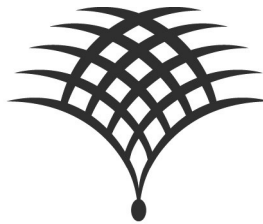


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***DONALD DANFORTH PLANT  
SCIENCE CENTER AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022***

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**D O N A L D   D A N F O R T H**  
**P L A N T   S C I E N C E   C E N T E R**  
**DISCOVERY | COMMUNITY | IMPACT**

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## Independent Auditors' Report

Board of Directors  
Donald Danforth Plant Science Center  
St. Louis, Missouri

### *Opinion*

We have audited the consolidated financial statements of the Donald Danforth Plant Science Center and Subsidiaries (collectively, the Center), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis For Opinion*

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of the Center 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.

### *Emphasis Of Matter: Change In Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, as of January 1, 2022, the Center adopted the provisions of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities Of Management For The Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2023 on our consideration of the Center'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 solely 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 the effectiveness of the Center's 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 the Center's internal control over financial reporting and compliance.

*RubinBrown LLP*

July 26, 2023

**DONALD DANFORTH PLANT SCIENCE CENTER  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**Assets**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 5,561,368	\$ 5,657,120
Contributions receivable - net (Note 6)	22,285,443	104,571,291
Grants receivable	4,898,349	3,752,861
Other accounts receivable	1,403,860	1,647,906
Prepaid expenses and deposits	1,390,921	1,273,433
Investments (Notes 2 and 3)	447,452,997	441,202,589
Property and equipment (Note 8)	100,247,560	98,495,435
Right-of-use assets - financing lease, net (Note 9)	125,820	—
<b>Total Assets</b>	<b>\$ 583,366,318</b>	<b>\$ 656,600,635</b>

**Liabilities And Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 5,461,000	\$ 4,719,900
Retainage payable (Note 14)	126,334	126,334
Bonds and promissory note payable (Note 7)	6,911,743	7,403,820
Liabilities under gift annuity agreements (Note 1)	371,568	178,180
Deferred revenue	2,952,134	2,882,970
Financing lease liability (Note 9)	132,146	—
<b>Total Liabilities</b>	<b>15,954,925</b>	<b>15,311,204</b>

**Net Assets (Note 12)**

Without donor restrictions	285,060,853	301,054,504
With donor restrictions	282,350,540	340,234,927
<b>Total Net Assets</b>	<b>567,411,393</b>	<b>641,289,431</b>

<b>Total Liabilities And Net Assets</b>	<b>\$ 583,366,318</b>	<b>\$ 656,600,635</b>
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**DONALD DANFORTH PLANT SCIENCE CENTER  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
For The Years Ended December 31, 2022 And 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	\$ 9,456,641	\$ 7,878,827	\$ 17,335,468	\$ 115,871,606	\$ 8,809,217	\$ 124,680,823
	6,761,367	—	6,761,367	5,661,051	—	5,661,051
	20,064,881	—	20,064,881	18,426,950	—	18,426,950
Note 9)	3,204,764	—	3,204,764	2,770,793	—	2,770,793
	318,259	—	318,259	630,090	—	630,090
itions (Note 12)	16,133,362	(16,133,362)	—	17,500,285	(17,500,285)	—
ues	55,939,274	(8,254,535)	47,684,739	160,860,775	(8,691,068)	152,169,707
	48,607,787	—	48,607,787	43,142,366	—	43,142,366
	6,582,627	—	6,582,627	4,881,993	—	4,881,993
	2,528,977	—	2,528,977	2,109,632	—	2,109,632
	57,719,391	—	57,719,391	50,133,991	—	50,133,991
<b>ets Before Net ains And Losses</b>	(1,780,117)	(8,254,535)	(10,034,652)	110,726,784	(8,691,068)	102,035,716
<b>Gains And Losses</b>						
ote 2)	(13,994,431)	(49,538,737)	(63,533,168)	11,584,555	40,483,413	52,067,968
nuity assets (Note 2)	—	(83,189)	(83,189)	—	37,857	37,857
(Note 1)	(11,663)	(4,626)	(16,289)	—	(18,560)	(18,560)
	(207,440)	—	(207,440)	(30,415)	—	(30,415)
s receivable	—	(3,300)	(3,300)	—	—	—
<b>ome (Loss), Gains</b>	(14,213,534)	(49,629,852)	(63,843,386)	11,554,140	40,502,710	52,056,850
<b>ets</b>	(15,993,651)	(57,884,387)	(73,878,038)	122,280,924	31,811,642	154,092,566
	301,054,504	340,234,927	641,289,431	178,773,580	308,423,285	487,196,865
	\$ 285,060,853	\$ 282,350,540	\$ 567,411,393	\$ 301,054,504	\$ 340,234,927	\$ 641,289,431

**DONALD DANFORTH PLANT SCIENCE CENTER  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For The Years</b>	
	<b>Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (73,878,038)	\$ 154,092,566
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Amortization of discount on pledges	(302,595)	(413,243)
Depreciation and amortization	7,656,359	7,394,141
Loss on disposal of fixed assets	207,440	30,415
Loss on write-off of contributions receivable	3,300	—
Realized and unrealized (gains) losses on investments	61,853,272	(52,906,562)
Unrealized (gain) loss on gift annuity assets	74,125	(37,857)
Change in value of gift annuities	16,289	18,560
Contributions restricted for investments in property and equipment	(596,989)	(596,989)
Contributions restricted for endowment	(109,553)	(4,391,639)
Changes in assets and liabilities:		
Contributions receivable	81,238,477	(98,205,988)
Grants receivable	(1,145,488)	(796,393)
Other assets	723,547	2,442,838
Right-of-use assets - financing lease and lease liability	(28,034)	—
Accounts payable and accrued expenses	301,271	1,155,357
Deferred revenue	69,164	(543,072)
<b>Net Cash Provided By Operating Activities</b>	<b>76,082,547</b>	<b>7,242,134</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of investment securities	(270,452,263)	(81,105,723)
Proceeds from sale and maturities of investments	202,950,913	55,583,335
Proceeds from sale of property and equipment	1,500	13,500
Purchases of property and equipment	(9,143,235)	(5,215,498)
<b>Net Cash Used In Investing Activities</b>	<b>(76,643,085)</b>	<b>(30,724,386)</b>
<b>Cash Flows From Financing Activities</b>		
Principal payments on bonds payable	(492,077)	(396,000)
Payments on promissory note payable	—	(63,180)
Proceeds from gift annuity	(429,015)	—
Payments on gift annuity	(70,341)	(27,375)
Proceeds from contributions restricted for endowment	1,456,219	24,761,732
<b>Net Cash Provided By Financing Activities</b>	<b>464,786</b>	<b>24,275,177</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(95,752)</b>	<b>792,925</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>5,657,120</b>	<b>4,864,195</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 5,561,368</b>	<b>\$ 5,657,120</b>

