

**INTERNATIONAL SOCIETY FOR
MICROBIAL ECOLOGY
LOCATED, WAGENINGEN
ANNUAL ACCOUNTS 2019**

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1. ACCOUNTANTS REPORT

The board of directors
International Society for Microbial Ecology
To the attention of S. de Wilde
Droevendaalsesteeg 10
6708 PB Wageningen

Utrecht 2 October 2020
146952

Dear members of the board

We hereby offer you the report concerning the annual report 2019 for International Society for Microbial Ecology, Wageningen.

1.1 ACCOUNTANT'S COMPILATION REPORT

The financial statements of International Society for Microbial Ecology, Wageningen, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the statement of activities for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of International Society for Microbial Ecology. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

1.2 RESULTS

ANALYSIS OF THE RESULT

	2019		2018	
	€	%	€	%
NET TURNOVER				
Congress	357.796	100,0	372.095	100,0
	-	-	-144.484	-38,8
GROSS MARGIN	357.796	100,0	227.611	61,2
Other operating expenses	267.441	74,7	259.755	69,9
TOTAL OF SUM OF EXPENSES	267.441	74,7	259.755	69,9
TOTAL OF OPERATING RESULT	90.355	25,3	-32.144	-8,7
Financial income and expense	-668	-0,2	-9.073	-2,4
TOTAL OF NET RESULT	89.687	25,1	-41.217	-11,1

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 2019 in an abridged form.

FINANCIAL STRUCTURE

	2019		2018	
	€	%	€	%
ASSETS				
Financial assets	439.866	30,0	439.866	33,0
Receivables	435.209	29,6	80.077	6,0
Cash and cash equivalents	592.597	40,4	811.555	61,0
	1.467.672	100,0	1.331.498	100,0
LIABILITIES				
Capital	1.393.597	95,0	1.303.910	97,9
Current liabilities, accruals and deferred income	74.075	5,0	27.588	2,1
	1.467.672	100,0	1.331.498	100,0

ANALYSIS OF THE FINANCIAL POSITION

	<u>2019</u>	<u>2018</u>
	€	€
AVAILABLE ON SHORT TERM		
Receivables	435.209	80.077
Cash and cash equivalents	592.597	811.555
	<u>1.027.806</u>	<u>891.632</u>
Current liabilities, accruals and deferred income	-74.075	-27.588
Liquidity surplus = working capital	<u>953.731</u>	<u>864.044</u>
ESTABLISHED FOR THE LONG TERM		
Financial assets	439.866	439.866
FINANCED WITH ON THE LONG TERM AVAILABLE ASSETS	<u><u>1.393.597</u></u>	<u><u>1.303.910</u></u>
FINANCING		
Capital	<u><u>1.393.597</u></u>	<u><u>1.303.910</u></u>

We shall of course be pleased to provide further information.

Yours sincerely,

MAZARS N.V.



J.A.S. Bom RA

2. MANAGEMENT BOARD'S REPORT

Exemption and reference to location of availability of the management report

The management report 2019 is available for inspection at the office of the legal entity.

3. FINANCIAL STATEMENTS

3.1 BALANCE SHEET AS AT 31 DECEMBER 2019

(After appropriation of result)

		2019		2018	
		€	€	€	€
ASSETS					
FIXED ASSETS					
FINANCIAL ASSETS	1		439.866		439.866
CURRENT ASSETS					
RECEIVABLES					
Receivables from group companies	2	326.638		-	
Taxes and social security charges	3	1.131		27.577	
Other receivables, prepayments and accrued income	4	107.440		52.500	
			435.209		80.077
CASH AND CASH EQUIVALENTS	5		592.597		811.555
			1.467.672		1.331.498
			1.467.672		1.331.498

		2019		2018	
		€	€	€	€
LIABILITIES					
CAPITAL	6				
Destination reserve		1.100.000		1.100.000	
General reserve		293.597		203.910	
			1.393.597		1.303.910
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME					
Trade payables	7	57.609		10.348	
Liabilities to group companies	8	-		1.691	
Other liabilities and accrued expenses	9	16.466		15.549	
			74.075		27.588
			1.467.672		1.331.498

