



Financial Statements,
Schedule of Expenditures of Federal Awards, and
Reports Required by Government Auditing Standards
And OMB Circular A-133
June 30, 2015

Keystone Symposia on Molecular and Cellular Biology

Keystone Symposia on Molecular and Cellular Biology

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June 30, 2015

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Independent Auditor's Report

The Board of Directors
Keystone Symposia on Molecular and Cellular Biology
Silverthorne, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Keystone Symposia on Molecular and Cellular Biology (Symposia), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Keystone Symposia on Molecular and Cellular Biology as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of Symposia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Symposia's internal control over financial reporting and compliance.



Golden, Colorado
October 22, 2015

Keystone Symposia on Molecular and Cellular Biology

Statement of Financial Position

June 30, 2015

Assets	
Cash and cash equivalents	\$ 169,588
Operating investments	717,431
Assets restricted to Global Health Meeting Series	175,302
Accounts receivable, net	181,483
Promises to give, net	1,758,457
Prepaid expenses and other assets	356,911
Board-designated assets	12,184,869
Property and equipment, net	188,509
Endowment	
Cash	32,363
Total assets	<u>\$ 15,764,913</u>
Liabilities and Net Assets	
Accounts payable and accrued expenses	\$ 776,189
Deferred revenue	71,515
Capital lease obligation	96,506
Total liabilities	<u>944,210</u>
Net Assets	
Unrestricted	
Undesignated	817,561
Board-designated	
Reserve Fund	7,800,000
Growth and Enhancement Fund	1,500,000
Future of Science Fund	2,884,869
	<u>13,002,430</u>
Temporarily restricted	1,786,103
Permanently restricted	32,170
Total net assets	<u>14,820,703</u>
Total liabilities and net assets	<u>\$ 15,764,913</u>

Keystone Symposia on Molecular and Cellular Biology
Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support and Gains				
Conference registration and other, net of scholarships of \$470,150	\$ 10,476,012	\$ -	\$ -	\$ 10,476,012
Federal and state contracts and grants	722,403	-	-	722,403
Contributions	1,328,888	1,193,002	32,170	2,554,060
Net investment return	275,207	193	-	275,400
Net assets released from restrictions	2,203,538	(2,203,538)	-	-
Total revenue, support, and gains	<u>15,006,048</u>	<u>(1,010,343)</u>	<u>32,170</u>	<u>14,027,875</u>
Expenses				
Scientific and educational symposia	9,256,328	-	-	9,256,328
Supporting services expense				
Management and general	3,561,335	-	-	3,561,335
Fundraising and development	671,557	-	-	671,557
Total supporting services expenses	<u>4,232,892</u>	<u>-</u>	<u>-</u>	<u>4,232,892</u>
Total expenses	<u>13,489,220</u>	<u>-</u>	<u>-</u>	<u>13,489,220</u>
Return of funds to donors	<u>-</u>	<u>62,919</u>	<u>-</u>	<u>62,919</u>
Change in Net Assets	1,516,828	(1,073,262)	32,170	475,736
Net Assets, Beginning of Year	<u>11,485,602</u>	<u>2,859,365</u>	<u>-</u>	<u>14,344,967</u>
Net Assets, End of Year	<u>\$ 13,002,430</u>	<u>\$ 1,786,103</u>	<u>\$ 32,170</u>	<u>\$ 14,820,703</u>

