

**Drexel University and Subsidiaries**  
**Financial Statements and**  
**Schedule of Expenditures of Federal Awards and**  
**Reports in Accordance with Uniform Guidance**  
**For the Year Ended June 30, 2017**  
**EIN # 23-1352630**

**Drexel University and Subsidiaries**  
**Table of Contents**  
**June 30, 2017**

---

	<b>Page(s)</b>
<b>I. Financial Statements</b>	
Report of Independent Auditors .....	1-2
Consolidated Financial Statements .....	3-6
Notes to Consolidated Financial Statements .....	7-43
Schedule of Expenditures of Federal Awards .....	44-63
Notes to Schedule of Expenditures of Federal Awards .....	64
<b>II. Internal Control and Compliance</b>	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	65-66
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.....	67-69
<b>III. Findings</b>	
Schedule of Audit Findings and Questioned Costs .....	70-71
Summary Schedule of Prior Audit Findings.....	72-75
Management's View and Corrective Action Plan .....	76

## **I. Financial Statements**



## **Report of Independent Auditors**

To the Board of Trustees  
Drexel University

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Drexel University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Consolidated Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Drexel University and its subsidiaries as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

*Other Information*

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 for the year ended June 30, 2017 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017 on our consideration of the University'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 for the year ended June 30, 2017. 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 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 University's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

October 25, 2017  
Philadelphia, Pennsylvania

**Drexel University and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2017 and 2016**

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents		
Operating	\$ 51,459	\$ 116,559
Restricted	12,263	12,277
Accounts receivable, net		
Tuition	67,540	75,181
Grants, contracts and other	68,769	62,666
Patients	7,753	7,848
Tenet Healthcare Corporation	1,335	2,127
Total accounts receivable, net	145,397	147,822
Contributions receivable, net	100,003	117,762
Other assets	30,334	26,174
Funds held by trustees	313	1,804
Student loans receivable, net	30,484	31,026
Malpractice insurance trust	8,991	9,398
Beneficial interests in trusts	48,727	48,212
Investments	726,315	663,881
Land, buildings and equipment, net	951,318	932,160
Total assets	<u>\$ 2,105,604</u>	<u>\$ 2,107,075</u>
<b>Liabilities</b>		
Accounts payable	\$ 67,289	\$ 59,174
Accrued expenses	112,691	114,481
Deposits and deferred revenue	156,973	160,594
Capital lease	2,677	2,741
Government advances for student loans	29,625	29,360
Post-retirement and pension benefits	53,464	78,539
Bonds and notes payable	427,554	441,700
Total liabilities	850,273	886,589
<b>Net assets</b>		
Unrestricted	635,729	623,656
Temporarily restricted	244,750	236,774
Permanently restricted	374,852	360,056
Total net assets	<u>1,255,331</u>	<u>1,220,486</u>
Total liabilities and net assets	<u>\$ 2,105,604</u>	<u>\$ 2,107,075</u>

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

**Drexel University and Subsidiaries**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2017**

<i>(in thousands)</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Operating revenue</b>				
Tuition and fees	\$ 878,879	\$ -	\$ -	\$ 878,879
Less: Institutional financial aid	(278,962)			(278,962)
Net student revenue	599,917	-	-	599,917
Patient care activities	99,102			99,102
State appropriations	8,113			8,113
Government grants and contracts	96,808			96,808
Private grants and contracts	20,766	842		21,608
Private gifts	4,580	16,521		21,101
Endowment payout under spending formula	8,754	17,839		26,593
Investment income	2,697	598		3,295
Sales and services of auxiliary enterprises	78,059			78,059
Other sources	29,862	855		30,717
Net assets released from restrictions	46,984	(53,083)	6,099	-
Total operating revenue	995,642	(16,428)	6,099	985,313
<b>Operating expense</b>				
College programs	361,408			361,408
Research and public service	121,494			121,494
Academic support	31,875			31,875
Student services	64,659			64,659
Institutional support	142,334			142,334
Scholarships and fellowships	13,185			13,185
Auxiliary enterprises	39,405			39,405
Total education and general	774,360	-	-	774,360
Patient care activities	118,778			118,778
Other operating expense	63,185			63,185
Interest	14,737			14,737
Depreciation and amortization	47,867			47,867
Total operating expense	1,018,927	-	-	1,018,927
Change in net assets from operating activities	(23,285)	(16,428)	6,099	(33,614)
<b>Non-operating activities</b>				
Endowment and other gifts			2,696	2,696
Realized/unrealized net gain on investments, net of endowment payout	23,959	24,404	6,001	54,364
Other non-operating activities	11,399	-	-	11,399
Change in net assets from non-operating activities	35,358	24,404	8,697	68,459
Change in net assets	12,073	7,976	14,796	34,845
<b>Net assets</b>				
Beginning of year	623,656	236,774	360,056	1,220,486
End of year	<u>\$ 635,729</u>	<u>\$ 244,750</u>	<u>\$ 374,852</u>	<u>\$ 1,255,331</u>

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

**Drexel University and Subsidiaries**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2016**

<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenue</b>				
Tuition and fees	\$ 888,564	\$ -	\$ -	\$ 888,564
Less: Institutional financial aid	(269,583)			(269,583)
Net student revenue	618,981	-	-	618,981
Patient care activities	99,789			99,789
State appropriations	8,074			8,074
Government grants and contracts	94,077			94,077
Private grants and contracts	24,107	92		24,199
Private gifts	2,155	40,233		42,388
Endowment payout under spending formula	10,570	14,866	169	25,605
Investment income	2,068	668		2,736
Sales and services of auxiliary enterprises	86,872			86,872
Other sources	31,849	844		32,693
Net assets released from restrictions	55,214	(55,694)	480	-
Total operating revenue	1,033,756	1,009	649	1,035,414
<b>Operating expense</b>				
College programs	369,432			369,432
Research and public service	117,292			117,292
Academic support	27,926			27,926
Student services	49,628			49,628
Institutional support	143,243			143,243
Scholarships and fellowships	17,804			17,804
Auxiliary enterprises	39,100			39,100
Total education and general	764,425	-	-	764,425
Patient care activities	117,601			117,601
Other operating expense	64,894			64,894
Interest	16,278			16,278
Depreciation and amortization	43,606			43,606
Total operating expense	1,006,804	-	-	1,006,804
Change in net assets from operating activities	26,952	1,009	649	28,610
<b>Non-operating activities</b>				
Endowment and other gifts	1,577		40,970	42,547
Realized/unrealized net loss on investments, net of endowment payout	(25,023)	(19,667)	(5,583)	(50,273)
Other non-operating activities	(11,027)			(11,027)
Change in net assets from non-operating activities	(34,473)	(19,667)	35,387	(18,753)
Change in net assets	(7,521)	(18,658)	36,036	9,857
<b>Net assets</b>				
Beginning of year	631,177	255,432	324,020	1,210,629
End of year	\$ 623,656	\$ 236,774	\$ 360,056	\$ 1,220,486

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

# Drexel University and Subsidiaries

## Consolidated Statements of Cash Flows

### For the Years Ended June 30, 2017 and 2016

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
<b>Cash flow from operating activities</b>		
Increase in net assets	\$ 34,845	\$ 9,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,853	44,956
Loss on extinguishment of debt	4,484	-
Provision for uncollectible accounts	5,497	6,645
Loss on disposal of equipment	922	2,319
Change in market value in beneficial interests in trusts	(515)	5,295
Contributions restricted for long-term investment	(6,675)	(17,926)
Non-cash contributions received	(952)	(1,480)
Proceeds from sale of donated securities	908	1,254
Actuarial change on annuity liabilities	(73)	1,859
Realized/unrealized (gain) / loss on investments	(80,442)	19,373
Changes in operating assets and liabilities		
Accounts receivable	(2,615)	1,855
Contributions receivable	17,340	(28,874)
Other assets	(4,160)	5,180
Accounts payable and accrued expenses	5,085	5,758
Post-retirement and pension benefits	(25,075)	14,339
Deposits and deferred revenue	(3,621)	19,207
Net cash (used) / provided by operating activities	(8,194)	89,617
<b>Cash flow from investing activities</b>		
Purchase of investments	(155,482)	(58,886)
Proceeds from sales and maturities of investments	173,506	56,775
Change in malpractice insurance trust	407	1,201
Change in restricted cash	14	(4,936)
Proceeds from student loan collections	6,437	6,549
Student loans issued	(6,353)	(2,547)
Purchase of land, buildings and equipment	(64,349)	(82,231)
Change in funds held by trustees	29	4,041
Net cash used in investing activities	(45,790)	(80,034)
<b>Cash flow from financing activities</b>		
Contributions restricted for endowments	6,675	17,926
Proceeds from sales of donated securities	414	313
Payments on annuity obligations	(526)	(572)
Government advances for student loans	265	847
Repayment of long-term debt	(17,944)	(10,995)
Net cash (used) / provided by financing activities	(11,116)	7,519
Net (decrease) / increase in cash and cash equivalents	(65,100)	17,102
<b>Cash and cash equivalents</b>		
Beginning of year	116,559	99,457
End of year	\$ 51,459	\$ 116,559
<b>Supplemental information</b>		
Gifts-in-kind	\$ 33	\$ 154
Cash paid for interest	16,128	16,682
Amounts accrued for purchase of land, buildings and equipment	10,767	14,267
Donated securities	1,338	1,637

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

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **1. Nature of Organization and Summary of Significant Accounting Policies**

##### **Basis of Consolidated Financial Statements**

Drexel University (the “University”) is a private comprehensive global research university located in Philadelphia, Pennsylvania. The University is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The consolidated financial statements include the University, the Academy of Natural Sciences of Philadelphia, Drexel University Online, LLC, Academic Properties, Inc., and the University’s other subsidiaries which are described in detail in these notes. All University subsidiaries have a fiscal year ending June 30, unless otherwise indicated in this footnote. All subsidiary financial information included within the financial statements has been consolidated utilizing the University’s fiscal year.

##### **Basis of Accounting and Financial Statement Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All revenues received and expenditures paid prior to the end of the fiscal year which relate to the following fiscal year are recorded and reflected as deferred revenues and prepaid expenses, respectively.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into the categories as shown below.

##### **Permanently Restricted**

Net assets explicitly required by the donor to be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on these assets. Such assets are included in the University’s permanent endowment funds.

##### **Temporarily Restricted**

Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the University in accordance with those stipulations or by the passage of time. Endowment income and contributions with donor-imposed restrictions are reported as temporarily restricted and are reclassified to unrestricted net assets when the donor-imposed restrictions have been met.

##### **Unrestricted**

Net assets not subject to donor-imposed stipulations that may be designated for specific purposes by action of the Board of Trustees. Expenses are shown as decreases in unrestricted net assets. Expirations of donor-imposed stipulations are reported as net assets released from restrictions. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless explicit donor stipulation or law restricts their use.

##### **Academy of Natural Sciences of Philadelphia**

Pursuant to an affiliation agreement dated September 30, 2011, the University owns 100% of the Academy of Natural Sciences of Philadelphia, doing business as the Academy of Natural Sciences of Drexel University (“ANS”). ANS, founded in 1812, is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. ANS is dedicated to encouraging and cultivating the sciences and advancing learning. ANS operates a public museum in Philadelphia and conducts systematic research and research in aquatic ecosystems, including integrating such research with education regarding biodiversity and environmental science in collaboration with the University and its students.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Academic Properties, Inc.**

The University owns 100% of Academic Properties, Inc. (“API”), an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. API manages properties used by the University, as well as other strategically located properties contiguous to its campus.

#### **Drexel University Online, LLC**

The University previously owned 100% of the issued and outstanding stock of Drexel e-Learning, Inc. (“DeL”), a for-profit entity. DeL was created to provide educational products and services through distance learning. On July 1, 2015, DeL merged with and into Drexel University Online, LLC (“DUO”), a non-profit, Delaware, single-member, limited liability company whose sole member is Drexel University. On that date, DUO became the surviving entity and will carry on all the operations previously performed by DeL. Accordingly, as of July 1, 2015, the DeL legal entity ceased to exist.

#### **Dragon Risk Limited, Co.**

Dragon Risk Limited, Co. (“DRLC”) is a single member, limited liability company, formed and domiciled in the State of Vermont, of which Drexel University is the sole member. DRLC received its Articles of Organization on May 23, 2014 from the Vermont Secretary of State, its Certificate of Authority from the Vermont Department of Financial Regulation on June 11, 2014 and commenced business on July 1, 2014. Dragon Risk Limited, Co. provides excess liability coverage to Drexel University.

#### **11th Street Family Health Services, Inc.**

11th Street Family Health Services, Inc. (“11<sup>th</sup> Street”), a Pennsylvania non-profit corporation, was formed on December 12, 2013. 11th Street is a non-profit real estate holding company of Drexel University, organized to operate in furtherance of the activities of Drexel University and to facilitate the use of new market tax credits in rehabilitating and expanding the structures located at 850 North 11th Street, Philadelphia (the “Property”) which was donated from Drexel University on December 23, 2013. The Property is in a qualified census tract that meets certain income, unemployment and poverty level requirements and qualifies under the New Market Tax Credit Program as a qualified active low-income community business (a “QALICB”) as defined by Section 45D of the Internal Revenue Code of 1986, as amended, and Section 1.45D-1(d)(4) of the Code of Federal Regulations. The project is funded by a qualified low-income community investment loan.

#### **1200 Chestnut Street I, Limited Partnership**

1200 Chestnut Street I, Limited Partnership (the “Partnership”) a Pennsylvania limited partnership, was formed on November 28, 2016 to acquire, own, rehabilitate and lease, manage and operate Partnership property in a manner that will qualify such rehabilitation for historic rehabilitation tax credits allowable pursuant to Section 47 of the Internal Revenue Code of 1986, as amended. The Partnership property is comprised of the land and historic building located at 1200-1202 Chestnut Street, Philadelphia, Pennsylvania 19107. The general partner is 1200 Chestnut Street General Partner Inc., a Pennsylvania corporation (General Partner). Drexel University is the 100% shareholder of the General Partner. 1200 Chestnut I LP follows a calendar based fiscal year.

#### **1200 Chestnut Street General Partner, Inc.**

1200 Chestnut Street General Partner, Inc. (“1200 Chestnut GP”) is the sole general partner in 1200 Chestnut Street I, Limited Partnership. 1200 Chestnut GP is a wholly owned subsidiary of the University. The officers of 1200 Chestnut GP are also the officers and senior leadership of Drexel University. As part of the Historic Tax Credit transactions, a separate, for-profit, single purpose entity was established to own the 1200-1202 Chestnut Street property with 1200 Chestnut GP holding a 1% interest. 1200 Chestnut GP follows a calendar based fiscal year.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Drexel Global Initiatives LLC**

Drexel Global Initiatives, LLC (the “Drexel Global”) is a Pennsylvania single member limited liability company established February 1, 2014. The Company’s purpose is to operate exclusively for educational purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code, and it has been established to assist Drexel University in its international operations. The business and affairs of the Company are managed by a board of managers established by Drexel University.

#### **3509 Spring Garden, Limited Partnership**

3509 Spring Garden, Limited Partnership (“3509 LP”), a Pennsylvania limited partnership, was formed on February 25, 2013 to acquire, own, rehabilitate, lease, manage and operate the 3509 Spring Garden property (the “Dornsife Center”) in a manner that will qualify such rehabilitation for historic rehabilitation tax credits allowable pursuant to Section 47 of the Internal Revenue Code of 1986, as amended. The Dornsife Center is also located in a qualified census tract that meets certain income, unemployment and poverty level requirements and qualifies under the New Market Tax Credit Program as a QALICB. 3509 LP follows a calendar based fiscal year.

#### **3509 Spring Garden, General Partner, Inc.**

3509 Spring Garden, General Partner, Inc., (“3509 GP”) a Pennsylvania corporation, is the sole general partner in 3509 LP. 3509 GP is a wholly owned subsidiary of the University. The officers of 3509 GP are also the officers and senior leadership of Drexel University. As part of the New Market Tax Credit and Historic Tax Credit transactions, a for-profit single purpose entity was needed to own the property and to own the 3509 LP QALICB. The 3509 LP QALICB was established, with 3509 GP acting as the general partner and holding a 90% interest. 3509 GP follows a calendar based fiscal year.

