



HUMAN
**CELL
ATLAS**

FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

HUMAN CELL ATLAS, INC.

Contents
June 30, 2024 and 2023

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 10

Independent Auditor's Report

To the Board of Directors of
Human Cell Atlas, Inc.:

Opinion

We have audited the financial statements of Human Cell Atlas, Inc. (a Delaware nonprofit corporation) (the Organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Human Cell Atlas, Inc. as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Human Cell Atlas, Inc. as of and for the year ended June 30, 2023, were audited by other auditors whose report dated November 6, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Westborough, Massachusetts
May 29, 2025

HUMAN CELL ATLAS, INC.Statements of Financial Position
June 30, 2024 and 2023

Assets	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 4,727,854	\$ 1,862,768
Accounts receivable	55,580	76,249
Prepaid expenses and other assets	72,919	86,080
Pledges receivable	-	400,000
Total assets	<u>\$ 4,856,353</u>	<u>\$ 2,425,097</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 67,355	\$ 13,410
Accrued expenses and other liabilities	1,739,430	585,504
Deferred revenue	215,010	35,492
Due to The Broad Institute, Inc.	649,372	120,358
Advance payments	1,070,278	500,836
Total liabilities	<u>3,741,445</u>	<u>1,255,600</u>
Net Assets:		
Without donor restrictions	405,774	420,546
With donor restrictions	709,134	748,951
Total net assets	<u>1,114,908</u>	<u>1,169,497</u>
Total liabilities and net assets	<u>\$ 4,856,353</u>	<u>\$ 2,425,097</u>

HUMAN CELL ATLAS, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Contributions	\$ 150,000	\$ 2,563,787	\$ 2,713,787	\$ -	\$ 422,373	\$ 422,373
Grants and contracts	1,488,239	-	1,488,239	742,810	-	742,810
Interest income	224,311	-	224,311	24,922	-	24,922
Conference and seminar income	52,228	-	52,228	53,649	-	53,649
Net assets released from donor restrictions	2,603,604	(2,603,604)	-	1,030,276	(1,030,276)	-
Total operating revenues	4,518,382	(39,817)	4,478,565	1,851,657	(607,903)	1,243,754
Operating Expenses:						
Scientific activities support	3,968,404	-	3,968,404	1,704,335	-	1,704,335
General and administrative	564,750	-	564,750	488,026	-	488,026
Total operating expenses	4,533,154	-	4,533,154	2,192,361	-	2,192,361
Changes in net assets	(14,772)	(39,817)	(54,589)	(340,704)	(607,903)	(948,607)
Net Assets:						
Beginning of year	420,546	748,951	1,169,497	761,250	1,356,854	2,118,104
End of year	\$ 405,774	\$ 709,134	\$ 1,114,908	\$ 420,546	\$ 748,951	\$ 1,169,497

The accompanying notes are an integral part of these statements.

HUMAN CELL ATLAS, INC.

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Changes in net assets	\$ (54,589)	\$ (948,607)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	20,669	29,335
Prepaid expenses and other assets	13,161	(68,230)
Pledges receivable	400,000	577,627
Accounts payable	53,945	12,381
Accrued expenses and other liabilities	1,153,926	351,978
Deferred revenue	179,518	35,492
Due to The Broad Institute, Inc.	529,014	(52,432)
Advance payments	569,442	(599,164)
Net cash provided by (used in) operating activities	2,865,086	(661,620)
Net Change in Cash and Cash Equivalents	2,865,086	(661,620)
Cash and Cash Equivalents:		
Beginning of year	1,862,768	2,524,388
End of year	\$ 4,727,854	\$ 1,862,768

HUMAN CELL ATLAS, INC.

Statements of Functional Expenses

For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Scientific Activities Support	General and Adminis- trative	Total	Scientific Activities Support	General and Adminis- trative	Total
Subrecipient expenses	\$ 2,339,155	\$ -	\$ 2,339,155	\$ 561,488	\$ -	\$ 561,488
Materials and services	656,978	229,888	886,866	524,565	207,036	731,601
Salaries and wages	459,207	249,009	708,216	368,720	209,019	577,739
Other expenses	384,183	6,443	390,626	145,743	7,080	152,823
Employee benefits	128,881	79,410	208,291	103,819	64,891	168,710
Total expenses	<u>\$ 3,968,404</u>	<u>\$ 564,750</u>	<u>\$ 4,533,154</u>	<u>\$ 1,704,335</u>	<u>\$ 488,026</u>	<u>\$ 2,192,361</u>

The accompanying notes are an integral part of these statements.

