



FY16 FINANCIAL STATEMENTS

CENTER FOR THE ADVANCEMENT OF SCIENCE IN SPACE (CASIS)

For the years ended September 30, 2016 and 2015



FY16 FINANCIAL STATEMENTS

TABLE OF CONTENTS

Title Page	1
Table of Contents	2
REPORT	
Independent Auditors' Report	3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements	7

FY16 FINANCIAL STATEMENTS



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Center for the Advancement of Science in Space, Inc.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Center for the Advancement of Science in Space ("CASIS") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, and cash flows for the years 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 CASIS as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
December 2, 2016

FY16 FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED SEPTEMBER 30

Assets	2016	2015
Cash and cash equivalents	895,318	1,538,901
Grants receivable	923,932	392,845
Accounts receivable	15,000	–
Deposits	3,429	2,440
Intangibles, net of accumulated amortization of \$31,193 and \$28,166, respectively	253	3,280
Fixed assets, net of accumulated depreciation of \$594,601 and \$507,713, respectively	114,434	159,856
Prepaid expenses	133,927	185,945
Total assets	\$2,086,293	\$2,283,267

Liabilities and net assets	2016	2015
LIABILITIES		
Accounts payable and accrued expenses	159,618	128,506
Retirement plan contributions payable	411	24,576
Accrued expenses	32,200	34,237
Accrued annual leave	198,599	154,783
Total liabilities	\$390,828	\$342,102
NET ASSETS		
Unrestricted net assets	142,301	197,247
Temporarily restricted net assets	1,553,164	1,743,918
Total net assets	\$1,695,464	\$1,941,165
Total liabilities and net assets	\$2,086,293	\$2,283,267

FY16 FINANCIAL STATEMENTS

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30

Revenues and other support	2016			2015		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Federal grants	–	15,992,117	15,992,117	–	14,836,610	14,836,610
Contributions	4,182	265,000	269,182	7,430	800,000	807,430
Donated facility	111,192	–	111,192	111,195	–	111,195
Interest and other income	4,940	–	4,940	5,351	–	5,351
Net Assets released from restrictions:						
Use of grant funds for intended purposes	15,992,117	(15,992,117)	–	14,836,610	(14,836,610)	–
Use of temporarily restricted donations	455,754	(455,754)	–	241,000	(241,000)	–
Total revenues and other support	\$16,568,185	\$(190,754)	\$16,377,431	\$15,201,586	\$559,000	\$15,760,586
Expenses						
Program services	15,100,879	–	15,100,879	13,667,875	–	13,667,875
Supporting services	1,522,252	–	1,522,252	1,542,897	–	1,542,897
Total operating expenses	\$16,623,131	–	\$16,623,131	\$15,210,772	–	\$15,210,772
Change in net assets	(54,946)	(190,754)	(245,700)	(9,186)	559,000	549,814
Net assets, beginning of the year	197,247	1,743,918	1,941,165	206,433	1,184,918	1,391,351
Net assets, end of the year	\$142,301	\$1,553,164	\$1,695,465	\$197,247	\$1,743,918	\$1,941,165

FY16 FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Federal support received	15,446,030	14,191,000
Cash received from customers	269,182	807,430
Interest received	4,940	5,351
Cash paid to vendors and grantees	(11,005,821)	(9,837,496)
Cash paid to employees	(5,302,163)	(4,828,968)
Net cash provided by (used in) operating activities	(587,832)	337,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(55,751)	(152,738)
Net cash used in investing activities	(55,751)	(152,738)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(643,583)	184,579
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	1,538,901	1,354,322
Net cash and cash equivalents at end of year	\$895,318	\$1,538,901

