

**ANNUAL REPORT
TO THE MANAGEMENT BOARD OF
INTERNATIONAL SOCIETY FOR
MICROBIAL ECOLOGY
LOCATED, WAGENINGEN
2018**

Draft

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1. ACCOUNTANTS REPORT

International Society for Microbial Ecology
To the attention of Sarashwatie de Wilde
Droevendaalsesteeg 10
6708 PB Wageningen

Utrecht 29 June 2019
22759

Dear members of the board

1.1 ACCOUNTANT'S COMPILATION REPORT

As the accountant's compilation engagement applicable to the financial statements has not been completed yet the accountant's compilation report has not yet been provided. This draft financial statement report will only be used to review the contents of this financial draft and it is not meant to be distributed. The draft may also be subject to change and the final financial statements may differ from this draft.

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1.2 RESULTS

ANALYSIS OF THE RESULT

	2018		2017	
	€	%	€	%
NET TURNOVER	395.335	100,0	473.731	100,0
Cost of sales	-75.448	-19,1	-28.111	-5,9
GROSS MARGIN	319.887	80,9	445.620	94,1
Congresses	-203.953	-51,6	-	-
GROSS MARGIN	115.934	29,3	445.620	94,1
Other operating expenses	184.306	46,6	249.029	52,6
TOTAL OPERATING EXPENSES	184.306	46,6	249.029	52,6
OPERATING RESULT	-68.372	-17,3	196.591	41,5
Financial income and expense	-9.073	-2,3	-25.515	-5,4
RESULT OF ORDINARY ACTIVITIES	-77.445	-19,6	171.076	36,1

1.3 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 2018 in an abridged form.

FINANCIAL STRUCTURE

	2018		2017	
	€	%	€	%
ASSETS				
Financial fixed assets	439.866	34,3	439.866	29,1
Receivables	66.666	5,2	122.293	8,1
Cash	774.499	60,5	947.707	62,8
	1.281.031	100,0	1.509.866	100,0
LIABILITIES				
Capital	1.267.683	99,0	1.345.127	89,1
Short-term liabilities	13.348	1,0	164.739	10,9
	1.281.031	100,0	1.509.866	100,0

ANALYSIS OF THE FINANCIAL POSITION

	<u>2018</u>	<u>2017</u>
	€	€
AVAILABLE ON SHORT TERM		
Receivables	66.666	122.293
Cash	774.499	947.707
	<u>841.165</u>	<u>1.070.000</u>
Short-term liabilities	-13.348	-164.739
Liquidity surplus = working capital	<u>827.817</u>	<u>905.261</u>
ESTABLISHED FOR THE LONG TERM		
Financial fixed assets	439.866	439.866
FINANCED WITH ON THE LONG TERM AVAILABLE ASSETS	<u>1.267.683</u>	<u>1.345.127</u>
FINANCING		
Capital	<u>1.267.683</u>	<u>1.345.127</u>

1.4 OTHER COMMENTS**Board report**

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

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2. FINANCIAL STATEMENTS

2.1 BALANCE SHEET AS AT 31 DECEMBER 2018

		<u>2018</u>		<u>2017</u>
		€	€	€
ASSETS				
FIXED ASSETS				
FINANCIAL FIXED ASSETS	1		439.866	439.866
CURRENT ASSETS				
RECEIVABLES				
Receivables from associated com- panies	2	22.533		849
Taxes and social security premiums	3	44.133		-
Other receivables and accrued in- come	4	-		121.444
		-	66.666	122.293
CASH	5		774.499	947.707
			<u>1.281.031</u>	<u>1.509.866</u>

		<u>2018</u>		<u>2017</u>	
		€	€	€	€
LIABILITIES					
CAPITAL	6				
Destination reserve		1.100.000		1.100.000	
General reserve		167.683		245.127	
		<u> </u>	1.267.683	<u> </u>	1.345.127
SHORT-TERM LIABILITIES					
Trade creditors	7	10.348		45.124	
Taxes and social security premiums	8	-		75.439	
Other liabilities and accrued expenses	9	3.000		44.176	
		<u> </u>	13.348	<u> </u>	164.739
			<u>1.281.031</u>		<u>1.509.866</u>

