

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

COLD SPRING HARBOR LABORATORY

For the years ended December 31, 2021 and 2020

COLD SPRING HARBOR LABORATORY

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Auditor's responsibilities for the audit of the 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 auditor's 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 US GAAS 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 US GAAS, we:

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x Identify and assess the risks of mate.7 (k)130 (c)-2.7 (o)13.3 (ent) 0.747 0 TTd(I)2 0.004 Tc (I)

COLD SPRING HARBOR LABORATORY
Consolidated Balance Sheets
As of December 31, 2021 and 2020

| ASSETS | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 110,039,037 | \$ 108,990,728 |
| Grants receivable | 11,023,970 | 8,898,818 |
| Contributions receivable, net | 109,223,435 | 112,118,879 |
| Investments | 785,156,520 | 730,782,048 |
| Investment in employee residences | 6,366,321 | 6,420,336 |
| Restricted use assets | 3,391,191 | 3,709,586 |
| Other assets | 7,585,315 | 6,831,860 |
| Land, buildings, and equipment, net | <u>286,004,083</u> | <u>266,300,564</u> |
| Total assets | <u>\$ 1,318,789,872</u> | <u>\$ 1,244,052,819</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 11,290,659 | \$ 17,736,905 |
| Deferred revenue | 42,817,598 | 54,961,017 |
| Interest rate swap | 33,914,521 | 41,196,290 |
| Bonds payable | <u>96,006,502</u> | <u>95,940,233</u> |
| Total liabilities | <u>184,029,280</u> | <u>209,834,445</u> |
| Commitments and contingencies | | |
| Net assets | | |
| Without donor restrictions | 695,295,250 | 598,160,188 |
| With donor restrictions | <u>439,465,342</u> | <u>436,058,186</u> |
| Total net assets | <u>1,134,760,592</u> | <u>1,034,218,374</u> |
| Total liabilities and net assets | <u>\$ 1,318,789,872</u> | <u>\$ 1,244,052,819</u> |

The accompanying notes are an integral part of these consolidated financial statements.

COLD SPRING HARBOR LABORATORY
Consolidated Statements of Activities
For the years ended December 31, 2021 and 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2021 Total</u> | <u>2020 Total</u> |
|--|---------------------------------------|------------------------------------|-------------------------|-------------------------|
| Revenue and other support | | | | |
| Public support - contributions and nonfederal grant awards | \$ 40,759,409 | \$ 30,186,155 | \$ 70,945,564 | \$ 47,238,038 |
| Federal grant awards | 38,821,308 | - | 38,821,308 | 41,310,029 |
| Indirect cost allowances | 30,972,451 | - | 30,972,451 | 32,496,274 |
| Investment return utilized | 32,860,963 | - | 32,860,963 | 35,260,137 |
| Royalty and license revenue | 14,066,754 | - | 14,066,754 | 14,063,144 |
| Program fees | 6,177,475 | - | 6,177,475 | 6,027,763 |
| Publications sales | 9,193,214 | - | 9,193,214 | 9,665,668 |
| Dining services | 416,061 | - | 416,061 | 301,592 |
| Rooms and apartments | 1,036,749 | - | 1,036,749 | 1,162,678 |
| Miscellaneous | 996,292 | - | 996,292 | 945,231 |
| Net assets released from restrictions | <u>58,910,562</u> | <u>(58,910,562)</u> | <u>-</u> | <u>-</u> |
| Total revenue and other support | <u>234,211,238</u> | <u>(28,724,407)</u> | <u>205,486,831</u> | <u>188,470,554</u> |
| Expenses | | | | |
| Research | 110,705,498 | - | 110,705,498 | 107,061,748 |
| Educational programs | 13,781,654 | - | 13,781,654 | 13,907,463 |
| Publications | 9,555,000 | - | 9,555,000 | 9,611,376 |
| Banbury Center conferences | 1,327,685 | - | 1,327,685 | 1,418,130 |
| DNA Learning Center programs | 5,414,845 | - | 5,414,845 | 4,467,315 |
| School of Biological Sciences programs | 2,966,837 | - | 2,966,837 | 2,973,914 |
| General and administrative | <u>24,888,774</u> | <u>-</u> | <u>24,888,774</u> | <u>25,309,666</u> |
| Total expenses | <u>168,640,293</u> | <u>-</u> | <u>168,640,293</u> | <u>164,749,612</u> |
| Excess (deficiency) of revenue and other support over expenses | 65,570,945 | (28,724,407) | 36,846,538 | 23,720,942 |
| Other changes in net assets | | | | |
| Investment return excluding amount utilized | 24,282,348 | 32,131,563 | 56,413,911 | 45,901,739 |
| Change in fair value of interest rate swap | <u>7,281,769</u> | <u>-</u> | <u>7,281,769</u> | <u>(8,128,837)</u> |
| Increase in net assets | 97,135,062 | 3,407,156 | 100,542,218 | 61,493,844 |
| Net assets at beginning of year | <u>598,160,188</u> | <u>436,058,186</u> | <u>1,034,218,374</u> | <u>972,724,530</u> |
| Net assets at end of year | <u>\$ 695,295,250</u> | <u>\$ 439,465,342</u> | <u>\$ 1,134,760,592</u> | <u>\$ 1,034,218,374</u> |

