



MARINE BIOLOGICAL LABORATORY

Financial Statements

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

MARINE BIOLOGICAL LABORATORY

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Marine Biological Laboratory:

We have audited the accompanying financial statements of Marine Biological Laboratory (the Laboratory), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Laboratory's preparation and fair presentation of the 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 Laboratory'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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Laboratory as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KPMG LLP

Boston, Massachusetts
November 12, 2020

MARINE BIOLOGICAL LABORATORY

Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 2,276,308	1,525,068
Accounts receivable, net of allowance for doubtful accounts of \$35,000 at June 30, 2020 and 2019	387,958	898,983
Receivables due for costs incurred on grants and contracts	2,216,237	4,958,271
Prepaid expenses	856,306	749,317
Contributions receivable, net	4,543,259	4,737,036
Investments, at fair value	93,969,242	92,396,774
Charitable remainder trusts	440,000	1,100,000
Plant assets, net	103,605,990	105,247,658
Other assets	2,857,073	3,442,192
Total assets	<u>\$ 211,152,373</u>	<u>215,055,299</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 3,286,624	4,392,723
Deferred income	3,493,557	4,070,403
Annuities and trusts payable	321,829	448,083
Interest rate swap	5,706,127	4,078,407
Long-term debt	24,710,165	25,577,049
Other liabilities	193,297	—
Total liabilities	<u>37,711,599</u>	<u>38,566,665</u>
Net assets:		
Without donor restrictions	86,604,119	88,776,895
With donor restrictions	86,836,655	87,711,739
Total net assets	<u>173,440,774</u>	<u>176,488,634</u>
Total liabilities and net assets	<u>\$ 211,152,373</u>	<u>215,055,299</u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating support and revenues:			
Federal grants	\$ 12,237,245	—	12,237,245
Nonfederal grants and contracts	3,356,972	—	3,356,972
Support from affiliate	13,059,904	—	13,059,904
Fees for conferences and services	3,170,693	—	3,170,693
Contributions	1,006,145	4,156,141	5,162,286
Investment earnings used for operations	469,666	3,947,995	4,417,661
Laboratory rentals	274,450	—	274,450
Tuition, net	784,839	—	784,839
Other revenue	666,301	—	666,301
Investment income	61,061	—	61,061
Net assets released from restrictions and reclassifications	<u>7,911,177</u>	<u>(7,911,177)</u>	<u>—</u>
Total operating support and revenues	<u>42,998,453</u>	<u>192,959</u>	<u>43,191,412</u>
Expenses:			
Resident research	26,909,303	—	26,909,303
Education	9,075,337	—	9,075,337
Whitman research	1,685,036	—	1,685,036
Other institutional activities	1,096,236	—	1,096,236
Conferences, housing and dining	<u>5,434,462</u>	<u>—</u>	<u>5,434,462</u>
Total expenses	<u>44,200,374</u>	<u>—</u>	<u>44,200,374</u>
Change in net assets before nonoperating activities	<u>(1,201,921)</u>	<u>192,959</u>	<u>(1,008,962)</u>
Nonoperating revenue (expense):			
Change in value of interest rate swap	(1,627,720)	—	(1,627,720)
Change in value of annuities	(18,666)	2,533	(16,133)
Post retirement pension costs	409,280	—	409,280
Support from affiliate	278,000	—	278,000
Contributions for plant	247,171	1,000,000	1,247,171
Other	<u>(18,166)</u>	<u>—</u>	<u>(18,166)</u>
Change in net assets from nonoperating activities	<u>(730,101)</u>	<u>1,002,533</u>	<u>272,432</u>
Investment returns:			
Net investment returns	228,912	1,877,419	2,106,331
Less investment earnings used for operations	<u>(469,666)</u>	<u>(3,947,995)</u>	<u>(4,417,661)</u>
Investment returns	<u>(240,754)</u>	<u>(2,070,576)</u>	<u>(2,311,330)</u>
Changes in net assets	<u>(2,172,776)</u>	<u>(875,084)</u>	<u>(3,047,860)</u>
Net assets, June 30, 2019	<u>88,776,895</u>	<u>87,711,739</u>	<u>176,488,634</u>
Net assets, June 30, 2020	\$ <u><u>86,604,119</u></u>	<u><u>86,836,655</u></u>	<u><u>173,440,774</u></u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating support and revenues:			
Federal grants	\$ 12,257,276	—	12,257,276
Nonfederal grants and contracts	4,363,418	—	4,363,418
Support from affiliate	13,037,768	—	13,037,768
Fees for conferences and services	4,565,970	—	4,565,970
Contributions	1,051,919	8,401,065	9,452,984
Investment earnings used for operations	512,601	3,930,985	4,443,586
Laboratory rentals	500,860	—	500,860
Tuition, net	892,839	—	892,839
Other revenue	452,534	—	452,534
Investment income	77,534	—	77,534
Net assets released from restrictions and reclassifications	<u>7,847,273</u>	<u>(7,847,273)</u>	<u>—</u>
Total operating support and revenues	<u>45,559,992</u>	<u>4,484,777</u>	<u>50,044,769</u>
Expenses:			
Resident research	27,388,140	—	27,388,140
Education	11,040,449	—	11,040,449
Whitman research	2,001,991	—	2,001,991
Other institutional activities	1,151,534	—	1,151,534
Conferences, housing and dining	<u>5,271,424</u>	<u>—</u>	<u>5,271,424</u>
Total expenses	<u>46,853,538</u>	<u>—</u>	<u>46,853,538</u>
Change in net assets before nonoperating activities	<u>(1,293,546)</u>	<u>4,484,777</u>	<u>3,191,231</u>
Nonoperating revenue (expense):			
Change in value of interest rate swap	(1,101,154)	—	(1,101,154)
Change in value of annuities	(10,055)	7,845	(2,210)
Post retirement pension costs	245,493	—	245,493
Support from affiliate	<u>767,078</u>	<u>—</u>	<u>767,078</u>
Change in net assets from nonoperating activities	<u>(98,638)</u>	<u>7,845</u>	<u>(90,793)</u>
Investment returns:			
Net investment returns	530,234	4,815,710	5,345,944
Less investment earnings used for operations	<u>(512,601)</u>	<u>(3,930,985)</u>	<u>(4,443,586)</u>
Investment returns	<u>17,633</u>	<u>884,725</u>	<u>902,358</u>
Changes in net assets	<u>(1,374,551)</u>	<u>5,377,347</u>	<u>4,002,796</u>
Net assets, June 30, 2018	<u>90,151,446</u>	<u>82,334,392</u>	<u>172,485,838</u>
Net assets, June 30, 2019	<u>\$ 88,776,895</u>	<u>87,711,739</u>	<u>176,488,634</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,047,860)	4,002,796
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,625,354	4,644,240
Change in value of interest rate swap	1,627,720	1,101,154
Net unrealized gains on investments	293,030	(1,407,675)
Reinvested investment income	(2,463,626)	(4,037,438)
Change in charitable remainder trusts	660,000	—
Change in reserve for and present value discount of contributions receivable	(135,390)	132,698
Contributions received for plant	(1,000,000)	—
Contributions of equipment	(247,171)	(58,777)
Contributions restricted for long-term investment	(1,852,395)	(167,261)
Post-retirement benefit changes	(397,951)	233,993
Loss on disposal of assets	13,493	133
Changes in assets and liabilities:		
Accounts receivable	511,025	105,301
Receivables due for costs incurred on grants and contracts	2,742,034	(2,433,755)
Prepaid expenses and other assets	876,081	(271,648)
Contributions receivable	329,167	(2,065,219)
Accounts payable and accrued expenses	(1,106,099)	226,166
Deferred income	(576,846)	(363,463)
Annuities and trusts payable	(70,336)	2,210
Other liabilities	193,297	—
Net cash provided by (used in) operating activities	<u>973,527</u>	<u>(356,545)</u>
Cash flows from investing activities:		
Purchase of plant assets	(3,450,008)	(4,266,511)
Proceeds from sale of investments	13,973,578	10,499,428
Proceeds from sale of assets	700,000	—
Purchase of investments	<u>(13,375,450)</u>	<u>(4,202,790)</u>
Net cash (used in) provided by investing activities	<u>(2,151,880)</u>	<u>2,030,127</u>
Cash flows from financing activities:		
Payments on annuities and trusts payable	(55,918)	(55,842)
Contributions received for long-term investment	1,852,395	167,261
Contributions restricted for purchasing plant assets	1,000,000	—
Principal payments on long-term debt	<u>(866,884)</u>	<u>(831,884)</u>
Net cash provided by (used in) financing activities	<u>1,929,593</u>	<u>(720,465)</u>
Change in cash and cash equivalents	751,240	953,117
Cash and cash equivalents at beginning of year	<u>1,525,068</u>	<u>571,951</u>
Cash and cash equivalents at end of year	<u>\$ 2,276,308</u>	<u>1,525,068</u>
Supplemental disclosures of cash flows information:		
Cash paid during the year for interest	\$ 994,120	974,086
Accounts payable and accrued expenses for capital additions	221,289	738,804

