



THE JACKSON LABORATORY

Independent Auditors' Reports, as Required by Title 2
U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal
Awards and Government Auditing Standards* and Related Information

Year Ended December 31, 2020

THE JACKSON LABORATORY

Independent Auditors' Reports as Required by Title 2
U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal
Awards and Government Auditing Standards* and Related Information

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KPMG LLP
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Independent Auditors' Report on Compliance for Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
The Jackson Laboratory:

Report on Compliance for Major Federal Program

We have audited The Jackson Laboratory's (the Laboratory's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Laboratory's major federal program for the year ended December 31, 2020. The Laboratory's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Laboratory's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Laboratory's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, the Laboratory complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Laboratory is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Laboratory's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major



federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Laboratory's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Laboratory as of and for the year ended December 31, 2020, and have issued our report thereon dated May 25, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

June 11, 2021



KPMG LLP
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60 South Street
Boston, MA 02111

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees
The Jackson Laboratory:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of The Jackson Laboratory (the Laboratory), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of activities, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 25, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

KPMG LLP

May 25, 2021

THE JACKSON LABORATORY
Schedule of Findings and Questioned Costs
Year ended December 31, 2020

(1) Summary of Auditors' Results

Financial Statements

- a) Type of report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- c) Noncompliance material to the financial statements: **No**

Federal Awards

- d) Internal control deficiencies over major program disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e) Type of report issued on compliance for major program: **Unmodified**
- f) Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?: **No**
- g) Major program:
 - Research and Development Cluster – various CFDA numbers
- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,530,610**
- i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.



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Independent Auditors' Report

The Board of Trustees
The Jackson Laboratory:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Jackson Laboratory (the Laboratory), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of activities and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 Laboratory as of December 31, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021 on our consideration of the Laboratory's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Laboratory's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Laboratory's internal control over financial reporting and compliance.

KPMG LLP

May 25, 2021

THE JACKSON LABORATORY

Consolidated Balance Sheets

December 31, 2020 and 2019

(Dollars in thousands)

	2020	2019
Assets		
Cash and equivalents	\$ 7,402	2,533
Short-term investments, at fair value	168,348	197,058
Accounts receivable, net	65,465	46,119
Contributions receivable, net	2,326	2,429
Other assets	36,591	29,911
Long-term investments, at fair value	386,957	306,404
Long-lived assets, net	544,892	527,122
Total assets	<u>\$ 1,211,981</u>	<u>1,111,576</u>
Liabilities		
Accounts payable and accrued expenses	\$ 79,167	54,129
Deposits and deferred revenue	7,478	9,335
Bonds and note payable, net	199,718	206,720
Accrued postretirement obligations	7,054	6,088
Total liabilities	<u>293,417</u>	<u>276,272</u>
Net assets:		
Without donor restrictions	839,089	763,438
With donor restrictions	79,475	71,866
Total net assets	<u>918,564</u>	<u>835,304</u>
Total liabilities and net assets	<u>\$ 1,211,981</u>	<u>1,111,576</u>

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY
Consolidated Statement of Activities
Year ended December 31, 2020
(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activities:			
Revenue and other support:			
Grants and research contracts	\$ 106,968	—	106,968
Contributions	1,683	2,284	3,967
Genetic resources and clinical and research services	361,741	—	361,741
Long-term investment return utilized	4,909	2,188	7,097
Other investment return	3,863	—	3,863
Other revenue	957	—	957
	<u>480,121</u>	<u>4,472</u>	<u>484,593</u>
Total revenue			
Net assets released from restrictions	<u>5,987</u>	<u>(5,987)</u>	<u>—</u>
Total revenue and other support	<u>486,108</u>	<u>(1,515)</u>	<u>484,593</u>
Expenses:			
Research	152,379	—	152,379
Genetic resources and clinical and research services	234,161	—	234,161
Training	7,623	—	7,623
Institutional support	67,879	—	67,879
	<u>462,042</u>	<u>—</u>	<u>462,042</u>
Total expenses			
Increase (decrease) in net assets from operating activities	<u>24,066</u>	<u>(1,515)</u>	<u>22,551</u>
Nonoperating activities:			
Grants and contributions for capital and long-term investments	11,075	903	11,978
Long-term investment gain above amounts utilized	39,683	8,221	47,904
Other, net	827	—	827
	<u>51,585</u>	<u>9,124</u>	<u>60,709</u>
Increase in net assets from nonoperating activities			
Increase in net assets	75,651	7,609	83,260
Net assets, beginning of year	<u>763,438</u>	<u>71,866</u>	<u>835,304</u>
Net assets, end of year	<u>\$ 839,089</u>	<u>79,475</u>	<u>918,564</u>

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY
Consolidated Statement of Activities
Year ended December 31, 2019
(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activities:			
Revenue and other support:			
Grants and research contracts	\$ 107,626	—	107,626
Contributions	956	1,627	2,583
Genetic resources and clinical and research services	317,789	—	317,789
Long-term investment return utilized	3,650	2,015	5,665
Other investment return	4,714	—	4,714
Other revenue	2,389	—	2,389
	<hr/>	<hr/>	<hr/>
Total revenue	437,124	3,642	440,766
Net assets released from restrictions	4,777	(4,777)	—
	<hr/>	<hr/>	<hr/>
Total revenue and other support	441,901	(1,135)	440,766
Expenses:			
Research	141,086	—	141,086
Genetic resources and clinical and research services	198,304	—	198,304
Training	8,378	—	8,378
Institutional support	59,162	—	59,162
	<hr/>	<hr/>	<hr/>
Total expenses	406,930	—	406,930
Increase (decrease) in net assets from operating activities	34,971	(1,135)	33,836
Nonoperating activities:			
Grants and contributions for capital and long-term investments	19,399	1,466	20,865
Long-term investment gain above amounts utilized	36,337	4,406	40,743
Other, net	(84)	—	(84)
	<hr/>	<hr/>	<hr/>
Increase in net assets from nonoperating activities	55,652	5,872	61,524
Increase in net assets	90,623	4,737	95,360
Net assets, beginning of year	672,815	67,129	739,944
Net assets, end of year	<u>\$ 763,438</u>	<u>71,866</u>	<u>835,304</u>

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

(Dollars in thousands)

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 83,260	95,360
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation and amortization	47,442	41,656
Realized and unrealized net investment gains	(50,612)	(39,673)
Loss on disposal of long-lived assets	82	757
Contributions restricted for long-term investment and assets	(18,608)	(3,046)
Changes in operating assets and liabilities	(9,361)	(8,216)
Net cash provided by operating activities	52,203	86,838
Cash flows from investing activities:		
Acquisition and construction of long-lived assets	(57,968)	(81,543)
Proceeds from sales of investments	303,924	267,826
Purchases of investments	(337,548)	(312,935)
Net cash used in investing activities	(91,592)	(126,652)
Cash flows from financing activities:		
Repayment of bonds	(6,605)	(6,415)
Repayment of note payable	(138)	(133)
Contributions restricted for long-term investment and assets	18,608	3,046
Net cash used in financing activities	11,865	(3,502)
Net decrease in cash and equivalents	(27,524)	(43,316)
Cash, cash equivalents and restricted cash beginning of year	62,681	105,997
Cash, cash equivalents and restricted cash end of year	\$ 35,157	62,681
Cash paid for interest	\$ 8,405	8,623

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(1) Background

The Jackson Laboratory (the Laboratory) is a not-for-profit independent research organization focusing on research to advance human health. The purposes of the Laboratory are scientific, medical, charitable, and educational. The Laboratory strives to discover precise genomic solutions for disease and empower the global biomedical community in its shared quest to improve human health. This mission is carried out through: (1) conducting basic biomedical research; (2) training and educating scientists worldwide; and (3) developing and providing scientific services, genetic resources, and genetic and clinical information related to genetic resources to the global scientific community.