The accompanying notes are an integral part of these consolidated financial statements.

COLD SPRING HARBOR LABORATORY
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

The accompanying notes are an integral part of the consolidated financial statements.

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

COLD SPRING HARBOR LABORATORY
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, and revenue and expenses resulting therefrom.

COLD SPRING HARBOR LABORATORY
Notes to Consolidated Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value.

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

circumstances indicate that the carrying value of the asset may not be recoverable. Long-lived assets deemed to be permanently impaired are written down to fair value. There were no impairment charges in 2021 or 2020.

Derivative Instrument

The Laboratory measures its derivative instrument (interest rate swap) at fair value. The fair value of the derivative held is based upon values provided by third-party financial institutions. It is not held for speculation purposes.

Deferred Revenue

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Notes to Consolidated Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Laboratory recognizes government and private contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal, in accordance with ASU 2018-

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

In addition to financial assets available to meet general expenditures over the next 12 months, the Laboratory operates with a balanced budget and anticipates collecting sufficient revenue, including federal funds, to cover general expenditures not covered by donor-restricted resources. The Laboratory typically generates positive cash flows from operations, as evidenced by the statements of cash flows for 2021 and 2020.

As of December 31, 2021, financial assets and liquidity resources available within one year for general expenditure were as follows:

| | <u>2021</u> |
|---|----------------------|
| Financial assets due within one year: | |
| Cash and cash equivalents | \$ 110,039,037 |
| Grants receivable, net | 11,023,970 |
| Contributions receivable due within one year | 30,405,649 |
| Investments | <u>785,156,520</u> |
| | <u>936,625,176</u> |
| Less: | |
| Amounts unavailable for general expenditures within one year due to: | |
| Donor-restricted gifts for research programs | 22,511,908 |
| Donor-restricted gifts for capital projects | 1,825,000 |
| Donor-restricted gifts for educational programs | 1,916,517 |
| Restricted by donor in perpetuity | 119,489,763 |
| Unappropriated accumulated endowment gains | <u>215,826,095</u> |
| Total amounts unavailable due to donor restrictions or law | <u>361,569,283</u> |
| Total financial assets available to management for general expenditure before amounts subject to the Trustees' approval | <u>575,055,893</u> |
| Less board designated funds: | |
| Quasi-endowment | 451,942,397 |
| Reserve for recruiting | 5,165,303 |
| Reserve for capital expansion | <u>80,110,891</u> |
| | <u>537,218,591</u> |
| Total financial assets available for general expenditure before endowment draw | 37,837,302 |
| Plus: | |
| Amounts authorized for appropriation within one year | <u>30,821,617</u> |
| Total financial assets available for general expenditure within one year | <u>\$ 68,658,919</u> |

