
***DONALD DANFORTH PLANT
SCIENCE CENTER AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021***



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 Subsidiary (collectively, the Center), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, 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, 2021 and 2020, 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.

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 28, 2022 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 28, 2022

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 4,257,120	\$ 4,864,195
Contributions receivable - net (Note 6)	104,571,291	26,322,153
Grants receivable	3,752,861	2,956,468
Other accounts receivable	1,647,906	3,332,730
Prepaid expenses and deposits	1,273,433	1,434,458
Investments (Notes 2 and 3)	442,602,589	362,731,274
Property and equipment (Note 8)	98,495,435	101,879,517
Total Assets	\$ 656,600,635	\$ 503,520,795

Liabilities And Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 4,719,900	\$ 4,338,673
Retainage payable (Note 15)	126,334	513,728
Bonds and promissory note payable (Note 7)	7,403,820	7,863,000
Liabilities under gift annuity agreements (Note 1)	178,180	182,487
Deferred revenue	2,882,970	3,426,042
Total Liabilities	15,311,204	16,323,930

Net Assets (Note 13)

Without donor restrictions	301,054,504	178,773,580
With donor restrictions	340,234,927	308,423,285
Total Net Assets	641,289,431	487,196,865

Total Liabilities And Net Assets	\$ 656,600,635	\$ 503,520,795
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**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2021 And 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenues						
Contributions (Note 6)	\$ 115,871,606	\$ 8,809,217	\$ 124,680,823	\$ 2,465,867	\$ 27,509,525	\$ 29,975,392
Private grants	5,661,051	—	5,661,051	6,320,208	—	6,320,208
Government grants	18,426,950	—	18,426,950	17,720,022	—	17,720,022
Service fees and rental income (Note 10)	2,770,793	—	2,770,793	2,616,339	—	2,616,339
Other	630,090	—	630,090	1,754,238	—	1,754,238
Net assets released from restrictions (Note 13)	17,500,285	(17,500,285)	—	16,648,376	(16,648,376)	—
Total Support And Revenues	160,860,775	(8,691,068)	152,169,707	47,525,050	10,861,149	58,386,199
Expenses (Note 14)						
Research and scientific programs	43,142,366	—	43,142,366	40,391,372	—	40,391,372
General and administration	4,881,993	—	4,881,993	5,191,040	—	5,191,040
Development and public relations	2,109,632	—	2,109,632	2,033,017	—	2,033,017
Total Expenses	50,133,991	—	50,133,991	47,615,429	—	47,615,429
Increase (Decrease) In Net Assets Before Net Investment Income, Gains And Losses	110,726,784	(8,691,068)	102,035,716	(90,379)	10,861,149	10,770,770
Net Investment Income, Gains And Losses						
Net investment income (Note 2)	11,584,555	40,483,413	52,067,968	4,348,366	33,131,264	37,479,630
Unrealized gain on gift annuity assets (Note 2)	—	37,857	37,857	—	26,708	26,708
Change in value of gift annuity (Note 1)	—	(18,560)	(18,560)	—	(13,200)	(13,200)
Loss on disposal of fixed assets	(30,415)	—	(30,415)	(304,700)	—	(304,700)
Loss on write-off of contributions receivable	—	—	—	—	(3,904)	(3,904)
Total Net Investment Income, Gains And Losses	11,554,140	40,502,710	52,056,850	4,043,666	33,140,868	37,184,534
Increase In Net Assets	122,280,924	31,811,642	154,092,566	3,953,287	44,002,017	47,955,304
Net Assets - Beginning Of Year	178,773,580	308,423,285	487,196,865	174,820,293	264,421,268	439,241,561
Net Assets - End Of Year	\$ 301,054,504	\$ 340,234,927	\$ 641,289,431	\$ 178,773,580	\$ 308,423,285	\$ 487,196,865