#### **3509 Spring Garden, Master Tenant, Limited Partnership**

3509 Spring Garden, Master Tenant, Limited Partnership (“3509 MTLP”) a Pennsylvania limited partnership, was formed on August 21, 2013 to lease, manage and operate property owned by 3509 LP. 3509 MTLP has made an equity investment in 3509 LP and is also a partner with a 10% interest. 3509 MTLP consists of a general partner with 0.01% interest and a limited partner with a 99.99% interest. 3509 MTLP and 3509 LP have executed a historic tax credit pass-through agreement pursuant to which 3509 LP will elect under Section 50 of the Internal Revenue Code to pass through to the Partnership the federal tax credits to which it is entitled because of the historic buildings rehabilitation project. 3509 MTLP follows a calendar based fiscal year.

#### **3509 Spring Garden, Master Tenant Manager, Inc.**

3509 Spring Garden, Master Tenant Manager, Inc., (“3509 MTM”) a Pennsylvania corporation, is the sole general partner in 3509 MTLP. 3509 MTM is a wholly owned subsidiary of the University. The officers of 3509 MTM are also the officers and senior leadership of Drexel University. As part of the New Market Tax Credit and Historic Tax Credit transactions, a separate, for-profit, single purpose entity was established to operate the sublease of the Dornsife Center to meet the QALICB requirements. 3509 MTM is the non-member manager of the property and the general partner and holding a 0.01% interest in 3509 MTLP. 3509 MTM follows a calendar based fiscal year.

#### **Cash and Cash Equivalents**

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. At June 30, 2017 and 2016, the University had cash balances in financial institutions, which exceed federal depository insurance limits. Management believes the credit risks related to these deposits to be minimal. Cash and cash equivalents are carried at cost, which approximates fair value. Restricted cash includes funds related to the Perkins Loan program and uninvested restricted gifts.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Contributions Receivable**

Contributions and unconditional pledges are recorded at the present value of their expected future cash flows. Unconditional pledges that are expected to be collected within one year are recorded at their estimated net realizable value. Conditional pledges are not included as revenue until the conditions are substantially met. Contributions are reported as an increase in the appropriate net asset category.

#### **Beneficial Interests in Trusts**

The University is the beneficiary of the income of certain trusts, but has neither possession nor control of the investments. Beneficial interests in trusts are classified as Level 3. (See Note 7 for investment level definitions). The trusts are valued based on the underlying securities held by the trusts and are primarily composed of equity and fixed income securities that have readily determinable values. The primary unobservable inputs used in the fair value measurement of the trusts are the present value of expected future cash flows. Significant fluctuation in the securities held in the trusts could result in a material change in fair value. Liabilities to beneficiaries are revalued annually based on the current interest rate tables from the Society of Actuaries, and are categorized as Level 3.

#### **Fair Value of Financial Instruments**

The University applies fair value measurements to contributions receivable in the year of receipt, beneficial interests in trusts, investments, self-insurance escrow funds, internally held real estate of the endowment, funds held by trustees, interest rate swaps, and annuities. A reasonable estimate of the fair value of student loans receivable under government loan programs and refundable federal student loans cannot be made because the loans cannot be sold and can only be assigned to the U.S. Government or its designees. These loans are recorded at cost, less an allowance for doubtful accounts and the carrying value of the loans receivable from students under Drexel's loan programs approximate fair value. (Notes 6, 7, 8, and 12 for additional fair value disclosures).

#### **Patient Care Activities**

Faculty physicians participate in several physician practice plans that are managed by the University. Revenue and expenses related to these practice plans are recorded by the University as patient care activities. Patient care activities include patient service revenue and other physician service activities.

Patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered. The University provides care to patients under various reimbursement arrangements, including Medicare and Medicaid. These arrangements provide payment for covered services at agreed-upon rates under certain fee schedules and various discounts. Provisions have been made in the consolidated financial statements to estimate contractual adjustments, representing the difference between the customary charges for services rendered and agreed upon rates.

#### **Contributions**

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted. Contributions having restrictions that are general purpose in nature are released in the year of the donation.

Contributed property and equipment are recorded at fair value as of the date of the donation. If the donor restricts how long the asset must be used or how the asset is used, the contributions are recorded as restricted. In the absence of stipulations, these contributions are recorded as unrestricted.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

**Non-operating Activities**

Non-operating activities include permanently restricted contributions, realized and unrealized gains and losses on investments, net of payouts under the endowment spending policies, post-retirement benefit plan and defined benefit pension plan adjustments, restructuring costs, distributions to special purpose tax credit entities and costs related to the dissolution of DeL and the formation of DUO.

Non-operating activities are detailed as follows:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Endowment and other gifts	\$ 2,696	\$ 42,547
Realized/unrealized net gain (loss) on investments, net of endowment payout	54,364	(50,273)
Post-retirement and pension plan adjustments	27,519	(9,669)
Restructuring costs	(12,569)	(2,217)
US Bank contribution to 1200 Chestnut I, LP	1,321	-
US Bank contribution to 3509 Spring Garden entities	-	1,147
Loss on extinguishment of debt	(4,484)	-
Other expenses	(388)	(288)
Change in net assets from non-operating activities	<u>\$ 68,459</u>	<u>\$ (18,753)</u>

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The University has been granted tax-exempt status as a non-profit organization under Section 501(c) (3) of the Internal Revenue Code and, accordingly, files Federal Tax Form 990 (Return of Organization Exempt from Income Tax), annually. The University files U.S. federal, state and local informational returns. The statute of limitations on the University's U.S. federal information returns remains open for three years following the year they are filed.

The University and its affiliates engage in activities that are subject to unrelated business income taxes for which appropriate income tax returns are filed (Note 15).

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") No. 740-10, *Accounting for Uncertainty in Income Taxes*, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. The University does not believe there are any uncertain tax positions that require recognition in the financial statements.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Accounting for Derivative Instruments and Hedging Activities**

The University entered into a variable-to-fixed swap agreement with Wells Fargo Bank, N.A. that converts the Series B of 2005 bonds to a fixed interest rate of 3.414% through the maturity of the bonds. The agreement resulted in a gain of \$2,105,000 in 2017 and a loss of \$1,534,000 in 2016. The fair value of the interest rate swap agreement was a liability of \$3,996,000 and \$6,101,000, respectively, at June 30, 2017 and 2016.

The swap agreement is used by the University to reduce exposure to the volatility in variable interest rates on long-term debt (Note 11). There were no other swap agreements in effect as of June 30, 2017 or 2016. The fair value of the swap agreements is reported within accrued expenses in the consolidated statements of financial position. The change in the estimated fair value of terminating the interest rate swap agreement is included in realized and unrealized net loss / gain on investments in the non-operating section (Note 1) of the consolidated statements of activities.

#### **Recently Adopted Accounting Pronouncements**

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU No. 2015-03 requires that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying value of the debt. The amortization of these costs will remain under the interest method and continue to be recorded as interest expense. The provisions of ASU No. 2015-03 became effective for fiscal years beginning after December 15, 2016, and requires retrospective application to all periods presented. Effective June 30, 2017, the University has adopted ASU No. 2015-03. The adoption of ASU No. 2015-03 resulted in \$3,511,000 and \$5,493,000 of unamortized bond issuance costs at June 30, 2017 and 2016, respectively, that was previously recorded as other assets, to be presented as a direct deduction from the carrying value of the debt. At June 30, 2017 and 2016, the University did not have any unamortized debt issuance costs related to line of credit arrangements.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. ASU No. 2015-07 removes the requirement to categorize all investments measured at fair value using the net asset value per share practical expedient within the fair value hierarchy. The provisions of ASU No. 2015-07 became effective for fiscal years beginning after December 15, 2016, and requires retrospective application to all periods presented. The University has adopted ASU No. 2015-07 as of June 30, 2017. Note 7 provides details on the changes to the leveling resulting from utilizing the net asset value per share practical expedient within the fair value hierarchy at June 30, 2017 and 2016.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which is meant to enhance the reporting model for financial instruments and provide more useful information to users of financial statements. The guidance is effective for annual fiscal periods beginning after December 15, 2018. The University has adopted ASU No. 2016-01 permitting the omission of fair value disclosures for financial instruments reported at amortized cost.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Recently Issued Accounting Pronouncements**

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU No. 2015-14 is that revenue be recognized in manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be compensated in exchange for those goods or services. The guidance is effective for annual fiscal periods beginning after December 15, 2017. The standard permits the use of either retrospective or cumulative effect transition method. The University has not yet selected a transition method and is currently evaluating the standard and is in the process of assessing the impact the standing will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is meant to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for annual fiscal periods beginning after December 15, 2018. The University is currently evaluating the standard to determine the impact it will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revises the not-for-profit financial reporting model. ASU No. 2016-14 is meant to reduce the complexity of and add clarity to net asset reporting, add additional disclosure regarding nature of self-imposed limits on unrestricted net assets and donor restricted net assets, and add reporting requirements related to nature of expenses. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017. The University is currently evaluating the standard to determine the impact it will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 aims to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if the retrospective application would be impracticable. The University is currently evaluating the standard to determine the impact it will have on its financial statements.

## **2. Reclassification of Prior Year Presentation**

The deposits and deferred revenue categories on the Statement of Financial Position have been consolidated due to their similar characteristics and to provide consistency with presentation in the higher education industry.

The University has reclassified its bond issuance costs from the other assets category to the bonds and notes payable category on the Statement of Financial Position in accordance with ASU No. 2015-03 which requires retrospective application and is considered a change in accounting principle.

The University has reclassified its investment leveling using the net asset value as a practical expedient in Note 7 in accordance with ASU No. 2015-07.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

**3. Net Assets**

Net assets included the following:  
*(in thousands)*

	<b>2017</b>	<b>2016</b>
<b>Unrestricted</b>		
Undesignated	\$ (384,772)	\$ (350,763)
Designated for colleges, departments and student loans	138,092	134,298
Physical plant	633,419	612,718
Quasi-endowment funds	252,458	236,256
Reclassification for endowments with deficiencies	<u>(3,468)</u>	<u>(8,853)</u>
Total unrestricted	<u>635,729</u>	<u>623,656</u>
<b>Temporarily restricted</b>		
Funds for instruction, scholarships and capital expenditures	112,986	128,715
Endowment realized and unrealized gain	127,574	99,811
Reclassification for endowments with deficiencies	2,601	6,981
Life income and term endowment funds	<u>1,589</u>	<u>1,267</u>
Total temporarily restricted	<u>244,750</u>	<u>236,774</u>
<b>Permanently restricted</b>		
Endowment principal	328,846	315,208
Reclassification for endowments with deficiencies	866	1,871
Beneficial interests in trusts	37,622	35,313
Student loans and others	<u>7,518</u>	<u>7,664</u>
Total permanently restricted	<u>374,852</u>	<u>360,056</u>
Total net assets	<u>\$ 1,255,331</u>	<u>\$ 1,220,486</u>

**4. Accounts Receivable**

Accounts receivable are reported at their net realizable value. Accounts are credited in the allowance for doubtful accounts when they are determined to be uncollectible based upon management's assessment of the individual accounts. The allowance for doubtful accounts is estimated based on the University's historical losses and periodic review of the accounts.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

Accounts receivable, net of allowances, as of June 30, were as follows:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Tuition	\$ 83,404	\$ 101,206
Grants, contracts, and other	72,651	65,771
Patient, net of contractual allowance	12,048	12,835
Tenet Healthcare Corporation	<u>1,335</u>	<u>2,127</u>
	169,438	181,939
Allowance for doubtful accounts:		
Tuition	(15,864)	(26,025)
Grants, contracts, and other	(3,882)	(3,105)
Patient	<u>(4,295)</u>	<u>(4,987)</u>
Accounts receivable, net	<u>\$ 145,397</u>	<u>\$ 147,822</u>

Student loans are disbursed based on financial need and include loans granted by the University from institutional resources and under Federal government loan programs. Students have a grace period until repayment is required based upon the earlier of graduation or no longer maintaining full-time status. The grace period varies depending on the type of loan. Loans accrue interest after the grace period and are repaid directly to the University. Student loans are uncollateralized and carry default risk.

The availability of funds for loans under Federal government revolving loan programs is dependent on reimbursements to the pool from repayments of outstanding loans. Funds advanced by the federal government of \$29,625,000 and \$29,360,000 at June 30, 2017 and 2016, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability to the government.

At June 30, 2017 and 2016, student loans consisted of the following:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Federal government loan programs		
Perkins loan program	\$ 21,369	\$ 20,138
Health professions student loans and loans for disadvantaged students	2,982	3,590
Nursing student loans	<u>24</u>	<u>34</u>
Federal government loan programs	24,375	23,762
Institutional loan programs	<u>9,027</u>	<u>9,979</u>
	33,402	33,741
Less: Allowance for doubtful accounts	<u>(2,918)</u>	<u>(2,715)</u>
Student loans receivable, net	<u>\$ 30,484</u>	<u>\$ 31,026</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts according to the terms of the loan. Student loans are considered past due when payment is not received within 30 days of the due date, and interest continues to accrue until the loan is paid in full or written off. When student loans receivable are deemed uncollectible, an allowance for doubtful accounts is established.

**5. Contributions Receivable**

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment more than a year from the pledge date are recorded net of a discount using rates as of June 30, 2017 and June 30, 2016 that range between 0.07% to 2.31% and 0.07% to 1.49%, respectively. The University considers these discount rates to be a Level 3 input in the context of ASC No. 820-10 (Note 7).

Net contributions receivable at June 30 were as follows:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Amounts due in		
Less than one year	\$ 12,785	\$ 10,605
One to five years	47,511	58,646
Greater than five years	<u>60,203</u>	<u>69,567</u>
Gross contributions receivable	120,499	138,818
Less:		
Allowance for uncollectibles	(336)	(336)
Discounts to present value	<u>(20,160)</u>	<u>(20,720)</u>
Total contributions receivable, net	<u>\$ 100,003</u>	<u>\$ 117,762</u>

The following table summarizes the change in net contributions receivable as of June 30:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Net contributions receivable at beginning of year	\$ 117,762	\$ 88,888
New pledges	9,796	51,042
Collections and adjustments	(28,115)	(23,557)
Decrease in allowance for uncollectibles	-	312
Net increase/(decrease) in present value discounts	<u>560</u>	<u>1,077</u>
Net contributions receivable at end of year	<u>\$ 100,003</u>	<u>\$ 117,762</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

**6. Investments and Investment Return**

At June 30, 2017 and 2016, the fair value of the malpractice insurance trust and investments included the following:

<i>(in thousands)</i>	<b>Fair value</b>	
	<b>2017</b>	<b>2016</b>
U.S. equity	\$ 148,327	\$ 139,175
Global equity	159,189	137,801
Fixed income securities and bond funds	54,670	45,417
Hedge funds	26,040	40,280
Private equity	71,279	62,072
Real estate and real assets funds	66,571	59,209
Directly-held real estate	130,555	124,460
Money market funds	20,763	11,629
Total endowment investments	<u>677,394</u>	<u>620,043</u>
Self-insurance escrow funds (Note 14)	48,921	43,838
Total investments	<u>726,315</u>	<u>663,881</u>
Malpractice insurance trust	8,991	9,398
Total investments and malpractice insurance trust	<u>\$ 735,306</u>	<u>\$ 673,279</u>

Self-insurance escrow funds are comprised of money market funds, mutual funds, and fixed income securities and bond funds that trade on active markets with readily observable prices. Malpractice insurance trust funds are comprised of domestic US treasuries with readily observable prices.

