



iGEM Foundation, Inc.

Financial Statements

Years Ended December 31, 2016 and 2015



Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11



Independent Auditors' Report

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, 2016 and 2015, 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, 2016 and 2015, 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

June 12, 2017

iGEM Foundation, Inc.

Statements of Financial Position

December 31, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 985,646	\$ 548,518
Restricted cash	34,476	34,424
Total cash and cash equivalents	1,020,122	582,942
Accounts receivable	42,743	-
Prepaid expenses and deposits	58,819	26,928
Total current assets	1,121,684	609,870
Property and equipment:		
Equipment	289,870	279,327
Leasehold improvements	17,333	17,333
	307,203	296,660
Less accumulated depreciation and amortization	(110,390)	(55,323)
Net property and equipment	196,813	241,337
Deposits	38,766	59,555
Total assets	\$ 1,357,263	\$ 910,762
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 94,708	\$ 32,166
Accrued expenses	71,597	41,829
Deferred rent	18,116	27,698
Deferred revenue	237,650	70,000
Total current liabilities	422,071	171,693
Commitment and contingencies		
Net assets:		
Unrestricted net assets	935,192	739,069
Temporarily restricted net assets	-	-
Total net assets	935,192	739,069
Total liabilities and net assets	\$ 1,357,263	\$ 910,762

See accompanying notes to financial statements.

iGEM Foundation, Inc.

Statements of Activities

Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
iGEM program fees	\$ 3,132,314	\$ -	\$ 3,132,314	\$ 2,785,951	\$ -	\$ 2,785,951
Sponsorships	297,071	19,100	316,171	287,045	-	287,045
Grants	-	52,350	52,350	-	-	-
Interest income	1,417	-	1,417	1,728	-	1,728
Contributed services	-	-	-	6,453	-	6,453
Contributions	723	-	723	3,083	232,168	235,251
Other	-	-	-	2,435	-	2,435
Net assets released from restrictions due to satisfaction of program restrictions	71,450	(71,450)	-	232,168	(232,168)	-
Total support and revenue	3,502,975	-	3,502,975	3,318,863	-	3,318,863
Expenses:						
Program:						
iGEM competition	2,747,547	-	2,747,547	2,525,778	-	2,525,778
Administrative expenses	559,305	-	559,305	501,061	-	501,061
Total expenses	3,306,852	-	3,306,852	3,026,839	-	3,026,839
Increase in net assets	196,123	-	196,123	292,024	-	292,024
Net assets - beginning of year	739,069	-	739,069	447,045	-	447,045
Net assets - end of year	\$ 935,192	\$ -	\$ 935,192	\$ 739,069	\$ -	\$ 739,069

See accompanying notes to financial statements.

iGEM Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 196,123	\$ 292,024
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash contribution	-	(107,168)
Depreciation and amortization	55,067	6,904
Changes in operating assets and liabilities:		
Accounts receivable	(42,743)	57,050
Grant receivable	-	50,000
Prepaid expenses and deposits	(11,102)	(74,384)
Accounts payable	62,542	767
Accrued expenses	29,768	13,472
Deferred rent	(9,582)	(4,899)
Deferred revenue	167,650	20,000
Net cash provided by operating activities	<u>447,723</u>	<u>253,766</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(10,543)</u>	<u>(125,000)</u>
Net cash used by investing activities	<u>(10,543)</u>	<u>(125,000)</u>
Net increase in cash and cash equivalents	437,180	128,766
Cash and cash equivalents at beginning of year	<u>582,942</u>	<u>454,176</u>
Cash and cash equivalents at ending of year	<u><u>\$1,020,122</u></u>	<u><u>\$ 582,942</u></u>
Supplementary disclosure of cash flow information:		
Contribution for purchase of equipment paid by contributor directly to equipment manufacturer	<u><u>\$ -</u></u>	<u><u>\$ 107,168</u></u>

See accompanying notes to financial statements.

iGEM Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

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, 2016 and 2015, the Foundation had no permanently 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 \$34,476 and \$34,424 at December 31, 2016 and 2015, 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, 2016.

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 of two to five 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, 2016, the Foundation recorded \$70,000 of deferred sponsorship revenue and \$167,650 of deferred grant revenue (see Note 2). At December 31, 2015, the Foundation recorded \$70,000 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 of contributed legal services in 2015.

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, 2016 and 2015. The Foundation records interest and penalties, if any, as part of income tax expense. No interest or penalties were recorded in 2016 and 2015.

The Foundation's tax returns for 2013 through 2016 are subject to review and examination by federal and state taxing authorities.

2. GRANTS

In 2016, the Foundation executed a multi-year grant agreement with the Good Ventures Foundation to support the Foundation's safety and security work. The grant amount is \$520,000, with \$220,000 received in 2016 and \$150,000 to be received in 2017 and 2018, respectively. Activity under the grant commenced in 2016 with total revenues and expenses incurred of \$52,350.

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 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.

iGEM Foundation, Inc.

Notes to Financial Statements (Continued)

COMMITMENT AND CONTINGENCIES (continued)

Operating Lease (concluded)

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

<u>Years Ending December 31,</u>	
2017	\$ 219,051
2018	<u>44,948</u>
	<u>\$ 263,999</u>

Total rent, operating and real estate tax expenses amounted to \$281,290 and \$279,812 in 2016 and 2015, 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, 2016.

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.

iGEM Foundation, Inc.

Notes to Financial Statements (Concluded)

COMMITMENT AND CONTINGENCIES (concluded)

Convention Center Commitments (concluded)

Future amounts due for Minimum License Charges are as follows:

<u>Years Ending December 31,</u>	
2017	\$ 96,975
2018	114,362
2019	108,315
2020	<u>111,515</u>
	<u><u>\$ 431,167</u></u>

4. EMPLOYEE RETIREMENT PLAN

During 2016, the Foundation established a 401(k) plan (the “Plan”). The Plan provides for voluntary contributions by participating employees, subject to limitations imposed by the Internal Revenue Code. The Plan calls for the Company to make a nondiscretionary contribution of 100% of each employee’s elective deferral, not to exceed 5% of the employee’s compensation. In addition, the Company may make discretionary contributions.

The Foundation contributed \$16,419 during the year ended December 31, 2016.

5. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 12, 2017, which is the date the financial statements were available to be issued. In May 2017, the Foundation received the second installment under its multi-year grant agreement of \$150,000 (see Note 2). There were no other subsequent events that require adjustment to or disclosure in the financial statements.