



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, 2022

(With Independent Auditors' Report Thereon)

THE JACKSON LABORATORY

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

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KPMG LLP
Two Financial Center
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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

Opinion on Major Federal Program

We have audited The Jackson Laboratory's (the Laboratory) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Laboratory's major federal program for the year ended December 31, 2022. The Laboratory's major federal programs is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Laboratory complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Laboratory and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Laboratory's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Laboratory's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Laboratory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS,



Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Laboratory's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Laboratory's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Laboratory's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Laboratory's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



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

We have audited the consolidated financial statements of the Laboratory as of and for the year ended December 31, 2022, and have issued our report thereon dated May 31, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Boston, Massachusetts
June 20, 2023



KPMG LLP
Two Financial Center
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 Laboratory's consolidated balance sheet as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 31, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
May 31, 2023

THE JACKSON LABORATORY
Schedule of Findings and Questioned Costs
Year ended December 31, 2022

(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 assistance listing numbers
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,865,456**
- (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.



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

Independent Auditors' Report

The Board of Trustees
The Jackson Laboratory:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Jackson Laboratory (the Laboratory), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Laboratory as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Laboratory and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laboratory's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,



forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laboratory's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laboratory's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2023, 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

Boston, Massachusetts
May 31, 2023

THE JACKSON LABORATORY

Consolidated Balance Sheets

December 31, 2022 and 2021

(Dollars in thousands)

Assets	2022	2021
Cash and equivalents	\$ 21,368	22,240
Short-term investments, at fair value	241,607	275,667
Accounts receivable, net	67,990	59,558
Contributions receivable, net	3,574	2,918
Goodwill and other intangible assets	48,908	44,428
Other assets	49,123	49,698
Long-term investments, at fair value	376,169	445,636
Long-lived assets, net	622,002	602,564
Total assets	\$ 1,430,741	1,502,709
Liabilities		
Accounts payable and accrued expenses	\$ 93,028	87,601
Deposits and deferred revenue	14,907	15,871
Long-term debt, net	368,641	345,076
Other liabilities	13,704	16,778
Total liabilities	490,280	465,326
Net assets without donor restrictions:		
The Jackson Laboratory	850,545	905,271
Noncontrolling interest	—	28,973
Total net assets without donor restrictions	850,545	934,244
Net assets with donor restrictions	89,916	103,139
Total net assets	940,461	1,037,383
Total liabilities and net assets	\$ 1,430,741	1,502,709

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY

Consolidated Statement of Activities and Changes in Net Assets

Year ended December 31, 2022

(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	\$ 111,712	—	111,712
Contributions	1,095	3,132	4,227
Genetic resources and clinical and research services	460,105	—	460,105
Long-term investment return utilized	8,776	2,525	11,301
Other investment return	(4,332)	—	(4,332)
Other revenue	725	—	725
	<hr/>	<hr/>	<hr/>
Total revenue	578,081	5,657	583,738
Net assets released from restrictions	5,033	(5,033)	—
	<hr/>	<hr/>	<hr/>
Total revenue and other support	583,114	624	583,738
Expenses:			
Research	160,602	—	160,602
Genetic resources and clinical and research services	327,387	—	327,387
Training	10,305	—	10,305
Institutional support	77,078	—	77,078
	<hr/>	<hr/>	<hr/>
Total expenses	575,372	—	575,372
Increase in net assets from operating activities	7,742	624	8,366
Nonoperating activities:			
Grants and contributions for capital and long-term investments	1,735	1,805	3,540
Long-term investment losses	(56,702)	(15,881)	(72,583)
Other, net	(6,867)	229	(6,638)
	<hr/>	<hr/>	<hr/>
Decrease in net assets from nonoperating activities	(61,834)	(13,847)	(75,681)
Decrease in net assets	(54,092)	(13,223)	(67,315)
Other changes in net assets:			
Cumulative translation adjustments	(5,301)	—	(5,301)
Contributed capital from noncontrolling interest partner	2,518	—	2,518
Distribution of contributed capital	(26,824)	—	(26,824)
	<hr/>	<hr/>	<hr/>
Total other changes in net assets	(29,607)	—	(29,607)
Total decrease in net assets	(83,699)	(13,223)	(96,922)
Net assets, beginning of year	934,244	103,139	1,037,383
Net assets, end of year	\$ <u>850,545</u>	<u>89,916</u>	<u>940,461</u>

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY

Consolidated Statement of Activities and Changes in Net Assets

Year ended December 31, 2021

(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	\$ 109,479	—	109,479
Contributions	881	3,573	4,454
Genetic resources and clinical and research services	419,043	—	419,043
Long-term investment return utilized	6,768	2,380	9,148
Other investment return	647	—	647
Other revenue	2,500	—	2,500
	<hr/>	<hr/>	<hr/>
Total revenue	539,318	5,953	545,271
Net assets released from restrictions	4,493	(4,493)	—
	<hr/>	<hr/>	<hr/>
Total revenue and other support	543,811	1,460	545,271
Expenses:			
Research	155,701	—	155,701
Genetic resources and clinical and research services	271,945	—	271,945
Training	8,508	—	8,508
Institutional support	79,650	—	79,650
	<hr/>	<hr/>	<hr/>
Total expenses	515,804	—	515,804
Increase in net assets from operating activities	28,007	1,460	29,467
Nonoperating activities:			
Grants and contributions for capital and long-term investments	2,726	4,099	6,825
Long-term investment gains	34,036	18,105	52,141
Loss on extinguishment of debt	(67)	—	(67)
Other, net	(80)	—	(80)
	<hr/>	<hr/>	<hr/>
Increase in net assets from nonoperating activities	36,615	22,204	58,819
Increase in net assets	64,622	23,664	88,286
Other changes in net assets:			
Cumulative translation adjustments	(291)	—	(291)
Contributed capital from noncontrolling interest partner	30,824	—	30,824
	<hr/>	<hr/>	<hr/>
Total other changes in net assets	30,533	—	30,533
Total increase in net assets	95,155	23,664	118,819
Net assets, beginning of year	839,089	79,475	918,564
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 934,244	103,139	1,037,383
	<hr/>	<hr/>	<hr/>

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY
Consolidated Statements of Cash Flows
Years ended December 31, 2022 and 2021
(Dollars in thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (96,922)	118,819
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Noncontrolling interest	28,973	(28,973)
Foreign currency translation adjustment	(5,301)	(291)
Loss on extinguishment of debt	—	67
Depreciation and amortization	58,911	51,384
Realized and unrealized net investment losses (gains)	79,180	(47,026)
(Loss) gain on disposal of long-lived assets	(871)	213
Contributions restricted for long-term investment and assets	(4,570)	(5,934)
Changes in operating assets and liabilities	(7,600)	26,631
Net cash provided by operating activities	<u>51,800</u>	<u>114,890</u>
Cash flows from investing activities:		
Acquisition and construction of long-lived assets	(108,417)	(68,817)
Refund of Charles River Lab Japan Purchase Price	948	—
Acquisition of Charles River Laboratory Japan, Inc., net of cash acquired	—	(67,300)
Capital contribution from joint venture partner	2,518	4,000
Proceeds from sales of investments	107,213	240,745
Purchases of investments	(105,601)	(355,717)
Net cash used in investing activities	<u>(103,339)</u>	<u>(247,089)</u>
Cash flows from financing activities:		
Repayment of bonds	(4,990)	(56,350)
Bond proceeds, net	—	201,597
Loan proceeds, net	29,615	—
Repayment of note payable	(1,263)	(144)
Contributions restricted for long-term investment and assets	4,570	5,934
Net cash provided by financing activities	<u>27,932</u>	<u>151,037</u>
Net (decrease) increase in cash and equivalents	(23,607)	18,838
Cash and cash equivalents beginning of year	<u>53,995</u>	<u>35,157</u>
Cash and cash equivalents end of year	<u>\$ 30,388</u>	<u>53,995</u>
Cash paid for interest	\$ 13,045	8,049

See accompanying notes to consolidated financial statements.