In November 2020 the Laboratory's wholly-owned US subsidiary, Jackson Laboratory Holdings, LLC (JAX LLC) established a wholly-owned Hong Kong subsidiary, Jackson Laboratory Hong Kong Holdings Limited (JAX HK), for the purpose of an operating venture in the People's Republic of China, The Jackson Laboratory Anitech Biotechnology (Beijing) Limited (JAX Beijing), incorporated under Chinese law.

The Laboratory's financial results include the operations of its wholly-owned US subsidiary, JAX LLC, JAX LLC's wholly-owned subsidiaries, The Jackson Laboratory Medical Science and Technology (Shanghai) Co., Ltd. (JAX Shanghai), incorporated under Chinese law, JAX HK, and JAX Beijing. All intercompany transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Laboratory presents its consolidated financial statements on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP). All amounts presented in the notes to the consolidated financial statements are in thousands.

The preparation of financial statements in conformity with GAAP 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Management estimates, requiring the application of significant judgments, include obligations under a postretirement plan, liabilities under self-insured plans, allowances for uncollectible receivables and certain alternative investments.

(b) Classification of Net Assets

The Laboratory follows the reporting requirements of GAAP which require that net assets be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classifying net assets into two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. This net asset category principally consists of revenues and related expenses associated with the core activities of the Laboratory: conduct of sponsored research, genetic resources and clinical and research services, and training. Additionally, changes in this category include investment returns on funds without donor restrictions, including those designated by the Board of Trustees (the Board) to function as an endowment, restricted gifts whose donor-imposed restrictions were

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

met during the fiscal year, and previously restricted gifts and grants for buildings and equipment that have been placed in service.

- 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. This net asset category consists of gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not placed in service; endowment, pledges, and investment return on endowments funds; and endowments where the principal may be expended over a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions, 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 and other purposes.

Revenue is reported as an increase in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or it is a pledge and included in net assets with donor restrictions until collected. Expenditures of net assets with donor restrictions are reported in the program where expended with the release of the restriction shown as a decrease in net assets with donor restrictions and an offsetting increase in net assets without donor restrictions.

(c) Revenue

- *Revenue from Provision of Genetic Resources and Clinical and Research Services*

The Laboratory recognizes revenue from providing genetic resources and clinical and research services when the resources are shipped or the services are provided; these revenues are included in Genetic Resources and Clinical and Research Services revenue. Accounts receivable from such activities are reported net of allowance for uncollectible accounts.

- *Revenue from Grants and Research Contracts*

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. The Laboratory has elected the simultaneous release policy which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Payments received in advance of expenditures are recorded as deferred revenue until expended. The Laboratory received approximately 73% and 76%, respectively, of its revenue from grants and contracts from the National Institutes of Health (NIH) for the years ended December 31, 2020 and 2019. Connecticut Innovations, Inc. (CI) research and operating grants provided 11% and 17% of the grant revenue in 2020 and 2019, respectively. Indirect costs are billed and recovered in accordance with the terms of the grant agreements and represented \$36,056 and \$35,190, respectively, of revenue from grants for the years ended December 31, 2020 and 2019. Most NIH grants reimburse for indirect costs at an agreed percentage of direct costs incurred. CI reimburses eligible costs up to an annual maximum amount. The Laboratory applies the CI grant funds first to direct costs and then to indirect costs.

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

- *Revenue from Contributions*

Contributions, including unconditional promises to give, are recognized at fair value and increase net assets in the period received. Written promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized as revenue until the performance barrier and the right of return or release have been overcome. Contributions to be received after one year are discounted at rates commensurate with the estimated risk of receipt of the pledge. Amortization of the discount is recorded as additional contribution revenue in the appropriate net asset category.

Contributions of cash or other assets that must be used to acquire long-lived assets or the contribution of long-lived assets are reported in nonoperating support as a component of net assets with donor restrictions until the assets are placed in service.

(d) *Functional Classification of Expenses*

Program services consist of research, genetic resources and clinical and research services, and training. Expenses are presented on the consolidated statements of activities on a functional or programmatic basis, consisting of direct costs and indirect facility-related costs. Facility-related expenses, including costs for the operation and maintenance of long-lived assets, financing costs and depreciation, are allocated on the basis of square footage utilized by each of the programs. Facility-related costs related to information technology are allocated primarily on the basis of the estimated level of effort.

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Functional expenses incurred by type for the years ended December 31, 2020 and 2019 are presented below:

December 31, 2020					
	Research	Genetic resources and clinical and research services	Training	Institutional support	Total
Salaries and wages	\$ 68,489	81,274	3,201	31,166	184,130
Benefits	22,092	26,216	1,032	10,053	59,393
Employee recruitment, training, memberships and subscriptions	1,525	637	249	2,258	4,669
Purchased services and stipends	11,634	11,734	1,272	12,542	37,182
Supplies and shipping	16,429	64,672	198	2,106	83,405
Maintenance, utilities and insurance	10,931	15,279	531	4,961	31,702
Travel and meals	218	657	61	285	1,221
Interest expense	346	5,848	29	110	6,333
Depreciation	20,576	22,919	998	3,218	47,711
Other expenses	139	4,925	52	1,180	6,296
Total	\$ 152,379	234,161	7,623	67,879	462,042

December 31, 2019					
	Research	Genetic resources and clinical and research services	Training	Institutional support	Total
Salaries and wages	\$ 63,834	74,977	2,688	27,447	168,946
Benefits	20,095	23,603	846	8,640	53,184
Employee recruitment, training, memberships and subscriptions	1,515	997	436	2,507	5,455
Purchased services and stipends	9,837	5,423	1,369	8,611	25,240
Supplies and shipping	15,277	42,217	555	914	58,963
Maintenance, utilities and insurance	10,174	14,667	678	3,568	29,087
Travel and meals	2,504	4,091	836	2,669	10,100
Interest expense	371	5,398	31	118	5,918
Depreciation	17,111	21,342	877	2,606	41,936
Other expenses	368	5,589	62	2,082	8,101
Total	\$ 141,086	198,304	8,378	59,162	406,930

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

All direct and indirect costs of fundraising are expensed as incurred and are included in institutional support in the consolidated statements of activities. Direct fundraising expenses were \$4,173 and \$5,175 for the years ended December 31, 2020 and 2019, respectively.

(e) Operating and Nonoperating Activities

The consolidated statements of activities report changes in net assets from operating and nonoperating activities.

Operating activities consist of the Laboratory's ongoing research and training programs, including the provision of genetic resources and clinical and research services. Included in operating revenue is investment return appropriated to support operations under the endowment income spending formula approved by the Board, as described in note 5(c). Also included in operating revenue are research grant reimbursements of \$1,321 and \$869 for the years ended December 31, 2020 and 2019, for the purchase of equipment that became the property of the Laboratory upon acquisition. Depreciation charged to operating activities from research grant-funded equipment was \$675 and \$447 for the years ended December 31, 2020 and 2019, respectively.

Nonoperating revenue includes items not related to the Laboratory's recurring activities or revenue that may not be used for operations. Contributions for the acquisition of long-lived assets, net assets released from restrictions for the acquisition of long-lived assets, unrestricted bequests, investment return in excess of the amount appropriated under the Laboratory's spending formula, and grants to acquire land, buildings, and equipment are all reported as nonoperating activities. Postretirement plan charges above periodic benefit costs are also all presented as nonoperating activities.

