

**BOYCE THOMPSON INSTITUTE FOR
PLANT RESEARCH, INC.**

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2021 and 2020**



BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Statements of Financial Position	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-28
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29-30
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	31-33
Schedule of Expenditures of Federal Awards	34-35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-38



INDEPENDENT AUDITORS' REPORT

Board of Directors of
Boyce Thompson Institute for Plant Research, Inc.
Ithaca, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Boyce Thompson Institute for Plant Research, Inc. (the Institute), which comprise the Statements of Financial Position as of December 31, 2021 and 2020, and the related Statements of Activities and Change in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Boyce Thompson Institute for Plant Research, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, on our consideration of Boyce Thompson Institute for Plant Research, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provision 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 Boyce Thompson Institute for Plant Research, Inc.'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 Boyce Thompson Institute for Plant Research, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
May 5, 2022

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 4,441,520	\$ 759,855
Research Grants and Contracts Receivable	2,145,197	2,150,888
Contributions Receivable, Net, Current Portion	408,675	393,365
Other Receivables	1,830,901	478,518
Prepaid Expenses and Other Assets	122,685	239,258
Investments	89,244,106	82,175,172
Total Current Assets	98,193,084	86,197,056
Contributions Receivable, Net, Noncurrent Portion	-	353,538
Property and Equipment, Net	2,889,212	2,372,607
Total Assets	\$ 101,082,296	\$ 88,923,201
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,336,863	\$ 1,136,245
Research Grant and Contract Advances	5,102,789	646,761
Capital Lease Obligations, Current Portion	220,626	283,212
PPP Loan	1,743,620	1,719,500
Total Current Liabilities	8,403,898	3,785,718
Deferred Compensation and Severance Payable	470,919	317,251
Capital Lease Obligations, Noncurrent Portion	415,153	602,859
Accrued Postretirement Benefit Obligation	3,980,038	4,093,075
Total Liabilities	13,270,008	8,798,903
Net Assets		
Without Donor Restrictions	81,454,840	74,196,641
With Donor Restrictions	6,357,448	5,927,657
Total Net Assets	87,812,288	80,124,298
Total Liabilities and Net Assets	\$ 101,082,296	\$ 88,923,201

See Notes to Financial Statements

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support						
Federal Grants and Contracts	\$ 7,300,463	\$ -	\$ 7,300,463	\$ 7,880,510	\$ -	\$ 7,880,510
Foundation Gifts and Other Grants	2,644,844	-	2,644,844	2,229,749	-	2,229,749
Investment Income Allocated to Operations	3,900,000	-	3,900,000	4,646,000	-	4,646,000
Contributed Facilities and Services	1,642,359	-	1,642,359	1,645,534	-	1,645,534
PPP Loan Forgiven	1,719,500	-	1,719,500	-	-	-
Contributions, Royalties, Contracts, and Other Revenues	1,296,742	171,350	1,468,092	755,739	205,200	960,939
Net Assets Released from Restrictions	621,399	(621,399)	-	592,051	(592,051)	-
Total Operating Revenue and Other Support	19,125,307	(450,049)	18,675,258	17,749,583	(386,851)	17,362,732
Operating Expenses						
Program Services:						
Research	14,361,622	-	14,361,622	13,722,652	-	13,722,652
Greenhouse and Other	1,682,062	-	1,682,062	1,522,227	-	1,522,227
Intellectual Property and Technology Transfer	555,898	-	555,898	489,757	-	489,757
Total Program Services	16,599,582	-	16,599,582	15,734,636	-	15,734,636
Supporting Services:						
Administration	2,376,421	-	2,376,421	2,049,701	-	2,049,701
Fundraising and Public Relations	509,715	-	509,715	652,142	-	652,142
Total Supporting Services	2,886,136	-	2,886,136	2,701,843	-	2,701,843
Total Operating Expenses	19,485,718	-	19,485,718	18,436,479	-	18,436,479
Change in Net Assets From Operating Activities	(360,411)	(450,049)	(810,460)	(686,896)	(386,851)	(1,073,747)
Non-Operating Revenue (Expense)						
Investment Income, Net of Amounts						
Allocated to Operations	7,390,585	879,840	8,270,425	2,485,727	541,436	3,027,163
Change in Funded Status of Postretirement Benefit Plan	(32,745)	-	(32,745)	(32,246)	-	(32,246)
Net Periodic Benefit (Cost) Gain, Net of Service Costs	260,770	-	260,770	(497,641)	-	(497,641)
Total Non-Operating Revenue (Expense), Net	7,618,610	879,840	8,498,450	1,955,840	541,436	2,497,276
Change in Net Assets	7,258,199	429,791	7,687,990	1,268,944	154,585	1,423,529
Net Assets - Beginning of Year	74,196,641	5,927,657	80,124,298	72,927,697	5,773,072	78,700,769
Net Assets - End of Year	\$ 81,454,840	\$ 6,357,448	\$ 87,812,288	\$ 74,196,641	\$ 5,927,657	\$ 80,124,298

See Notes to Financial Statements

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services					
			Intellectual Property and Technology Transfer							
	Research	Greenhouse and Other		Subtotal	Administration	Fundraising and Public Relations	Subtotal	2021 Total	2020 Total	
Salaries and Benefits	\$ 7,273,094	\$ 1,452,947	\$ 276,167	\$ 9,002,208	\$ 1,726,653	\$ 429,205	\$ 2,155,858	\$ 11,158,066	\$ 10,473,878	
Subcontracted Services	2,383,441	-	-	2,383,441	-	-	-	2,383,441	2,325,701	
Occupancy	1,393,913	210,831	4,714	1,609,458	161,013	46,315	207,328	1,816,786	1,809,603	
Other Labor Costs	1,340,439	-	-	1,340,439	-	-	-	1,340,439	1,183,825	
Travel and Related Supplies	538,537	215,044	2,333	755,914	52,483	2,719	55,202	811,116	782,137	
Outside Services and Professional Fees	637,283	25,664	272,684	935,631	381,986	31,476	413,462	1,349,093	1,085,790	
Depreciation	437,725	52,449	-	490,174	21,366	-	21,366	511,540	597,013	
Equipment and Maintenance	18,948	61,735	-	80,683	32,920	-	32,920	113,603	178,532	
Internal Services	338,242	(336,608)	-	1,634	-	-	-	1,634	-	
Total Functional Expenses	\$ 14,361,622	\$ 1,682,062	\$ 555,898	\$ 16,599,582	\$ 2,376,421	\$ 509,715	\$ 2,886,136	\$ 19,485,718	\$ 18,436,479	