Keystone Symposia on Molecular and Cellular Biology

Statement of Functional Expenses

Year Ended June 30, 2015

	Scientific and Educational Symposia	Management and General	Fundraising and Development	Total
Grants and other assistance	\$ 1,550,609	\$ -	\$ -	\$ 1,550,609
Salaries, wages and benefits	1,164,026	1,522,730	432,475	3,119,231
Payroll taxes	75,169	93,844	27,608	196,621
Professional services	17,932	308,958	-	326,890
Advertising and promotion	7,576	1,090,432	5,949	1,103,957
Office expenses	37,406	70,181	8,207	115,794
Information technology	83,042	40,853	3,345	127,240
Occupancy	83,486	103,540	23,219	210,245
Travel	443,171	30,022	91,256	564,449
Conferences, conventions, and meetings	4,395,387	164,478	-	4,559,865
Bank fees and finance charges	-	41,312	-	41,312
Insurance	19,757	24,503	5,495	49,755
Depreciation and amortization	16,095	19,962	4,476	40,533
Speaker travel	1,306,060	-	-	1,306,060
Organizational development	-	22,579	-	22,579
Staff education	-	43,152	5,421	48,573
Staff recruitment	-	34,312	34,385	68,697
Other	56,612	22,519	29,721	108,852
Total expenses by function	9,256,328	3,633,377	671,557	13,561,262
Less expenses included with revenues on the statement of activities				
Investment management fees	-	(72,042)	-	(72,042)
Total expenses included in the expense section on the statement of activities	\$ 9,256,328	\$ 3,561,335	\$ 671,557	\$ 13,489,220

Keystone Symposia on Molecular and Cellular Biology

Statement of Cash Flows
Year Ended June 30, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 475,736
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	40,533
Realized and unrealized loss on investments	23,906
Contributions restricted to endowment	(32,170)
Endowment net investment return	(193)
Changes in operating assets and liabilities	
Accounts receivable, net	63,505
Promises to give, net	87,973
Prepaid expenses and other assets	160,077
Accounts payable and accrued expenses	(205,944)
Deferred revenue	(7,220)
Net Cash from Operating Activities	<u>606,203</u>
Cash Flows from Investing Activities	
Purchases of investments	(9,160,312)
Proceeds from sales of investments	9,837,603
Proceeds from sale of property and equipment	3,942
Additions to board-designated net assets	(1,241,194)
Additions to endowment	(32,170)
Net Cash used for Investing Activities	<u>(592,131)</u>
Cash Flows from Financing Activities	
Collections of contributions restricted to endowment	32,170
Principal payments on capital lease	(53,001)
Net Cash used for Financing Activities	<u>(20,831)</u>
Net Change in Cash and Cash Equivalents	(6,759)
Cash and Cash Equivalents, Beginning of Year	176,347
Cash and Cash Equivalents, End of Year	<u>\$ 169,588</u>
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	<u>\$ 7,036</u>
Supplemental Disclosure of Non-cash Investing and Financing Activity	
Accounts payable for property and equipment	\$ 33,945
Equipment financed through capital lease arrangement	100,000
	<u>\$ 133,945</u>

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

Keystone Symposia on Molecular and Cellular Biology (Symposia) is a nonprofit science and educational organization. Symposia sponsors an annual series of conferences for the scientific community which is international in scope and focused on new and emerging areas of molecular and cellular biology as they apply to basic biology, human medicine and agriculture. Symposia obtains the majority of its revenue from registration fees paid by conference participants, contributions from corporations and charitable foundations, and federal and state contracts and grants.

Cash and Cash Equivalents

Symposia considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents, excluding cash held in investment portfolios and restricted to endowment.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Assets Restricted to Global Health Meeting Series

These assets are composed of amounts restricted by a donor for the Global Health Meeting Series to assist in defraying the costs of attendance of scientists, physicians, fellows, students, or other health care providers from countries affected by the health issues included in the meeting content, with an emphasis on those from developing countries.

Receivables and Credit Policies

Accounts receivable consist primarily of non-interest bearing amounts due from symposia activities. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. There was no allowance recorded at June 30, 2015.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There was no allowance recorded at June 30, 2015.

Property and Equipment

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to fifteen years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Symposia reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2015.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for Reserve Fund, Growth and Enhancement Fund and Future of Science Fund.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of Symposia and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Directors.

Symposia reports contributions by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, 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 – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of Symposia. The restrictions stipulate that resources be maintained permanently but permit us to expand the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Revenue from registration fees paid in advance is deferred and recognized when the corresponding conference has taken place. Payments under cost-reimbursable contracts received in advance are deferred to the period in which the related expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation (Note 10). Symposia records donated professional services at the respective fair values of the services received.