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	2016	2015
CHANGE IN NET ASSETS	\$(245,700)	\$549,814
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation expense	91,095	166,943
Amortization expense	3,027	7,407
Loss on disposal of equipment	10,078	–
Increase in grants receivable	(531,087)	(392,845)
Increase in accounts receivable	(15,000)	–
Decrease (increase) in deposits	(989)	841
Decrease in prepaid expenses	52,018	154,113
Increase in accounts payable	31,112	83,504
Increase (decrease) in retirement plan contributions payable	(24,165)	4,998
Decrease in accrued expenses	(2,037)	(10,631)
Increase in accrued annual leave	43,816	25,938
Decrease in deferred grant revenue	–	(252,765)
Total net assets	\$(587,832)	\$337,317

FY16 FINANCIAL STATEMENTS

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF THE ENTITY

The Center for the Advancement of Science in Space, Inc. (“CASIS”) is a nonprofit organization incorporated on March 7, 2011 that has been tasked with managing, promoting and brokering research on the Internal Space Station U.S. National Laboratory (“ISS NL”). The CASIS mission is to enable and increase use of the ISS NL as a unique, dynamic platform for scientific discovery, technology development and education for the benefit of life on Earth. In order to achieve this mission, CASIS has developed three strategic goals to enhance utilization of humankind’s greatest research and technology development platform: 1) CASIS will establish a robust “innovation cycle” to develop areas of scientific focus through a range of experimentation and engage the academic, commercial and government communities to leverage the ISS NL as a research platform. 2) CASIS will enable new and novel opportunities on ISS NL from both a research perspective, and station enhancement standpoint, ensuring that the ISS NL is a first-class laboratory for all investigators. 3) CASIS will undertake the role of outreach, promoting the value and benefits of conducting research on the ISS NL, and establish its presence as a leader in science, technology, engineering and mathematics (“STEM”) education.

The ISS NL expresses the scientific aspiration, technical achievement and exploratory spirit of humankind in a remarkable and unique way. The task of CASIS is to build on what has previously been done in space, ultimately use the station as a research platform capable of enhancing life on our planet. Currently, CASIS manages experiments on the ISS NL through federal funding provided by the National Aeronautics and Space Administration (NASA) (See Note 7).

BASIS OF ACCOUNTING

The financial statements of CASIS have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. CASIS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CASIS currently does not have any permanently restricted net assets.

TAX STATUS

CASIS is exempt from income taxes under Section 501(c) (3) of the United States Internal Revenue Code and has been determined to be an organization, which is not a private foundation. Contributions to CASIS are qualified as deductions for charitable contributions.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, CASIS considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

GRANT RECEIVABLE

CASIS considers grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

ACCOUNT RECEIVABLES

CASIS considers account receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. No interest is charged on past due accounts.

DEPOSIT

CASIS paid a security deposit under their building lease agreements.

FY16 FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID EXPENSES

Payments made to vendors before product or services are received are accounted for as prepaid expenses.

EQUIPMENT

CASIS capitalizes property and equipment that exceeds \$500. Equipment is recorded at cost. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

INTANGIBLE ASSETS

CASIS capitalizes the cost of software, which is amortized on a straight-line basis over an estimated useful life of three years.

RESTRICTED AND UNRESTRICTED REVENUE

Revenue is recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any restrictions. Support that is not restricted is reported as an increase in unrestricted net assets. All other support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. CASIS did not have any permanently restricted support.

DONATED FACILITY

CASIS receives an in-kind donation for rent from Space Florida. The donated facility use (support) is recognized in the financial statements at the estimated fair rental value.

OUTREACH COSTS

Outreach (advertising) costs, except for the costs associated with direct-response advertising, are charged to operations when incurred. Advertising includes efforts to increase awareness and promote the use of the ISS for research to the scientific and business communities through participation/sponsorship of conferences, videos, and print materials. Advertising expenses were \$1,113,436 and \$1,179,693 for the years ended September 30, 2016 and 2015, respectively. There is no direct-response advertising.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

SUBSEQUENT EVENTS

Subsequent events have been reviewed through the date of the independent auditors' report, which is the date they were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

CASIS maintains cash balances at a banking institution that is insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the total per financial institution on all deposit accounts up to \$250,000. The amount of credit exposure in excess of federally-insured limits was \$420,608 and \$790,898 for the years ended September 30, 2016 and 2015, respectively.

