



**Resolution 1: Updates to the Methanol Institute's  
Members of the Board of Directors**

This resolution, passed by the Board of Directors of the Methanol Institute (UEN: T09SS0100L) at its Annual General Meeting held in Houston, Texas (United States) on March 23, 2018, certifies that the Methanol Institute (MI) has elected the following new Board of Directors, with effect from March 23, 2018 onwards:

1. Abdullah Sulaiman A Al-Qunaibet, Member, Board of Directors  
Company Affiliation/Residence: Saudi Basic Industries Corporation (SABIC) (Saudi Arabia)
2. Khalid Sultan Al-Kuwari, Member, Board of Directors  
Company Affiliation/Residence: Qatar Fuel Additives Co. Ltd. (Qatar)
3. Norbert Curt Baum, Member, Board of Directors  
Company Affiliation/Residence: HELM AG (Germany)
4. Shahrom Muhammad Bin Yusuf, Member, Board of Directors  
Company Affiliation/Residence: PETRONAS Chemicals Group Berhad (Malaysia)
5. John Thomas Carley, Member, Board of Directors  
Company Affiliation/Residence: Mitsui & Co (USA) Inc. (United States)
6. Alexander William Stuart Duncan, Member, Board of Directors  
Company Affiliation/Residence: Oman Methanol Company, LLC (Oman)
7. Benjamin Fareti Iosefa, Member, Board of Directors  
Company Affiliation/Residence: Methanex Corporation (New Zealand)
8. Paul Edward Moschell, Member, Board of Directors  
Company Affiliation/Residence: Atlantic Methanol Production Companies (United States)
9. Olga Sessions, Member, Board of Directors  
Member, Board of Directors: SABIC Americas, Inc. (United States)
10. Dennis Francis Patrick, Member, Board of Directors  
Member, Board of Directors Methanol Holdings Trinidad Limited (Trinidad and Tobago)
11. Nassef Sawiris, Member, Board of Directors  
Company Affiliation/Residence: OCI NV (United States)
12. Mark Alan Vassar, Member, Board of Directors  
Company Affiliation/Residence: Mitsubishi Gas Chemical America, Inc (United States)

**Singapore: 10 Anson Road, #28-12 International Plaza, Singapore 079903 +65 6325 6300**

**Washington: 225 Reinekers Lane, Suite 205, Alexandria, Virginia 22314, United States +1 703 248 3636**

**Brussels: Square de Meeûs 38/40, B-1000 Brussels, Belgium +32 2 401 61 51**

**Beijing: #511, Pacific Sci-tech Development Center, Peking University, No. 52 Hai Dian Rd, Beijing 100871, China +86 10 6275 5984**

[www.methanol.org](http://www.methanol.org)

[www.methanol.org.cn](http://www.methanol.org.cn)

[www.methanolfuels.org](http://www.methanolfuels.org)

13. Wade James Wiggins, Member, Board of Directors  
Company Affiliation/Residence: Methanex Europe SA/NV (Belgium)

We hereby certify that said foregoing resolution was passed and the said resolution is now in full force and effect.

Signed, this 23rd day of March 2018:

**DIRECTORS**

**APPROVED**

Benjamin Fareti Iosefa  
Chairman

\_\_\_\_\_

Olga Sessions  
Vice Chairman

\_\_\_\_\_

Dennis Francis Patrick  
Treasurer

\_\_\_\_\_

Shahrom Muhammad Bin Yusuf  
Secretary

\_\_\_\_\_

Khalid Sultan Al-Kuwari  
Director

\_\_\_\_\_

Abdullah Sulaiman A Al-Qunaibet  
Director

\_\_\_\_\_

Norbert Curt Baum  
Director

\_\_\_\_\_

John Thomas Carley  
Director

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Alexander William Stuart Duncan  
Director

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Paul Edward Moschell  
Director

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Mark Alan Vassar  
Director

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Nassef Sawiris  
Director

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Wade James Wiggins  
Director

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**Resolution 2: Approval of the Methanol Institute's  
2017 Singapore Audited Financial Statements**

This resolution, passed by the Board of Directors of the Methanol Institute (UEN: T09SS0100L) at its Annual General Meeting held on March 23, 2018 in Houston, Texas (United States), certifies that the Board has approved the Methanol Institute's audited financial statements for January 1, 2017 - December 31, 2017.

We hereby certify that said foregoing resolution was passed and has been duly recorded in the minute book of the Methanol Institute, and the said resolution is now in full force and effect.

Signed, this 23rd day of March 2018:

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Benjamin Fareti Iosefa  
Chairman

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Dennis Francis Patrick  
Treasurer

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**Resolution 3: Approval of the Methanol Institute's 2017 U.S. Audited Financial Statements**

This resolution, passed by the Board of Directors of the Methanol Institute (UEN: T09SS0100L) at its Annual General Meeting held on March 23, 2018 in Houston, Texas (United States), certifies that the Board has approved the Methanol Institute's audited financial statements for January 1, 2017 - December 31, 2017.

We hereby certify that said foregoing resolution was passed and has been duly recorded in the minute book of the Methanol Institute, and the said resolution is now in full force and effect.

Signed, this 23rd day of March 2018:

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Benjamin Fareti Iosefa  
Chairman

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Dennis Francis Patrick  
Treasurer

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**DRAFT MINUTES**  
**MI Annual General Meeting**  
**Hyatt Regency Riverwalk, San Antonio -- March 29, 2017**

**I. CALL TO ORDER**

Mr. Ben Iosefa, Chairman of the Methanol Institute (MI)'s Board of Directors called the Annual General Meeting to order at 9:05 AM and welcomed all present.

**Board Members Attending:**

Ben Iosefa	Methanex Corporation (Chairman)
Olga Sessions	SABIC (Vice-Chair)
Dennis Patrick	MHTL (Treasurer)
Norbert Baum	HELM AG
Abdullah Al-Qunaibet	SABIC
John Carley	Mitsui & Co.
Paul Moschell	AMPCO
Sandy Duncan	Oman Methanol Company ( <i>by proxy</i> )
Wade Wiggins	Methanex ( <i>by proxy</i> )
Mark Vassar	MGC ( <i>by proxy</i> )
Nasser Jeham Al-Kuwari	QAFAC ( <i>by proxy</i> )

**Other MI Members in Attendance:**

Mohammed Al-Nassar	SABIC
Steffen Erler	SABIC
Muhammad A. Al-Aldumaiji	SABIC
Sue Appleton	Johnson Matthey
Christian Meinecke	solvadis
Paul Marquardt	Lanxess
Anita Gajadhar	MHTL
Edson Jones	AMPCO
Jean-Pierre Pelchat	Azelis
Robert Niedzielski	BP
Mauro Risi	Ecofuel SpA

**Other MI Members by Proxy:**

Awadh Hassan Al-Shanfari	Salalah Methanol Company
Sindri Sindrasan	CRI
Jan W. Spin	Southern Chemical

**Staff and Guests:**

Greg Dolan	MI
Larry Navin	MI
Karan Grover	Quincannon

Mr. Navin acted as Secretary in recording the minutes of this Board meeting.