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2020 and 2019

(1) Background

The Marine Biological Laboratory (the Laboratory) is a private, not-for-profit research and educational institution dedicated to establishing and maintaining a laboratory and station for scientific study and investigation, and a school for instruction in biology and natural history. The Laboratory was founded in 1888 and is located in Woods Hole, Massachusetts.

On July 1, 2013, the Laboratory entered into an affiliation agreement with the University of Chicago (the University) located in Chicago, Illinois. Under this affiliation, the University became the sole member of the Laboratory, and has pledged ongoing operating support to the Laboratory. During the years ended June 30, 2020 and 2019, the Laboratory received \$13.1 million and \$13.0 million from the University. The University is committed to funding MBL's operating deficit through June 30, 2022. In addition to this operational support, the University provided \$0.3 million and \$0.8 million in nonoperating funding to support capital projects during the years ended June 30, 2020 and 2019.

As a result of the COVID-19 pandemic, the Laboratory suspended campus-based activities beginning in March 2020, requiring the cancellation of advanced research training and high school programs, as well as scientific conferences. Laboratory-based research was suspended temporarily but resumed in June using appropriate safety measures. To address the potential impacts on future revenues and incremental costs incurred as a result of COVID-19, such as implementing necessary health and safety protocols, the Laboratory has taken proactive budget actions including salary freezes, targeted operating and personnel budget reductions, and the reduction of retirement contributions for fiscal year 2021.