**Supplemental Disclosure Of Cash Flow Information (Note 14)**



# DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 And 2021

### 1. Significant Accounting Policies

#### General

The Donald Danforth Plant Science Center (the Danforth Center) is a nonprofit corporation, organized under the laws of the State of Missouri on January 20, 1998. Under the Danforth Center's by-laws, each of the following organizations is entitled to representation on the Board of Directors: Missouri Botanical Garden, University of Illinois-Urbana/Champaign, University of Missouri-Columbia, Washington University in St. Louis, and Bayer Crop Science. The Danforth Center's purpose is to promote research in the plant sciences, to provide practical applications of new technology, and to provide educational opportunities to graduate and post-doctoral students.

#### Investment Partnership

DSC Investment Holdings, LP (the Partnership) commenced operations on April 1, 2016, and is a private investment partnership offering an endowment-style investment program for the Danforth Center. The Danforth Center holds a 100% share of the profits and losses of the Partnership through a limited partnership interest. The Danforth Center also holds the rights to remove the general partner of the Partnership, without substantial financial burden, provided that proper notice is given under the terms of the Partnership agreement. The Danforth Center's financial statements have been consolidated with the Partnership (collectively, the Center).

The Partnership invests with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified, single-portfolio investment strategy for the investor. This strategy is paired with the investor's own legacy portfolio of investments (the Legacy Investments) which are pooled accounts managed by unaffiliated third parties. The Legacy Investments are Private Equity and Real Asset Funds with capital commitments that predate the formation of the Partnership (Note 3).

Global Endowment Management, LP, a Delaware limited partnership (the Management Company or GEM), manages the Partnership. The Management Company is registered with the United States Securities and Exchange Commission (SEC) as a Registered Investment Adviser (RIA) under the Investment Advisers Act of 1940, as amended.

## **DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY**

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### Notes To Consolidated Financial Statements (*Continued*)

The Partnership currently invests its assets in GEM Endowment Fund, LP (GEM Fund), an affiliated private investment partnership managed by GEM, along with its own portfolio of Legacy Investments and cash equivalents. GEM Fund primarily invests through its affiliated master trading vehicles (the “Sub-Partnerships”) although it may also invest directly in securities and other assets. The Sub-Partnerships also invest directly in securities, forward contracts, future contracts, swap contracts, option contracts and other assets. The Sub-Partnerships are wholly owned by entities managed by GEM (the “Global Endowment Funds”). For reporting purposes, the Partnership, the GEM Fund and Sub-Partnerships hereinafter together are referred to as the “Funds.” The Partnership owned 7.95% of the GEM Fund. The consolidated financial statements of the Center should be read in conjunction with the December 31, 2022 and 2021 audited financial statements of the DSC Investments Holdings, LP, which are an integral part of these consolidated financial statements.

GEF GP, LP, a Delaware limited partnership, (the General Partner) is the sole general partner of the Partnership and GEM Fund and has no direct equity interest in the Partnership. The Partnership’s day-to-day investment and other operations are managed by GEM, which has authority over the Funds’ direct investments into securities and other assets, as well as the selection of third party managers or investment vehicles, and makes all decisions relating to the administration of the Partnership.

#### **Danforth Technology Company**

In 2021, the Center formed the Danforth Technology Company (DTC). DTC was established as a Corporation, and the Center owns 100% of the outstanding stock of DTC. DTC was established to facilitate early-stage development of startup companies based on technologies developed by the Center’s scientists. The activities of DTC have been consolidated in these financial statements, and all intercompany transactions have been eliminated in consolidation.

#### **Estimates And Assumptions**

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Financial Statement Format**

The following is a description of the two classes of net assets of the Center:

##### **Net Assets Without Donor Restrictions**

This category includes net assets that are not subject to donor-imposed restrictions, as well as investments and cash designated by the Center's Board of Directors to function as endowments.

##### **Net Assets With Donor Restrictions**

This category includes net assets that are subject to explicit donor-imposed restrictions. When restrictions expire due to the passage of time or the incurrence of expenditures that satisfy the donor-imposed restrictions, net assets are reclassified to net assets without donor restrictions. Certain net assets in this category are subject to donor-imposed stipulations that they be invested perpetually as endowments to provide a source of income to be used for general or specific purposes.

#### **Contributions**

The Center accounts for contributions by recognizing support when contributions are unconditionally promised. All contributions are considered to be available for use unless specifically restricted by the donor. Amounts pledged that are restricted for future periods or restricted by the donor for specific purposes are reported as donor restricted support. Contributions receivable are reviewed periodically by management for collectability. Based on management's assessment, no allowance for uncollectible contributions is considered necessary.

Conditional contributions are those with a measurable performance or other barrier and a right of return. Conditional contributions are recognized as support when the conditions upon which they depend have been met.

#### **Grants**

The Center accounts for private and government grant revenues pursuant to Accounting Standard Update 2018-08 (ASU 2018-08), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Management has determined that a majority of the Center's grant revenues are considered conditional contributions while some are considered unconditional contributions with donor imposed restrictions under ASU 2018-08. Grant revenues that are defined as conditional contributions are recognized as revenue during the period in which the underlying conditions of the grant have been met. At December 31, 2022 and 2021, the Center had approximately \$3,872,500 and \$919,500, respectively, of conditional contributions.

## **DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY**

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### Notes To Consolidated Financial Statements *(Continued)*

Grants receivable are reviewed periodically by management for collectability. Based on management's assessment, no allowance for uncollectible grants receivable is considered necessary.

