



**iGEM Foundation, Inc.**  
**Financial Statements**  
Year Ended December 31, 2012



## Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10



## Independent Auditors' Report

---

To the Board of Directors of iGEM Foundation, Inc.

### *Report on the Financial Statements*

We have audited the accompanying statement of financial position of iGEM Foundation, Inc. (a non-profit organization) as of December 31, 2012, and the related statements of activities and changes in net assets and cash flows for the year 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 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 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, 2012, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Wolfe + Company, P.C.*

Boston, Massachusetts

May 9, 2013

# iGEM Foundation, Inc.

## Statement of Financial Position

December 31, 2012

### Assets

Current assets:	
Cash and cash equivalents	\$ 147,407
Restricted cash	34,135
Accounts receivable	83,533
Total current assets	<u>265,075</u>
Property and equipment:	
Equipment	34,550
Leasehold improvements	17,333
	<u>51,883</u>
Less accumulated depreciation and amortization	(14,554)
Net property and equipment	<u>37,329</u>
Total assets	<u>\$ 302,404</u>

### Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 13,303
Accrued expenses	32,566
Total current liabilities	<u>45,869</u>
Net assets:	
Unrestricted net assets	224,307
Temporarily restricted net assets	32,228
Total net assets	<u>256,535</u>
Total liabilities and net assets	<u>\$ 302,404</u>

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
iGEM program fees	\$ 1,165,175	\$ -	\$ 1,165,175
Sponsorships	385,833	-	385,833
Grants	-	160,000	160,000
Interest income	946	-	946
Contributed services	18,838	-	18,838
Net assets released from restrictions due to satisfaction of program restrictions	127,772	(127,772)	-
Total support and revenue	1,698,564	32,228	1,730,792
Expenses:			
Program:			
iGEM competition	1,372,422	-	1,372,422
Administrative expenses	340,754	-	340,754
Total expenses	1,713,176	-	1,713,176
Increase (decrease) in net assets	(14,612)	32,228	17,616
Net assets - beginning of year	238,919	-	238,919
Net assets - end of year	\$ 224,307	\$ 32,228	\$ 256,535

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

## Statement of Cash Flows

Year Ended December 31, 2012

Cash flows from operating activities:	
Increase in net assets	\$ 17,616
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation and amortization	14,554
Changes in operating assets and liabilities:	
Accounts receivable	(83,533)
Accounts payable	(28,866)
Accrued expenses	(53,770)
Net cash used by operating activities	<u>(133,999)</u>
Cash flows from investing activities:	
Purchase of property and equipment	(36,883)
Increase in restricted cash	(34,135)
Net cash used by investing activities	<u>(71,018)</u>
Net decrease in cash and cash equivalents	(205,017)
Cash and cash equivalents at beginning of year	<u>352,424</u>
Cash and cash equivalents at ending of year	<u>\$ 147,407</u>

See accompanying notes to financial statements.

# iGEM Foundation, Inc.

Notes to Financial Statements

Year Ended December 31, 2012

## 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. During 2012, teams attended their Regional Jamboree in one of five regions and a percentage of teams were 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. 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-imposed restrictions. As of December 31, 2012, the Foundation had no permanently restricted net assets.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

### **ORGANIZATION AND 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 \$34,135 at December 31, 2012 represents the portion of a money market account pledged as collateral for a letter of credit issued in connection with the Foundation's lease agreement (see Note 3).

#### *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.

#### *Revenue Recognition*

The Foundation recognizes program fees for team registration and jamboree revenue when the competition or events are held. Donations, sponsorships and grants are recognized when received.

Revenue with donor-imposed restrictions is recognized in temporarily restricted net assets until the funds are expended in accordance with the terms of the restrictions.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

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

#### *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 \$18,838 of contributed legal services in 2012.

#### *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 and changes in net assets. Accordingly, certain costs have been allocated between the program and administrative expenses.

#### *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, 2012. The Foundation records interest and penalties, if any, as part of income tax expense. No interest or penalties were recorded in 2012.

The Foundation's initial 2011 tax returns and 2012 tax returns are subject to review and examination by federal and state taxing authorities.

## **2. GRANTS**

In 2012, the Foundation received two grants totaling \$160,000.

- A \$100,000 grant restricted to the support of the North American Jamboree held in Pittsburgh. The funds were expended for the jamboree in 2012 and therefore released from temporarily restricted net assets.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Continued)

### GRANTS (concluded)

- A \$60,000 grant restricted for the purpose of improving the quality of societal aspects of the Foundation's projects by developing a curated collection of excellent examples and by supporting judges with expertise in societal issues. As of December 31, 2012, \$27,772 of this grant had been spent and released from temporarily restricted net assets.

### 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 a deferred lease incentive on the Foundation's statement of financial position.

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

<u>Years Ending December 31,</u>	
2013	\$ 196,045
2014	205,008
2015	209,689
2016	214,370
2017	219,051
2018	<u>44,948</u>
	<u>\$ 1,089,111</u>

Total rent expense amounted to \$217,442 in 2012.

#### *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.

# iGEM Foundation, Inc.

## Notes to Financial Statements (Concluded)

### **4. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through May 9, 2013, 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.