The full extent of the impact of COVID-19 on the Laboratory's finances is uncertain and will depend on the duration and depth of the pandemic.

(2) Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

(b) *Classification of Net Assets*

The financial statements have been prepared to focus on the Laboratory as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Without Donor Restriction – Net assets not subject to donor-imposed stipulations but which may be designated for specific purposes by the Laboratory's Trustees.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Laboratory or the passage of time. In addition, unspent appreciation of donor restricted endowment funds in excess of their historic dollar value is classified as net assets with donor restrictions until appropriated by the Laboratory and spent in accordance with the standard prudence imposed by Massachusetts State law.

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Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Laboratory, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations. Other permanently restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

(c) Operating and Nonoperating Activities

The statement of activities reports changes in net assets from operating and nonoperating activities.

Operating activities of the Laboratory include ongoing research, conferences and training programs. Included in operating revenues is investment return appropriated to support operations under the total return utilization policy approved by the Board of Trustees.

Nonoperating revenues and expenses include realized and unrealized gains and losses on investments as well as changes in value of an interest rate swap, certain post retirement expenses, and other nonoperating items. To the extent that nonoperating investment income and gains are used for operations, they are reclassified from nonoperating to operating as investment earnings used for operations in the statement of activities.

(d) Cash Equivalents

Cash equivalents consist of resources invested in overnight repurchase agreements, money market funds and other highly liquid investments with original maturities of three months or less.

(e) Concentration of Credit Risk

The Laboratory maintains cash balances at several banks in excess of federally insured limits. The Laboratory also maintains cash balances in money market funds which are not insured. The Laboratory has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

The majority of the Laboratory's investments are held in the University of Chicago's Total Return Investment Pool. The investment represents units in a pool of diversified assets.

(f) Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended to customers on a short-term basis; thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. Provisions for uncollectible accounts on accounts receivable are determined on the basis of loss experience, known and inherent risks and current economic conditions.

(g) Contributions

Contribution revenue, including gifts and unconditional promises to give, is recognized as revenue in the period received. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in the appropriate net asset category in the year received and are recorded at the present value of expected future cash flows, net of an allowance for doubtful accounts. Gifts and promises to give other assets are recorded at fair value at the date of contribution. Donor-restricted

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contributions whose restrictions are met within the same year received are reported as unrestricted contributions in the accompanying financial statements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There are \$13,309,396 of conditional promises to give not yet recognized as revenue.

(h) Prepaid Expenses

Prepaid expenses are expenditures paid in advance of when the benefit of the outlay will be realized. These costs will be expensed in a future period when the purchased service is received or purchased good is consumed.

(i) Investments

Investments are reported at estimated fair value. If an investment is held directly by the Laboratory and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Laboratory's shares in the University of Chicago's Total Return Investment Pool (TRIP) are valued quarterly based on the market value of the TRIP investment portfolio and the number of outstanding shares at the end of each quarter. Additional contributions to the TRIP purchase additional shares in the pool at the most recent quarterly per share price.

(j) Investment Income and Distribution

For the pooled investments, the Laboratory employs a total return utilization policy that establishes the amount of the investment return made available for spending each year. The Board of Trustees has approved a spending policy that the withdrawal will be based on a percentage of the twelve quarter average ending market value of the funds. The market value includes the principal plus reinvested income, realized and unrealized gains and losses. For fiscal years 2020 and 2019, the Laboratory obtained approval to expend 5.5% of the latest twelve quarter average ending market values of the long-term investments.

Investment income from the pooled investments is allocated using a unitized system whereby components are valued using a fair value unit basis, and each component subscribes to or disposes of units on the basis of the fair value per unit at the beginning of the calendar quarter within which the transaction takes place.

(k) Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

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- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

(l) Charitable Remainder Trusts and Planned Giving

The Laboratory is a beneficiary of certain charitable remainder trusts, gift annuities, and a pooled gift income fund with principal reverting to the Laboratory upon the death of donors or other beneficiaries. Charitable remainder trusts have been recorded at fair value, which is based on the market value of the assets contributed by the donor, net of an adjustment for the estimated life expectancies of the beneficiaries, the terms of the agreements, the expected return on the invested assets, and a discount rate.

Gift annuities and pooled income trusts are recorded at fair value, with offsetting estimated liabilities due to the donors based on the amount due to the donors, discounted for the estimated life expectancies of the beneficiaries. This recurring fair value measurement is based upon Level 1 inputs using market returns for similar assets for two of the charitable remainder trusts. The remaining two charitable remainder trusts have Level 3 inputs as the trusts do not provide transparent annual information and the fair value is estimated in accordance with an estimate of market performance. Included within charitable remainder trusts are two life estates in certain real estate whereby the fair value is determined using an appraisal which is a Level 3 input.

(m) Plant Assets

Plant assets are recorded at cost. Donated plant assets are recorded at the fair value at the time of gift. Depreciation expense is calculated using the straight-line method over the useful life of the asset. Estimated useful lives are generally 3 to 15 years for equipment and 15 to 60 years for buildings. Improvements to buildings used in sponsored research activities are depreciated based on the distinct useful life of each major building component. These range from 15 to 40 years. Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$4,625,354 and \$4,644,240 and has been recorded in the statements of activities in the appropriate functionalized categories.