2.2 STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2018

		<u>2018</u>		<u>2017</u>	
		€	€	€	€
NET TURNOVER	10	395.335		473.731	
Cost of sales	11	-75.448		-28.111	
GROSS MARGIN		<u>319.887</u>		<u>445.620</u>	
Congresses	12	-203.953		-	
GROSS MARGIN			115.934		445.620
Other operating expenses	13		184.306		249.029
OPERATING RESULT			<u>-68.372</u>		<u>196.591</u>
Value changes of receivables from fixed assets and securities	14	-2.652		-19.536	
Interest and similar expenses	15	-6.421		-5.979	
FINANCIAL INCOME AND EXPENSE			<u>-9.073</u>		<u>-25.515</u>
RESULT OF ORDINARY ACTIVITIES			<u><u>-77.445</u></u>		<u><u>171.076</u></u>

	<u>2018</u>		<u>2017</u>
	€	€	€
2.3 CASH FLOW STATEMENT FOR THE YEAR 2018			
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		-68.372	196.591
Changes in working capital			
Receivables from associated companies	-21.684		-849
Other accounts receivable	-44.133		-
Accruals and prepaid expenses	121.444		-95.014
Short-term liabilities (excluding banks)	-151.391		-100.679
		<u>-95.764</u>	<u>-196.542</u>
CASH FLOW FROM BUSINESS ACTIVITIES			
		-164.136	49
Interest paid		-6.421	-5.979
CASH FLOW FROM OPERATING ACTIVITIES			
		-170.557	-5.930
NET CASH FLOW			
		-170.557	-5.930
Exchange rate and translation differences on cash		-2.651	-19.535
MOVEMENTS CASH			
		<u>-173.208</u>	<u>-25.465</u>
TURNOVER MOVEMENT CASH AND CASH EQUIVALENTS			
Balance as at beginning of financial year		947.707	973.172
Movements during financial year		-173.208	-25.465
Balance as at financial year end		<u>774.499</u>	<u>947.707</u>

2.4 NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

REGISTERED ADDRESS AND REGISTRATION NUMBER TRADE REGISTER

The actual address of International Society for Microbial Ecology is Droevendaalsesteeg 10, 6708 PB in Wageningen. International Society for Microbial Ecology is registered at the Chamber of Commerce under number 09191073.

GENERAL NOTES

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: E.F. de Long
- Vice-President: N. Dubilier
- Secretary/Treasurer: M.J. Bailey
- Past President: J.C. Murrell
- 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
- Board Member: J.A. Vorholt-Zambelli
- Board Member: Y. Kamagata
- Board Member: T.P. Makhalaryane

GENERAL ACCOUNTING PRINCIPLES

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 for 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.

CONVERSION OF AMOUNTS DENOMINATED IN FOREIGN CURRENCY

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 PRINCIPLES

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 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.

CURRENT LIABILITIES

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

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 located 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.

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>2018</u>	<u>2017</u>
	€	€
1 FINANCIAL FIXED ASSETS		
Participations in affiliated companies	439.866	439.866

PARTICIPATIONS IN AFFILIATED COMPANIES

Participation in ISME Publication BV	439.866	439.866
Concerns a 100% participation in ISME Publications B.V. in Wageningen, The Netherlands.		

	<u>2018</u>	<u>2017</u>
	€	€
PARTICIPATION IN ISME PUBLICATION BV		
Book value as at 1 January	439.866	439.866
Balance movements	-	-
Book value as at 31 December	439.866	439.866

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CURRENT ASSETS

RECEIVABLES

	<u>2018</u>	<u>2017</u>
	€	€
2 RECEIVABLES FROM ASSOCIATED COMPANIES		
Receivable from associated company	22.533	849
	<u>22.533</u>	<u>849</u>
3 TAXES AND SOCIAL SECURITY PREMIUMS		
Value added tax	44.133	-
	<u>44.133</u>	<u>-</u>
4 OTHER RECEIVABLES AND ACCRUED INCOME		
Other receivables	-	18.181
Prepaid costs ISME 2018	-	103.263
	<u>-</u>	<u>121.444</u>
5 CASH		
Rabobank	742.259	923.980
ICS Creditcard	27.756	23.368
Paypal	4.484	359
	<u>774.499</u>	<u>947.707</u>