## **II. ANNOUNCEMENTS**

Mr. Iosefa welcomed members to San Antonio and thanked them for the good turnout at MI's Annual General Meeting and Board of Directors meeting. He thanked Jan Spin and Southern Chemical for sponsoring the Board meeting and dinner on March 28. Mr. Iosefa also welcomed two new-comers, Olga Sessions and Abdullah Al-Qunaibet of SABIC to the Board. Ms. Sessions will be replacing Mr. Khalid Al-Mazyed as Board Vice-Chair, and Mr. Qunaibet will be replacing Mr. Mohammed Al-Nassar, both of whom have taken on new roles within SABIC. Mr. Iosefa then offered his personal thanks to Mr. Al-Nassar for the enthusiasm and leadership he brought to MI during his tenure on the Board. Mr. Al-Nassar thanked Mr. Iosefa and noted that he expected to still remain in close contact with MI moving forward. The Chairman also welcomed Mr. Paul Marquardt of Lanxess who was attending his first MI Board meeting, and Mr. Karan Grover of Quincannon who was attending as a guest.

## **III. VERIFICATION OF A QUORUM FOR ANNUAL GENERAL MEETING (AGM)**

Mr. Iosefa noted that our two governing documents, US By-Laws and Singapore Constitution, call for an annual meeting of MI's full membership. Both documents set a quorum of twenty percent of MI's full membership. At the request of Mr. Iosefa, Mr. Greg Dolan, MI's CEO, verified the presence of a quorum for the AGM, with twelve member companies present and six by written proxies.

## **IV. ANTITRUST GUIDELINES**

The Antitrust Guidelines were reviewed. Audio recordings of the meeting will be retained by MI to help clarify any questions that may arise in the future.

## **V. APPROVAL OF MINUTES OF THE 14 APRIL 2016 AGM**

Mr. Iosefa noted that the 14 April 2016 AGM was held via conference call and that a quorum was present on the call.

**ACTION 2017-03-1:** *The Board unanimously approved the minutes of the 14 April 2016 AGM on a motion by Mr. John Carley, seconded by Mr. Paul Moschell.*

## **VI. ADOPTION OF US AUDITED FINANCIALS**

Mr. Iosefa noted that for the sixth year MI has used the firm of Halt Buzas & Powell to conduct the audit of US financial statements in accordance with International Financial Reporting Standards and that the financial statements were deemed to be neutral, consistent and clear.

**ACTION 2017-03-2:** *The Board unanimously approved MI's 2016 US Audited Financials, on a motion by Mr. Dennis Patrick, seconded by Mr. John Carley.*

## **VI. ADOPTION OF SINGAPORE AUDITED FINANCIALS**

Mr. Iosefa noted that the Singapore financials were audited by Ernst & Young for the second year. This audit was conducted in accordance with the Singapore Societies Act and here too, the auditors found the Singapore financial statements to be consistent and clear.

**ACTION 2017-03-3:** *The Board unanimously approved MI's 2016 Singapore Audited Financials, on a motion by Mr. Mohammed Al-Nassar, seconded by Ms. Sue Appleton.*

**VIII. ELECTION OF 2017 BOARD OF DIRECTORS SLATE**

Mr. Iosefa noted that under both our By-Laws and Constitution, each Tier 1 member company is entitled to two seats on the Board, and each Tier 2 member is provided with one seat on the Board. The 2017 Board of Directors Slate is available [HERE](#).

**ACTION 2017-03-4:** *The Board unanimously approved MI's 2017 Board of Directors Slate, on a motion by Mr. Norbert Baum, seconded by Mr. John Carley.*

**IV. ADJOURNMENT OF 2017 AGM**

**ACTION 2017-03-5:** *The 2017 AGM was adjourned, on a motion by Mr. Paul Moschell, seconded by Mr. Mohammed Al-Nassar.*



UEN No. T09SS0100L

## Methanol Institute

Audited Financial Statements  
Pursuant to the Societies Act (Cap. 311)  
31 December 2017

**Methanol Institute**

**Audited financial statements and other financial information**

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**Methanol Institute**

**Independent auditor's report  
For the financial year ended 31 December 2017**

**Independent auditor's report to the members of Methanol Institute (Registered under the Societies Act, Chapter 311)**

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**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Methanol Institute (the "Institute"), which comprises of the balance sheet as at 31 December 2017, the statement of comprehensive income, statement of changes in accumulated fund and cash flow statement 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 are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the financial position of the Institute as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Institute for the financial year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Institute in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 the provisions of the Act and FRSs, 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

**Methanol Institute**

**Independent auditor's report  
For the financial year ended 31 December 2017**

**Independent auditor's report to the members of Methanol Institute (Registered under the Societies Act, Chapter 311)**

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**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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 Institute'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 Institute'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 Institute 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.

**Methanol Institute**

**Independent auditor's report  
For the financial year ended 31 December 2017**

**Independent auditor's report to the members of Methanol Institute (Registered under the  
Societies Act, Chapter 311)**

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**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Institute have been properly kept in accordance with those Regulations.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
15 March 2018

**Methanol Institute**
**Statement of comprehensive income**  
**For the financial year ended 31 December 2017**

	<b>Note</b>	<b>2017 S\$</b>	<b>2016 S\$</b>
<b>Revenue</b>			
Service income	4	1,183,268	1,001,812
Other income		1,680	784
		<u>1,184,948</u>	<u>1,002,596</u>
<b>Less: Expenses</b>			
Accountancy fee		(52,133)	(55,649)
Bank charges		(120)	(764)
Conference expenses		(41,508)	(12,292)
Depreciation of plant and equipment	7	(9,784)	(6,527)
Reversal of provision for reinstatement cost		—	21,699
Entertainment		(4,969)	(3,701)
Employee benefits expenses	5	(692,145)	(557,522)
Insurance expenses		(6,778)	(2,178)
Loss on foreign exchange		—	(452)
Medical expenses		(47,800)	(14,278)
Office expenses		(21,755)	(28,086)
Printing, postage and stationery		(6,622)	(13,935)
Professional fees		—	(896)
Rental of office under operating lease		(74,667)	(78,660)
Business travelling expenses		(148,681)	(140,091)
Telephone expenses		(21,807)	(20,813)
Other operating expenses		(37,495)	(49,923)
		<u>(1,166,264)</u>	<u>(964,068)</u>
<b>Profit before taxation</b>		<u>18,684</u>	<u>38,528</u>
Taxation	6	22,467	(4,537)
<b>Profit after taxation</b>		<u>41,151</u>	<u>33,991</u>
<b>Total comprehensive income for the financial year</b>		<u>41,151</u>	<u>33,991</u>