Advertising Costs

Advertising costs, which are expensed as incurred, totaled \$1,103,957 during the year ended June 30, 2015, and included \$912,684 arising from advertising barter transactions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Symposia is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Symposia is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Symposia is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Symposia's Form 990-T, and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to examination for years before 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Symposia manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Symposia has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of Symposia's mission.

Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of Symposia.

Subsequent Events

Symposia has evaluated subsequent events through October 22, 2015, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that Symposia can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, Symposia develops inputs using the best information available in the circumstances. Symposia has no Level 3 assets at June 30, 2015.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Symposia's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of Symposia's investment assets are classified within Level 1 because they are comprised of equity securities with readily determinable fair values based on daily closing prices. Investments in corporate bonds and U.S. Government and agency obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2015:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash and money market funds, at cost	\$ 96,627	\$ -	\$ -	\$ -
Government and agency obligations	620,804	-	620,804	-
	<u>\$ 717,431</u>	<u>\$ -</u>	<u>\$ 620,804</u>	<u>\$ -</u>
Assets restricted to Global Health Meeting Series				
Cash and money market funds, at cost	\$ 23,858	\$ -	\$ -	\$ -
Government and agency obligations	151,444	-	151,444	-
	<u>\$ 175,302</u>	<u>\$ -</u>	<u>\$ 151,444</u>	<u>\$ -</u>
Board-designated assets				
Cash and money market funds, at cost	\$ 646,277	\$ -	\$ -	\$ -
Corporate bonds	2,093,559	-	2,093,559	-
Government and agency obligations	2,983,096	-	2,983,096	-
Domestic equities	6,461,937	6,461,937	-	-
	<u>\$ 12,184,869</u>	<u>\$ 6,461,937</u>	<u>\$ 5,076,655</u>	<u>\$ -</u>

Note 3 - Net Investment Return

Net investment return consists of the following for the year ended June 30, 2015:

Interest and dividends	\$ 371,348
Net realized and unrealized loss	(23,906)
Less investment management fees	(72,042)
	<u>\$ 275,400</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2015:

Within one year	\$ 1,119,000
In one to five years	675,000
	<u>1,794,000</u>
Less discount to net present value at rates averaging 5%	(35,543)
	<u>\$ 1,758,457</u>

Promises to give in the amount of \$252,500 are restricted by donors for current year operations and were released to unrestricted net assets in accordance with Symposia's recognition policy.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2015:

Furniture and fixtures	\$ 269,691
Equipment	248,683
Buildings and improvements	75,244
	593,618
Less accumulated depreciation and amortization	(405,109)
	\$ 188,509

Note 6 - Line of Credit

Symposia has a \$250,000 revolving line of credit with a bank, secured by accounts receivable. Borrowings under the line bear interest at the bank's prime rate plus 0.25%, or a floor of 5.00% (5.00% at June 30, 2015). Accrued interest and principal are due at maturity, April 20, 2017. The agreement requires Symposia to comply with certain financial and non-financial covenants. No amounts were outstanding under the line of credit at June 30, 2015.

Note 7 - Leases

Symposia leases office and storage space under various operating leases, and equipment under a capital lease. The leases expire at various dates through 2021. Future minimum lease payments are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2016	\$ 28,105	\$ 209,307
2017	28,105	215,549
2018	28,105	222,060
2019	28,105	228,742
2020	21,087	235,571
Thereafter	-	180,644
Total minimum lease payments	133,507	\$ 1,291,873
Less amount representing interest	(37,001)	
Capital lease obligation	\$ 96,506	

Rent expense for the year ended June 30, 2015 was \$210,245.

Leased property under the capital lease at June 30, 2015 is comprised of copiers with a total cost of \$100,000, accumulated depreciation of \$5,000, and a net book value of \$95,000.

In connection with its office lease, Symposia established an irrevocable letter of credit in the amount of \$250,000 in favor of the landlord as a guaranty against early lease termination. The amount of the letter of credit which expires on December 31, 2020, began to reduce in value as of December 31, 2014, and will continue to reduce in value until the final expiration date. No amounts were outstanding under the letter of credit at June 30, 2015.