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

4. INVESTMENTS

Fair value of investments at December 31 is as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------|--------------------|--------------------|
| Mutual funds: | | |
| Money market | \$ 51,163,410 | \$ 57,785,135 |
| Large/mid cap growth | 90,830,923 | 95,687,938 |
| Diversified fixed income | 34,387,995 | 29,502,240 |

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

4. INVESTMENTS (CONTINUED)

Alternative investments are diversified across five basic investment strategies as follows (amounts included are as of December 31, 2021):

Multi-strategy, fund of funds, and absolute return (\$137,690,996) - represent investments in a broad range of investment strategies that seek to exploit opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies. This category includes managers that utilize a fund of funds philosophy.

Long/short equity (\$322,531,042) - primarily investments in funds that, in turn, invest in liquid marketable securities, attempting to realize gains through the identification of mispriced securities, involving buying long prpng47

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

5. FAIR VALUE OF FINANCIAL ASSETS

The following tables present the Laboratory’s fair value hierarchy for those assets measured at fair value on an annual basis as of December 31: 51, 301163, 30141(s)10.6 (e ass)10.6t6 -07ty(ass)10.6t6-t6\$ 8eW nB03 5ne.9 (en)8

| <u>Financial Assets</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-----------------------------------|-------------------|----------------|----------------|----------------|
| Investment in employee residences | \$ 6,366,321 | \$ - | \$ - | \$ 6,366,321 |

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

5. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

| Financial Assets | 2020 | | | |
|---|-----------------------|-----------------------|-------------|---------------------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Investment in employee residences | \$ 6,420,336 | \$ - | \$ - | \$ 6,420,336 |
| Limited liability partnership (1) | 246,000 | - | - | 246,000 |
| Investments: | | | | |
| Mutual funds: | | | | |
| Money market | 57,785,135 | 57,785,135 | - | - |
| Large/mid cap growth | 95,687,938 | 95,687,938 | - | - |
| Diversified fixed income | 29,502,240 | 29,502,240 | - | - |
| Stocks - domestic | 3,749,469 | 3,216,954 | - | 532,515 |
| Subtotal | <u>186,724,782</u> | <u>186,192,267</u> | <u>-</u> | <u>532,515</u> |
| Investments at net asset value ("NAV"): | | | | |
| Alternative investments: | | | | |
| Multi-strategy, fund of funds, and absolute return | 132,976,272 | - | - | - |
| Long/short equity | 283,855,142 | - | - | - |
| Global/international equity | 96,199,814 | - | - | - |
| Emerging markets | 21,232,539 | - | - | - |
| Private investments | 9,793,499 | - | - | - |
| Subtotal | <u>544,057,266</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total investments | <u>730,782,048</u> | <u>186,192,267</u> | <u>-</u> | <u>532,515</u> |
| Total assets at fair value | <u>\$ 737,448,384</u> | <u>\$ 186,192,267</u> | <u>\$ -</u> | <u>\$ 7,198,851</u> |

(1) Included in other assets on the consolidated balance sheets.

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COLD SPRING HARBOR LABORATORY
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

8. INVESTMENT IN EMPLOYEE RESIDENCES

Investment in employee residences consists of (a) notes receivable collateralized by mortgages on residential properties owned by several senior employees; and (b) the Laboratory's percentage ownership in residences inhabited by employees. Upon sale of these residences, the Laboratory will either share in market value fluctuations of the real estate in proportion to its ownership in the residence or receive reimbursement of the outstanding mortgage balance. These investments were authorized by the Trustees to enable such employees to purchase local residences. All costs of property ownership, including real estate taxes, are borne by the employees.

9. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at December 31 consist of the following:

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| Land and land improvements | \$ 18,785,953 | \$ 18,710,029 |
| Buildings | 351,062,364 | 330,334,516 |
| Furniture, fixtures, and equipment | 33,323,779 | 29,995,174 |
| Laboratory equipment | 76,455,532 | 81,036,935 |
| Library books and periodicals | 365,630 | 365,630 |
| Construction in progress | <u>22,014,676</u> | <u>14,235,111</u> |
| | 502,007,934 | 474,677,395 |
| Less accumulated depreciation and amortization | <u>(216,003,851)</u> | <u>(208,376,831)</u> |
| Land, buildings, and equipment, net | <u>\$ 286,004,083</u> | <u>\$ 266,300,564</u> |

Construction in progress at December 31, 2021 represents the cost of various campus renovations ongoing at the Laboratory, of which, three are large multi-year construction projects. The first, a renovation of the six housing cabins, had approximately \$5.5 million in construction in progress and was completed in February 2022. Second, is a renovation of the Laboratory's seawall which has an expected completion date of December 2022. At December 31, 2021, \$4.7 million was included in construction in progress. The third, is the beginning of the Hillside Expansion project; which is a multi-year major expansion adding multiple buildings to the campus to support the research, education and housing programs. There was \$7.3 million included in construction in progress for this project at December 31, 2021. Also in 2021, the Laboratory completed and placed in service the renovation of the DNA Learning Center, at City Tech, and capitalized approximately \$17.4 million.

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The following table summarizes the net assets released from restrictions for the years ended December 31:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|----------------------|----------------------|
| Purpose restrictions accomplished | \$ 26,584,639 | \$ 14,473,868 |
| Time restriction expired | <u>32,325,923</u> | <u>31,063,318</u> |
| | <u>\$ 58,910,562</u> | <u>\$ 45,537,186</u> |

12. INVESTMENT RETURN UTILIZED

Investment return utilized includes amounts appropriated from donor-restricted endowment funds, as reported in Note 13, and investment return on working capital funds. The following tables summarize the Laboratory's total investment return for the years ended December 31:

| | <u>2021</u> | | |
|--|---------------------------------------|------------------------------------|----------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| Net investment expense | \$ (610,681) | \$ (638,642) | \$ (1,249,323) |
| Net appreciation of investments | <u>57,753,992</u> | <u>32,770,205</u> | <u>90,524,197</u> |
| Total investment gain | 57,143,311 | 32,131,563 | 89,274,874 |
| Investment return utilized | <u>(32,860,963)</u> | <u>-</u> | <u>(32,860,963)</u> |
| Investment return excluding amount utilized | <u>\$ 24,282,348</u> | <u>\$ 32,131,563</u> | <u>\$ 56,413,911</u> |

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

12. INVESTMENT RETURN UTILIZED (CONTINUED)

| | 2020 | | |
|---|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Net interest and dividends | \$ 1,407,164 | \$ 598,200 | \$ 2,005,364 |
| Net appreciation of investments | <u>61,700,242</u> | <u>17,456,270</u> | <u>79,156,512</u> |
| Total investment gain | 63,107,406 | 18,054,470 | 81,161,876 |
| Investment return utilized | <u>(35,260,137)</u> | <u>-</u> | <u>(35,260,137)</u> |
| Investment return excluding amount utilized | <u>\$ 27,847,269</u> | <u>\$ 18,054,470</u> | <u>\$ 45,901,739</u> |

13. ENDOWMENT FUNDS

The Laboratory’s endowment, including Robertson, consists of approximately 160 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with the endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Laboratory’s management and investment of donor-restricted endowment funds are subject to the provisions of the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). The Laboratory adopted NYPMIFA as of December 31, 2010 for all institutional endowment assets. The Laboratory and Robertson have interpreted the law as not requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Laboratory classifies as endowment funds within net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the explicit direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the net assets with donor restrictions within the endowment fund are those net assets that have not yet been appropriated for expenditure by the Laboratory in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Laboratory’s investment policy for its endowment and similar funds emphasizes long-term capital appreciation as a primary source of return while balancing the dual objectives of growth in capital and principal preservation. Investments are expected to earn long-term returns sufficient to maintain or grow the purchasing power of assets, net of spending and investment expenses, within acceptable risk parameters. The portfolio is invested in domestic and international equities, private, and other nontraditional investments, broadly diversified fixed income and cash equivalents. The portfolio is expected to earn returns higher than the “market” as represented by a benchmark constructed as a blended rate of indices. The portfolio oversight rests