.....  
**Benjamin Fareti Iosefa**  
Chairman

.....  
**Dennis Francis Patrick**  
Treasurer

Dated: 15 March 2018

**Methanol Institute**
**Balance sheet  
As at 31 December 2017**

	<b>Note</b>	<b>2017 S\$</b>	<b>2016 S\$</b>
Accumulated fund		102,851	61,700
Represented by:			
<b>Plant and equipment</b>	7	21,778	11,892
<b>Current assets</b>			
Other receivables	8	37,917	20,254
Prepayments	9	33,952	38,276
Cash and cash equivalents	10	92,704	18,306
		164,573	76,836
<b>Current liabilities</b>			
Other payables and accruals	11	72,726	23,996
Provision for income tax		8,751	3,032
		81,477	27,028
<b>Net current assets</b>		83,096	49,808
<b>Non-current liabilities</b>			
Deferred tax liability	6	2,023	—
<b>Net assets</b>		102,851	61,700

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Methanol Institute**

**Statement of changes in accumulated fund  
For the financial year ended 31 December 2017**

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	<b>Total S\$</b>
<b>Balance at 31 December 2015</b>	27,709
Total comprehensive income for the financial year	33,991
<b>Balance at 31 December 2016</b>	61,700
Total comprehensive income for the financial year	41,151
<b>Balance at 31 December 2017</b>	102,851

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



**Methanol Institute**
**Cash flow statement**
**For the financial year ended 31 December 2017**

	<b>Note</b>	<b>2017 S\$</b>	<b>2016 S\$</b>
<b>Cash flows from operating activities</b>			
Profit before tax		18,684	38,528
Adjustments for:			
Depreciation of plant and equipment		9,784	6,527
Reversal of provision for reinstatement		–	(21,699)
<b>Operating cash flows before changes in working capital</b>		<b>28,468</b>	<b>23,356</b>
Changes in working capital:			
Increase in other receivables and prepayments		(13,339)	(29,635)
Increase in other payables and accruals		48,730	1,600
		<b>35,391</b>	<b>(28,035)</b>
<b>Cash flow generated from/(used in) operations</b>		<b>63,859</b>	<b>(4,679)</b>
Tax refunded/(paid)		30,209	(8,461)
<b>Net cash flow generated from/(used in) operating activities</b>		<b>94,068</b>	<b>(13,140)</b>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment		(19,670)	(5,152)
<b>Net cash flow used in investing activity</b>		<b>(19,670)</b>	<b>(5,152)</b>
Net change in cash and cash equivalents		74,398	(18,292)
Cash and cash equivalents at beginning of financial year	10	18,306	36,598
<b>Cash and cash equivalents at end of the financial year</b>	<b>10</b>	<b>92,704</b>	<b>18,306</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Methanol Institute

### Notes to the financial statements For the financial year ended 31 December 2017

#### 1. Corporate information

Methanol Institute (the "Institute") was registered on 7 May 2009 under Societies Act in Singapore. To date, the Institute is still registered.

The Methanol Institute serves as the global trade association for one of the world's most vibrant and innovative industries. Founded in 1989 to lobby the U.S. Congress in support of methanol fuel markets, the Institute now serves its members in every corner of the globe from our offices in Singapore and Washington, D.C.

The registered office and principal place of business of the Institute is located at 10 Anson Road, #28-12 International Plaza, Singapore 079903.

The principal activity of the Institute is to exclusively to promote the use of methanol for all current and future chemical applications, as well as for clean-burning fuel applications, and to represent the methanol industry on such issues as environmental, health, safety, economics, and governmental policy. There have been no significant changes in the nature of these activities during the financial year.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

The financial statements of the Institute have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or S\$).

##### 2.2 Standards issued but not yet effective

The Institute has not adopted the following standards applicable to the Institute that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 40 <i>Transfer of Investment Property</i>	1 January 2018
Amendments to FRS 102: <i>Classification and Measurement of Share-Based Payment Transactions</i>	1 January 2018
FRS 109: <i>Financial Instruments</i>	1 January 2018
FRS 115: <i>Revenue from Contracts with Customers</i>	1 January 2018
Improvements to FRSs (December 2016)	
Amendments To FRS 28 <i>Investments In Associates And Joint Ventures</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 109 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to FRS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

**Methanol Institute**

**Notes to the financial statements**  
**For the financial year ended 31 December 2017**

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**2. Summary of significant accounting policies (cont'd)**

**2.2 Standards issued but not yet effective (cont'd)**

Except for FRS 115, FRS 109 and FRS 116, the management expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of amendment to FRS 115, FRS 109 and FRS 116 are described below.

FRS 115: Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Institute plans to apply the modified retrospective approach with cumulative effect of the initially applying FRS 115 to be recognised at the date of initial application as an adjustment to be the opening balance of retained earnings of the annual reporting period that includes the date of initial application.

FRS 109: Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Institute plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116: Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Institute is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Institute expects the adoption of the new standard will result in increase in total assets and total liabilities and profit before tax.

**Methanol Institute**

**Notes to the financial statements**  
**For the financial year ended 31 December 2017**

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**2. Summary of significant accounting policies (cont'd)**

**2.3 *Functional and foreign currency***

The Institute's financial statements are presented in Singapore Dollars (SGD), which is also the Institute's functional currency.

Transactions in foreign currencies are measured in the functional currency of the Institute and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2.4 *Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

- Leasehold improvement: 3 years
- Plant & equipment renovation: 3 years
- Computers and other equipments: 3 to 5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

**Methanol Institute**

**Notes to the financial statements**  
**For the financial year ended 31 December 2017**

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**2. Summary of significant accounting policies (cont'd)**

**2.5 Impairment of non-financial assets**

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Institute makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.6 Financial instruments**

**(a) Financial assets**

Initial recognition and measurement

Financial assets are recognised when, and only when, the Institute becomes a party to the contractual provisions of the financial instrument. The Institute determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement - Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**Methanol Institute**

**Notes to the financial statements**  
**For the financial year ended 31 December 2017**

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**2. Summary of significant accounting policies (cont'd)**

**2.6 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**(b) Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Institute becomes a party to the contractual provisions of the financial instrument. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Methanol Institute**

**Notes to the financial statements  
For the financial year ended 31 December 2017**

---

**2. Summary of significant accounting policies (cont'd)**

**2.7 *Impairment of financial assets***

The Institute assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Institute determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Institute considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.8 *Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank which is subject to an insignificant risk of changes in value.