Page 5

HUMAN CELL ATLAS, INC

Notes to Financial Statements
June 30, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

Human Cell Atlas, Inc. (the Organization), located in Cambridge, Massachusetts, was incorporated in 2020 as a nonprofit organization existing under the laws of the state of Delaware. The Organization was established to support the development of a global collaboration among researchers to develop a comprehensive reference map of all human cells as a basis for both understanding human health and diagnosing, monitoring, and treating disease.

The Organization is managed by a Board of Directors. The Organization is supported by personnel employed by The Broad Institute, Inc. (the Institute), the Genome Institute of Singapore, Riken, and the Wellcome Sanger Institute under the direction of the Board.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. As of June 30, 2024 and 2023, cash and cash equivalents consist of general checking and money market accounts.

Pledges Receivable

Unconditional promises to give are reported as pledges receivable on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for doubtful accounts is recorded based on management's analysis of specific accounts and the estimate of amounts that may become uncollectible. No allowance was deemed necessary at June 30, 2024 and 2023. Accounts are written off when they are determined to be uncollectible.

As of June 30, 2024, the Organization held \$300,000 of conditional pledges considered revocable by the donor and not included in the statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fair Value Measurements**

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, 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 financial instrument developed 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 developed based on the best information available.

The three-tier hierarchy of inputs is summarized as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for operations of the Organization.

Net assets with donor restrictions are those resources that are subject to donor-imposed restrictions. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes

Net assets with donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Purpose restricted	\$ 709,134	\$ 348,951
Time restricted	<u>-</u>	<u>400,000</u>
	<u>\$ 709,134</u>	<u>\$ 748,951</u>

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider the probability of compliance with the barrier when determining if such awards are conditional. Awards received before the barrier is overcome are accounted for as advance payments on the statements of financial position.

Grants and contracts and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contracts and contributions with donor restrictions are recorded as net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred, program restrictions have been met, or time restrictions have lapsed.

The Organization held approximately \$2,900,000 and \$4,300,000 of conditional grants and contracts not recognized as revenue in the accompanying statements of activities and changes in net assets at June 30, 2024 and 2023, respectively.

In accordance with Topic 606, *Revenue from Contracts with Customers*, the Organization records conference and seminar income as conferences and seminars are held, which is when the Organization has satisfied the performance obligation to its sponsors and attendees. Any unearned revenue for conferences and seminars is included in deferred revenue in the accompanying statements of financial position.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function. The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related costs, which are based on estimates of time and effort.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2024 and 2023. The Organization's tax returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through May 29, 2025, which is the date the financial statements were available to be issued. There were no events which met the criteria for recognition or disclosure in the financial statements.

HUMAN CELL ATLAS, INC

Notes to Financial Statements
June 30, 2024 and 2023

3. RELATED PARTY TRANSACTIONS

The Institute provides personnel and certain financial and administrative services to the Organization. Due to The Broad Institute, Inc. as of June 30, 2024, consists of amounts owed for program and administrative expenses incurred on behalf of the Organization by the Institute, and amounts owed related to subawards issued by the Organization to the Institute of \$224,212 and \$425,160, respectively. As of June 30, 2023, due to The Broad Institute, Inc. balance of \$120,538 included amounts owed for program and administrative expenses incurred on behalf of the Organization by the Institute. Total program and administrative expenses incurred on behalf of the Organization by the Institute were \$976,840 and \$832,453 for the years ended June 30, 2024 and 2023, respectively.

4. LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the statements of financial position date, comprise the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,727,854	\$ 1,862,768
Accounts receivable	<u>55,580</u>	<u>76,249</u>
Total financial assets at year end	4,783,434	1,939,017
Less - cash and cash equivalents not available for general expenditure	<u>1,779,412</u>	<u>849,787</u>
Total financial assets available for general operating use within one year	<u>\$ 3,004,022</u>	<u>\$ 1,089,230</u>

The Organization has a policy to structure its financial assets to be available as its obligations become due.

5. CONCENTRATIONS

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalent balances with financial institutions the Organization considers to be of high credit quality. These balances are insured up to limits of the Federal Deposit Insurance Corporation. At certain times throughout the year, deposits may exceed Federally insured limits. The Organization regularly monitors the relative credit standings of these banks to minimize its risk.

Concentrations of Operating Revenue and Support

For the year ended June 30, 2024, grants and contracts from two sponsors represented 83% of total operating revenue and support.

6. COMMITMENTS

The Organization has made certain purchase commitments not reflected in the statements of financial position. At June 30, 2023, these commitments totaled approximately \$141,000 and were related to venue and event rentals and professional fees.

HUMAN CELL ATLAS, INC

Notes to Financial Statements
June 30, 2024 and 2023

7. RECLASSIFICATIONS

Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform with the fiscal year 2024 presentation.