#### **Other Accounts Receivable**

Other accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of collectability, it believes that no allowances are necessary for the other accounts receivable balance at December 31, 2022 or 2021.

#### **Cash And Cash Equivalents**

The Center considers all demand deposits and overnight investments to be cash equivalents. Cash equivalents are stated at cost, which approximates market. The Center invests its cash with financial institutions with strong credit ratings. Such accounts are subject to Federal Deposit Insurance Corporation (FDIC) insurance coverage up to \$250,000. At December 31, 2022 and 2021, the Center had deposits in its operating checking account which exceeded the FDIC insurance limit by \$5,479,106 and \$3,991,412, respectively. Cash includes deposits restricted for donor purpose yet to be transferred to the Center's endowment.

#### **Investments**

Investments are comprised of money market accounts, equity and fixed income mutual funds, other debt instruments, equity securities, and alternative investments such as hedge funds, real asset funds, and private equity funds. Marketable investments are carried at market value as quoted on major securities exchanges plus accrued income. Investments for which quoted market prices are not available are carried at net asset value as determined by the investment managers or fund managers, and reviewed by management. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statement of financial position. Investment securities received as gifts are recorded at estimated fair value at the date of donation. Dividend and interest income are recognized when earned.

## DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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Notes To Consolidated Financial Statements (*Continued*)

### **Investment Valuation - Investment In GEM Fund**

The Investment Manager's Valuation Committee (the Committee) is responsible for valuing the Funds' assets. The Committee will ensure that positions are valued in accordance with the requirements of the governing documents of the managed funds and applicable accounting standards. The Committee members include the following GEM employees: the Managing Partner, the Chief Financial Officer, the Chief Compliance Officer and members of the Compliance team, the Director of Fund Accounting (Committee Chair) and senior members of the Fund Accounting team, and other personnel involved with performance, valuation assessment and asset allocation review and reporting. Investment principals, including the Chief Investment Officer, may attend Committee meetings by invitation to provide market information and insights, but they do not have decision-making authority.

The Committee meets quarterly to review and approve the net asset values (NAVs) of the Funds prior to dissemination to the Partnership's investor. Investments in open-ended money market and other mutual funds are valued at NAV each business day.

The investments in GEM Fund are recorded at the Partnership's reported interest in the net asset value of the GEM Fund as determined by the General Partner. The underlying investments in the GEM Fund are valued in accordance with GEM Fund's valuation policies.

The Funds' investments are subject to various risk factors including market, credit, currency and industry risk. Market risk represents the potential loss in value of financial instruments caused by movements in market variables, such as interest rates. Other risks affecting these investments include, but are not limited to, increasing competition, rapid changes in technology and changes in economic conditions. These risk factors could have a material effect on the ultimate realizable value of the Funds' investments.

Investing outside the U.S. may involve certain risks not typically associated with domestic investment. The Funds' investments are subject to the risk of restrictions being imposed by foreign governments on the repatriation of cash and income, currency devaluation and to political uncertainties. Additionally, investing in emerging markets or countries with limited or developing markets may subject the Funds' investments to a further degree of risk and volatility than in developed markets. Approximately one-third of the Partnership's investments are illiquid due to the long-term horizon of the investments and contractual restrictions on redemptions.

## **DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **Legacy Investments' Valuation**

The Legacy Investments are valued at their NAV as determined by GEM. The Legacy Investments are generally valued by GEM based on the investments' NAV or its equivalent in accordance with ASC 820, *Fair Value Measurements and Disclosures*, as amended, to offer investors a practical expedient for measuring the fair value of investments that do not have a readily determinable fair value and that calculate a NAV to be valued based on the NAV per share or its equivalent of the underlying investment when it is probable that the investment will not be sold in the short-term.

GEM closely monitors the NAVs received from the Legacy Investment managers, which includes a quarterly detailed review by the Valuation Committee. GEM seeks to value all investments at their current fair value and reference U.S. GAAP and ASC 820, as amended, as primary guidelines. GEM values the investments in Legacy Investments at NAV and determines if the NAV provides the best indication of fair value based on several factors; these include, but are not limited to, the portfolio fund's liquidity, the nature of any portfolio fund's underlying assets and the accounting basis for which the financial statements are prepared. At times, GEM may determine the Legacy Investment's NAV may not be the most representative figure of fair value. In these circumstances, the Legacy Investment's valuation will be determined in accordance with the valuation policies approved by GEM's Valuation Committee. At December 31, 2022 and 2021, all Legacy Investments were valued at NAV. The Legacy Investments are not available for voluntary redemption.

### **Lewis And Clark Plant Sciences Fund - Investment Valuation**

The Center's investment in the Lewis and Clark Plant Sciences Fund I (Lewis and Clark) is valued at the NAV as determined by management. Lewis and Clark invests in mature startups or expansion stage Plant Science or agricultural technology companies. Management has determined that the NAV provided by the Lewis and Clark most recent audited financial statements is the most representative figure of fair value at December 31, 2022 and 2021.

### **Gift Annuities**

Charitable gift annuities are irrevocable gifts under which the Center agrees in turn to pay a life annuity to the donor or designated beneficiary. Contribution revenue for a charitable gift annuity is recognized at the date of the agreement, net of the liability recorded for the present value of the estimated future payments to be made. At December 31, 2022 and 2021, investments held to fund annuity obligations were \$644,480 and \$372,431, respectively. For the years ended December 31, 2022 and 2021, the change in value of gift annuity obligations resulted in a decrease in net assets of \$16,289 and \$18,560, respectively.

## **DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **Property And Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets (3 to 10 years). Lab equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets (5 to 25 years). Buildings and related improvements are depreciated using the straight-line method over the estimated useful lives of the respective assets (15 to 40 years). Asset purchases are capitalized if the total cost of the asset or the sum of the cost of the components equals or exceeds \$5,000 and the asset has a useful life of at least three years.

### **Valuation Of Long-Lived Assets**

The Center periodically evaluates the carrying value of its long-lived assets when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. There was no impairment loss recognized for the years ended December 31, 2022 or 2021.

