
***DONALD DANFORTH PLANT
SCIENCE CENTER AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019***



**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

Report On The Consolidated Financial Statements

We have audited the accompanying 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, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Donald Danforth Plant Science Center and Subsidiary as of December 31, 2019 and 2018 and 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.

Emphasis of Matter

As discussed in Note 1, the Donald Danforth Plant Science Center and Subsidiary adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion was not modified with respect to this matter.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated ____* on our consideration of Donald Danforth Plant Science 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 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 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 Donald Danforth Plant Science Center's internal control over financial reporting and compliance.

RubinBrown LLP

July 28, 2020

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 3,945,263	\$ 3,101,906
Contributions receivable - net (Note 6)	7,955,042	8,120,239
Grants receivable	3,356,345	4,922,149
Other accounts receivable	1,341,435	1,393,941
Prepaid expenses and deposits	1,478,051	796,838
Investments (Notes 2 and 3)	335,150,037	298,136,582
Property and equipment (Note 8)	101,578,615	106,816,500
Total Assets	\$ 454,804,788	\$ 423,288,155

Liabilities And Net Assets

Liabilities

Accounts payable and accrued expenses (Notes 7 and 12)	\$ 4,092,632	\$ 5,075,008
Retainage payable	58,973	—
Bonds and promissory note payable (Note 7)	6,347,000	5,725,000
Liabilities under gift annuity agreements (Note 1)	198,305	181,109
Deferred revenue	4,866,317	4,089,349
Total Liabilities	15,563,227	15,070,466

Net Assets

Without donor restrictions	174,820,293	161,531,495
With donor restrictions	264,421,268	246,686,194
Total Net Assets	439,241,561	408,217,689
Total Liabilities And Net Assets	\$ 454,804,788	\$ 423,288,155

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2019 And 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenues						
Contributions (Note 6)	\$ 2,225,533	\$ 13,620,485	\$ 15,846,018	\$ 1,937,353	\$ 3,846,193	\$ 5,783,546
Private grants	7,866,660	—	7,866,660	9,086,180	—	9,086,180
Government grants	18,390,348	—	18,390,348	14,423,608	—	14,423,608
Service fees and rental income (Note 10)	2,939,794	—	2,939,794	2,625,570	—	2,625,570
Other	308,697	—	308,697	389,159	—	389,159
Net assets released from restrictions (Note 13)	22,383,163	(22,383,163)	—	13,888,812	(13,888,812)	—
Total Support And Revenues	54,114,195	(8,762,678)	45,351,517	42,350,682	(10,042,619)	32,308,063
Expenses (Note 14)						
Research and scientific programs	41,470,673	—	41,470,673	38,014,874	—	38,014,874
General and administration	5,630,713	—	5,630,713	4,900,025	—	4,900,025
Development and public relations	2,065,523	—	2,065,523	2,088,414	—	2,088,414
Total Expenses	49,166,909	—	49,166,909	45,003,313	—	45,003,313
Increase (Decrease) In Net Assets Before Net Investment Income, Gains And Losses	4,947,286	(8,762,678)	(3,815,392)	(2,652,631)	(10,042,619)	(12,695,250)
Net Investment Income, Gains And Losses						
Net investment income (loss) (Note 2)	8,341,512	26,478,494	34,820,006	1,151,275	(3,460,392)	(2,309,117)
Unrealized gain (loss) on gift annuity assets (Note 2)	—	46,359	46,359	—	(18,586)	(18,586)
Change in value of gift annuity (Note 1)	—	(16,639)	(16,639)	—	(9,895)	(9,895)
Loss on write-off of contributions receivable	—	(10,462)	(10,462)	—	(2,990)	(2,990)
Total Net Investment Income, Gains And Losses	8,341,512	26,497,752	34,839,264	1,151,275	(3,491,863)	(2,340,588)
Increase (Decrease) In Net Assets	13,288,798	17,735,074	31,023,872	(1,501,356)	(13,534,482)	(15,035,838)
Net Assets - Beginning Of Year	161,531,495	246,686,194	408,217,689	163,032,851	260,220,676	423,253,527
Net Assets - End Of Year	\$ 174,820,293	\$ 264,421,268	\$ 439,241,561	\$ 161,531,495	\$ 246,686,194	\$ 408,217,689

