



# iGEM Foundation, Inc.

## Financial Statements

Years Ended December 31, 2015 and 2014



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## Independent Auditors' Report

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of iGEM Foundation, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iGEM Foundation, Inc. as of December 31, 2015 and 2014, and the results of its activities and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Wolf + Company, P.C.*

Boston, Massachusetts

July 13, 2016

# iGEM Foundation, Inc.

## Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 548,518	\$ 419,803
Restricted cash	34,424	34,373
Total cash and cash equivalents	582,942	454,176
Accounts receivable	-	57,050
Grant receivable	-	50,000
Prepaid expenses	26,928	12,099
Total current assets	609,870	573,325
Property and equipment:		
Equipment	279,327	47,159
Leasehold improvements	17,333	17,333
	296,660	64,492
Less accumulated depreciation and amortization	(55,323)	(48,419)
Net property and equipment	241,337	16,073
Deposits	59,555	-
Total assets	\$ 910,762	\$ 589,398
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 32,166	\$ 31,399
Accrued expenses	41,829	28,357
Deferred rent	27,698	32,597
Deferred revenue	70,000	50,000
Total current liabilities	171,693	142,353
Commitment and contingencies		
Net assets:		
Unrestricted net assets	739,069	447,045
Temporarily restricted net assets	-	-
Total net assets	739,069	447,045
Total liabilities and net assets	\$ 910,762	\$ 589,398

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

## Statements of Activities

Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
iGEM program fees	\$ 2,785,951	\$ -	\$ 2,785,951	\$ 2,498,544	\$ -	\$ 2,498,544
Sponsorships	287,045	-	287,045	188,867	-	188,867
Grants	-	-	-	-	80,000	80,000
Interest income	1,728	-	1,728	910	-	910
Contributed services	6,453	-	6,453	8,918	-	8,918
Contributions	3,083	232,168	235,251	51,030	-	51,030
Other	2,435	-	2,435	10,315	-	10,315
Net assets released from restrictions due to satisfaction of program restrictions	232,168	(232,168)	-	80,000	(80,000)	-
Total support and revenue	<u>3,318,863</u>	<u>-</u>	<u>3,318,863</u>	<u>2,838,584</u>	<u>-</u>	<u>2,838,584</u>
Expenses:						
Program:						
iGEM competition	2,525,778	-	2,525,778	2,044,377	-	2,044,377
Administrative expenses	501,061	-	501,061	413,712	-	413,712
Total expenses	<u>3,026,839</u>	<u>-</u>	<u>3,026,839</u>	<u>2,458,089</u>	<u>-</u>	<u>2,458,089</u>
Increase in net assets	292,024	-	292,024	380,495	-	380,495
Net assets - beginning of year	447,045	-	447,045	66,550	-	66,550
Net assets - end of year	<u>\$ 739,069</u>	<u>\$ -</u>	<u>\$ 739,069</u>	<u>\$ 447,045</u>	<u>\$ -</u>	<u>\$ 447,045</u>

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

## Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Increase in net assets	\$ 292,024	\$ 380,495
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash contribution	(107,168)	-
Depreciation and amortization	6,904	11,412
Changes in operating assets and liabilities:		
Accounts receivable	57,050	64,114
Grant receivable	50,000	50,000
Prepaid expenses and deposits	(74,384)	(372)
Accounts payable	767	(255,827)
Accrued expenses	13,472	15,449
Deferred rent	(4,899)	(210)
Deferred revenue	20,000	(77,490)
Net cash provided by operating activities	253,766	187,571
Cash flows from investing activities:		
Purchase of property and equipment	(125,000)	(7,115)
Net cash used by investing activities	(125,000)	(7,115)
Net increase in cash and cash equivalents	128,766	180,456
Cash and cash equivalents at beginning of year	454,176	273,720
Cash and cash equivalents at ending of year	\$ 582,942	\$ 454,176
Supplementary disclosure of cash flow information:		
Contribution for purchase of equipment paid by contributor directly to equipment manufacturer	\$ 107,168	\$ -

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

## Notes to Financial Statements

Years Ended December 31, 2015 and 2014

### 1. 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 Foundation 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. The Jamborees are held in Boston, Massachusetts.

#### *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. Permanently restricted net assets require that gifts be maintained permanently but allows the Foundation to spend the income derived from the donated asset. Temporarily restricted net assets have donor or grantor imposed restrictions that permit the Foundation to use the assets as specified and are satisfied by either that usage or the passage of time. Net assets released from restrictions by the occurrence of events specified by the donor or grantor are classified as program services expenses and expended from unrestricted net assets for financial reporting purposes. Unrestricted net assets are those that are neither permanently nor temporarily restricted by donor or grant or imposed restrictions. As of December 31, 2015 and 2014, the Foundation had no permanently or temporarily restricted net assets.



# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

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

#### ***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.

#### ***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 and Restricted Cash***

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

The restricted cash balance of \$34,424 and \$34,373 at December 31, 2015 and 2014, respectively, represents a money market account pledged as collateral for a letter of credit issued in connection with the Foundation's lease agreement (see Note 3).