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 154,092,566	\$ 47,955,304
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Amortization of discount on pledges	(413,243)	(371,374)
Depreciation and amortization	7,394,141	7,194,417
Loss on disposal of fixed assets	30,415	304,700
Loss on write-off of contributions receivable	—	3,904
Realized and unrealized gains on investments	(52,906,562)	(38,845,035)
Unrealized gain on gift annuity assets	(37,857)	(26,708)
Change in value of gift annuities	18,560	13,200
Contributions restricted for investments in property and equipment	(596,989)	(4,000,000)
Contributions restricted for endowment	(4,391,639)	(20,841,383)
Changes in assets and liabilities:		
Contributions receivable	(98,205,988)	3,585,376
Grants receivable	(796,393)	399,877
Other assets	2,442,838	590,664
Accounts payable and accrued expenses	1,155,357	(528,089)
Deferred revenue	(543,072)	(1,440,275)
Net Cash Provided By (Used In) Operating Activities	7,242,134	(6,005,422)
Cash Flows From Investing Activities		
Purchases of investment securities	(82,505,723)	(31,731,256)
Proceeds from sale and maturities of investments	55,583,335	43,038,208
Proceeds from sale of property and equipment	13,500	1,000
Purchases of property and equipment	(5,215,498)	(6,572,134)
Net Cash Provided By (Used In) Investing Activities	(32,124,386)	4,735,818
Cash Flows From Financing Activities		
Principal payments on bonds payable	(396,000)	(484,000)
Proceeds from (payments on) promissory note payable	(63,180)	2,000,000
Payments on gift annuity	(27,375)	(45,464)
Proceeds from contributions restricted for endowment	24,761,732	718,000
Net Cash Provided By Financing Activities	24,275,177	2,188,536
Net Increase (Decrease) In Cash And Cash Equivalents	(607,075)	918,932
Cash And Cash Equivalents - Beginning Of Year	4,864,195	3,945,263
Cash And Cash Equivalents - End Of Year	\$ 4,257,120	\$ 4,864,195

Supplemental Disclosure Of Cash Flow Information (Note 15)

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 And 2020

1. Significant Accounting Policies

General

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

Investment Partnership

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

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

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

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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 herein after together are referred to as the “Funds.” The Partnership owned 5.86% of the GEM Fund. The consolidated financial statements of the Center should be read in conjunction with the December 31, 2021 and 2020 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Grants

The Center accounts for private and government grant revenues pursuant to Accounting Standard Update 2018-08 (ASU 2018-08), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Management has determined that a majority of the Center's grant revenues are considered conditional contributions while some are considered unconditional contributions with donor imposed restrictions under ASU 2018-08. Grant revenues that are defined as conditional contributions are recognized as revenue during the period in which the underlying conditions of the grant have been met. At December 31, 2021, the Center had approximately \$919,500 of conditional contributions. There were \$831,400 of conditional contributions recorded as of December 31, 2020.

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, 2021 or 2020.

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, 2021 and 2020, the Center had deposits in its operating checking account which exceeded the FDIC insurance limit by \$3,991,412 and \$5,452,992, respectively. Cash includes deposits restricted for donor purpose yet to be transferred to the Center's endowment.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Investments

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

Investment Valuation - Investment In GEM Endowment 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 GEM Fund's valuation policies.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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

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

Legacy Investments' Valuation

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

GEM closely monitors the NAVs received from the Legacy Investment managers, which includes a quarterly detailed review by the Valuation Committee. GEM seeks to value all investments at their current fair value and reference U.S. GAAP and ASC 820, as amended, as primary guidelines. GEM values the investments in Legacy Investments at NAV and determines if the NAV provides the best indication of fair value based on several factors; these include, but are not limited to, the portfolio fund's liquidity, the nature of any portfolio fund's underlying assets and the accounting basis for which the financial statements are prepared. At times, GEM may determine the Legacy Investment's NAV may not be the most representative figure of fair value. In these circumstances, the Legacy Investment's valuation will be determined in accordance with the valuation policies approved by GEM's Valuation Committee. At December 31, 2021 and 2020, all Legacy Investments were valued at NAV. The Legacy Investments are not available for voluntary redemption.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Lewis And Clark Plant Sciences Fund - Investment Valuation

The Center's investment in the Lewis and Clark Plant Sciences Fund I (Lewis and Clark) is valued at the NAV as determined by management. Lewis and Clark invests in mature startups or expansion stage Plant Science or agricultural technology companies. Management has determined that the NAV provided by the Lewis and Clark most recent audited financial statements is the most representative figure of fair value at December 31, 2021 and 2020.

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, 2021 and 2020, investments held to fund annuity obligations were \$372,431 and \$357,610, respectively. For the years ended December 31, 2021 and 2020, the change in value of gift annuity obligations resulted in a decrease in net assets of \$18,560 and \$13,200, respectively.

Property And Equipment

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

Valuation Of Long-Lived Assets

The Center periodically evaluates the carrying value of its long-lived assets when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. There was no impairment loss recognized for the years ended December 31, 2021 or 2020.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Expense Allocation

The costs of supporting the Center's research and scientific programs have been summarized on a functional basis in Note 14. 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, certain property and equipment expenditures are charged to the individual grants.