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LIABILITIES

6 CAPITAL

6 CAPITAL

Movements in equity were as follows:

	Destination reserve	General reserve	Total
	€	€	€
Balance as at 1 January 2018	1.100.000	245.127	1.345.127
To be allocated	-	-77.444	-77.444
Balance as at 31 December 2018	1.100.000	167.683	1.267.683

SHORT-TERM LIABILITIES

	2018	2017
	€	€
7 TRADE CREDITORS		
Trade creditor	10.348	45.124
8 TAXES AND SOCIAL SECURITY PREMIUMS		
Value added tax	-	75.439
9 OTHER LIABILITIES AND ACCRUED EXPENSES		
Audit fees	3.000	3.000
Advance receivables membership fees	-	41.176
	3.000	44.176

2.6 NOTES TO THE PROFIT AND LOSS ACCOUNT

	<u>2018</u>	<u>2017</u>
	€	€
10 NET TURNOVER		
Membership fees	36.424	36.746
Fundraising	358.911	436.985
	<u>395.335</u>	<u>473.731</u>
11 COST OF SALES		
Cost of sales	<u>75.448</u>	<u>28.111</u>
COST OF SALES		
Editors ISME Journal	-	-400
Ambassadors Programs	51.836	10.421
Development fund	22.281	14.132
Promotional fund	1.331	3.958
	<u>75.448</u>	<u>28.111</u>
12 CONGRESSES		
Sponsorships	1.214.247	-
Catering	-401.909	-
General	-362.225	-
Hotels	-456.074	-
Awards	-11.964	-
Event coordination	-96.549	-
Reimbursements	-43.991	-
Travel grants	-45.488	-
	<u>-203.953</u>	<u>-</u>
13 OTHER OPERATING EXPENSES		
Selling expenses	54.311	42.593
Office expenses	9.864	21.183
General expenses	120.131	185.253
	<u>184.306</u>	<u>249.029</u>

	<u>2018</u>	<u>2017</u>
	€	€
<i>SELLING EXPENSES</i>		
Representation expenses	8.346	5.083
Sponsoring expenses	7.234	5.644
Travelling and hotel expenses	38.731	31.731
Advertising expenses	-	135
	<u>54.311</u>	<u>42.593</u>
<i>OFFICE EXPENSES</i>		
Telephone and fax expenses	4.747	520
Automation expenses	3.438	18.579
Collection expenses	856	-
Postage expenses	537	120
Office supplies	286	1.964
	<u>9.864</u>	<u>21.183</u>
<i>GENERAL EXPENSES</i>		
Secretary costs	83.617	77.597
Consultancy expenses	22.915	14.696
Accountancy costs	13.233	6.514
Other general expenses	366	4.807
Additional VAT-collection	-	81.639
	<u>120.131</u>	<u>185.253</u>
<i>FINANCIAL INCOME AND EXPENSE</i>		
<i>14 VALUE CHANGES OF RECEIVABLES FROM FIXED ASSETS AND SECURITIES</i>		
Exchange rate difference	-2.652	-19.536
	<u>-2.652</u>	<u>-19.536</u>
<i>15 INTEREST AND SIMILAR EXPENSES</i>		
Paid bank interest	2.256	214
Other interest expenses	4.165	5.765
	<u>6.421</u>	<u>5.979</u>

	<u>2018</u>	<u>2017</u>
	€	€
<i>OTHER INTEREST EXPENSES</i>		
Interest taxes	65	65
Interest Isme Publication B.V.	4.100	5.700
	<u>4.165</u>	<u>5.765</u>
	<u><u>4.165</u></u>	<u><u>5.765</u></u>

Wageningen, 29 June 2019

E.F. de Long
President

M.J. Bailey
Secretary / Treasurer

N. Dubilier
Vice-President

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