
***DONALD DANFORTH PLANT
SCIENCE CENTER AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023***



**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, 2023 and 2022, 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, 2023 and 2022, 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

As discussed in Note 16 to the consolidated financial statements, the 2022 financial statements have been restated to correct a misstatement. 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 29, 2024 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 29, 2024

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	December 31,	
	2023	2022 (As Restated)
Cash and cash equivalents	\$ 7,514,018	\$ 5,561,368
Contributions receivable - net (Note 6)	13,618,558	15,994,087
Grants receivable	5,208,642	4,898,349
Other accounts receivable	1,877,665	1,403,860
Prepaid expenses and deposits	1,528,006	1,390,921
Investments (Notes 2 and 3)	475,419,521	447,452,997
Property and equipment (Note 8)	98,167,759	100,247,560
Note receivable	300,000	—
Right-of-use assets - financing lease, net (Note 9)	—	125,820
Total Assets	\$ 603,634,169	\$ 577,074,962

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 5,630,816	\$ 5,461,000
Retainage payable (Note 14)	63,520	126,334
Bonds and promissory note payable (Note 7)	6,409,240	6,911,743
Liabilities under gift annuity agreements (Note 1)	378,003	371,568
Deferred revenue	3,430,356	2,952,134
Financing lease liability (Note 9)	—	132,146
Total Liabilities	15,911,935	15,954,925
Net Assets (Note 12)		
Without donor restrictions	286,366,237	278,769,497
With donor restrictions	301,355,997	282,350,540
Total Net Assets	587,722,234	561,120,037
Total Liabilities And Net Assets	\$ 603,634,169	\$ 577,074,962

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2023 And 2022**

	2023			2022 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenues						
Contributions (Note 6)	\$ 3,651,732	\$ 12,983,213	\$ 16,634,945	\$ 3,165,285	\$ 7,878,827	\$ 11,044,112
Private grants	7,582,754	—	7,582,754	6,761,367	—	6,761,367
Government grants	20,275,876	—	20,275,876	20,064,881	—	20,064,881
Service fees and rental income (Note 9)	3,185,814	—	3,185,814	3,204,764	—	3,204,764
Other	393,653	—	393,653	318,259	—	318,259
Net assets released from restrictions (Note 12)	18,824,668	(18,824,668)	—	16,133,362	(16,133,362)	—
Total Support And Revenues	53,914,497	(5,841,455)	48,073,042	49,647,918	(8,254,535)	41,393,383
Expenses (Note 13)						
Research and scientific programs	53,358,553	—	53,358,553	48,607,787	—	48,607,787
General and administration	6,494,821	—	6,494,821	6,582,627	—	6,582,627
Development and public relations	2,793,275	—	2,793,275	2,528,977	—	2,528,977
Total Expenses	62,646,649	—	62,646,649	57,719,391	—	57,719,391
Increase (Decrease) In Net Assets Before Net Investment Income (Loss), Gains And (Losses)	(8,732,152)	(5,841,455)	(14,573,607)	(8,071,473)	(8,254,535)	(16,326,008)
Net Investment Income (Loss), Gains And (Losses)						
Net investment income (loss) (Note 2)	16,407,305	24,840,486	41,247,791	(13,994,431)	(49,538,737)	(63,533,168)
Unrealized gain (loss) on gift annuity assets (Note 2)	—	24,114	24,114	—	(83,189)	(83,189)
Change in value of gift annuity (Note 1)	(21,205)	(15,987)	(37,192)	(11,663)	(4,626)	(16,289)
Loss on disposal of fixed assets	(57,208)	—	(57,208)	(207,440)	—	(207,440)
Loss on write-off of contributions receivable	—	(1,701)	(1,701)	—	(3,300)	(3,300)
Total Net Investment Income (Loss), Gains And (Losses)	16,328,892	24,846,912	41,175,804	(14,213,534)	(49,629,852)	(63,843,386)
Increase (Decrease) In Net Assets	7,596,740	19,005,457	26,602,197	(22,285,007)	(57,884,387)	(80,169,394)
Net Assets - Beginning Of Year	278,769,497	282,350,540	561,120,037	301,054,504	340,234,927	641,289,431
Net Assets - End Of Year	\$ 286,366,237	\$ 301,355,997	\$ 587,722,234	\$ 278,769,497	\$ 282,350,540	\$ 561,120,037