See Notes to Financial Statements

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			
			Intellectual Property and Technology Transfer			Fundraising and Public Relations		
	Research	Greenhouse and Other		Subtotal	Administration		Subtotal	Total
Salaries and Benefits	\$ 6,978,881	\$ 1,168,882	\$ 276,525	\$ 8,424,288	\$ 1,480,173	\$ 569,417	\$ 2,049,590	\$ 10,473,878
Subcontracted Services	2,325,701	-	-	2,325,701	-	-	-	2,325,701
Occupancy	1,402,723	209,979	5,245	1,617,947	150,718	40,938	191,656	1,809,603
Other Labor Costs	1,158,100	25,725		1,183,825	-	-	-	1,183,825
Travel and Related Supplies	555,149	142,792	3,238	701,179	63,587	17,371	80,958	782,137
Outside Services and Professional Fees	506,295	43,678	204,749	754,722	306,652	24,416	331,068	1,085,790
Depreciation	503,994	60,389	-	564,383	32,630	-	32,630	597,013
Equipment and Maintenance	28,661	133,930	-	162,591	15,941	-	15,941	178,532
Internal Services	263,148	(263,148)	-	-	-	-	-	-
Total Functional Expenses	\$ 13,722,652	\$ 1,522,227	\$ 489,757	\$ 15,734,636	\$ 2,049,701	\$ 652,142	\$ 2,701,843	\$ 18,436,479

See Notes to Financial Statements

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in Net Assets	\$ 7,687,990	\$ 1,423,529
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	511,540	597,013
Change in Contribution Discount	(76,772)	(94,967)
(Gain) Loss on Investments, Net	(11,614,810)	(6,961,509)
Net Periodic Benefit (Cost), Net of Service Costs	(260,770)	497,641
Changes in:		
Research Grants and Contracts Receivable	5,691	(355,119)
Contributions Receivable	415,000	370,000
Other Receivables	(1,352,383)	(478,518)
Prepaid Expenses and Other Assets	116,573	(32,524)
Accounts Payable and Accrued Liabilities	200,618	15,334
Research Grant and Contract Advances	4,456,028	(231,002)
Deferred Compensation and Severance Payable	153,668	43,886
Accrued Postretirement Benefit Obligation	147,733	104,606
Net Cash Flow Provided by/(Used for) Operating Activities	<u>390,106</u>	<u>(5,101,630)</u>
Cash Flows From Investing Activities		
Purchases of Investments	(18,903,717)	(51,983,576)
Proceeds from Sale Investments	23,449,593	55,149,592
Purchase of Property and Equipment, Net	(1,028,145)	(786,114)
Net Cash Provided by Investing Activities	<u>3,517,731</u>	<u>2,379,902</u>
Cash Flows From Financing Activities		
Proceeds from PPP Loan	1,743,620	1,719,500
Forgiveness of PPP Loan	(1,719,500)	-
Proceeds from Capital Leases	-	721,332
Repayments on Capital Lease Obligations	(250,292)	(122,650)
Net Cash Flow Provided by/(Used for) Financing Activities	<u>(226,172)</u>	<u>2,318,182</u>
Net Change in Cash and Cash Equivalents	<u>3,681,665</u>	<u>(403,546)</u>
Cash and Cash Equivalents, Beginning of Year	<u>759,855</u>	<u>1,163,401</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,441,520</u>	<u>\$ 759,855</u>
Supplemental Disclosure of Cash Flow Information		
Interest Paid	<u>\$ 32,920</u>	<u>\$ 15,941</u>

See Notes to Financial Statements

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 1* The Organization**

Boyce Thompson Institute for Plant Research, Inc. (the Institute) was incorporated in 1924 to solve selected problems of agriculture and forestry through basic and applied research.

***Note 2* Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Institute have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Reporting

The Institute's financial statements include the following classifications of net assets:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions include operating resources that are available for use without any donor-imposed restrictions. Investment income, as well as gains and losses on investments, are reported as increases or decreases in net assets without donor restrictions unless use is restricted by explicit donor stipulations or by law. When such restrictions exist, investment income, gains, or losses are reported as net assets with donor restrictions.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions are net assets whose use is limited by donor-imposed time or purpose stipulations, as well as resources that have donor-imposed restrictions that stipulate that resources be maintained in perpetuity. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Institute to use all or part of the investment return or related assets to support operational activities. Expirations of restrictions recognized in net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) that do not occur within the same period as revenue recognition are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions and reported in the Statements of Activities and Change in Net Assets as net assets released from donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit accounts and a money market savings account that may, at times, exceed federally insured limits. The Institute has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 2* Summary of Significant Accounting Policies - Continued**

Operations

The Statements of Activities and Change in Net Assets presents the changes in net assets of the Institute from operating activities and from non-operating activities. Operating expenses relate primarily to research activities conducted at the Institute. Utilization of the investment income and gains on long-term investments held for endowment and similar purposes under the Institute's total return spending policy is considered operating revenue.

Non-operating activities consists primarily of investment income, appreciation from long-term investments in excess of amounts utilized for operations, and postretirement benefit related changes other than the service cost component of net periodic benefit costs.

Revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions are reported as increases in the appropriate category of net assets, except that contributions which impose restrictions that are met in the same fiscal year they are received are included in revenues without donor restrictions. Contributions to be received in the future are discounted at a rate commensurate with risk involved. Amortization of the discount is recorded as additional contribution revenue. No allowance for uncollectible contributions receivable is provided based on a specific review of the contributions outstanding and management's judgement, including such factors as prior collection history, current economic conditions, and nature of activity.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 2* **Summary of Significant Accounting Policies - Continued*

Revenue - Continued

Revenue from federal grants and contracts that are non-exchange transactions, primarily for research programs, is generally recognized as earned when there are no barriers to overcome, that is as the related costs are incurred under the grant or contract agreements. Revenue from federal grants, and contracts that are reciprocal in nature, is recognized in the period in which the performance obligations are satisfied by achieving the milestones as required in the contract. Amounts received in advance are reported as research grant and contract advances. Grants and contracts awarded to the Institute are subject to audit by various sponsoring agencies. Indirect costs recovered on grants and contracts are recorded at rates established by the Institute with the Federal Government or predetermined by a nonfederal sponsor. Indirect cost rates for government grants and contracts are subject to audit, and subsequent final settlements are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the accompanying financial statements. The Institute records receivables from grants and contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivables. As of December 31, 2021 and 2020, no allowance for uncollectible accounts was deemed necessary.

Contributed Facilities and Services

The Institute entered into an agreement of affiliation with Cornell University on May 28, 1974. The agreement provides the Institute with, among other things, exclusive use of its facilities, including utilities and maintenance, within New York State funding constraints, on such premises. The estimated fair value of contributed facilities and services was \$1,642,359 and \$1,645,534 during 2021 and 2020, which is recognized in the accompanying Statements of Activities and Change in Net Assets as revenue and expense in the period in which the facilities are utilized or the services are provided.

Investments

The Institute invests in various types of investment securities, which are stated at fair value. Investment securities are exposed to various risks, such as interest rate and market and credit risk. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 2* Summary of Significant Accounting Policies - Continued**

Endowment

The Institute's endowment consists of one donor-restricted fund, the Boyce Schulze Downey Endowment Fund, to support unrestricted general operations of the Institute. Net assets associated with this endowment fund are classified and reported based on existing donor imposed restrictions.

The endowment consists of investments that are managed to achieve a maximum long-term total return. Investment earnings are appropriated for expenditure in support of operations based on a total return spending policy. The balance of net investment income or loss is reported as non-operating revenue. This policy is designed to preserve the value of the portfolio in real terms (after inflation) and provide a predictable flow of funds to support operations.

Fair Value Measurement - Definition and Hierarchy

The Institute uses various valuation techniques in determining fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Institute. Unobservable inputs are inputs that reflect the Institute's estimate about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Inputs - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgement.
- Level 2 Inputs - Valuations are based on quoted market prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 Inputs - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 2* Summary of Significant Accounting Policies - Continued**

Fair Value Measurement - Definition and Hierarchy - Continued

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and Equipment

Property and equipment is stated at cost, if purchased, or fair value at the date of donation. The Institute's policy is to capitalize all purchases greater than \$5,000 that have an estimated useful life in excess of one year. Depreciation is provided using the straight-line method over the assets' estimated useful lives ranging from five (5) to fifteen (15) years.

Income Taxes

The Institute is a New York not-for-profit corporation exempt from income taxes as an organization qualified under §501(c)(3) of the Internal Revenue Code. The Institute has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include salaries and benefits, occupancy, depreciation, and equipment and maintenance. Salaries and benefits are directly charged whenever possible and practicable and otherwise are allocated based on time spent in various functions. Occupancy, depreciation, equipment, and maintenance are allocated based on square footage used.

Certain expenses for the usage of lab equipment and facilities relating to the Greenhouse and other programs are allocated to the Research program based on actual usage. This allocation is included in Internal Services on the accompanying Statements of Functional Expenses.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 2* Summary of Significant Accounting Policies - Continued**

Evaluation of Subsequent Events

The Institute has evaluated subsequent events and transactions for potential recognition or disclosure through May 5, 2022, the date on which these financial statements were available to be issued.

Future Accounting Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the year ending December 31, 2022. The Institute is currently assessing the financial impact of this guidance on the financial statements.

***Note 3* Availability and Liquidity**

In managing its liquidity, the Institute structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Institute invests cash in excess of periodic requirements in short-term investments.

The Institute maintains an endowment that consists of contributions with donor restrictions. The endowment consists of investments that are held within the Institute's general investment portfolio. On an annual basis, the Board of Directors has authorized an operational draw of 3.7% of the donor restricted endowment, based on the Institute's approved spending policy calculation as described in Note 8.

A portion of the Institute's investments are maintained in alternative investments which limit the Institute's ability to withdraw capital. Within these alternative investments are certain private equity funds that are available for redemption at the investment manager's discretion, and as such, are not available to meet general expenditures within one year of the balance sheet date. The remaining alternative investments are able to be redeemed at certain periods of time during the year. These constraints may limit the Institute's ability to respond quickly to changes in market conditions. Additionally, the Institute has a commitment to invest an additional \$5,436,191 in its private capital investments as of December 31, 2021.