### **Leases**

On January 1, 2022, the Center utilized the modified retrospective approach to adopt the provisions of ASC Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. The Center has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2022 are presented under ASC 842, while the prior period consolidated financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

As further described in Note 9, the Center maintains leases of lab equipment. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. For the ROU assets, any lease payments made at or before the commencement date is added, less any lease incentives received. The Center does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For financing leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

## **DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY**

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### Notes To Consolidated Financial Statements *(Continued)*

As most leases do not provide an implicit discount rate, the Center has made an election that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The Center, as a lessor, leases real estate and lab space to various tenants as described in Note 9. Under ASC 842, the Center classifies the leases as finance leases and elects not to separate the lease component, comprised of monthly rent from the tenant, from the associated non-lease components. The Center accounts for the combined lease and non-lease components under ASC 842.

#### **Expense Allocation**

The costs of supporting the Center's research and scientific programs have been summarized on a functional basis in Note 13. Certain costs (such as operation and maintenance of facilities and depreciation) have been allocated to functional categories based on the use of space in the Center's facilities. Other costs have been allocated to the functional areas based on direct identification of the cost center, or based on a proportion of applicable time for employees. The Center does not allocate fundraising costs to specific programs.

#### **Indirect Costs**

The Center receives reimbursement for certain management, general administrative and facility support expenses through indirect cost allocations allowed under specific research programs funded by grants and contracts. In addition, the Center receives reimbursement for certain property, plant and equipment expenditures that are chargeable to individual grants.

#### **Income Taxes**

The Danforth Center is exempt from federal and state income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code. At December 31, 2021, the Center had recorded a liability of approximately \$365,000 for unrelated business income taxes. No liability was recorded as of December 21, 2022.

DTC is a corporation that is subject to income taxes. For the year ended December 31, 2022, there was no significant activity in this entity that would result in the estimate of a provision for income taxes.

The Danforth Center's federal tax returns for years 2019 and later remain subject to examination by taxing authorities.



# DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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## Notes To Consolidated Financial Statements (Continued)

DSC Investment Holdings, LP, is subject to the provisions of ASC 740, *Income Taxes*, which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken by the Partnership (including whether or not to file a tax return) to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority upon examination. The guidance establishes a minimum threshold for financial statement recognition such that tax positions not deemed to meet the minimum threshold would be recorded as a tax expense, inclusive of interest and penalties, if any, on the consolidated statement of activities.

As of December 31, 2022 and 2021, the Partnership did not have a liability for any uncertain tax positions. In general, the Partnership's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Funds operate.

### Reclassifications

Certain 2021 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2022 financial statements.

### Subsequent Events

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

## 2. Investments

As of December 31, 2022 and 2021, the Center had investments held with investment managers for the purpose of maximizing the return on assets. Investments are comprised of funds without donor restrictions available for operations or board-designated for endowment, and donor restricted funds for endowment, the income from which is either available for operations or donor restricted for specific purposes. Investment income (loss) for the years ended December 31, 2022 and 2021 consists of:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 949,340	\$ 99,038
Investment management fees	1,104,911	(2,789,087)
Realized and unrealized gains (losses) on investments and annuity assets	(65,670,608)	54,795,874
	<u>\$ (63,616,357)</u>	<u>\$ 52,105,825</u>

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

Investment management fees, as reported above, for the year ended December 31, 2021 included a carried interest expense allocation from Lewis and Clark amounting to \$(862,205). For the year ended December 31, 2022, management fees included a reversal of prior year carried interest expense amounting to \$3,368,499.

Investments as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Investment in GEM Fund	\$ 363,114,159	\$ 340,773,487
Receivable on unsettled investment trades	6,000,000	12,550,000
Private equity funds (Legacy Investments)	12,268,953	15,761,241
Lewis and Clark Plant Sciences Fund I	12,343,796	29,766,815
Real asset funds	—	9,588
Money market accounts	34,493,085	15,742,933
Bond mutual funds	12,249,947	12,027,823
Domestic equity securities	6,385,948	13,985,859
International stock index funds	47,883	40,602
Domestic stock index funds	274,567	166,682
U.S. government agency securities	274,659	377,559
	<u>\$ 447,452,997</u>	<u>\$ 441,202,589</u>

Net asset classification of investments at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions and undesignated	\$ 45,274,682	\$ 32,422,877
Without donor restrictions - Board designated endowment (Note 4)	130,604,548	76,970,677
Donor restricted endowment	271,573,767	331,809,035
	<u>\$ 447,452,997</u>	<u>\$ 441,202,589</u>

### 3. Fair Value Measurements

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Fair values are based on unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets.

Level 2 - Fair values are based on quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements *(Continued)*

Level 3 - Fair values are based on pricing inputs that are unobservable for the asset and reflect management's own assumptions to determine fair value. Fair values are determined by reference to the NAV provided by third party investment managers, comparable securities, company earnings or cash flows, or a combination of such factors taking into consideration the overall financial condition of the company and current market conditions. When utilizing comparable securities, valuations of investments may take into consideration observable valuation measures (e.g. multiplying a key performance metric of the investee company such as EBITDA, tangible book value, or revenue multiples by a range of comparable companies) adjusted by management for differences between the investment and the referenced comparable. Level 3 investments may also be valued at cost for a period of time following the acquisition if management determines it is the best indicator of fair value.

The following tables present the Center's investments carried on the statement of financial position by Level within the valuation hierarchy as of December 31, 2022 and 2021.