**Methanol Institute**

**Notes to the financial statements**  
**For the financial year ended 31 December 2017**

---

**2. Summary of significant accounting policies (cont'd)**

**2.9 Provisions**

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.10 Employee benefits**

*Defined contribution plan*

The Institute makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.11 Leases**

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**2.12 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

*Service fee income*

Service fee income is recognised on services rendered.



**Methanol Institute**

**Notes to the financial statements  
For the financial year ended 31 December 2017**

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**2. Summary of significant accounting policies (cont'd)**

**2.13 Taxes**

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Methanol Institute****Notes to the financial statements  
For the financial year ended 31 December 2017****2. Summary of significant accounting policies (cont'd)****2.13 Taxes (cont'd)****(b) Deferred tax (cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**3. Significant accounting judgements and estimates**

The preparation of the Institute's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**4. Revenue**

This relates to service income from Methanol Institute United States Office.

**5. Employee benefits expenses**

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Staff salaries and bonuses	549,225	481,676
Staff CPF contribution	29,617	19,116
Other short-term benefits	113,303	56,730
	<b>692,145</b>	<b>557,522</b>

Included in the above is key management personnel compensation as follows:

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Staff salaries and bonuses	248,721	237,389
Other short-term benefits	107,378	50,911
	<b>356,099</b>	<b>288,300</b>

**Methanol Institute****Notes to the financial statements**  
**For the financial year ended 31 December 2017****6. Taxation**

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Income tax		
- Current year taxation	5,718	3,032
- (Over)/under provision in prior year	(30,208)	1,505
	(24,490)	4,537
Deferred income tax		
- Origination and reversal of temporary differences	867	–
- Under provision in prior year	1,156	–
	(22,467)	4,537

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to surplus before income tax as a result of the following differences:

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Profit before taxation	18,684	38,528
Tax calculated at 17%	3,176	6,550
Non-deductible expenses	10,682	2,771
Effect on partial tax exemption	(5,270)	(3,882)
(Over)/under provision in prior year	(29,052)	1,505
Tax Incentives	(5,641)	(4,369)
Tax on deemed income	3,638	5,655
Non-taxable income	p–	(3,693)
	(22,467)	4,537

**Deferred tax liabilities**

Deferred tax liabilities relates to the following:

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Deferred tax liabilities:		
Differences in depreciation for tax purposes	2,023	–

**Methanol Institute**
**Notes to the financial statements**  
**For the financial year ended 31 December 2017**
**7. Plant and equipment**

	<b>Plant &amp; equipment renovation S\$</b>	<b>Equipment/ computer S\$</b>	<b>Total S\$</b>
<b>Cost</b>			
As 1 January 2016	33,265	29,474	62,739
Additions	–	5,152	5,152
Write-off	(33,265)	–	(33,265)
At 31 December 2016	–	34,626	34,626
Additions	17,240	2,430	19,670
Write-off	–	(14,222)	(14,222)
At 31 December 2017	17,240	22,834	40,074
<b>Accumulated depreciation</b>			
As 1 January 2016	21,699	16,207	37,906
Depreciation charge for the financial year	–	6,527	6,527
Write-off	(21,699)	–	(21,699)
At 31 December 2016	–	22,734	22,734
Depreciation charge for the financial year	958	8,826	9,784
Write-off	–	(14,222)	(14,222)
At 31 December 2017	958	17,338	18,296
<b>Net carrying amount</b>			
At 31 December 2017	16,282	5,496	21,778
At 31 December 2016	–	11,892	11,892

**Methanol Institute**
**Notes to the financial statements**  
**For the financial year ended 31 December 2017**
**8. Other receivables**

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Rental deposits	12,150	19,665
Advance to employee	382	589
GST receivable	1,808	–
Amount due from Methanol Institute United States Office	23,577	–
	<hr/>	<hr/>
	37,917	20,254
Add: Cash and cash equivalents (Note 10)	92,704	18,306
Less: GST receivables	(1,808)	–
	<hr/>	<hr/>
Total loans and receivables	128,813	38,560

Advances to employees and Amount due from Methanol Washington DC are non-interest bearing and repayable on demand.

**9. Prepayments**

This represents the prepaid expenses for rental charges and insurance.

**10. Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprised cash at bank only. They are denominated in SGD.

**11. Other payables and accruals**

Other payables and accruals pertain to payables for general and administrative expenses and represent the total financial liabilities carried at amortised cost.

**12. Operating lease commitments**

As at the year end, the Institute has the following office rental commitment under operating lease.

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Payable within 1 year	38,160	78,660
Payable within 2 to 5 years	64,820	32,775
	<hr/>	<hr/>
	102,980	111,435

The Institute leases offices under operating leases. These leases typically have tenure of 2 to 3 years with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect the market rate. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to \$74,667 (2016: \$78,660).

**Methanol Institute**

**Notes to the financial statements  
For the financial year ended 31 December 2017**

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**13. Fair value of assets and liabilities**

The fair value of financial instruments is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

**Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

*Other receivables (Note 8), cash and cash equivalents (Note 10) and other payables and accruals (Note 11)*

The carrying amounts of these financial assets and liabilities based on their notional amounts reasonably approximate their fair values because these are mostly short-term in nature.

**14. Financial risk management objectives and policies**

The Institute's operations carry certain financial risks. The Institute's overall risk management approach is to moderate the effects of such volatility on its financial results. There are no changes on the Institute's objectives, policies or processes relating to the Institute's financial risk management of the year.

**(a) Credit risk**

Credit risk is the risk that other parties to financial instruments will fail to discharge their obligations to the Institute. Credit risk is managed through the application of reminders and on-going monitoring procedures.

At the year end, there is no concentration of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of financial assets which are mainly amount due from Methanol Institute United States Office, rental deposits and bank balances.

Financial assets that are neither past due nor impaired

Cash is placed with credit worthy financial institutions. Bank deposits are mainly transacted with banks of high credit ratings assigned by international credit rating agencies.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

**(b) Liquidity risk**

The Institute manages its liquidity risk by monitoring and maintaining a level of cash and bank balances deemed adequate by the management to finance the Institute's operations and mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Institute are due within 1 year.