Income Taxes

The Danforth Center is exempt from federal and state income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code. At December 31, 2021, the Center had recorded a liability of approximately \$365,000 for unrelated business income taxes.

DTC is a corporation that is subject to income taxes. For the year ended December 31, 2021, there was no significant activity in this entity that would result in the presentation of a provision for income taxes.

The Danforth Center's federal tax returns for years 2018 and later remain subject to examination by taxing authorities.

The Partnership 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.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

As of December 31, 2021 and 2020, 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.

Subsequent Events

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

2. Investments

As of December 31, 2021 and 2020, 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, the income from which is either available for operations or donor restricted for specific purposes. Investment income for the years ended December 31, 2021 and 2020 consists of:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 99,038	\$ 193,801
Investment management fees	(2,789,087)	(2,200,654)
Realized and unrealized gains on investments and annuity assets	54,795,874	39,513,191
	<u>\$ 52,105,825</u>	<u>\$ 37,506,338</u>

Investment management fees for the years ended December 31, 2021 and 2020 included a carried interest allocation from Lewis and Clark amounting to \$862,205 and \$640,895, respectively.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

Investments as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Investment in GEM Fund	\$ 340,773,487	\$ 296,009,816
Receivable on unsettled investment trades	12,550,000	—
Private equity funds (Legacy Investments)	15,761,241	20,190,243
Lewis and Clark Plant Sciences Fund I	29,766,815	23,377,999
Real asset funds	9,588	11,341
Money market accounts	17,142,933	14,536,408
Bond mutual funds	12,027,823	7,923,876
Domestic equity securities	13,985,859	6,975
International stock index funds	40,602	38,556
Domestic stock index funds	166,682	161,995
U.S. government agency securities	377,559	474,065
	<u>\$ 442,602,589</u>	<u>\$ 362,731,274</u>

Net asset classification of investments at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions and undesignated	\$ 32,422,877	\$ 13,723,309
Without donor restrictions - Board designated endowment (Note 4)	78,370,677	71,338,028
Donor restricted endowment	331,809,035	277,669,937
	<u>\$ 442,602,589</u>	<u>\$ 362,731,274</u>

3. Fair Value Measurements

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

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

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

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

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

The following tables present the Center's investments carried on the statement of financial position by Level within the valuation hierarchy as of December 31, 2021 and 2020.

Description	December 31, 2021	Level 1	Level 2	Level 3
Investments:				
Money market accounts	\$ 17,142,933	\$ 17,142,933	\$ —	\$ —
Bond mutual funds	12,027,823	12,027,823	—	—
Domestic equity securities	13,985,859	13,985,859	—	—
International stock index funds	40,602	40,602	—	—
Domestic stock index funds	166,682	166,682	—	—
U.S. government agency securities	377,559	377,559	—	—
Investments measured at net asset value and investments not included in the fair value table:				
Private equity funds	15,761,241	—	—	—
Investment in GEM Fund	340,773,487	—	—	—
Investment receivable	12,550,000	—	—	—
Lewis and Clark Plant Sciences Fund I	29,766,815	—	—	—
Real asset funds	9,588	—	—	—
Total Investments	\$ 442,602,589	\$ 43,741,458	\$ —	\$ —

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

Description	December 31, 2020	Level 1	Level 2	Level 3
Investments:				
Money market accounts	\$ 14,536,408	\$ 14,536,408	\$ —	\$ —
Bond mutual funds	7,923,876	7,923,876	—	—
Domestic equity securities	6,975	6,975	—	—
International stock index funds	38,556	38,556	—	—
Domestic stock index funds	161,995	161,995	—	—
U.S. government agency securities	474,065	474,065	—	—
Investments measured at net asset value and investments not included in the fair value table:				
Private equity funds	20,190,243	—	—	—
Investment in GEM Fund	296,009,816	—	—	—
Lewis and Clark Plant Sciences Fund I	23,377,999	—	—	—
Real asset funds	11,341	—	—	—
Total Investments	\$ 362,731,274	\$ 23,141,875	\$ —	\$ —

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 2021 and 2020, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Center's assets.

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

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

Investment Commitments

The Legacy Investments have committed capital totaling \$59,500,000, of which \$54,580,397 was invested at December 31, 2021. The remaining \$4,919,603 may be called at any time during the commitment period.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

The Center has committed capital totaling \$20,000,000 to invest in the Lewis and Clark Plant Sciences Fund I, of which \$18,859,792 was invested at December 31, 2021. The remaining \$1,140,208 can be called at any time with consent of the investors committee prior to December 31, 2022.