Description	December 31,		Level 1	Level 2	Level 3
	2022				
Investments:					
Money market accounts	\$ 34,493,085	\$ 34,493,085		\$ —	\$ —
Bond mutual funds	12,249,947	12,249,947		—	—
Domestic equity securities	6,385,948	6,385,948		—	—
International stock index funds	47,883	47,883		—	—
Domestic stock index funds	274,567	274,567		—	—
U.S. government agency securities	274,659	274,659		—	—
Investments measured at net asset value and investments not included in the fair value table:					
Private equity funds	12,268,953		—	—	—
Investment in GEM Fund	363,114,159		—	—	—
Investment receivable	6,000,000		—	—	—
Lewis and Clark Plant Sciences Fund I	12,343,796		—	—	—
<b>Total Investments</b>	<b>\$ 447,452,997</b>	<b>\$ 53,726,089</b>		<b>\$ —</b>	<b>\$ —</b>

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

Description	December 31, 2021	Level 1	Level 2	Level 3
Investments:				
Money market accounts	\$ 15,742,933	\$ 15,742,933	\$ —	\$ —
Bond mutual funds	12,027,823	12,027,823	—	—
Domestic equity securities	13,985,859	13,985,859	—	—
International stock index funds	40,602	40,602	—	—
Domestic stock index funds	166,682	166,682	—	—
U.S. government agency securities	377,559	377,559	—	—
Investments measured at net asset value and investments not included in the fair value table:				
Private equity funds	15,761,241	—	—	—
Investment in GEM Fund	340,773,487	—	—	—
Investment receivable	12,550,000	—	—	—
Lewis and Clark Plant Sciences Fund I	29,766,815	—	—	—
Real asset funds	9,588	—	—	—
<b>Total Investments</b>	<b>\$ 441,202,589</b>	<b>\$ 42,341,458</b>	<b>\$ —</b>	<b>\$ —</b>

Transfers between classification levels may occur because of changes in the availability of observable market data, fluctuations in market activity for securities, or the removal of restrictions related to securities. It is the Center's policy to recognize transfers in and transfers out at the fair value on the actual date of such classification change.

During 2022 and 2021, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Center's assets.

The Center has adopted ASC 820-10-15-4, *Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its equivalent)*. Under this guidance, a reporting entity is permitted, as a practical expedient, to estimate the fair value of certain portfolio investments on the basis of the net asset value per share. In the normal course of business, the Center holds certain investments that would qualify for the usage of this practical expedient.

As permitted by ASU 2015-07, certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient, and therefore, have not been classified in the fair value hierarchy.

**Investment Commitments**

The Legacy Investments have committed capital totaling \$59,500,000, of which \$54,759,218 was invested at December 31, 2022. The remaining \$4,740,782 may be called at any time during the commitment period.

## DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

The Center has committed capital totaling \$20,000,000 to invest in the Lewis and Clark Plant Sciences Fund I, of which \$19,059,792 was invested at December 31, 2022. The remaining \$940,208 can be called at any time with consent of the investors committee prior to December 31, 2023.

#### **4. Endowment Funds**

The purpose of the endowment is to fund Center projects in accordance with the Center's overall purpose to promote research in the plant sciences, to provide practical applications of new technology, and to provide educational opportunities for graduate and post-doctoral students.

The Center's net asset classification of donor-restricted endowment funds is in accordance with the Board of Directors' interpretation of the laws of the State of Missouri. The Center's interpretation of applicable laws over unrealized gains or losses on endowment funds is that donor restrictions on the use of income from endowments extend to the net appreciation or depreciation on the endowment investments.

The Center's Investment Committee of the Board of Directors has adopted a spending policy on income from endowment funds and the Investment Committee monitors, adjusts, and approves the annual spending distribution (the Draw). The objective of the spending policy is to provide for growth and maintain the intergenerational purchasing power of the endowment, while dampening the severity of the impact that both rising and falling markets have on spending levels.

Each year, the Draw from Endowment is based on the following Policy Draw Calculation: (i) 70% of the prior year Draw adjusted for inflation plus 0.5% and (ii) 30% of 4.5% of the average of the endowment market value as of March 31 of the prior year and the trailing 11 quarter-end values, and (iii) 4.5% of the total additions to the endowment from new gifts received in the 12 months prior to March 31 of the prior year ("New Gifts"). New Gifts are excluded from the market value of the endowment for purposes of the Draw calculation as defined in (ii). The inflation measure equals core inflation, excluding food and energy. The Investment Committee has the authority to adjust the Draw amount in light of evolving trends with respect to investment performance and the needs of the Center.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

The amount of income made available to spend from endowments restricted to a specific purpose is determined following the spending policy adopted by the Center's Investment Committee. Investment income includes interest and dividends, as well as gains and losses.

The long-term investment objective for the endowment is to achieve a total return that is equal to or exceeds the Center's financial requirements over the long term. Specifically, the objective is to earn a total rate of return that will meet or exceed the sum of the endowment's spending rate, anticipated inflation, investment management consulting fees, and administrative costs. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income and are diversified among several asset classes.

At December 31, the endowment cash and investments were composed as follows:

	<b>2022</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Donor-restricted endowment funds	\$ —	\$ 271,573,767	\$ 271,573,767
Board-designated endowment funds	130,604,548	—	130,604,548
<b>Total Funds</b>	<b>\$ 130,604,548</b>	<b>\$ 271,573,767</b>	<b>\$ 402,178,315</b>

	<b>2021</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Donor-restricted endowment funds	\$ —	\$ 331,809,035	\$ 331,809,035
Board-designated endowment funds	78,370,677	—	78,370,677
<b>Total Funds</b>	<b>\$ 78,370,677</b>	<b>\$ 331,809,035</b>	<b>\$ 410,179,712</b>

**DONALD DANFORTH PLANT SCIENCE CENTER  
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

The endowment assets exclude promises to give restricted by donors (net of a discount) for endowments of \$3,374,006 and \$4,397,513 at December 31, 2022 and 2021, respectively. The following is a reconciliation of the beginning and ending balances of the Center's endowment investments for 2022 and 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment cash and investments, January 1, 2021	\$ 71,338,028	\$ 277,312,327	\$ 348,650,355
Net investment return	10,411,315	40,487,352	50,898,667
Appropriated for expenditure	(2,751,442)	(10,752,376)	(13,503,818)
Additional draw from board- designated endowment	(627,224)	—	(627,224)
Contributions	—	24,761,732	24,761,732
Endowment cash and investments, December 31, 2021	78,370,677	331,809,035	410,179,712
Net investment return	(14,829,687)	(49,568,405)	(64,398,092)
Appropriated for expenditure	(2,861,442)	(12,123,082)	(14,984,524)
Contributions	69,925,000	1,456,219	71,381,219
Endowment cash and investments, December 31, 2022	\$ 130,604,548	\$ 271,573,767	\$ 402,178,315

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. No such deficiencies existed as of December 31, 2022 or 2021. In the event that a deficiency occurs, the Center's Board may elect to continue or adjust the spending policy as it deems prudent, as allowed for by the State guidelines that govern the utilization of endowments.