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 31,023,872	\$ (15,035,838)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Amortization of discount on pledges	(574,394)	(653,453)
Depreciation	7,393,009	7,338,835
Loss on disposal of fixed assets	16,705	62,916
Loss on write-off of contributions receivable	10,462	2,990
Realized and unrealized (gains) losses on investments	(37,573,773)	652,327
Unrealized (gain) loss on gift annuity assets	(46,359)	18,586
Change in value of gift annuities	16,639	9,895
Contributions restricted for investments in property and equipment	—	(120,000)
Contributions restricted for endowment	(154,942)	(1,209,311)
Changes in assets and liabilities:		
Contributions receivable	104,986	1,141,275
Grants receivable	1,565,804	(1,890,810)
Other assets	(628,707)	(362,286)
Accounts payable and accrued expenses	(1,432,074)	394,000
Deferred revenue	776,968	(723,656)
Net Cash Provided By (Used In) Operating Activities	498,196	(10,374,530)
Cash Flows From Investing Activities		
Purchases of investment securities	(34,397,856)	(85,009,119)
Proceeds from sale and maturities of investments	35,029,145	96,478,883
Proceeds from sale of property and equipment	158,573	3,857
Purchases of property and equipment	(1,821,731)	(2,289,968)
Net Cash Provided By (Used In) Investing Activities	(1,031,869)	9,183,653
Cash Flows From Financing Activities		
Principal payments on bonds payable	(378,000)	(371,189)
Proceeds from promissory note payable	1,000,000	—
Payments on gift annuity	(24,055)	(18,221)
Contributions restricted for investments in property and equipment	—	120,000
Proceeds from contributions restricted for endowment	779,085	1,933,113
Net Cash Provided By Financing Activities	1,377,030	1,663,703
Net Increase In Cash And Cash Equivalents	843,357	472,826
Cash And Cash Equivalents - Beginning Of Year	3,101,906	2,629,080
Cash And Cash Equivalents - End Of Year	\$ 3,945,263	\$ 3,101,906

Supplemental Disclosure Of Cash Flow Information (Note 15)

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 And 2018

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 Monsanto Company. 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 Estate 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 originally invested its assets in DSC Fund, a Series of the Global Endowment Targeted Strategy Fund, LP, a private investment partnership, along with its own portfolio of Legacy Investments and cash equivalents. Each Series of the Global Endowment Targeted Strategy Fund, LP represents a separate portfolio to facilitate the issuance of interests to investors with differing investment objectives, such as the Partnership. This structure allows GEM to customize asset allocations for its clients through these individual series within the overall Targeted Strategy Fund. This is accomplished through investments in Sub-Partnerships owned by GEM (the Global Endowment Funds) which invest in pooled accounts managed by unaffiliated third parties, but also invest directly in securities, forward contracts, future contracts, swap contracts, option contracts and other assets.

On January 1, 2019, DSC Investments Holdings, LP redeemed its entire interest in the DSC Fund, a Series of Global Endowment Targeted Strategy Fund, LP (DSC Fund) and invested all of the proceeds into Global Endowment Fund II, LP (GEF II Fund), an affiliated private investment partnership managed by GEM. The redemption and contribution did not generate a realization transaction but represented a change in the Partnership's master fund in the master-feeder relationship. The DSC Fund was fully liquidated as of April 30, 2019. For reporting purposes, the Partnership, the DSC Fund, the Global Endowment Fund II, LP and Sub-Partnerships herein after together are referred to as the "Funds." The Partnership owns 99.99% of the DSC Fund. The consolidated financial statements of the Center should be read in conjunction with the December 31, 2019 and 2018 audited financial statements of the DSC Fund, which are an integral part of these financial statements.

GEF GP, LP, a Delaware limited partnership, (the General Partner) is the sole general partner of the Partnership, GEF II Fund and the DSC 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

New Accounting Pronouncements

During 2019, the Center adopted Accounting Standard Update 2018-08 (ASU 2018-08), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The Center has chosen the modified prospective method of implementation, and has accordingly applied the methodology to all agreements that were entered into after the effective date of ASU 2018-08 for the Center, which is January 1, 2019.

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.

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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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.