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(1) Background

The Jackson Laboratory (the Laboratory) is a not-for-profit independent research organization focused on the advancement of 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.

All amounts presented in the notes to the consolidated financial statements are in thousands.

In August 2021 the Laboratory's wholly-owned US subsidiary, Jackson Laboratory Holdings, LLC (JAX LLC) established a wholly-owned Japanese Subsidiary, The Jackson Laboratory Japan Holdings, Inc. (JAX Japan Holdings), incorporated under Japan law. On October 12, 2021 JAX Japan Holdings purchased the outstanding stock of Charles River Laboratory Japan, Inc. and renamed the entity as The Jackson Laboratory Japan, Inc. (JAX Japan). JAX Japan develops and provides scientific services, genetic resources and clinical information related to genetic resources primarily to the Japanese scientific community.

The Laboratory transferred consideration totaling \$86,450, including cash of \$75,097 and the assumption of liabilities of \$11,353.

Cash consideration	\$	75,097
Liabilities assumed		<u>11,353</u>
Total consideration		86,450
Working capital received		<u>19,150</u>
Net consideration	\$	<u><u>67,300</u></u>

The Laboratory accounted for the business combination by applying the acquisition method of accounting in accordance with Accounting Standards Codification Topic 958-805, *Not-For-Profit Entities-Business Combinations*.

The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed at the acquisition date. Determining the fair value of the assets acquired and the liabilities assumed requires judgment and involves the use of significant accounting estimates and assumptions, including assumptions with respect to future cash flows and discount rates, among others.

		Total at
		October 12,
		2021
		<u></u>
Assets acquired:		
Cash and cash equivalents	\$	7,935
Accounts receivable		11,215

THE JACKSON LABORATORY
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

	Total at October 12, 2021
Prepaid and other current assets	\$ 1,294
Long-lived assets	17,599
Intangible assets	14,430
Other assets	3,979
Goodwill	29,998
Total assets acquired	86,450
Liabilities assumed:	
Accounts payable and accrued expenses	11,188
Other liabilities	165
Total liabilities assumed	11,353
Total assets acquired, liabilities assumed, and change in net assets	\$ 75,097

At the acquisition date the Laboratory recorded a preliminary fair value of goodwill in the amount of \$29,998. In 2022, to determine the final value of goodwill within twelve months of the acquisition, and with the assistance of an independent subject-matter specialist, management determined the final step-up fair value of certain acquired long-lived and intangible assets. Factors contributing to the final valuation of these assets include, but are not limited to, the increase in business opportunities from the Laboratory's presence in the Japanese market. The resultant net step-up adjustment to the long-lived and intangible assets, and the resultant decrease in goodwill, totaled \$6,582 as of October 12, 2022.

In accordance with the purchase agreement, the final determination of working capital at the date of acquisition was agreed on with the seller of Charles River Laboratory Japan, Inc. As a result, in 2022 the Laboratory received a partial refund of the acquisition purchase price of \$948, which was recognized as a decrease in the value of goodwill.

As a result of the foregoing, the final value of goodwill included in the Laboratory's consolidated balance sheet, is \$22,468 at December 31, 2022.

Through its wholly-owned subsidiary, Jackson Laboratory Hong Kong Holdings Limited (JAX HK), the Laboratory holds a controlling interest in an operating venture in the People's Republic of China, The Jackson Laboratory Anitech Biotechnology (Beijing) Limited (JAX Beijing). In accordance with the JAX Beijing joint-venture agreement, the non-controlling interest partner contributed and provided the following to JAX Beijing:

- Capital of \$2,518 and \$4,000 during 2022 and 2021, respectively;

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

- In 2021, an exclusive right to utilize certain buildings and related land for JAX Beijing's operations. The value of the land and buildings, subject to the exclusive-use right, totaled \$26,824, which has been recognized as an in-kind capital contribution and is included as a component of long-lived assets in the Laboratory's consolidated balance sheet as of December 31, 2021. The value of the land and buildings contributed in 2021 is based on the historical cost to acquire these assets by the non-controlling interest partner.

In November 2022, prior to JAX Beijing commencing operations, the shareholders of JAX Beijing voted on a plan to dissolve the entity. As a result, the exclusive right to utilize certain buildings and related land for JAX Beijing's operations was revoked in 2022 and was recognized as a distribution of capital for the year ended December 31, 2022.

The reconciliation of a noncontrolling interest reported in net assets without donor restrictions is as follows:

	2022		
	<u>The Laboratory</u>	<u>JAX Beijing</u>	<u>Total</u>
Net assets without donor restrictions at December 31, 2021	\$ 905,271	28,973	934,244
Operating income (loss)	12,220	(4,478)	7,742
Nonoperating income	<u>(61,834)</u>	<u>—</u>	<u>(61,834)</u>
Excess (deficit) of revenues over expenses	(49,614)	(4,478)	(54,092)
Cumulative translation adjustments	(5,112)	(189)	(5,301)
Contributed capital from non-controlling interest partner	—	2,518	2,518
Distribution of capital	<u>—</u>	<u>(26,824)</u>	<u>(26,824)</u>
Change in net assets	<u>(54,726)</u>	<u>(28,973)</u>	<u>(83,699)</u>
Net assets without donor restrictions at December 31, 2022	\$ <u>850,545</u>	<u>—</u>	<u>850,545</u>

	2021		
	<u>The Laboratory</u>	<u>JAX Beijing</u>	<u>Total</u>
Net assets without donor restrictions at December 31, 2020	\$ 839,089	—	839,089
Operating income (loss)	29,894	(1,887)	28,007
Nonoperating income	<u>36,615</u>	<u>—</u>	<u>36,615</u>
Excess (deficit) of revenues over expenses	66,509	(1,887)	64,622

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	2021		
	The Laboratory	JAX Beijing	Total
Cumulative translation adjustments	\$ (327)	36	(291)
Contributed capital from non-controlling interest partner	—	30,824	30,824
Change in net assets	66,182	28,973	95,155
Net assets without donor restrictions at December 31, 2021	\$ 905,271	28,973	934,244

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), JAX HK, and JAX Japan Holdings, and their respective subsidiaries, JAX Beijing and JAX Japan. 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).