(n) Deferred Income

Deferred income includes funding received for grants and contracts and laboratory rentals before these are earned.

(o) Revenue Recognition

Sources of operating revenue include grant payments from governmental agencies, contracts from private organizations and income from the rental of laboratories and classrooms for research and educational programs. The Laboratory recognizes revenue associated with grants and contracts at the time the related direct costs are incurred or expended. Recovery of related indirect costs is recorded at predetermined fixed rates negotiated with the government. Revenue related to conferences and services is recognized at the time the services are provided while tuition revenue is recognized as

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classes are offered. The tuition income is net of student financial aid of \$864,503 and \$1,443,288 for the years ended June 30, 2020 and 2019. Fees for conferences and other services include fees for housing, dining, library, scientific journals, aquatic resources, and research services.

(p) Expenses

Expenses are recognized when incurred and are charged to the functions to which they are directly related. Expenses that relate to more than one function are allocated among functions based upon either modified total direct cost or square footage allocations.

The statements of activities presents expenses in functional categories without distinguishing program versus supporting service expenses. Administration expenses of \$12,397,172 and \$12,964,718 for the years ended June 30, 2020 and 2019 have been allocated among the categories presented. Those costs relating to the administration of sponsored programs are allocated based upon a category's historical level of program support while the remaining general administration expenses are allocated based upon historical levels of direct costs. Included in administration expenses are fund-raising expenses totaling \$1,335,820 and \$1,404,701 for the years ended June 30, 2020 and 2019.

(q) Use of Estimates

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) Tax-Exempt Status

The Laboratory is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Laboratory is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

Management believes that the Laboratory's income tax returns for years ended prior to 2016 are no longer subject to examination by tax authorities in its major tax jurisdiction.

(s) Recent Accounting Pronouncements

Effective July 1, 2019, the Laboratory adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Laboratory elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date. The adoption of ASU No. 2016-02 did not have a significant impact for the Laboratory.

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Notes to Financial Statements

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(3) Financial Assets and Liquidity Resources

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 2,083,011	1,525,068
Short-term investments	10,574,177	9,082,240
Accounts receivable, net	387,958	898,983
Receivables due for costs incurred on grants and contracts	2,216,237	4,958,271
Pledge payments available for operations	1,652,716	896,683
Board designations:		
Expected endowment payout	4,565,790	4,373,332
Total financial assets available within one year	\$ 21,479,889	21,734,577

The Laboratory's cash flows have seasonal variations during the year attributable to tuition and conference billing, Whitman research, and a concentration of contributions received at calendar and fiscal year-end. To manage liquidity, the Laboratory maintains a line of credit with a bank. The Laboratory has no outstanding borrowings under the line of credit at June 30, 2020. Additionally, as of June 30, 2020, the Laboratory had an additional \$8,209,429 in institutional funds which is available for general expenditures with Board approval.

(4) Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2020	2019
Unconditional promises expected to be collected in:		
In one year or less	\$ 2,473,199	1,771,683
Between one and five years	2,600,000	3,630,683
	5,073,199	5,402,366
Less discount	(385,059)	(531,496)
Less allowance for uncollectible pledges	(144,881)	(133,834)
Contributions receivable, net	\$ 4,543,259	4,737,036

The risk adjusted discount rate, which ranged from 5.25% to 7.50%, is utilized in determining the fair value of such contributions receivable.

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Notes to Financial Statements

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(5) Investments, Charitable Remainder Trusts & Interest Rate Swap Agreements

The following table sets forth the Laboratory's investments and other assets by major category in the fair value hierarchy as of June 30, 2020, as well as related strategy, liquidity and funding commitments:

Description	Level 1	Level 2	Level 3	Total	Liquidity	Days' notice
Investments:						
Cash equivalents	\$ 10,597,164	—	—	10,597,164	Daily	1
Fixed income mutual funds	110,267	—	—	110,267	Daily	1
Equity mutual funds	13,558	—	—	13,558	Daily	1
University of Chicago Total Return Investment Pool	—	—	83,248,253	83,248,253	Quarterly	30–270
Total investments	<u>\$ 10,720,989</u>	<u>—</u>	<u>83,248,253</u>	<u>93,969,242</u>		
Charitable remainder trusts	\$ —	—	440,000	440,000	N/A	N/A
Interest rate sw ap	—	(5,706,127)	—	(5,706,127)	N/A	N/A

The following table presents a roll-forward of assets measured at fair market value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2020.

	University of Chicago Total Return Investment Pool	Charitable remainder trusts
Beginning balance	\$ 83,193,944	1,100,000
Total gains or losses included in changes in net assets	2,096,520	—
Purchases and settlements	<u>(2,042,211)</u>	<u>(660,000)</u>
Ending balance	<u>\$ 83,248,253</u>	<u>440,000</u>

The following table sets forth the Laboratory's investments and other assets by major category in the fair value hierarchy as of June 30, 2019, as well as related strategy, liquidity and funding commitments:

Description	Level 1	Level 2	Level 3	Total	Liquidity	Days' notice
Investments:						
Cash equivalents	\$ 9,022,241	—	—	9,022,241	Daily	1
Fixed income mutual funds	166,972	—	—	166,972	Daily	1
Equity mutual funds	13,617	—	—	13,617	Daily	1
University of Chicago Total Return Investment Pool	—	—	83,193,944	83,193,944	Quarterly	30–270
Total investments	<u>\$ 9,202,830</u>	<u>—</u>	<u>83,193,944</u>	<u>92,396,774</u>		
Charitable remainder trusts	\$ —	—	1,100,000	1,100,000	N/A	N/A
Interest rate sw ap	—	(4,078,407)	—	(4,078,407)	N/A	N/A

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During fiscal years 2020 and 2019, there were no transfers between investment Levels 1, 2 and 3.