**DONALD DANFORTH PLANT SCIENCE CENTER  
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

**5. Liquidity And Availability Of Resources**

The Center's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 5,561,368	\$ 5,657,120
Contributions receivable, net	22,285,443	104,571,291
Grants receivable	4,898,349	3,752,861
Investments	447,452,997	441,202,589
Funds held at MDFB	—	596,989
Accounts receivable	627,394	449,845
Interest and other receivables	778,114	1,196,319
<b>Total Financial Assets</b>	<b>481,603,665</b>	<b>557,427,014</b>
Less Amounts Not Available for Use Within One Year		
Pledged bank account for standby letter of credit	—	(225,000)
MDFB funds designated for Greenhouse expansion	—	(596,989)
Contributions receivable with perpetual donor restrictions	(3,374,006)	(4,397,513)
Contributions receivable without donor restrictions (due in more than one year)	(988,193)	(48,209)
<b>Endowment investments and cash (net of future draw)</b>	<b>(384,075,022)</b>	<b>(396,967,623)</b>
<b>Financial Assets Not Available to be Used Within One Year</b>	<b>(388,437,221)</b>	<b>(402,235,334)</b>
<b>Financial Assets Available To Meet General Expenditures Within One Year</b>	<b>\$ 93,166,444</b>	<b>\$ 155,191,680</b>

The Center has \$93,166,444 of financial assets that are available within one year of the consolidated statement of financial position date to meet cash needs for general expenditure. Certain donor restricted funds, advance payments received from grant sponsors, and reserves established to support future capital renewal and replacement expenditures are available for expenditure within one year and are reflected as such in the table above. Endowment income is a significant source of funds used to support current operations and the amount allocated to support operations is based on a spending policy that preserves the endowment asset values for future generations, while providing a reliable revenue stream for current operations (see Note 4). \$20 million of the endowment draw is allocated to support operations in 2023 and is reflected as available within one year in the table above. In addition to available financial assets, a significant portion of the Center's annual expenditures will be funded by grant and contract income and donor contributions.



## DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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### Notes To Consolidated Financial Statements (Continued)

The Center manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Center invests cash in excess of daily requirements in various short-term investments, including U.S. government instruments. The Center has a policy to maintain a minimum target operating cash balance of \$7.0 million. The Center also maintains cash balances for capital asset replacement and renewal and those funds totaled \$7,463,397 and \$4,338,864 as of December 31, 2022 and 2021, respectively.

The Center also has \$130,604,548 and \$78,370,677 of funds Board designated as endowment at December 31, 2022 and 2021, respectively. Although the Center does not intend to spend from this endowment, other than amounts available under the endowment income spending policy described in Note 4 and subject to its annual budget approval and appropriation process, amounts from its board-designated funds could be made available if necessary. However, both the board-designated funds and donor-restricted endowments contain a significant amount of illiquid investments or investments that have limited or no redemption rights. Accordingly, availability of such funds invested in the endowment could be delayed or only a portion could be made available (refer to Note 2 for disclosures about investments).

## 6. Contributions Receivable

As of December 31, 2022 and 2021, the Center has contributions receivable under varying terms over the periods as listed below:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 18,510,302	\$ 101,411,225
One to five years	4,490,000	4,001,800
	<u>23,000,302</u>	<u>105,413,025</u>
Less: Discount	<u>714,859</u>	<u>841,734</u>
Net	<u>\$ 22,285,443</u>	<u>\$ 104,571,291</u>

The discount amortization of \$302,595 and \$413,243 in 2022 and 2021, respectively, is recorded as a component of contributions with donor restrictions. Contributions receivable are discounted at the time of the pledge. Discount rates used range from 5% to 7%.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

**7. Bonds And Promissory Note Payable**

In December 2011, the Center entered into an agreement with the Missouri Development Finance Board (MDFB) to finance the construction of a greenhouse. The financing was provided in the form of \$7,500,000 Series 2011 Revenue Bonds from MDFB. The bonds bear interest at 65% of the sum of the ask rate for the United States Swap Rate (as of the Bond Indexed Put Date) as reported by the Board of Governors of the Federal Reserve Release plus 2.0% (fixed at 2.64% through December 21, 2022), and mature on January 1, 2032. The bonds are unsecured. Beginning February 1, 2012, interest payments were due monthly through January 1, 2014. Thereafter, payments of principal and interest are payable quarterly through maturity. As of December 31, 2022 and 2021, principal of \$4,061,000 and \$4,467,000, respectively, is payable.

Effective May 1, 2018, the original purchaser of the bond indenture exercised its right to increase the Indexed Put Rate as a result of the decrease in the maximum corporate tax rate. The 2.63% fixed rate through December 21, 2021 was adjusted to 3.2%. This effectively changes the sum of the ask rate from 65% to 79%.

In accordance with the bond agreement, the Center was required to establish a Debt Service Fund. The Debt Service Fund shall be expended solely for the payment of bond principal and interest. Deposits are made into the Debt Service Fund immediately before payments of principal and interest on the bonds are due. There was no balance in the Debt Service Fund at December 31, 2022 or 2021.

In November 2019, the Center entered into a promissory note (the Promissory Note) with a financial institution to finance the construction of a greenhouse. The Promissory Note is secured by all real and personal property of the Center. The Promissory Note provides up to \$3,000,000 of proceeds, with advances provided to the Center in varying installments. The Promissory Note bears interest at 2.75%, and matures on November 19, 2029. Beginning February 19, 2020, interest payments were due quarterly through February 2021. Thereafter, payments of principal and interest are payable quarterly through maturity. As of December 31, 2022 and 2021, a principal balance of \$2,850,743 and \$2,936,820, respectively, was outstanding.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

The bond agreement and the Promissory Note agreement require the Center to maintain a Debt Service Coverage Ratio of at least 1.00 for each rolling four consecutive fiscal quarters. The Debt Service Coverage Ratio is determined by dividing Revenues minus Expenses for such period by Debt Service, as these terms are defined in the bond agreement. For purposes of calculating the Debt Service Coverage Ratio, revenues include draw from endowment and exclude investment income (loss) on endowment investments. The bond agreement also requires the Center to maintain a Liquidity Ratio of at least 2.00. The Liquidity Ratio is the ratio determined by dividing the total of unencumbered and unrestricted cash, cash equivalents and marketable securities by funded debt (sum of borrowed money, capital lease obligations, and undrawn letter of credit). As of December 31, 2022 and 2021, the Center was in compliance with the Debt Service Coverage Ratio and the Liquidity Ratio.