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

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- 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. These transactions are considered to be exchange transactions. 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 87% and 80%, respectively, of its revenue from grants and contracts from the National Institutes of Health (NIH) for the years ended December 31, 2022 and 2021. Indirect costs are billed and recovered in accordance with the terms of the grant agreements and represented \$39,652 and \$37,680, respectively, of revenue from grants for the years ended December 31, 2022 and 2021. Most NIH grants reimburse for indirect costs at an agreed percentage of direct costs incurred.

- *Revenue from Contributions*

Contributions, including unconditional promises to give, are generally considered non-exchange transactions, and are recognized at fair value and increase net assets in the period received.

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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.

Functional expenses incurred by type for the years ended December 31, 2022 and 2021 are presented below:

	December 31, 2022				
	Research	Genetic resources and clinical and research services	Training	Institutional support	Total
Salaries and wages	\$ 71,063	124,465	3,581	37,098	236,207
Benefits	21,472	37,608	1,082	11,209	71,371
Employee recruitment, training, memberships and subscriptions	1,846	1,276	185	2,669	5,976
Purchased services and stipends	14,001	21,337	1,755	12,856	49,949
Supplies and shipping	17,926	60,881	353	735	79,895
Maintenance, utilities and insurance	11,383	26,836	655	4,846	43,720
Travel and meals	1,669	2,610	1,168	2,572	8,019
Interest expense	272	7,648	30	110	8,060
Depreciation	20,706	32,126	1,291	2,691	56,814
Other expenses	264	12,600	205	2,292	15,361
Total	\$ 160,602	327,387	10,305	77,078	575,372

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	December 31, 2021				
	Research	Genetic resources and clinical and research services	Training	Institutional support	Total
Salaries and wages	\$ 67,475	98,395	3,136	34,852	203,858
Benefits	21,745	31,710	1,011	11,232	65,698
Employee recruitment, training, memberships and subscriptions	1,431	827	190	2,026	4,474
Purchased services and stipends	13,601	15,971	1,822	17,274	48,668
Supplies and shipping	18,147	63,170	322	1,384	83,023
Maintenance, utilities and insurance	10,692	20,369	511	5,122	36,694
Travel and meals	405	985	265	1,069	2,724
Interest expense	323	7,484	27	34	7,868
Depreciation	21,747	24,965	1,123	3,361	51,196
Other expenses	135	8,069	101	3,296	11,601
Total	<u>\$ 155,701</u>	<u>271,945</u>	<u>8,508</u>	<u>79,650</u>	<u>515,804</u>

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 \$3,857 and \$4,511 for the years ended December 31, 2022 and 2021, 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 \$482 and \$184 for the years ended December 31, 2022 and 2021, 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 \$814 and \$921 for the years ended December 31, 2022 and 2021, 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.

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(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 and cash equivalents 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:

	<u>2022</u>	<u>2021</u>
Cash included in short-term investments on the consolidated balance sheets	\$ 9,020	31,755
Cash and cash equivalents as reported in the consolidated balance sheets	<u>21,368</u>	<u>22,240</u>
Total cash and cash equivalents as shown in the consolidated statement of cash flows	<u>\$ 30,388</u>	<u>53,995</u>

(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, Intellectual Property and Goodwill

Long-lived assets and intellectual property are reported at cost at date of acquisition or at fair value at date of donation in the case of gifts. For long-lived assets and intangible assets placed in service, depreciation and amortization, respectively, is provided using the straight-line method over the estimated useful lives of the assets. For long-lived 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.

For long-lived assets 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

For intellectual property amortization is provided on a straight-line basis over an estimated useful life of fifteen years. Goodwill is recorded at fair value. Goodwill is not amortized but is assessed on a recurring basis for impairment.

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Management reviews long-lived assets, intellectual property and goodwill for impairment whenever events or circumstances indicate that the carrying value of these assets may not be recoverable. The Laboratory recorded no impairment for the years ended December 31, 2022 and 2021.

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) Foreign currency translation

The Laboratory's accounting records in Japan, China and Hong Kong are maintained in Japanese Yen, Chinese Yuan, and the Hong Kong Dollar, respectively. The Foreign currency equivalents used to translate into U.S. Dollars as of and for the respective periods ended December 31 are as follows:

	2022		
	Japanese Yen to one U.S. Dollar	Chinese Yuan to one U.S. Dollar	Hong Kong Dollar to one U.S. Dollar
Revenues and expenses at the average rate for the fiscal year ended December 31, 2022	0.00742	0.14340	0.12840
Assets, liabilities, and net assets at the current rate as of December 31, 2022	0.00763	0.14500	0.12810
	2021		
	Japanese Yen to one U.S. Dollar	Chinese Yuan to one U.S. Dollar	Hong Kong Dollar to one U.S. Dollar
Revenues and expenses at the average rate since acquisition date Through December 31, 2021	0.00878	—	—
Revenues and expenses at the average rate for the fiscal year ended December 31, 2021	—	0.15700	0.12870
Assets, liabilities, and net assets at the current rate as of December 31, 2021	0.00869	0.15730	0.12830

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An analysis of the unrestricted cumulative adjustments from foreign currency translation are as follows for the years ended December 31:

	2022	2021
Beginning balance	\$ (291)	—
Translation adjustment	(5,301)	(291)
Ending balance	\$ (5,592)	(291)

(j) Income Taxes

The Laboratory 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. JAX HK is a taxable entity organized under the regulations of Hong Kong. JAX Japan Holdings and JAX Japan are taxable entities organized under the regulations of Japan.

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.

(k) 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.

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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.

(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, 2022 and 2021 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.

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There were no transfers between Level 1 and Level 2 for the fiscal years ended December 31, 2022 and 2021.

The following tables summarize the Laboratory's investments by major category in the fair value hierarchy as of December 31, 2022 and 2021, as well as related strategy, liquidity and funding commitments:

	December 31, 2022			Total
	Level 1	Level 2	NAV or equivalent	
Short-term investments:				
Cash and cash equivalents	\$ 84,227	10,000	—	94,227
U.S. and global fixed income funds	147,380	—	—	147,380
Total short-term investments	231,607	10,000	—	241,607
Long-term investments (endowment):				
Money market accounts and certificates of deposit	1,534	—	—	1,534
U.S. and global fixed income funds	27,426	—	—	27,426
Equities:				
U.S. mid and large cap value funds	121,525	—	—	121,525
Global large cap	73,217	—	18,776	91,993
Total equities	194,742	—	18,776	213,518
Multiple hedged strategies ¹	19,344	—	32,118	51,462
Private equity and real assets ¹	—	—	82,229	82,229
Total long-term investments	243,046	—	133,123	376,169
Total	\$ 474,653	10,000	133,123	617,776

¹ The redemption or liquidation is monthly to locked up. The lock-up periods have various terms with extensions of one to three years. As of December 31, 2022, the average remaining life of these partnerships is approximately six years.