The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2017 and 2016:

<i>(in thousands)</i>	<b>2017</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Investment income, net of expenses	\$ 2,050	\$ 4,076	\$ 626	\$ 6,752
Realized/unrealized gains and (losses)	30,663	38,167	5,375	74,205
Endowment payout under spending formula	(8,754)	(17,839)	-	(26,593)
Realized/unrealized gain on investments, net of endowment payout	23,959	24,404	6,001	54,364
Operating investment income	2,697	598	-	3,295
Total return on investments	<u>\$ 26,656</u>	<u>\$ 25,002</u>	<u>\$ 6,001</u>	<u>\$ 57,659</u>

<i>(in thousands)</i>	<b>2016</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Investment income, net of expenses	\$ 2,343	\$ 4,387	\$ 466	\$ 7,196
Realized/unrealized gains and (losses)	(16,796)	(9,188)	(5,880)	(31,864)
Endowment payout under spending formula	(10,570)	(14,866)	(169)	(25,605)
Realized/unrealized loss on investments, net of endowment payout	(25,023)	(19,667)	(5,583)	(50,273)
Operating investment income	2,068	668	-	2,736
Total return on investments	<u>\$ (22,955)</u>	<u>\$ (18,999)</u>	<u>\$ (5,583)</u>	<u>\$ (47,537)</u>

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **7. Fair Value of Financial Instruments**

The three-level hierarchy for fair value measurements is based on observable and unobservable inputs to the valuation of an asset or liability at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (“exit price”) at the measurement date.

The University maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. When available, fair value is based on actively-quoted market prices. In the absence of actively-quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases, prices are estimated based on available historical financial data or comparable investment vehicles that reflect widely accepted market valuation practices.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In those cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset. Fair value measurements are categorized as Level 3 when a significant number of price or other inputs, considered to be unobservable, are used in their valuations. The fair value hierarchy and inputs to valuation techniques are as follows:

- Level 1      Quoted prices (unadjusted) in active markets for identical assets and liabilities at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly-traded range of equity and debt securities.
  
- Level 2      Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include nonexchange traded fixed income securities, certain bond investments, mutual funds, structured products, and interest rate swaps.
  
- Level 3      Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 consist of partnership investments in hedge funds, alternative and private equities, contributions receivable and annuities, directly held real estate, and real estate fund investments.

As a practical expedient, the University estimates the fair value of an investment in an investment company fund at the measurement date using the reported net asset value (NAV). The fair values of alternative investments represent the University’s ownership interest in the net asset value (NAV) of the respective fund. Investments held by the funds consist of marketable securities, as well as, securities that do not have readily determinable fair values. The fair values of the securities held that do not have readily determinable fair values are based on historical cost, appraisals, or

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issue, and subsequent developments concerning the companies to which the securities relate.

#### **New FASB Guidance on Investments Using NAV as a Practical Expedient**

Accounting standard ASU No. 2015-07, *Fair Value Measurement (Topic 820)*, allows reporting entities to exclude investments using Net Asset Value as the existing practical expedient from the fair value hierarchy.

Investments using NAV as fair value, and not a practical expedient for fair value, will still be listed in the fair value hierarchy. For example, investments where NAV per share is determined and published and the basis for current transactions is fair value. These are shown in the hierarchy below under Investments, Level 1.

The investments that fit under the new guidance are Level 2 and 3 investments previously listed in the fair value hierarchy. These include: Equity, Fixed Income, Alternative Investments, and Real Estate and Real Assets Funds. Because investments measured at NAV as a practical expedient will no longer be included in the fair value hierarchy, they will no longer appear in the associated disclosures, including the roll forward of Level 3 investments.

# Drexel University and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2017 and 2016

As of June 30, 2017, assets at fair value were as follows:

<i>(in thousands)</i>	<b>2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets</b>					
Funds held by trustees	\$ 313	\$ -	\$ -	\$ -	\$ 313
Beneficial interest in trusts	-	-	48,727	-	48,727
Malpractice insurance trust	8,991	-	-	-	8,991
<b>Investments</b>					
U.S. Equity	148,327	-	-	-	148,327
Global Equity	108,733	-	-	49,440	158,173
Fixed Income securities and bond funds	29,347	1,179	-	25,160	55,686
Hedge funds	-	-	-	26,040	26,040
Private Equity	-	-	-	71,279	71,279
Real estate and real assets funds	-	-	7,179	59,392	66,571
Directly-held real estate	-	-	130,555	-	130,555
Money market funds	20,763	-	-	-	20,763
Investments held in endowment	307,170	1,179	137,734	231,311	677,394
Self-insurance escrow funds (Note 14)	48,921	-	-	-	48,921
Total investments	356,091	1,179	137,734	231,311	726,315
Total assets at fair value	\$ 365,395	\$ 1,179	\$ 186,461	\$ 231,311	\$ 784,346
<b>Liabilities</b>					
Interest rate swaps (Note 1)	\$ -	\$ 3,996	\$ -	\$ -	\$ 3,996
Split-interest agreements	-	-	1,790	-	1,790
Annuities	-	-	6,432	-	6,432
Total liabilities at fair value	\$ -	\$ 3,996	\$ 8,222	\$ -	\$ 12,218

<i>(in thousands)</i>	<b>2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets</b>					
Funds held by trustees	\$ 1,804	\$ -	\$ -	\$ -	\$ 1,804
Beneficial interest in trusts	-	-	48,212	-	48,212
Malpractice insurance trust	9,398	-	-	-	9,398
<b>Investments</b>					
U.S. Equity	139,175	-	-	-	139,175
Global Equity	102,320	-	-	35,481	137,801
Fixed Income securities and bond funds	10,933	-	-	34,484	45,417
Hedge funds	-	-	-	40,280	40,280
Private Equity	-	-	-	62,072	62,072
Real estate and real assets funds	647	-	9,946	48,615	59,209
Directly-held real estate	-	-	124,460	-	124,460
Money market funds	11,629	-	-	-	11,629
Investments held in endowment	264,705	-	134,406	220,932	620,043
Self-insurance escrow funds (Note 14)	43,838	-	-	-	43,838
Total investments	308,543	-	134,406	220,932	663,881
Total assets at fair value	\$ 319,745	\$ -	\$ 182,618	\$ 220,932	\$ 723,295
<b>Liabilities</b>					
Interest rate swaps (Note 1)	\$ -	\$ 6,101	\$ -	\$ -	\$ 6,101
Split-interest agreements	-	-	1,584	-	1,584
Annuities	-	-	6,711	-	6,711
Total liabilities at fair value	\$ -	\$ 6,101	\$ 8,295	\$ -	\$ 14,396

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

Details related to the fair value of investments that have been estimated using a net asset value equivalent (e.g. ownership interest in partners' capital to which a proportionate share of net assets is attributable) were as follows:

<i>(in thousands)</i>	<b>2017</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period (If Applicable)</b>
Multi-Strategy Hedge Funds (a)	\$ 2,303		Annual/Quarterly	45-60/65 days
Distressed Debt Hedge Funds (b)	2,283		Annual/Quarterly	90 days
Fixed Income and Related Hedge Funds (c)	21,260		Quarterly	45 days
Private Capital Funds-Secondaries (d)	10,139	3,401		
Private Capital Funds-Venture Capital (e)	1,891	1,720		
Private Capital Funds - Distressed Assets (f)	4,901	737		
Private Capital Funds-Buy-out (g)	17,195	39,820		
Real Asset Funds (h)	16,830	10,703		
Real Estate Funds (i)	8,108	19,484		
Long/Short Equity Hedge Funds (j)	193	-	Annual	95 days
Private Capital Funds-Hedge Fund Seeder (k)	3,597	222		
Private Capital Funds-Mezzanine Debt (l)	8,620	7,942		
	<u>\$ 97,320</u>	<u>\$ 84,029</u>		

- a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2017, and 2016, respectively, the composite portfolio includes approximately 67% and 48% in distressed investments with a liquidation period of 1 to 3 years, 4% and 25% arbitrage opportunities, 20% and 14% in cash, 0% and 11% long/short equity and 9% and 2% in private equity investments which can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 3 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund. This category includes investments in hedge funds that invest in debt of companies in or facing bankruptcy. The investment managers seek to liquidate these investments in 1 to 3 years. The fair value has been estimated using the reported net asset value per share of the hedge fund.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

- b. This category includes investment in hedge funds that invest in U.S. mortgage backed securities. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- c. This category includes investments in private equity funds that invest in the secondary market. The private equity secondary market refers to the buying and selling of pre-existing investor commitments to private equity and other alternative investment funds. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2017, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 46% in 1 to 4 years; 54% in 5 to 7 years; and 0% in 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 56% in 1 to 4 years; 44% in 5 to 7 years; and 0% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- d. This category includes investments in private equity funds that invest primarily in technology and healthcare companies in the U.S. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2016, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 9% in 1 to 4 years; and 0% in 5 to 7 years, and 91% in 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 40% in 1 to 4 years; 60% in 5 to 7 years; and 0% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- e. This category includes investments in private equity funds that invest in the distressed asset and middle market corporate distressed markets. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2017, it is estimated that the underlying assets of the fund would be liquidated over 1 to 4 years, unchanged from June 30, 2016. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- f. This category includes investments in private equity funds that invest in buy-outs. A buy-out is a purchase of a company or a controlling interest of a corporation's shares or product line or some business. These investments are diversified across industries and primarily in the U.S. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2017, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 8% over 1 to 4 years; 31% in 5 to 7 years; and 61% over 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 23% in 1 to 4 years; 0% in 5 to 7 years; and 77% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- g. This category includes investments in private equity funds that invest primarily in real assets (e.g. investments with intrinsic value, such as real estate or commodities). These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2017, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 55% in 1 to 4 years; 45% in 5 to 7 years; and 0% in 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 66% in 1 to 4 years; 29% in 5 to 7 years; and 5% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real asset fund.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

- h. This category includes investments in private equity funds that invest in U.S. commercial real estate. These investments can never be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2017, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 75% in 1 to 4 years; 25% in 5 to 7 years; and 0% in 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 91% in 1 to 4 years; 0% in 5 to 7 years; and 9% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real estate fund.
- i. This category includes investments in hedge funds that invest primarily in U.S. common stocks with both long and short strategies. Management of the hedge funds can shift investments from value to growth strategies, from small to large capitalization stocks and from a net long position to a net short position. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- j. This category includes investments in private equity funds that invest in newly-started hedge funds that pursue multiple strategies. The fund provides start-up funding to hedge funds of various strategies with the potential to share in the appreciation of the investment, as well as to share in the management fees gathered by the underlying start-up hedge funds. As of June 30, 2017, and 2016, respectively, the fund's underlying investments were 30% and 46% long/short global equity, 11% and 12% in macro and commodity trading, 59% and 30% in diversified credit, 0% and 2% in arbitrage opportunities, and 0% and 10% in global event-driven opportunities. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets would be liquidated in 1 to 4 years at June 30, 2017 and 5 to 7 years at June 30, 2016. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- k. This category includes investments in private equity funds that provide mezzanine debt financing to middle market firms. Mezzanine debt differs from mortgage debt in that the mezzanine debt is backed by equity interests in the borrowing firm, versus mortgage financing which is backed by the asset. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2017, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 63% in 1 to 4 years; 37% in 5 to 7 years; and 0% in 8 to 10 years. At June 30, 2016, the liquidation periods were expected to be: 0% in 1 to 4 years; 100% in 5 to 7 years; and 0% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

Investment in real estate and real estate funds reflect the fair value of the specific assets or the underlying ventures' net assets. The valuations of real estate investments are updated periodically through valuation estimates prepared by an independent valuation expert or by estimates prepared by the underlying real estate holding entity's General Partner for real estate funds.

The University owns partnership interests in a real estate portfolio classified real estate and real estate funds as a Level 3 asset. The interests have a fair market value of \$7,179,000 net of \$1,791,000 in outstanding debt. The valuation of these investment properties is prepared annually by an independent appraiser.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

The significant unobservable inputs used in the fair value measurements of the University's investments in real estate are the selection of certain investment rates (discount rate, terminal capitalization rate, and overall capitalization rate). Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement, respectively.

#### **8. Endowment Funds**

The University has an investment policy for endowment assets designed to maximize the total return within an acceptable level of risk consistent with long-term preservation of the real value of the funds. The goal is to manage the portfolio for risk as well as total return, consistent with fiduciary standards of the prudent investor rule.

To satisfy its rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in several asset classes and subclasses thereof to moderate the volatility of the returns for the entire portfolio.

For the years ended June 30, 2017 and 2016, the University had an endowment spending rule that limited the spending of endowment resources to 4.75% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years, except for ANS. For the years ended June 30, 2017 and 2017, ANS had an endowment spending rule that limited the spending of endowment resources to 6.5% of the fair market value of the pooled endowment assets for the prior seven fiscal years. This rule was applied except in cases where the spending rate had been stipulated by the donor agreement (typically 5.0%).

The University's endowment funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments (quasi endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The earnings on these funds are utilized by the University in a manner consistent with specific donor restrictions on the original contributions.

#### **Interpretation of Relevant Law**

The Board of Trustees has interpreted Pennsylvania Act 141 ("PA Act 141") as requiring the preservation of the fair value of the original gift as specified in the individual trust instruments. Because of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the endowment made in accordance with the direction of the applicable donor designation. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by PA Act 141.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

Endowment composition by type of fund as of June 30 was as follows:

<i>(in thousands)</i>	<b>2017</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 22,875	\$ 135,076	\$ 327,811	\$ 485,762
Board-designated endowment funds	213,804	-	-	213,804
Total assets	<u>\$ 236,679</u>	<u>\$ 135,076</u>	<u>\$ 327,811</u>	<u>\$ 699,566</u>

<i>(in thousands)</i>	<b>2016</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 24,021	\$ 111,900	\$ 317,198	\$ 453,119
Board-designated endowment funds	191,020	-	-	191,020
Total assets	<u>\$ 215,041</u>	<u>\$ 111,900</u>	<u>\$ 317,198</u>	<u>\$ 644,139</u>

Changes in the University's endowment assets for the years ended June 30, 2017 and 2016 were as follows:

<i>(in thousands)</i>	<b>2017</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment at beginning of year</b>	\$ 215,041	\$ 111,900	\$ 317,198	\$ 644,139
Investment income, net of fees	2,050	4,076	610	6,736
Net realized gain	6,880	13,094	1,572	21,546
Net unrealized gain	15,573	28,023	4,227	47,823
Transfer for funds with deficiencies	5,386	(4,381)	(1,005)	-
Total endowment return	<u>29,889</u>	<u>40,812</u>	<u>5,404</u>	<u>76,105</u>
Contributions	-	-	2,696	2,696
Use of endowment assets:				
Endowment payout used in operations	(8,197)	(15,709)	(2,687)	(26,593)
Other	(54)	(1,927)	5,200	3,219
Total uses	<u>(8,251)</u>	<u>(17,636)</u>	<u>2,513</u>	<u>(23,374)</u>
<b>Endowment at end of year</b>	<u>\$ 236,679</u>	<u>\$ 135,076</u>	<u>\$ 327,811</u>	<u>\$ 699,566</u>

<i>(in thousands)</i>	<b>2016</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment at beginning of year</b>	\$ 233,557	\$ 131,093	\$ 277,308	\$ 641,958
Investment income, net of fees	2,343	4,386	409	7,138
Net realized gain	1,251	2,347	530	4,128
Net unrealized (loss)	(7,767)	(16,500)	(2,344)	(26,611)
Transfer for funds with deficiencies	(6,396)	5,237	1,159	-
Total endowment return	<u>(10,569)</u>	<u>(4,530)</u>	<u>(246)</u>	<u>(15,345)</u>
Contributions	-	73	42,633	42,706
Use of endowment assets:				
Endowment payout used in operations	(10,570)	(14,866)	(169)	(25,605)
Other	2,623	130	(2,328)	425
Total uses	<u>(7,947)</u>	<u>(14,736)</u>	<u>(2,497)</u>	<u>(25,180)</u>
<b>Endowment at end of year</b>	<u>\$ 215,041</u>	<u>\$ 111,900</u>	<u>\$ 317,198</u>	<u>\$ 644,139</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

**Endowment Funds with Deficiencies**

From time to time, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund. The aggregate amount of funds with deficiencies is reported in unrestricted net assets in the consolidated statement of activities. Subsequent investment gains will be used to restore the balance to the fair market value of the original amount of the gift. Subsequent gains above that amount will be recorded as temporarily restricted net assets. Aggregate deficiencies were \$3,439,000 and \$8,824,000 as of June 30, 2017 and 2016, respectively.