4. Endowment Funds

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

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

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

Each year, the Draw from Endowment is based on the following Policy Draw Calculation: (i) 70% of the prior year Draw adjusted for inflation plus 0.5% and (ii) 30% of 4.5% of endowment market value as of March 31 of the prior year. 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.

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.

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

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

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

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 277,312,327	\$ 277,312,327
Board-designated endowment funds	71,338,028	—	71,338,028
Total Funds	\$ 71,338,028	\$ 277,312,327	\$ 348,650,355

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

The endowment assets exclude promises to give restricted by donors (net of a discount) for endowments of \$4,397,513 and \$24,447,016 at December 31, 2021 and 2020, respectively. The following is a reconciliation of the beginning and ending balances of the Center's endowment investments for 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment cash and investments, January 1, 2020	\$ 57,694,608	\$ 254,284,485	\$ 311,979,093
Net investment return	8,360,744	33,116,440	41,477,184
Appropriated for expenditure	(2,509,099)	(10,806,598)	(13,315,697)
Addition to board-designated endowment	7,791,775	—	7,791,775
Contributions	—	718,000	718,000
Endowment cash and investments, December 31, 2020	71,338,028	277,312,327	348,650,355
Net investment return	10,411,315	40,487,352	50,898,667
Appropriated for expenditure	(2,751,442)	(10,752,376)	(13,503,818)
Additional draw from board- designated endowment	(627,224)	—	(627,224)
Contributions	—	24,761,732	24,761,732
Endowment cash and investments, December 31, 2021	\$ 78,370,677	\$ 331,809,035	\$ 410,179,712

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, 2021 or 2020. In the event that a deficiency occurs, the Center's Board may elect to continue or adjust the spending policy as it deems prudent, as allowed for by the State guidelines that govern the utilization of endowments.

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

5. Liquidity And Availability Of Resources

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

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 4,257,120	\$ 4,864,195
Contributions receivable, net	104,571,291	26,322,153
Grants receivable	3,752,861	2,956,468
Investments	442,602,589	362,731,274
Funds held at MDFB	596,989	2,538,366
Accounts receivable	449,845	367,307
Interest and other receivables	1,196,319	427,057
Total Financial Assets	557,427,014	400,206,820
Less Amounts Not Available for Use Within One Year		
Pledged bank account for standby letter of credit	(225,000)	(225,000)
MDFB funds designated for Greenhouse expansion	(596,989)	(2,538,366)
Contributions receivable with perpetual donor restrictions	(4,397,513)	(24,447,016)
Contributions receivable without donor restrictions (due in more than one year)	(48,209)	(133,730)
Endowment investments and cash (net of future draw)	(396,967,623)	(335,504,017)
Financial Assets Not Available to be Used Within One Year	(402,235,334)	(362,848,129)
Financial Assets Available To Meet General Expenditures Within One Year	\$ 155,191,680	\$ 37,358,691

The Center has \$155,191,680 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). \$15 million of the endowment draw is allocated to support operations in 2022 and is reflected as available within one year in the table above. In addition to available financial assets, a significant portion of the Center's annual expenditures will be funded by grant and contract income and donor contributions.

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

The Center manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Center invests cash in excess of daily requirements in various short-term investments, including U.S. government instruments. The Center has a policy to maintain a minimum target operating cash balance of \$7.0 million; however, during 2019 and part of 2020, the Board authorized a temporary reduction of the policy target to \$4.0 million. The Center also maintains cash balances for capital asset replacement and renewal and those funds totaled \$4,338,864 and \$4,033,722 as of December 31, 2021 and 2020, respectively.

The Center also has \$78,370,677 and \$71,338,028 of funds Board designated as endowment at December 31, 2021 and 2020, respectively. Although the Center does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available if necessary. However, both the board-designated funds and donor-restricted endowments contain a significant amount of illiquid investments or investments that have limited or no redemption rights. Accordingly, availability of such funds invested in the endowment could be delayed or only a portion could be made available (refer to Note 2 for disclosures about investments).

6. Contributions Receivable

As of December 31, 2021 and 2020, the Center has contributions receivable under varying terms over the periods as listed below:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 101,411,225	\$ 22,584,155
One to five years	4,001,800	4,992,688
	<u>105,413,025</u>	<u>27,576,843</u>
Less: Discount	841,734	1,254,690
	<u>\$ 104,571,291</u>	<u>\$ 26,322,153</u>

The discount amortization of \$413,243 and \$371,374 in 2021 and 2020, 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 7.1%.