Grants

The Center accounts for private and government grant revenues pursuant to ASU 2018-08. 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 to which the underlying conditions of the grant have been substantially met.

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

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, 2019 and 2018, the Center had deposits in its operating checking account which exceeded the FDIC insurance limit by \$3,861,867 and \$2,896,761, 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, 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 DSC Fund and Global Endowment Fund II, LP

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 Chief Executive Officer, the Chief Operating Officer (Committee Chair), the Chief Financial Officer, the Chief Compliance Officer, the Compliance Associate, the Director of Investment Operations, the Associate Director of Investment Operations, the Fund Controller and other personnel involved with performance, valuation assessment and asset allocation review and reporting.

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 DSC Fund and Endowment Fund II, LP are recorded at the Partnership's reported interest in the net asset value of DSC Fund and Global Endowment Fund II, LP as determined by the General Partner. The underlying investments in DSC Fund and Global Endowment Fund II, LP are valued in accordance with the DSC Fund's and Global Endowment Fund II, LP'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 FASB Accounting Standards Update ("ASU") 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent)* ("ASU 2009-12"). ASU 2009-12 amends ASC 820, *Fair Value Measurements and Disclosures*, 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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, 2019, all Legacy Investments were valued at NAV.

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, 2019 and 2018.

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, 2019 and 2018, investments held to fund annuity obligations were \$381,422 and \$312,033, respectively. For the years ended December 31, 2019 and 2018, the change in value of gift annuity obligations resulted in a decrease in net assets of \$16,639 and \$9,895, respectively.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Property And Equipment

Property and equipment are stated at cost less accumulated depreciation. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets (3 to 10 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.

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. Therefore, no provision for income tax expense has been included in the accompanying consolidated financial statements.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

The Danforth Center's federal tax returns for years 2016 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 financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken by the Partnership (including whether or not to file a tax return) to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority upon examination. The guidance establishes a minimum threshold for financial statement recognition such that tax positions not deemed to meet the minimum threshold would be recorded as a tax expense, inclusive of interest and penalties, if any, on the consolidated statement of activities.

As of December 31, 2019 and 2018, 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.

In December of 2019 a disease caused by a new strain of the coronavirus (COVID-19) spread through countries worldwide. The impact of the virus varies from region to region, including those which the Center has operating activities. Given the dynamic nature of this pandemic, the extent to which COVID-19 may impact the financial results of the Center for 2020 and beyond will depend on future developments; however, as of the report date, the pandemic has not had a significant impact on the Center's financial position or cash flows.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

2. Investments

As of December 31, 2019 and 2018, 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 (loss) for the years ended December 31, 2019 and 2018 consists of:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 319,491	\$ 258,936
Investment management fees	(3,073,258)	(1,915,726)
Realized and unrealized gains (losses) on investments and annuity assets	37,620,132	(670,913)
	<u>\$ 34,866,365</u>	<u>\$ (2,327,703)</u>

Investment management fees for the years ended December 31, 2019 and 2018 included a carried interest allocation from Lewis and Clark amounting to \$1,541,045 and \$332,353, respectively.

Such investments as of December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Investment in Global Endowment Fund II, LP	\$ 263,572,273	\$ —
Investment in DSC Fund	—	237,463,831
Private equity funds (Legacy Investments)	22,259,750	25,743,266
Lewis and Clark Plant Sciences Fund I	21,101,399	12,668,421
Real asset funds	16,412	16,906
Money market accounts	22,501,942	15,240,940
Bond mutual funds	4,845,199	5,909,642
International and domestic stock mutual funds	—	94,270
International stock index funds	38,719	24,184
Domestic stock index funds	160,214	104,581
U.S. government agency securities	654,129	870,541
	<u>\$ 335,150,037</u>	<u>\$ 298,136,582</u>

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

Net asset classification of investments at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Without donor restrictions and undesignated	\$ 22,789,523	\$ 16,708,039
Without donor restrictions - Board designated endowment (Note 4)	57,694,608	44,112,517
Donor restricted endowment	254,665,906	237,316,026
	<u>\$ 335,150,037</u>	<u>\$ 298,136,582</u>