**9. Land, Buildings and Equipment**

Land, buildings and equipment are stated at cost or, if acquired by gift, at the appraised value on the date of acquisition. Amortization and depreciation are computed on a straight-line basis over the lesser of the estimated useful lives of the assets ranging from 3 to 30 years for equipment and software and 5 to 60 years for buildings and improvements or the shorter of the term of the lease.

The University determined that there were legal obligations to retire certain facilities and equipment. The total asset retirement cost and obligation was \$1,427,000 and \$3,578,000 at June 30, 2017 and \$3,061,000 and \$5,836,000 at June 30, 2016, respectively, and is included in buildings and improvements and accrued expenses, respectively, on the consolidated statements of financial position. In 2017 and 2016, depreciation and accretion expense amounted to (\$671,000) and \$29,000, respectively, and \$402,000 and \$259,000, respectively. The demolition of the University City High School and removal of its hazardous substances significantly reduced the University's asset retirement obligation resulting in a significant credit to the depreciation expenses to recognize the elimination of this obligation.

The University maintains ownership of a parcel of property located at 1200 Chestnut Street, Philadelphia, PA. The use of the building is restricted for use by the Thomas R. Kline School of Law's Trial Advocacy Program.

Land, buildings and equipment at June 30 included the following:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
Works of art	\$ 10,441	\$ 11,030
Land and improvements	147,211	133,094
Buildings and improvements	1,020,995	970,196
Equipment, software and library books	218,035	209,138
Construction in progress	63,067	72,155
	<u>1,459,749</u>	<u>1,395,613</u>
Less: Accumulated depreciation	<u>(508,431)</u>	<u>(463,453)</u>
Total land, buildings and equipment	<u>\$ 951,318</u>	<u>\$ 932,160</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

**10. Leases**

Future minimum payments by year and in the aggregate under non-cancelable operating leases, with initial or remaining terms of one year or more, are as follows:

*(in thousands)*

June 30,	
2018	\$ 18,298
2019	16,819
2020	15,698
2021	15,230
2022	15,171
Thereafter	<u>7,772</u>
Total minimum lease payments	<u>\$ 88,988</u>

Total rent expense for operating leases amounted to \$19,338,000 and \$19,360,000 for the years ended June 30, 2017 and 2016, respectively.

The University leases educational, research, and medical office space from Tenet Healthcare Corporation (“Tenet”) under an operating lease expiring June 30, 2022. The future minimum payments are included in the table above. Total rent expense for the Tenet operating lease was \$7,991,000 for each of the years ended June 30, 2017 and 2016.

The University entered into an agreement with the Commonwealth of Pennsylvania (the “Commonwealth”) on August 1, 2002 to lease space in the Armory Building (the “Armory”) at no cost for an initial period of fifty years during which time the University agreed to complete certain improvements to the Armory at the University’s expense. Thereafter, the lease may be renewed for two, additional twenty-year periods at fair value. In the event the Commonwealth should desire to sell the property during the initial or additional lease periods, the University has the option to purchase the Armory for \$1,700,000, adjusted for inflation. There were \$5,032,000 and \$371,000, respectively, capitalized for improvements in fiscal years 2017 and 2016. Estimated costs for the required improvements amounted to \$2,678,000 and \$2,741,000 at June 30, 2017 and 2016, respectively. These costs have been capitalized and a comparable capital lease liability recorded.

On January 23, 2012, the University and ACC OP (Chestnut PA), LLC, an affiliate of American Campus Communities (“ACC”), entered a triple net ground lease structure governing the conveyance of the land area located on 3200 Chestnut Street with a base lease term of forty years and three, ten-year option periods. In consideration for the right to develop, own, and operate the proposed project referred to as “Chestnut Square” on the University’s campus, ACC pays the University annual ground rent of \$254,000. Chestnut Square includes 360,000 square feet of residential space, housing approximately 863 students. The facility also includes 36,000 square feet of retail and office space along the Chestnut Street frontage. The structures consist of two eight story low-rise buildings and a nineteen story high-rise residential tower at the corner of 32<sup>nd</sup> and Chestnut Streets. A 101,500-square foot parking structure containing 267 spaces is also included for the south side of the existing Creese Student Center. The University bears no cost of the Chestnut Square project. At the end of the lease (40-70 years), the asset reverts to the University.

## **Drexel University and Subsidiaries**

### **Notes to Consolidated Financial Statements**

#### **June 30, 2017 and 2016**

---

On August 30, 2013, the University entered into a land purchase agreement with 3175 JFK Associates, LP and L-A 31, LP, both affiliates of ACC, whereby ACC contributed land, air rights and a subsurface parcel it owned contiguous to Drexel's campus (i.e. 3175 JFK Boulevard) to the University as a gift, without any purchase consideration, but retained the ownership of the "University Crossings" building and improvements erected on this land. The University Crossings property consists of 1.15 acres of land and a 17-story, 452,483 square foot building with 261 units and a total bed capacity of 1,016. As a condition of the land purchase agreement, Drexel and ACC also entered into a ground lease agreement whereby Drexel leased the land back to ACC for no consideration other than reimbursement of property tax that Drexel would be required to pay as the land owner. The term of the lease is forty years with an option to renew for three consecutive ten-year terms. Payments to the University from ACC are recorded as a cost recovery of property taxes. Within five years from the effective date, ACC is required to complete no less than \$22,327,000 in capital improvements. The University's financial statements include a ground lease liability for the sub-parcel and air rights at June 30, 2017, and 2016 of \$10,850,000 and \$11,150,000 respectively. The University recognized \$300,000 of ground lease income related to this agreement during fiscal years 2017 and 2016.

The University entered into ground lease agreement with ACC OP (Lancaster PA), LLC ("ACC Lancaster"), an affiliate of ACC, on August 30, 2013 for property located at 3400 Lancaster Avenue to undertake "The Summit" project on the University's campus. The Summit project features a tiered eight story and five story mid-and low-rise building along Lancaster Avenue which includes 19,120 square feet of ground floor retail that faces Lancaster Avenue and 34<sup>th</sup> Street, a 23-story residential tower that sits on a one-story student amenity plinth and a one story dining venue. The initial term of the lease is forty years, with an option to renew for three consecutive ten-year terms. In consideration for the right to develop, own, and operate The Summit, ACC pays the University annual ground rent of \$725,000.

In tandem with the execution of the ground lease agreement, the University entered into a sublease agreement with ACC Lancaster, for the dining facility at The Summit property at 3400 Lancaster Avenue. The sublease calls for annual rent payments of \$741,395 for the first thirty years of the sublease. The sublease is, in all respects, subject to and subordinate to the ground lease between the University and ACC established on August 30, 2013, to develop the 3400 Lancaster Avenue property. The term of the sublease follows the term of the ground lease, commencing September 2015. The initial term is 40 years with three, ten-year renewal options. At the expiration or sooner termination of the ground lease, title shall vest with the University and belong exclusively to the University without any interest on the part of ACC. The sublease provides a rent prepayment option, which allows the full 30 years of rent for the dining facility to be satisfied with an upfront payment of \$9,200,000. The University executed the option in September 2015. The amount will be capitalized and amortized over the term of the lease.

In June 2014, the University entered into ground lease agreements with Wexford 3750 Lancaster Avenue, LLC, Wexford 115 North 38<sup>th</sup> Street, LLC, Wexford 225 North 38<sup>th</sup> Street, LLC, and Wexford 3701 Filbert Street, LLC (all to be referred to as "Wexford") for property located at 3601 Filbert Street. Wexford has prepaid the University \$17,616,000, the full amount of the lease. The prepayment has been recorded as deferred rental income and will be amortized over the 99-year term of the lease. In addition, Drexel is obligated to fund an amount not to exceed \$13,200,000 for the development of the property.

## **Drexel University and Subsidiaries**

### **Notes to Consolidated Financial Statements**

#### **June 30, 2017 and 2016**

---

On December 17, 2014, the University entered into a ground lease agreement with Study Philadelphia Holding, LLC (“SPHLLC”) to build an upscale hotel, “The Study”, on University property located at 3301 Chestnut Street and 20-40 South 33<sup>rd</sup> Street. The hotel features a ground floor restaurant and retail space, a conference center, approximately 212 hotel rooms, and accessory hotel amenities, with a main entrance on 33<sup>rd</sup> Street. The hotel includes a ten-story building, totaling 145,000 square feet of space. The base term of the lease is fifty years with two, ten-year renewal options. The commencement date is twenty-four months from the date of the lease or the opening date whichever is earlier. Upon the expiration of the lease, the leased premises will become the property of the University. The University recognized \$154,000 of ground lease income related to this agreement during fiscal years 2017 and 2016.

On October 2, 2015, the University entered into a ground lease agreement with RPG 32 Race, LP (“RPG”) for University property located at 3201 Race Street. RPG intends to lease the property and develop a 178,00-square foot multi-storied, mixed-use facility, consisting of 164 “Class A” rental apartment units, 13,800 square foot childcare center, ancillary amenities and improvements including a café and rooftop sundeck, 27 on-site parking spaces, accommodation for customer curbside drop-off for use in connection with the childcare center. Nobel Learning Communities, Inc. is the approved childcare operator. The annual rent commencement date is defined as twelve months following the substantial completion of the project. The initial term of the lease is seventy-five years with the option to extend the lease for one additional term of twenty-four years. The University recognized ground lease income of \$215,000 and \$161,000 related to this agreement during fiscal years 2017 and 2016.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

**11. Bonds and Notes Payable**

<i>(in thousands)</i>	<b>Project</b>	<b>Final Maturity</b>	<b>Effective Interest Rate at June 30, 2017</b>	<b>2017</b>	<b>2016</b>
<b>Fixed rate debt obligations</b>					
<b>Drexel University</b>					
Dormitory Bonds of 1969	Calhoun Hall	2014-2019	3.00%	\$ 150	\$ 220
Pennsylvania Higher Education Facilities Authority (PHEFA)					
Series A of 2005	Capital improvements and equipment	2014-2034	3.20-5.00%	-	24,490
Series A of 2007	Capital improvements and equipment	2030-2037	4.50-5.00%	-	92,335
Series of 2007	Capital improvements and equipment	2014-2037	3.75-5.00%	-	18,730
Series A of 2011	Capital improvements and equipment	2014-2041	2.00-5.25%	136,455	142,620
Series of 2012	Refunding	2014-2032	1.00-5.00%	15,635	19,790
Series of 2016	Refunding	2022-2037	2.00-5.00%	117,130	-
<b>11th Street Family Health Services Inc.</b>					
The Reinvestment Fund, Inc.	New Market Tax Credit Program	2043	1.297%	2,717	2,717
The Reinvestment Fund, Inc.	New Market Tax Credit Program	2043	1.297%	6,783	6,783
<b>3509 Spring Garden, LP</b>					
Philadelphia Industrial Development Corporation	New Market Tax Credit Program	2044	1.517%	1,964	1,964
Philadelphia Industrial Development Corporation	New Market Tax Credit Program	2044	1.517%	4,826	4,826
U.S. Bank Corp Community Development Entity	New Market Tax Credit Program	2044	1.00%	1,045	1,045
U.S. Bank Corp Community Development Entity	New Market Tax Credit Program	2044	1.00%	2,205	2,205
<b>Variable rate debt obligations</b>					
<b>Drexel University</b>					
Second Series of 2000	Capital improvements and equipment	2019-2026	Variable	22,500	22,500
Series B of 2002	Capital improvements and equipment	2015-2032	Variable	41,180	41,505
Series B of 2005	Advance refunding	2019-2030	Variable	29,625	29,625
Series B of 2007	Capital improvements and equipment	2014-2037	Variable	24,890	25,635
Total outstanding bonds and notes payable				407,105	436,990
Unamortized original issue premiums/discounts and cost of issuance, net				20,449	4,710
Total bonds and notes payable				<u>\$ 427,554</u>	<u>\$ 441,700</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

The variable rates of interest on the Pennsylvania Higher Educational Facilities Authority Revenue Bonds are based on the weekly rate determined by the remarketing or auction agent, not to exceed 16% per annum.

The Dormitory bonds of 1969 are collateralized by first mortgages on the associated buildings and first liens on, and pledges of, the net revenues derived from the building operations.

In August 2016, the University issued Pennsylvania Higher Educational Facilities Authority, Drexel University Revenue Refunding Bonds, Series of 2016 in the amount of \$117,130,000. The primary purpose of this issue was the refunding of all the outstanding Series of 2005A, 2007A, and the College of Medicine 2007 bonds. The 2016 bonds will be maturing between May 1, 2022 through May 1, 2037. The bonds were issued on a parity basis with the University's other outstanding Authority bonds and on a parity basis with the interest rate swap agreement in connection with the Series of 2005B bonds.

The Second Series of 2000, 2002, 2005, 2007, 2011, and 2012 bonds are secured by a security interest in unrestricted gross revenues.

Debt maturities for the fiscal years ending are as follows:

<i>(in thousands)</i>	<b>Maturities</b>	<b>Remarketed Debt</b>	<b>Total Debt</b>
2018	10,864	1,105	11,969
2019	7,180	1,150	8,330
2020	8,695	5,170	13,865
2021	7,505	4,045	11,550
2022	9,070	5,770	14,840
Thereafter	269,556	100,955	<u>370,511</u>
			\$ 431,065
Cost of issuance			<u>(3,511)</u>
			<u><u>427,554</u></u>

The Second Series of 2000 and Series B of 2002, Series B of 2005 and Series B of 2007 bonds have remarketing terms and related standby letters of credit which could change the maturity dates. These issues have been included in the above table based on the current terms of the loans. If the remarketing efforts were to fail, the maturities would reflect the terms of the letters of credit as follows:

<i>(in thousands)</i>	<b>Remarketed Debt</b>
June 30,	
2018	20,983
2019	50,560
2020	39,246
2021	7,406
2022	-
Thereafter	-
	<u>\$ 118,195</u>

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Lines of Credit**

Only July 1, 2014, the University assumed a line of credit previously held by the Pennsylvania Health and Education Corporation (PHEC) as part of the merger of PHEC into Drexel on that date. The line of credit is a term note for a total of \$3,500,000 for equipment purchases that accrues interest based on Libor plus 1.25%. Advances are available with equal payments of principal and interest due sixty months thereafter. The line of credit is secured by a lien and security interest in deposits or other sums held by the lender or its affiliates. There were no amounts outstanding at June 30, 2017 and 2016.

Total unsecured Revolving Credit Facilities ("Facilities") of \$55,000,000 matures on December 31, 2017, and accrues interest based on Intercontinental Exchange Benchmark Administration "ICE" (subject to a floor of 0.75%) for the University. It can be extended annually based upon the agreement of the University and the bank maintaining the Facilities. At June 30, 2017, the interest rate was 0.75% and there were no amounts outstanding.

## **12. Retirement Plans**

#### **Defined Benefit and Defined Contribution Plans**

The University established the Drexel University Defined Contribution Retirement Plan ("DU DC") effective April 1, 1972. The DU DC was most recently amended and restated, effective March 1, 2016, to (i) reflect the merger of the Academy of Natural Sciences Defined Contribution Retirement Plan ("ANS DC") with the DU DC and the transfer of its assets and liabilities to the DU DC. Drexel University is the DU DC administrator. The trustees of the DU DC are Teachers Insurance and Annuity Association - College Retirement Equities Fund, as agent for JP Morgan Chase Bank, N.A. ("TIAA-CREF"), Vanguard Fiduciary Trust Company ("Vanguard") and Fidelity Management Trust Company ("Fidelity").

The DU DC is subject to the provisions of the Employee Retirement Income Security Act of 1974. The Institution's Investment Committee determines the appropriateness of the plan's investment offerings, monitors investment performance, and reports to the Institution's Board, who is responsible for the oversight of the Plan.