# Methanol Institute

## Notes to the financial statements For the financial year ended 31 December 2017

### 15. Funds risk management

The Institute's objective when managing funds is to safeguard the Institute's ability to continue as a going concern in order to accomplish the Institute's objectives. The directors regularly review and monitor its funds position to ensure that the Institute's activities and growth are prudently funded. The Institute seeks to maintain a positive net current asset position and fund surplus position.

	2017 S\$	2016 S\$
Current assets	164,573	76,836
Current liabilities	(81,477)	(27,028)
Net current assets	83,096	49,808
Total assets	186,351	88,728
Total liabilities	(83,500)	(27,028)
Fund surplus	102,851	61,700

In order to maintain or adjust the fund structure, the Institute may adjust the service income from a related party.

There are no changes on the Institute's objectives, policies or processes relating to the management of the Institute's fund structure during the financial year.

The Institute is not subject to any externally imposed fund management requirement and is not in breach of any debts covenant made with its lenders.

### 16. Authorisation of financial statements for issue

The financial statements of the Institute for the financial year ended 31 December 2017 were authorised for issue by the Management Committee on 15 March 2018.

*Methanol Institute and Methanol Foundation*

Consolidated Financial Statements  
and  
Independent Auditors' Report

December 31, 2017 and 2016



**Halt Buzas & Powell, LTD**

TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS



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## Independent Auditors' Report

To the Board of Directors  
Methanol Institute and Methanol Foundation  
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of Methanol Institute and Methanol Foundation (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities (pages 15 - 18) and the consolidated schedules of functional expenses (pages 19 - 20) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Halt, Buzas & Powell, Ltd.*

Alexandria, Virginia

March 14, 2018

**Methanol Institute and Methanol Foundation**  
**Consolidated Statements of Financial Position**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 985,583	\$ 930,067
Certificates of deposit	749,512	502,509
Accounts receivable	15,033	18,646
Prepaid expenses	<u>45,796</u>	<u>58,913</u>
Total current assets	1,795,924	1,510,135
Property and equipment, net	33,845	24,395
Deposits	<u>16,570</u>	<u>23,955</u>
Total assets	<u>\$ 1,846,339</u>	<u>\$ 1,558,485</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 84,081	\$ 87,872
Capital lease obligation	2,773	2,648
Deferred membership dues	710,000	460,000
Deferred rent	<u>2,424</u>	<u>1,157</u>
Total current liabilities	799,278	551,677
Capital lease obligation, non-current	3,149	5,922
Deferred rent, non-current	<u>7,818</u>	<u>10,242</u>
Total liabilities	810,245	567,841
Net assets:		
Unrestricted	<u>1,036,094</u>	<u>990,644</u>
Total liabilities and net assets	<u>\$ 1,846,339</u>	<u>\$ 1,558,485</u>

See accompanying notes to the consolidated financial statements.

3.

**Methanol Institute and Methanol Foundation**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Revenues:		
Membership dues	\$ 1,937,587	\$ 2,105,000
Methanol policy forum revenue	55,818	-
Other income	27,035	-
Interest income	1,357	2,619
Contributions	<u>-</u>	<u>5,000</u>
Total revenues	<u>2,021,797</u>	<u>2,112,619</u>
Expenses:		
Program services:		
Technical studies and grants	481,022	860,500
Government and industry education	742,276	830,309
Meetings and conferences	<u>229,622</u>	<u>73,532</u>
Total program services	1,452,920	1,764,341
Management, general and membership recruitment	<u>523,427</u>	<u>481,836</u>
Total expenses	<u>1,976,347</u>	<u>2,246,177</u>
Change in net assets	45,450	(133,558)
Net assets, beginning of year	<u>990,644</u>	<u>1,124,202</u>
Net assets, end of year	<u>\$ 1,036,094</u>	<u>\$ 990,644</u>

See accompanying notes to the consolidated financial statements.

4.

**Methanol Institute and Methanol Foundation**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>45,450</u>	\$ <u>(133,558)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,226	10,647
Deferred rent	(1,157)	75
Decrease (increase) in assets:		
Accounts receivable	3,613	(18,646)
Prepaid expenses	13,117	(26,882)
Deposits	7,385	(390)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,791)	(22,679)
Deferred membership dues	<u>250,000</u>	<u>(430,000)</u>
Total adjustments	<u>281,393</u>	<u>(487,875)</u>
Net cash provided by (used in) operating activities	<u>326,843</u>	<u>(621,433)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(21,676)	(8,295)
Purchases of certificates of deposit	<u>(247,003)</u>	<u>(502,509)</u>
Net cash used in investing activities	<u>(268,679)</u>	<u>(510,804)</u>
Cash flows from financing activities:		
Principal payments on capital leases	<u>(2,648)</u>	<u>(2,528)</u>
Net cash used in financing activities	<u>(2,648)</u>	<u>(2,528)</u>
Net decrease in cash and cash equivalents	55,516	(1,134,765)
Cash and cash equivalents, beginning of year	<u>930,067</u>	<u>2,064,832</u>
Cash and cash equivalents, end of year	<u>\$ <u>985,583</u></u>	<u>\$ <u>930,067</u></u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ <u>352</u></u>	<u>\$ <u>581</u></u>

See accompanying notes to the consolidated financial statements.

5.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**1. Organization**

The Methanol Institute (the Institute) is a nonprofit, nonstock membership corporation with offices in metropolitan Washington, D.C., Singapore and Brussels. The Institute serves as the global trade association for one of the world's most vibrant and innovative industries. The Institute is organized to research and promote the use of methanol and products containing methanol, as well as to represent the methanol industry on such issues as environmental, health, safety, economic, and governmental policy. The Institute accomplishes these objectives primarily through communication, education, legislative, and regulatory efforts.

The Methanol Foundation (the Foundation), formed in 1997, is a metropolitan Washington, D.C., based nonprofit, educational and scientific organization dedicated to supporting the greater use of methanol as a clean energy resource.

**2. Summary of Significant Accounting Policies**

**a. Principles of consolidation**

The accompanying consolidated financial statements include the accounts of Methanol Institute and Methanol Foundation (collectively, the Organization). All significant intra-entity accounts and transactions have been eliminated in consolidation. The financial statements are consolidated because the Boards of Directors of both entities are comprised of the same members.

**b. Basis of presentation**

The Organization's consolidated financial statements are presented in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented. The Organization's net assets, revenues and expenses are classified based on the existence or absence of donor imposed restrictions according to three classes of net assets:

- *Unrestricted Net Assets* represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.

