
***DONALD DANFORTH PLANT
SCIENCE CENTER AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018***



**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, 2018 and 2017, 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, 2018 and 2017 and changes in its net assets and its and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2018 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 29, 2019

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

| | December 31, | |
|---|-----------------------|-----------------------|
| | 2018 | 2017 |
| Cash and cash equivalents | \$ 3,101,906 | \$ 2,629,080 |
| Contributions receivable - net (Note 6) | 8,120,239 | 9,334,853 |
| Grants receivable | 4,922,149 | 3,031,339 |
| Other current assets | 1,946,462 | 1,683,422 |
| Prepaid expenses | 244,317 | 145,071 |
| Investments (Notes 2 and 3) | 298,136,582 | 310,200,134 |
| Property and equipment (Note 8) | 106,816,500 | 110,986,313 |
| Total Assets | \$ 423,288,155 | \$ 438,010,212 |

Liabilities And Net Assets

Liabilities

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued expenses (Notes 7 and 12) | \$ 5,075,008 | \$ 3,608,181 |
| Retainage payable | — | 127,000 |
| Bonds payable (Note 7) | 5,725,000 | 6,096,189 |
| Liabilities under gift annuity agreements (Note 1) | 181,109 | 112,310 |
| Deferred revenue | 4,089,349 | 4,813,005 |
| Total Liabilities | 15,070,466 | 14,756,685 |

Net Assets

| | | |
|----------------------------|--------------------|--------------------|
| Without donor restrictions | 161,531,495 | 163,032,851 |
| With donor restrictions | 246,686,194 | 260,220,676 |
| Total Net Assets | 408,217,689 | 423,253,527 |

| | | |
|---|-----------------------|-----------------------|
| Total Liabilities And Net Assets | \$ 423,288,155 | \$ 438,010,212 |
|---|-----------------------|-----------------------|

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2018 And 2017**

| | 2018 | | | 2017 | | |
|--|-------------------------------|----------------------------|-----------------------|-------------------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support And Revenues | | | | | | |
| Contributions (Note 6) | \$ 1,937,353 | \$ 3,846,193 | \$ 5,783,546 | \$ 4,985,378 | \$ 5,479,141 | \$ 10,464,519 |
| Private grants | 9,086,180 | — | 9,086,180 | 6,401,473 | — | 6,401,473 |
| Government grants | 14,423,608 | — | 14,423,608 | 14,351,003 | — | 14,351,003 |
| Registration and user fees (Note 10) | 2,625,570 | — | 2,625,570 | 2,142,254 | — | 2,142,254 |
| Other | 389,159 | — | 389,159 | 178,038 | — | 178,038 |
| Net assets released from restrictions (Note 13) | 13,888,812 | (13,888,812) | — | 13,283,142 | (13,283,142) | — |
| Total Support And Revenues | 42,350,682 | (10,042,619) | 32,308,063 | 41,341,288 | (7,804,001) | 33,537,287 |
| Expenses (Note 14) | | | | | | |
| Research and scientific programs | 38,014,874 | — | 38,014,874 | 36,031,749 | — | 36,031,749 |
| General and administration | 4,900,025 | — | 4,900,025 | 4,823,260 | — | 4,823,260 |
| Development and public relations | 2,088,414 | — | 2,088,414 | 1,988,340 | — | 1,988,340 |
| Total Expenses | 45,003,313 | — | 45,003,313 | 42,843,349 | — | 42,843,349 |
| Decrease In Net Assets Before Net Investment Income, Gains And Losses | (2,652,631) | (10,042,619) | (12,695,250) | (1,502,061) | (7,804,001) | (9,306,062) |
| Net Investment Income, Gains And Losses | | | | | | |
| Net investment income (loss) (Note 2) | 1,151,275 | (3,460,392) | (2,309,117) | 4,041,757 | 23,694,330 | 27,736,087 |
| Unrealized gain (loss) on gift annuity assets (Note 2) | — | (18,586) | (18,586) | — | 24,881 | 24,881 |
| Change in value of gift annuity (Note 1) | — | (9,895) | (9,895) | — | (12,066) | (12,066) |
| Loss on write-off of contributions receivable | — | (2,990) | (2,990) | — | (42,183) | (42,183) |
| Total Net Investment Income, Gains And Losses | 1,151,275 | (3,491,863) | (2,340,588) | 4,041,757 | 23,664,962 | 27,706,719 |
| Increase (Decrease) In Net Assets | (1,501,356) | (13,534,482) | (15,035,838) | 2,539,696 | 15,860,961 | 18,400,657 |
| Net Assets - Beginning Of Year | 163,032,851 | 260,220,676 | 423,253,527 | 160,493,155 | 244,359,715 | 404,852,870 |
| Net Assets - End Of Year | \$ 161,531,495 | \$ 246,686,194 | \$ 408,217,689 | \$ 163,032,851 | \$ 260,220,676 | \$ 423,253,527 |