(f) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less when purchased, excluding amounts whose use is limited by internal designation.

The following table provides a reconciliation of cash, cash equivalents and restricted cash within the consolidated balance sheet that sums to the total of such amounts as shown on the consolidated statement of cash flows as of December 31:

	2020	2019
Restricted cash included in short-term investments on the consolidated balance sheets whose use is limited (note 3)	\$ —	3,003
Cash included in short-term investments on the consolidated balance sheets	27,755	57,145
Cash and cash equivalents as reported in the consolidated balance sheets	7,402	2,533
Total cash, cash equivalents and restricted cash as shown in the consolidated statement of cash flows	\$ 35,157	62,681

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(g) Self-Insurance Reserves

The Laboratory is self-insured for healthcare benefits offered to active employees who meet eligibility requirements. These costs are accounted for on an accrual basis, which requires estimates to be made for claims incurred but not yet reported as of the consolidated balance sheet date.

(h) Long-Lived Assets

Long-lived assets are reported at cost at date of acquisition or at fair value at date of donation in the case of gifts. For assets placed in service, depreciation is provided using the straight-line method over the estimated useful lives of the assets. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15–50
Land improvements	5–15
Equipment and software	3–15

Management reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of a long-lived asset may not be recoverable. Management determined that no long-lived assets were impaired as of December 31, 2020 and 2019.

The Laboratory receives awards from various granting agencies that allow for the purchase of certain assets, scientific equipment and construction of buildings. These assets are depreciated in accordance with the aforementioned policy. The assets become the property of the Laboratory upon acquisition, unless the grant or funding agreement specifically states otherwise. Grant-funded assets are typically restricted as to use and disposal.

(i) Income Taxes

The Laboratory's US corporation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code), as amended, and is generally exempt from income taxes pursuant to the Code. JAX Shanghai and JAX Beijing are taxable entities organized under the regulations of the People's Republic of China.

In accordance with GAAP, the Laboratory assesses whether there are uncertain tax positions and determined that there were no uncertain tax positions that would have a material effect on the consolidated financial statements.

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(j) Fair Value Measurements

The Laboratory determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- **Level 1 inputs:** Unadjusted quoted and published prices for identical assets or liabilities in active markets accessible to the entity at the measurement date.
- **Level 2 inputs:** Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3 inputs:** Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Laboratory utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Levels are determined based on the aforementioned hierarchy, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, as described in note 3.

It is the Laboratory's policy to review and reflect transfers between levels as of the consolidated financial statement reporting date. Transfers between different levels of the fair value hierarchy are recorded as of the end of the reporting period.

The categorization of an investment within the fair value hierarchy is based on the inputs described above and does not necessarily correspond to the Laboratory's management's perceived risk of that investment. Moreover, the methods used by management may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Laboratory believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments and nonfinancial assets and liabilities could result in a different fair value measurement at the reporting date.

(k) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize most leases in the statement of financial position, increasing reported assets and liabilities. This ASU was developed to provide financial statement users with more information about an entity's leasing activities and will require changes in processes and internal controls. The ASU became effective for the Laboratory for the year ended December 31, 2020. The Laboratory's adoption of the ASU did not have a material effect on its financial statements.

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(3) Investments

(a) Overall Investment Objective

The overall investment objective of the Laboratory is to invest its long-term assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its annual operating activities, and increase investment value after inflation. The investment objective for short-term investments is preservation of value and liquidity, relying primarily on highly rated short-term interest-bearing investments. The Laboratory diversifies its long-term investments among various asset classes incorporating multiple strategies and managers. The Investment Committee oversees the Laboratory's endowment in accordance with the investment policy statement.

(b) Basis of Reporting

Investments, including endowment and operating investments without donor restrictions 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 the 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 interests in commingled investment funds (multiple strategies) are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Laboratory's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

(c) Classification in the Fair Value Hierarchy

The Laboratory owns interests in alternative investment funds that are generally reported at the NAV reported by the fund managers, unless the fund has a readily determinable fair value that is used as a practical expedient to estimate the fair value of the Laboratory's interest therein, or it is probable that all or a portion of the investment will be sold for an amount different from the NAV. Such valuations are determined by fund managers who generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and also may reflect discounts for the liquid nature of certain investments held. As of December 31, 2020 and 2019 the Laboratory had no plans or intentions to sell investments at amounts different from NAV.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

There were no transfers between Level 1 and Level 2 for the fiscal years ended December 31, 2020 and 2019.

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Notes to Consolidated Financial Statements

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The following tables summarize the Laboratory's investments by major category in the fair value hierarchy as of December 31, 2020 and 2019, as well as related strategy, liquidity and funding commitments:

	December 31, 2020			Total
	Level 1	Level 2	NAV or equivalent	
Short-term investments:				
Cash and cash equivalents	\$ 57,069	—	—	57,069
U.S. and global fixed income funds	—	111,279	—	111,279
Total short-term investments	57,069	111,279	—	168,348
Long-term investments (endowment):				
Money market accounts and certificates of deposit	6,497	—	—	6,497
U.S. and global fixed income funds	32,874	—	900	33,774
Equities:				
U.S. mid and large cap value funds	149,625	—	—	149,625
Global large cap	135,725	—	17,172	152,897
Total equities	285,350	—	17,172	302,522
Multiple hedged strategies ¹	—	—	11,806	11,806
Private equity and real assets ¹	—	—	32,358	32,358
Total long-term investments	324,721	—	62,236	386,957
Total	\$ 381,790	111,279	62,236	555,305

¹ The redemption or liquidation is monthly to locked up. The lock-up periods have various terms with extensions of one to two years. As of December 31, 2020, the average remaining life of these partnerships is approximately seven years.

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	December 31, 2019			
	Level 1	Level 2	NAV or equivalent	Total
Short-term investments:				
Cash and cash equivalents ¹	\$ 89,059	—	—	89,059
U.S. and global fixed income funds	107,999	—	—	107,999
Total short-term investments	197,058	—	—	197,058
Long-term investments (endowment):				
Money market accounts and certificates of deposit	49,120	—	—	49,120
U.S. and global fixed income funds	26,653	—	—	26,653
Equities:				
U.S. mid and large cap value funds	101,059	—	—	101,059
Global large cap	100,311	—	—	100,311
Total equities	201,370	—	—	201,370
Multiple hedged strategies ²	—	—	9,273	9,273
Private equity and real assets ²	—	—	19,988	19,988
Total long-term investments	277,143	—	29,261	306,404
Total	\$ 474,201	—	29,261	503,462

¹ Includes \$3,003 in cash from 2018 bond proceeds designated for working capital purposes (note 8(a)).

² The redemption or liquidation is monthly to locked up. The lock-up periods have various terms with extensions of one to two years. As of December 31, 2019, the average remaining life of these partnerships is approximately eight years.

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(d) Commitments

Private equity investments are generally made through private limited partnerships. Under the terms of the partnership agreements, the Laboratory makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes on its investment strategy. Private equity funds are typically structured with investment periods of three-to-seven years. The aggregate amounts of unfunded commitments associated with private limited partnerships as of December 31, 2020 and 2019 were \$35,234 and \$34,970, respectively. The timing and amount of future capital calls expected to be exercised in any particular future year is uncertain.