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Notes to Consolidated Financial Statements
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13. ENDOWMENT FUNDS (CONTINUED)

with the Investment Committees of the Laboratory and Robertson, including the selection of external managers, the allocation of investments, and the type of investments.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Laboratory and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Laboratory
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure
- (8) The investment policies of the Laboratory

In accordance with the spending policies of the Laboratory and Robertson, the Trustees authorized a 4.5% spend-down on endowment funds based on a 12-quarter moving average of the market value of endowment investments. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year earnings. If investment return is in excess of the authorized spending level, the balance is reinvested.

In accordance with the above spending, \$28,439,435 and \$26,389,108 were made available to support operations of the Laboratory for the years ended December 31, 2021 and 2020, respectively. The total planned appropriation for expenditure for the year ending December 31, 2022 is \$30,821,617.

From time to time, the fair value of a2 (r)-4 t6g2 Tdcg-1.1imsu7 (a)9(r)-4 t6g1.7 (n)(i)6.2 (r)-. (ad)-9 (e)-10.7 ()10.9 (a

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

13. ENDOWMENT FUNDS (CONTINUED)

The following table presents endowment net asset composition by type of fund as of December 31:

| | 2021 | | | | Total Endowment Funds |
|-----------------------|-------------------------|-------------------------|-------------------------------|-----------------------|-----------------------------|
| | Without Restrictions | With Donor Restrictions | | Total | |
| | | Original Gift | Accumulated Gains (Losses) | | |
| Donor-restricted: | | | | | |
| Underwater | \$ - | \$ 8,407,732 | \$ (1,013,162) | \$ 7,394,570 | \$ 7,394,570 |
| Other | - | 111,082,030 | 216,839,259 | 327,921,289 | 327,921,289 |
| Board-designated | <u>451,942,397</u> | - | - | - | <u>451,942,397</u> |
| Total endowment funds | <u>\$ 451,942,397</u> | <u>\$ 119,489,762</u> | <u>\$ 215,826,097</u> | <u>\$ 335,315,859</u> | <u>\$ 787,258,256</u> |

The following table presents the changes in endowment net assets for the year ended December 31:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-------------------|
| Endowment net assets at beginning of year | \$ 418,937,403 | \$ 303,061,000 | \$ 721,998,403 |
| Net investment expense | (920,528) | (638,642) | (1,559,170) |
| Net appreciation (realized and unrealized) | <u>53,642,312</u> | <u>32,770,205</u> | <u>86,412,517</u> |
| Total investment return | 52,721,784 | 32,131,563 | 84,853,347 |
| Contributions | - | 123,296 | 123,296 |
| Appropriation of endowment assets for expenditure | (28,439,435) | - | (28,439,435) |
| Transfer to board-designated endowment | <u>8,722,645</u> | <u>-</u> | <u>8,722,645</u> |

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

14. ALLOCATED EXPENSES

Expenses are reported in the accompanying consolidated statements of activities by their program classifications. The Laboratory's primary program services are research, education, instructional training through meetings, courses and conferences, and publications. Expenses reported as general and administrative are incurred in support of these primary program services.

The Laboratory allocates certain types of expenses that relate to more than one program or supporting activity.

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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

17. COMMITMENTS AND CONTINGENCIES

The Laboratory has an operating lease for office space at 50 Gordon Drive, Syosset, New York. The lease does not contain any material residual value guarantees or material restrictive covenants and has a remaining lease term of two years. The right-of-use asset and lease liability were recognized at the lease commencement date based on the present value of the lease payments over the lease term. A risk adjusted rate of 2.69% was used to determine the present value of the lease payments, which are recognized on a straight-line basis over the lease term. The operating lease cost was approximately \$317,800 and \$308,600 for the years ended December 31, 2021 and 2020, respectively. Additionally, the lease arrangement requires the Laboratory to