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

| | For The Years Ended December 31, | |
|---|---|---------------------|
| | 2018 | 2017 |
| Cash Flows From Operating Activities | | |
| Increase (decrease) in net assets | \$ (15,035,838) | \$ 18,400,657 |
| Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities: | | |
| Amortization of discount on pledges | (653,453) | (549,091) |
| Depreciation | 7,338,835 | 7,150,564 |
| Loss on disposal of fixed assets | 62,916 | 20,476 |
| Loss on write-off of contributions receivable | 2,990 | 42,183 |
| Realized and unrealized (gains) losses on investments | 652,327 | (29,167,471) |
| Unrealized (gain) loss on gift annuity assets | 18,586 | (24,881) |
| Change in value of gift annuities | 9,895 | 12,066 |
| Contributions restricted for investments in property and equipment | (120,000) | (2,267,317) |
| Contributions restricted for endowment | (1,209,311) | (1,384,106) |
| Changes in asset and liability accounts: | | |
| Contributions receivable | 1,141,275 | (595,626) |
| Grants receivable | (1,890,810) | 134,327 |
| Other assets | (362,286) | (775,140) |
| Accounts payable and accrued expenses | 394,000 | (198,844) |
| Deferred revenue | (723,656) | (2,859,871) |
| Net Cash Used In Operating Activities | (10,374,530) | (12,062,074) |
| Cash Flows From Investing Activities | | |
| Purchases of investment securities | (85,009,119) | (85,009,119) |
| Proceeds from sale and maturities of investments | 96,478,883 | 94,472,117 |
| Proceeds from sale of property and equipment | 3,857 | 3,000 |
| Purchases of property and equipment | (2,289,968) | (1,924,734) |
| Net Cash Provided By Investing Activities | 9,183,653 | 7,541,264 |
| Cash Flows From Financing Activities | | |
| Principal payments on bonds payable | (371,189) | (360,811) |
| Payments on gift annuity | (18,221) | (18,078) |
| Contributions restricted for investments in property and equipment | 120,000 | 2,267,317 |
| Proceeds from contributions restricted for endowment | 1,933,113 | 1,574,147 |
| Net Cash Provided By Financing Activities | 1,663,703 | 3,462,575 |
| Net Increase (Decrease) In Cash And Cash Equivalents | 472,826 | (1,058,235) |
| Cash And Cash Equivalents - Beginning Of Year | 2,629,080 | 3,687,315 |
| Cash And Cash Equivalents - End Of Year | \$ 3,101,906 | \$ 2,629,080 |

Supplemental Disclosure Of Cash Flow Information (Note 14)

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 And 2017

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 invests 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. For reporting purposes, the Partnership, the DSC Fund 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, 2018 and 2017 audited financial statements of the DSC Fund, which are an integral part of these financial statements.

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 contributed 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 will not generate a realization transaction but will represent a change in the Partnership’s master fund in the master-feeder relationship. The DSC Fund was fully liquidated as of April 30, 2019.

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*)

Change In Presentation

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is required to be implemented for periods beginning after December 15, 2017. In accordance with the ASU, the Center's statement of financial position presents two classes of net assets, rather than the previously required three classes. The two new classes are "Net assets without donor restrictions (previously "Unrestricted" net assets) and "Net assets with donor restrictions" (previously "Temporarily" and "Permanently" restricted net assets). The ASU also requires information concerning liquidity and presentation of expenses by both functional and natural classifications. Additionally, the ASU changed the presentation applicable to endowment funds that are considered to be "underwater". The Center has adopted the new ASU during the current year, and has reclassified the 2017 financial statements to conform to this current presentation under the new ASU.

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 Trustees 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 in perpetuity 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

Grant revenue relates to obligations for the performance of specific research activities. Revenue is recognized as the Center meets its obligations under the contracts, and revenue is deferred when payments are received prior to performance of the designated research activities.