6.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

- *Temporarily Restricted Net Assets* represent resources restricted by donors as to purpose or by the passage of time.
- *Permanently Restricted Net Assets* represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

The Organization has no temporarily or permanently restricted net assets at December 31, 2017 and 2016.

**c.** Basis of accounting

The Organization's consolidated financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

**d.** Use of estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

**e.** Income taxes

The Methanol Institute and Methanol Foundation are exempt from federal and local income taxes under Section 501(c)(6) and 501(c)(3), respectively, of the Internal Revenue Code on income derived from activities related to their exempt purpose. This code section enables the Foundation to accept donations that qualify as charitable contributions to the donor. Both organizations are subject to income taxes on taxable income from unrelated business activities. For the years ended December 31, 2017 and 2016, the Organization did not recognize income tax expense in the accompanying consolidated financial statements as there was no unrelated business taxable income.

7.



**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying consolidated financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying consolidated financial statements. As of December 31, 2017 and 2016, the Organization had no uncertain tax positions which should be recognized as a liability.

**f.** Cash and cash equivalents

For consolidated financial statement purposes, the Organization classifies demand deposits and highly liquid investments with a maturity of three months or less, such as certificates of deposit, as cash equivalents.

**g.** Certificates of deposit

Certificates of deposit consist of investments with a maturity of greater than three months and are recorded at cost which approximates fair value.

**h.** Property and equipment, net

Property and equipment acquisitions are recorded in the consolidated financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 - 5 years
Automobiles	3 - 5 years
Leasehold improvements	Life of lease

The Organization's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

i. Deferred rent and lease incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

j. Revenue recognition

*i. Contributions*

Contributions are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

*ii. Membership dues*

Membership dues are recognized as revenue in the applicable dues period. Membership dues received in advance that are applicable to future periods are included in deferred revenue in the accompanying consolidated statements of financial position.

*iii. Methanol policy forum revenue*

Methanol policy forum revenue is recognized in the period in which the event takes place.

k. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**l.** Foreign currency transactions

The U.S. dollar is the reporting currency for the Organization. The Organization has operations in countries other than the U.S. Transactions denominated in foreign currencies are converted into the Organization's reporting currency. Transaction gains or losses are included in the consolidated statements of activities and were not significant for the years ended December 31, 2017 and 2016.

**m.** Reclassification

For comparative purposes, certain 2016 amounts have been reclassified to conform to the 2017 presentation. However, none of these reclassifications affect the 2016 change in net assets.

**3. Concentrations of Credit Risk**

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2017 and 2016, the Organization had bank deposits in excess of FDIC limits of \$497,969 and \$161,933, respectively. These bank deposits in excess of FDIC limits include deposit amounts in a foreign bank account.

**4. Certificates of Deposit**

The Organization held certificates of deposit with original maturity dates of twelve months and eighteen months in 2017 and federally insured certificates of deposits with maturity dates of six months in 2016. The certificates of deposit automatically renew at maturity. The certificates of deposit are classified as a Level 2 hierarchy asset based on quoted prices in markets that are not active for which all inputs are observable.

Interest income from certificates of deposit for the years ended December 31, 2017 and 2016 was \$1,346 and \$2,613, respectively.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**5. Property and Equipment, Net**

The following is a summary of property and equipment held at December 31:

	<u>Furniture and equipment</u>	<u>Automobiles</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b><u>Cost</u></b>				
January 1, 2017	\$ 102,839	\$ 23,556	\$ 108,782	\$ 235,177
Additions	9,177	-	12,499	21,676
Disposals	-	-	(108,782)	(108,782)
December 31, 2017	<u>112,016</u>	<u>23,556</u>	<u>12,499</u>	<u>148,071</u>
<b><u>Accumulated depreciation</u></b>				
January 1, 2017	78,444	23,556	108,782	210,782
Annual depreciation and amortization	11,531	-	695	12,226
Less accumulated depreciation on assets disposed	-	-	(108,782)	(108,782)
December 31, 2017	<u>89,975</u>	<u>23,556</u>	<u>695</u>	<u>114,226</u>
<b><u>Carrying amount</u></b>				
December 31, 2017	<u>\$ 22,041</u>	<u>\$ -</u>	<u>\$ 11,804</u>	<u>\$ 33,845</u>
	<u>Furniture and equipment</u>	<u>Automobiles</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b><u>Cost</u></b>				
January 1, 2016	\$ 109,224	\$ 23,556	\$ 108,782	\$ 241,562
Additions	8,295	-	-	8,295
Disposals	(14,680)	-	-	(14,680)
December 31, 2016	<u>102,839</u>	<u>23,556</u>	<u>108,782</u>	<u>235,177</u>
<b><u>Accumulated depreciation</u></b>				
January 1, 2016	82,477	23,556	108,782	214,815
Annual depreciation and amortization	10,647	-	-	10,647
Less accumulated depreciation on assets disposed	(14,680)	-	-	(14,680)
December 31, 2016	<u>78,444</u>	<u>23,556</u>	<u>108,782</u>	<u>210,782</u>
<b><u>Carrying amount</u></b>				
December 31, 2016	<u>\$ 24,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,395</u>

11.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**6. Commitments**

Operating leases

The Organization leases office space through a non-cancelable operating lease. The lease commenced August 2015 for a term of five years and has base monthly rent payments of \$3,694 with a 2.75% annual increase. The Organization is also responsible for a portion of the taxes and expenses, which will be assessed annually.

The Organization leases office space in Singapore through a non-cancelable operating lease. The lease commenced February 2014 for a term of two years and has monthly rent payments of \$5,775 Singapore dollars and a monthly service charge of \$780 Singapore dollars. In March 2016, the lease was extended for an additional two years and an early termination clause was added to the lease, whereby the lease may be terminated at any time with two months notice. The Organization is also responsible for a portion of the taxes for the lease. In September 2017, the lease was terminated.

The Organization leases office space in Singapore through a non-cancelable operating lease. The lease commenced October 2017 for a term of three years and has monthly rent payments of \$2,483 Singapore dollars and a monthly maintenance fee of \$417 Singapore dollars.

The Organization also leases office space in Brussels through a cancelable operating lease. The lease commenced April 2016 for a minimum of three months, going month-to-month following that period, and has monthly base rent payments of 90 Euros. The Organization is also responsible for a portion of the taxes for the lease.

In January 2015, the Organization also entered into a lease for copier equipment in Singapore that requires monthly payments of \$280 Singapore dollars over the five year term of the lease.

In December 2017, the Organization also entered into a lease for an automobile that requires monthly payments of \$438 over the three year term of the lease.