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2022	
	2023 (As Restated)	
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 26,602,197	\$ (80,169,394)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Amortization of discount on pledges	(364,551)	(302,595)
Depreciation and amortization	7,895,060	7,656,359
Loss on disposal of fixed assets	57,208	207,440
Amortization of right-of-use assets - financing lease	4,578	—
Loss on write-off of contributions receivable	1,701	3,300
Realized and unrealized (gains) losses on investments	(41,137,628)	61,853,272
Unrealized (gain) loss on gift annuity assets	(90,143)	74,125
Change in value of gift annuities	37,192	16,289
Contributions restricted for investments in property and equipment	—	(596,989)
Contributions restricted for endowment	(1,801,044)	(109,553)
Changes in assets and liabilities:		
Contributions receivable	3,501,512	87,529,833
Grants receivable	(310,293)	(1,145,488)
Notes receivable	(300,000)	—
Other assets	(610,890)	723,547
Right-of-use assets - financing lease and lease liability	27,787	(28,034)
Accounts payable and accrued expenses	(270,013)	301,271
Deferred revenue	478,222	69,164
Net Cash Provided By (Used In) Operating Activities	(6,279,105)	76,082,547
Cash Flows From Investing Activities		
Purchases of investment securities	(75,787,246)	(270,452,263)
Proceeds from sale and maturities of investments	89,106,268	202,950,913
Proceeds from sale of property and equipment	10,100	1,500
Purchases of property and equipment	(5,544,243)	(9,143,235)
Net Cash Provided By (Used In) Investing Activities	7,784,879	(76,643,085)
Cash Flows From Financing Activities		
Principal payments on bonds payable	(502,503)	(492,077)
Proceeds from gift annuity	—	(429,015)
Payments on gift annuity	(88,532)	(70,341)
Proceeds from contributions restricted for endowment	1,037,911	1,456,219
Net Cash Provided By Financing Activities	446,876	464,786
Net Increase (Decrease) In Cash And Cash Equivalents	1,952,650	(95,752)
Cash And Cash Equivalents - Beginning Of Year	5,561,368	5,657,120
Cash And Cash Equivalents - End Of Year	\$ 7,514,018	\$ 5,561,368

Supplemental Disclosure Of Cash Flow Information (Note 14)

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 And 2022

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 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

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 9.44% and 7.95% of the GEM Fund at December 31, 2023 and 2022, respectively. The consolidated financial statements of the Center should be read in conjunction with the December 31, 2023 and 2022 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

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 Standards 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, 2023 and 2022, the Center had approximately \$4,844,600 and \$3,872,500, respectively, of conditional contributions.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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, 2023 or 2022.

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, 2023 and 2022, the Center had deposits in its operating checking account which exceeded the FDIC insurance limit by \$7,685,089 and \$5,479,106, 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, treasury bills and other debt instruments, equity securities, and alternative investments such as hedge 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

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 half 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

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. Generally Accepted Accounting Principles 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, 2023 and 2022, 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 Lewis and Clark's most recent audited financial statements is the most representative figure of fair value at December 31, 2023 and 2022.

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, 2023 and 2022, investments held to fund annuity obligations were \$707,144 and \$644,480, respectively. For the years ended December 31, 2023 and 2022, the change in value of gift annuity obligations resulted in a decrease in net assets of \$37,192 and \$16,289, respectively.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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 15 years). Buildings and related improvements are depreciated using the straight-line method over the estimated useful lives of the respective assets (10 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, 2023 or 2022.

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.

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

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.

DTC is a corporation that is subject to income taxes. For the years ended December 31, 2023 and 2022, there were no significant activities in this entity that would result in the estimate of a provision for income taxes.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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, 2023 and 2022, 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 2022 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2023 financial statements.