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, 2018 and 2017, the Center had deposits in its operating checking account which exceeded the FDIC insurance limit by \$2,896,761 and \$2,378,580, 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

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 investment in DSC Fund is recorded at the Partnership's reported interest in the net asset value of DSC Fund as determined by the General Partner. The underlying investments in DSC Fund are valued in accordance with the DSC 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 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 Investments 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, 2018, all Legacy Investments were valued at NAV.

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, 2018 and 2017, investments held to fund annuity obligations were \$312,033 and \$240,545, respectively. For the years ended December 31, 2018 and 2017, the change in value of gift annuity obligations resulted in a decrease in net assets of \$9,895 and \$12,066, respectively.

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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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.

The Danforth Center's federal tax returns for years 2015 and later remain subject to examination by taxing authorities.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (Continued)

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, 2018 and 2017, 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, 2018 and 2017, the Center had investments held with investment managers for the purpose of maximizing the return on assets. Investments are comprised of unrestricted funds available for operations or board-designated for endowment, and permanently restricted funds, the income from which is either unrestricted or donor restricted for specific purposes. Investment income (loss) for the years ended December 31, 2018 and 2017 consists of:

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|----------------------|
| Interest and dividends | \$ 258,936 | \$ 177,152 |
| Investment management fees | (1,915,726) | (1,608,536) |
| Realized and unrealized gains on investments and annuity assets | (670,913) | 29,192,352 |
| | <u>\$ (2,327,703)</u> | <u>\$ 27,760,968</u> |

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

Such investments as of December 31, 2018 and 2017 consist of the following:

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Investment in DSC Fund | \$ 237,463,831 | \$ 246,168,097 |
| Private equity funds (Legacy Investments) | 25,743,266 | 39,907,069 |
| Lewis and Clark Plant Sciences Fund | 12,668,421 | 4,634,645 |
| Real asset funds | 16,906 | 13,633 |
| Money market accounts | 15,240,940 | 9,358,961 |
| Bond mutual funds | 5,909,642 | 8,295,890 |
| International and domestic stock mutual funds | 94,270 | 494,306 |
| International stock index funds | 24,184 | 25,622 |
| Domestic stock index funds | 104,581 | 107,022 |
| U.S. government agency securities | 870,541 | 1,194,889 |
| | <u>\$ 298,136,582</u> | <u>\$ 310,200,134</u> |

Net asset classification of investments at December 31, 2018 and 2017 is as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Without donor restrictions and undesignated | \$ 16,708,039 | \$ 15,798,582 |
| Without donor restrictions - Board designated endowment (Note 4) | 44,112,517 | 44,136,948 |
| Donor restricted endowment | 237,316,026 | 250,264,604 |
| | <u>\$ 298,136,582</u> | <u>\$ 310,200,134</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):

**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 fund | 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 and investments not included in the fair value table: | | | | | |
| Private equity funds | 25,743,266 | — | — | — | — |
| Investment in DSC Fund | 237,463,831 | — | — | — | — |
| Lewis and Clark Plant Sciences Fund | 12,668,421 | — | — | — | — |
| Real asset funds | 16,906 | — | — | — | — |
| Total Investments | \$ 298,136,582 | \$ 22,244,158 | | \$ — | \$ — |
| Description | December 31, 2017 | | Level 1 | Level 2 | Level 3 |
| Investments: | | | | | |
| Money market accounts | \$ 9,358,961 | \$ 9,358,961 | | \$ — | \$ — |
| Bond mutual funds | 8,295,890 | 8,295,890 | | — | — |
| International and domestic stock mutual funds | 494,306 | 494,306 | | — | — |
| International stock index funds | 25,622 | 25,622 | | — | — |
| Domestic stock index funds | 107,022 | 107,022 | | — | — |
| U.S. government agency securities | 1,194,889 | 1,194,889 | | — | — |
| Investments measured at net asset value: | | | | | |
| Private equity funds | 39,907,069 | — | — | — | — |
| Investment in DSC Fund | 246,168,097 | — | — | — | — |
| Lewis and Clark Plant Sciences Fund | 4,634,645 | — | — | — | — |
| Real asset funds | 13,633 | — | — | — | — |
| Total Investments | \$ 310,200,134 | \$ 19,476,690 | | \$ — | \$ — |

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 2018 and 2017, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Center's assets.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

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 \$79,028,711, of which \$71,890,643 was invested at December 31, 2018. The remaining \$7,138,068 may be called at any time.