Although the Institute's liquid investments that are not designated for endowment are available to meet general expenditures, it is the Institute's intention to only allocate approximately 5% of the average market value for the previous twelve quarters to support operations.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 3* Availability and Liquidity - Continued**

The Institute's financial assets available within one year of the Statements of Financial Position date for general expenditure are as follows at December 31,:

	2021	2020
Cash and Cash Equivalents	\$ 4,441,520	\$ 759,855
Research Grants and Contracts Receivable	2,145,197	2,150,888
Contributions Receivable, Net	408,675	393,365
Other Receivables	1,830,901	478,518
Investments	89,244,106	82,175,172
Total Financial Assets	98,070,399	85,957,798
Less Amounts Unavailable for General Expenditures Within One Year, Due to:		
Investment Liquidity Restrictions	(14,150,479)	(8,790,090)
Donor Restricted Endowment	(5,926,773)	(5,158,754)
Add: Upcoming Fiscal Year Spending Appropriation	111,821	111,821
Donor Restricted for Use in Future Periods	(430,675)	(768,903)
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 77,674,293</u>	<u>\$ 71,351,872</u>

***Note 4* Net Assets With Donor Restrictions**

Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose. These assets are restricted for the following purposes at December 31,:

	2021	2020
Research Projects	\$ 408,675	\$ 746,903
Unexpended Endowment Earnings	2,904,573	2,136,554
Fellowships	22,000	22,000
Investments to be Held in Perpetuity, Income From Which is Expendable to Support Operations	3,022,200	3,022,200
Total	<u>\$ 6,357,448</u>	<u>\$ 5,927,657</u>

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 4* Net Assets With Donor Restrictions - Continued**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as follows for the years ended December 31,:

	<u>2021</u>	<u>2020</u>
Research Projects	\$ 509,578	\$ 480,230
Other Support Services	<u>111,821</u>	<u>111,821</u>
Total	<u>\$ 621,399</u>	<u>\$ 592,051</u>

***Note 5* Contributions Receivable**

Contributions receivable are expected to be collected as follows for the years ending December 31,:

	<u>2021</u>	<u>2020</u>
2021	-	\$ 415,000
2022	<u>430,000</u>	<u>415,000</u>
	430,000	830,000
Less: Present Value Discount (5.50%)	<u>(21,325)</u>	<u>(83,097)</u>
Total	<u>\$ 408,675</u>	<u>\$ 746,903</u>

***Note 6* Investments**

Investments consisted of the following at December 31,:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 4,048,148	\$ 1,956,089
Mutual Funds:		
Equities	1,299,427	27,809,300
Fixed Income	11,550,564	13,081,329
Equity Securities	47,633,554	16,047,472
Real Estate Investment Trust	-	309,147
Alternative Investments		
Hedge Funds	10,561,934	14,181,745
Private Capital	<u>14,150,479</u>	<u>8,790,090</u>
Total	<u>\$ 89,244,106</u>	<u>\$ 82,175,172</u>

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 6* Investments - Continued**

The Institute allocated net investment income to operating revenue and non-operating revenue as follows for the years ended December 31,:

	2021	2020
Budgeted Operational Draw (5.1% in 2021 and 5.9% in 2020)	\$ 3,043,000	\$ 3,650,000
Start-up Allocation	634,000	650,000
Investment Management Fee	151,000	166,000
Special Allocation for Employment Agreements	72,000	180,000
Investment Income Allocated to Operations	3,900,000	4,646,000
Investment Income, Net of Amounts Allocated to Operations	8,270,425	3,027,163
Total Return on Investments	<u>\$ 12,170,425</u>	<u>\$ 7,673,163</u>

***Note 7* Fair Value of Financial Instruments**

Fair value of the Institute's investment in cash and cash equivalents, mutual funds, equity securities, and real estate investment trust are valued at the last reported sale price on the last business day of the fiscal year. Quoted market prices are obtained from the national securities exchanges or, in cases where securities are not listed on any exchanges, from brokerage firms.

The Institute utilized the net asset value (NAV) reported by each of the hedge funds and private capital (collectively, alternative investments) as a practical expedient for determining the fair value of these investments. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Institute's interest in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Institute's interest in the funds.

There have been no changes in valuation methodologies used at December 31, 2021 and 2020.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 7 Fair Value of Financial Instruments - Continued

The Institute's investments are measured at fair value on a recurring basis using the following input levels at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 4,048,148	\$ -	\$ -	\$ 4,048,148
Mutual Funds				
Equities	1,299,427	-	-	1,299,427
Fixed Income	11,550,564	-	-	11,550,564
Equity Securities	47,633,554	-	-	47,633,554
Total Investments at Fair Value	<u>\$ 64,531,693</u>	<u>\$ -</u>	<u>\$ -</u>	64,531,693
Investments, Measured Using Net Assets Value as a Practical Expedient				<u>24,712,413</u>
Total Investments				<u>\$ 89,244,106</u>

The Institute's investments are measured at fair value on a recurring basis using the following input levels at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,956,089	\$ -	\$ -	\$ 1,956,089
Mutual Funds				
Equities	27,809,300	-	-	27,809,300
Fixed Income	13,081,329	-	-	13,081,329
Equity Securities	16,047,472	-	-	16,047,472
Real Estate Investment Trust	309,147	-	-	309,147
Total Investments at Fair Value	<u>\$ 59,203,337</u>	<u>\$ -</u>	<u>\$ -</u>	59,203,337
Investments, Measured Using Net Assets Value as a Practical Expedient				<u>22,971,835</u>
Total Investments				<u>\$ 82,175,172</u>

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 7 Fair Value of Financial Instruments - Continued

Alternative Investment Strategies

The Institute's alternative investment strategies are described as follows at December 31,:

Redemption Period	Notice Period	Description of Fund	2021	2020
Hedge Funds				
<u>Hawk Ridge Partners Offshore LTD</u> Quarterly	60 days	The fund's investment objective is to invest in long and short-term equities with a small to midcap focus. Redemptions are allowed quarterly with a 60 day notice period.	\$ -	\$ 7,047,331
<u>Steelhead Patherfinder Fund LTD</u> Monthly	30 days	The fund's portfolio centers on a core strategy of investing in convertible securities focused around either volatility-oriented convertibles (convert arbitrage) or credit-oriented convertibles (busted convertibles). Redemptions are allowed monthly with a 30 day notice period.	-	4,868,856
<u>SEG Partners Offshore LTD</u> Monthly	60 days	The fund's portfolio centers on both long and short equities primarily in the mid cap space. Redemptions are allowed quarterly with 60 days notice.	2,067,040	1,120,714
<u>Core Opportunities Offshore Fund LTD</u> Monthly	90 days	The fund invests in undervalued companies with an identifiable catalyst for change. They will primarily be fixed income oriented but will also hold post reorg equity and short positions. Redemptions are allowed quarterly with 90 days notice after a 1 year initial lockup.	-	1,144,844
<u>Tiger Pacific Offshore Fund LTD</u> Quarterly	60 days	The fund seeks to provide attractive absolute and risk-adjusted returns by investing in publicly traded equities in China, Japan and Korea. The Fund's portfolio will also primarily focus on sectors that are driven by domestic consumption. Redemptions are allowed on a 2 year rolling soft lock basis, with a 3% soft lock early redemption fee for quarterly redemptions between the 2-year rolling subscription anniversary date.	1,770,396	-
<u>Coatue Offshore Fund, LTD</u> Quarterly	45 days	The fund is a Technology, Media, & Telecom (TMT) focused equity long/short manager. Redemptions are allowed quarterly with 45 days notice after a 1 year hard lock-up.	1,870,700	-
<u>Schonfeld Fundamental Equity Offshore LTD</u> Quarterly	45 days	The fund is a multi-manager platform that invests its capital across quantitative, fundamental equity and tactical trading strategies. Each PM team has customized exposure parameters, drawdown limits and liquidity terms. Redemptions are allowed quarterly with 45 days notice after a 1 year soft lock-up, with 5% early withdrawal fee.	2,804,547	-
<u>Starboard Value and Opportunity Fund LTD</u> Quarterly	90 days	The fund is a U.S. small cap activist fund. Redemptions are allowed quarterly with 90 days notice after a 3 month lock-up.	2,049,251	-
Total Hedge Funds			10,561,934	14,181,745

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 7 Fair Value of Financial Instruments - Continued

Alternative Investment Strategies - Continued

Redemption Period	Notice Period	Description of Fund	2021	2020
Private Capital				
<u>StepStone Private Access Partnership, L.P.</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership's investment objective is to invest indirectly in a customized private equity portfolio comprising select underlying partnership interests. The focus of the partnership is to provide diversification across growth equity and small and middle market buyouts.	\$ 5,302,710	\$ 3,540,240
<u>Metropolitan Real Estate Partners Global V-E, L.P.</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership is privately owned, registered investment advisor that focuses on private real estate funds in the domestic and international markets.	937,233	980,319
<u>Ares Capital Europe II (ID), L.P.</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership's investment objective is to achieve current income and long-term capital appreciation through mezzanine and junior debt as well as equity and equity related investments principally in middle market-based companies.	48,369	994,655
<u>Silver Creek Special Opportunities Fund Cayman III, L.P. and Subsidiaries</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership seeks to provide a limited number of qualified investors the opportunity to realize long-term appreciation through investment primarily in relatively illiquid opportunistic hedge fund investment strategies. The partnership is invested in pooled investment vehicles which may have illiquid or closed-ended structures and/or invest directly or indirectly in operating businesses. The partnership also invests in liquid strategies in anticipation of the investment or reinvestment of capital in special opportunities.	294,601	349,053
<u>StepStone Private Access Partnership, L.P. and Subsidiaries</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership's purpose is to invest and acquire interests from existing investors that have made investments in limited partnerships and other pooled investment vehicles that invest private equity. The partnership's investment objective is to achieve diversification within the private equity asset class.	-	139,009

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 7 Fair Value of Financial Instruments - Continued

Alternative Investment Strategies - Continued

Redemption Period	Notice Period	Description of Fund	2021	2020
<u>Ares Capital Europe IV (D) Levered Feeder</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership's objective is to achieve significant current income and long-term capital gains, primarily from investing in debt instruments in recapitalizations, refinancing of middle-market European companies, and leveraged buyouts.	\$ 1,799,361	\$ 1,495,478
<u>Metropolitan Real Estate Partners Secondaries Fund II-TE, L.P</u>				
Liquidity is determined at the manager's discretion	n/a	The partnership's objective is to seek quality assets in private real estate portfolios to acquire at a discount in the secondary market.	915,751	362,253
<u>Blackstone Real Estate Income Trust, Inc</u>				
Monthly	3 days	The fund's objective is to invest in stabilized, income-oriented US commercial real estate assets diversified across property types. Redemptions are allowed monthly with 3 days notice via monthly repurchase offers of at least 2% of the fund's NAV, with a 1 year soft lock with 2% early redemption fee.	2,034,226	-
<u>Vintage VIII Offshore SCSp</u>				
Liquidity is determined at the manager's discretion	n/a	This partnership is a special limited partnership formed for the purpose of principally investing in traditional secondaries, non-traditional secondaries, and other opportunistic investments.	2,818,228	929,083
Total Private Capital			14,150,479	8,790,090
Total Alternative Investments			\$ 24,712,413	\$ 22,971,835

The Institute has a commitment to invest an additional \$5,436,191 in private capital as of December 31, 2021.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 8* Endowment Funds**

Interpretation of Relevant Law

The Board of Directors of the Institute has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment absent explicit donor instructions to the contrary. As a result of this interpretation, the Institute classifies as net assets with donor restrictions (a) the original value of the gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Funds With Deficiencies

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 Institute to retain as a fund of perpetual duration (underwater endowments). The Board of Directors of the Institute has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Institute had no funds with deficiencies at either December 2021 or 2020.

Return Objectives and Risk Parameters

The Institute's long-term investment objective is to provide a predictable level of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets with a moderate level of risk. The Institute expects its endowment funds, over time, to provide a rate of return that sustains its ability to continuously provide such support.