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

7. Bonds And Promissory Note Payable

In December 2011, the Center entered into an agreement with the Missouri Development Finance Board (MDFB) to finance the construction of a greenhouse. The financing was provided in the form of \$7,500,000 Series 2011 Revenue Bonds from MDFB. The bonds bear interest at 65% of the sum of the ask rate for the United States Swap Rate (as of the Bond Indexed Put Date) as reported by the Board of Governors of the Federal Reserve Release plus 2.0% (fixed at 2.63% through December 21, 2021), 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, 2021 and 2020, principal of \$4,467,000 and \$4,863,000, respectively, is payable.

Effective May 1, 2018, the original purchaser of the bond indenture has exercised its right to increase the Indexed Put Rate as a result of the decrease in the maximum corporate tax rate. The 2.63% fixed rate through December 21, 2021 has been adjusted to 2.64%. This effectively changes the sum of the ask rate from 65% to 79%.

In accordance with the bond agreement, the Center was required to establish a Debt Service Fund. The Debt Service Fund shall be expended solely for the payment of bond principal and interest. Deposits are made into the Debt Service Fund immediately before payments of principal and interest on the bonds are due. There was no balance in the Debt Service Fund at December 31, 2021 or 2020.

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, 2021 and 2020, a principal balance of \$2,936,820 and \$3,000,000, respectively, was outstanding.

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

The bond agreement and the Promissory Note agreement require the Center to maintain a Debt Service Coverage Ratio of at least 1.00 for each rolling four consecutive fiscal quarters. The Debt Service Coverage Ratio is determined by dividing Revenues minus Expenses for such period by Debt Service, as these terms are defined in the bond agreement. For purposes of calculating the Debt Service Coverage Ratio, revenues include draw from endowment and exclude investment income (loss) on endowment investments. The bond agreement also requires the Center to maintain a Liquidity Ratio of at least 2.00. The Liquidity Ratio is the ratio determined by dividing the total of unencumbered and unrestricted cash, cash equivalents and marketable securities by funded debt (sum of borrowed money, capital lease obligations, and undrawn letter of credit). As of December 31, 2021 and 2020, the Center was in compliance with the Debt Service Coverage Ratio and the Liquidity Ratio.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 490,077
2023	500,502
2024	510,783
2025	523,554
2026	535,189
Thereafter	4,843,715
	<u>\$ 7,403,820</u>

Interest expense on the bonds and the note payable for 2021 and 2020 was \$234,537 and \$225,818, respectively. Accrued interest of \$9,647 and \$9,854 at December 31, 2021 and 2020, respectively, is included in accounts payable and accrued expenses.

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

8. Property And Equipment

Property and equipment as of December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 11,308,777	\$ 11,308,777
Buildings and improvements	136,169,672	127,900,643
Lab equipment	25,536,464	24,461,803
Furniture and equipment	8,475,542	8,338,323
Construction in process	994,208	7,502,202
Total property and equipment	182,484,663	179,511,748
Less: Accumulated depreciation and amortization	83,989,228	77,632,231
Net property and equipment	<u>\$ 98,495,435</u>	<u>\$ 101,879,517</u>

Depreciation and amortization expense amounted to \$7,394,141 and \$7,194,417 during 2021 and 2020, respectively.

9. Lease Commitments

The Center leases certain computer equipment, office equipment and laboratory equipment with payments ranging from \$141 per month to \$1,214 per month with varying dates through November 2026. Lease expense related to the Center's operating leases was \$75,667 and \$79,607 in 2021 and 2020, respectively.

At December 31, 2021, future minimum rental commitments under all noncancellable operating leases are as follows:

<u>Year</u>	<u>Operating Leases</u>
2022	\$ 22,742
2023	8,808
2024	5,908
2025	5,557
2026	1,554
	<u>\$ 44,569</u>

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Notes To Consolidated Financial Statements (*Continued*)

10. Ground Leases

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

In 2019, the Center entered into an additional ground lease agreement with a third party developer to also lease a separate parcel of the land and site improvements of the BRDG Park development for construction of the EDGE @ BRDG building. The Center received \$200,000 of advanced rent in 2019, and thereafter is due annual rental payments of \$1.00 per rental square foot occupied for the first 30 years of the lease terms, which expires in 2085. Rental payments under the agreement were first due as of June 1, 2020.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 273,026
2023	302,820
2024	302,820
2025	302,820
2026	302,820
Thereafter	16,000,010
	<u>\$ 17,484,316</u>

Total rental income recognized under these agreements was \$264,500 and \$214,366 in 2021 and 2020, respectively, which is included in service fees and rental income in the consolidated statement of activities.