All eligible employees, defined as a full-time staff or faculty member, or a part-time employee who earns 1,000 hours of service or more during the 12-consecutive calendar month period beginning with his or her date of hire, can contribute their own deferrals on a pre-tax basis. Effective, January 1, 2015, all full-time faculty and professional staff who do not enroll in the DU DC within 31 days of their date of hire will be automatically enrolled at a rate of two percent (2%) to the default vendor, TIAA-CREF, with the next available payroll. Contribution changes, including stopping participation can be done at any time. Provided that an eligible employee contributes at least one percent (1%) of compensation, the University contributes a "Basic Contribution" to the DU DC equal to three percent (3%) for an eligible employee under the age of 50, and five percent (5%) for those 50 or older. The University contributes matching contributions to DU DC that are equal to one hundred percent (100%) of an eligible employee's contributions up to six percent (6%). All basic and matching contributions are subject to certain Internal Revenue Code limitations.

The University also participates in a contributory retirement plan which provides benefits for certain union employees. The policy is to fund pension costs accrued for these plans. Total retirement plan expense for all plans was \$43,211,125 and \$42,141,525 in 2017 and 2016, respectively.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

ANS also maintains a defined benefit pension plan. This plan was frozen by the ANS Board of Trustees effective December 31, 2009, prior to the affiliation agreement with Drexel University on September 30, 2011. The assumptions for the pension liabilities, the accumulated benefit obligation, change in projected benefit obligation, and change in plan assets are as follows:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
<b>Weighted average assumptions as of June 30</b>		
Discount rate	3.90 %	3.90 %
Expected return on plan assets	6.25 %	6.25 %
<b>Accumulated benefit obligation</b>		
Accumulated benefit obligation at June 30	\$ 20,037	\$ 19,908
<b>Change projected in benefit obligation</b>		
Net benefit obligation at June 30	\$ 19,908	\$ 17,562
Service costs	160	130
Interest costs	759	790
Actuarial loss	495	2,163
Gross benefits paid	<u>(1,285)</u>	<u>(737)</u>
Net benefit obligation at June 30	<u>\$ 20,037</u>	<u>\$ 19,908</u>

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 10,582	\$ 10,430
Actual return on plan assets	510	231
Employer contributions	832	658
Gross benefits paid	<u>(1,285)</u>	<u>(737)</u>
Fair value of plan assets at June 30	<u>\$ 10,639</u>	<u>\$ 10,582</u>
Fair value of plan assets	\$ 10,639	\$ 10,582
Benefit obligation	<u>20,037</u>	<u>19,908</u>
Net amount recognized at June 30*	<u>\$ (9,398)</u>	<u>\$ (9,326)</u>

\* These amounts are recognized in the financial statements including the statement of financial position in the "Post-retirement and pension benefits" classification.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

The components of net periodic benefit cost are noted below:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
<b>Weighted average assumptions used to determine net periodic benefit costs</b>		
Discount rate	3.90 %	4.60 %
Expected return on plan assets	6.25 %	6.50 %
<b>Components of net periodic benefit costs</b>		
Service costs	\$ 160	\$ 130
Interest costs	759	790
Expected return on assets	(664)	(678)
Amortization of actuarial loss	649	2,610
Net periodic benefit cost	<u>\$ 904</u>	<u>\$ 2,852</u>

As of June 30, 2017, and 2016, the pension plan had a projected benefit obligation and an accumulated benefit obligation in excess of plan assets. Both the projected and accumulated benefit obligations were \$20,037,000 and \$19,908,000 at June 30, 2017 and 2016, respectively. The fair value of the plan assets was \$10,639,000 and \$10,582,000 as of June 30, 2017 and 2016, respectively.

Information about the expected cash flows for the pension plan is as follows:

**Expected benefit payments**  
*(in thousands)*

June 30,	
2018	\$ 996
2019	1,082
2020	1,120
2021	1,152
2022	1,174
2023-2027	6,158

**Plan Assets**

The ANS pension plan weighted-average asset allocations at June 30, 2017 and 2016 by asset category are as follows:

	<b>2017</b>	<b>2016</b>
<b>Asset category</b>		
Equity securities	49.0 %	37.7 %
Fixed income securities	30.8 %	37.4 %
Hedge fund and alternative investments	19.2 %	20.7 %
Cash	1.0 %	4.2 %
	<u>100.0 %</u>	<u>100.0 %</u>

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

The ANS investment policy and strategy is to shift investments to the target allocation to control the volatility of investment returns for the portfolio. As the investment horizon is expected to be long-term, the portfolio needs to provide long-term capital growth while also being protected from incurring major losses due to the poor performance of one sector of the market and must be invested to reduce the overall investment risk and volatility of investment returns.

The target composition of the plans assets is characterized as a 34%, 37%, 27%, and 2% allocation between equity, fixed income investments, alternative investments, and cash. The strategy currently utilizes indexed equity funds and fixed income funds, and a number of alternative investment vehicles. The alternative investments are allocated among various classes, including but not limited to: equities, hedge funds, fixed income, natural resources, and real estate. The strategy allows to invest in a diversified manner with a mix of assets that are set not to be highly correlated. The expected rate of return on assets was based on the current interest rate environment and historical market premiums of equity and other asset classes relative to fixed income rates.

The following tables present the ANS pension plan assets at fair value as of June 30, 2017 and 2016 according to the valuation hierarchy reflecting the updated accounting guidance outlined in ASU 2015-07:

<i>(in thousands)</i>	<b>2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets at fair value</b>					
Cash equivalents	\$ 112	\$ -	\$ -	\$ -	\$ 112
Mutual funds	9,784	-	-	-	9,784
Alternative investments	-	-	-	743	743
	<u>\$ 9,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743</u>	<u>\$ 10,639</u>

<i>(in thousands)</i>	<b>2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets at fair value</b>					
Cash equivalents	\$ 443	\$ -	\$ -	\$ -	\$ 443
Mutual funds	8,442	-	-	-	8,442
Alternative investments	-	-	-	1,697	1,697
	<u>\$ 8,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,697</u>	<u>\$ 10,582</u>

**Defined Contribution Plan Merger and Asset Transfers**

Effective March 1, 2016, the ANS DC plan was merged into the DU DC plan. ANS DC's transfer into the DU DC plan included participant-directed investments at fair value of \$2,564,804.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **13. Other Post-Retirement Benefits**

In addition to retirement plan benefits, the University also provides post-retirement benefits to retirees in the form of group life insurance, major medical insurance and tuition remission. All eligible faculty and professional staff members who have completed ten (10) years of full-time consecutive service with the University and are age 55 or older, if hired before September 1, 2013, or who have completed fifteen years of full-time consecutive service with the University and are age 60 or older if hired on or after September 1, 2013, excluding any professional staff member who is affiliated with a collective bargaining unit. Full-time consecutive service (10 or 15 years) is strictly services with Drexel University and does not include any subsidiaries.

Effective June 30, 2017, except for eligible tenured faculty who made a valid election under the University Retirement Incentive Plan for Tenured Faculty prior to January 1, 2017 to retire from service on August 31, 2017 under the University's One-time Early Retirement Incentive Window Plan, the plan was amended to provide the cost of coverage for eligible retirees who retire from employment prior to July 1, 2017. The University shares the cost of coverage for medical plan options under this Plan with eligible retirees. Retirees must pay the difference between the monthly cost for the health plan in which they are enrolled and the University's retiree allowance. For eligible retirees who retired from employment prior to September 1, 2014, the retiree allowance is \$400 per month for an eligible retiree and up to an additional \$400 per month for his or her spouse or same-sex domestic partner. For eligible retirees who retire from employment on or after September 1, 2014 but before July 1, 2017, the retiree allowance is \$300 per month for an eligible retiree and up to an additional \$300 per month for his or her spouse or same-sex domestic partner. The University reserves the right to change the level of the retiree allowance at any time. For eligible retirees who retire from employment after June 30, 2017, there is no retiree allowance and eligible retirees must pay the entire cost of medical coverage under this Plan. The retirees have a choice of various providers. The post-retirement health care plan is contributory, and the life insurance plan is noncontributory. On January 1, 2015, the plan was amended to include actively employed College of Medicine faculty and professional staff who had 15 years of consecutive full-time service (since 1998), and were at least 60 years of age.

The net periodic post-retirement benefit costs and related funded status as of June 30 are shown below. Adjustments to the unfunded status amounted to (\$28,423,000) and \$6,817,000 respectively, for the years ended 2017 and 2016 and are reflected in the consolidated statements of activities and included in post-retirement benefits in the consolidated statements of financial position.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

The following tables provide information with respect to the other post-retirement plans for the years ended June 30:

**Plans Funded Status**

*(in thousands)*

	<b>2017</b>	<b>2016</b>
<b>Change in benefit obligation</b>		
Benefit obligation, beginning of year	\$ 69,198	\$ 56,942
Service cost	2,443	3,059
Interest cost	2,469	2,651
Plan amendments	(25,414)	10,145
Actuarial (loss)/gain	(1,950)	(1,835)
Plan participant contributions	272	183
Actual benefits paid	<u>(2,952)</u>	<u>(1,947)</u>
Benefit obligation, end of year	<u>44,066</u>	<u>69,198</u>
<b>Change in plan assets</b>		
Fair value of plan assets, beginning of year	-	-
Employer contributions	2,680	1,765
Plan participant contributions	272	182
Actual benefits paid	<u>(2,952)</u>	<u>(1,947)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Unfunded status of the plan	<u>\$ 44,066</u>	<u>\$ 69,198</u>

**Weighted average assumptions to determine benefit obligations and net cost as of June 30**

Discount rate	4.03%	4.30%
Ultimate retiree health care cost trend	4.50%	5.00%
Year ultimate trend rate is achieved	2026	2023

The liabilities and post-retirement benefit expenditures associated with the 2016 plan activity include the January 1, 2015 plan amendment. This amendment resulted in an additional \$10,145,000 prior service cost associated with the addition of these employees. The 2015 liabilities and post-retirement expenditures reflects a reduction of \$6,900,000 related to plan amendments enacted on September 1, 2013 related to plan eligibility and benefit amounts.

For measurement purposes, a 7.5% and an 8.5% annual rate of increase in the per capita cost of covered health care benefits for those over 65 and under 65, respectively, was assumed for 2017 grading down to ultimate rates of 4.5% in the year 2026 and thereafter:

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

**Net Periodic Benefit Cost**

(in thousands)

	<b>2017</b>	<b>2016</b>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 2,443	\$ 3,059
Interest cost	2,469	2,651
Amortization of:		
Prior service credit	(288)	125
Net loss	<u>1,347</u>	<u>1,368</u>
Net periodic benefit cost	<u>\$ 5,971</u>	<u>\$ 7,203</u>
<b>Other changes recognized in unrestricted net assets</b>		
Net actuarial (gain) loss	\$ (1,950)	\$ (1,835)
Prior service credit	(25,414)	10,145
Amortization of:		
Prior service cost	288	(125)
Net gain	<u>(1,347)</u>	<u>(1,368)</u>
Total recognized in unrestricted net assets	<u>\$ (28,423)</u>	<u>\$ 6,817</u>
<b>Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets</b>		
Prior service credit	\$ (21,318)	\$ 3,808
Actuarial loss	<u>21,992</u>	<u>25,289</u>
Amounts in unrestricted net assets, end of year	<u>\$ 674</u>	<u>\$ 29,097</u>
<b>Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in fiscal 2017</b>		
Prior service credit	\$ (1,536)	
Actuarial loss	\$ 1,306	

For the fiscal years ended June 30, 2017 and 2016, the effect of a 1% change in the health care cost trend rate is as follows:

(in thousands)	<u>2017</u>		<u>2016</u>	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 50	\$ (45)	\$ 47	\$ (43)
Effect on postretirement benefit obligation	339	(318)	302	(293)

**Contributions**

Expected contributions for the 2018 fiscal year are \$3,753,000.

# Drexel University and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2017 and 2016

---

#### **Estimated future benefit payments:**

The following benefit payments (net of retiree contributions), which reflect the effects of the Medicare Act and expected future service, as appropriate, are expected to be paid in:

*(in thousands)*

<b>June 30,</b>	
2018	3,753
2019	3,740
2020	3,752
2021	3,621
2022	3,493
Thereafter	15,608

#### **14. Professional Liability Insurance**

Starting July 1, 2014, Drexel established a Self-Insurance Trust (“SIT”) to provide primary coverage for known claims medical professional liability coverage. The SIT provides primary coverage of \$500,000 for physicians and midwives and up to \$1,000,000 for other health professions and entity coverage. Physicians and midwives also participate in the Pennsylvania Medical Care Availability and Reduction of Error Fund (“Mcare”) that covers from \$500,000 to \$1,000,000. In addition, Drexel self-insures a layer of excess of up to \$2,000,000 above the Mcare Fund.

The Dragon Risk Limited, Co. provides excess coverage above the self-insured layer of an additional \$17,000,000.

For self-insured retention amounts for both reported claims and claims incurred but not reported at June 30, 2017 and 2016, the University and its subsidiaries recorded gross combined reserves of \$39,284,000 and \$36,054,000, respectively and related recoveries from third party insurers of \$9,567,000 and \$6,668,000 at June 30, 2017 and 2016, respectively. For fiscal years 2017 and 2016, the reserves were discounted at 2% for the layers retained by the University and excess carriers. Such reserves and reinsurance recoveries are included in accrued expenses and grants, contracts and other receivables, respectively, in the accompanying 2017 and 2016 consolidated statements of financial position. Under the self-insurance program, the University is required by the Commonwealth of Pennsylvania to maintain a malpractice trust fund. At June 30, 2017 and 2016, escrow funds of \$23,524,000 and \$22,580,00, respectively and balanced index funds of \$34,390,000 and \$31,096,000, respectively, were available to fund incurred but not reported liabilities (Note 7).

#### **15. Commitments and Contingencies**

##### **Healthcare Legislation and Regulation**

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements and reimbursement for patient services. Federal government activity has continued with respect to investigations and allegations concerning possible violation of billing regulations by healthcare providers. Violations of these regulations could result in the imposition of significant fines and penalties and have a significant effect on reported activities or cash flow.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

The University believes it is in compliance with applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

#### **Litigation**

There is pending litigation between SodexoMAGIC and the University in relation to the former food services agreement.

The nature of the educational and healthcare industries is such that, from time to time, claims will be presented on account of alleged negligence, acts of discrimination, medical malpractice, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational and healthcare services at a large institution. In the opinion of the University, after consultation with legal counsel, the ultimate disposition of these matters will not have a materially adverse effect on the financial condition or results of operations.

#### **Other Commitments and Contingencies**

The University maintains a letter of credit in the amount of \$225,000, as required by the Department of Environmental Protection, in connection with the disposal of nuclear medical waste and is renewed annually. There were no amounts outstanding as of June 30, 2017 and 2016.

The University maintains three letters of credit totaling \$2,055,000 associated with workers' compensation insurance. The agreements are renewable annually. There were no amounts outstanding as of June 30, 2017 and 2016.

The University has the following letters of credit for bonds having remarketing terms:

- The Second Series of 2000 bond has a letter of credit in an amount not to exceed \$22,500,000, plus required interest coverage, which will expire June 1, 2018.
- The Series B of 2002 bond has a letter of credit in an amount not to exceed \$42,140,000, plus required interest coverage, which will expire June 1, 2018.
- The Series B of 2005 bond has a letter of credit in an amount not to exceed \$30,047,055 which will expire September 30, 2019.
- The Series B of 2007 bond has a letter of credit in an amount not to exceed \$29,879,704, plus required accrued interest, which will expire October 30, 2018.

There were no amounts outstanding on these bond-related letters of credit as of June 30, 2017 and 2016.

The University also maintains a letter of credit in an amount not to exceed \$287,253 as required by the U.S. Department of Education in connection with Federal student loans. It will expire on May 1, 2018 and is automatically renewed annually unless notified by the University of an election not to renew. There was no amount outstanding as of June 30, 2017.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

#### **Business Income Taxes**

As referenced in Note 1 - Income Taxes, the University is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The University and its non-profit affiliates are not subject to taxation for activities and income related to its exempt purpose. Unrelated business income (UBI) is defined by the Internal Revenue Service (IRS) as income generated in a trade or business that is regularly carried on and is not substantially related to further the exempt purpose of the organization. The University is subject to federal UBI tax related to the net income generated from consulting, conference services and investment income held in the endowment fund for which the investment manager has reported unrelated business income on an IRS Schedule K-1 for which it files an IRS Form 990-T, Exempt Organization Business Tax Return, annually. The University makes quarterly estimated tax payments to the IRS and submits any additional tax payment with the final submission of its return in the subsequent fiscal year.