New Accounting Pronouncement - Credit Losses

As of January 1, 2023, the Center adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, using a modified-retrospective approach. The standard replaces the previous incurred loss model and requires entities to record an estimate of expected losses on financial assets for the remaining estimated life of the asset. This estimate includes consideration of historical experience, current conditions, and reasonable and supportable forecasts. The standard applies to the Danforth Center's other accounts receivable. The adoption did not have a material impact on the Center's 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.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

2. Investments

As of December 31, 2023 and 2022, 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, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 2,307,556	\$ 949,340
Investment management fees	(2,263,422)	1,104,911
Realized and unrealized gains (losses) on investments and annuity assets	41,227,771	(65,670,608)
	<u>\$ 41,271,905</u>	<u>\$ (63,616,357)</u>

Investment management fees, as reported above, for the year ended December 31, 2022 included a reversal of prior year carried interest expense amounting to \$3,368,499. For the year ended December 31, 2023, management fees did not include a carried interest allocation or reversal.

Investments as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Investment in GEM Fund	\$ 391,755,020	\$ 363,114,159
Receivable on unsettled investment trades	10,000,000	6,000,000
Private equity funds (Legacy Investments)	11,009,076	12,268,953
Lewis and Clark Plant Sciences Fund I	5,518,669	12,343,796
Money market accounts	33,956,606	34,493,085
Bond mutual funds	12,738,301	12,249,947
Domestic equity securities	3,305,901	6,385,948
International stock index funds	61,723	47,883
Domestic stock index funds	295,280	274,567
Treasury Bills	6,572,306	—
U.S. government agency securities	206,639	274,659
	<u>\$ 475,419,521</u>	<u>\$ 447,452,997</u>

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

Net asset classification of investments at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Without donor restrictions and undesignated	\$ 54,591,871	\$ 45,274,682
Without donor restrictions - Board designated endowment (Note 4)	135,943,249	130,604,548
Donor restricted endowment	284,884,401	271,573,767
	<u>\$ 475,419,521</u>	<u>\$ 447,452,997</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.

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.

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

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, 2023 and 2022.

Description	December 31, 2023		Level 1	Level 2	Level 3
Investments:					
Money market accounts	\$ 33,956,606	\$ 33,956,606		\$ —	\$ —
Bond mutual funds	12,738,301	12,738,301		—	—
Domestic equity securities	3,305,901	3,305,901		—	—
International stock index funds	61,723	61,723		—	—
Domestic stock index funds	295,280	295,280		—	—
U.S. government agency securities	206,639	206,639		—	—
U.S. government treasury bills	6,572,306	6,572,306		—	—
Investments measured at net asset value and investments not included in the fair value table:					
Private equity funds	11,009,076		—	—	—
Investment in GEM Fund	391,755,020		—	—	—
Investment receivable	10,000,000		—	—	—
Lewis and Clark Plant Sciences Fund I	5,518,669		—	—	—
Total Investments	\$ 475,419,521	\$ 57,136,756	\$ —	\$ —	\$ —

Description	December 31, 2022		Level 1	Level 2	Level 3
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		—	—	—
Total Investments	\$ 447,452,997	\$ 53,726,089	\$ —	\$ —	\$ —

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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 2023 and 2022, 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 \$55,460,596 was invested at December 31, 2023. The remaining \$4,039,404 may be called at any time during the commitment period.

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, 2023. The remaining \$940,208 can be called at any time for payment of partnership expenses or for follow-on investment in existing portfolio companies prior to December 31, 2026 (the termination date). Investment in new companies cannot be made after 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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 endowment market value as of March 31 of the prior year, 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. During 2023, the Center adopted a new endowment draw policy that will not be fully implemented until 2027. The updated policy will review the average market value as of March 31 of the prior year and trailing 11 quarter-end values once fully implemented.