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

11. 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). The employee's right to Center contributions vests after three years of service. The Center contributed \$1,192,821 and \$1,276,930 to the plan in 2021 and 2020, respectively.

12. Medical Insurance Program

The Center established a self-insured medical program in 2017 covering substantially all full-time employees. The Center's liability has been limited by the purchase of specific (\$125,000 per claim and aggregate 125% of expected claims based on average enrollment) reinsurance. Expenses are recognized as incurred and totaled approximately \$1,444,200 and \$1,301,100 during 2021 and 2020, respectively. The Center has recorded an incurred but not reported reserve of approximately \$107,000 and \$40,000 as of December 31, 2021 and 2020, respectively, which is included in accounts payable and accrued expenses on the Center's consolidated statement of financial position.

13. Net Asset Balances And Releases From Restrictions

Restrictions and designations on net asset balances at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Undesignated	\$ 132,014,604	\$ 14,706,893
Board-designated endowment	78,370,677	71,338,028
Invested in property, net	90,669,223	92,728,659
	<hr/>	<hr/>
Total net assets without donor restrictions	\$ 301,054,504	\$ 178,773,580

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

	<u>2021</u>	<u>2020</u>
Net assets with donor restrictions		
Contributions receivable	\$ 4,737,776	\$ 26,322,153
Donor restricted contributions - purpose	919,552	831,400
Enterprise Rent-A-Car Institute of		
Renewable Fuels	31,956	39,155
Endowment funds	331,809,035	277,312,327
Construction or purchase of assets	661,274	2,602,587
Other special purpose	2,075,334	1,315,663
	<u>340,234,927</u>	<u>308,423,285</u>

Net assets were released from restrictions during the years ended December 31, 2021 and 2020 by satisfying the restricted purposes or by the occurrence of time as shown below:

	<u>2021</u>	<u>2020</u>
Capital Campaign for Expansion	\$ 4,472,947	\$ 3,815,760
Specific donor restrictions met	1,606,880	1,274,141
Passage of time	155,217	218,949
Enterprise Rent-A-Car Institute of		
Renewable Fuels	1,027,278	1,014,787
Appropriation of donor-restricted		
endowment earnings for expenditure	9,133,000	9,777,664
Other special purpose	1,104,963	547,075
	<u>\$ 17,500,285</u>	<u>\$ 16,648,376</u>

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

14. Expenses Presented According To Functional And Natural Classifications

Expenses for the years ended December 31, 2021 and 2020 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, 2021			
	Research/Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 20,695,478	\$ 2,938,199	\$ 1,558,380	\$ 25,192,057
Equipment rental and maintenance	1,102,570	136,362	48,269	1,287,201
Insurance expense	—	322,230	—	322,230
Meetings and conferences	23,540	70	4,370	27,980
Membership, dues and subscriptions	140,029	13,860	26,919	180,808
Occupancy expense	1,213,519	120,271	26,371	1,360,161
Outside services	1,285,291	168,687	30,090	1,484,068
Personnel expense	497,167	72,881	4,766	574,814
Postage and shipping	29,052	6,121	21,872	57,045
Printing and publications	62,144	—	64,571	126,715
Professional fees and consulting	732,912	244,904	125,534	1,103,350
Publicity/special events	50,252	—	83,424	133,676
Subcontract/subrecipient expense	7,489,266	—	—	7,489,266
Supplies and equipment	2,199,722	47,426	19,762	2,266,910
Telecommunications expense	112,429	9,043	7,830	129,302
Temporary employee expense	95,714	5,807	1,290	102,811
Travel and entertainment	91,562	4,180	2,770	98,512
Other expense	333,289	463,421	6,234	802,944
Depreciation & amortization	6,988,430	328,531	77,180	7,394,141
Total Expenses	\$ 43,142,366	\$ 4,881,993	\$ 2,109,632	\$ 50,133,991