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	December 31, 2021			
	Level 1	Level 2	NAV or equivalent	Total
Short-term investments:				
Cash and cash equivalents	\$ 62,095	—	—	62,095
U.S. and global fixed income funds	—	213,572	—	213,572
Total short-term investments	62,095	213,572	—	275,667
Long-term investments (endowment):				
Money market accounts and certificates of deposit	2,223	—	—	2,223
U.S. and global fixed income funds	51,649	—	—	51,649
Equities:				
U.S. mid and large cap value funds	154,077	—	—	154,077
Global large cap	90,296	—	33,650	123,946
Total equities	244,373	—	33,650	278,023
Multiple hedged strategies ¹	20,272	—	26,531	46,803
Private equity and real assets ¹	—	—	66,938	66,938
Total long-term investments	318,517	—	127,119	445,636
Total	\$ 380,612	213,572	127,119	721,303

¹ The redemption or liquidation is monthly to locked up. The lock-up periods have various terms with extensions of one to three years. As of December 31, 2021, the average remaining life of these partnerships is approximately six years.

(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-ten years. The aggregate amounts of unfunded commitments associated with private limited partnerships as of December 31, 2022 and 2021 were

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\$31,111 and \$29,644, 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, 2022 and 2021 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:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 21,368	22,240
Contributions and accounts receivable, net	68,438	59,893
Short-term investments	241,607	275,667
Budgeted endowment payouts:		
Board-designated	10,855	8,777
Donor-restricted	<u>2,977</u>	<u>2,525</u>
Total financial assets available within one year	345,245	369,102
Liquidity resources:		
Bank line of credit	<u>57,500</u>	<u>50,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 402,745</u>	<u>419,102</u>

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, 2022 and 2021, the Laboratory had an additional \$281,933 and \$340,183, respectively, in Board-designated endowments not budgeted for spending which is available for general expenditure with Board approval.

(5) Endowment

The Laboratory's endowment consisted of 83 individual donor-restricted funds, as well as Board-designated funds held for the long-term support of the Laboratory's mission.

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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 Finance Committee in conjunction with the recommended adoption of the annual budget.

(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 as underwater funds when they occur. Deficiencies totaled \$229 at December 31, 2022. There were no deficiencies in 2021.

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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, 2022 and 2021:

	2022			Total
	Without donor restrictions	With donor restrictions		
		Underwater funds	Other funds	
Donor-restricted endowments:				
Historical gift value	\$ —	3,290	29,352	32,642
(Depreciation)/Appreciation	—	(229)	50,968	50,739
Board-designated endowments	292,788	—	—	292,788
Total	\$ 292,788	3,061	80,320	376,169

	2021		
	Without donor restrictions	With donor restrictions	
Donor-restricted endowments:			
Historical gift value	\$ —	30,081	30,081
Appreciation	—	66,595	66,595
Board-designated endowments	348,960	—	348,960
Total	\$ 348,960	96,676	445,636

Changes in endowment assets for the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022		
	Without donor restrictions	With donor restrictions	Total
Endowment, December 31, 2021	\$ 348,960	96,676	445,636
Cash contributions	—	2,562	2,562
Board transfer from operating funds to endowment	370	—	370
Investment return	(47,926)	(13,356)	(61,282)
Long-term investment return utilized	(8,776)	(2,525)	(11,301)
In-transit transactions	160	24	184
Endowment, December 31, 2022	\$ 292,788	83,381	376,169

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	December 31, 2021		
	Without donor restrictions	With donor restrictions	Total
Endowment, December 31, 2020	\$ 311,656	75,301	386,957
Cash contributions	—	3,358	3,358
Board transfer from operating funds to endowment	3,507	—	3,507
Investment return	40,804	20,485	61,289
Long-term investment return utilized	(6,768)	(2,380)	(9,148)
In-transit transactions	(239)	(88)	(327)
Endowment, December 31, 2021	\$ 348,960	96,676	445,636

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, 2022 and 2021:

	2022	2021
Due from provision of genetic resources and services	\$ 50,528	48,191
Amounts reimbursable under grants and contracts	14,942	11,002
Miscellaneous accounts receivable	3,485	1,479
	68,955	60,672
Less allowance for uncollectibles	(965)	(1,114)
Accounts receivable, net	\$ 67,990	59,558

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(7) Long-Lived Assets

Long-lived assets consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 15,453	17,956
Buildings and improvements	769,531	758,045
Construction in progress	115,503	78,126
Equipment and software	234,850	219,684
	<u>1,135,337</u>	<u>1,073,811</u>
Less accumulated depreciation	<u>(513,335)</u>	<u>(471,247)</u>
Long-lived assets, net	<u>\$ 622,002</u>	<u>602,564</u>

The change in accounts payable for acquisition and construction of long-lived assets was an increase of \$1,705 for the year ended December 31, 2022 and an increase of \$4,175 for the year ended December 31, 2021.

Commitments to third parties for the purchase of equipment, space renovation and construction projects were \$60,009 and \$56,005 as of December 31, 2022 and 2021, respectively.

(8) Debt

(a) Long-term debt, net

Long-term debt, net, consists of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Series 2021 taxable bonds	\$ 203,340	203,340
Series 2018 taxable bonds	138,290	143,280
Term loan	29,376	—
	<u>371,006</u>	<u>346,620</u>
Debt issuance costs	<u>(3,563)</u>	<u>(2,891)</u>
Bonds and term loan payable, net	367,443	343,729
Note payable	1,198	1,347
Long-term debt, net	<u>\$ 368,641</u>	<u>345,076</u>

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

On June 24, 2022, the Laboratory entered into a five-year, \$30,000 loan agreement with a Japanese bank to fund a portion of the JAX Japan acquisition. The loan and related interest and principal payments are denominated in Japanese Yen. The loan agreement also provides for a \$7,500 revolving credit facility. The borrowing consists of a blended rate of 1.4%, payable semi-annually. Principal payments of \$1,100 and related interest payments are payable semi-annually, with a balloon payment for the remaining balance of \$19,100 in 2027. The borrowing is securitized by JAX Japan assets and contains several non-financial and financial reporting covenants. The financial covenants include the maintenance of a minimal net asset value, as well as the achievement of certain ordinary income levels, as of and for the year ended December 31, 2022, for the Laboratory's Japan operations on a stand-alone basis. As a result of the Laboratory's Japan operations, the Laboratory is in default of these financial covenants as of December 31, 2022. On May 25, 2023, the Laboratory received a waiver of these financial covenants from the bank. Interest expense incurred and paid during 2022 totaled \$242. The Laboratory did not utilize the revolving credit facility in 2022.