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.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 284,884,401	\$ 284,884,401
Board-designated endowment funds	135,943,249	—	135,943,249
Total Funds	\$ 135,943,249	\$ 284,884,401	\$ 420,827,650

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

The endowment assets exclude promises to give restricted by donors (net of a discount) for endowments of \$3,233,957 and \$3,374,006 at December 31, 2023 and 2022, respectively. The following is a reconciliation of the beginning and ending balances of the Center's endowment investments for 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment cash and investments, January 1, 2022	\$ 78,370,677	\$ 331,809,035	\$ 410,179,712
Net investment loss	(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
Net investment return	10,714,060	25,843,171	36,557,231
Appropriated for expenditure	(6,525,359)	(13,570,448)	(20,095,807)
Contributions	1,150,000	1,037,911	2,187,911
Endowment cash and investments, December 31, 2023	\$ 135,943,249	\$ 284,884,401	\$ 420,827,650

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

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, 2023 or 2022. 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.

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:

	2023	2022
	(As Restated)	
Financial Assets		
Cash and cash equivalents	\$ 7,514,018	\$ 5,561,368
Contributions receivable, net	13,618,558	15,994,087
Grants receivable	5,208,642	4,898,349
Investments	475,419,521	447,452,997
Accounts receivable	677,207	627,394
Interest and other receivables	1,712,425	778,114
Total Financial Assets	504,150,371	475,312,309
Less Amounts Not Available for Use Within One Year		
Contributions receivable with perpetual donor restrictions	(3,233,957)	(3,374,006)
Contributions receivable without donor restrictions (due in more than one year)	(3,743,638)	(988,193)
Funds restricted for equipment purchases	(152)	—
Restricted investments and cash (net of future draw)	(404,818,070)	(384,075,022)
Financial Assets Not Available to be Used Within One Year	(411,795,817)	(388,437,221)
Financial Assets Available To Meet General Expenditures		
Within One Year	\$ 92,354,554	\$ 86,875,088

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

The Center has \$92,354,554 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). \$20,116,722 of the endowment draw is allocated to support operations in 2024 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.

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 \$9.0 million. The Center also maintains cash balances for capital asset replacement and renewal and those funds totaled \$7,533,355 and \$7,463,397 as of December 31, 2023 and 2022, respectively.

The Center also has \$135,943,249 and \$130,604,548 of funds Board designated as endowment at December 31, 2023 and 2022, 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).

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

6. Contributions Receivable

As of December 31, 2023 and 2022, the Center has contributions receivable under varying terms over the periods as listed below:

	2022	
	2023 (As Restated)	
Less than one year	\$ 9,037,263	\$ 12,218,946
One to five years	5,545,000	4,490,000
	<u>14,582,263</u>	<u>16,708,946</u>
Less: Discount	963,705	714,859
	<u>\$ 13,618,558</u>	<u>\$ 15,994,087</u>

The discount amortization of \$331,044 and \$302,595 in 2023 and 2022, 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%.

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 fixed at 2.64% on December 31, 2023 and 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, 2023 and 2022, principal of \$3,647,000 and \$4,061,000, respectively, is payable.

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, 2023 or 2022.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements *(Continued)*

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, 2023 and 2022, a principal balance of \$2,762,240 and \$2,850,743, respectively, was outstanding.

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, 2023 and 2022, 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:

Year	2011 Bonds	2019 Note	Amount
2024	\$ 423,000	\$ 90,783	\$ 513,783
2025	432,000	93,554	525,554
2026	441,000	96,189	537,189
2027	450,000	98,899	548,899
2028	460,000	101,503	561,503
Thereafter	1,441,000	2,281,312	3,722,312
	<u>\$ 3,647,000</u>	<u>\$ 2,762,240</u>	<u>\$ 6,409,240</u>

Interest expense on the bonds and the note payable for 2023 and 2022 was \$182,517 and \$196,151, respectively. Accrued interest of \$9,073 and \$9,364 at December 31, 2023 and 2022, respectively, is included in accounts payable and accrued expenses.