FY16 FINANCIAL STATEMENTS

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 825-10, Disclosure about Fair Value of Financial Instruments, requires disclosure of an estimate of fair value of certain financial instruments. CASIS's significant financial instruments are cash and certificates of deposit. For these financial instruments, carrying values approximate fair value.

NOTE 4: INTANGIBLE ASSETS

Intangible assets, software, consist of the following at September 30:

	Cost	Accumulated Amortization	Net Book Value	Estimated Life
2016	31,446	\$(31,193)	\$ 253	3 years
2015	31,446	\$(28,166)	\$ 3,280	3 years

The amortization expense, for the years ended September 30, 2016 and 2015, was \$3,027 and \$7,407, respectively.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30,:

	2016	2015	Estimated Life
Furniture	677,938	636,472	3 years
Equipment	31,097	31,097	3 years
Total Cost	709,035	667,569	
Less: accumulated depreciation	(594,607)	(507,713)	
	\$114,434	\$159,856	

The depreciation expense, for the years ended September 30, 2016 and 2015, was \$91,095 and \$166,943, respectively.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors, for the years ended September 30, 2016 and 2015, was \$16,447,871 and \$15,077,610, respectively, and were related entirely to operations.

At September 30, 2016 and 2015, the remaining temporarily restricted net assets are as follows:

	2016	2015
Additive Manufacturing	\$829,164	\$1,184,918
Contributions	724,000	559,000
	\$1,553,164	\$1,743,918

FY16 FINANCIAL STATEMENTS

NOTE 7: CONCENTRATION OF SUPPORT

CASIS received the majority of its support for the years ended September 30, 2016 and 2015 from one source, a total of 98%, and 94%, respectively from a NASA grant. Additionally, 100%, of the grant receivable as of September 30, 2016 and 2015 is from the NASA grant. If NASA reduced or terminated funding, CASIS would have a significant decrease in revenues. Additionally, NASA provides financial support for the cost of all phases of flight to ensure the safety and effective flight readiness and vehicle integration for all payloads.

NOTE 8: OPERATING LEASES

During the fiscal year, CASIS entered into several lease agreements, for equipment and office space, with 1 to 60 month terms. The monthly payments under the lease agreements range from \$175 to \$11,747 a month. Total lease expense, including in-kind donations of \$111,192, for the years ended September 30, 2016 and 2015, was \$350,630 and \$310,690, respectively. The leases expire on various dates from September 30, 2014 through August 23, 2020.

Minimum future lease payments under the non-cancelable operating leases as of September 30, 2016, for each of the next five years and thereafter, are as follows:

Year ending September 30:	
2017	\$208,808
2018	211,589
2019	202,931
2020	52,682
Total	\$676,010

Year ending September 30: 2017 \$208,808 2018 \$211,589 2019 \$202,931 2020 \$52,682 Total \$676,010

NOTE 9: ACCOUNTING FOR UNCERTAIN INCOME TAX POSITIONS

CASIS is exempt from federal and state income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501 (c) (3). Therefore, only income from business unrelated to organization's charitable purpose is subject to federal or state income tax.

CASIS follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities.

As of September 30, 2016 and 2015, CASIS had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, CASIS had no interest and penalties related to income taxes.

With few exceptions, CASIS is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before September 30, 2013.

FY16 FINANCIAL STATEMENTS

NOTE 10: RETIREMENT PLAN

CASIS offers a 401(k) plan (the “Plan”) and any employee of CASIS can participate in the Plan. CASIS matches 6% of salary for all employees. There is no age or service requirement for eligibility in the Plan. For the years ended September 30, 2016 and 2015, CASIS contributed matching contributions of \$234,911 and \$202,906, respectively, to the Plan.

NOTE 11: CONTINGENCY

CASIS has employment agreements with certain employees and officers. Under the terms of the agreements, the employees and officers are eligible to receive specified severance payments upon termination without cause. Management believes as of the date of this report that there is a remote chance that any severance payments will be made.