Strategies Employed for Achieving Objectives

To satisfy the long-term rate-of-return objective, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends.) The Institute employs a diversified asset allocation to achieve consistency of returns and to minimize risk.

Spending Policy and Related Investment Objectives

The long-term objective of the spending guidelines is to maintain the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current operations. The Board of Directors has approved an annual spending rate of up to 3.7% of its donor restricted endowment fund's average fair value over the prior 20 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. The Institute appropriated 3.7% of this fund's minimum value in both 2021 and 2020.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 8 Endowment Funds - Continued

Changes in the Institute's endowment consisted of the following during 2021 and 2020 were as follows:

	With Donor Restrictions Time/Purpose	With Donor Restrictions Perpetual	Total
Endowment Net Assets, January 1, 2020	\$ 1,706,936	\$ 3,022,200	\$ 4,729,136
Gain on Investments	541,439	-	541,439
Appropriation for Expenditure	(111,821)	-	(111,821)
Endowment Net Assets, December 31, 2020	2,136,554	3,022,200	5,158,754
Gain on Investments	879,840	-	879,840
Appropriation for Expenditure	(111,821)	-	(111,821)
Endowment Net Assets, December 31, 2021	\$ 2,904,573	\$ 3,022,200	\$ 5,926,773

Note 9 Property and Equipment

Property and equipment consist of the following at December 31,:

	2021	2020
Leasehold Improvements	\$ 5,121,978	\$ 5,107,264
Equipment and Furniture	8,270,455	8,354,473
Construction in Progress	803,766	-
	14,196,199	13,461,737
Less: Accumulated Depreciation	(11,306,987)	(11,089,130)
Total	\$ 2,889,212	\$ 2,372,607

Property and equipment includes equipment acquired under a capital lease obligation with a cost of \$1,255,113 at December 31, 2021 and 2020. Accumulated depreciation of these assets amounted to \$348,401 and \$222,890 at December 31, 2021 and 2020, respectively.

Note 10 Deferred Compensation Retirement Plan

The Institute sponsors a deferred compensation plan for an officer. The Institute has recorded deferred compensation and severance payable for this plan of \$470,919 and \$317,251 at December 31, 2021 and 2020 in the accompanying Statements of Financial Position. Contributions to the plan can be made by both the participant and the Institute up to the maximum allowed under the Internal Revenue Code. Institute contributions totaled \$19,500 and \$19,500 in 2021 and 2020. In addition to contributions, the plan is credited quarterly for earnings at the same rate as the performance of the Institute's investments, as the underlying assets are included in the investment portfolio.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 11* Capital Lease Obligations**

During 2017, the Institute entered into a capital lease obligation for equipment totaling \$533,781 requiring monthly payments of \$10,431, including interest at 6.70% through July 2022. The obligation is collateralized by the leased equipment. The principal balance of the capital lease obligation was \$61,381 and \$178,159 at December 31, 2021 and 2020, respectively.

During 2020, the Institute entered into a capital lease obligation for equipment totaling \$721,332 requiring monthly payments of \$13,170, including interest at 3.79% through December 2025. The obligation is collateralized by the leased equipment. The principal balance of the capital lease obligation was \$574,398 and \$707,912 at December 31, 2021 and 2020.

Future repayments on the capital lease obligations were as follows for the years ended December 31,:

2022	\$	220,626
2023		158,040
2024		158,040
2025		144,870
		<hr/> 681,576
Less: Amounts Representing Interest		<hr/> (45,797)
Total	\$	<u><u>635,779</u></u>

***Note 12* Postretirement Benefit Plan**

General

The Institute offers eligible retirees the opportunity to participate in a postretirement medical and life insurance plan (the Postretirement Plan). Substantially all employees may become eligible for these benefits provided that the employee is at least 57 years of age and has 10 years of credited service at retirement. The medical plan is contributory, with the retiree contributions adjusted annually; the life insurance plan is noncontributory. Retiree medical and life insurance plans are not funded.

Measurement Date

The measurement date used to determine postretirement benefit measurements for the Postretirement Plan is December 31.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 12* Postretirement Benefit Plan General - Continued**

Funded Status

Obligations and funding status of the Postretirement Plan were as follows at December 31 and for the years then ended:

	<u>2021</u>	<u>2020</u>
Postretirement Benefit Obligation	\$ (3,980,038)	\$ (4,093,075)
Fair Value of Plan Assets	<u>-</u>	<u>-</u>
Funded Status	(3,980,038)	(4,093,075)
Employer Contributions	69,048	68,220
Plan Participants	<u>68,064</u>	<u>73,641</u>
Benefits Paid	137,112	141,861

Financial Statement Recognition

As of December 31, the following amounts were recognized in the Statements of Financial Position:

	<u>2021</u>	<u>2020</u>
Accrued Postretirement Benefit Obligation	\$ (3,980,038)	\$ (4,093,075)

Amounts recognized in the Statement of Activities and Change in Net Assets for the years ended December 31, consist of:

	<u>2021</u>	<u>2020</u>
Net Periodic Benefit Cost	\$ 216,781	\$ 172,826
Postretirement Benefit Related Changes Other Than Net Periodic Benefit Cost	260,770	(497,641)

The components of net periodic benefit cost were as follows for the years ended December 31,:

	<u>2021</u>	<u>2020</u>
Service Costs	\$ 184,036	\$ 140,580
Other Components:		
Interest	96,695	108,145
Amortization of Prior Service Credit	(63,950)	(63,950)
Amortization of Net Gain	-	(11,949)
Net Periodic Benefit Cost	<u>216,781</u>	<u>172,826</u>
Change in Funded Status of Postretirement Benefit Plan	<u><u>\$ 32,745</u></u>	<u><u>\$ 32,246</u></u>

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 12* Postretirement Benefit Plan General - Continued**

Financial Statement Recognition - Continued

Net periodic benefit cost (gain), net of service costs, is reported in other changes in net assets in the accompanying Statements of Activities and Change in Net Assets. The service cost component of net period benefit cost is reported in salaries and benefits expense in the Statements of Functional Expenses and is allocated to the appropriate functional categories.