3.2 STATEMENT OF ACTIVITIES FOR THE YEAR 2019

		2019		2018	
		€	€	€	€
NET TURNOVER	10	357.796		372.095	
Congress	11	-		-144.484	
GROSS MARGIN			357.796		227.611
EXPENSES					
Other operating expenses	12		267.441		259.755
TOTAL OF OPERATING RESULT			90.355		-32.144
Other interest and similar income	13	1.605		-	
Interest and similar expenses	14	-2.243		-6.421	
Currency translation differences		-30		-2.652	
FINANCIAL INCOME AND EXPENSE			-668		-9.073
TOTAL OF NET RESULT			89.687		-41.217
<i>APPROPRIATION OF RESULT</i>					
General reserve			89.687		-41.217

3.3 CASH FLOW STATEMENT FOR THE YEAR 2019

	<u>2019</u>		<u>2018</u>	
	€	€	€	€
TOTAL OF CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Operating result		90.355		-32.144
Changes in working capital				
Receivables from group companies	2	-326.638	849	
Decrease (increase) in other receivable	4	26.446	-27.577	
Accruals and prepaid expenses		-54.940	68.944	
Increase (decrease) in other payables		46.487	-137.151	
		<u>-308.645</u>		<u>-94.935</u>
TOTAL OF CASH FLOWS FROM (USED IN) OPERATIONS		-218.290		-127.079
Interest received	13	1.605	-	
Interest paid	14	-2.243	-6.421	
		<u>-638</u>		<u>-6.421</u>
TOTAL OF CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		-218.928		-133.500
NET CASH FLOW		-218.928		-133.500
Exchange rate and translation differences on cash		-30		-2.652
		<u>-30</u>		<u>-2.652</u>
TOTAL OF INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>-218.958</u>		<u>-136.152</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at the beginning of the period		811.555		947.707
Increase (decrease) cash and cash equivalents		-218.958		-136.152
Cash and cash equivalents at the end of the period		<u>592.597</u>		<u>811.555</u>

3.4 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 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. The Society is an Public Benefit Organisation.

Board as at December 31, 2019

- 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. Makhalanyaane

THE EXEMPTION OF CONSOLIDATION IN CONNECTION WITH THE APPLICATION OF SECTION 2:408

International Society for Microbial Ecology forms a group together with ISME Publications B.V. in Wageningen. Because the group can also be classified as small after consolidation, consolidation has been dispensed pursuant to section 407, sub 2, under a of Book 2 of the Dutch Civil Code.

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 small 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.

The budget is not included due to it was not used as an important steering instrument in the implementation of the activities.

CONVERSION OF AMOUNTS DENOMINATED IN FOREIGN CURRENCY

The financial statement is presented in euros, which is the functional and presentation currency of International Society for Microbial Ecology.

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.

RECEIVABLES

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value

of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

CASH AND CASH EQUIVALENTS

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

CURRENT LIABILITIES

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

ACCOUNTING PRINCIPLES FOR DETERMINING THE RESULT

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

OTHER OPERATING EXPENSES

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

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.

3.5 NOTES TO THE BALANCE SHEET

ASSETS

FIXED ASSETS

	<u>2019</u>	<u>2018</u>
	€	€
1 FINANCIAL ASSETS		
Participations in affiliated companies	439.866	439.866

PARTICIPATIONS IN AFFILIATED COMPANIES

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

PARTICIPATION IN ISME PUBLICATION BV

Book value as at 1 January	439.866	439.866
Balance movements	-	-
Book value as at 31 December	<u>439.866</u>	<u>439.866</u>

CURRENT ASSETS

RECEIVABLES

2 RECEIVABLES FROM GROUP COMPANIES

Current account ISME Publications B.V.	326.638	-
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An interest of 2.5% has been calculated on the average balance. No agreements have been made about duration, repayments and securities.

3 TAXES AND SOCIAL SECURITY CHARGES

Value added tax	1.131	27.577
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4 OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

Other receivables	30.000	52.500
Suspense account ISME 2021	77.440	-
	<u>107.440</u>	<u>52.500</u>

	<u>2019</u>	<u>2018</u>
	€	€
5 CASH AND CASH EQUIVALENTS		
Rabobank	575.827	779.315
ICS Creditcard	14.688	27.756
Paypal	2.082	4.484
	<u>592.597</u>	<u>811.555</u>

LIABILITIES

6 CAPITAL

Movements in equity were as follows:

	Destination reserve	General reserve	Total
	€	€	€
Balance as at 1 January 2019	1.100.000	203.910	1.303.910
Appropriation of result	-	89.687	89.687
Balance as at 31 December 2019	1.100.000	293.597	1.393.597

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	2019	2018
	€	€
7 TRADE PAYABLES		
Accounts payable	57.609	10.348
8 LIABILITIES TO GROUP COMPANIES		
Current account ISME Publications B.V.	-	1.691
9 OTHER LIABILITIES AND ACCRUED EXPENSES		
Advance receivables membership fees	3.855	12.548
Audit fees	3.001	3.001
Other liabilities	9.610	-
	16.466	15.549

CONTINGENT ASSETS AND LIABILITIES

DISCLOSURE OF OFF-BALANCE SHEET COMMITMENTS

International Society for Microbial Ecology has entered a collaboration agreement for the use of general facilities and the use of staff with the Koninklijke Nederlandse Academie van de Wetenschappen, representing the Netherlands Institute of Ecology. The agreement has a duration till September 1st, 2026.

SUBSEQUENT EVENTS

With the outbreak of the Coronavirus and preventive measures taken by governments, there is high economic uncertainty in the short-term and most likely in the long-term as well. For International Society for Microbial Ecology, however, things remain very uncertain and subject to change. As the Corona-crisis could not have been foreseen at the end of the reporting period, the respective implications, if any, have not been reflected in the financial statements as at 31 December 2019. Considering the high level of uncertainty regarding the implications of the Corona-crisis and further developments of this crisis going forward, we are not able to reliably estimate the future impact on the company at this stage.

3.6 NOTES TO THE STATEMENT OF ACTIVITIES

	<u>2019</u>	<u>2018</u>
	€	€
10 NET TURNOVER		
Membership fees	28.905	42.210
Fundraising	328.891	329.885
	<u>357.796</u>	<u>372.095</u>
11 CONGRESS		
Received charged expenses of employee benefits	-	1.191.500
Sponsorships	-	80.844
Event costs	-	-1.250.161
Event coordination	-	-166.667
	<u>-</u>	<u>-144.484</u>
12 OTHER OPERATING EXPENSES		
Activity expenses	81.860	75.448
Selling expenses	35.943	54.311
Office expenses	5.647	9.864
General expenses	143.991	120.132
	<u>267.441</u>	<u>259.755</u>
ACTIVITY EXPENSES		
Ambassadors Programs	19.651	51.836
Development Fund	62.209	22.281
Promotional Fund	-	1.331
	<u>81.860</u>	<u>75.448</u>
SELLING EXPENSES		
	<u>2019</u>	<u>2018</u>
	€	€
Travelling and hotel expenses	2.295	38.731
Representation expenses	2.897	8.346
Sponsoring expenses	30.751	7.234
	<u>35.943</u>	<u>54.311</u>

	<u>2019</u>	<u>2018</u>
	€	€
<i>OFFICE EXPENSES</i>		
Telephone and fax expenses	1.392	4.747
Automation expenses	3.080	3.438
Collection expenses	-	856
Postage expenses	698	537
Office supplies	477	286
	<u>5.647</u>	<u>9.864</u>
<i>GENERAL EXPENSES</i>		
Accountancy costs	7.636	13.233
Consultancy expenses	17.073	22.915
Other general expenses	-	367
Secretary costs	119.282	83.617
	<u>143.991</u>	<u>120.132</u>
<i>13 OTHER INTEREST AND SIMILAR INCOME</i>		
Other interest received	1.605	-
	<u>1.605</u>	<u>-</u>
<i>OTHER INTEREST RECEIVED</i>		
Interest taxes	1.505	-
Interest ISME Publications B.V.	100	-
	<u>1.605</u>	<u>-</u>
<i>14 INTEREST AND SIMILAR EXPENSES</i>		
Paid bank interest	2.243	2.256
Other interest expenses	-	4.165
	<u>2.243</u>	<u>6.421</u>
<i>OTHER INTEREST EXPENSES</i>		
Interest ISME Publications B.V.	-	4.100
Interest taxes	-	65
	<u>-</u>	<u>4.165</u>

Wageningen, 2 October 2020
International Society for Microbial Ecology

N. Dubilier
President

F. Falcão Salles
Secretary / Treasurer

P. Hugenholtz
Vice-President

E.F. de Long
President