The following table presents a roll-forward of assets measured at fair market value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2019.

	University of Chicago Total Return Investment Pool	Charitable remainder trusts
Beginning balance	\$ 83,102,764	1,100,000
Total gains or losses included in changes in net assets	5,331,976	—
Purchases and settlements	<u>(5,240,796)</u>	<u>—</u>
Ending balance	<u>\$ 83,193,944</u>	<u>1,100,000</u>

The Laboratory's overall investment objective is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation.

The TRIP diversifies its investments among various asset classes incorporating multiple strategies and external investment managers. MBL does not directly own these securities, but owns shares in the TRIP.

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The TRIP is composed of the following as of June 30, 2020 and 2019:

	2020	2019
Cash equivalents	4 %	1 %
Global public equities (primarily international)	33	33
Private debt	5	5
Private equity:		
U.S. venture capital	7	6
U.S. corporate finance	4	4
International	9	7
Real estate	5	6
Natural resources	5	7
Absolute return:		
Equity-oriented	7	6
Global macro/relative value	3	5
Multi-strategy	6	7
Credit-oriented	4	5
Protection-oriented	2	2
Fixed income:		
U.S. treasuries, including TIPS	6	6
Total	100 %	100 %

- Cash equivalent investments include cash equivalents and fixed-income investments, with maturities of less than one year, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts.
- Global public equity investments consist of separate accounts, commingled funds with liquidity ranging from daily to monthly, and limited partnerships. Securities held in separate accounts and daily traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly liquidity are valued based on independently determined net asset value (NAV). Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.
- Investments in private debt, private equity, real estate, and natural resources are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private equity, real estate, and natural resources managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the limited partnership interests are held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of these external investments vary by asset class. The University monitors the valuation methodologies and practices of managers.

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- The absolute return portfolio is comprised of investments of limited partnership interests in hedge funds and drawdown private equity style partnerships whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. The majority of the underlying holdings are marketable securities. The remainder of the underlying holdings is held in marketable securities that trade infrequently or in private investments, which are valued by the manager on the basis of an appraised value, discounted cash flow, industry comparables, or some other method. Most hedge funds that hold illiquid investments designate them in special side pockets, which are subject to special restrictions on redemption.
- Fixed-income investments consist of directly held actively traded treasuries, separately managed accounts, commingled funds, and bond mutual funds that hold securities, the majority of which have maturities greater than one year and are valued based on quoted market prices in active markets, except for a commingled fund that is valued on independently determined NAV.

(6) Endowment

The Laboratory's endowment pool consists of approximately 185 individual funds established for a variety of purposes. This includes both donor restricted "endowment funds" and funds designated by the Laboratory to function as "institutional funds". Net assets associated with endowment funds, including funds designated by the Laboratory to function as institutional funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Laboratory views *Massachusetts Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the Laboratory to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Laboratory has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (although no existing donor instruments have so directed). Accumulations to the endowment that do not have to be maintained in perpetuity remain classified as net assets with donor restriction until they are appropriated for expenditure by the Board in a manner consistent with the Laboratory's spending policy, UPMIFA, other applicable laws, and any donor-imposed restrictions.

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the historic dollar value. Deficiencies of this nature are reported in net assets with donor restrictions. These totaled \$30,025 and \$15,164 as of June 30, 2020 and 2019.

(c) Endowment Investment Policy

The Laboratory has adopted an investment philosophy which, combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the Laboratory's Investment Policy and Spending Rate, both of which are approved by the Board

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of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

(d) Strategies Employed for Achieving Objectives

By investing in the University's Total Return Investment Pool, the Laboratory has effectively adopted the University's investment objectives and strategies as its own. The University's overall investment objective is to invest its assets in a prudent manner that will achieve a long term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation.

(e) Endowment Fund Activity

Endowment net assets consisted of the following fund types as of June 30, 2020:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds:			
Historical gift value	\$ —	58,199,862	58,199,862
Appreciation	—	16,582,393	16,582,393
Total donor restricted endowment funds	—	74,782,255	74,782,255
Board-designated institutional funds	8,468,050	—	8,468,050
	\$ 8,468,050	74,782,255	83,250,305

The changes in endowment net assets for the period ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 8,707,742	74,606,792	83,314,534
Investment return:			
Investment income	71,543	620,412	691,955
Net appreciation	158,431	1,246,134	1,404,565
Total investment return	229,974	1,866,546	2,096,520
New gifts/pledge payments	—	2,256,912	2,256,912
Appropriation of endowment assets for operations (draw)	(469,666)	(3,947,995)	(4,417,661)
Endowment net assets, end of year	\$ 8,468,050	74,782,255	83,250,305