Office and equipment rent expense for the years ended December 31, 2017 and 2016 totaled \$121,084 and \$123,901, respectively.

12.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Aggregate future minimum lease payments are as follows:

Within one year	\$ 80,693
Later than one year but within five years	<u>149,144</u>
Total	<u>\$ 229,837</u>

Capital lease

The Institute entered into a lease for copier equipment in February 2015. The lease is for a period of five years that requires monthly payments of \$249 over the term of the lease. The value of the capitalized equipment is \$13,316 and is included in property and equipment in the consolidated statements of financial position. As of December 31, 2017, there was \$6,658 of accumulated depreciation on the asset, leaving a total net cost of \$6,658.

Future minimum lease payments are as follows:

Within one year	\$ 2,988
Later than one year but within five years	<u>3,237</u>
Total	6,225
Less: approximate amount representing interest	<u>303</u>
Present value of minimum lease payments	5,922
Current portion, capital leases	<u>(2,773)</u>
Non-current portion, capital leases	<u>\$ 3,149</u>

**7. Retirement Plan**

The Institute sponsors a 401(k) profit sharing plan for all eligible employees. Full-time employees are eligible to participate in the plan after three months of service. Eligible employees can elect to defer up to the maximum amounts as allowed by IRS limitations. The Institute makes contributions to the plan on a discretionary basis. Retirement plan expense was \$23,465 and \$23,418 for the years ended December 31, 2017 and 2016, respectively.

**Methanol Institute and Methanol Foundation**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**8. Concentrations of Revenue Risk**

During each of the years ended December 31, 2017 and 2016, the Institute received \$600,000 from three member organizations, which was approximately 30% and 28%, respectively, of its total revenue and support for each year. Any significant reduction in revenue and support may affect the Institute's program activities.

**9. Subsequent Events**

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 14, 2018, which is the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these consolidated financial statements.

14.

Supplemental Information



**Methanol Institute and Methanol Foundation**  
**Consolidating Schedule of Financial Position**  
**December 31, 2017**

	<u>Methanol Institute</u>	<u>Methanol Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 981,547	\$ 4,036	\$ -	\$ 985,583
Certificates of deposit	749,512	-	-	749,512
Accounts receivable	15,033	-	-	15,033
Prepaid expenses	<u>45,796</u>	<u>-</u>	<u>-</u>	<u>45,796</u>
Total current assets	1,791,888	4,036	-	1,795,924
Property and equipment, net	33,845	-	-	33,845
Deposits	<u>16,570</u>	<u>-</u>	<u>-</u>	<u>16,570</u>
Total assets	<u>\$ 1,842,303</u>	<u>\$ 4,036</u>	<u>\$ -</u>	<u>\$ 1,846,339</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 84,081	\$ -	\$ -	\$ 84,081
Capital lease obligation	2,773	-	-	2,773
Deferred membership dues	710,000	-	-	710,000
Deferred rent	<u>2,424</u>	<u>-</u>	<u>-</u>	<u>2,424</u>
Total current liabilities	799,278	-	-	799,278
Capital lease obligation, non-current	3,149	-	-	3,149
Deferred rent, non-current	<u>7,818</u>	<u>-</u>	<u>-</u>	<u>7,818</u>
Total liabilities	810,245	-	-	810,245
Net assets:				
Unrestricted	<u>1,032,058</u>	<u>4,036</u>	<u>-</u>	<u>1,036,094</u>
Total liabilities and net assets	<u>\$ 1,842,303</u>	<u>\$ 4,036</u>	<u>\$ -</u>	<u>\$ 1,846,339</u>

**Methanol Institute and Methanol Foundation**  
**Consolidating Schedule of Financial Position**  
**December 31, 2016**

	<u>Methanol Institute</u>	<u>Methanol Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 925,149	\$ 4,918	\$ -	\$ 930,067
Certificates of deposit	502,509	-	-	502,509
Accounts receivable	18,646	-	-	18,646
Prepaid expenses	<u>58,913</u>	<u>-</u>	<u>-</u>	<u>58,913</u>
Total current assets	1,505,217	4,918	-	1,510,135
Property and equipment, net	24,395	-	-	24,395
Deposits	<u>23,955</u>	<u>-</u>	<u>-</u>	<u>23,955</u>
Total assets	<u>\$ 1,553,567</u>	<u>\$ 4,918</u>	<u>\$ -</u>	<u>\$ 1,558,485</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 87,362	\$ 510	\$ -	\$ 87,872
Capital lease obligation	2,648	-	-	2,648
Deferred membership dues	460,000	-	-	460,000
Deferred rent	<u>1,157</u>	<u>-</u>	<u>-</u>	<u>1,157</u>
Total current liabilities	551,167	510	-	551,677
Capital lease obligation, non-current	5,922	-	-	5,922
Deferred rent, non-current	<u>10,242</u>	<u>-</u>	<u>-</u>	<u>10,242</u>
Total liabilities	567,331	510	-	567,841
Net assets:				
Unrestricted	<u>986,236</u>	<u>4,408</u>	<u>-</u>	<u>990,644</u>
Total liabilities and net assets	<u>\$ 1,553,567</u>	<u>\$ 4,918</u>	<u>\$ -</u>	<u>\$ 1,558,485</u>

**Methanol Institute and Methanol Foundation**  
**Consolidating Schedule of Activities**  
**For the Year Ended December 31, 2017**

	Methanol Institute	Methanol Foundation	Eliminations	Total
Revenues:				
Membership dues	\$ 1,937,587	\$ -	\$ -	\$ 1,937,587
Methanol policy forum revenue	55,818	-	-	55,818
Other income	27,035	-	-	27,035
Interest income	<u>1,346</u>	<u>11</u>	<u>-</u>	<u>1,357</u>
Total revenues	<u>2,021,786</u>	<u>11</u>	<u>-</u>	<u>2,021,797</u>
Expenses:				
Program services:				
Technical studies and grants	480,932	90	-	481,022
Government and industry education	742,151	125	-	742,276
Meetings and conferences	<u>229,581</u>	<u>41</u>	<u>-</u>	<u>229,622</u>
Total program services	1,452,664	256	-	1,452,920
Management, general and membership recruitment	<u>523,300</u>	<u>127</u>	<u>-</u>	<u>523,427</u>
Total expenses	<u>1,975,964</u>	<u>383</u>	<u>-</u>	<u>1,976,347</u>
Change in net assets	45,822	(372)	-	45,450
Net assets, beginning of year	<u>986,236</u>	<u>4,408</u>	<u>-</u>	<u>990,644</u>
Net assets, end of year	<u>\$ 1,032,058</u>	<u>\$ 4,036</u>	<u>\$ -</u>	<u>\$ 1,036,094</u>