3. Fair Value Measurements

The following are the major categories of financial and nonfinancial assets and liabilities measured at fair value on a recurring basis using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market accounts	\$ 22,501,942	\$ 22,501,942	\$ —	\$ —
Bond mutual fund	4,845,199	4,845,199	—	—
International stock index funds	38,719	38,719	—	—
Domestic stock index funds	160,214	160,214	—	—
U.S. government agency securities	654,129	654,129	—	—
Investments measured at net asset value and investments not included in the fair value table:				
Private equity funds	22,259,750	—	—	—
Investment in Global Endowment Fund II, LP	263,572,273	—	—	—
Lewis and Clark Plant Sciences Fund	21,101,399	—	—	—
Real asset funds	16,412	—	—	—
Total Investments	<u>\$ 335,150,037</u>	<u>\$ 28,200,203</u>	<u>\$ —</u>	<u>\$ —</u>

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

Description	December 31, 2018		Level 1	Level 2	Level 3
Investments:					
Money market accounts	\$	15,240,940	\$ 15,240,940	\$ —	\$ —
Bond mutual funds		5,909,642	5,909,642	—	—
International and domestic stock mutual funds		94,270	94,270	—	—
International stock index funds		24,184	24,184	—	—
Domestic stock index funds		104,581	104,581	—	—
U.S. government agency securities		870,541	870,541	—	—
Investments measured at net asset value:					
Private equity funds		25,743,266	—	—	—
Investment in DSC Fund Lewis and Clark Plant Sciences Fund		237,463,831	—	—	—
Real asset funds		12,668,421	—	—	—
		16,906	—	—	—
Total Investments	\$	298,136,582	\$ 22,244,158	\$ —	\$ —

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 Partnership's policy to recognize transfers in and transfers out at the fair value on the actual date of such classification change.

During 2019 and 2018, 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

Investment Commitments

The Legacy Investments have committed capital totaling \$79,028,711, of which \$73,711,287 was invested at December 31, 2019. The remaining \$5,317,424 may be called at any time.

The Center has committed capital totaling \$20,000,000 to invest in the Lewis and Clark Plant Sciences Fund, of which \$13,636,792 was invested at December 31, 2019. The remaining \$6,360,208 can be called at any time with consent of the investors committee prior to December 31, 2020.

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.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

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

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

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 254,284,485	\$ 254,284,485
Board-designated endowment funds	57,694,608	—	57,694,608
Total Funds	\$ 57,694,608	\$ 254,284,485	\$ 311,979,093

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 238,013,990	\$ 238,013,990
Board-designated endowment funds	44,112,517	—	44,112,517
Total Funds	\$ 44,112,517	\$ 238,013,990	\$ 282,126,507

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

The endowment assets exclude promises to give restricted by donors (net of a discount) for endowments of \$3,780,670 and \$4,407,482 at December 31, 2019 and 2018, respectively. The following is a reconciliation of the beginning and ending balances of the Center's endowment investments for 2019 and 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment cash and investments, January 1, 2018	\$ 44,136,948	\$ 250,264,604	\$ 294,401,552
Net loss on investments	(644,671)	(3,511,104)	(4,155,775)
Appropriated for expenditure	(1,888,477)	(10,672,623)	(12,561,100)
Addition to board-designated endowment	2,508,717	—	2,508,717
Contributions	—	1,933,113	1,933,113
Endowment investments, December 31, 2018	44,112,517	238,013,990	282,126,507
Net gain on investments	4,904,982	26,435,665	31,340,647
Appropriated for expenditure	(2,030,599)	(10,944,255)	(12,974,854)
Addition to board-designated endowment	10,707,708	—	10,707,708
Contributions	—	779,085	779,085
Endowment cash and investments, December 31, 2019	\$ 57,694,608	\$ 254,284,485	\$ 311,979,093

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 unrestricted net assets. No such deficiencies existed as of December 31, 2019 or 2018.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

