

Annual report
To the management board of
International Society for Microbial Ecology (ISME)
located, Wageningen
Report on the annual accounts
2016

Draft

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1. ACCOUNTANT'S REPORT

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International Society for Microbial Ecology (ISME)
To the attention of the board
Droevendaalsesteeg 10
6708 PB WAGENINGEN

Referentie :
Cliëntnummer : 22759
Datum :
Vestiging : Ede

Dear members of the board,

We hereby offer you the report concerning the annual report 2016 for the International Society for Microbial Ecology, Wageningen.

1.1 Accountant's compilation report

Considering the fact that we have not completed the compilation of these financial statements yet, we have not issued a compilation report at this moment. In accordance with professional standards we have mentioned 'unaudited' on each page of these financial statements.

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1.2 General

Registration Chamber of Commerce

International Society for Microbial Ecology is registered at the Chamber of Commerce in Arnhem, The Netherlands, number 09191073.

Separation activities

In 2016 the publishing activities of ISME are separated in an new company named ISME Publications B.V.

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1.3 Results

Analysis of the result

	2016		2015		Difference	
	€	%	€	%	€	%
Net Turnover	406.321	100,0	420.157	100,0	-13.836	-3,3
Cost of sales	-2.545	-0,6	-8.048	-1,9	5.503	68,4
Gross margin	403.776	99,4	412.109	98,1	-8.333	-2,0
Congresses	27.488	6,8	-74.282	-17,7	101.770	137,0
Gross margin	431.264	106,2	337.827	80,4	93.437	27,7
Other operating expenses	214.535	52,8	90.607	21,6	123.928	136,8
Total operating expenses	214.535	52,8	90.607	21,6	123.928	136,8
Operating result	216.729	53,4	247.220	58,8	-30.491	-12,3
Financial income and expense	-17.277	-4,3	13.963	3,3	-31.240	-223,7
	199.452	49,1	261.183	62,1	-61.731	-23,6
Taxation	-109.960	-27,1	-	-	-109.960	-
	89.492	22,0	261.183	62,1	-171.691	-65,7
Share in result of participations	-64	-	-	-	-64	-
Net result	89.428	22,0	261.183	62,1	-171.755	-65,8

1.4 Financial position

To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report. Hereafter we provide you with the balance sheet as at 31 December 2016 in an abridged form.

Financial structure

	31-12-2016		31-12-2015	
	€	%	€	%
Assets				
Financial fixed assets	439.866	30,6	-	-
Receivables	26.430	1,8	253.568	20,9
Cash	973.172	67,6	958.286	79,1
	<u>1.439.468</u>	<u>100,0</u>	<u>1.211.854</u>	<u>100,0</u>
Liabilities				
Capital	1.220.309	84,8	1.130.881	93,3
Current liabilities, accruals and deferred income	219.159	15,2	80.973	6,7
	<u>1.439.468</u>	<u>100,0</u>	<u>1.211.854</u>	<u>100,0</u>

Analysis of the financial position

	31-12-2016	31-12-2015
	€	€
Available on short term		
Receivables	26.430	253.568
Cash	973.172	958.286
	<u>999.602</u>	<u>1.211.854</u>
Current liabilities, accruals and deferred income	-219.159	-80.973
Liquidity surplus = working capital	<u>780.443</u>	<u>1.130.881</u>
Established for the long term		
Financial fixed assets	439.866	-
Financed with on the long term available assets	<u>1.220.309</u>	<u>1.130.881</u>
Financing		
Capital	<u>1.220.309</u>	<u>1.130.881</u>

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1.5 Other comments

Board report

The annual report is available at the company's offices.

