

Seeding Labs, A Non Profit Corporation

Financial Statements

**For the Year Ended December 31, 2010
and Eleven Months Ended December 31, 2009**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Seeding Labs, A Non Profit Corporation
Cambridge, Massachusetts

We have audited the accompanying statements of financial position of **Seeding Labs, A Non Profit Corporation** as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2010 and the eleven months ended December 31, 2009. These financial statements are the responsibility of the Organization's management. 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 audits 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 audits provide 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 **Seeding Labs, A Non Profit Corporation** as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the year and eleven months then ended, in conformity with accounting principles generally accepted in the United States of America.


Needham, Massachusetts
June 14, 2011

Seeding Labs, A Non Profit Corporation

Statements of Financial Position December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<i>Assets</i>		
Cash	\$ 66,199	\$ 82,555
Property and equipment, net	1,026	-
Other assets	750	-
	<u>67,975</u>	<u>82,555</u>
Total assets	<u>\$ 67,975</u>	<u>\$ 82,555</u>
<i>Liabilities and Net Assets</i>		
Liabilities		
Accounts payable	<u>\$ 3,742</u>	<u>\$ 6,229</u>
	3,742	6,229
Total liabilities	3,742	6,229
Net assets, unrestricted	<u>64,233</u>	<u>76,326</u>
	<u>\$ 67,975</u>	<u>\$ 82,555</u>
Total liabilities and net assets	<u>\$ 67,975</u>	<u>\$ 82,555</u>

Seeding Labs, A Non Profit Corporation

Statements of Activities For the Year Ended December 31, 2010 and Eleven Months Ended December 31, 2009

	<u>2010</u>	<u>2009</u>
Program and other revenue		
Contributions of laboratory equipment	\$ 640,157	\$ 485,301
Contributions	200,214	85,514
In-kind contributions	16,055	107,809
Interest and dividend income	50	26
	<u>856,476</u>	<u>678,650</u>
Expenses		
Program	782,645	592,521
Management and general	72,386	22,668
Fundraising	13,538	6,527
	<u>868,569</u>	<u>621,716</u>
Change in net assets	(12,093)	56,934
Net assets at beginning of period	<u>76,326</u>	<u>19,392</u>
Net assets at end of period	<u><u>\$ 64,233</u></u>	<u><u>\$ 76,326</u></u>

Seeding Labs, a Non Profit Corporation

Statement of Functional Expenses For the Year Ended December 31, 2010

	Program	Management and General	Fundraising	Total
Donated laboratory equipment	\$ 640,157	\$ -	\$ -	\$ 640,157
Compensation	102,539	27,344	6,836	136,719
Travel and meals	-	36,020	-	36,020
Professional fees	13,549	3,613	903	18,065
Shipping and logistics	7,769	-	-	7,769
Payroll taxes	5,800	1,547	387	7,734
Rent	4,699	1,253	313	6,265
Insurance	4,194	1,118	280	5,592
Photo and video	-	-	3,800	3,800
Employee benefits	2,043	545	136	2,724
Printing	745	199	50	994
Marketing	-	-	750	750
Conferences and meetings	-	570	-	570
IT and database	513	-	-	513
Depreciation	193	51	13	257
Supplies	138	37	9	184
Telecommunications	108	29	7	144
Postage	91	24	6	121
Miscellaneous	85	-	-	85
Fundraising fees	-	-	46	46
Fees	-	30	-	30
Volunteer expenses	22	6	2	30
	\$ 782,645	\$ 72,386	\$ 13,538	\$ 868,569

Seeding Labs, a Non Profit Corporation

Statement of Functional Expenses For the Eleven Months Ended December 31, 2009

	Program	Management and General	Fundraising	Total
Donated laboratory equipment	\$ 485,301	\$ -	\$ -	\$ 485,301
Professional fees	41,766	11,137	2,783	55,686
Compensation	29,170	7,779	1,945	38,894
IT and database	22,390	-	-	22,390
Shipping and logistics	9,004	-	-	9,004
Rent	1,875	500	125	2,500
Travel and meals	-	1,516	-	1,516
Payroll taxes	1,108	295	74	1,477
Printing	791	211	53	1,055
Marketing	-	-	805	805
Photo and video	-	-	629	629
Conferences and meetings	-	535	-	535
Office expenses	392	105	26	523
Fees	-	463	-	463
Volunteer expenses	249	67	17	333
Miscellaneous	250	-	-	250
Supplies	118	32	8	158
Telecommunications	68	18	4	90
Fundraising fees	-	-	55	55
Postage	39	10	3	52
	\$ 592,521	\$ 22,668	\$ 6,527	\$ 621,716

