$ 47,612,374	$ 42,782,651

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:

DocuSigned by:
Masood Ahmed
C23E8E564C9C492... Director

DocuSigned by:
David de Ferranti
4FE462D55EDA48D... Director

NUTRITION INTERNATIONAL

Consolidated Statement of Operations

Year ended March 31, 2024, with comparative information for 2023
(In U.S. dollars)

	2024	2023
Revenue:		
Grants and contributions (note 5)	$ 59,577,230	$ 63,529,197
Change in fair value of investments	815,395	(226,535)
Other income (note 6)	120,931	1,359,913
	60,513,556	64,662,575
Expenses:		
Program interventions (note 7)	52,750,063	56,717,103
Management and administration:		
Salaries and benefits	4,592,924	3,921,981
Professional and advisory services	1,046,987	1,876,089
Information technology services	59,755	128,228
Office rent and utilities	278,049	263,611
Operational travel	149,436	87,212
Communications	19,073	20,460
General	617,945	479,306
Amortization of tangible capital and intangible assets	173,896	78,443
	6,938,065	6,855,330
	59,688,128	63,572,433
Excess of revenue over expenses	$ 825,428	$ 1,090,142

See accompanying notes to consolidated financial statements.

NUTRITION INTERNATIONAL

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023
(In U.S. dollars)

	Unrestricted and internally restricted	Cumulative translation adjustment	2024 Total	2023 Total
Net assets, beginning of year	$ 13,960,321	$ (703,972)	$ 13,256,349	$ 13,202,176
Excess of revenue over expenses	825,428	–	825,428	1,090,142
Translation adjustment	–	(23,552)	(23,552)	(1,035,969)
Net assets end of year	$ 14,785,749	$ (727,524)	$ 14,058,225	$ 13,256,349

See accompanying notes to consolidated financial statements.

NUTRITION INTERNATIONAL

Consolidated Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023
(In U.S. dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 825,428	$ 1,090,142
Items not involving cash:		
Amortization of tangible capital and intangible assets	393,527	332,720
Change in non-cash operating working capital:		
Accounts receivable	(894,103)	601,562
Prepaid expenses	(168,638)	52,923
Accounts payable and accrued liabilities	(313,371)	1,071,439
Deferred contributions	4,341,218	(15,237,837)
	4,184,061	(12,089,051)
Investing activities:		
Purchase of tangible capital and intangible assets	(309,183)	(1,126,839)
Disposal of tangible capital and intangible assets	164,999	–
Purchase of short-term investments	(896,950)	(3,715,124)
Disposition of long-term investments	–	131,066
Purchase of long-term investments	(600,758)	–
	(1,641,892)	(4,710,897)
Effect of foreign exchange on cash	23,588	(1,813,316)
Increase (decrease) in cash	2,565,757	(18,613,264)
Cash, beginning of year	9,943,344	28,556,608
Cash, end of year	$ 12,509,101	$ 9,943,344

See accompanying notes to consolidated financial statements.

Nutrition International (the “Organization”) was incorporated as The Micronutrient Initiative on July 4, 2001, without share capital and continued under the Canada Not-for-profit Corporations Act. Nutritional International is a non-profit organization, as defined under subsection 149(1)(l) of the Income Tax Act (Canada), and as such is exempt from income taxes. Effective April 4, 2017, The Micronutrient Initiative amended their articles of incorporation and changed its name to Nutrition International (the “Organization”).

The Organization’s vision is a world where everyone, everywhere, is free from malnutrition and able to reach their full potential. Its primary objectives are:

- Reach vulnerable populations (especially women and girls, targeted based on need) with core nutrition interventions in order to reduce child mortality, prevent anemia, stunting and low birth weight, and improve human capital;
- Utilize non-nutrition platforms, innovative finance, and technology to amplify impact and reduce missed opportunities, working with gender-responsive partners;
- Improve international, national, and local resources, evidence, policies, and gender-sensitive programs for nutrition scale-up; and
- Mainstream gender equality throughout all aspects of NI programs and business models to promote gender equality and women and girls’ empowerment. Gender-responsive and gender-sensitive programming to achieve coverage, leverage and influence will be informed by intentional gender-based analysis.

1. Significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the assets, liabilities, and results of operations of the Organization's Canadian operations and its 11 (2023 - 10) foreign country offices (Bangladesh, Ethiopia, India, Indonesia, Kenya, Malawi, Nigeria, Pakistan, Philippines, Senegal, and Tanzania). Results of operations also include Technical Assistance to an additional 2 (2023 - 1) countries and Vitamin A supplements to an additional 37 (2023 - 37) countries, of which 11countries (2023 - 17) received additional Vitamin A campaign support.