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2. ACCOUNTANTS REPORT

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INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
WAGENINGEN

2.1 Balance sheet as at 31 December 2016

After proposal result appropriation

		<u>31-12-2016</u>	<u>31-12-2015</u>
		€	€
ASSETS			
FIXED ASSETS			
Financial fixed assets	1	439.866	-
CURRENT ASSETS			
Receivables			
Accruals and prepaid expenses	2	26.430	253.568
Cash	3	973.172	958.286
Total assets		<u>1.439.468</u>	<u>1.211.854</u>

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		<u>31-12-2016</u>		<u>31-12-2015</u>	
		€	€	€	€
LIABILITIES					
CAPITAL					
Capital owner	4	-		1.130.881	
Designated reserves	5	1.100.000		-	
General reserves	6	120.309		-	
			<u>1.220.309</u>		<u>1.130.881</u>
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME					
Amounts owed to credit institutions	7	-		3.971	
Liabilities to other participations	8	22.154		-	
Taxes and social security charges	9	102.902		-	
Other liabilities and accrued expenses	10	94.103		77.002	
			<u>219.159</u>		<u>80.973</u>
Total liabilities			<u><u>1.439.468</u></u>		<u><u>1.211.854</u></u>

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2.2 Statement of activities for the year 2016

		2016		2015	
		€	€	€	€
Net Turnover	11	406.321		420.157	
Cost of sales	12	-2.545		-8.048	
Gross margin		403.776		412.109	
Congresses	13	27.488		-74.282	
Gross margin			431.264		337.827
Expenses					
Other operating expenses	14		214.535		90.607
Operating result			216.729		247.220
Financial income and expense	15		-17.277		13.963
			199.452		261.183
Taxation	16		-109.960		-
			89.492		261.183
Share in result of participations	17		-64		-
Result after movement fiscal OAP reserve			89.428		261.183

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2.3 Cash flow statement for the year 2016

	2016		2015	
	€	€	€	€
Cash flow from operating activities				
Operating result		216.729		247.220
Adjustments for				
Result of participations not through participations		-64		-
Changes in working capital				
Movements accounts receivable	227.138		-28.425	
Current liabilities, accruals and deferred income (excluding banks)	142.157		24.563	
		369.295		-3.862
Cash flow from business activities		585.960		243.358
Interest received		1.258		3.203
Interest paid		-18.548		-2.552
Taxation		-109.960		-
		-127.250		651
Cash flow from operating activities		458.710		244.009
Cash flow from investment activities				
Investments in financial fixed assets	-439.930		-	
Disposal of financial fixed assets	64		-	
Cash flow from investment activities		-439.866		-
Net cash flow		18.844		244.009
Exchange rate and translation differences on cash		13		13.312
Movements cash		18.857		257.321
Turnover movement cash and cash equivalents				
Balance as at beginning of financial year		954.315		696.994
Movements during financial year		18.857		257.321
Balance as at financial year end		973.172		954.315

2.4 Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of International Society for Microbial Ecology (ISME) is Droevendaalsesteeg 10, 6708 PB in Wageningen. International Society for Microbial Ecology (ISME) is registered at the trade register under number 09191073.

General notes

Description of the most important activities of the entity

The activities of international Society for Microbial Ecology, having its legal seat at Wageningen (Netherlands) primarily consist of the promotion of education and research activities in microbial ecology.

Board as at December 31

- President: J.K Janson
- Vice-President: J.C. Murrell
- Secretary/Treasurer: M.J. Bailey
- Past President: M. Wagner
- Board Member: R.I. Amann
- Board Member: S. Okabe
- Board Member: A.H. Frostegard
- Board Member: N.S. Webster
- Board Member: K. Küsel
- Board Member: M.W. Taylor
- Board Member: M.C. Alonso Urquiola
- Board Member: V.J. Orphan

General accounting principles

Description of the accounting standards used to prepare the financial statements

The annual accounts have been drawn up in accordance with the provisions of the Dutch Accounting Standard for Annual Reporting C1 little non-profit organisations. The valuation of assets and liabilities and the determination of the result are based on historical cost. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued at cost.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Foreign currency translation

Foreign currency translation

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the statement of income and expenses.

Accounting policies for the balance sheet

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as International Society for Microbial Ecology (ISME) can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Receivables

Upon initial recognition the receivables are valued at fair value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents are valued at face value. If cash is not freely available this is taken into account for the valuation.