The following items included in net assets had not yet been recognized as components of benefit expense as of December 31, 2021 and 2020:

	Prior Service Credit	Net Actuarial Gain
Unrecognized Amounts at December 31, 2021	\$ 54,400	\$ (324,720)
Unrecognized Amounts at December 31, 2020	\$ 118,350	\$ 421,742

The amortization of the above items expected to be recognized in net periodic benefit cost for the years ended December 31, 2021 and 2020 is \$217,879 and \$216,781, respectively.

Actuarial Assumptions

Assumptions used in determining the Plan's obligations and net periodic benefit cost were as follows:

	2021	2020
Discount Rate	2.75%	2.40%
Expected Long-Term Rate of Return on Plan Assets	n/a	n/a
Rate of Compensation Increase per Year	n/a	n/a

Assumed healthcare cost trend rates are as follows at December 31,:

	2021	2020
Healthcare Cost Trend Rate Assumed for Next Year	6.50%	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2075	2075

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 12* Postretirement Benefit Plan General - Continued**

Actuarial Assumptions - Continued

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. In the actuary's estimation, the effect of a one percentage point increase or decrease in health care cost trend rates is as follows:

	<u>2021</u>	<u>2020</u>
Effect of One Percentage Point Increase		
On Total Service Cost and Interest Cost Components	\$ 67,413	\$ 70,329
On Benefit Obligations at End of Year	703,009	729,039
Effect of One Percentage Decrease:		
On Total Service Cost and Interest Cost Components	(50,736)	(52,851)
On Benefit Obligations at End of Year	(557,430)	(577,307)

Contributions

The Institute expects to contribute \$121,400 to the Plan in 2022.

Future Benefit Payments

Benefits expected to be paid by the Plan during the ensuing five years and thereafter are as follows:

2022	\$ 121,400
2023	128,100
2024	152,400
2025	160,700
2026	158,100
Succeeding five years	<u>842,200</u>
Total	<u>\$ 1,562,900</u>

***Note 13* Defined Contribution Plan**

The Institute sponsors a 403(b) plan for eligible employees. The Institute's policy is to contribute on behalf of all eligible employees, the lesser of 100% of a participant's elective employee contribution or 4% of the participant's plan year compensation. The Institute also offers a discretionary, non-elective employer contribution of up to 12% of a participant's plan year compensation, based on years of service. The Institute made contributions of approximately \$576,042 and \$841,944 to the 403(b) plan in 2021 and 2020, respectively.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***Note 14* Payroll Protection Program Loans**

During April 2020, the Institute applied for and was granted a loan through the Paycheck Protection Program (PPP) under the CARES Act in the amount of \$1,719,500. Subject to the terms and conditions applicable to loans administered by the Small Business Administration (SBA) under the PPP, as amended by the Paycheck Protection Program Flexibility Act of 2020 enacted on June 5, 2020, the unforgiven portion of the PPP loan is payable over a two year period at an interest rate of 1.00%, with a deferral of payments of principal, interest, and fees until the date on which the SBA conveys the loan forgiveness amount to the lender (or notifies the lender that no loan forgiveness is allowed), provided that the borrower applies for forgiveness within 10 months after the last day of the covered period (and if not, repayment shall commence 10 months after the last day of the covered period). The Institute applied for and was granted forgiveness of the entire principal amount, plus accrued interest, with the SBA. The forgiveness was approved March 9, 2021 and the Institute recognized the revenue in the 2021 fiscal year.

In April of 2021, a second loan was obtained in the amount of \$1,743,620. All terms of the second loan were the same as for the first loan. The Institute applied for and was granted forgiveness of the entire amount, plus accrued interest, with the SBA. The forgiveness was approved March 23, 2022 and the Institute will recognize the revenue in the 2022 fiscal year. Accordingly, the Institute classified the entire PPP loan balance as a current liability on the accompanying Statement of Financial Position as of December 31, 2021.

***Note 15* Subsequent Event**

Effective January 7, 2022, the Institute entered into an agreement for a \$1.5 million line of credit. The line of credit requires monthly payments of interest calculated at 3.0% per annum and requires payment of the principal balance in full on January 7, 2024, the maturity date.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors of
Boyce Thompson Institute for Plant Research, Inc.
Ithaca, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boyce Thompson Institute for Plant Research, Inc. (the Institute) (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly stylized font.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
May 5, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors of
Boyce Thompson Institute for Plant Research, Inc.
Ithaca, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boyce Thompson Institute for Plant Research, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Boyce Thompson Institute for Plant Research, Inc.'s major federal programs for the year ended December 31, 2021. Boyce Thompson Institute for Plant Research, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Boyce Thompson Institute for Plant Research, Inc.'s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boyce Thompson Institute for Plant Research, Inc.'s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Boyce Thompson Institute for Plant Research, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Boyce Thompson Institute for Plant Research, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Boyce Thompson Institute for Plant Research, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Boyce Thompson Institute for Plant Research, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Boyce Thompson Institute for Plant Research, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Boyce Thompson Institute for Plant Research, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Boyce Thompson Institute for Plant Research, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
May 5, 2022