DSC Fund has committed capital to investment partnerships totaling \$103,301,204, of which \$82,669,310 was invested at December 31, 2018. The remaining \$20,631,894 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 \$11,349,792 was invested at December 31, 2018. The remaining \$8,650,208 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.

DONALD DANFORTH PLANT SCIENCE CENTER AND SUBSIDIARY

Notes To Consolidated Financial Statements *(Continued)*

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

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

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

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

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

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

| | 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 |

| | 2017 | | |
|----------------------------------|---------------------------------------|------------------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ — | \$ 250,264,604 | \$ 250,264,604 |
| Board-designated endowment funds | 44,136,948 | — | 44,136,948 |
| Total Funds | \$ 44,136,948 | \$ 250,264,604 | \$ 294,401,552 |

The endowment assets exclude promises to give restricted by donors for endowments of \$4,407,482 and \$3,352,875 at December 31, 2018 and 2017, respectively. The following is a reconciliation of the beginning and ending balances of the Center's endowment investments for 2018 and 2017:

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements (*Continued*)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------|
| Endowment cash and investments, January 1, 2017 | \$ 36,823,171 | \$ 235,446,397 | \$ 272,269,568 |
| Net investment income | 4,010,187 | 23,621,368 | 27,631,555 |
| Appropriated for expenditure | (1,625,020) | (10,377,314) | (12,002,334) |
| Addition to board-designated endowment | 4,928,610 | — | 4,928,610 |
| Contributions | — | 1,574,153 | 1,574,153 |
| Endowment investments, December 31, 2017 | 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 cash and investments, December 31, 2018 | \$ 44,112,517 | \$ 238,013,990 | \$ 282,126,507 |

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, 2018 or 2017.

**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>2018</u> |
|--|----------------------|
| Financial Assets | |
| Cash and cash equivalents | \$ 3,101,906 |
| Contributions receivable, net | 8,120,239 |
| Grants receivable | 4,922,149 |
| Investments | 298,136,582 |
| Accounts receivable | 447,837 |
| Interest and other receivables | <u>946,103</u> |
| Total Financial Assets | <u>315,674,816</u> |
| Less Amounts Not Available for Use Within One Year | |
| Pledged bank account for letter of credit | (225,000) |
| Contributions receivable with donor restrictions | (4,047,482) |
| Contributions receivable without donor restrictions (due in more than one year) | (1,742,017) |
| Funds restricted for equipment purchases | (946,523) |
| Unrestricted investment in venture capital fund | (7,512,851) |
| Endowment investments and cash (net of 2019 draw) | <u>(269,463,689)</u> |
| Financial Assets Not Available to be Used Within One Year | <u>(283,937,562)</u> |
| Financial Assets Available to Meet General Expenditures Within One Year | <u>\$ 31,737,254</u> |

The Center has \$31,737,256 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 attempts to preserve the endowment asset values for future generations, while providing a reliable revenue stream for current operations (see Note 4). In the table above, \$13 million of endowment draw is allocated to support operations in 2019 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 adopted a policy to maintain a minimum target operating cash and short term investment balance which is periodically reviewed and approved by the Board of Directors of the Center (the Board). The Board has approved a current target of \$4.0 million. The Center also sets aside funds for capital asset replacement and renewal and those funds totaled \$3,429,710 as of December 31, 2018.

The Center also has \$44,112,517 of funds Board designated as endowment. 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, 2018 and 2017, the Center has contributions receivable under varying terms over the periods as listed below:

| | <u>2018</u> | <u>2017</u> |
|--------------------|---------------------|---------------------|
| Less than one year | \$ 3,432,652 | \$ 3,831,195 |
| One to five years | 5,586,298 | 6,352,906 |
| Six to ten years | 1,000,000 | 1,000,000 |
| | <u>10,018,950</u> | <u>11,184,101</u> |
| Less: Discount | <u>1,898,711</u> | <u>1,849,248</u> |
| Net | <u>\$ 8,120,239</u> | <u>\$ 9,334,853</u> |

The discount amortization of \$653,453 and \$549,091 in 2018 and 2017, 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, 2018 and 2017, principal of \$5,725,000 and \$6,096,189, 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, a Cost of Issuance Fund, and a Project 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, 2018 or 2017. The Cost of Issuance Fund shall be used solely for the purpose of paying the Issuance Costs. The Cost of Issuance Fund was funded. In 2012, the Cost of Issuance Fund was liquidated. The Project Fund shall be used solely for the purposes of paying greenhouse construction costs. The Project Fund was liquidated in 2014.