Note 8 - Endowment

We have a single common endowment fund (the Endowment) established by donors to provide support for Diversity in Life Science program. The Endowment includes only donor-restricted funds, as the Board of Directors has not designated any of our unrestricted net assets to function as endowment. Net assets associated with the Endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

Our Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At June 30, 2015, there were no contrary donor stipulations. As a result of this interpretation, we classify as permanently restricted net assets: (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted Endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2015, we had the following endowment net asset composition by fund:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ 193	\$ 32,170	\$ 32,363

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Under these policies, as approved by the Board of Directors, endowment assets are invested in a manner intended to produce results, measured over full market cycles, which equal or exceed the price and yield results of a blended portfolio of investment securities while assuming a low-to-moderate level of investment risk. To satisfy our long-term rate-of-return objectives, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Keystone Symposia on Molecular and Cellular Biology

Notes to Financial Statements

June 30, 2015

We have a policy of appropriating for distribution each year up to 4% of the three year quarterly moving market average of the fair value of the Endowment for the period ending on June 30. In establishing this policy, we considered the long-term expected return on our Endowment. Accordingly, over the long term, we expect the current spending policy to preserve the permanently restricted net assets of the Endowment. This is consistent with our objective to preserve the fair values of the original gifts made to the Endowment while providing an opportunity for real growth through new gifts and undistributed investment return.

Changes in Endowment net assets for the year ended June 30, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions	-	32,170	32,170
Interest	193	-	193
Endowment net assets, end of year	\$ 193	\$ 32,170	\$ 32,363

Note 9 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at June 30, 2015 consist of:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 1,316,041
Restricted by donors for	
Global Health Meeting Series	175,302
Diversity in Life Science program	18,189
Specific meeting expense support and scholarships	86,462
Promises to give, the proceeds from which have been restricted by donors for specific meeting expense support and scholarships	189,916
Unspent appreciation of Endowment funds which must be appropriated for expenditure before use	
Restricted by donors for Diversity in Life Science program	193
	\$ 1,786,103

Net assets were released from restrictions as follows during the year ended June 30, 2015:

Expiration of time restrictions	1,052,881
Satisfaction of purpose restrictions	
Global Health Meeting Series	776,980
Diversity in Life Science program	32,089
Specific meeting expense support and scholarships	341,588
	\$ 2,203,538

Permanently Restricted

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity, the earnings from which are available for Diversity in Life Science program.

Unrestricted Board-Designated

The Board of Directors designated unrestricted net assets of \$7,800,000, \$1,500,000, and \$2,884,869 as a Reserve Fund, Growth and Enhancement Fund, and Future of Science Fund, respectively. The Reserve Fund is established to provide funding for operations in times of adverse cash flow conditions in any given year. The purpose of Growth and Enhancement Fund is to provide support for new initiatives that could not be accomplished using current operating funds. The Future of Science Fund is established to provide scholarships for students who represent the next generation of academic and industrial leaders, so that they can attend the Symposia's annual series of scientific conferences with reduced expenses. The Future of Science fund may also be used for scholarships for underrepresented students and investigators, global health travel awards, general conference program support or for specific conferences.

Distributions from the Reserve Fund, Growth and Enhancement Fund, and Future of Science Fund may be made at the discretion of the Board of Directors.

Note 10 - Donated Materials

Symposia received donated materials as follows during the year ended June 30, 2015:

	Scientific and Educational Symposia	Management and General	Total
Speakers' travel costs and lodging	\$ 121,493	\$ -	\$ 121,493
Software licenses	-	24,090	24,090
Board of Directors' travel	-	513	513
	<u>\$ 121,493</u>	<u>\$ 24,603</u>	<u>\$ 146,096</u>

These donated materials are included in *Contributions* in the statement of activities.

Note 11 - Employee Benefits

Symposia sponsors a salary deferral and discretionary profit-sharing plan under Section 401(k) of the Internal Revenue Code covering substantially all full-time employees. The plan provides that employees who have completed three consecutive months of service may voluntarily contribute up to the maximum allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During the year ended June 30, 2015, Symposia matched employee voluntary contributions up to 5%, resulting in contributions to the plan of \$117,088.

