

## **Financial Statements**

Period from July 8, 2011 (Date of Inception) to December 31, 2011



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## Independent Auditors' Report

To the Board of Directors of iGEM Foundation, Inc.:

We have audited the accompanying statement of financial position of iGEM Foundation, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities and changes in net assets and cash flows for the period from July 8, 2011 (date of inception) to December 31, 2011. These financial statements are the responsibility of the management of iGEM Foundation, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iGEM Foundation, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the period from July 8, 2011 (date of inception) to December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts , 2012

## Statement of Financial Position

## December 31, 2011

## Assets

Current assets:		
Cash and cash equivalents	\$	352,424
Total current assets		352,424
Property and equipment:  Equipment Less accumulated depreciation Net property and equipment  Total assets		15,000 - 15,000 367,424
Total assets	Ф	307,424
Liabilities and Net Assets		
Current liabilities: Accounts payable Accrued expenses	\$	42,169 86,336
Total current liabilities		128,505
Net assets: Unrestricted net assets		238,919
Total liabilities and net assets	\$	367,424

See accompanying notes to financial statements.

## Statement of Activities and Changes in Net Assets

Period from July 8, 2011 (Date of Inception) to December 31, 2011

Unrestricted net assets:		
Support and revenue:		
Jamboree revenue	\$	539,001
Sponsorships		68,750
Interest income		30
Other income		127,183
Total support and revenue		734,964
Expenses:		
Programs:		
Jamboree		328,658
Total program expenses		328,658
Administrative		167,387
Total expenses		496,045
Increase in net assets		238,919
Net assets - beginning of period		
Net assets - end of period	\$	238,919
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See accompanying notes to financial statements.

## Statement of Cash Flows

Period from July 8, 2011 (Date of Inception) to December 31, 2011

Cash flows from operating activities:		
Increase in net assets	\$	238,919
Adjustments to reconcile increase in net assets		
to net cash provided by operating activities:		
Noncash support and revenue		(15,000)
Changes in operating assets and liabilities:		
Accounts payable		42,169
Accrued expenses		86,336
Net cash provided by operating activities		352,424
Cash flows from financing activities:		
Proceeds from notes payable		25,000
Payment of notes payable		(25,000)
Net cash provided by financing activities		-
Net increase in cash and cash equivalents		352,424
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at ending of period	\$	352,424
Supplemental disclosure of cash flow information:		
Contributed property and equipment	\$	25,922
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See accompanying notes to financial statements.

#### Notes to Financial Statements

Period from July 8, 2011 (Date of Inception) to December 31, 2011

# 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Nature of Organization

iGEM Foundation, Inc. (the "Foundation") was organized on July 8, 2011 and operates as a public-benefit non-profit corporation under provisions of Chapter 180 of the General Laws of Massachusetts. The Foundation fosters scientific research and education through organizing and operating the iGEM Competition, the premier student synthetic biology competition. It also fosters scientific research and education by establishing and operating the Registry of Standard Biological Parts, a community collection of biological components. The organization promotes the advancement of science and education by developing an open community of students and practitioners in schools, laboratories, research institutes, and industry. The iGEM community has a long history of involving students and the public in the development of the new field of synthetic biology.

The iGEM Jamborees are the culminating events of the iGEM competition where teams present their summer projects and compete for awards and prizes. Teams attend their Regional Jamboree in one of three regions in 2011 and a percentage of teams are chosen by the judges to advance to the final World Championship Jamboree.

#### Basis of Accounting

The financial statements of the Foundation are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2011, the Foundation had no temporarily or permanently restricted net assets.

#### Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amount of assets and liabilities reported at the date of the financial statements and the amount of revenues and expenses recorded during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements (Continued)

# **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### Concentrations of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, include cash and cash equivalents which may exceed insurance limitations and are placed in high quality financial service organizations.

### Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Property and Equipment

Furniture and computers are recorded at cost or donated fair value and depreciated using the straight-line method over the assets' estimated useful lives, two years, commencing when the items are placed in service, March 2012.

The cost of maintenance, repairs and additions which are under the Foundation's capitalization policy, are expensed when incurred.

#### Revenue Recognition

The Foundation recognizes team registration and jamboree revenue when the competition or events are held. There are no receivables or deferred revenue on the statement of financial position as all competitions and events are completed before year end. Donations and sponsorships are recognized when received.

Revenue with donor-imposed restrictions is recognized in unrestricted net assets if the restriction is met in the year the revenue is received.

#### Contributed Goods and Services

To the extent material, the estimated fair value of contributed goods and services is reflected as contributions in the financial statements. The Foundation received \$43,552 of contributed equipment and supplies and \$83,631 of contributed legal services in 2011.

#### Income Taxes

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for federal or state income taxes.

Notes to Financial Statements (Continued)

# ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

#### Income Taxes (concluded)

The Foundation follows accounting guidance regarding the recognition, measurement, presentation, and disclosure of uncertain tax positions in the financial statements. Tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns, including the position that the Foundation qualifies as a tax exempt entity, are required to be evaluated to determine whether the tax positions are "more-likely-than-not" to be upheld under regulatory review. Tax positions not deemed to meet a more-likely-than-not threshold would be accrued and disclosed in the financial statements. There were no uncertain tax positions as of December 31, 2011. The Foundation records interest and penalties, if any, as part of income tax expense. No interest or penalties were recorded in 2011.

The Foundation's initial tax returns are subject to review and examination by federal and state taxing authorities.

#### 2. RELATED PARTY TRANSACTIONS

In 2011, the Foundation borrowed \$25,000 from an Officer to fund operations. The loan was repaid in full in December 2011. No interest was charged on the loan.

#### 3. COMMITMENT AND CONTINGENCIES

In December 2011, the Foundation entered into a non-cancelable operating lease for office space and laboratory facilities. The lease commenced on March 9, 2012 and will expire on March 9, 2018. The lease requires monthly rental payments of \$14,637 in the first year and increasing to \$18,334 in the last year of the lease, plus a pro rata share of operating expenses and real estate taxes. Total minimum rental payments required under the lease will be expensed on a straight line basis over the life of the lease in the amount of \$17,068 per month. The difference between the amount expensed and the actual rental payments will be recorded as a deferred lease incentive on the Foundation's statement of financial position.

Under the terms of this lease, the Foundation provided the landlord an irrevocable standby letter of credit in the amount of \$34,135 as a security deposit in 2012.

Notes to Financial Statements (Concluded)

## **COMMITMENT AND CONTINGENCIES (concluded)**

Future minimum lease payments on this operating lease is as follows:

## Years Ending December 31,

2012 2013 2014 2015 2016	\$ 139,760 196,045 205,088 209,689 214,370
	\$ 964,952

## 4. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through , 2012, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.