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass - Through Grantor Program Title	Federal AL#	Passed Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Research and Development Cluster				
U.S. Department of Agriculture				
Agricultural Research - Basic and Applied Research	10.001	N/A	\$ 392,588	\$ 2,367
Plant and Animal Disease, Pest Control and Animal Care	10.025	N/A	188,944	118,424
Coronavirus Food Assistance Program - COVID-19	10.130	N/A	110,385	-
Passed through University of Maryland - Biotechnology Risk Assessment Research	10.219	2018-33522-28789	56,646	-
Biotechnology Risk Assessment Research	10.219	N/A	191,857	-
Subtotal			<u>248,503</u>	<u>-</u>
Passed through Indian River State College Hispanic Serving Institutions Education Grants	10.223	2020-38422-32252	20,676	-
Passed through Michigan State University - Specialty Crop Research Initiative	10.309	2015-51181-24285	123,387	-
Passed through New Mexico Consortium Specialty Crop Research Initiative	10.309	2020-70029-331199	58,587	-
Subtotal			<u>181,974</u>	<u>-</u>
Agriculture and Food Research Initiative (AFRI)	10.310	N/A	372,377	-
Passed through Cornell University - Agriculture and Food Research Initiative (AFRI)	10.310	2016-67013-24414	35,012	-
Passed through the College of New Jersey- Agriculture and Food Research Initiative (AFRI)	10.310	2021-67014-34257	80,989	-
Passed through Kansas State University - Agriculture and Food Research Initiative (AFRI)	10.310	2019-67021-29931	116,818	-
Subtotal			<u>605,196</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,748,266</u>	<u>120,791</u>
U.S. Department of Defense Advanced Research Projects Agency				
Research and Technology Development	12.910	N/A	1,715,042	1,562,846
U.S. Department of Health and Human Services				
Biomedical Research and Research Training	93.859	N/A	620,273	-
Passed through Cornell University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	IOS-1339287	130,477	-
Passed through University of Georgia - Trans-NIH Research Support	93.310	IOS-1564366	113,262	-
Passed through University of Massachusetts - Diabetes, Digestive, Kidney Diseases	93.847	1R01DK115690-01	45,682	-
Total U.S. Department of Health and Human Services			<u>909,694</u>	<u>-</u>

See Notes to Schedule of Expenditures of Federal Awards

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass - Through Grantor Program Title	Federal AL#	Passed Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Energy				
Office of Science Financial Assistance Program	81.049	N/A	\$ 136,731	\$ -
Passed through University of Nebraska - Lincoln - Office of Science Financial Assistance Program	81.049	DE-SC0014395	50,992	-
Passed through Texas A&M University - Office of Science Financial Assistance Program	81.049	DE-SC0014037	183	-
Total U.S. Department of Energy			<u>187,906</u>	<u>-</u>
National Science Foundation				
Biological Sciences	47.074	N/A	1,957,036	699,804
Passed through Cold Spring Harbor - Biological Sciences	47.074	IOS-1237880	176,359	-
Passed through Cornell University - Biological Sciences	47.074	IOS-1339287	98,690	-
Passed through Noble Foundation - Biological Sciences	47.074	IOS-1127155	73,269	-
Passed through University of Florida - Biological Sciences	47.074	IOS-1855585	388,614	-
Passed through University of Georgia - Biological Sciences	47.074	IOS-1564366	1,816	-
Passed through The College of New Jersey - Biological Sciences	47.074	IOS-2019516	29,473	-
Subtotal			<u>2,725,257</u>	<u>-</u>
Passed through Texas A&M University TAMU - Engineering Grants	47.041	02-S130213	1,945	-
Total National Science Foundation			<u>2,727,202</u>	<u>699,804</u>
U.S. Agency for International Development				
Passed through Cornell University - Foreign Assistance for Programs Overseas	98.001	7200AA21CA00022	5,190	-
U.S. Department of State Bureau of Economic and Business				
General Department of State Assistance	19.700	N/A	7,163	-
Total Research and Development Cluster			<u><u>\$ 7,300,463</u></u>	<u><u>\$ 2,383,441</u></u>

See Notes to Schedule of Expenditures of Federal Awards

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Boyce Thompson Institute for Plant Research, Inc. (the Institute) under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to, and does not, present the financial position, change in net assets, or cash flows of the Institute.

Note 2 Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 Indirect Cost Rate

The Institute has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal Control Over Major Programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR §200.516(a)?

___ yes X no

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2021

Section I Summary of Auditors' Results (Continued)

Identification of Major Programs:

<u>AL Number</u>	<u>Research and Development Cluster:</u>
<u>10.001</u>	<u>Agricultural Research - Basic and Applied Research</u>
<u>10.025</u>	<u>Plant and Animal Disease, Pest Control, and Animal Care</u>
<u>10.130</u>	<u>Coronavirus Food Assistance Program</u>
<u>10.219</u>	<u>Biotechnology Risk Assessment Research</u>
<u>10.223</u>	<u>Hispanic Serving Institutions Education Grant</u>
<u>10.309</u>	<u>Specialty Crop Research Initiative</u>
<u>10.310</u>	<u>Agriculture and Food Research Initiative (AFRI)</u>
<u>12.910</u>	<u>Research and Technology Development</u>
<u>19.700</u>	<u>General Department of State Assistance</u>
<u>47.041</u>	<u>Engineering Grants</u>
<u>47.074</u>	<u>Biological Sciences</u>
<u>81.049</u>	<u>Office of Science Financial Assistance Program</u>
<u>93.310</u>	<u>Trans-NIH Research Support</u>
<u>93.847</u>	<u>Diabetes, Digestive, Kidney Diseases</u>
<u>93.853</u>	<u>Extramural Research Programs in the Neurosciences and</u>
	<u>Neurological Disorders</u>
<u>93.859</u>	<u>Biomedical Research and Research Training</u>
<u>98.001</u>	<u>Foreign Assistance for Programs Overseas</u>

Dollar threshold used to distinguish between Type A and Type B
Programs

\$ 750,000

Auditee qualified as low risk?

X yes no

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

None

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

None

BOYCE THOMPSON INSTITUTE FOR PLANT RESEARCH, INC.

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2021**

None