**Methanol Institute and Methanol Foundation**  
**Consolidating Schedule of Activities**  
**For the Year Ended December 31, 2016**

	Methanol Institute	Methanol Foundation	Eliminations	Total
Revenues:				
Membership dues	\$ 2,105,000	\$ -	\$ -	\$ 2,105,000
Contributions	-	5,200	(200)	5,000
Interest income	<u>2,613</u>	<u>6</u>	<u>-</u>	<u>2,619</u>
Total revenues	<u>2,107,613</u>	<u>5,206</u>	<u>(200)</u>	<u>2,112,619</u>
Expenses:				
Program services:				
Technical studies and grants	860,520	180	(200)	860,500
Government and industry education	830,154	155	-	830,309
Meetings and conferences	<u>73,522</u>	<u>10</u>	<u>-</u>	<u>73,532</u>
Total program services	1,764,196	345	(200)	1,764,341
Management, general and membership recruitment	<u>481,293</u>	<u>543</u>	<u>-</u>	<u>481,836</u>
Total expenses	<u>2,245,489</u>	<u>888</u>	<u>(200)</u>	<u>2,246,177</u>
Change in net assets	(137,876)	4,318	-	(133,558)
Net assets, beginning of year	<u>1,124,112</u>	<u>90</u>	<u>-</u>	<u>1,124,202</u>
Net assets, end of year	<u>\$ 986,236</u>	<u>\$ 4,408</u>	<u>\$ -</u>	<u>\$ 990,644</u>

**Methanol Institute and Methanol Foundation**  
**Consolidated Schedule of Functional Expenses**  
**For the Year Ended December 31, 2017**

	Technical studies and grants	Government and industry education	Meetings and conferences	Total program services	Management, general and membership recruitment	Total expenses
Salaries and benefits	\$ 234,488	\$ 328,283	\$ 107,194	\$ 669,965	\$ 332,977	\$ 1,002,942
Travel and entertainment	20,917	97,564	19,093	137,574	46,051	183,625
Regional representative offices	-	176,724	-	176,724	-	176,724
Rent	24,923	34,893	11,394	71,210	35,392	106,602
Product stewardship and market development	83,813	8,307	-	92,120	-	92,120
Professional fees	19,541	27,358	8,933	55,832	27,749	83,581
Public affairs	54,798	9,589	-	64,387	-	64,387
Methanol policy forum	-	-	45,297	45,297	-	45,297
Taxes, payroll	9,966	13,953	4,556	28,475	14,152	42,627
Small furniture and equipment expenses	8,146	11,404	3,724	23,274	11,567	34,841
Telephone	7,563	10,588	3,457	21,608	10,740	32,348
Dues and publications	4,982	6,974	2,277	14,233	7,074	21,307
Board meeting	-	-	-	-	18,996	18,996
Industry conferences	-	-	18,264	18,264	-	18,264
Office supplies and expenses	3,886	5,440	1,776	11,102	5,518	16,620
Insurance	3,414	4,780	1,561	9,755	4,849	14,604
Miscellaneous	2,566	3,592	1,173	7,331	3,642	10,973
Printing	1,014	1,420	464	2,898	1,440	4,338
Postage and delivery	1,005	1,407	459	2,871	1,427	4,298
Legal fees	-	-	-	-	992	992
Taxes, other	-	-	-	-	861	861
Total expenses	<u>\$ 481,022</u>	<u>\$ 742,276</u>	<u>\$ 229,622</u>	<u>\$ 1,452,920</u>	<u>\$ 523,427</u>	<u>\$ 1,976,347</u>

**Methanol Institute and Methanol Foundation**  
**Consolidated Schedule of Functional Expenses**  
**For the Year Ended December 31, 2016**

	Technical studies and grants	Government and industry education	Meetings and conferences	Total program services	Management, general and membership recruitment	Total expenses
Salaries and benefits	\$ 305,250	\$ 264,159	\$ 17,611	\$ 587,020	\$ 277,516	\$ 864,536
Global fuel blending	47,356	275,058	-	322,414	-	322,414
Product stewardship and market development	297,436	16,737	-	314,173	-	314,173
Travel and entertainment	22,160	104,783	21,241	148,184	50,238	198,422
Rent	39,478	34,163	2,278	75,919	35,891	111,810
Professional fees	35,320	30,566	2,038	67,924	32,111	100,035
Public affairs	46,234	33,653	-	79,887	-	79,887
Small furniture and equipment expenses	12,610	10,913	728	24,251	11,465	35,716
Telephone	12,071	10,446	696	23,213	10,974	34,187
Taxes, payroll	11,961	10,351	690	23,002	10,874	33,876
Industry conferences	-	-	26,484	26,484	-	26,484
Dues and publications	7,987	6,911	461	15,359	7,261	22,620
Office supplies and expenses	6,779	5,866	391	13,036	6,163	19,199
Board meeting	-	-	-	-	16,777	16,777
Insurance	5,285	4,573	305	10,163	4,805	14,968
Miscellaneous	5,058	4,378	291	9,727	4,598	14,325
Legislative and regulatory	-	12,979	-	12,979	-	12,979
Printing	3,914	3,387	226	7,527	3,558	11,085
Taxes, other	-	-	-	-	6,736	6,736
Postage and delivery	1,601	1,386	92	3,079	1,456	4,535
Legal fees	-	-	-	-	1,413	1,413
Total expenses	<u>\$ 860,500</u>	<u>\$ 830,309</u>	<u>\$ 73,532</u>	<u>\$ 1,764,341</u>	<u>\$ 481,836</u>	<u>\$ 2,246,177</u>

20.



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To the Board of Directors  
Methanol Institute and Methanol Foundation  
Alexandria, Virginia

We have audited the consolidated financial statements of Methanol Institute and Methanol Foundation (collectively referred to as the Organization), for the year ended December 31, 2017, and have issued our report thereon dated March 14, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 2, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the consolidated financial statements was:

Management's estimate of the functional allocation of expenses is based on estimated time employees spend on each function. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

##### *Disclosures*

The consolidated financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Methanol Institute and Methanol Foundation  
Page 2.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements discovered during our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 14, 2018.

*Management Consultations with Other Independent Accountants*

We are aware that management engaged the services of an accounting firm to perform monthly accounting services. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the consolidated financial statements themselves.



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This information is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

*Halt, Buzas & Powell, Ltd.*

Alexandria, Virginia

March 14, 2018