5. Liquidity And Availability Of Resources

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

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash and cash equivalents	\$ 3,945,263	\$ 3,101,906
Contributions receivable, net	7,955,042	8,120,239
Grants receivable	3,356,345	4,922,149
Investments	335,150,037	298,136,582
Accounts receivable	363,219	447,837
Interest and other receivables	978,216	946,103
Total Financial Assets	351,748,122	315,674,816
Less Amounts Not Available for Use Within One Year		
Pledged bank account for standby letter of credit	(225,000)	(225,000)
Contributions receivable with perpetual donor restrictions	(3,780,670)	(4,047,482)
Contributions receivable without donor restrictions (due in more than one year)	(95,669)	(1,742,017)
Funds restricted for equipment purchases	(946,567)	(946,523)
Unrestricted investment in Lewis and Clark Plant Science Fund I	(8,746,553)	(7,512,851)
Endowment investments and cash (net of future draw)	(298,663,396)	(269,463,689)
Financial Assets Not Available to be Used Within One Year	(312,457,855)	(283,937,562)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 39,290,267	\$ 31,737,254

The Center has \$39,290,267 of financial assets that are available within one year of the balance sheet 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). \$13.3 million of endowment draw is allocated to support operations in 2020 and is reflected as available within one year in the table above. In addition to available financial assets, a significant portion of the Center's annual expenditures will be funded by grant and contract income and donor contributions.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

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 US government instruments. The Center has a policy to maintain a minimum target operating cash balance of \$7.0 million; however, the Board has 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 \$3,892,937 and \$3,429,710 as of December 31, 2019 and 2018, respectively.

The Center also has \$57,694,607 and \$44,112,517 of funds Board designated as endowment at December 31, 2019 and 2018, 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 investments with lock-up provisions that would reduce the total investments that could be made available (refer to Note 2 for disclosures about investments).

6. Contributions Receivable

As of December 31, 2019 and 2018, the Center has contributions receivable under varying terms over the periods as listed below:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 4,329,703	\$ 3,432,652
One to five years	4,952,197	5,586,298
Six to ten years	—	1,000,000
	<u>9,281,900</u>	<u>10,018,950</u>
Less: Discount	<u>1,326,858</u>	<u>1,898,711</u>
Net	<u>\$ 7,955,042</u>	<u>\$ 8,120,239</u>

The discount amortization of \$574,394 and \$653,453 in 2019 and 2018, 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 6.1% to 7.1%.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

7. Bonds 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 is being 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, 2019 and 2018, principal of \$5,347,000 and \$5,725,000, 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 3.2%. This effectively changes the sum of the ask rate from 65% to 79%.

In accordance with the bond agreement, the Center was required to establish a Debt Service Fund. The Debt Service Fund shall be expended solely for the payment of bond principal and interest. Deposits are made into the Debt Service Fund immediately before payments of principal and interest on the bonds are due. There was no balance in the Debt Service Fund at December 31, 2019 or 2018.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

In November 2019, the Center entered into a promissory note (the Promissory Note) with a financial institution to finance the construction of a greenhouse. The Promissory Note provides up to \$3,000,000 of proceeds, with advances provided to the Center in varying installments. The Center was advanced \$1,000,000 at closing, and an additional \$1,000,000 in March 2020. The advance on the remaining balance on the Promissory Note shall be made prior to July 19, 2020. The Promissory Note bears interest at 2.75%, and matures on November 19, 2029. Beginning February 19, 2020, interest payments are due quarterly through February 2021. Thereafter, payments of principal and interest are payable quarterly through maturity. As of December 31, 2019, a principal balance of \$1,000,000 outstanding.

The bond agreement and the Promissory Note agreement requires 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, 2019 and 2018, 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>
2020	\$ 386,000
2021	457,109
2022	490,077
2023	500,502
2024	510,783
Thereafter	6,002,529
	<u>\$ 8,347,000</u>

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

The scheduled maturities above include the additional \$2,000,000 of proceeds on the Promissory Note that were received in 2020, but not outstanding at December 31, 2019.

Interest expense on the bonds for 2019 and 2018 was \$178,041 and \$178,957, respectively. Accrued interest of \$54,041 and \$47,327 at December 31, 2019 and 2018, respectively, is included in accounts payable and accrued expenses.

8. Property And Equipment

Property and equipment as of December 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 11,308,777	\$ 11,400,000
Buildings and improvements	127,726,148	127,199,321
Lab equipment	23,871,626	23,731,529
Furniture and equipment	8,279,214	8,151,894
Construction in process	1,532,548	1,360,543
Total property and equipment	172,718,313	171,843,287
Less: Accumulated depreciation	71,139,698	65,026,787
Net property and equipment	<u>\$ 101,578,615</u>	<u>\$ 106,816,500</u>

Depreciation expense amounted to \$7,393,009 and \$7,338,835 during 2019 and 2018, respectively.