Keystone Symposia on Molecular and Cellular Biology
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Research and Development - Cluster</i>			
<u>U.S. Department of Health and Human Services</u>			
<u>National Institute of Health</u>			
Direct Programs:			
Environmental Health	93.113	N/A	\$ 14,400
Human Genome Research	93.172	N/A	32,000
Cancer Cause and Prevention Research	93.393	N/A	19,500
Cancer Treatment Research	93.395	N/A	4,000
Cancer Biology Research	93.396	N/A	10,000
Cardiovascular Diseases Research	93.837	N/A	42,000
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	87,315
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	39,200
Allergy and Infectious Diseases Research	93.855	N/A	128,000
Biomedical Research and Research Training	93.859	N/A	203,605
Child Health and Human Development Extramural Research	93.865	N/A	6,000
Aging Research	93.866	N/A	<u>12,000</u>
Total U.S. Department of Health and Human Services National Institute of Health			<u>598,020</u>
<u>National Science Foundation</u>			
Direct Programs:			
Biological Sciences	47.074	N/A	<u>31,800</u>
<i>Total Research and Development Cluster</i>			<u>629,820</u>
<u>Department of Agriculture and National Institute of Food and Agriculture</u>			
Direct Programs:			
Agriculture and Food Research Initiative	10.310	N/A	<u>10,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 639,820</u></u>

Note 1 - Method of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Symposia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

Note 2 - Subrecipients

There were no subrecipients of federal awards during the year ended June 30, 2015.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Keystone Symposia on Molecular and Cellular Biology
Silverthorne, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Keystone Symposia on Molecular and Cellular Biology (Symposia), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Symposia’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Symposia’s internal control. Accordingly, we do not express an opinion on the effectiveness of Symposia’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Symposia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Golden, Colorado
October 22, 2015

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

The Board of Directors
Keystone Symposia on Molecular and Cellular Biology
Silverthorne, Colorado

Report on Compliance for Each Major Federal Program

We have audited Keystone Symposia on Molecular and Cellular Biology's (Symposia) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Symposia's major federal program for the year ended June 30, 2015. Symposia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for Symposia's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Symposia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for Symposia's major federal program. However, our audit does not provide a legal determination of Symposia's compliance.

Opinion on Each Major Federal Program

In our opinion, Symposia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Symposia is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Symposia's internal control over compliance with the types of requirements that could have a direct and material effect on its federal program to determine the auditing procedures

that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Symposia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Golden, Colorado
October 22, 2015

Keystone Symposia on Molecular and Cellular Biology
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section .510(a)	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
<i>Research and Development Cluster</i>	
Environmental Health	93.113
Human Genome Research	93.172
Cancer Cause and Prevention Research	93.393
Cancer Treatment Research	93.395
Cancer Biology Research	93.396
Cardiovascular Diseases Research	93.837
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853
Allergy and Infectious Diseases Research	93.855
Biomedical Research and Research Training	93.859
Child Health and Human Development Extramural Research	93.865
Aging Research	93.866
Biological Sciences	47.074
Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Summary of Prior Year Findings

2014-A **SEGREGATION OF DUTIES**
Material Weakness

Summary of Condition We noted Symposia’s Chief Financial Officer (CFO) had ability to and could perform the following incompatible duties:

- Create vendors within the general ledger (MAS90)
- Post journal entries with no secondary review or approval
- Grant administrative access to MAS90
- Generate and submit ACH payments with no secondary approval
- Sign checks for cash disbursements

Recommendation We recommended that Symposia implement the following processes to increase financial reporting oversight:

- Shift the responsibility for creating vendors to the Office Manager from the CFO
- Implement a review process whereby the Chief Executive Officer (CEO) reviews all journal entries posted by the CFO on a monthly basis
- Shift the responsibility for granting access to the general ledger to the Information Technology Department
- Implement a process whereby the CEO approves ACH payments initiated by the CFO

Status Implemented.