(4) Financial Assets and Liquidity Resources

As of December 31, 2020 and 2019 financial assets and liquidity resources available within one year for general expenditure, such as operating and program expenditure, scheduled principal and interest payments on debt, and capital constructions costs not financed with debt, were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 7,402	2,533
Contributions and accounts receivable, net	65,996	46,770
Short-term investments	168,348	197,058
Budgeted endowment payouts:		
Board-designated	6,768	4,909
Donor-restricted	2,380	2,188
Total financial assets available within one year	250,894	253,458
Liquidity resources:		
Bank line of credit	50,000	50,000
Total financial assets and liquidity resources available within one year	\$ 300,894	303,458

The Laboratory actively manages its resources utilizing a combination of short, medium and long-term operating investment strategies to align its cash inflows with anticipated outflows in accordance with policies approved by the Board. As disclosed in note 8(a), the Laboratory may draw upon an unsecured revolving credit facility to manage cash flows.

Additionally, as of December 31, 2020 and 2019, the Laboratory had an additional \$304,888 and \$235,691, respectively, in Board-designated endowments not budgeted for spending which is available for general expenditure with Board approval.

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(5) Endowment

The Laboratory's endowment consisted of approximately 77 individual donor-restricted funds, as well as Board-designated funds held for the long-term support of the Laboratory's mission.

Both donor-restricted and Board-designated endowment funds were invested with a total return objective and long-term goal of attaining an average annualized nominal return equal to, or above the rate of inflation, based on the Consumer Price Index (CPI), plus the Laboratory's spending rate.

(a) Interpretation of Relevant Law

The Laboratory is subject to the Maine Uniform Prudent Management of Institutional Funds Act (MUPMIFA).

For reporting purposes the Laboratory classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) changes to the endowment made in accordance with the direction of the applicable donor instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by MUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift as disclosed in note 5(d).

(b) Investment Strategies

The endowment provides financial support for programs through the generation of income and gains while preserving capital for future support. The endowment is managed to maximize long-term, risk-adjusted investment returns. The investment objective for both donor-restricted and Board-designated funds can be met through a common investment pool with liquidity sufficient to meet the needs of the Laboratory.

(c) Endowment Spending Policy

The Laboratory employs a total-return approach to endowment management. Income and dividends are used to fund spending first, with net realized and unrealized appreciation providing incremental funding as needed. Taking into consideration the factors continued in MUPMIFA for the appropriation and accumulation of endowment funds, the annual spending policy distribution rate from the endowment shall be a target percentage as adopted by the Investment Committee from time to time, of the twelve-quarter moving average market value, with the final quarter in the spending formula determined on December 31 of the last audited year preceding the fiscal year of spending. The spending distribution is reviewed and approved annually by the Investment Committee in conjunction with the recommended adoption of the annual budget by the Finance Committee.

(d) 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 of permanently restricted contributions. Deficiencies of this nature are reported in net assets with donor restrictions when they occur. There were no individual funds with deficiencies at December 31, 2020 and 2019.

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(e) Net Assets by Type of Fund and Changes in Endowment Investments

Net assets by type of fund consisted of the following at December 31, 2020 and 2019:

		2020			
		Without donor restrictions	With donor restrictions		
			Underwater funds	Other funds	Total
Donor-restricted endowments:					
Historical gift value	\$	—	—	26,721	26,721
Appreciation		—	—	48,580	48,580
Board-designated endowments		311,656	—	—	311,656
Total	\$	<u>311,656</u>	<u>—</u>	<u>75,301</u>	<u>386,957</u>

		2019			
		Without donor restrictions	With donor restrictions		
			Underwater funds	Other funds	Total
Donor-restricted endowments:					
Historical gift value	\$	—	—	25,420	25,420
Appreciation		—	—	40,384	40,384
Board-designated endowments		240,600	—	—	240,600
Total	\$	<u>240,600</u>	<u>—</u>	<u>65,804</u>	<u>306,404</u>

Changes in endowment assets for the years ended December 31, 2020 and 2019 are as follows:

		December 31, 2020		
		Without donor restrictions	With donor restrictions	Total
Endowment, December 31, 2019	\$	240,600	65,804	306,404
Cash contributions		—	1,303	1,303
Board transfer from operating funds to endowment		31,500	—	31,500
Investment return		44,592	10,409	55,001
Long-term investment return utilized		(4,909)	(2,188)	(7,097)
In-transit transactions		(127)	(27)	(154)
Endowment, December 31, 2020	\$	<u>311,656</u>	<u>75,301</u>	<u>386,957</u>

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	December 31, 2019		
	Without donor restrictions	With donor restrictions	Total
Endowment, December 31, 2018	\$ 204,114	57,775	261,889
Cash contributions	—	3,046	3,046
Investment return	39,987	6,421	46,408
Long-term investment return utilized	(3,650)	(2,015)	(5,665)
In-transit transactions	149	577	726
Endowment, December 31, 2019	\$ 240,600	65,804	306,404

In-transit transactions are due to timing of transfers between the Laboratory's operational accounts and endowment accounts for gifts received and reimbursement of expenditures. Gifts are shown as the amount of cash received and therefore include the collection of pledge payments and exclude uncollected pledges.

(6) Accounts Receivable

Accounts receivable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Due from provision of genetic resources and services	\$ 50,707	30,524
Amounts reimbursable under grants and contracts	11,783	7,892
Miscellaneous accounts receivable	3,913	8,970
	66,403	47,386
Less allowance for uncollectibles	(938)	(1,267)
Accounts receivable, net	\$ 65,465	46,119

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(7) Long-Lived Assets

Long-lived assets consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 14,266	12,757
Buildings and improvements	662,845	648,543
Construction in progress	97,868	67,666
Equipment and software	<u>200,177</u>	<u>186,254</u>
	975,156	915,220
Less accumulated depreciation	<u>(430,264)</u>	<u>(388,098)</u>
Long-lived assets, net	<u>\$ 544,892</u>	<u>527,122</u>

The change in accounts payable for acquisition and construction of long-lived assets was a decrease of \$7,585 for the year ended December 31, 2020 and a decrease of \$2,397 for the year ended December 31, 2019.

Commitments to third parties for the purchase of equipment, space renovation and construction projects were \$16,269 and \$42,881 as of December 31, 2020 and 2019, respectively.

(8) Debt

(a) Bonds and Note Payable

Bonds and note payable consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Series 2018 taxable bonds	\$ 148,145	152,885
Association of Bay Area Government for California fixed rate revenue bonds (ABAG Series 2012 bonds)	<u>48,435</u>	<u>50,300</u>
	196,580	203,185
Plus unamortized premium	3,101	3,416
Debt issuance costs	<u>(1,454)</u>	<u>(1,510)</u>
Bonds payable, net	198,227	205,091
Note payable for real estate purchase	<u>1,491</u>	<u>1,629</u>
Bonds and note payable, net	<u>\$ 199,718</u>	<u>206,720</u>

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The Series 2018 taxable bonds have a stated rate of fixed interest ranging from 2.25% to 4.334%, payable semiannually, over a 30 year term. Interest expense incurred during 2020 and 2019 on the taxable bonds totaled \$4,266 and \$3,777, net of capitalized interest of \$1,774 and \$2,390, respectively. At December 31, 2020 and 2019 accrued interest of \$2,986 and \$3,053, respectively, is included in accrued expenses on the consolidated balance sheets. The remaining bond proceeds on hand of \$3,003 at December 31, 2019, are included in short-term investments on the consolidated balance sheet. There were no remaining bond proceeds at December 31, 2020.

The ABAG Series 2012 bonds were issued with a par amount of \$60,290 and a premium of \$6,066 at fixed interest rates ranging from 2.5% to 5% over a 25-year term. Interest expense incurred during 2020 and 2019 totaled \$2,237 and \$2,328, respectively.