9. Lease Commitments

The Center leases certain computer equipment, office equipment and laboratory equipment with payments ranging from \$148 per month to \$1,827 per month with varying dates through September 2023. Lease expense related to the Center's operating leases was \$36,193 and \$35,289 in 2019 and 2018, respectively.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

At December 31, 2019, future minimum rental commitments under all noncancellable operating leases are as follows:

<u>Year</u>	<u>Operating Leases</u>
2020	\$ 26,578
2021	21,097
2022	3,176
2023	2,160
	<u>\$ 53,011</u>

10. Ground Lease

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 agreement:

<u>Year</u>	<u>Amount</u>
2020	\$ 215,203
2021	215,203
2022	215,203
2023	215,203
2024	215,203
Thereafter	11,251,283
	<u>\$ 12,327,298</u>

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

Total rental income recognized under these agreements was \$348,481 and \$140,236 in 2019 and 2018, respectively, which is included in service fees and rental income in the statement of activities.

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 \$1,123,732 and \$1,066,407 to the plan in 2019 and 2018, 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 \$1,563,403 and \$1,142,612 during 2019 and 2018, respectively. The Company has recorded an incurred but not reported reserve of approximately \$107,000 and \$50,000 as of December 31, 2019 and 2018, respectively, which is included in accounts payable and accrued expenses on the Center's balance sheet.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

13. Net Asset Balances And Releases From Restrictions

Restrictions and designations on net asset balances at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Undesignated	\$ 22,402,741	\$ 16,327,478
Board-designated endowment	57,694,608	44,112,517
Invested in property, net	94,722,944	101,091,500
	<hr/>	
Total net assets without donor restrictions	\$ 174,820,293	\$ 161,531,495
	<hr/>	
	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions		
Contributions receivable and other related	\$ 7,955,042	\$ 8,120,242
Donor restricted contributions - purpose	1,631,401	—
Enterprise Rent-A-Car Institute of		
Renewable Fuels	25,009	25,007
Endowment funds	254,284,485	238,013,990
Other special purpose	525,331	526,955
	<hr/>	
Total net assets with donor restrictions	\$ 264,421,268	\$ 246,686,194
	<hr/>	

Net assets were released from restrictions during the years ended December 31, 2019 and 2018 by satisfying the restricted purposes or by the occurrence of time as shown below:

	<u>2019</u>	<u>2018</u>
Capital Campaign for Expansion	\$ 10,855,704	\$ 2,319,164
Passage of time	318,445	430,360
Enterprise Rent-A-Car Institute of		
Renewable Fuels	1,045,274	1,037,695
Appropriation of donor-restricted		
endowment earnings for expenditure	9,898,980	9,711,465
Other special purpose	264,760	390,128
	<hr/>	
	\$ 22,383,163	\$ 13,888,812
	<hr/>	

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

14. Expenses Presented According To Functional And Natural Classifications

Expenses for the years ended December 31, 2019 and 2018 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, 2019			
	Research/Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 17,391,329	\$ 3,350,374	\$ 1,427,460	\$ 22,169,163
Equipment rental and maintenance	902,490	144,096	39,655	1,086,241
Insurance expense	—	247,826	—	247,826
Meetings and conferences	175,033	2,068	4,222	181,323
Membership, dues and subscriptions	166,699	13,312	20,067	200,078
Occupancy expense	1,229,722	122,238	26,823	1,378,783
Outside services	1,100,783	143,632	13,141	1,257,556
Personnel expense	449,019	105,710	4,711	559,440
Postage and shipping	23,313	4,455	16,682	44,450
Printing and publications	55,400	8	37,254	92,662
Professional fees and consulting	781,518	522,388	37,671	1,341,577
Publicity/special events	888	—	278,861	279,749
Subcontract/subrecipient expense	9,562,375	—	—	9,562,375
Supplies and equipment	1,894,341	57,116	32,540	1,983,997
Telecommunications expense	105,593	10,873	7,460	123,926
Temporary employee expense	94,529	41,244	3,367	139,140
Travel and entertainment	522,384	23,776	15,594	561,754
Depreciation	6,976,221	332,887	83,901	7,393,009
Other expense	39,036	508,710	16,114	563,860
Total Expenses	\$ 41,470,673	\$ 5,630,713	\$ 2,065,523	\$ 49,166,909