The University is also subject to the City of Philadelphia Business Income and Receipts Tax. The University files an annual Business Income and Receipts Tax return and submits estimated tax payments for the subsequent fiscal year at the time of filing its return to the City of Philadelphia.

For the fiscal years ended June 30, 2017 and 2016, the University recorded \$949,000 and \$906,000 as income tax expenses and assigned a functional expense category of institutional support for these expenditures.

#### **16. Related Party Transactions**

Prior to July 1, 2014, PHEC had various operating agreements with Tenet which have continued with the University as a result of the merger. Under these agreements, the University acts both as a purchaser and provider of services. Total services purchased from Tenet for the years ended June 30, 2017 and 2016 were \$12,259,000 and \$11,999,000, respectively. These services include charges for various personnel, administrative and support services related to operating the College of Medicine and rent. Services provided to Tenet include administrative, supervisory and teaching services connected with faculty physician and residency programs and services and support provided by physicians to support hospital operations. Total charges to Tenet for these services amounted to \$22,534,000 and \$23,138,000 for the years ended June 30, 2017 and 2016, respectively, and are mainly included in patient care activities revenue in the accompanying consolidated statements of activities.

#### **Schuylkill Yards**

On May 9, 2016, the University entered into a master development agreement (the "Development Agreement") with Brandywine Realty Trust ("BRT"), the sole general partner of Brandywine Operating Partnership, LP. As the master developer, BRT is provided certain rights and obligations, for a multi-phase, multi-component development on approximately 10.11 acres of University owned land (the "Drexel Site") adjacent to the University's main campus in the University City section of Philadelphia. The project's master planned area includes the Drexel Site and up to four additional adjacent acres owned separately by the University and BRT, to be branded as "Schuylkill Yards."

Schuylkill Yards is contemplated to be developed in six phases over approximately 20 years, excluding extension options, and will consist of approximately 5.0 million square feet of floor area ratio (FAR) of commercial, office, educational, research, residential, and related facilities, as well as accessory green space uses. Approximately 50% of the total FAR value will consist of office, educational and research space, and the balance in residential, retail, hospitality and parking uses.

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2017 and 2016**

---

Two initial parcels in Phase 1 were conveyed on October 13, 2017 and BRT will immediately commence construction of a large public realm area on one parcel with completion on or about the second quarter of fiscal year 2019, and the repositioning and re-tenanting of an existing building on the second parcel, immediately afterwards. (Note 18) The development timing for the remaining two parcels in Phase 1 and subsequent phases will depend on market conditions, timing of conveyances, FAR values of buildings to be constructed, and municipal approvals. The business structure for each transaction will be either a discounted prepaid 99-year ground lease with BRT, an equity position in the BRT entity developing the structure or a combination of both structures.

BRT intends to fund costs to develop each phase of Schuylkill Yards through a combination of cash on hand, capital raised through one or more joint venture formations, proceeds from the sale of other assets or debt financing, including project-specific leasehold mortgage financing. Terms of the Development Agreement were determined through arm’s-length negotiation between the University and BRT.

**Drexel University/Ben Franklin Technology Partners Seed Fund**

On November 15, 2015, the University and Ben Franklin Technology Partners of Southeastern Pennsylvania (“Ben Franklin”) signed a ten year agreement ending November 15, 2025, to establish a jointly funded initiative “the Fund”, managed by Ben Franklin in conjunction with the University that establishes four program areas: 1) seed investments from a jointly capitalized pool into University spin-outs and other agreed upon Drexel-based ventures, 2) post-investment portfolio management services, 3) appropriate counseling and support for all invested companies and access to all Ben Franklin services and programs, and 4) joint efforts to place Drexel talent with invested enterprises. The University has authorized an amount up to \$5,000,000 to be raised from donors and used for the program elements. Ben Franklin has also authorized up to \$5,000,000 to be allocated over the life of the initiative from available investment resources. All loans and/or investments made by the Fund will be made with equal participation between the University and Ben Franklin. All loans and/or investment administration will be handled by Ben Franklin. The University and Ben Franklin will share equally in the revenue, income and/or other forms of return from each loan/investment. Upon termination of the agreement, any uncommitted University funds, net of costs associated with any outstanding loan or investment will be returned to the University by Ben Franklin within 45 days of termination.

**17. Operating Expenses**

Expenses for the operation and maintenance of plant, depreciation and interest are not included in the University’s patient care and education and general expense categories in the consolidated statements of activities. The allocation of those expenses, based on the space assigned to each, is as follows:

<i>(in thousands)</i>	<b>2017</b>	<b>2016</b>
College programs	\$ 38,908	\$ 41,371
Research and public service	13,492	11,694
Academic support	3,544	2,294
Student services	15,305	14,557
Institutional support	8,011	9,024
Auxiliary enterprises	41,702	41,226
Patient care activities	4,827	4,612
	<u>\$ 125,789</u>	<u>\$ 124,778</u>

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2017 and 2016**

---

The allocation of operating expenses at June 30, 2017 and 2016, reflects annual space inventory data using the University space management system. The space inventory includes all space at the Academy of Natural Sciences, Center City, and Queen Lane Campuses, and University City campuses. The allocation at June 30, 2017 and 2016 is based on a total 5,427,000 and 5,362,000 net usable square feet, respectively.

#### **18. Subsequent Events**

The University evaluated events subsequent from June 30, 2017 through October 25, 2017.

##### **Tenet Affiliation**

On September 1, 2017, Tenet announced that they have signed a definitive agreement to sell its two Philadelphia medical centers — Hahnemann University Hospital, St. Christopher's Hospital for Children — to American Academic Health System ("AAHS"), a newly formed affiliate of Paladin Healthcare, for \$170,000,000. The transaction is expected to be completed early next year, subject to regulatory approvals and other closing conditions. Drexel University's current affiliation agreement will be assigned to the new owner and runs through June 30, 2022 unless the new owner or Drexel give notice of termination in June 2019, in which event agreement will terminate on June 30, 2021. Drexel and AAHS intend to work closely together after closing to develop a vision for the academic medical programs, with the goal of entering into a new long-term affiliation agreement.

##### **Schuylkill Yards**

On October 13, 2017, the University completed the initial conveyance for the Schuylkill Yards project involving the transfer of 3001 and 3025 Market Street to Brandywine Realty Trust ("BRT"), the sole general partner of Brandywine Operating Partnership, LP. The total fair value of these properties included in the endowment as of June 30, 2017 is \$52,000,000. The University anticipates two additional parcels will be conveyed during fiscal year 2018 which will result in a favorable net outcome to the endowment for the first conveyances of the project. BRT will commence construction of a large public realm area on the 3001 Market Street parking lot with completion on or about the second quarter of fiscal year 2019 to be followed immediately by the commencement of remodeling and re-tenanting of the 3025 Market Street building. The surface rights for 3001 Market were conveyed through a ground lease in consideration for \$100, as the University agreed to provide the land for a park to define and significantly enhance the value of the entire project. The 3025 Market Street parcel was conveyed through a 99-year prepaid ground lease combined with the conveyance of the vertical improvements and the subterranean rights of 3001 Market Street for \$35,000,000. The proceeds from both parcels will be invested in the University's endowment portfolio replacing the real estate values for the 3001 and 3025 Market Street parcels. In addition to the conveyance transactions BRT provided \$370,000 for access to the property management staff at Academic Proprieties Inc., a Drexel subsidiary, to assist with the repositioning and re-tenanting of the 3025 Market Street property.

**Schedule of Expenditures of Federal Awards**

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>Agricultural Research Service</b>							
Agricultural Research_Basic and Applied Research	10.001	\$ 16,875	\$ -			\$ 16,875	\$ -
<b>Total CFDA 10.001</b>		<b>\$ 16,875</b>	<b>\$ -</b>			<b>\$ 16,875</b>	<b>\$ -</b>
<b>Animal and Plant Health Inspection Service</b>							
Wildlife Services	10.028	\$ 12,433	\$ -			\$ 12,433	\$ -
<b>Total CFDA 10.028</b>		<b>\$ 12,433</b>	<b>\$ -</b>			<b>\$ 12,433</b>	<b>\$ -</b>
<b>National Institute of Food and Agriculture</b>							
Agriculture and Food Research Initiative (AFRI)	10.310	\$ -	\$ 34,261	University of Maryland	32423-Z5768001	\$ 34,261	\$ -
Agriculture and Food Research Initiative (AFRI)	10.310	\$ -	\$ 67,437	Penn State University	4900-DU-USDA-9703	\$ 67,437	\$ -
Agriculture and Food Research Initiative (AFRI)	10.310	\$ -	\$ 207,426	The Regents of the University of California	201403031-01	\$ 207,426	\$ 10,124
<b>Total CFDA 10.310</b>		<b>\$ -</b>	<b>\$ 309,124</b>			<b>\$ 309,124</b>	<b>\$ 10,124</b>
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	\$ 27,213	\$ -			\$ 27,213	\$ 3,580
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	\$ -	\$ 127,954	Ceramatec	LETTER DATED 3/21/13	\$ 127,954	\$ 13,769
<b>Total CFDA 10.312</b>		<b>\$ 27,213</b>	<b>\$ 127,954</b>			<b>\$ 155,167</b>	<b>\$ 17,349</b>
Healthy, Hunger-Free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	\$ -	\$ 234	University of Kentucky Research Foundation	3048108673-12659	\$ 234	\$ -
<b>Total CFDA 10.592</b>		<b>\$ -</b>	<b>\$ 234</b>			<b>\$ 234</b>	<b>\$ -</b>
<b>Total Department of Agriculture</b>		<b>\$ 56,521</b>	<b>\$ 437,312</b>			<b>\$ 493,833</b>	<b>\$ 27,473</b>
<b>DEPARTMENT OF COMMERCE</b>							
<b>National Oceanic and Atmospheric Administration (NOAA)</b>							
Sea Grant Support	11.417	\$ -	\$ 15,060	Penn State University	5040-ANSDU-NOAA-0063	\$ 15,060	\$ -
Sea Grant Support	11.417	\$ -	\$ 67,884	New Jersey Sea Grant Consortium	NJSCG 6610-0005	\$ 67,884	\$ 12,484
<b>Total CFDA 11.417</b>		<b>\$ -</b>	<b>\$ 82,944</b>			<b>\$ 82,944</b>	<b>\$ 12,484</b>
Coastal Zone Management Administration Awards	11.419	\$ -	\$ 1,632	PA Department of Environmental Protection	4100073159	\$ 1,632	\$ -
<b>Total CFDA 11.419</b>		<b>\$ -</b>	<b>\$ 1,632</b>			<b>\$ 1,632</b>	<b>\$ -</b>
Climate and Atmospheric Research	11.431	\$ -	\$ 65,867	Columbia University	1(GG012355)/ PO GG10011	\$ 65,867	\$ -
<b>Total CFDA 11.431</b>		<b>\$ -</b>	<b>\$ 65,867</b>			<b>\$ 65,867</b>	<b>\$ -</b>
<b>National Institute of Standards and Technology (NIST)</b>							
Measurement and Engineering Research and Standards	11.609	\$ 74,177	\$ -			\$ 74,177	\$ -
<b>Total CFDA 11.609</b>		<b>\$ 74,177</b>	<b>\$ -</b>			<b>\$ 74,177</b>	<b>\$ -</b>
Science, Technology, Business and/or Education Outreach	11.620	\$ 56,863	\$ -			\$ 56,863	\$ -
<b>Total CFDA 11.620</b>		<b>\$ 56,863</b>	<b>\$ -</b>			<b>\$ 56,863</b>	<b>\$ -</b>
<b>Total Department of Commerce</b>		<b>\$ 131,040</b>	<b>\$ 150,443</b>			<b>\$ 281,483</b>	<b>\$ 12,484</b>
<b>DEPARTMENT OF DEFENSE</b>							
<b>Department of the Army, Office of the Chief of Engineers</b>							
Collaborative Research and Development	12.114	\$ -	\$ (7,354)	S12 Technologies, Inc.	S12-2013-2054-001	\$ (7,354)	\$ -
<b>Total CFDA 12.114</b>		<b>\$ -</b>	<b>\$ (7,354)</b>			<b>\$ (7,354)</b>	<b>\$ -</b>

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>Department of the Navy, Office of the Chief of Naval Research</b>							
Basic and Applied Scientific Research	12.300	\$ 2,355,311	\$ -			\$ 2,355,311	\$ 292,201
Basic and Applied Scientific Research	12.300	-	10,249	Techno Sciences, Inc.	S334-10-DREXEL-02	10,249	-
Basic and Applied Scientific Research	12.300	-	94,822	Carnegie Mellon University	1150112-292646 MOD 7	94,822	-
Basic and Applied Scientific Research	12.300	-	104,714	University of Pennsylvania	SUB#564817 PO #3617488	104,714	-
Basic and Applied Scientific Research	12.300	-	189,513	RDRtec	4502-DREX-2016-01	189,513	-
Basic and Applied Scientific Research	12.300	-	34,515	Florida State University	R01872	34,515	-
<b>Total CFDA 12.300</b>		<b>\$ 2,355,311</b>	<b>\$ 433,813</b>			<b>\$ 2,789,124</b>	<b>\$ 292,201</b>
<b>U.S. Army Medical Command</b>							
Military Medical Research and Development	12.420	\$ 1,623,373	\$ -			\$ 1,623,373	\$ 23,687
Military Medical Research and Development	12.420	-	113,175	Trustees of Boston University	4500001398	113,175	-
<b>Total CFDA 12.420</b>		<b>\$ 1,623,373</b>	<b>\$ 113,175</b>			<b>\$ 1,736,548</b>	<b>\$ 23,687</b>
<b>U.S. Army Materiel Command</b>							
Basic Scientific Research	12.431	\$ 3,063,603	\$ -			\$ 3,063,603	\$ 1,884,205
Basic Scientific Research	12.431	-	47,116	University of Pennsylvania	560858	47,116	-
Basic Scientific Research	12.431	-	116,385	S12 Technologies, Inc.	S12-2015-2064-001	116,385	-
Basic Scientific Research	12.431	-	6,100	EOIR Technologies, Inc.	S17-10029	6,100	-
<b>Total CFDA 12.431</b>		<b>\$ 3,063,603</b>	<b>\$ 169,601</b>			<b>\$ 3,233,204</b>	<b>\$ 1,884,205</b>
<b>Office of the Secretary of Defense</b>							
Basic, Applied, and Advanced Research in Science and Engineering	12.630	\$ -	\$ 219,586	University of Delaware	W911NF1220022 (35335, 38660, 42146, & 45575)	\$ 219,586	\$ -
<b>Total CFDA 12.630</b>		<b>\$ -</b>	<b>\$ 219,586</b>			<b>\$ 219,586</b>	<b>\$ -</b>
<b>Department of the Air Force, Materiel Command</b>							
Air Force Defense Research Sciences Program	12.800	\$ -	\$ 3,083	Temple University	FA9550-13-1-0124 / 253388	\$ 3,083	\$ -
Air Force Defense Research Sciences Program	12.800	-	117,915	PAR Government Systems Corporation	PGSC-SC-111346-03	117,915	-
<b>Total CFDA 12.800</b>		<b>\$ -</b>	<b>\$ 120,998</b>			<b>\$ 120,998</b>	<b>\$ -</b>
<b>National Security Agency</b>							
Information Security Grants	12.902	\$ 143,853	\$ -			\$ 143,853	\$ -
<b>Total CFDA 12.902</b>		<b>\$ 143,853</b>	<b>\$ -</b>			<b>\$ 143,853</b>	<b>\$ -</b>
<b>Advanced Research Projects Agency</b>							
Research and Technology Development	12.910	\$ 223,187	\$ -			\$ 223,187	\$ -
Research and Technology Development	12.910	-	(7,129)	Versar	PO#009275	(7,129)	-
Research and Technology Development	12.910	-	468,068	University of Delaware	42527	468,068	-
<b>Total CFDA 12.910</b>		<b>\$ 223,187</b>	<b>\$ 460,939</b>			<b>\$ 684,126</b>	<b>\$ -</b>
Applied Communications & Information Networking Program	12.RD	\$ 1,385	\$ -			\$ 1,385	\$ -
Targeting Protein O-GlcNAc Modifications in Breast Cancer	12.RD	(3,338)	-			(3,338)	-
Non Destructive Approach For Damage Detection and Its Evolution in Hard Armor Protective Inserts	12.RD	55,745	-			55,745	-
In-situ TEM Characterization of Al-Mg Alloys	12.RD	(13,750)	-			(13,750)	-
Health Conscious Structures for Zero-Maintenance Rotorcraft Platforms	12.RD	-	14,885	Alpha Star Corporation	Prime: W911QX-15C-0045 (PO# 091715-01LS & PO # 092316-01LS)	14,885	-
Performance Estimation and Optimization of REDHAWK SDR Applications	12.RD	-	5,735	Ventura Solutions, Inc.	1044-20/TTO13-01	5,735	-
Portable Near Infrared Field Triage and Resuscitation Aid Technol	12.RD	-	66,822	InfraScan, Inc.	W911QY-14-C-0082	66,822	-
Health Conscious Structures for Zero-Maintenance Rotorcraft Platforms	12.RD	-	4,695	Alpha Star Corporation	PO # 060917-01LS	4,695	-
<b>Total CFDA 12.RD</b>		<b>\$ 40,042</b>	<b>\$ 92,137</b>			<b>\$ 132,179</b>	<b>\$ -</b>
<b>Total Department of Defense</b>		<b>\$ 7,449,369</b>	<b>\$ 1,602,895</b>			<b>\$ 9,052,264</b>	<b>\$ 2,200,093</b>