In connection with the purchase of property located contiguous to the Laboratory's Bar Harbor campus, the Laboratory entered into a \$2,260 fifteen year note with the seller of the property. The note bears a fixed interest rate of 4% and requires monthly mortgage amortization payments. Interest expense incurred during 2020 and 2019 totaled \$63 and \$68, respectively.

The Laboratory maintains a \$50,000 unsecured line of credit with a financial institution, to provide general working capital needs and other corporate purposes. The line of credit has been extended until January 6, 2022. Interest is payable monthly at the rate of LIBOR plus 0.70%. The Laboratory did not utilize the unsecured line of credit during the year ended December 31, 2020 or 2019. The line of credit documents require the Laboratory to maintain certain reporting covenants but contains no financial covenants.

(b) CI Agreement

On January 5, 2012, the Laboratory entered into several agreements with various sub-units of the state of Connecticut to build a 183,500 square foot laboratory and operate a genomics medicine research program in Farmington, Connecticut. The major agreements include a funding agreement with CI, a ground lease with the University of Connecticut Health Center (UCHC), and a collaboration agreement with the University of Connecticut (UConn).

The CI funding agreement provided forgivable loans to construct a building and for the purchase of equipment, as well as \$99,000 in grant commitments to support research and development over ten years. The Laboratory met the loan forgiveness requirements pursuant to the CI funding agreement and CI forgave the outstanding loans in 2018.

As part of the transaction, UCHC provided a 99-year ground lease for the building site. The ground lease contains a provision whereby the land will transfer to the Laboratory upon reaching 600 employees in Connecticut. The ground lease also includes limitations on the sale and use of the facility. A collaboration agreement with UConn covers joint faculty appointments, grant applications, UConn assignment and funding of faculty to be located at the Laboratory's Farmington site, and other related matters.

As of December 31, 2020 and 2019, the Laboratory had incurred \$187,633 and \$182,039, respectively, in project-related costs, which are included in construction in progress, buildings and improvements, and equipment. The Laboratory may continue to draw funds up to an amount equivalent to the original loan amounts without incurring additional debt. The Laboratory drew funds totaling \$5,594 for 2020 and

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\$12,383 for 2019; these funds are realized as a contribution and are included in the nonoperating section of the consolidated statement of activities for the year ended December 31, 2020 and 2019. As of December 31, 2020 the Laboratory has an available balance of \$4,052 for future draws under the agreement. The contributions include no funds held in escrow by CI as retainage as of December 31, 2020 and 2019.

(c) Maturities of Long-Term Debt

Maturities of long-term debt as of December 31, 2020, were as follows:

	Amounts due
Year ending December 31:	
2021	\$ 6,969
2022	7,194
2023	7,131
2024	7,382
2025	7,663
Thereafter	161,732
Total	\$ 198,071

(9) Employee Benefits

(a) Defined Contribution Retirement Plan

Subject to meeting certain eligibility requirements, all employees participate in a defined contribution 403(b) retirement plan administered by the Laboratory. Contribution expense was \$15,813 and \$13,585 for the years ended December 31, 2020 and 2019, respectively.

(b) Postretirement Medical Plan

The Laboratory maintains a non-contributory postretirement medical plan covering certain retired employees with hire dates before 2003 and faculty members eligible to retire on May 31, 2008, and their dependents. Other than the payment of current benefits totaling \$594 and \$724 in the years ended December 31, 2020 and 2019, respectively, the Laboratory has not funded the postretirement plan. The benefit obligation as of December 31, 2020 and 2019, respectively, is \$7,054 and \$6,088, and is reported as accrued postretirement obligations on the consolidated balance sheet.

(c) Deferred Compensation Program

The Laboratory maintains a nonqualified salary deferral plan authorized under Section 457(b) of the Internal Revenue Code. The Laboratory holds an investment approximately matching the employee investment selections to assure funding is available to meet future liabilities. The liability of \$8,805 and \$7,145 at December 31, 2020 and 2019, respectively, is included in accounts payable and accrued expenses. The investments valued at \$8,805 and \$7,145 at December 31, 2020 and 2019, respectively, are included in other assets.

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The Laboratory also maintains a deferred compensation program under Section 457(f) of the Internal Revenue Code for management and certain highly compensated employees under which a portion of the employee's compensation is deferred and vested over time. The liability of \$1,124 and \$721 at December 31, 2020 and 2019, respectively, is included in accounts payable and accrued expenses, and the corresponding assets are included in other assets.

(10) Net Assets

Net assets without donor restrictions include Board-designated endowments that are used to support the Laboratory's strategic initiatives and general operations. The Laboratory classifies gift pledges based on donor purpose restriction. Unrestricted pledges are shown as a component of net assets with donor restrictions until collected. Net assets with donor restrictions consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Donor-restricted endowments:		
Research	\$ 21,142	20,246
Training	1,832	1,211
Other programs	886	881
General purpose	2,861	3,082
Pledges receivable for endowment	<u>397</u>	<u>786</u>
Total endowment	27,118	26,206
Purpose and time-restricted, and other:		
Unappropriated return	48,580	40,384
Other	<u>3,777</u>	<u>5,276</u>
Total net assets with donor restrictions	<u>\$ 79,475</u>	<u>71,866</u>

(11) Legal Claims

The Laboratory is subject to certain legal proceedings and claims that arise in the ordinary course of conducting its activities. While it is not possible to predict accurately or determine the eventual outcome of such actions, management believes that the outcome of proceedings will not have a material adverse effect on the Laboratory's financial position.

(12) Related Party Transactions

Members of the Laboratory's Board and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the Laboratory. The Laboratory has a written conflict of interest policy that requires, among other things, that no member of the Board may participate in any decision in which he or she has a material financial interest.

(13) COVID-19

The Laboratory, as with many nonprofit and research organizations across the United States, has experienced and may continue to experience operational and financial challenges related to the current worldwide outbreak of the novel coronavirus, which causes the respiratory disease, COVID-19.

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National, state, and local governments have taken, and are expected to continue to take, various actions, including the passage of new laws and regulations on a wide array of topics, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. Many of these governmental actions are expected to cause substantial changes to how society in general functions. It is not clear how long such measures will remain in place.

The outbreak has resulted in severe impacts on global financial markets, travel and commerce generally. The continued spread of COVID-19 or any other similar outbreaks in the future and the continued impact on social interactions, travel, economies and financial markets may adversely affect (i) the research labs and clinical trials at the Laboratory's facilities, (ii) the ability of the Laboratory to conduct its operations and/or the cost of its operations, (iii) the availability of grants for research and related activities, (iv) contributions from donors, and (v) the returns on and value of the Laboratory's investments.

Because of the evolving nature of the COVID-19 outbreak, its full impact and the scope of the adverse impact on the Laboratory's finances and operations cannot be fully determined. The Laboratory continues to monitor this situation and will adjust its response in concert with national, state and local health officials and governmental authorities to protect the health and safety of its employees and to continue to engage in its research related services and activities.

As a result of the COVID-19 outbreak, the Federal Government took various actions intended to assist entities, and in March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act became law. CARES Act provided for deferred deposits of the employer portion of Social Security taxes (FICA) applicable to wages paid from March 27, 2020 through December 31, 2020. 50% of the eligible deferred amount is due December 31, 2021, with the remaining 50% due on December 31, 2022. As of December 31, 2020, the Laboratory had deferred FICA deposits totaling \$6,490, which are recorded within accounts payable and accrued expenses in the consolidated balance sheet.