	For The Year Ended December 31, 2018			
	Research/Science	General And Administration	Development And Public Relations	Total
Salaries, wages and benefits	\$ 15,706,685	\$ 3,077,827	\$ 1,306,364	\$ 20,090,876
Equipment rental and maintenance	734,005	141,624	28,226	903,855
Insurance expense	—	249,177	—	249,177
Meetings and conferences	520,282	734	3,348	524,364
Membership, dues and subscriptions	129,058	12,636	18,109	159,803
Occupancy expense	1,351,692	131,561	28,921	1,512,174
Outside services	994,816	115,965	22,537	1,133,318
Personnel expense	421,040	114,844	5,776	541,660
Postage and shipping	40,585	6,099	17,985	64,669
Printing and publications	72,006	—	44,057	116,063
Professional fees and consulting	1,125,865	289,604	137,533	1,553,002
Publicity/special events	300	—	307,319	307,619
Subcontract/subrecipient expense	7,464,429	—	—	7,464,429
Supplies and equipment	1,931,547	59,883	24,976	2,016,406
Telecommunications expense	87,777	9,073	7,063	103,913
Temporary employee expense	67,005	24,727	1,753	93,485
Travel and entertainment	449,415	25,160	13,890	488,465
Depreciation	6,901,887	341,751	95,197	7,338,835
Other expense	16,480	299,360	25,360	341,200
Total Expenses	\$ 38,014,874	\$ 4,900,025	\$ 2,088,414	\$ 45,003,313

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

15. Supplemental Cash Flow Information

During 2019 and 2018, interest paid amounted to approximately \$171,327 and \$172,595, respectively.

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

During 2019 and 2018, gifts and grants of equity securities of \$5,577,613 and \$634,806, respectively, were received.

Additionally, construction in process purchases of \$449,698 and \$967,009 are included in accounts payable and accrued expenses at December 31, 2019 and 2018, respectively. Construction in progress purchases of \$58,973 are included in retainage payable at December 31, 2019.

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 2019 and 2018, federal funds of \$1,403,712 and \$1,441,949, respectively, were passed through to these universities by the Center. Additionally, the Center received pass through funding from one of the universities in 2019 and 2018 that amounted to \$550,436 and \$649,342, respectively.

DONALD DANFORTH
PLANT SCIENCE CENTER
SINGLE AUDIT REPORT
DECEMBER 31, 2019



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
D I S C O V E R Y | C O M M U N I T Y | I M P A C T

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**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
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, 2019, 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 24, 2020.

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) to determine the 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 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 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 determination of consolidated financial statement amounts. 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 24, 2020

**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

We have audited Donald Danforth Plant Science Center's (the Center) compliance with the types of compliance requirements described 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, 2019. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion On Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report On Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Donald Danforth Plant Science Center as of and for the year ended December 31, 2019, and have issued our report thereon dated July 24, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted 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 24, 2020

DONALD DANFORTH PLANT SCIENCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Passed Through To Subrecipients
<i>Research And Development - Cluster:</i>				
U.S. Department Of Agriculture				
Direct:				
Agricultural Research Basic and Applied Research Passed Through USDA, Agricultural Research Service -	10.001		\$ 27,541	\$ 5,209
Agricultural Research Basic and Applied Research Total Federal CFDA Number 10.001	10.001	59-2020-7-002	106,453	—
			<u>133,994</u>	<u>5,209</u>
Passed Through CoverCress - Small Business Innovation Research	10.212	2019-001	24,687	—
Direct:				
Agriculture and Food Research Initiative (AFRI) Passed Through Texas A&M AgriLife Research - Crop Protection and Pest Management Competitive Grants Program	10.310		522,249	55,074
	10.329	06-S170653	12,861	—
Direct:				
Technical Agricultural Assistance	10.960		47,620	—
			<u>741,411</u>	<u>60,283</u>
Total U.S. Department Of Agriculture				
National Science Foundation				
Passed Through Cold Springs Harbor Laboratory - Engineering Grants	47.041	1831949-DDPSC	116,938	—
Direct:				
Computer and Information Science and Engineering	47.070		119,389	—
Direct:				
Biological Sciences Passed Through University of California, Irvine - Biological Sciences	47.074		4,920,761	1,577,977
	47.074	2019-3811	1,834	—
Passed Through University of Missouri - Biological Sciences	47.074	C00062211-1	84,527	—
Passed Through University of Missouri - Biological Sciences	47.074	C00061465-1	67,899	—
Passed Through Clemson University - Biological Sciences	47.074	85626-11138	215,504	—
Passed Through University of Florida - Biological Sciences	47.074	UFDSP0012275	50,901	—
Passed Through Carnegie Institution of Washington - Biological Sciences Total Federal CFDA Number 47.074	47.074	10548-06	(9,075)	—
			<u>5,332,351</u>	<u>1,577,977</u>
Direct:				
Education and Human Resources	47.076		43,633	—
Passed Through the University of Missouri - Columbia - Office of Integrative Activities	47.083	C00052854-4	398,010	—
			<u>6,010,321</u>	<u>1,577,977</u>
Total National Science Foundation				