On March 16, 2021, the Laboratory issued taxable bonds in the amount of \$203,340. A portion of the proceeds were utilized to defease the remaining outstanding principal of \$48,435 on a former bond series, resulting in a loss of \$67 from the extinguishment of debt for the year ended December 31, 2021. The remainder of the proceeds are intended for capital improvements. The bonds have a stated rate of fixed interest ranging from 2.692% to 3.468%, payable semiannually, over a 30 year term. Interest expense incurred during 2022 and 2021 on the taxable bonds totaled \$6,924 and \$5,482, net of capitalized interest of \$5,104 and \$4,443, respectively. At December 31, 2022 and 2021 accrued interest of \$3,462 and \$3,462, respectively, is included in accrued expenses on the consolidated balance sheets. The remaining bond proceeds on hand of \$88,600 at December 31, 2022 are included in working capital on the consolidated balance sheet. Under the terms of the bonds, the Laboratory is to meet certain reporting covenants.

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 2022 and 2021 on the taxable bonds totaled \$5,749 and \$5,900, net of capitalized interest of \$0 and \$0, respectively. At December 31, 2022 and 2021 accrued interest of \$2,836 and \$2,914, respectively, is included in accrued expenses on the consolidated balance sheets.

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 4, 2024. Interest is payable monthly at the rate of BSBY plus 0.65%. The Laboratory did not utilize the unsecured line of credit during the year ended December 31, 2022 or 2021. The line of credit documents require the Laboratory to maintain certain reporting covenants but contains no financial covenants.

THE JACKSON LABORATORY
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(b) Maturities of Long-Term Debt

Maturities of long-term debt as of December 31, 2022, were as follows:

	Amounts due
Year ending December 31:	
2023	\$ 7,260
2024	7,406
2025	7,568
2026	7,749
2027	25,863
Thereafter	316,358
Total	\$ 372,204

(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 \$18,247 and \$16,661 for the years ended December 31, 2022 and 2021, 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 \$477 and \$589 in the years ended December 31, 2022 and 2021, respectively, the Laboratory has not funded the postretirement plan. The benefit obligation as of December 31, 2022 and 2021, respectively, is \$5,215 and \$6,726, and are included in other liabilities 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 matching the employee investment selections to assure funding is available to meet future liabilities. The liability and matching investments related to the salary deferral plan each totaled \$8,489 and \$10,052 at December 31, 2022 and 2021, respectively. Investments related to the non-qualified salary deferral plan are categorized as Level 1 in the fair value hierarchy as more fully described in note 3(c).

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 \$703 and \$1,333 at December 31, 2022 and 2021, respectively, is included in accounts payable and accrued expenses, and the corresponding assets are included in other assets.

THE JACKSON LABORATORY

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(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>2022</u>	<u>2021</u>
Donor-restricted endowments:		
Research	\$ 26,535	24,363
Training	2,408	2,029
Other programs	899	888
General purpose	2,800	2,801
Pledges receivable for endowment	724	1,093
Total endowment	<u>33,366</u>	<u>31,174</u>
Purpose and time-restricted, and other:		
Unappropriated return	50,739	66,595
Other	5,811	5,370
Total net assets with donor restrictions	<u>\$ 89,916</u>	<u>103,139</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) Subsequent Events

The Laboratory has evaluated subsequent events from the consolidated balance sheet date of December 31, 2022 through May 31, 2023, the date on which the consolidated financial statements were issued.

THE JACKSON LABORATORY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended December 31, 2022

Federal grantor/pass-through grantor/ program or cluster title	Federal assistance listing number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Research and Development Cluster:				
Department of Health and Human Services:				
Environmental Health	93.113	R01 ES029916A Contract	\$ 23,778	827,519
Subtotal			23,778	827,519
Oral Diseases and Disorders Research	93.121	R01 DE031750A Contract	—	123,833
The Forsyth Institute	93.121	R01 DE016937D Forsyth Contract	—	34,545
Subtotal			—	158,378
Human Genome Research	93.172	K99 HG011542A Contract	—	119,447
Human Genome Research	93.172	R01 HG009900A Contract	90,949	138,222
Human Genome Research	93.172	R01 HG010679A Contract	484,630	920,701
Human Genome Research	93.172	R01 HG011253A Contract	—	698,031
Human Genome Research	93.172	R25 HG007053B Contract	—	4,193
Human Genome Research	93.172	R25 HG010611A Contract	—	80,158
Human Genome Research	93.172	R35 HG011329A Contract	—	461,798
Human Genome Research	93.172	U24 HG000330I Contract	—	3,350,733
Human Genome Research	93.172	U24 HG007497C Contract	1,432,656	2,616,364
Human Genome Research	93.172	U24 HG011449A Contract	221,596	734,467
Human Genome Research	93.172	U24 HG011735A Contract	497,357	1,167,602
Human Genome Research	93.172	UM1 HG009409A Contract	—	662,925
Human Genome Research	93.172	UM1 HG012651A Contract	—	267,395
California Institute of Technology	93.172	U24 HG010859A CALTECH Contract	—	668,993
Geisinger Clinic	93.172	R01 HG011799A Geisinger Contract	—	137,327
NYU School of Medicine	93.172	U24 HG011851A NYU Contract	—	234,867
The Broad Institute, Inc	93.172	UM1 HG009435A Broad Institute Contract	—	352,886
The Ohio State University	93.172	R01 HG011469A Contract	—	12,447
University Of Colorado	93.172	RM1 HG010860B Colorado Contract	—	189,921
University Of Southern California	93.172	U24 HG012212A USC Contract	—	184,434
University Of Southern California	93.172	U41 HG002273F USC Contract	—	108,566
University Of Washington	93.172	R01 HG010169A UW Contract	—	17,701
Subtotal			2,727,188	13,129,178
Research Related to Deafness and Communication Disorders	93.173	R01 DC015242A Contract	—	— (2)
Research Related to Deafness and Communication Disorders	93.173	R01 DC015242B Contract	—	507,204
Research Related to Deafness and Communication Disorders	93.173	R01 DC018304A Contract	312,746	633,709
Research Related to Deafness and Communication Disorders	93.173	R13 DC019012A Contract	—	34,250
Subtotal			312,746	1,175,161
National Center on Sleep Disorders Research:				
Trustees of the University of Pennsylvania	93.233	P01 HL094307B PENN Contract	—	9,482
Trustees of the University of Pennsylvania	93.233	R21 HL163717A UPenn Contract	—	1,694
Subtotal			—	11,176
Mental Health Research Grants:				
University Of Connecticut	93.242	R25 MH129298A Contract	6,907	82,541
University Of Connecticut	93.242	R01 MH112739A Uconn Contract	—	11,183
Subtotal			6,907	93,724
Alcohol Research Programs:				
University of Connecticut Health Center	93.273	R21 AA027858A UCHC Contract	—	5,306
Subtotal			—	5,306
Drug Abuse and Addiction Research Programs	93.279	P50 DA039841A Contract	327	119,666
Drug Abuse and Addiction Research Programs	93.279	P50 DA039841B Contract	27,930	33,012
Drug Abuse and Addiction Research Programs	93.279	R01 DA028420C Contract	—	906,441
Drug Abuse and Addiction Research Programs	93.279	R01 DA037927B Contract	—	877,626
Drug Abuse and Addiction Research Programs	93.279	R01 DA048890A Contract	96,312	646,784
Drug Abuse and Addiction Research Programs	93.279	R13 DA052199A Contract	—	19,296
Drug Abuse and Addiction Research Programs	93.279	R25 DA051342A Contract	—	93,375
Drug Abuse and Addiction Research Programs	93.279	R33 DA050837B Contract	50,306	186,658
Drug Abuse and Addiction Research Programs	93.279	U01 DA041668A Contract	—	48,051
Drug Abuse and Addiction Research Programs	93.279	U01 DA043809A Contract	8,672	833,646
Drug Abuse and Addiction Research Programs	93.279	U01 DA051235A Contract	12,070	560,759
Emory University	93.279	DP1 DA042103A Emory U Contract	—	12,270
Emory University	93.279	R01 DA042742A Emory U Contract	—	23,985
Virginia Commonwealth University	93.279	U01 DA045299A VCU Contract	—	214,028
Subtotal			195,617	4,875,597
Discovery and Applied Research for Technological Innovations to Improve Human Health				
University of Connecticut Health Center	93.286	U01EB028898A / HL156349 Contract	—	657,726
Subtotal			—	657,726
Trans-NIH Research Support	93.310	U54 DK107967A Contract	—	99,128
Trans-NIH Research Support	93.310	U01 CA235493B Contract	150,691	484,038
Trans-NIH Research Support	93.310	DP2 GM126893A Contract	—	1,728,121
Trans-NIH Research Support	93.310	R03 OD033657A Contract	26,232	94,874
Trans-NIH Research Support	93.310	U01 CA239108A Contract	162,210	196,279
Trans-NIH Research Support	93.310	UM1 OD023222B Contract	—	(14,816)
Trans-NIH Research Support – COVID 19	93.310	UM1 OD023222BC3 Contract	—	17,113
California Institute of Technology	93.310	U24 HG010859A CALTECH Contract	—	192,336
Connecticut Children's Medical Center	93.310	R61 HD105613A CCMC Contract	—	205,703
Emory University	93.310	U2 ES030163A Emory Contract	—	92,869
Medical College of Wisconsin	93.310	U24 HG010423A MCW Lutz Contract	—	145,139
University of Connecticut Health Center	93.310	U01EB028898A / HL156349 Contract	—	56,760
University of Connecticut Health Center	93.310	U54 AG075941A UCHC Contract	—	531,531
Subtotal			339,133	3,829,075
National Center for Advancing Translational Sciences:				
Tufts University School Of Medicine	93.350	UL1 TR002544A Tufts Contract	—	22,880
University Of Colorado	93.350	U24 TR002306B Colorado Contract	—	35,394
Subtotal			—	58,274
Research Infrastructure Programs	93.351	R13 OD010920F Contract	—	30,055
Research Infrastructure Programs	93.351	P40 OD011102E Contract	—	1,079,352
Research Infrastructure Programs – COVID 19	93.351	P40 OD011102E Contract	—	61,401
Research Infrastructure Programs	93.351	R21 OD023803A Contract	—	26,091
Research Infrastructure Programs	93.351	R21 OD027052A Contract	5,043	5,043
Research Infrastructure Programs	93.351	R24 OD011190C Contract	—	679,356
Research Infrastructure Programs	93.351	R24 OD021325B Contract	—	797,044
Research Infrastructure Programs	93.351	R24 OD030037A Contract	—	906,496
Research Infrastructure Programs	93.351	U42 OD010921C Contract	—	1,351,835