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Endowment net assets consisted of the following fund types as of June 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor restricted endowment funds:			
Historical gift value	\$ —	54,012,673	54,012,673
Appreciation	—	20,594,119	20,594,119
Total donor restricted endowment funds	—	74,606,792	74,606,792
Board-designated institutional funds	8,707,742	—	8,707,742
	<u>\$ 8,707,742</u>	<u>74,606,792</u>	<u>83,314,534</u>

The changes in endowment net assets for the period ended June 30, 2019 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,887,526	73,482,163	83,369,689
Investment return:			
Investment income	109,840	849,237	959,077
Net appreciation	418,783	3,954,116	4,372,899
Total investment return	528,623	4,803,353	5,331,976
New gifts/pledge payments	—	252,261	252,261
Appropriation of endowment assets for operations (draw)	(512,601)	(3,930,985)	(4,443,586)
Withdrawal to finance capital expenditures	(1,195,806)	—	(1,195,806)
Endowment net assets, end of year	<u>\$ 8,707,742</u>	<u>74,606,792</u>	<u>83,314,534</u>

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(7) Plant Assets

Plant assets consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 52,931,085	52,931,084
Buildings	108,568,578	107,414,155
Equipment	32,033,573	30,738,922
Construction in progress	<u>715,036</u>	<u>270,440</u>
	194,248,272	191,354,601
Less accumulated depreciation	<u>(90,642,282)</u>	<u>(86,106,943)</u>
Plant assets, net	<u>\$ 103,605,990</u>	<u>105,247,658</u>

(8) Debt

Long-term debt consisted of Massachusetts Development Finance Agency, Variable Rate Demand Revenue Bonds, Series 2006, payable in annual installments from 2008 through 2036. The principal balance outstanding at June 30, 2020 and 2019 was \$24,840,000 and \$25,715,000. The interest rate at June 30, 2020 and 2019 was 0.1% and 1.9%.

The interest rate on the Bonds resets weekly and is payable monthly. The Bonds are scheduled to mature on October 1, 2036. As collateral for the Bonds, the Laboratory has entered into a Letter of Credit Reimbursement Agreement with PNC Bank which is set to expire on June 2, 2021. The Letter of Credit Reimbursement Agreement is in an amount sufficient to pay the aggregate principal amount of the Bonds and up to thirty-four days' interest. In the event that the Laboratory is unable to renew the letter of credit with PNC Bank or obtain a new letter of credit reimbursement agreement with another financial institution prior to the expiration of the current agreement, the University has committed to extend its support of the Laboratory in an amount sufficient to make these payments. The Bonds are subject to certain covenants, including a minimum debt service coverage ratio.

The aggregate amount of principal due on long-term debt for each of the next five years ending June 30 and thereafter is as follows:

2021	\$ 910,000
2022	945,000
2023	980,000
2024	1,020,000
2025	1,060,000
Thereafter	<u>19,925,000</u>
	<u>\$ 24,840,000</u>

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The balance of outstanding principal and accrued debt issuance costs at June 30, 2020 and 2019 was:

	<u>2020</u>	<u>2019</u>
Principal balance	\$ 24,840,000	25,715,000
Debt issuance costs	<u>(129,835)</u>	<u>(137,951)</u>
Long-term debt net of issuance costs	<u>\$ 24,710,165</u>	<u>25,577,049</u>

The Laboratory has an interest rate swap agreement (the Agreement) with a counterparty whose credit rating was A3 at June 30, 2020. The Laboratory entered into this Agreement to manage interest rate risk exposure. Under the terms of this agreement as modified, the floating rate paid to the Laboratory is 67% of one month LIBOR to 67% of three month LIBOR and the fixed rate paid by the Laboratory is increased to 3.413%.

The Agreement expires in 2036. The fair value of the Agreement was \$(5,706,127) and \$(4,078,407), at June 30, 2020 and 2019, and is separately presented in the statement of financial position. Because the swap fair values are primarily based on observable inputs such as the interest yield curve that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

On April 15, 2014, the Laboratory established an unsecured line of credit with PNC Bank. The line of credit allows for a maximum borrowing capacity of \$3,000,000. The line of credit expires on April 9, 2021. The line carries a borrowing rate option equal to the daily LIBOR rate plus 1.75%. The Laboratory had no outstanding borrowings under the line of credit at June 30, 2020 and 2019. A standby letter of credit for \$225,000 is issued by PNC Bank in accordance with regulations issued under the authority of the Massachusetts Department of Public Health Radiation on behalf of the Laboratory. The standby letter of credit is required to provide assurance that funds will be available when needed for decommissioning of radioactive material. If the standby letter of credit is executed by the state of Massachusetts it would be funded from the letter of credit.

For the years ended June 30, 2020 and 2019, the Laboratory recognized interest expense of \$942,129 and \$977,299.

(9) Retirement Plan

The Laboratory participates in the defined contribution pension plan with TIAA-CREF (the Plan). Eligible employees become participants upon completion of two years of service, as defined in the plan document. Under the Plan, the Laboratory contributes 10% of compensation, as defined in the plan document, subject to certain limitations, for each participant. Contributions amounted to \$1,510,916 and \$1,421,618 for the years ended June 30, 2020 and 2019. As of July 1, 2020, the Laboratory temporarily reduced its contribution to the plan from 10% to 5% due to reduction in activities and related revenues resulting from the COVID-19 pandemic. The Laboratory intends to return the contribution rate to 10% in fiscal year 2022 or as soon as conditions permit.