Designated reserves

The board has isolated some of the reserves for the purpose of spending on the programs.

Current liabilities

Upon initial recognition, current liabilities are stated at fair value.

Accounting policies for the income statement

Accounting principles for determining the result

Revenues from services are recognized in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Revenue recognition

Net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts.

Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Other operating expenses

Costs are taken into account under the historical cost convention and allocated to the period concerned.

Interest expenses and related expenses

Interest income and expenses consist of interest received from or paid to third parties.

Accounting policies for the cash flow statement

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

2.5 Notes to the balance sheet

Assets

Fixed assets

	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
1 Financial fixed assets		
Participations in affiliated companies	439.866	-
	<u> </u>	<u> </u>

Participations in affiliated companies

Participation in ISME Publications B.V.	439.866	-
	<u> </u>	<u> </u>

Concerns a 100% participation in ISME Publications B.V., Wageningen, The Netherlands.

	<u>2016</u>	<u>2015</u>
	€	€
Participation in ISME Publications B.V.		
Book value as at 1 January	-	-
Investments	439.930	-
Annual result	-64	-
	<u> </u>	<u> </u>
Book value as at 31 December	439.866	-
	<u> </u>	<u> </u>

Current assets

Receivables

	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
Other receivables, prepayments and accrued income		
Interest	225	1.155
ISME Journal partner share	-	183.547
Other receivables	17.683	-
Prepaid costs ISME 2016	-	68.866
Prepaid costs ISME 2017	130	-
Prepaid costs ISME 2018	8.392	-
	<u> </u>	<u> </u>
	26.430	253.568
	<u> </u>	<u> </u>

INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
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	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
3 Cash		
Rabobank NL73 RABO 0148 9969 49	-	277.149
Rabobank NL84 RABO 3492 6036 29	25.236	25.050
Rabobank NL20 RABO 3492 6070 12	26.816	26.690
Rabobank NL41 RABO 0157 3170 21	-34	25.364
Rabobank NL20 RABO 3292 2609 81	486.864	600.000
Rabobank NL65 RABO 3463 5242 44	2.058	2.048
Rabobank NL05 RABO 0174 3301 11	1.970	702
Rabobank NL41 RABO 0157 3170 21	377.132	-
PayPal	1.707	1.283
International Card Services Visa	51.423	-
	<u>973.172</u>	<u>958.286</u>

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INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
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Liabilities

	<u>2016</u>	<u>2015</u>
	€	€
4 Capital owner		
Balance as at 1 January	1.130.881	869.698
Annual result	-	261.183
	<u>1.130.881</u>	<u>1.130.881</u>
Reserves	-1.130.881	-
Balance as at 31 December	<u>-</u>	<u>1.130.881</u>
	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
5 Designated reserves		
Destination Reserves	1.100.000	-
	<u>1.100.000</u>	<u>-</u>
Destination reserves		
Ambassadors Program	15.000	-
Development Fund	60.000	-
ISME Promotional Fund	10.000	-
General Society Sponsorship	15.000	-
Continuity reserve	1.000.000	-
	-	-
Total	<u>1.100.000</u>	<u>-</u>
	<u>2016</u>	<u>2015</u>
	€	€
6 General reserves		
Balance as at 1 January	-	-
Annual result	89.428	-
Other additions	30.881	-
	<u>120.309</u>	<u>-</u>
Balance as at 31 December	<u>120.309</u>	<u>-</u>
Current liabilities, accruals and deferred income		
7 Amounts owed to credit institutions		
Amounts owed to credit institutions	-	3.971
	<u>-</u>	<u>3.971</u>

INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
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	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
Amounts owed to credit institutions		
VISA Card	-	3.971
	<u> </u>	<u> </u>
	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
8 Liabilities to other participations		
Liability to Participation in ISME Publications B.V.	22.154	-
	<u> </u>	<u> </u>
9 Taxes and social security charges		
Taxes vennootschapsbelasting	102.902	-
	<u> </u>	<u> </u>
10 Other liabilities and accrued expenses		
Awards Costerton	-	1.500
Advance receivables membership fees	9.570	35.768
Accounting fees	7.495	3.630
Secretary costs	40.179	34.458
Advice costs	10.389	1.646
Interest taxes	9.696	-
ISME awards/reimbursements	16.774	-
	<u> </u>	<u> </u>
	<u>94.103</u>	<u>77.002</u>

Contingent assets and liabilities

Dispute

The Dutch Tax Authority states that ISME sales tax is payable on the membership fees. There is still no clarity about the tariff to be used.

Against what the tax authority proposes, objections will be submitted, as a result it is unclear whether this will lead to outflow of funds.

2.6 Notes to the statement of activities

	<u>2016</u>	<u>2015</u>
	€	€
11 Net Turnover		
Membership fees	124.729	71.852
Revenues ISME Journal	-	348.305
Services ISME Rhizosphere 4	3.502	-
Fundraising ISME Publications B.V.	278.090	-
	<u>406.321</u>	<u>420.157</u>
12 Cost of sales		
Cost of sales	<u>2.545</u>	<u>8.048</u>
Cost of sales		
Editors ISME Journal	-	5.376
Ambassadors programs	2.545	2.672
	<u>2.545</u>	<u>8.048</u>
13 Congresses		
Registration fees	1.020.614	-
Sponsorships	70.423	21.757
Catering	-304.089	-
General	-	-998
Hotels	-36.348	-
Awards	-8.212	-
Event coordination	-646.353	-95.041
Reimbursements	-10.877	-
Travel grants	-57.670	-
	<u>27.488</u>	<u>-74.282</u>

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INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
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	<u>2016</u>	<u>2015</u>
	€	€
14 Other operating expenses		
Selling expenses	41.894	2.198
Office expenses	26.542	6.664
General expenses	146.099	81.745
	<u>214.535</u>	<u>90.607</u>
Selling expenses		
Travelling and hotel expenses	<u>41.894</u>	<u>2.198</u>
Office expenses		
Office supplies	983	160
Postage expenses	2.233	1.276
Telephone and fax expenses	4.739	2.965
Automation expenses	14.579	1.110
Insurance premium	3.088	599
Other office expenses	920	554
	<u>26.542</u>	<u>6.664</u>
General expenses		
Accountancy costs	13.719	5.456
Advice costs	32.830	1.646
Other general expenses	244	4
Secretary costs	99.306	74.639
	<u>146.099</u>	<u>81.745</u>
15 Financial income and expense		
Other interest and similar income	1.258	3.203
Value changes of receivables from fixed assets and securities	13	13.312
Interest and similar expenses	<u>-18.548</u>	<u>-2.552</u>
	<u>-17.277</u>	<u>13.963</u>

INTERNATIONAL SOCIETY FOR MICROBIAL ECOLOGY (ISME)
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	<u>2016</u>	<u>2015</u>
	€	€
Other interest and similar income		
Received bank interest	1.258	3.203
	<u>1.258</u>	<u>3.203</u>
Value changes of receivables from fixed assets and securities		
Exchange rate difference	13	13.312
	<u>13</u>	<u>13.312</u>
Interest and similar expenses		
Paid bank interest	7.123	2.552
Other interest expenses	11.425	-
	<u>18.548</u>	<u>2.552</u>
Other interest expenses		
Interest taxes	11.125	-
Interest ISME Publications B.V.	300	-
	<u>11.425</u>	<u>-</u>
16 Taxation		
Onerous company tax	-109.960	-
	<u>-109.960</u>	<u>-</u>
17 Share in result of participations		
Result ISME Publications B.V.	-64	-
	<u>-64</u>	<u>-</u>

Wageningen,
International Society for Microbial Ecology (ISME)

J.C. Murell
President

M.J. Bailey
Secretary / Treasurer

E.F. de Long
Vice-President