DONALD DANFORTH PLANT SCIENCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA 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		\$ 2,648,420	\$ 1,452,459
Passed Through Edison AgriScience - Basic, Applied and Advanced Research in Science and Engineering	12.630	2019-001	12,008	—
Total U.S. Department Of Defense			2,660,428	1,452,459
U.S. Department Of Energy				
Direct:				
Office of Science Financial Assistance Program	81.049		3,707,947	1,984,956
Passed Through University of Nebraska - Office of Science Financial Assistance Program	81.049	25-1215-0123-008	1,031,973	—
Passed through University of Delaware - Office of Science Financial Assistance Program	81.049	55630	9,447	—
Total Federal CFDA Number 81.049			4,749,367	1,984,956
Direct:				
Advanced Research and Projects Agency - Energy Financial Assistance Program	81.135		2,428,081	1,773,177
Passed Through Clemson University - Energy Financial Assistance Program	81.135	1829-219-2020937	1,738	—
Passed Through University of Florida - Energy Financial Assistance Program	81.135	UFDSP00012002	218,007	—
Passed Through Colorado State University - Energy Financial Assistance Program	81.135	G-40115-03	353,531	—
Total Federal CFDA Number 81.135			3,001,357	1,773,177
Total U.S. Department Of Energy			7,750,724	3,758,133
U.S. Department Of Health And Human Services				
Passed Through Vanderbilt University - Trans-NIH Research Support	93.310	UNIV60746	211,027	—
Passed through University of Delaware - Biomedical Research and Research Training	93.859	48243	153,404	—
Total U.S. Department Of Health And Human Services			364,431	—
U.S. Agency For International Development				
Direct:				
USAID Foreign Assistance for Programs Overseas	98.001		752,945	457,775
Passed Through the African Agricultural Technology Foundation - USAID Foreign Assistance for Programs Overseas	98.XXX	1181	22,505	—
Passed through the African Agricultural Technology Foundation - USAID Foreign Assistance for Programs Overseas	98.XXX	1927	82,316	—
Total Federal CFDA Number 98.XXX			104,821	—
Total U.S. Agency For International Development			857,766	457,775
Total Research And Development - Cluster			\$ 18,385,081	\$ 7,306,627

DONALD DANFORTH PLANT SCIENCE CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2019

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 basic 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 basic consolidated financial statements of the Center.

3. Indirect Costs

The 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 \$4,133,661 for the year ended December 31, 2019.

4. Catalog Of Federal Domestic Assistance (CFDA) Numbers

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

DONALD DANFORTH PLANT SCIENCE CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2019**

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:

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

* All of the Center's federal programs 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, 2019

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, 2019

Finding No.	2018-001 Significant Deficiency: Reporting – Compliance and Control Finding
Program/Type	Research and Development Cluster CFDA: 10.310 - U.S. Department of Agriculture: Award No. 2015-67013-22964 CFDA: 81.049 - U.S. Department of Energy: Award No. DE-SC0008769
Condition/Cause	We noted that adequate and effective controls over compliance as it relates to timeliness for annual and close-out reporting were not in place during the fiscal period or controls were not implemented as designed that resulted in untimely filing of two reports sampled out of a population ten.
Status	Corrective action taken.