(10) Post-retirement Benefits

The Laboratory provides certain health care benefits for retired employees covered under the Laboratory's Post-Retirement Health Care Plan (the PRHC Plan).

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The Laboratory's policy is that all retirees who retired prior to June 1, 1994 receive post-retirement health benefits as defined by the PRHC Plan. The remaining active employees as of June 1, 1994 will receive limited benefits upon their retirement as defined by the PRHC Plan. Employees hired on or after January 1, 1995 are not eligible to participate in the PRHC Plan.

	2020	2019
Change in benefit obligation:		
Post-retirement benefit obligation at beginning of year	\$ 1,213,829	1,245,652
Service cost	11,329	11,500
Interest cost	50,533	69,764
Actuarial (gain)/loss	(493,643)	25,688
Benefits paid	(105,378)	(140,399)
Adjustment for Medicare Part D subsidy	197,344	1,624
Post-retirement benefit obligation at end of year	874,014	1,213,829
Change in plan assets:		
Fair value of plan assets at beginning of year	3,342,212	3,140,042
Employer contribution	73,327	102,547
Participant contributions	28,212	27,839
Actual return on plan assets	58,136	202,170
Benefits paid	(105,378)	(140,399)
Medicare Part D subsidy payment	3,839	10,013
Fair value of plan assets at end of year	3,400,348	3,342,212
Net benefit asset recognized in the statement of financial position, included in other assets	\$ 2,526,334	2,128,383

Weighted average assumptions as of June 30, to determine benefit obligations at year end:

	2020	2019
Discount rate	1.95 %	3.00 %
Rate of compensation increase	N/A	N/A

Weighted average assumptions as of June 30, to determine net periodic benefit cost at year end:

	2020	2019
Discount rate	3.00 %	3.85 %
Expected long-term return on plan assets	7.00	7.00
Rate of compensation increase	N/A	N/A
Average future years of service	3.23	3.77

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The PRHC Plan assets and weighted average asset allocations at June 30, by asset category are as follows:

	2020	2019
Equity securities	\$ 2,108,216	2,085,537
Fixed income securities	1,088,111	1,072,067
Cash equivalents	204,021	184,608
	\$ 3,400,348	3,342,212

As of June 30, 2020 and 2019 the Laboratory's PRHC Plan assets were accounted for at fair value. All PRHC Plan assets were Level 1 assets.

The Executive Committee of the Board of Trustees has selected a balanced strategy of 45% equity securities, 45% fixed income securities and 10% cash equivalents as a target asset allocation for the PRHC Plan investments. All of the debt and equity securities included in the PRHC Plan assets are publicly traded securities and are carried at fair value based upon quoted market prices.

For purposes of measuring the benefit obligation, a 5.5% annual rate of increase in the per capita cost of covered health benefits was assumed for 2020. The rate was assumed to decrease gradually to 4.0% in 2075 and remain at that level thereafter.

	2020	2019
Components of net periodic benefit cost:		
Operating – service cost	\$ 11,329	11,500
Nonoperating:		
Interest cost	50,533	69,764
Expected return on assets	(233,955)	(219,803)
Recognized net actuarial gain	(76,591)	(58,712)
Adjustment for Medicare Part D Subsidy	(62,584)	(105,000)
Total nonoperating	(322,597)	(313,751)
Net periodic benefit cost	\$ (311,268)	(302,251)
Impact of 1% increase in healthcare cost trend:		
On interest cost plus service cost during past year	\$ 1,415	1,787
On accumulated post-retirement benefit obligation	41,525	42,129
Impact of 1% decrease in healthcare cost trend:		
On interest cost plus service cost during past year	\$ (1,519)	(1,930)
On accumulated post-retirement benefit obligation	(42,856)	(44,073)

The Laboratory expects to contribute \$114,000 to the PRHC Plan during the fiscal year ending June 30, 2021.

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The expected future benefit payments for the next ten years are as follows:

Year-end:		
2021	\$	114,000
2022		102,000
2023		109,000
2024		107,000
2025		98,000
2026–2030		323,000

At June 30, 2020 and 2019, the items not yet recognized as a component of net periodic post-retirement benefit cost including the effect of the adjustment for Medicare Part D subsidy are as follows:

	<u>2020</u>	<u>2019</u>
Net actuarial gain	\$ <u>(321,294)</u>	<u>(311,777)</u>
Total unamortized items	\$ <u><u>(321,294)</u></u>	<u><u>(311,777)</u></u>

In addition to interest and service costs, the estimated net actuarial gains, excluding the effect of the adjustment for Medicare Part D subsidy, and transition obligation for the Plan to be amortized into net periodic post-retirement benefit cost for fiscal 2020 and 2019 are \$81,000 and \$16,000.

(11) Restricted Net Assets

The Laboratory classifies gifts that have donor-imposed restrictions regarding time or the purposes to which the gift is to be used as net assets with donor restrictions. The Laboratory classifies pledges to give as time restricted until collected. When collected, a gift is reclassified to its purpose restriction or if

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unrestricted, released from restriction. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases to net assets with donor restriction.