The scheduled maturities of the bonds payable and the Promissory Note, collectively, are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 502,502
2024	513,783
2025	525,554
2026	537,189
2027	548,889
<u>Thereafter</u>	<u>4,283,826</u>
	<u>\$ 6,911,743</u>

Interest expense on the bonds and the note payable for 2022 and 2021 was \$196,151 and \$234,537, respectively. Accrued interest of \$9,364 and \$9,647 at December 31, 2022 and 2021, respectively, is included in accounts payable and accrued expenses.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements *(Continued)*

**8. Property And Equipment**

Property and equipment as of December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 16,514,954	\$ 11,308,777
Buildings and improvements	137,356,705	136,169,672
Lab equipment	26,043,401	25,536,464
Furniture and equipment	8,787,702	8,475,542
Leasehold improvements	5,468	—
Construction in process	2,128,870	994,208
Total property and equipment	190,837,100	182,484,663
Less: Accumulated depreciation and amortization	90,589,540	83,989,228
Net property and equipment	<u>\$ 100,247,560</u>	<u>\$ 98,495,435</u>

Depreciation and amortization expense amounted to \$7,656,359 and \$7,394,141 during 2022 and 2021, respectively.

**9. Leases**

**Lessee - Laboratory Equipment**

The Center has a finance lease to lease laboratory equipment. Payments are \$4,314 per month through January 2025. The lease has an option to purchase at the end of the lease agreement that the Center is going to exercise. Lease expense was \$137,889 and \$85,875 in 2022 and 2021, respectively. Lease expense includes office and additional equipment leases that are immaterial.

The components of lease expense under ASC 842 for the year ended December 31, 2022 are as follows:

<u>Finance Lease Costs</u>	<u>Classification</u>	<u>Amount</u>
Amortization of ROU Assets	Depreciation and amortization	\$ 53,232
Interest	Other expense	4,860
		<u>\$ 58,092</u>

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements (*Continued*)

Supplemental cash flow and other information under ASC 842 for the year ended December 31, 2022 are as follows:

**Cash Flow Information**

ROU Assets obtained in exchange for new financing lease obligations	\$ 179,052
Cash paid for financing lease included in financing activity	51,766

**Other Information**

Weighted-average remaining term - financing lease	2.2 years
Weighted-average discount rate - financing lease	3.41%

At December 31, 2022, future minimum rental commitments under the noncancellable finance lease are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 51,766
2024	51,766
2025	34,656
Total minimum lease payments	138,188
Less: Amount of lease payments representing interest	6,042
Present value of future minimal lease payments	132,146
Less: Current portion	48,005
Long-Term Lease Liability	<u>\$ 84,141</u>

**Lessor - Ground Leases**

The Center entered into a ground lease agreement with Wexford Science and Technology (“Wexford”) to lease a portion of the land and site improvements of the BRDG Park development which encompasses 8 acres of the Center’s property. The Center receives annual rental income of \$1.2749 per rental square footage of the Wexford building located on the BRDG Park development throughout the lease term. The lease expires on March 24, 2074.

In 2019, the Center entered into an additional ground lease agreement with a third party developer to also lease a separate parcel of the land and site improvements of the BRDG Park development for construction of the EDGE @ BRDG building. The Center received \$200,000 of advanced rent in 2019, and thereafter is due annual rental payments of \$1.00 per rental square foot occupied for the first 30 years of the lease terms. After the initial period of 30 years, the rental payments increase to a maximum of \$3.00 per rental square foot, which expires in 2104. Rental payments under the agreement were first due as of June 1, 2020.

## DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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### Notes To Consolidated Financial Statements *(Continued)*

In 2021, the Center entered into a lab space lease agreement with the federal government. The Center receives annual rental income of \$248,454. The lease is set to expire on September 30, 2041.

The following is a summary of minimum future rentals to be received under the ground lease agreements and the lab space agreement:

<u>Year</u>	<u>Amount</u>
2023	\$ 555,601
2024	555,669
2025	554,204
2026	551,274
2027	551,274
Thereafter	32,583,739
	<u>\$ 35,351,761</u>

Total rental income recognized under these agreements was \$580,228 and \$630,008 in 2022 and 2021, respectively, which is included in service fees and rental income in the consolidated statement of activities.

### 10. Benefit Plan

The Center maintains a contributory retirement plan for full-time employees. The Center contributes an amount to the plan on behalf of the employee up to a maximum of 8% of the participating employee's salary. Participants are given various investment options through the Teachers Insurance and Annuity Association (TIAA). Effective January 1, 2022, the Center contributions are immediately vested. Prior to January 1, 2022, the employee's right to Center contributions vested after three years of service. The Center contributed \$1,595,297 and \$1,192,821 to the plan in 2022 and 2021, respectively.

### 11. Medical Insurance Program

The Center established a self-insured medical program in 2017 covering substantially all full-time employees. The Center's liability has been limited by the purchase of specific (\$125,000 per claim and aggregate 125% of expected claims based on average enrollment) reinsurance. Expenses are recognized as incurred and totaled \$1,853,140 and \$1,444,177 during 2022 and 2021, respectively. The Center has recorded an incurred but not reported reserve of \$48,851 and \$127,407 as of December 31, 2022 and 2021, respectively, which is included in accounts payable and accrued expenses on the Center's consolidated statement of financial position.