(14) Subsequent Events

The Laboratory has evaluated subsequent events from the consolidated balance sheet date of December 31, 2020 through May 25, 2021, the date on which the consolidated financial statements were issued.

In March 2021 the Laboratory issued \$203 million of taxable bonds. The bonds bear interest at various annual rates from 2.292% to 3.468%, with semi-annual interest payments due on January 1 and July 1. The Laboratory intends to use the bond proceeds to finance various capital projects, to defease the outstanding principal balance of the ABAG Series 2012 Bonds (Note 8), and to pay the costs of issuing the bonds.

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 Supplementary Schedule of Expenditures of Federal Awards
 Year ended December 31, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Research and development cluster:				
Department of Health and Human Services:				
Direct awards, National Institutes of Health (NIH):				
Environmental Health	93.113	R01 ES029916A	\$ 7,464	490,045
Human Genome Research	93.172	R25 HG007053B	—	12,248
Human Genome Research	93.172	R00 HG008179B	—	233,071
Human Genome Research	93.172	R01 HG009900A	—	750,894
Human Genome Research	93.172	R01 HG010679A	23,464	86,989
Human Genome Research	93.172	R01 HG011253A	—	12,050
Human Genome Research	93.172	R25 HG010611A	—	25,518
Human Genome Research	93.172	U24 HG007497C	1,000,054	1,891,868
Human Genome Research	93.172	U41 HG000330H	—	3,898,641
Human Genome Research	93.172	UM1 HG009409A	19,794	1,882,459
Research Related to Deafness and Communication Disorders	93.173	R01 DC015242A	—	207,682
Research Related to Deafness and Communication Disorders	93.173	R01 DC018304A	291,984	524,875
Research Related to Deafness and Communication Disorders	93.173	R21 DC016376B	—	102,108
Alcohol Research Programs	93.273	R01 AA018776B	107,645	259,442
Drug Abuse and Addiction Research Programs	93.279	K99 DA043573A	—	53,644
Drug Abuse and Addiction Research Programs	93.279	P50 DA039841A	380,859	2,111,484
Drug Abuse and Addiction Research Programs	93.279	R01 DA028420B	—	153,615
Drug Abuse and Addiction Research Programs	93.279	R01 DA028420C	—	377,046
Drug Abuse and Addiction Research Programs	93.279	R01 DA037927A	—	26,833
Drug Abuse and Addiction Research Programs	93.279	R01 DA045401A	—	168,064
Drug Abuse and Addiction Research Programs	93.279	R01 DA048890A	55,877	385,842
Drug Abuse and Addiction Research Programs	93.279	R13 DA032192C	—	(48)
Drug Abuse and Addiction Research Programs	93.279	R21 DA048634A	—	243,638
Drug Abuse and Addiction Research Programs	93.279	R21 DA050837A	—	74,744
Drug Abuse and Addiction Research Programs	93.279	U01 DA041668A	—	575,074
Drug Abuse and Addiction Research Programs	93.279	U01 DA043809A	15,286	1,077,703
Trans-NIH Research Support	93.310	U54 DK107967A	—	318,922
Trans-NIH Research Support	93.310	U01 CA235493B	22,374	329,825
Trans-NIH Research Support	93.310	DP2 GM126893A	—	304,010
Trans-NIH Research Support	93.310	R25 GM123516A	—	127,216
Trans-NIH Research Support	93.310	U01 CA239108A	365,705	529,400
Trans-NIH Research Support	93.310	UM1 OD023222B	43,196	478,114
Trans-NIH Research Support	93.310	UM1 OD023222BC3	—	73,988
Research Infrastructure Programs	93.351	R13 OD010920F	—	280
Research Infrastructure Programs	93.351	P40 OD011102D	—	744,914
Research Infrastructure Programs	93.351	U42 OD010921B	—	14,296
Research Infrastructure Programs	93.351	U42 OD026635A	26,993	975,464
Research Infrastructure Programs	93.351	R13 OD023013A	2,092	2,092
Research Infrastructure Programs	93.351	R21 OD023800A	—	20,360
Research Infrastructure Programs	93.351	R21 OD023803A	—	164,177
Research Infrastructure Programs	93.351	R21 OD024941A	—	102,087
Research Infrastructure Programs	93.351	R21 OD027052A	23,495	238,324
Research Infrastructure Programs	93.351	R24 OD011190C	—	627,654
Research Infrastructure Programs	93.351	R24 OD021325A	—	175,229
Research Infrastructure Programs	93.351	R24 OD021325B	—	315,612
Research Infrastructure Programs	93.351	S10 OD026816A	—	991,324
Research Infrastructure Programs	93.351	U42 OD010921C	—	1,153,133
Research Infrastructure Programs	93.351	U54 OD020351A	100,050	1,333,623
Research Infrastructure Programs	93.351	U54 OD030187A	—	223,720
Research Infrastructure Programs	93.351	UM1 OD023222B	169,146	5,352,259
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	U24 CA224067B	482,320	1,031,944
Cancer Cause and Prevention Research	93.393	R01 CA255705A	—	3,954
Cancer Detection and Diagnosis Research	93.394	R33 CA236681A	—	136,679
Cancer Detection and Diagnosis Research	93.394	R33 CA247669A	—	108,359
Cancer Treatment Research	93.395	R01 CA219880A	27,527	553,821
Cancer Treatment Research	93.395	R37 CA237307A	1,143	387,386
Cancer Biology Research	93.396	R00 CA188093B	—	18,086
Cancer Biology Research	93.396	R01 CA089713D	—	858,825
Cancer Biology Research	93.396	R01 CA230031A	—	449,433
Cancer Biology Research	93.396	R01 CA237208A	—	450,511
Cancer Biology Research	93.396	R21 CA224422A	—	90,677
Cancer Centers Support Grants	93.397	P30 CA034196H	—	1,522,925
Cancer Centers Support Grants	93.397	P30 CA034196G	—	(2,155)
Cancer Research Manpower	93.398	K99 CA226387A	—	41,261
Cancer Research Manpower	93.398	R25 CA122819D	—	87,475
Cancer Research Manpower	93.398	R25 CA172010B	—	8,897
Cancer Research Manpower	93.398	R25 CA233420A	—	37,412
Blood Diseases and Resources Research	93.839	R01 HL134043A	93,798	234,461
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	R21 AR075174A	14,755	126,282
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK095735C	6,118	534,600
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	F32 DK120298A	—	61,509
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK046266E	—	7
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK100692B	—	36,824
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK102918B	19,580	41,050