(a) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Endowment:		
Resident research program	\$ 25,732,142	26,377,708
Visiting research program	6,304,825	6,478,151
Research support	3,966,358	3,475,577
Education program	21,051,239	21,376,829
General support	16,329,630	15,485,295
Capital and infrastructure maintenance	1,398,060	1,413,232
Operating	6,693,189	7,052,282
Annuity and life income	178,687	159,824
Pledges	4,951,102	5,698,534
Nonoperating (plant)	<u>231,423</u>	<u>194,307</u>
	<u>\$ 86,836,655</u>	<u>87,711,739</u>

(b) Net Assets Released from Restrictions

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors are as follows:

	<u>2020</u>	<u>2019</u>
Appropriation of endowment assets for operations	\$ 3,947,995	3,930,985
Operating	3,750,297	3,649,291
Nonoperating (plant)	<u>212,885</u>	<u>266,997</u>
	<u>\$ 7,911,177</u>	<u>7,847,273</u>

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(12) Functional Classification of Expenses

Expenses by functional and natural classification for the year ended June 30, 2020.

	Resident research	Education	Whitman research	Other institutional activities	Conference, housing and dining	Research services	Facilities	Administration	Total
Salaries	\$ 7,358,555	636,692	4,370	162,667	629,715	1,221,998	2,330,435	5,796,178	18,140,610
Fringe benefits	2,748,903	177,321	1,653	48,951	229,516	449,989	863,678	2,282,291	6,802,302
Professional services	97,118	428,648	—	800	77	5,130	34,717	407,558	974,048
Equipment	5,905	433	—	2,488	262	4,933	19,202	9,050	42,273
Supplies	1,093,060	353,048	8,266	68,275	52,111	332,999	108,485	187,509	2,203,753
Travel	270,016	352,980	—	4,837	—	7,633	417	60,168	696,051
Interest expense, net	—	—	—	—	—	—	—	942,129	942,129
Other expenses	456,481	414,690	10,686	34,335	183,246	319,229	867,978	2,172,773	4,459,418
Inter-departmental charges, net	292,760	1,946,719	551,102	3,922	(2,979,856)	188,784	(31,349)	27,918	—
Subcontracts	1,546,166	—	—	—	1,448,129	—	—	21,557	3,015,852
Serials and books	56	1,952	—	—	—	—	2,482	419,618	424,108
Utilities	1,693	—	—	851	1,560	3,190	1,796,759	70,423	1,874,476
Depreciation	—	—	—	—	—	—	4,625,354	—	4,625,354
Total	13,870,713	4,312,483	576,077	327,126	(435,240)	2,533,885	10,618,158	12,397,172	44,200,374
Overhead expense allocations	13,038,590	4,762,854	1,108,959	769,110	5,869,702	(2,533,885)	(10,618,158)	(12,397,172)	—
Total expenses	\$ 26,909,303	9,075,337	1,685,036	1,096,236	5,434,462	—	—	—	44,200,374

Expenses by functional and natural classification for the year ended June 30, 2019.

	Resident research	Education	Whitman research	Other institutional activities	Conference, housing and dining	Research services	Facilities	Administration	Total
Salaries	\$ 7,091,328	854,188	—	189,353	608,411	1,261,596	2,188,260	5,363,206	17,556,342
Fringe benefits	2,304,425	193,190	—	47,155	190,929	399,190	709,800	2,680,631	6,525,320
Professional services	40,725	704,810	—	1,500	—	—	30,172	708,539	1,485,746
Equipment	26,411	6,713	—	2,031	27,201	678	39,120	22,758	124,912
Supplies	1,179,123	617,253	10,268	87,857	79,189	525,860	117,511	187,145	2,804,206
Travel	522,510	566,741	22,286	5,137	17	11,035	1,768	154,644	1,284,138
Interest expense, net	—	—	—	—	—	—	—	977,299	977,299
Other expenses	453,631	573,207	24,990	43,995	230,295	311,040	1,047,014	2,251,110	4,935,282
Inter-departmental charges, net	595,662	2,599,331	797,267	(9,839)	(3,997,910)	(7,265)	(48,180)	70,934	—
Subcontracts	1,703,221	—	—	—	2,177,930	—	—	34,841	3,915,992
Serials and books	711	149	—	—	—	50	3,475	437,438	441,823
Utilities	3,066	—	—	—	1,141	1,456	2,076,402	76,173	2,158,238
Depreciation	—	—	—	—	—	—	4,644,240	—	4,644,240
Total	13,920,813	6,115,582	854,811	367,189	(682,797)	2,503,640	10,809,582	12,964,718	46,853,538
Overhead expense allocations	13,467,327	4,924,867	1,147,180	784,345	5,954,221	(2,503,640)	(10,809,582)	(12,964,718)	—
Total expenses	\$ 27,388,140	11,040,449	2,001,991	1,151,534	5,271,424	—	—	—	46,853,538

(13) Related Parties

In addition to affiliate activity previously disclosed, the Laboratory had the following other related party activity.

Current and former trustees of the Laboratory have outstanding pledged contributions of \$3,422,100 and \$4,436,000 at June 30, 2020 and 2019. These amounts are included in contributions receivable in the statement of financial position.

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(14) Subsequent Events

In connection with the preparation of these financial statements, the Laboratory has evaluated events and transactions through November 12, 2020, which is the date these financial statements were available for issuance.