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>DEPARTMENT OF THE INTERIOR</b>							
<b>Fish and Wildlife Service</b>							
Fish and Wildlife Management Assistance	15.608	\$ (70)	\$ -			\$ (70)	\$ -
<b>Total CFDA 15.608</b>		<b>\$ (70)</b>	<b>\$ -</b>			<b>\$ (70)</b>	<b>\$ -</b>
Wildlife Without Borders-Africa	15.651	\$ 120,272	\$ -			\$ 120,272	\$ -
<b>Total CFDA 15.651</b>		<b>\$ 120,272</b>	<b>\$ -</b>			<b>\$ 120,272</b>	<b>\$ -</b>
Hurricane Sandy Disaster Relief Activities-FWS	15.677			29,890	Barnegat Bay National Estuary Program	29,890	
<b>Total CFDA 15.677</b>		<b>\$ -</b>	<b>\$ 29,890</b>		PDE-NJDEP-NFWF001 PDE254-01	<b>\$ 29,890</b>	<b>\$ -</b>
Barnegat Bay Sediment Analysis	15.RD	\$ 35	\$ -			35	
<b>Total CFDA 15.RD</b>		<b>\$ 35</b>	<b>\$ -</b>			<b>\$ 35</b>	<b>\$ -</b>
<b>Total Department of the Interior</b>		<b>\$ 120,237</b>	<b>\$ 29,890</b>			<b>\$ 150,127</b>	<b>\$ -</b>
<b>DEPARTMENT OF JUSTICE</b>							
<b>National Institute of Justice</b>							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	\$ -	\$ 5,361	Temple University	253993-DU	\$ 5,361	\$ -
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	13,206	Rutgers University	0060	13,206	-
<b>Total CFDA 16.560</b>		<b>\$ -</b>	<b>\$ 18,567</b>			<b>\$ 18,567</b>	<b>\$ -</b>
<b>Office for Victims of Crime</b>							
Crime Victim Assistance/Discretionary Grants	16.582	\$ 329,027	\$ -			\$ 329,027	\$ 40,710
<b>Total CFDA 16.582</b>		<b>\$ 329,027</b>	<b>\$ -</b>			<b>\$ 329,027</b>	<b>\$ 40,710</b>
<b>Bureau of Justice Assistance</b>							
Residential Substance Abuse Treatment for State Prisoners	16.593	\$ -	\$ 60,860	Commonwealth of Pennsylvania	PO#4300472489	\$ 60,860	\$ 45,401
<b>Total CFDA 16.593</b>		<b>\$ -</b>	<b>\$ 60,860</b>			<b>\$ 60,860</b>	<b>\$ 45,401</b>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ -	\$ 7,725	Pennsylvania Commission on Crime and Delinquency	2011/2012-JG/MH-03ST-24923	\$ 7,725	\$ 7,725
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	5,457	Commonwealth of Pennsylvania	PURCHASE ORDER NO. 4300468801	5,457	-
<b>Total CFDA 16.738</b>		<b>\$ -</b>	<b>\$ 13,182</b>			<b>\$ 13,182</b>	<b>\$ 7,725</b>
<b>Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention</b>							
Juvenile Justice Education Collaboration Assistance	16.829	\$ -	\$ 130,323	City of Philadelphia	2014-JZ-FX-K003	\$ 130,323	\$ -
<b>Total CFDA 16.829</b>		<b>\$ -</b>	<b>\$ 130,323</b>			<b>\$ 130,323</b>	<b>\$ -</b>
Risk Assessment White Paper	16.RD	\$ 11,626	\$ -			\$ 11,626	\$ -
<b>Total CFDA 16.RD</b>		<b>\$ 11,626</b>	<b>\$ -</b>			<b>\$ 11,626</b>	<b>\$ -</b>
<b>Total Department of Justice</b>		<b>\$ 340,653</b>	<b>\$ 222,932</b>			<b>\$ 563,585</b>	<b>\$ 93,836</b>
<b>DEPARTMENT OF LABOR</b>							
<b>Employment Training Administration</b>							
H-1B Job Training Grants	17.268	\$ -	\$ 14,992	District 1199C Training & Upgrading Fund	LETTER DATED 7/8/2016	\$ 14,992	\$ -
<b>Total CFDA 17.268</b>		<b>\$ -</b>	<b>\$ 14,992</b>			<b>\$ 14,992</b>	<b>\$ -</b>
<b>Total Department of Labor</b>		<b>\$ -</b>	<b>\$ 14,992</b>			<b>\$ 14,992</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>DEPARTMENT OF STATE</b>							
<b>Office of U.S. Global Aids Coordinator</b>							
The U.S. President's Emergency Plan for AIDS Relief Programs	19.029	\$ -	\$ 268,293	JSI Research & Training Institute, Inc.	37188-1063	\$ 268,293	\$ 64,004
<b>Total CFDA 19.029</b>		\$ -	\$ 268,293			\$ 268,293	\$ 64,004
Ryan Margolis - Salary for Work at Thomas Jefferson University	19.RD	\$ -	\$ 6,667	Thomas Jefferson University	AGREEMENT DATED 10/19/2016	\$ 6,667	\$ -
<b>Total CFDA 19.RD</b>		\$ -	\$ 6,667			\$ 6,667	\$ -
<b>Total Department of State</b>		\$ -	\$ 274,960			\$ 274,960	\$ 64,004
<b>DEPARTMENT OF TRANSPORTATION</b>							
<b>Federal Aviation Administration (FAA)</b>							
Aviation Research Grants	20.108	\$ 240,825	\$ -			\$ 240,825	\$ -
<b>Total CFDA 20.108</b>		\$ 240,825	\$ -			\$ 240,825	\$ -
Air Transportation Centers of Excellence	20.109	\$ 316,232	\$ -			\$ 316,232	\$ 8,124
<b>Total CFDA 20.109</b>		\$ 316,232	\$ -			\$ 316,232	\$ 8,124
<b>Federal Highway Administration (FHWA)</b>							
Highway Research and Development Program	20.200	\$ 463,700	\$ -			\$ 463,700	\$ 6,583
<b>Total CFDA 20.200</b>		\$ 463,700	\$ -			\$ 463,700	\$ 6,583
<b>Total Department of Transportation</b>		\$ 1,020,757	\$ -			\$ 1,020,757	\$ 14,707
<b>US DEPARTMENT OF VETERANS AFFAIRS</b>							
<b>Office of Personnel Management</b>							
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	\$ 292,246	\$ -			\$ 292,246	\$ -
<b>Total CFDA 27.011</b>		\$ 292,246	\$ -			\$ 292,246	\$ -
<b>Total of US Department of Veterans Affairs</b>		\$ 292,246	\$ -			\$ 292,246	\$ -
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Science	43.011	\$ 192,072	\$ -			\$ 192,072	\$ -
Science	43.011	-	53,780	Structured Materials Industries, Inc.	NNX15CG10C	53,780	-
Science	43.011	-	2,245	Smithsonian Astrophysical Observatory	AR3-14009X	2,245	-
Science	43.011	-	25,073	Trustees of Boston University	4500002264	25,073	9,943
Science	43.011	-	949	Smithsonian Astrophysical Observatory	GO7-18110X	949	-
Science	43.011	-	45,763	California Institute of Technology	1555462	45,763	-
Science	43.011	-	53,617	Jet Propulsion Laboratory (NASA)	1571756	53,617	-
<b>Total CFDA 43.011</b>		\$ 192,072	\$ 181,427			\$ 373,499	\$ 9,943
Aeronautics	43.002	\$ -	(1,577)	Georgia Institute of Technology	RD368-G2/NNX13AB71A	(1,577)	\$ -
<b>Total CFDA 43.002</b>		\$ -	(1,577)			(1,577)	\$ -
Education	43.008	\$ 29,197	\$ -			\$ 29,197	\$ -

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Education	43.008	-	3,670	Penn State University	5366-DU-NASA-K06H/ 4498-DU-NASA-K74H	3,670	-
Education	43.008	-	7,082	Penn State University	5502-DU-NASA-K06H	7,082	-
<b>Total CFDA 43.008</b>		\$ 29,197	\$ 10,752			\$ 39,949	\$ -
<b>Total National Aeronautics and Space Administration</b>		\$ 221,269	\$ 190,602			\$ 411,871	\$ 9,943
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>							
Promotion of the Arts_Grants to Organizations and Individuals	45.024	\$ 59,007	\$ -			\$ 59,007	\$ -
Promotion of the Arts_Grants to Organizations and Individuals	45.024	-	14,861	Arts Midwest	0017873	14,861	-
<b>Total CFDA 45.024</b>		\$ 59,007	\$ 14,861			\$ 73,868	\$ -
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>							
Promotion of the Humanities_Professional Development	45.163	\$ (79)	\$ -			\$ (79)	\$ -
<b>Total CFDA 45.163</b>		\$ (79)	\$ -			\$ (79)	\$ -
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>							
National Leadership Grants	45.312	\$ 43,852	\$ -			\$ 43,852	\$ -
<b>Total CFDA 45.312</b>		\$ 43,852	\$ -			\$ 43,852	\$ -
Laura Bush 21st Century Librarian Program	45.313	\$ 149,812	\$ -			\$ 149,812	\$ -
<b>Total CFDA 45.313</b>		\$ 149,812	\$ -			\$ 149,812	\$ -
<b>Total National Endowment for the Arts</b>		\$ 252,592	\$ 14,861			\$ 267,453	\$ -
<b>NATIONAL SCIENCE FOUNDATION</b>							
Engineering Grants	47.041	\$ 4,534,671	\$ -			\$ 4,534,671	\$ 6,587
Engineering Grants	47.041	-	70,269	epoXtal LLC	1549668	70,269	-
Engineering Grants	47.041	-	100,515	University of Wisconsin	489K904/CMMI-1344205	100,515	-
Engineering Grants	47.041	-	32,077	Instadiagnostics, Inc.	DU-NSF-0001	32,077	-
<b>Total CFDA 47.041</b>		\$ 4,534,671	\$ 202,861			\$ 4,737,532	\$ 6,587
Mathematical and Physical Sciences	47.049	\$ 2,072,111	\$ -			\$ 2,072,111	\$ 144,751
Mathematical and Physical Sciences	47.049	-	41,000	Northwestern University	SP0029921-PROJ009948	41,000	-
Mathematical and Physical Sciences	47.049	-	89,973	University of Georgia	RR181-267/4945606	89,973	-
<b>Total CFDA 47.049</b>		\$ 2,072,111	\$ 130,973			\$ 2,203,084	\$ 144,751
Geosciences	47.050	\$ 128,822	\$ -			\$ 128,822	\$ -
Geosciences	47.050	-	7,113	Board of Supervisors of Louisiana State University and Agriculture	SUBAWARD#98335	7,113	-
Geosciences	47.050	-	13,937	Illinois State Museum Society	EAR-0948652	13,937	-
Geosciences	47.050	-	4,814	University of Chicago	FP060695	4,814	-
<b>Total CFDA 47.050</b>		\$ 128,822	\$ 25,864			\$ 154,686	\$ -
Computer and Information Science and Engineering	47.070	\$ 2,798,061	\$ -			\$ 2,798,061	\$ 33,381
Computer and Information Science and Engineering	47.070	-	24,657	University of Arizona	ACI-1443019 SUB 229749	24,657	-
<b>Total CFDA 47.070</b>		\$ 2,798,061	\$ 24,657			\$ 2,822,718	\$ 33,381
Biological Sciences	47.074	\$ 987,192	\$ -			\$ 987,192	\$ -
Biological Sciences	47.074	-	17,781	University of Pennsylvania	564812/10042268/16103	17,781	-
Biological Sciences	47.074	-	41,903	Cornell University	AGREEMENT NO. 74983-10504	41,903	-
Biological Sciences	47.074	-	52,551	New York Botanical	NYBG-NYBG-1304933-1-ANSD	52,551	-
Biological Sciences	47.074	-	(162)	University of North Carolina at Chapel Hill	5103101	(162)	-

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
Biological Sciences	47.074	-	13,614	University of Arizona	1003017-01	13,614	-
Biological Sciences	47.074	-	201,440	Neon, Inc	4010-0356-AQU/1010-216-AQU	201,440	-
<b>Total CFDA 47.074</b>		\$ 987,192	\$ 327,127			\$ 1,314,319	\$ -
Social, Behavioral, and Economic Sciences	47.075	\$ 423,441	\$ -			\$ 423,441	\$ 1,800
<b>Total CFDA 47.075</b>		\$ 423,441	\$ -			\$ 423,441	\$ 1,800
Education and Human Resources	47.076	\$ 3,152,144	\$ -			\$ 3,152,144	\$ 1,016,543
Education and Human Resources	47.076	-	24,128	Lincoln University	SIGNED AGREEMENT 9/25/2015	24,128	-
Education and Human Resources	47.076	-	6,172	Museum of Science, Inc.	AGR DATE 12/5/2013	6,172	-
Education and Human Resources	47.076	-	3,368	Bryn Mawr College	2-46785 DUE-1439790	3,368	-
Education and Human Resources	47.076	-	1,193	The Franklin Institute	1239782	1,193	-
Education and Human Resources	47.076	-	10,407	Temple University	257531-DU	10,407	-
<b>Total CFDA 47.076</b>		\$ 3,152,144	\$ 45,268			\$ 3,197,412	\$ 1,016,543
Office of International Science and Engineering	47.079	\$ (632)	\$ -			\$ (632)	\$ -
Office of International Science and Engineering	47.079	-	265,768	The Regents of the University of California	2155 G RA906	265,768	13,225
Office of International Science and Engineering	47.079	-	26,511	U.S. Civilian Research & Development Foundation	OISE-16-62115-0	26,511	-
<b>Total CFDA 47.079</b>		\$ (632)	\$ 292,279			\$ 291,647	\$ 13,225
Office of Cyberinfrastructure	47.080	\$ -	\$ 17,909	University of North Carolina	5037142 (PRIME: OCI-0940841)	\$ 17,909	\$ -
<b>Total CFDA 47.080</b>		\$ -	\$ 17,909			\$ 17,909	\$ -
Trans-NSF Recovery Act Research Support	47.082	\$ (49,428)	\$ -			\$ (49,428)	\$ (14,848)
<b>Total CFDA 47.082</b>		\$ (49,428)	\$ -			\$ (49,428)	\$ (14,848)
Evaluation of NSF's SEES Portfolio Program	47.RD	\$ -	\$ 12,128	NORC at the University of Chicago	7788-DREXEL.01	\$ 12,128	\$ -
<b>Total CFDA 47.RD</b>		\$ -	\$ 12,128			\$ 12,128	\$ -
<b>Total National Science Foundation</b>		<b>\$ 14,046,382</b>	<b>\$ 1,079,066</b>			<b>\$ 15,125,448</b>	<b>\$ 1,201,439</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
<b>Office of Water</b>							
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	\$ -	\$ 17,540	Montana Department of Environmental Quality	CONTRACT NO. 211135 TO#2	\$ 17,540	\$ -
<b>Total CFDA 66.419</b>		\$ -	\$ 17,540			\$ 17,540	\$ -
National Estuary Program	66.456	\$ -	\$ 2,041	Barnegat Bay National Estuary Program	CRES003	\$ 2,041	\$ -
<b>Total CFDA 66.456</b>		\$ -	\$ 2,041			\$ 2,041	\$ -
Regional Wetland Program Development Grants	66.461	\$ -	\$ 508	Partnership for the Delaware Estuary	PDE-235-01	\$ 508	\$ -
<b>Total CFDA 66.461</b>		\$ -	\$ 508			\$ 508	\$ -
<b>Office of Research and Development (ORD)</b>							
Office of Research and Development Consolidated Research/Training/Fellowships	66.511	\$ 55,763	\$ -			\$ 55,763	\$ -
<b>Total CFDA 66.511</b>		\$ 55,763	\$ -			\$ 55,763	\$ -