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Federal grantor/pass-through grantor/ program or cluster title	Federal assistance listing number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Research Infrastructure Programs – COVID 19	93.351	U42 OD010921C Contract	\$ 133,627	136,280
Research Infrastructure Programs	93.351	U42 OD026635A Contract	—	820,785
Research Infrastructure Programs	93.351	U54 OD030187A Contract	—	2,477,730
Research Infrastructure Programs	93.351	UM1 OD023222B Contract	7,560	2,187,506
Research Infrastructure Programs	93.351	UM1 OD023222C Contract	—	1,081,128
University Of Colorado	93.351	R24 OD011883D CU Denver Contract	—	285,336
University Of Massachusetts	93.351	R24 OD026440A UMA Contract	—	280,599
University Of Southern California	93.351	R24 OD030033A USC Contract	—	350,282
Subtotal			146,230	12,556,319
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353	U24 CA224067B Contract	205,906	1,825,274
Yale University	93.353	U2C CA252979A Yale Contract	—	367,257
Subtotal			205,906	2,192,531
Cancer Cause and Prevention Research	93.393	R01 CA255705A Contract	—	701,098
Cancer Cause and Prevention Research	93.393	R21 CA296575A Contract	—	268,155
Moffitt Cancer Center	93.393	R01 CA219389A Moffitt Contract	—	31,041
University of Connecticut Health Center	93.393	R01 CA252045A UCHC Contract	—	371,270
Subtotal			—	1,371,564
Cancer Detection and Diagnosis Research	93.394	R33 CA236681A Contract	—	623,217
Cancer Detection and Diagnosis Research	93.394	R33 CA247669A Contract	—	552,316
Subtotal			—	1,175,533
Cancer Treatment Research	93.395	R01 CA219880A Contract	19,185	597,680
Cancer Treatment Research	93.395	R37 CA237307A Contract	62,695	421,727
Cancer Treatment Research	93.395	U24 CA263963A Contract	—	860,534
Subtotal			81,880	1,879,941
Cancer Biology Research	93.396	R01 CA089713E Contract	—	576,649
Cancer Biology Research	93.396	R01 CA230031A Contract	—	418,849
Cancer Biology Research	93.396	R01 CA237208A Contract	—	468,446
Cancer Biology Research	93.396	R01 CA248317A Contract	—	597,416
Cancer Biology Research	93.396	R01 CA251433A Contract	—	540,520
Cancer Biology Research	93.396	R01 CA265978A Contract	—	158,881
Cancer Biology Research	93.396	U01 CA271830A Contract	210,318	436,074
Cancer Biology Research	93.396	U01 A63077925A Contract	328,658	722,797
Cold Spring Harbor Laboratory	93.396	R01 CA249002A CSHL Contract	—	43,759
Cold Spring Harbor Laboratory	93.396	U01 CA224013A CSHL PR Contract	—	387,505
University California San Diego	93.396	U24 CA220341A UCSD Contract	—	42,853
Subtotal			538,976	4,393,749
Cancer Centers Support Grants	93.397	P30 CA034196H Contract	—	2,198,575
Subtotal			—	2,198,575
Cancer Research Manpower	93.398	R25 CA122819D Contract	—	173,406
Cancer Research Manpower	93.398	R25 CA172010B Contract	—	115,155
Cancer Research Manpower	93.398	R25 CA233420A Contract	—	112,372
Subtotal			—	400,933
Cardiovascular Diseases Research:				
Medical College of Wisconsin	93.837	P01 HL149620A MCW Contract	—	96,987
University of Connecticut Health Center	93.837	R01 HL142787A UCHC Contract	—	172,432
University of Connecticut Health Center	93.837	R01 HL165220A UCHC Contract	—	10,603
University Of Pittsburgh	93.837	R01 HL142788A UPitt Contract	—	89,886
Subtotal			—	369,908
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	R01 AR078634A Contract	—	363,866
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	R21 AR075174A Contract	27,208	76,894
Joan & Sanford I Weill Medical	93.846	P50 AR070594B Cornell Contract	—	115,546
Joan & Sanford I Weill Medical	93.846	P50 AR070594B Cornell Contract	—	52,087
University of Connecticut Health Center	93.846	R01 AR081659A UCHC Contract	—	194,666
Subtotal			27,208	803,059
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	F32 DK120298A Contract	—	4,393
Diabetes, Digestive, and Kidney Diseases Extramural Research – COVID 19	93.847	F32 DK120298A Contract	—	54,800
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK095735C Contract	4,988	134,923
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK095735D Contract	—	522,460
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK117137A Contract	63,408	246,350
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK118011A Contract	63,216	790,455
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK118072A Contract	—	528,175
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01 DK131019A Contract	11,809	334,038
Joslin Diabetes Research Center	93.847	R01 DK131061A JDC Contract	—	151,868
The Broad Institute, Inc	93.847	UM1 DK105541B Broad Contract	—	79,194
University Of Massachusetts	93.847	U01 DK104218B UMA Contract	—	214,360
University of Miami	93.847	R56 DK131087A U Miami Contract	—	11,623
University Of Wisconsin	93.847	RC2 DK129561A Wise Contract	—	198,628
Yale University	93.847	R01 DK129523A Yale Contract	—	163,847
Subtotal			143,421	3,435,114
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	F31 NS125978A Contract	—	11,774
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS102414A Contract	142,725	259,977
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS102414B Contract	129,575	380,040
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS125742A Contract	56,072	196,801
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R03 NS123787A Contract	—	50,359
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R21 NS105116A Contract	516	516
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R21 NS116936A Contract	—	265,997
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R25 NS078795C Contract	—	46,133
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R37 NS054154E Contract	—	819,517
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R61 NS115129A Contract	—	970,688
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	U54 NS105539A Contract	217,291	1,185,112
Houston Methodist Research	93.853	R01 NS121405A JG MHRH Contract	—	97,492
Massachusetts General Hospital	93.853	RF1 NS124203A MGH Lutz Contract	—	423,410
Scripps Translational Science	93.853	R01 NS113583A Scripps Contract	—	158,402
Tufts University School Of Medicine	93.853	R21 NS119958A Tufts Contract	—	9,144
Subtotal			546,179	4,875,362
Allergy and Infectious Diseases Research	93.855	R01 AI121920A Contract	—	621,322
Allergy and Infectious Diseases Research	93.855	R01 AI141609A Contract	—	44,425
Allergy and Infectious Diseases Research	93.855	R01 AI142086A Contract	122,891	832,824
Allergy and Infectious Diseases Research	93.855	R01 AI149746B Contract	21,620	483,847
Allergy and Infectious Diseases Research	93.855	R01 AI153344A Contract	—	13,082
Allergy and Infectious Diseases Research	93.855	R21 AI145383A Contract	—	884
Allergy and Infectious Diseases Research	93.855	U01 AI124297A Contract	—	(3)