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Notes To Consolidated Financial Statements *(Continued)*

8. Property And Equipment

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 16,514,954	\$ 16,514,954
Buildings and improvements	138,390,648	137,356,705
Lab equipment	27,520,696	26,043,401
Furniture and equipment	9,458,856	8,787,702
Leasehold improvements	5,468	5,468
Construction in process	3,074,991	2,128,870
Total property and equipment	194,965,613	190,837,100
Less: Accumulated depreciation and amortization	96,797,854	90,589,540
Net property and equipment	<u>\$ 98,167,759</u>	<u>\$ 100,247,560</u>

Depreciation and amortization expense amounted to \$7,895,060 and \$7,656,359 during 2023 and 2022, respectively.

9. Leases

Lessee - Laboratory Equipment

The Center had a finance lease to lease laboratory equipment. Payments were \$4,314 per month scheduled through January 2025. The lease had an option to purchase at the end of the lease agreement that the Center has exercised early. The Center exercised the purchase option, paying \$87,345 as of November 2023. Lease expense was \$219,609 and \$137,889 in 2023 and 2022, respectively. Lease expense includes office and additional equipment leases that are immaterial, and the purchase cost of the laboratory equipment.

The components of lease expense under ASC 842 for the year ended December 31, 2023 and 2022 are as follows:

<u>Finance Lease Costs</u>	<u>Classification</u>	<u>2023</u>	<u>2022</u>
Amortization of ROU assets	Depreciation and amortization	\$ 53,232	\$ 53,232
Interest	Other expense	3,510	4,860
		<u>\$ 56,742</u>	<u>\$ 58,092</u>

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements *(Continued)*

Supplemental cash flow and other information under ASC 842 are as follows:

	<u>2023</u>	<u>2022</u>
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%

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 \$1.376 per rental square footage of the Wexford building located on the BRDG Park development throughout the lease term. The rental rate is adjusted for inflation based on CPI every 5 years, and in March 2024, the rental rate increased to \$1.689 per rental square footage. The lease expires in 2073.

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 2084, with two optional 10 year extensions available. Rental payments under the agreement were first due as of June 1, 2020.

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.

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Notes To Consolidated Financial Statements (*Continued*)

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>
2024	\$ 570,669
2025	555,669
2026	555,669
2027	555,669
2028	555,669
Thereafter	32,032,429
	<u>\$ 34,825,774</u>

Total rental income recognized under these agreements was \$604,538 and \$580,228 in 2023 and 2022, 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 \$1,842,036 and \$1,595,297 to the plan in 2023 and 2022, 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 (\$135,000 per claim and aggregate 125% of expected claims based on average enrollment) reinsurance. Expenses are recognized as incurred and totaled \$1,550,003 and \$1,853,140 during 2023 and 2022, respectively. The Center has recorded an incurred but not reported reserve of \$4,359 and \$48,851 as of December 31, 2023 and 2022, 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, 2023 and 2022 consist of the following:

	2022	
	2023 (As Restated)	
Net assets without donor restrictions:		
Undesignated	\$ 59,566,526	\$ 55,395,295
Board-designated endowment	135,943,249	130,604,548
Invested in property, net	90,856,462	92,769,654
Total net assets without donor restrictions	\$ 286,366,237	\$ 278,769,497
	2023	2022
Net assets with donor restrictions		
Contributions receivable	\$ 8,371,507	\$ 4,923,605
Donor restricted contributions - purpose	4,724,276	3,872,458
Enterprise Rent-A-Car Institute of		
Renewable Fuels	36,252	77,653
Endowment funds	284,884,401	271,573,767
Construction or purchase of assets	8,667	10,007
Other special purpose	3,330,894	1,893,050
Total net assets with donor restrictions	\$ 301,355,997	\$ 282,350,540

Net assets were released from restrictions during the years ended December 31, 2023 and 2022 by satisfying the restricted purposes or by the occurrence of time as shown below:

	2023		2022	
Capital Campaign for Expansion	\$ 17,673	\$ 701,266		
Specific donor restrictions met	3,123,534	2,023,324		
Passage of time	85,099	28,539		
Enterprise Rent-A-Car Institute of				
Renewable Fuels	1,186,389	1,064,757		
Appropriation of donor-restricted				
endowment earnings for expenditure	11,800,933	10,415,656		
Other special purpose	2,611,040	1,899,820		
	\$ 18,824,668	\$ 16,133,362		

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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, 2023 and 2022 are presented in the following tables according to both functional and natural classifications. See Note 1 for a description of the allocation methods.