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

The bond 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, 2018 and 2017, the Center was in compliance with both ratios.

The scheduled maturities of the bonds payable at December 31, 2018 are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2019 | \$ 378,000 |
| 2020 | 386,000 |
| 2021 | 394,000 |
| 2022 | 404,000 |
| 2023 | 412,000 |
| Thereafter | 3,751,000 |
| | <u>\$ 5,725,000</u> |

Interest expense on the bonds for 2018 and 2017 was \$178,957 and \$166,872, respectively. Accrued interest of \$47,327 and \$40,964 at December 31, 2018 and 2017, respectively, is included in accounts payable and accrued expenses.

**DONALD DANFORTH PLANT SCIENCE CENTER
AND SUBSIDIARY**

Notes To Consolidated Financial Statements *(Continued)*

8. Property And Equipment

Property and equipment as of December 31, 2018 and 2017 consists of the following:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-----------------------|-----------------------|
| Land | \$ 11,400,000 | \$ 11,400,000 |
| Buildings and improvements | 127,199,321 | 127,132,651 |
| Lab equipment | 23,731,529 | 22,297,458 |
| Furniture and equipment | 8,151,894 | 8,007,450 |
| Construction in process | 1,360,543 | 311,493 |
| Total property and equipment | 171,843,287 | 169,149,052 |
| Less: Accumulated depreciation | 65,026,787 | 58,162,739 |
| Net property and equipment | <u>\$ 106,816,500</u> | <u>\$ 110,986,313</u> |

Depreciation expense amounted to \$7,338,835 and \$7,150,565 during 2018 and 2017, 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 \$35,289 and \$33,464 in 2018 and 2017, respectively.

At December 31, 2018, future minimum rental commitments under all noncancellable operating leases are as follows:

| <u>Year</u> | <u>Operating Leases</u> |
|-------------|-----------------------------|
| 2019 | \$ 26,458 |
| 2020 | 26,458 |
| 2021 | 20,977 |
| 2022 | 3,055 |
| 2023 | 2,070 |
| Thereafter | — |
| | <u>\$ 79,018</u> |

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

10. Ground Lease

The Center has entered into a ground lease agreement with a third party to lease the land and site improvements of the BRDG Park development. The Center receives annual rental income of \$1.2749 per rental square footage of the building located on the BRDG Park development throughout the lease term. The lease expires on March 24, 2074. The following is a summary of minimum future rentals to be received under the ground lease agreement:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2019 | \$ 148,481 |
| 2020 | 150,990 |
| 2021 | 150,990 |
| 2022 | 150,990 |
| 2023 | 150,990 |
| Thereafter | 7,587,247 |
| | <u>\$ 8,339,688</u> |

Total rental income recognized under this agreement was \$140,236 in 2018 and 2017, which is included in registration and user fees 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 \$1,066,407 and \$912,384 to the plan in 2018 and 2017, respectively.

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

12. Medical Insurance Program

The Center established a self-insured medical program in 2017 covering substantially all employees. The Center's liability has been limited by the purchase of specific (\$100,000 per claim and aggregate 125% of expected claims based on average enrollment) reinsurance. Expenses are recognized as incurred and totaled approximately \$1,315,000 and \$1,000,000 during 2018 and 2017, respectively. The Company has recorded an incurred but not reported reserve of approximately \$50,000 and \$162,000 as of December 31, 2018 and 2017, respectively, which is included in accounts payable and accrued expenses on the Center's balance sheet.

13. Net Asset Balances And Releases From Restrictions

Restrictions and designations on net asset balances at December 31, 2018 and 2017 consist of the following:

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Net assets without donor restrictions: | | |
| Undesignated | \$ 16,327,478 | \$ 14,132,779 |
| Board-designated endowment | 44,112,517 | 44,136,948 |
| Invested in property, net | 101,091,500 | 104,763,124 |
| <u>Total net assets without donor restrictions</u> | <u>\$ 161,531,495</u> | <u>\$ 163,032,851</u> |
| | | |
| | <u>2018</u> | <u>2017</u> |
| Net assets with donor restrictions | | |
| Passage of time | \$ 8,120,242 | \$ 9,469,641 |
| Enterprise Rent-A-Car Institute of Renewable Fuels | 25,007 | 25,007 |
| Endowment funds | 238,013,990 | 250,264,604 |
| Other special purpose | 526,955 | 461,424 |
| <u>Total net assets with donor restrictions</u> | <u>\$ 246,686,194</u> | <u>\$ 260,220,676</u> |