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Federal grantor/pass-through grantor/ program or cluster title	Federal assistance listing number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Allergy and Infectious Diseases Research	93.855	U01 AI165452A Contract	\$ 409,377	899,091
Allergy and Infectious Diseases Research	93.855	U19 AI142733A Contract	655,864	2,002,349
Allergy and Infectious Diseases Research – COVID 19	93.855	U19 AI142733ACV Contract	535,523	6,011,314
Brigham And Women's Hospital	93.855	R01 AI141529A BWH Contract	—	90,292
Emory University	93.855	U19 AI090023C Emory Contract	—	6,715
Harvard Pilgrim Health Care	93.855	R56 AI150864B HPHC Contract	—	6,316
Nationwide Children's Hospital	93.855	U01 AI131386A NCH Contract	—	372,111
Nationwide Children's Hospital – COVID 19	93.855	U01 AI131386ACV NCH Contract	—	294,080
New York Blood Center, Inc.	93.855	U01 AI160421A NYBC Contract	—	396,853
The University of Texas – COVID 19	93.855	R21 AI145400A Texas Contract	—	8,460
Trustees of Boston University	93.855	R01 AI151051A BU Contract	—	258,355
University Of Colorado Denver	93.855	R21 AI155257A UC Denver Contra	—	6,863
University Of Massachusetts	93.855	R01 AI132963A UMA Contract	—	225,774
Yale University	93.855	R01 AI136942A Yale Contract	—	9,743
Subtotal			1,745,275	7,174,697
Biomedical Research and Research Training	93.859	F32 GM134599A Contract	—	49,486
Biomedical Research and Research Training	93.859	K99 GM135540A Contract	—	(4,730)
Biomedical Research and Research Training	93.859	R01 GM070683D Contract	127,765	471,914
Biomedical Research and Research Training	93.859	R01 GM115518A Contract	—	(2)
Biomedical Research and Research Training	93.859	R01 GM125736A Contract	30,371	162,127
Biomedical Research and Research Training	93.859	R01 GM127531A Contract	52,447	856,991
Biomedical Research and Research Training	93.859	R01 GM138541A Contract	—	287,933
Biomedical Research and Research Training	93.859	R01 GM141309A Contract	—	283,336
Biomedical Research and Research Training	93.859	R25 GM113979B Contract	—	70,147
Biomedical Research and Research Training	93.859	R25 GM141520A Contract	—	79,047
Biomedical Research and Research Training	93.859	R25 GM142036A Contract	6,654	245,745
Biomedical Research and Research Training	93.859	R35 GM124922A Contract	2,562	292,702
Biomedical Research and Research Training	93.859	R35 GM133415A Contract	—	338,552
Biomedical Research and Research Training	93.859	R35 GM133495A Contract	—	371,594
Biomedical Research and Research Training	93.859	R35 GM133562A Contract	—	625,699
Biomedical Research and Research Training	93.859	R35 GM133711A Contract	—	(639)
Biomedical Research and Research Training	93.859	R35 GM133724A Contract	—	386,301
Dartmouth College	93.859	P20 GM130454A Dartmouth Contra	—	31,618
d'Vinci Interactive, Inc	93.859	R44 GM132222B d'Vinci Contract	—	219,826
Georgia Regents University	93.859	R01 GM121551A UGA Contract	—	37,273
MDI Biological Laboratory	93.859	P20 GM104318C MDIBL Contract	—	30,239
The Ohio State University	93.859	R01 GM136886A OSU Contract	—	27,430
University of Connecticut Health Center	93.859	R35 GM136600A UCHC Contract	—	307,082
University Of Michigan	93.859	R01 GM124251A U Michigan Contract	—	59,900
Subtotal			219,799	5,229,571
Child Health and Human Development Extramural Research	93.865	F31 HD108973A Contract	—	20,117
Child Health and Human Development Extramural Research	93.865	F32 HD107804A Contract	—	61,246
Child Health and Human Development Extramural Research	93.865	F41 HD062499C Contract	—	2,223,955
Child Health and Human Development Extramural Research	93.865	R01 HD093778A Contract	—	423,757
Child Health and Human Development Extramural Research	93.865	R01 HD102363A Contract	—	351,446
Child Health and Human Development Extramural Research	93.865	R01 HD103805A Contract	244,200	698,033
Child Health and Human Development Extramural Research	93.865	R25 HD079344B Contract	—	294,919
Child Health and Human Development Extramural Research	93.865	T32 HD00765H Contract	—	(1,537)
Emory University	93.865	R01 HD102534A Emory Contract	—	218,474
Massachusetts General Hospital	93.865	P01 HD068250B MGH Bult Contract	—	43,624
University California San Diego	93.865	U54 HD104393A UCSD Contract	—	129,965
University of California San Francisco	93.865	R01 HD107190A UCSF Contract	—	7,101
University of Colorado Denver	93.865	R01 HD107793A UC Denver Contract	—	29,712
Subtotal			244,200	4,500,812
Aging Research	93.866	P30 AG038070C Contract	—	1,233,230
Aging Research	93.866	R01 AG054180A Contract	5,493	315,386
Aging Research	93.866	R01 AG057914A Contract	—	1,321,682
Aging Research	93.866	R01 AG069010A Contract	50,375	507,885
Aging Research	93.866	R01 AG074012A Contract	500,047	1,172,126
Aging Research	93.866	R01 AG075818A Contract	71,924	430,477
Aging Research	93.866	R01 AG076129A Contract	121,386	363,347
Aging Research	93.866	R13 AG069519A Contract	—	37,282
Aging Research	93.866	R13 AG072861A Contract	—	54,802
Aging Research	93.866	R21 AG075496A Contract	—	26,734
Aging Research	93.866	R56 AG060746A Contract	72,101	170,896
Aging Research	93.866	R56 AG071766A Contract	—	22,949
Aging Research	93.866	R61 AG078530A Contract	—	39,995
Aging Research	93.866	RF1 AG055104A Contract	—	841,809
Aging Research	93.866	RF1 AG063755A Contract	141,704	765,389
Aging Research	93.866	RF1 AG075701A Contract	—	74,538
Aging Research	93.866	T32 AG062409A Contract	—	222,824
Aging Research	93.866	U01 AG022308D Contract	—	1,670,945
Aging Research – COVID 19	93.866	U01 AG022308D Contract	—	81,958
Aging Research	93.866	U24 AG066346A Contract	—	178,604
Aging Research	93.866	U54 AG079753A Contract	—	269,367
Aging Research	93.866	RF1 AG059778A Contract	—	350,445
Duke University	93.866	UH3 AG056925B Duke Contract	—	216,709
Emory University	93.866	U54 AG065187A Emory Contract	—	322,891
MDI Biological Laboratory	93.866	R01 AG068179A MDIBL Contract	—	169,481
Regents of the University of California	93.866	RF1 AG057558A UC Contract	—	60,765
TissueVision, Inc	93.866	R44 AG062017B TissueVis Contract	—	88,269
Trustees of Indiana University	93.866	R21 AG078575A IU Contract	—	23,975
Trustees of Indiana University	93.866	U01 AG069000A Indiana Univ Contract	—	206,462
Trustees of Indiana University	93.866	U54 AG054345A IU Contract	—	1,709,684
Trustees of Indiana University	93.866	U54 AG054345C IU Contract	—	946,912
University of Connecticut Health Center	93.866	P30 AG067988A UCHC Contract	—	194,895
University of Connecticut Health Center	93.866	R01 AG058814A UCHC Contract	—	38,495
University of Connecticut Health Center	93.866	R01 AG069679A UCHC Contract	—	4,886
University of Connecticut Health Center	93.866	R21 AG077792A UCHC Contract	—	69,704
University of Arizona	93.866	R01 AG057931A Arizona Contract	—	264,111
University of Minnesota	93.866	R56 AG067573A Univ Minn Contract	—	298,430
University of Minnesota	93.866	RF1 AG079125A UMN Contract	—	60,179
University Of Pittsburgh	93.866	R13 AG060708B UPitt Contract	—	4,099
University Of Pittsburgh	93.866	R13 AG060708C UPitt Contract	—	31,087
University Of Pittsburgh	93.866	U19AG074866-01A1UPITT Contract	—	84,789
University of Tennessee Health Science	93.866	R01 AG070913A UTHSC Contract	—	11,722
Subtotal			963,030	14,960,215