Seeding Labs, A Non Profit Corporation

Statements of Cash Flows For the Year Ended December 31, 2010 and Eleven Months Ended December 31, 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ (12,093)	\$ 56,934
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	257	-
Changes in operating assets and liabilities		
Increase in other assets	(750)	-
Increase (decrease) in accounts payable	(2,487)	6,229
Total adjustments	(2,980)	6,229
Net cash provided by (used in) operating activities	(15,073)	63,163
Cash flows from investing activities		
Purchase of property and equipment	(1,283)	-
Net cash used in investing activities	(1,283)	-
Net increase (decrease) in cash	(16,356)	63,163
Cash at beginning of period	82,555	19,392
Cash at end of period	<u>\$ 66,199</u>	<u>\$ 82,555</u>

Seeding Labs, A Non Profit Corporation

Notes to Financial Statements For the Year Ended December 31, 2010 and the Eleven Months Ended December 31, 2009

1. Organization

Seeding Labs, a Non Profit Corporation (the “Organization”) was organized under the laws of the Commonwealth of Massachusetts for the purpose of developing the infrastructure of scientific research labs and the research capacity of local scientific networks in developing countries so that they may conduct first-rate scientific research. During 2009 the Organization changed its fiscal year end of January 31 to December 31.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

The Organization is required by GAAP to report 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.

Unrestricted Net Assets

Unrestricted net assets represent those assets which the Organization may use at its discretion.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of those assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Seeding Labs, A Non Profit Corporation

Notes to Financial Statements For the Year Ended December 31, 2010 and the Eleven Months Ended December 31, 2009

2. Summary of Significant Accounting Policies (Continued)

Donated Laboratory Equipment

The Organization receives donations of new and used surplus laboratory equipment from scientists and scientific institutions in the United States. The Organization in turn, gives these donated goods, at no charge, to scientists and scientific institutions in developing nations. The Organization records the donated goods at their estimated fair value on the date of donation. During the year ended December 31, 2010, the Organization received donations of laboratory equipment with an estimated fair value of \$640,157.

To determine fair value, the Organization gathers as much information as possible on each piece of equipment, including the manufacturer, model number, age, condition, etc. The value is obtained by researching websites of equipment resellers with the exact piece of equipment (maker, model number, etc.) If the value for the exact piece cannot be obtained, then the value for a comparable piece of equipment can be substituted. If there are multiple listings for a piece of equipment, the median value of the listings is used for valuation purposes.

Donated Services

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under GAAP were not met.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets. Estimated useful lives are five years for office equipment and ten years for furniture and fixtures.

Advertising

The Organization expenses advertising costs as incurred. Advertising expenses amounted to \$750 for the year ended December 31, 2010 and \$805 for the eleven months ended December 31, 2009.

Functional Expense Allocation

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

Seeding Labs, A Non Profit Corporation

Notes to Financial Statements For the Year Ended December 31, 2010 and the Eleven Months Ended December 31, 2009

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts state income taxes under Massachusetts General Law 180. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income at both the federal and state levels. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization evaluates all significant tax positions as required by GAAP. As of December 31, 2010, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2010, the Organization's federal and state tax returns generally remain open for examination for three years from the date filed with each taxing jurisdiction.

Subsequent Events

The Organization has evaluated all subsequent events through June 14, 2011, the date the financial statements were available to be issued.

3. Property and equipment

Property and equipment consists of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Computer equipment	\$ 1,283	\$ -
Accumulated depreciation	<u>(257)</u>	<u>-</u>
	<u>\$ 1,026</u>	<u>\$ -</u>

Depreciation expense amounted to \$257 for the year ended December 31, 2010 and \$0 for the eleven months ended December 31, 2009.

Seeding Labs, A Non Profit Corporation

Notes to Financial Statements For the Year Ended December 31, 2010 and the Eleven Months Ended December 31, 2009

4. Donated Services

The value of donated services recorded as in-kind contributions in the financial statements for the year ended December 31, 2010 and eleven months ended December 31, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Legal services	\$ 16,055	\$ 55,059
Compensation	-	30,000
IT and database	-	20,250
Rent	-	2,500
	<u>\$ 16,055</u>	<u>\$ 107,809</u>

5. Collaborative Program

In February 2010, the Organization entered into a collaborative agreement with Novartis Institutes for BioMedical Research (NIBR) to develop a scientific exchange program for Kenyan scientists. The program will offer three to five Kenyan scientific investigators an opportunity to participate in a ten week exchange program. NIBR will provide the funding to cover all expenses and the Organization will be responsible for managing the invitation and selection process.

6. Concentrations

The Organization maintains its cash balance in one financial institution located in Massachusetts. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the Organization may have deposits with the bank exceeding the federally insured limit.

For the year ended December 31, 2010, the Organization received 40% of its laboratory equipment from two donors and 55% of its contributions from one donor.

For the eleven months ended December 31, 2009, the Organization received 64% of its laboratory equipment from one donor and 78% of its contributions from one donor.