#### ***Accounts Receivable***

The Foundation carries its accounts receivable at cost less an allowance for doubtful accounts if appropriate. On a periodic basis, the Foundation evaluates its accounts receivable and may establish an allowance for doubtful accounts, based on its history of past write-offs and collections and current credit conditions. Recoveries of accounts receivable previously written off are recorded when received. There were no reserves against accounts receivable at December 31, 2015 and 2014.

#### ***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. Leasehold improvements are amortized using the straight-line method over the life of the lease, six years.

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

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

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

#### ***Revenue Recognition***

The Foundation recognizes program fees for team registration and jamboree revenue when the competition or events are held. Donations, sponsorships and program fees are recognized as revenue when received or billed and are reflected as deferred revenue if the program or related sponsorship has not taken place.

The Foundation recognizes grant revenue in the periods of performance indicated in the grant as funds are expended. Grant related expenses incurred in advance of grant receipts are recognized as a grant receivable. Grant funds received in advance of grant-related expenditures are recognized as deferred revenue.

#### ***Deferred Revenue***

At December 31, 2015 and 2014, the Foundation recorded \$70,000 and \$50,000, respectively, of deferred sponsorship revenue.

#### ***Contributions***

Contributions are recognized as revenue in the period received or when the Foundation has received an unconditional promise to give from a donor.

In 2015, the Foundation received a contribution of \$232,168 which was restricted for the acquisition of equipment. The contribution was made through a payment directly to the manufacturer of the equipment of \$107,168 and a payment to the Foundation of \$125,000. The equipment was received by the Foundation in December 2015 releasing the restriction.

#### ***Contributed Goods and Services***

The estimated fair value of contributed goods and services to the extent material is reflected as contributions. The Foundation received \$6,453 and \$8,918 of contributed legal services in 2015 and 2014, respectively.

#### ***Functional Allocation of Expenses***

The costs of providing the program and other activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and administrative expenses.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

#### ***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.

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, 2015 and 2014. The Foundation records interest and penalties, if any, as part of income tax expense. No interest or penalties were recorded in 2015 and 2014.

The Foundation's tax returns for 2012 through 2015 are subject to review and examination by federal and state taxing authorities.

### **2. GRANTS**

In 2014, the Foundation received an informal notification from a funding source indicating its intent to support the Foundation at a \$50,000 level for 2014. The Foundation did not receive the formal subaward agreement indicating it was a sub-recipient of a grant until January 2015; however, the period of performance under the terms of the grant commenced as of September 1, 2014. The purpose of the grant was to support the iGEM Collegiate competition in 2014. The Foundation expended funds for this purpose in 2014 and has recorded a grant receivable as of December 31, 2014 and grant revenue in the year ended December 31, 2014. The Foundation billed for this grant in January 2015. As the funds for this grant were expended in 2014, the funds were also released from temporarily restricted net assets in 2014.

### **3. COMMITMENT AND CONTINGENCIES**

#### ***Operating Lease***

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

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

### COMMITMENT AND CONTINGENCIES (continued)

#### *Operating Lease (concluded)*

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 deferred rent on the Foundation's statements of financial position.

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

<u>Years Ending December 31,</u>	
2016	\$ 214,370
2017	219,051
2018	<u>44,948</u>
	<u>\$ 478,369</u>

Total rent, operating and real estate tax expenses amounted to \$279,812 and \$274,455 in 2015 and 2014, respectively.

#### *Irrevocable Standby Letter of Credit*

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.

#### *Hotel Commitments*

In 2015, the Foundation entered into agreements with a hotel in connection with the 2016 through 2020 Jamborees. Under the agreements, the hotel will reserve a specific number of rooms for the Jamboree attendees and in return, the Foundation will guarantee the hotel Minimum Guest Room Revenue, as defined, of approximately \$330,000 for each annual event. The Foundation anticipates that the attendees will generate sufficient revenue to the hotel to meet the Minimum Guest Room Revenue under the agreement. Accordingly, no liability has been recorded at December 31, 2015.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Concluded)

### COMMITMENT AND CONTINGENCIES (concluded)

#### *Convention Center Commitments*

In 2015, the Foundation entered into agreements with a convention center in connection with the 2016 through 2020 Jamborees. Under the agreements, the Foundation will pay the convention center a Minimum License Charge for the use of the convention center and guarantee a specified level of Food and Beverage revenue, as defined. The Foundation anticipates that the attendees will generate sufficient revenue to the convention center to meet the Food and Beverage minimum. The Foundation made deposits in 2015 representing 10% of the Minimum License Charge. Future amounts due for Minimum License Charges are as follows:

<u>Years Ending December 31,</u>	
2016	\$ 90,135
2017	96,975
2018	114,362
2019	108,315
2020	<u>111,515</u>
	<u><u>\$ 521,302</u></u>

#### 4. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 13, 2016, which is the date the financial statements were available to be issued. There were and no subsequent events that require adjustment to or disclosure in the financial statements.