The significant accounting policies are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

1. **Significant accounting policies (continued):**

(a) Revenue recognition (continued):

Grants and contribution revenue are recognized when matching expenditures have been incurred on specific projects or when amounts are received or receivable if there are no specific restrictions on the amount. Revenue relating to specific projects extending beyond the end of the year is deferred to the extent that matching expenditures have not been incurred.

The terms of contribution agreements with funding agencies allow them to conduct audits to ensure project expenditures are in accordance with terms and conditions of the funding agreement. Ineligible expenditures, if any, may result in the Organization reimbursing a portion of the funding. Management believes that the Organization has incurred no material ineligible expenditures, and has, therefore, not recorded any liability for reimbursement.

Contributions-in-kind are recorded as revenue and program activities expense at fair value.

(b) Tangible capital and intangible assets:

Tangible capital and intangible assets are initially recorded at cost and are then amortized over their estimated useful service lives at the following straight-line basis:

Asset	Basis	Useful Life
Computer hardware	Straight-line	4 years
Office furniture	Straight-line	5 years
Office equipment (incl. telephones)	Straight-line	5 years
Computer software	Straight-line	100% in the year put into use
Project vehicles	Straight-line	5 years or life of the lease
Leasehold improvements	Straight-line	Over the term of the lease

Tangible capital and intangible assets acquired in the year (with the exception of leasehold improvements and project vehicles) are amortized at one-half the annual rate.

Tangible capital and intangible assets acquired for direct use in projects are expensed in the year of acquisition.

(c) Foreign currency translation:

Revenue and expenses in foreign currencies are translated into Canadian dollars (the functional currency) at the rate of exchange in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at year-end.

1. Significant accounting policies (continued):

(c) Foreign currency translation (continued):

Gains and losses resulting from the remeasurement of these amounts are reflected in net revenue for the year. Non-monetary assets and liabilities and any related amortization of such items are translated at the historical exchange rates. The accounts are then translated into US dollars (the reporting currency) using the current rate method.

Under the current rate method, revenue and expenses are translated into the reporting currency using the rates in effect at the dates of the transactions and assets and liabilities are translated using the exchange rate at the end of the year. Exchange gains and losses arising from these transactions are reflected in net assets as a cumulative translation adjustment.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Organization has elected to carry its non-equity long-term investments at fair value and non-equity short-term investments at amortized cost.

Sales and purchases of investments are recorded on the trade date. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount for timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(In U.S. dollars)

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

2. Investments:

Short-term investments:

	2024 Fair market value	2024 Carrying value
Cash and cash equivalents	$ 9,225,170	$ 9,225,170
Fixed income	14,537,741	14,540,784
	$ 23,762,911	$ 23,765,954

	2023 Fair market value	2023 Carrying value
Cash and cash equivalents	$ 8,559,315	$ 8,559,315
Fixed income	14,319,115	14,347,828
	$ 22,878,430	$ 22,907,143

Carrying value for the short-term investments is equal to amortized cost.

Long-term investments:

	2024 Fair market value	2023 Fair market value
Cash and cash equivalents	$ 481,829	$ 150,883
Fixed income	3,242,481	2,884,527
Equities	999,787	1,096,930
	$ 4,724,097	$ 4,132,340

(In U.S. dollars)

2. Investments (continued):

Short-term investments include restricted funds received under a contract for a specific purpose or project and which have not yet been spent, earned, or utilized for it's required objectives. Long-term investments include unrestricted net-assets not required in the short-term for operations or working capital.

3. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Tangible capital assets:				
Computer equipment	$ 328,667	$ 301,153	$ 27,514	$ 23,629
Office equipment	1,305,829	935,284	370,545	380,444
Project vehicles	111,985	111,985	–	–
Leasehold improvements	2,635,189	1,861,441	773,748	1,017,077
Intangible assets:				
Computer software	289,935	289,935	–	–
	$ 4,671,605	$ 3,499,798	$ 1,171,807	$1,421,150

Cost and accumulated amortization on March 31, 2023, amounted to $4,527,421 and $3,106,271, respectively. During the year the Organization disposed of capital assets with a cost of $164,999 (2023 - $ Nil) and accumulated amortization of $164,999 (2023 - $ Nil) for a loss on disposal of $Nil (2023 - $ Nil).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $26,641 (2023 - $38,230), which includes amounts payable for payroll withholding taxes.