	For The Year Ended December 31, 2020			
	Research/Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 18,827,402	\$ 3,153,134	\$ 1,554,248	\$ 23,534,784
Equipment rental and maintenance	1,179,319	115,886	52,617	1,347,822
Insurance expense	—	296,516	—	296,516
Meetings and conferences	57,790	397	3,398	61,585
Membership, dues and subscriptions	140,401	15,862	33,310	189,573
Occupancy expense	1,058,747	108,801	23,820	1,191,368
Outside services	1,039,022	173,439	31,681	1,244,142
Personnel expense	200,426	138,251	6,830	345,507
Postage and shipping	32,282	6,062	21,389	59,733
Printing and publications	55,317	30	49,457	104,804
Professional fees and consulting	955,542	338,187	34,956	1,328,685
Publicity/special events	11,631	—	98,204	109,835
Subcontract/subrecipient expense	8,100,945	—	—	8,100,945
Supplies and equipment	1,612,707	52,646	26,871	1,692,224
Telecommunications expense	107,270	10,143	8,392	125,805
Temporary employee expense	81,289	15,873	1,426	98,588
Travel and entertainment	87,679	9,211	2,831	99,721
Depreciation & amortization	6,768,318	343,851	82,248	7,194,417
Other expense	75,285	412,751	1,339	489,375
Total Expenses	\$ 40,391,372	\$ 5,191,040	\$ 2,033,017	\$ 47,615,429

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

15. Supplemental Cash Flow Information

During 2021 and 2020, interest paid amounted to \$241,535 and \$270,005, respectively.

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

During 2021 and 2020, gifts and grants of equity securities of \$36,944,329 and \$677,855, respectively, were received.

Additionally, construction in process purchases of \$296,058 and \$774,130 are included in accounts payable and accrued expenses at December 31, 2021 and 2020, respectively. Construction in progress purchases of \$126,334 and \$513,728 are included in retainage payable at December 31, 2021 and 2020, respectively.

16. Federal Grant Programs

The Center frequently partners with various universities and academic research institutions on federal grant programs. Three members of the Center's Board of Directors hold leadership positions at three separate Universities that the Center participates with on various federal grants. During 2021 and 2020, federal funds of \$858,029 and \$991,220, respectively, were passed through to these universities by the Center. Additionally, the Center received pass through funding from one of the universities in 2021 and 2020 that amounted to \$336,292 and \$313,208, respectively.

DONALD DANFORTH
PLANT SCIENCE CENTER
SINGLE AUDIT REPORT
DECEMBER 31, 2021



D O N A L D D A N F O R T H
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On Internal Control Over Financial
Reporting And On Compliance And Other
Matters Based On An Audit Of Consolidated
Financial Statements Performed In Accordance
With *Government Auditing Standards***

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

We have audited, in accordance with the 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 consolidated financial statements of the Donald Danforth Plant Science Center (the Center), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 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. 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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated financial statements are free of 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 consolidated 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 Donald Danforth Plant Science Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Donald Danforth Plant Science Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

July 28, 2022

**Independent Auditors' Report
On Compliance For The Major Federal
Program; Report On Internal Control Over
Compliance; And Report On The Schedule
Of Expenditures Of Federal Awards
Required By The Uniform Guidance**

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

Report On Compliance For The Major Federal Program

Opinion On The Major Federal Program

We have audited Donald Danforth Plant Science Center's (the Center) 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 the Center's major federal program for the year ended December 31, 2021. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis For Opinion On The 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center 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 the major federal program. Our audit does not provide a legal determination of the Center'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 the Center's federal program.

Auditor's 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 the Center'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 the Center's compliance with the requirements of the 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 the Center'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 the Center'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 the Center'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 Auditor's 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.

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the consolidated financial statements of the Center as of and for the year ended December 31, 2021, and have issued our report thereon dated July 28, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