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Federal grantor/pass-through grantor/program title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK117137A	\$ 24,482	414,388
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK118011A	—	14,251
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK118072A	—	366,892
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R21 NS114873A	—	290,198
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS054154D	—	430,109
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS064013B	—	(8)
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS102414A	387,473	725,630
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R21 NS116936A	—	25,629
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R24 NS098523A	—	178,025
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R25 NS078795C	—	15,401
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R37 NS054154E	—	222,973
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R61 NS115129A	—	200,837
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	U54 NS105539A	217,947	1,260,884
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R21 NS105116A	68,427	208,107
Allergy and Infectious Diseases Research	93.855	U19 AI142733A	—	314,734
Allergy and Infectious Diseases Research	93.855	R21 AI145383A	—	198,218
Allergy and Infectious Diseases Research	93.855	R01 AI121920A	16,443	541,222
Allergy and Infectious Diseases Research	93.855	R01 AI141609A	—	488,736
Allergy and Infectious Diseases Research	93.855	R01 AI142086A	63,114	408,610
Allergy and Infectious Diseases Research	93.855	R01 AI149746B	19,395	354,012
Allergy and Infectious Diseases Research	93.855	R21 AI133440A	—	131,552
Allergy and Infectious Diseases Research	93.855	R21 AI135221A	—	180,934
Allergy and Infectious Diseases Research	93.855	U01 AI124297A	65,447	900,231
Allergy and Infectious Diseases Research	93.855	U01 AI124297ACV	—	92,808
Allergy and Infectious Diseases Research	93.855	U19 AI142733A	828,895	2,034,783
Allergy and Infectious Diseases Research	93.855	U19 AI142733ACV	45,214	314,360
Biomedical Research and Research Training	93.859	F32 GM134599A	—	20,876
Biomedical Research and Research Training	93.859	K99 GM135540A	—	66,310
Biomedical Research and Research Training	93.859	R00 GM110332B	—	(482)
Biomedical Research and Research Training	93.859	R01 GM070683D	164,827	448,706
Biomedical Research and Research Training	93.859	R01 GM115518A	—	579,669
Biomedical Research and Research Training	93.859	R01 GM125736A	52,255	405,270
Biomedical Research and Research Training	93.859	R01 GM127531A	223,935	616,581
Biomedical Research and Research Training	93.859	R01 GM138541A	—	190,467
Biomedical Research and Research Training	93.859	R25 GM113979A	—	188
Biomedical Research and Research Training	93.859	R25 GM113979B	—	45,477
Biomedical Research and Research Training	93.859	R25 OD020205A	8,723	186,952
Biomedical Research and Research Training	93.859	R35 GM124922A	7,035	545,686
Biomedical Research and Research Training	93.859	R35 GM128717A	—	267,711
Biomedical Research and Research Training	93.859	R35 GM133415A	—	368,832
Biomedical Research and Research Training	93.859	R35 GM133495A	—	358,471
Biomedical Research and Research Training	93.859	R35 GM133562A	—	354,598
Biomedical Research and Research Training	93.859	R35 GM133711A	—	505,105
Biomedical Research and Research Training	93.859	R35 GM133724A	—	467,315
Child Health and Human Development Extramural Research	93.865	P41 HD062499B	—	2,196,497
Child Health and Human Development Extramural Research	93.865	R01 HD093778A	—	493,180
Child Health and Human Development Extramural Research	93.865	R01 HD102363A	—	269,900
Child Health and Human Development Extramural Research	93.865	R25 HD079344B	—	80,620
Child Health and Human Development Extramural Research	93.865	T32 HD007065H	—	197,471
Aging Research	93.866	P30 AG038070B	6,512	472,919
Aging Research	93.866	P30 AG038070C	—	304,861
Aging Research	93.866	R01 AG052608A	4,536	412,960
Aging Research	93.866	R01 AG054180A	73,051	1,688,236
Aging Research	93.866	R01 AG055104A	82,677	1,085,471
Aging Research	93.866	R01 AG057914A	44,680	881,633
Aging Research	93.866	R01 AG069010A	9,136	99,175
Aging Research	93.866	R13 AG064968A	—	13,023
Aging Research	93.866	R13 AG069519A	—	677
Aging Research	93.866	R56 AG060746A	171,326	280,348
Aging Research	93.866	RF1 AG051496A	307,937	554,105
Aging Research	93.866	RF1 AG063755A	308,446	1,046,179
Aging Research	93.866	T32 AG062409A	—	125,097
Aging Research	93.866	U01 AG022308D	—	1,815,490
Aging Research	93.866	U24 AG066346A	—	91,569
Aging Research	93.866	R01 AG052608A	5,217	5,217
Aging Research	93.866	RF1 AG059778A	—	919,284

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Federal grantor/pass-through grantor/program title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Vision Research	93.867	R01 EY011721D	\$ —	(10)
Vision Research	93.867	R01 EY011996D	—	650,842
Vision Research	93.867	R01 EY019943C	—	497,197
Vision Research	93.867	R01 EY027305A	—	584,695
Vision Research	93.867	R01 EY027860A	19,635	633,543
Vision Research	93.867	R01 EY028175A	—	496,091
Vision Research	93.867	R21 EY027894A	27,349	182,274
Vision Research	93.867	R01 EY028561A	—	481,261
Medical Library Assistance	93.879	R21 LM012615A	18,181	118,028
Total direct awards, NIH			<u>6,585,077</u>	<u>69,460,856</u>
Pass-through awards, NIH:				
Children's Hospital Medical Center				
Oral Diseases and Disorders Research	93.121	R35 DE027557A CHMC	—	41,419
The Forsyth Institute				
Oral Diseases and Disorders Research	93.121	R37 DE016937C Forsyth	—	8,979
The Forsyth Institute				
Oral Diseases and Disorders Research	93.121	R37 DE016937D Forsyth	—	48,574
California Institute of Technology				
Human Genome Research	93.172	U24 HG010859A CALTECH	—	800,655
California Institute of Technology				
Human Genome Research	93.172	UM1 HG009443A CalTech	—	145,296
Oregon State University				
Human Genome Research	93.172	RM1 HG010860A Oregon	—	68,696
The Broad Institute, Inc				
Human Genome Research	93.172	UM1 HG009435A Broad Inst	—	887,880
University of Maryland				
Human Genome Research	93.172	U41 HG008735A Maryland	—	26,175
University Of Southern California				
Human Genome Research	93.172	U41 HG002273F USC	—	459,671
University Of Washington				
Human Genome Research	93.172	R01 HG010169A UW	—	111,013
University of Southern California				
Research on Healthcare Costs, Quality and Outcomes	93.226	R01 HS025690A USC	—	2,829
Trustees of the University of Pennsylvania				
National Center on Sleep Disorders Research	93.233	P01 HL094307B PENN	—	117,129
University of Connecticut Health Center				
Alcohol Research Programs	93.273	R21 AA027858A UCHC	—	4,699
Emory University				
Drug Abuse and Addiction Research Programs	93.279	DP1 DA042103A Emory U	—	18,976
Emory University				
Drug Abuse and Addiction Research Programs	93.279	R01 DA042742A Emory U	—	10,359
Virginia Commonwealth University				
Drug Abuse and Addiction Research Programs	93.279	U01 DA045299A VCU	—	156,515
University of Connecticut Health Center				
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	U01 EB028898A UCHC	—	599,021
Medical College of Wisconsin				
Trans-NIH Research Support	93.310	U24 HG010423A MCW	—	86,003
Oregon Health & Science University				
National Center for Advancing Translational Sciences	93.350	U24 TR002306A OHSU	—	427,020
Tufts University School of Medicine				
National Center for Advancing Translational Sciences	93.350	UL1 TR002544A Tufts	—	21,432
Oregon State University				
Research Infrastructure Programs	93.351	R24 OD011883B OSU	—	67,688
University Of Massachusetts				
Research Infrastructure Programs	93.351	R24 OD026440A UMA	—	212,147
Washington University at St. Louis				
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	R01 CA204115A WU	—	18,782
Brigham and Women's Hospital				
Nursing Research	93.361	R21 NR017256A BWH	—	61,562
Moffitt Cancer Center				
Cancer Cause and Prevention Research	93.393	R01 CA219389A Moffit	—	11,757
University of Southern California				
Cancer Cause and Prevention Research	93.393	R01 CA207972A USC	21,294	161,759
Yale University				
Cancer Treatment Research	93.395	P50 PCA121974D Yale	—	24,993
Cold Spring Harbor Laboratory				
Cancer Biology Research	93.396	U01 CA224013A CSHL PR	—	340,654
University California San Diego				
Cancer Biology Research	93.396	U24 CA220341A UCSD	—	34,662
Yale University				
Cancer Biology Research	93.396	R01 CA227473A Yale	—	77,475