5. Deferred contributions:

	Global Affairs Canada (GAC)	Other	2024 Total	2023 Total
Balance, beginning of year	$ 14,069,426	$ 10,200,815	$ 24,270,241	$ 42,418,452
Current year contributions	44,493,959	19,172,375	63,666,334	47,213,700
Revenue recognized	(49,306,699)	(10,270,531)	(59,577,230)	(63,529,197)
Effect on foreign exchange	217,531	34,583	252,114	(1,832,714)
Balance, end of year	$ 9,474,217	$ 19,137,242	$ 28,611,459	$ 24,270,241

(In U.S. dollars)

6. Other income:

Included in other income is $865,866 (2023 - $575,495) of interest income earned on cash and investments, the remaining balance is derived from foreign exchange losses on bank balances, transfers, contract advances and receivables.

7. Program interventions:

	2024	2023
Vitamin A	$ 16,648,094	$ 25,007,044
Adolescents' and Women's Nutrition	6,518,484	4,715,172
Universal Salt Iodization	2,423,203	2,331,327
Zinc and ORS	2,975,112	2,687,917
Infant and Young Child Nutrition	424,751	767,595
Research and Quality Assurance	3,941,787	3,999,751
Maternal and Newborn Health and Nutrition	6,467,830	6,410,393
Global Advocacy	1,987,230	1,288,195
Food Fortification	4,371,836	5,990,133
Integrated Nutrition Programs	5,181,565	2,126,650
Technical Assistance Mechanism	1,810,171	1,392,926
	$ 52,750,063	$ 56,717,103

Vitamin A intervention includes $10,167,387 (2023 - $12,418,772) of Vitamin A supplement procurement expenses.

8. Related party:

The Organization exercises significant influence over The Micronutrient Initiative India Trust (the "Trust") through Board of Trustees representation. The Trust was established in 2006 as a public and charitable trust in India. Its purpose is to reduce poverty, hunger, and malnutrition, improve maternal and child health, and contribute overall to survival, education, and development of children in India. In 2015 the Board of the Trust approved winding down its operations as the organizations' operations in India moved under a branch office registration. The Trust continues to meet its statutory reporting obligations in India and is part of an ongoing management review to restructure operations in India.

(In U.S. dollars)

9. Net assets:

During the year, the Organization implemented an internally restricted net asset policy, created two categories of net assets, being the Operating Reserve and the Strategic Reserve in addition to the amount internally restricted for Capital Assets of $1,171,807.

The purpose of the Operating reserve fund is to maintain sufficient funds to manage cashflow on a daily basis to ensure programs and operations do not experience any disruptions. The fund is targeted to be 15% of the annual program of work budget. The current value of the fund is $8,116,284 and the target value is $9,961,633.

The purpose of the strategic reserve fund is to cover existing and anticipated unrestricted match commitments required by donors and any other strategic opportunity not covered by restricted grants or unrestricted revenue. Strategic opportunities include investments in capital assets, new programs and research to further the Organization’s mission. The fund is targeted to cover all existing and anticipated contractional match contributions over the next three to five years. The current value of the fund is $4,770,134, and the target value is $6,799,285. Significant changes to the purpose or target of the fund require board approval.

10. Commitments:

The Organization is committed under operating leases for the rental of office space and services. Minimum annual payments under the terms of these agreements are as follows:

2025	$ 1,710,107
2026	1,275,467
2027	621,476
2028	163,952
2029	108,426
	$ 3,879,428

The Organization has ongoing contracts with Global Affairs Canada and other organizations against which it committed $26,295,244(2023 - $26,352,692) to executing agencies for the completion of current projects.

11. Financial risks:

The Organization’s financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and deferred contributions.

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

11. Financial risks (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and its fixed income investments. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts receivable. In its fixed income investments, the Organization manages this risk by only investing in investment products that are highly rated.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of operations, the Organization derives some of its grant revenues in various foreign currencies. The Organization does not enter into forward contracts to mitigate risk.

Cash denominated in foreign currencies amounts to $8,379,860 (2023 - $3,099,924), of which $6,523,603 (2023 - $1,364,889) is denominated in U.S. dollars.

Amounts receivable denominated in foreign currencies amount to $2,064,395 (2023 - $1,587,989). Accounts payable and accrued liabilities denominated in foreign currencies amount to $3,874,871 (2023 - $4,033,753).

(ii) Interest rate risk:

The Organization is exposed to interest rate risk with respect to its interest-bearing investments as disclosed in note 2.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency risk and interest rate risk), whether those changes are caused by factors specific to an individual investment or its issuer or factors affecting all similar securities traded in the market. All investments present a risk of loss of capital. The maximum risk resulting from investments is equivalent to their fair value. As all of the Organization's investments are carried at fair value with fair value changes recognized in the statement of operations.