RubinBrown LLP

July 28, 2022

DONALD DANFORTH PLANT SCIENCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Passed Through To Subrecipients
U.S. Department of Commerce				
Direct:				
Build to Scale	11.024		\$ 24,429	\$ —
Research And Development - Cluster:				
U.S. Department Of Agriculture				
Direct:				
Agricultural Research Basic and Applied Research	10.001		31,793	—
Passed Through CoverCress - Small Business				
Innovation Research	10.212	2019-001	1	—
Direct:				
Agriculture and Food Research Initiative (AFRI)	10.310		905,017	66,514
Passed Through University of Illinois - Agriculture and Food Research Initiative (AFRI)	10.310	101477-18139	43,083	—
Passed Through Delaware State University - Agriculture and Food Research Initiative (AFRI)	10.310	2020-67018-31180	87,715	—
Passed Through University of Minnesota - Agriculture and Food Research Initiative (AFRI)	10.310	A009425101	1,721	—
Total Federal AL Number 10.310			<u>1,037,536</u>	<u>66,514</u>
Direct:				
Technical Agricultural Assistance	10.960		31,087	—
Total U.S. Department Of Agriculture			<u>1,100,417</u>	<u>66,514</u>
National Science Foundation				
Direct:				
Engineering Grants	47.041		137,586	—
Direct:				
Computer and Information Science and Engineering	47.070		128,597	—
Direct:				
Biological Sciences	47.074		5,264,706	990,156
Passed Through University of Missouri - Biological Sciences	47.074	C00062211-1	84,293	—
Passed Through University of Missouri - Biological Sciences	47.074	C00061465-1	44,829	—
Passed Through Clemson University - Biological Sciences	47.074	85626-11138	199,766	—
Passed Through University of California, Irvine - Biological Sciences	47.074	2019-3811	1,680	—
Passed Through University of Florida - Biological Sciences	47.074	UFDSP0012275	21,051	—
Passed Through The Washington University - Biological Sciences	47.074	WU-20-446	143,877	—
Passed Through University of California - Davis - Biological Sciences	47.074	A21-3042-S001	17,187	—
Total Federal AL Number 47.074			<u>5,777,389</u>	<u>990,156</u>
Direct:				
Education and Human Resources	47.076		124,808	20,154
Total National Science Foundation			<u>6,168,380</u>	<u>1,010,310</u>

DONALD DANFORTH PLANT SCIENCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Passed Through To Subrecipients
Research And Development - Cluster (Cont.):				
U.S. Department Of Defense				
Direct:				
Research and Technology Development	12.910		\$ 2,190,994	\$ 1,206,187
Passed Through Edison AgriScience - Basic, Applied and Advanced Research in Science and Engineering	12.630	2019-001	102,896	—
Total U.S. Department Of Defense			2,293,890	1,206,187
U.S. Department Of Energy				
Direct:				
Office of Science Financial Assistance Program	81.049		7,075,428	4,145,640
Passed Through University of Nebraska - Office of Science Financial Assistance Program	81.049	25-1215-0123-008	142,109	—
Passed through University of Delaware - Office of Science Financial Assistance Program	81.049	55630	165,861	—
Passed through Illinois State University - Office of Science Financial Assistance Program	81.049	A21-0036-S002	305,348	—
Total U.S. Department Of Energy			7,688,746	4,145,640
U.S. Department Of Health And Human Services				
Passed Through Vanderbilt University - Trans-NIH Research Support	93.310	UNIV60746	216,429	—
Passed through University of Delaware - Biomedical Research and Research Training	93.859	48243	4,453	—
Passed through University of Delaware - Biomedical Research and Research Training	93.859	00071479-1	20,211	—
Total Federal AL Number 93.859			24,664	—
Total U.S. Department Of Health And Human Services			241,093	—
U.S. Agency For International Development				
Direct:				
USAID Foreign Assistance for Programs Overseas	98.001		826,719	228,531
Passed through the African Agricultural Technology Foundation - USAID Foreign Assistance for Programs Overseas	98.XXX	2589	120,863	—
Passed through the African Agricultural Technology Foundation - USAID Foreign Assistance for Programs Overseas	98.XXX	2613	294,120	—
Total Federal AL Number 98.XXX			414,983	—
Total U.S. Agency For International Development			1,241,702	228,531
Total Research And Development - Cluster			18,734,228	6,657,182
Total Federal Expenditures			\$ 18,758,657	\$ 6,657,182

DONALD DANFORTH PLANT SCIENCE CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2021

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Donald Danforth Plant Science Center (the Center). The information on 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

2. Basis Of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the consolidated financial statements of the Center.

3. Indirect Costs

The Center has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance, Section 414. The U.S. Department of Energy has approved a maximum provisional indirect cost rate of 65%. The Center recovers indirect costs at the maximum rate of 65% under federal programs that allow full indirect cost reimbursement, and recovers indirect costs at varying rates below 65% on other federal programs that do not allow full indirect cost recovery. Total indirect costs recovered under all federal programs were \$4,269,889 for the year ended December 31, 2021.

4. Assistance Listing Numbers (ALN)

All programs with identifiable ALNs have been listed separately. Award numbers have been provided for all programs for which ALNs were not available. Programs without an identifiable ALN are identified by agency only.

DONALD DANFORTH PLANT SCIENCE CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2021**

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program:

AL Number	Name Of Federal Program Or Cluster
	Research and Development Program Cluster*

* All of the Center's federal programs, except for one, are part of the Research and Development Cluster.

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

DONALD DANFORTH PLANT SCIENCE CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended December 31, 2021**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

None

DONALD DANFORTH PLANT SCIENCE CENTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2021

None