THE JACKSON LABORATORY
Supplementary Schedule of Expenditures of Federal Awards
Year ended December 31, 2022

Federal grantor/pass-through grantor/ program or cluster title	Federal assistance listing number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Vision Research	93.867	R01 EY027305B Contract	\$ —	608,295
Vision Research	93.867	R01 EY019943C Contract	—	456,225
Vision Research	93.867	R01 EY027305A Contract	—	27
Vision Research	93.867	R01 EY027860A Contract	—	3,972
Vision Research	93.867	R01 EY028175A Contract	—	396,987
Vision Research	93.867	R01 EY028561A Contract	—	421,434
The Trustees of Columbia University	93.867	R01 EY032062A Columbia Contract	—	299,353
Trustees of Indiana University	93.867	U24 EY033269A Indiana Contract	—	29,563
University of California San Francisco	93.867	R01 EY033015 UCSF Contract	—	13,163
University of Rochester	93.867	R01 EY027701A Univ Rochester Contract	—	232,405
Subtotal			—	2,461,424
Total Department of Health and Human Services			8,467,473	94,800,421
Department of Agriculture, National Institute of Food and Agriculture: Agriculture and Food Research Initiative (AFRI)				
University of Connecticut	10.310	2020-67018-30852 UCHC	—	14,150
Subtotal			—	14,150
Total Department of Agriculture, National Institute of Food and Agriculture			—	14,150
National Science Foundation (NSF):				
Computer and Information Science and Engineering	47.070	CCF 1955712	—	8,052
Subtotal			—	8,052
Biological Sciences	47.074	DBI 1851697	—	126,749
Biological Sciences	47.074	DEB 1942620	—	258,807
Subtotal			—	385,556
Education and Human Resources:				
Carleton College	47.076	IUSE 1829135 Carleton Contract	—	14,394
Subtotal			—	14,394
Total National Science Foundation			—	408,002
Department of Defense (DOD):				
Military Medical Research and Development	12.420	DOD Stitzel W81XWH2110275 Cont	18,536	268,602
Connecticut Children's Medical Center	12.420	CCMC W81XWH2210177 Gell Contra	—	24,031
Subtotal			18,536	292,633
Total Department of Defense			18,536	292,633
Total Research and Development Cluster			8,486,009	95,515,206
Total Expenditures of Federal Awards			8,486,009	95,515,206

See accompanying notes to supplementary of expenditures of federal awards.

THE JACKSON LABORATORY

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

(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, 2022. 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.