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Federal grantor/pass-through grantor/program title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Medical College of Wisconsin Cardiovascular Diseases Research	93.837	P01 HL149620A MCW	\$ —	16,774
University of Connecticut Health Center Cardiovascular Diseases Research	93.837	R01 HL142787A UCHC	—	330,256
University of Pittsburgh Cardiovascular Diseases Research	93.837	R01 HL132024A UPitt	—	19,191
University of Pittsburgh Cardiovascular Diseases Research	93.837	R01 HL142788A UPitt	—	60,145
Joan & Sanford I Weill Medical College of Cornell University Arthritis, Musculoskeletal and Skin Diseases Research	93.846	P50 AR070594A Cornell	—	383,386
The Research Foundation of SUNY Arthritis, Musculoskeletal and Skin Diseases Research	93.846	R21 AR071878A SUNY	—	17,622
University of Connecticut Health Center Arthritis, Musculoskeletal and Skin Diseases Research	93.846	R01 AR060636C UCHC	—	212,234
University Of Massachusetts Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	U01 DK104218B UMA	—	193,094
University of Wisconsin Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	RC2 DK125961A Wisc	—	6,404
Scripps Translational Science Institute Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS113583A Scripps	—	78,141
University of Connecticut Health Center Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS102633B UCHC	—	4,789
University of California San Diego Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS094637B UCSD	—	3,825
University of Iowa Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS055272E Iowa	—	35,746
Brigham and Women's Hospital Allergy and Infectious Diseases Research	93.855	R01 AI141529A BWH	—	81,905
Harvard Pilgrim Health Care, Allergy and Infectious Diseases Research	93.855	R56 AI150864B HPHC	—	3,976
Nationwide Children's Hospital Allergy and Infectious Diseases Research	93.855	U01 AI131386A NCH	—	222,764
Nationwide Children's Hospital Allergy and Infectious Diseases Research	93.855	U01 AI131386ACV NCH	—	271,123
The University of Texas Allergy and Infectious Diseases Research	93.855	R21 AI145400A Texas	—	5,266
Trustees of Boston University Allergy and Infectious Diseases Research	93.855	R01 AI151051A BU	—	63,508
University of Connecticut Health Center Allergy and Infectious Diseases Research	93.855	R01 AI135128A UCHC	—	27,585
University of Massachusetts Allergy and Infectious Diseases Research	93.855	R01 AI132963A UMA	—	449,170
Yale University Allergy and Infectious Diseases Research	93.855	R01 AI136942A Yale	—	93,721
Dartmouth College Biomedical Research and Research Training	93.859	P20 GM130454A Dartmouth	—	159,672
d'Vinci Interactive, Inc Biomedical Research and Research Training	93.859	R43 GM133222A d'Vinci	—	28,563
Georgia Regents University Biomedical Research and Research Training	93.859	R01 GM121551A UGA	—	66,098
MDI Biological Laboratory Biomedical Research and Research Training	93.859	P20 GM104318C MDIBL	—	64,717
MDI Biological Laboratory Biomedical Research and Research Training	93.859	P20 GM104318C MDIBL	—	14,491
University of Connecticut Health Center Biomedical Research and Research Training	93.859	R35 GM133600A UCHC	—	208,816
University of Michigan Biomedical Research and Research Training	93.859	R01 GM124251A U Michigan	—	166,492
Massachusetts General Hospital Child Health and Human Development Extramural Research	93.865	P01 HD068250B MGH Bult	—	247,180
Duke University Aging Research	93.866	UH2 AG056925A Duke	—	126,611
Duke University Aging Research	93.866	UH3 AG056925B Duke	—	149,175
Emory University Aging Research	93.866	U54 AG065187A Emory	—	243,072

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Federal grantor/pass-through grantor/program title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Regents of the University of California Aging Research	93.866	RF1 AG057558A UC	\$ —	73,291
The Trustees of Columbia University Aging Research	93.866	RF1 AG057473A Columbia University	—	68,949
TissueVision, Inc. Aging Research	93.866	R44 AG062017A TissueVis	—	37,507
Trustees of Indiana University Aging Research	93.866	U01 AG060900A Indiana University	—	351,311
Trustees of Indiana University Aging Research	93.866	U54 AG054345A Indiana University	—	2,587,975
Trustees of Indiana University Aging Research	93.866	U54 AG054345A Indiana University	—	13,046
University of Connecticut Health Center Aging Research	93.866	R01 AG052962A UCHC	—	135,346
University of Connecticut Health Center Aging Research	93.866	R01 AG058814A UCHC	—	59,390
University of Connecticut Health Center Aging Research	93.866	R01 AG066679A UCHC	—	8,485
University of Arizona Aging Research	93.866	R01 AG057931A Arizona	—	137,134
University of Pittsburgh Aging Research	93.866	R13 AG060708B University of Pittsburgh	—	4,296
University of Rochester Vision Research	93.867	R01 EY027701A Univ Rochester	—	265,328
Total pass-through awards, NIH			21,294	12,851,390
Total Department of Health and Human Services			6,606,371	82,312,246
National Science Foundation (NSF):				
Direct awards, NSF:				
Computer and Information Science and Engineering	47.070	YR 1955712	—	5,934
Biological Sciences	47.074	DBI 1851697	—	6,507
Biological Sciences	47.074	DEB 1942620	—	85,079
Total direct awards, NSF			—	97,520
Pass-through awards, NSF:				
Azitra Inc. Engineering	47.041	1853071 NSF Azitra	—	151,682
Total pass-through awards, NSF			—	151,682
Total NSF			—	249,202
Department of Defense (DOD):				
Direct awards, DOD:				
Military Medical Research and Development	12.420	DOD Palucka W81XWH1710010	—	32,931
Military Medical Research and Development	12.420	DOD Courtois W81XWH1910130	—	181,134
Military Medical Research and Development	12.420	DOD Liu W81XWH1710005	—	176,040
Military Medical Research and Development	12.420	DOD Ren W81XWH1810013	—	80,485
Military Medical Research and Development	12.420	DOD Oh W81XWH1810229	31,686	43,008
Military Medical Research and Development	12.420	DOD Stitzel W81XWH1810401	—	696,119
Military Medical Research and Development	12.420	DOD Ucar W81XWH1810402	—	341,378
Military Medical Research and Development	12.420	DOD Verhaak W81XWH1910246	—	241,117
Total direct awards, DOD			31,686	1,792,212
Total Department of Defense			31,686	1,792,212
Total research and development cluster			6,638,057	84,353,660
Total expenditures of federal awards			\$ 6,638,057	84,353,660

See accompanying notes to supplementary schedule of expenditures of federal awards.

THE JACKSON LABORATORY

Notes to Supplementary Schedule of Expenditures of Federal Awards

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(1) Definition of Reporting Entity and Basis of Presentation

The accompanying schedule of expenditures of federal awards presents expenditures of all federal awards programs of The Jackson Laboratory (the Laboratory), including awards passed through to the Laboratory from other organizations (i.e., primary recipients), for the year ended December 31, 2020. The schedule is presented using the modified cash basis of accounting. Negative amounts (if any) on the schedule represent cash transfer adjustments to expenditures reported in a prior year. The Laboratory has not elected to utilize the 10% de minimus indirect cost rate in Part 200.514 of the Uniform Guidance.

For purposes of the schedule, federal awards include grants, contracts, and similar agreements entered into directly between the Laboratory and agencies and departments of the federal government and all subawards to the Laboratory by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The awards are categorized in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Laboratory, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Laboratory.