	For The Year Ended December 31, 2023			
	Research/ Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 26,701,718	\$ 4,066,460	\$ 2,047,962	\$ 32,816,140
Equipment rental and maintenance	1,929,677	194,153	77,874	2,201,704
Insurance expense	—	422,007	—	422,007
Meetings and conferences	165,204	10,005	1,758	176,967
Membership, dues and subscriptions	297,468	16,511	20,161	334,140
Occupancy expense	1,797,085	135,696	32,958	1,965,739
Outside services	1,655,000	310,613	33,660	1,999,273
Personnel expense	723,831	201,767	5,841	931,439
Postage and shipping	46,436	8,372	35,936	90,744
Printing and publications	81,683	—	86,868	168,551
Professional fees and consulting	939,452	618,550	71,051	1,629,053
Publicity/special events	58,134	—	235,828	293,962
Subcontract/subrecipient expense	7,940,003	—	—	7,940,003
Supplies and equipment	2,509,152	51,617	22,137	2,582,906
Telecommunications expense	118,346	12,788	10,084	141,218
Temporary employee expense	102,115	7,210	1,776	111,101
Travel and entertainment	555,522	64,586	18,710	638,818
Other expense	254,740	46,700	6,384	307,824
Depreciation & amortization	7,482,987	327,786	84,287	7,895,060
Total Expenses	\$ 53,358,553	\$ 6,494,821	\$ 2,793,275	\$ 62,646,649

	For The Year Ended December 31, 2022			
	Research/ Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 23,924,666	\$ 4,281,487	\$ 1,858,643	\$ 30,064,796
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
Total Expenses	\$ 48,607,787	\$ 6,582,627	\$ 2,528,977	\$ 57,719,391

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

14. Supplemental Cash Flow Information

During 2023 and 2022, interest paid amounted to \$186,318 and \$201,668, respectively.

Additionally, construction in process purchases of \$838,537 and \$439,829 are included in accounts payable and accrued expenses at December 31, 2023 and 2022, respectively. Construction in progress purchases of \$63,520 and \$126,334 are included in retainage payable at December 31, 2023 and 2022, respectively.

15. Federal Grant Programs

The Center frequently partners with various universities, academic research institutions, and non-profits on federal grant programs. Four members of the Center's Board of Directors hold leadership positions at three separate Universities and one non-profit that the Center participates with on various federal grants. During 2023 and 2022, federal funds of \$963,086 and \$1,116,310, respectively, were passed through to these universities by the Center. Additionally, the Center received pass through funding from the universities in 2023 and 2022 that amounted to \$506,133 and \$708,403, respectively.

16. Restatement

The accompanying consolidated financial statements have been restated to correct an error in the accounting for contributions receivable and contributions revenue. The restatement did not result in a change in net assets as of January 1, 2022.

The impact of the restatement is as follows for the year ended December 31, 2022:

Financial Statement Line Item	As Originally Stated	Restatement	As Restated
Net Assets - Without donor restrictions	\$285,060,853	\$ (6,291,356)	\$ 278,769,497
Total Net Assets - December 31, 2022	567,411,393	(6,291,356)	561,120,037
Total Contribution Receivable	22,285,443	(6,291,356)	15,994,087
Total Contributions	17,335,468	(6,291,356)	11,044,112
Total Increase (Decrease) in Net Assets - Without donor restrictions	(15,993,651)	(6,291,356)	(22,285,007)
Total Increase (Decrease) in Net Assets	(73,878,038)	(6,291,356)	(80,169,394)