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

Net assets were released from restrictions during the years ended December 31, 2018 and 2017 by satisfying the restricted purposes or by the occurrence of time as shown below:

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Construction of long-lived assets | \$ — | \$ 2,267,317 |
| Expansion of Board-Designated Endowment | 2,319,164 | — |
| Passage of time | 430,360 | 348,500 |
| Enterprise Rent-A-Car Institute of Renewable Fuels | 1,037,695 | 1,015,923 |
| Appropriation of donor-restricted endowment earnings for expenditure | 9,711,465 | 9,232,589 |
| Other special purpose | 390,128 | 418,813 |
| | <u>\$ 13,888,812</u> | <u>\$ 13,283,142</u> |

14. Expenses Presented According To Functional And Natural Classifications

Expenses for the years ended December 31, 2018 and 2017 are presented in the following tables according to both functional and natural classifications. See Note 1 for a description of the allocation methods.

| | <u>For The Year Ended December 31, 2018</u> | | | |
|------------------------------------|---|---------------------------------------|---|----------------------|
| | <u>Research/Science</u> | <u>General And Administration</u> | <u>Development And Public Relations</u> | <u>Total</u> |
| 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 | <u>\$ 38,014,874</u> | <u>\$ 4,900,025</u> | <u>\$ 2,088,414</u> | <u>\$ 45,003,313</u> |

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

| | For The Year Ended December 31, 2017 | | | |
|------------------------------------|--------------------------------------|-------------------------------|-------------------------------------|----------------------|
| | Research/Science | General And Administration | Development And Public Relations | Total |
| Salaries, wages and benefits | \$ 14,604,722 | \$ 2,957,040 | \$ 1,274,972 | \$ 18,836,734 |
| Equipment rental and maintenance | 960,315 | 143,128 | 38,300 | 1,141,743 |
| Insurance expense | — | 251,178 | — | 251,178 |
| Meetings and conferences | 237,242 | 2,113 | 4,678 | 244,033 |
| Membership, dues and subscriptions | 112,106 | 13,426 | 15,202 | 140,734 |
| Occupancy expense | 1,276,923 | 123,607 | 27,554 | 1,428,084 |
| Outside services | 797,048 | 160,681 | 14,205 | 971,934 |
| Personnel expense | 439,674 | 104,204 | 8,131 | 552,009 |
| Postage and shipping | 39,688 | 4,498 | 13,765 | 57,951 |
| Printing and publications | 63,472 | 14 | 49,881 | 113,367 |
| Professional fees and consulting | 1,072,259 | 221,573 | 113,089 | 1,406,921 |
| Publicity/special events | — | — | 260,901 | 260,901 |
| Subcontract/subrecipient expense | 7,410,810 | — | — | 7,410,810 |
| Supplies and equipment | 1,775,090 | 71,287 | 33,025 | 1,879,402 |
| Telecommunications expense | 86,524 | 9,587 | 6,791 | 102,902 |
| Travel and entertainment | 389,031 | 41,535 | 12,985 | 443,551 |
| Depreciation | 6,711,164 | 425,140 | 14,261 | 7,150,565 |
| Other expense | 55,681 | 294,249 | 100,600 | 450,530 |
| Total Expenses | \$ 36,031,749 | \$ 4,823,260 | \$ 1,988,340 | \$ 42,843,349 |

15. Supplemental Cash Flow Information

During 2018 and 2017, interest paid amounted to approximately \$162,060.

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

During 2018 and 2017, gifts and grants of equity securities of \$634,806 and \$336,244, respectively, were received.

Additionally, construction in process purchases of \$967,009 and \$136,647 are included in accounts payable and accrued expenses at December 31, 2018 and 2017, respectively. Construction in progress purchases of \$127,000 are included in retainage payable at December 31, 2017.

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

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 2018 and 2017, federal funds of \$1,441,949 and \$1,457,339, respectively, were passed through to these universities by the Center. Additionally, the Center received pass through funding from one of the universities in 2018 and 2017 that amounted to \$649,342 and \$776,861, respectively.