**DONALD DANFORTH PLANT SCIENCE CENTER  
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Notes To Consolidated Financial Statements *(Continued)*

**12. Net Asset Balances And Releases From Restrictions**

Restrictions and designations on net asset balances at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Undesignated	\$ 61,686,651	\$ 132,014,604
Board-designated endowment	130,604,548	78,370,677
Invested in property, net	92,769,654	90,669,223
<u>Total net assets without donor restrictions</u>	<u>\$ 285,060,853</u>	<u>\$ 301,054,504</u>

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions		
Contributions receivable	\$ 4,923,605	\$ 4,737,776
Donor restricted contributions - purpose	3,872,458	919,552
Enterprise Rent-A-Car Institute of		
Renewable Fuels	77,653	31,956
Endowment funds	271,573,767	331,809,035
Construction or purchase of assets	10,007	661,274
Other special purpose	1,893,050	2,075,334
<u>Total net assets with donor restrictions</u>	<u>\$ 282,350,540</u>	<u>\$ 340,234,927</u>

Net assets were released from restrictions during the years ended December 31, 2022 and 2021 by satisfying the restricted purposes or by the occurrence of time as shown below:

	<u>2022</u>	<u>2021</u>
Capital Campaign for Expansion	\$ 701,266	\$ 4,472,947
Specific donor restrictions met	2,023,324	1,606,880
Passage of time	28,539	155,217
Enterprise Rent-A-Car Institute of		
Renewable Fuels	1,064,757	1,027,278
Appropriation of donor-restricted		
endowment earnings for expenditure	10,415,656	9,133,000
Other special purpose	1,899,820	1,104,963
	<u>\$ 16,133,362</u>	<u>\$ 17,500,285</u>

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Notes To Consolidated Financial Statements (*Continued*)

**13. Expenses Presented According To Functional And Natural Classifications**

Expenses for the years ended December 31, 2022 and 2021 are presented in the following tables according to both functional and natural classifications. See Note 1 for a description of the allocation methods.

	<b>For The Year Ended December 31, 2022</b>			
	<b>Research/Science</b>	<b>General And Administration</b>	<b>Development And Public Relations</b>	<b>Total</b>
	Salaries, wages and benefits	\$ 23,924,666	\$ 4,281,487	\$ 1,858,643
Equipment rental and maintenance	1,100,987	147,353	42,957	1,291,297
Insurance expense	—	391,134	—	391,134
Meetings and conferences	173,908	8,019	4,906	186,833
Membership, dues and subscriptions	182,572	15,882	21,143	219,597
Occupancy expense	1,600,535	126,683	25,954	1,753,172
Outside services	1,488,923	201,761	32,973	1,723,657
Personnel expense	539,079	171,361	6,245	716,685
Postage and shipping	58,785	5,754	28,115	92,654
Printing and publications	82,074	—	66,662	148,736
Professional fees and consulting	934,881	359,031	82,283	1,376,195
Publicity/special events	66,660	—	227,593	294,253
Subcontract/subrecipient expense	7,739,513	—	—	7,739,513
Supplies and equipment	2,492,201	73,504	35,880	2,601,585
Telecommunications expense	107,727	10,462	8,181	126,370
Temporary employee expense	79,413	6,123	1,276	86,812
Travel and entertainment	399,933	10,469	13,392	423,794
Other expense	373,574	451,269	1,106	825,949
Depreciation & amortization	7,262,356	322,335	71,668	7,656,359
<b>Total Expenses</b>	<b>\$ 48,607,787</b>	<b>\$ 6,582,627</b>	<b>\$ 2,528,977</b>	<b>\$ 57,719,391</b>

	<b>For The Year Ended December 31, 2021</b>			
	<b>Research/Science</b>	<b>General And Administration</b>	<b>Development And Public Relations</b>	<b>Total</b>
	Salaries, wages and benefits	\$ 20,695,478	\$ 2,938,199	\$ 1,558,380
Equipment rental and maintenance	1,102,570	136,362	48,269	1,287,201
Insurance expense	—	322,230	—	322,230
Meetings and conferences	23,540	70	4,370	27,980
Membership, dues and subscriptions	140,029	13,860	26,919	180,808
Occupancy expense	1,213,519	120,271	26,371	1,360,161
Outside services	1,285,291	168,687	30,090	1,484,068
Personnel expense	497,167	72,881	4,766	574,814
Postage and shipping	29,052	6,121	21,872	57,045
Printing and publications	62,144	—	64,571	126,715
Professional fees and consulting	732,912	244,904	125,534	1,103,350
Publicity/special events	50,252	—	83,424	133,676
Subcontract/subrecipient expense	7,489,266	—	—	7,489,266
Supplies and equipment	2,199,722	47,426	19,762	2,266,910
Telecommunications expense	112,429	9,043	7,830	129,302
Temporary employee expense	95,714	5,807	1,290	102,811
Travel and entertainment	91,562	4,180	2,770	98,512
Depreciation & amortization	333,289	463,421	6,234	802,944
Other expense	6,988,430	328,531	77,180	7,394,141
<b>Total Expenses</b>	<b>\$ 43,142,366</b>	<b>\$ 4,881,993</b>	<b>\$ 2,109,632</b>	<b>\$ 50,133,991</b>



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Notes To Consolidated Financial Statements (*Continued*)

**14. Supplemental Cash Flow Information**

During 2022 and 2021, interest paid amounted to \$201,668 and \$241,535, respectively.

Additionally, the Center had the following noncash investing and financing activities:

During 2022 and 2021, gifts and grants of equity securities of \$89,512,941 and \$36,944,329, respectively, were received.

Additionally, construction in process purchases of \$439,829 and \$296,058 are included in accounts payable and accrued expenses at December 31, 2022 and 2021, respectively. Construction in progress purchases of \$126,334 are included in retainage payable at December 31, 2022 and 2021.

**15. Federal Grant Programs**

The Center frequently partners with various universities and academic research institutions on federal grant programs. Three members of the Center's Board of Directors hold leadership positions at three separate Universities that the Center participates with on various federal grants. During 2022 and 2021, federal funds of \$1,116,310 and \$858,029, respectively, were passed through to these universities by the Center. Additionally, the Center received pass through funding from the universities in 2022 and 2021 that amounted to \$708,403 and \$336,292, respectively.