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>Office of the Administrator</b>							
Performance Partnership Grants	66.605	\$ -	\$ 2,496	State of Maine, Department of Environmental Protection	06A20151130*1934/VC10000 98106	\$ 2,496	\$ -
Performance Partnership Grants	66.605	-	8,229	State of Maine, Department of Environmental Protection	06A 20170214*2385	8,229	-
<b>Total CFDA 66.605</b>		\$ -	\$ 10,725			\$ 10,725	\$ -
Continuation of Wetland Monitoring in Barnegat Bay	66.RD	\$ -	\$ 272	Barnegat Bay National Estuary Program	BBP-WPDGFY10-ANSD-01	\$ 272	\$ -
Biofuel Production from Grease Trap Waste	66.RD	-	40,106	Environmental Fuel Research	AGREEMENT DATED 06/06/2016	40,106	-
<b>Total CFDA 66.RD</b>		\$ -	\$ 40,378			\$ 40,378	\$ -
<b>Total Environmental Protection Agency</b>		\$ 55,763	\$ 71,192			\$ 126,955	\$ -
<b>DEPARTMENT OF ENERGY</b>							
Office of Science Financial Assistance Program	81.049	\$ 1,010,737	\$ -			\$ 1,010,737	\$ 192,078
Office of Science Financial Assistance Program	81.049	-	151,242	Temple University	254998	151,242	-
Office of Science Financial Assistance Program	81.049	-	25,361	University of Minnesota	A004163701	25,361	-
Office of Science Financial Assistance Program	81.049	-	(19)	Advanced Cooling Technologies Inc	CONTRACT#23547 : DE-SC0013821	(19)	-
Office of Science Financial Assistance Program	81.049	-	(10,697)	Optra, Inc.	PO 14119	(10,697)	-
Office of Science Financial Assistance Program	81.049	-	356,344	Oak Ridge National Laboratory/Dept of Energy	DE-AC05-00OR22725 (4000085877 & 4000150343)	356,344	-
Office of Science Financial Assistance Program	81.049	-	(17,012)	Kent State University	440661-DREX	(17,012)	-
Office of Science Financial Assistance Program	81.049	-	(20,334)	The Regents of the University of California	6951370	(20,334)	-
Office of Science Financial Assistance Program	81.049	-	(21)	Research Partnership to Secure Energy for America	PRIME:DE-AC26-07NT42677	(21)	-
Office of Science Financial Assistance Program	81.049	-	503	Savannah River Nuclear Solutions, Inc	DE-AC09-08SR22470 - 0000105861	503	-
<b>Total CFDA 81.049</b>		\$ 1,010,737	\$ 485,367			\$ 1,496,104	\$ 192,078
Conservation Research and Development	81.086	\$ 50,608	\$ -			\$ 50,608	\$ -
Conservation Research and Development	81.086	-	(392)	Penn State University	4342-DU-DOE-4261/DE-EE0004261	(392)	-
<b>Total CFDA 81.086</b>		\$ 50,608	\$ (392)			\$ 50,216	\$ -
Renewable Energy Research and Development	81.087	\$ (355)	\$ -			\$ (355)	\$ -
Renewable Energy Research and Development	81.087	-	34,308	Ceramatec	LETTER DATED 5/23/14	34,308	-
<b>Total CFDA 81.087</b>		\$ (355)	\$ 34,308			\$ 33,953	\$ -
Energy Efficiency and Renewable Energy Technology Deployment, Demonstration and Commercialization	81.129	\$ 48,836	\$ -			\$ 48,836	\$ -
<b>Total CFDA 81.129</b>		\$ 48,836	\$ -			\$ 48,836	\$ -
Advanced Research Projects Agency - Energy	81.135	\$ -	\$ 443,660	EPRI	10004916	\$ 443,660	\$ -
<b>Total CFDA 81.135</b>		\$ -	\$ 443,660			\$ 443,660	\$ -
Freeze-Casting as a Novel Manufacturing Process for Fast Reactor Fuels	81.RD	\$ -	\$ 194	Battelle	00103029	\$ 194	\$ -
<b>Total CFDA 81.RD</b>		\$ -	\$ 194			\$ 194	\$ -
<b>Total Department of Energy</b>		\$ 1,109,826	\$ 963,137			\$ 2,072,963	\$ 192,078

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>DEPARTMENT OF EDUCATION</b>							
<b>Office of Postsecondary Education</b>							
Higher Education_Institutional Aid	84.031	\$ -	\$ 178,221	University of Texas at El Paso	226150800B	\$ 178,221	\$ -
<b>Total CFDA 84.031</b>		\$ -	\$ 178,221			\$ 178,221	\$ -
Fund for the Improvement of Postsecondary Education	84.116	\$ 3,775	\$ -			\$ 3,775	\$ -
<b>Total CFDA 84.116</b>		\$ 3,775	\$ -			\$ 3,775	\$ -
Minority Science and Engineering Improvement	84.120	\$ -	\$ 68,294	Community College of Philadelphia	P120A130035	\$ 68,294	\$ -
<b>Total CFDA 84.120</b>		\$ -	\$ 68,294			\$ 68,294	\$ -
<b>Institute of Education Sciences</b>							
Research in Special Education	84.324	\$ -	\$ (10)	University of Kentucky Research Foundation	R324A110204	\$ (10)	\$ -
Research in Special Education	84.324	\$ -	\$ 32,359	Hugo W. Moser Research Institute at Kennedy Krieger, Inc.	R324A160228	\$ 32,359	\$ -
<b>Total CFDA 84.324</b>		\$ -	\$ 32,349			\$ 32,349	\$ -
<b>Office of Postsecondary Education</b>							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	\$ -	\$ 60,139	Philadelphia School District	SC 572922	\$ 60,139	\$ -
<b>Total CFDA 84.334</b>		\$ -	\$ 60,139			\$ 60,139	\$ -
<b>Total Department of Education</b>		<b>\$ 3,775</b>	<b>\$ 339,003</b>			<b>\$ 342,778</b>	<b>\$ -</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Centers for Disease Control and Prevention</b>							
Environmental Public Health and Emergency Response	93.070	\$ 201,175	\$ -			\$ 201,175	\$ -
<b>Total CFDA 93.070</b>		\$ 201,175	\$ -			\$ 201,175	\$ -
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	\$ -	\$ 327	Johns Hopkins University	2001396285, AWARD#U01DD00746	\$ 327	\$ -
<b>Total CFDA 93.073</b>		\$ -	\$ 327			\$ 327	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	\$ -	\$ (335)	Pennsylvania Department of Health	4400007960	\$ (335)	\$ -
<b>Total CFDA 93.074</b>		\$ -	\$ (335)			\$ (335)	\$ -
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	\$ -	\$ 11,028	Children's Hospital of Philadelphia	8901210917	\$ 11,028	\$ -
<b>Total CFDA 93.080</b>		\$ -	\$ 11,028			\$ 11,028	\$ -
<b>Office of the Secretary</b>							
Advancing System Improvements for Key Issues in Women's Health	93.088	\$ -	\$ 115,506	Nationalities Services Center	1-ASTWH160040-01-00	\$ 115,506	\$ -
<b>Total CFDA 93.088</b>		\$ -	\$ 115,506			\$ 115,506	\$ -
<b>Food and Drug Administration</b>							
Food and Drug Administration_Research	93.103	\$ -	\$ 9,984	Children's Hospital of Philadelphia	ACTIVITY321022	\$ 9,984	\$ -
<b>Total CFDA 93.103</b>		\$ -	\$ 9,984			\$ 9,984	\$ -
<b>Health Resources and Services Administration</b>							
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 79,324	\$ -			\$ 79,324	\$ -
Maternal and Child Health Federal Consolidated Programs	93.110	\$ -	\$ 44,756	The Regents of the University of California	1638 G SA129	\$ 44,756	\$ -

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Maternal and Child Health Federal Consolidated Programs	93.110	-	133,594	The Regents of the University of California	2000 G TJ481	133,594	-
Maternal and Child Health Federal Consolidated Programs	93.110	-	5,000	Children's Hospital of Philadelphia	3209610517/962311-RSUB	5,000	-
<b>Total CFDA 93.110</b>		\$ 79,324	\$ 183,350			\$ 262,674	\$ -
<b>National Institutes of Health</b>							
Environmental Health	93.113	\$ 398,366	\$ -			\$ 398,366	\$ 179,499
Environmental Health	93.113	-	46,834	Johns Hopkins University	7R01ES023780-03	46,834	-
Environmental Health	93.113	-	20,437	University of California, Davis	2015000641-02	20,437	-
Environmental Health	93.113	-	28,052	Johns Hopkins University	2003188471	28,052	-
<b>Total CFDA 93.113</b>		\$ 398,366	\$ 95,323			\$ 493,689	\$ 179,499
<b>Centers for Disease Control and Prevention</b>							
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	\$ -	\$ 204,878	Indiana University	5R01ES021735-04	\$ 204,878	\$ -
<b>Total CFDA 93.116</b>		\$ -	\$ 204,878			\$ 204,878	\$ -
<b>National Institutes of Health</b>							
Oral Diseases and Disorders Research	93.121	\$ 3,803	\$ -			\$ 3,803	\$ -
<b>Total CFDA 93.121</b>		\$ 3,803	\$ -			\$ 3,803	\$ -
<b>Office of Minority Health</b>							
Community Programs to Improve Minority Health Grant Program	93.137	\$ -	\$ 63,330	District 1199C Training & Upgrading Fund	1 CPIMP151091-01-00	\$ 63,330	\$ -
<b>Total CFDA 93.137</b>		\$ -	\$ 63,330			\$ 63,330	\$ -
<b>Health Resources and Services Administration</b>							
Centers of Excellence	93.157	\$ -	\$ 52,294	Trustees of the University of Pennsylvania	569760	\$ 52,294	\$ -
<b>Total CFDA 93.157</b>		\$ -	\$ 52,294			\$ 52,294	\$ -
<b>National Institutes of Health</b>							
Human Genome Research	93.172	\$ -	\$ 156,073	The Regents of the University of California	8037SC	\$ 156,073	\$ -
Human Genome Research	93.172	-	61,331	Old Dominion University	17-140-100582-010	61,331	-
<b>Total CFDA 93.172</b>		\$ -	\$ 217,404			\$ 217,404	\$ -
Research Related to Deafness and Communication Disorders	93.173	\$ 590,089	\$ -			\$ 590,089	\$ 121,816
Research Related to Deafness and Communication Disorders	93.173	-	30,512	Ohio State University	60051959	30,512	-
Research Related to Deafness and Communication Disorders	93.173	-	(94)	University of Pennsylvania	561592	(94)	-
Research Related to Deafness and Communication Disorders	93.173	-	(15,914)	Massachusetts Eye and Ear Infirmary	5U01DC010371-05	(15,914)	-
<b>Total CFDA 93.173</b>		\$ 590,089	\$ 14,504			\$ 604,593	\$ 121,816
<b>Office of Population Affairs</b>							
Family Planning_Services	93.217	\$ -	\$ 117,592	Access Matters	172401	\$ 117,592	\$ -
<b>Total CFDA 93.217</b>		\$ -	\$ 117,592			\$ 117,592	\$ -
<b>Agency for Healthcare Research and Quality</b>							
Research on Healthcare Costs, Quality and Outcomes	93.226	\$ 208,997	\$ -			\$ 208,997	\$ 19,465
Research on Healthcare Costs, Quality and Outcomes	93.226	-	11,728	Boston Children's Hospital	RSTFD0000612033	11,728	-
Research on Healthcare Costs, Quality and Outcomes	93.226	-	41,156	Kaiser Permanente	98-007	41,156	-
<b>Total CFDA 93.226</b>		\$ 208,997	\$ 52,884			\$ 261,881	\$ 19,465

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>National Institutes of Health</b>							
Mental Health Research Grants	93.242	\$ 3,692,509	\$ -			\$ 3,692,509	\$ 731,207
Mental Health Research Grants	93.242	-	224,835	Temple University	Prime: T32MH079785 (361186-04400-7341-02, 361072-04400-7341-02, 254396-DREXEL)	224,835	-
Mental Health Research Grants	93.242	-	601,009	Florida State University	Prime R01MH104423 (R01787- YEAR 2, R01761, R01845, ADVANCE 6/1/17)	601,009	43,416
Mental Health Research Grants	93.242	-	4,952	Temple University	Prime: P01MH105303 (390463-04400-7342-02)	4,952	-
Mental Health Research Grants	93.242	-	(3,785)	Oregon Research Institute	RO1-MH 086582	(3,785)	-
Mental Health Research Grants	93.242	-	1,322	Children's Hospital of Philadelphia	2R56MH058250-16	1,322	-
Mental Health Research Grants	93.242	-	11,761	University of Pennsylvania	565091	11,761	-
Mental Health Research Grants	93.242	-	330,497	Temple University	Prime: P30MH092177 (258152-DREXEL)	330,497	-
Mental Health Research Grants	93.242	-	(8,002)	Temple University	360962-04400-7342-02	(8,002)	-
Mental Health Research Grants	93.242	-	58,818	Children's Hospital of Philadelphia	ACT # 3209400419/PO # 962263-R	58,818	-
Mental Health Research Grants	93.242	-	10,000	Temple University	LETTER DATED 04/01/2017	10,000	-
Mental Health Research Grants	93.242	-	239	Temple University	LETTER DTD 07/25/2017	239	-
<b>Total CFDA 93.242</b>		<b>\$ 3,692,509</b>	<b>\$ 1,231,646</b>			<b>\$ 4,924,155</b>	<b>\$ 774,623</b>
<b>Substance Abuse and Mental Health Services Administration</b>							
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	\$ -	\$ 173,399	Pennsylvania Department of Human Services	1-U79-SM061750-01	\$ 173,399	\$ -
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	-	13,665	PA Department of Drugs and Alcohol Programs	440015617 PO4300554481	13,665	-
<b>Total CFDA 93.243</b>		<b>\$ -</b>	<b>\$ 187,064</b>			<b>\$ 187,064</b>	<b>\$ -</b>
<b>Centers for Disease Control and Prevention</b>							
Occupational Safety and Health Program	93.262	\$ 70,637	\$ -			\$ 70,637	\$ -
<b>Total CFDA 93.262</b>		<b>\$ 70,637</b>	<b>\$ -</b>			<b>\$ 70,637</b>	<b>\$ -</b>
<b>National Institutes of Health</b>							
Alcohol Research Programs	93.273	\$ 198,071	\$ -			\$ 198,071	\$ -
Alcohol Research Programs	93.273	-	2,528	Immunotope, Inc.	1R41AA023111-01	2,528	-
Alcohol Research Programs	93.273	-	47,829	University of Massachusetts	16-009293-A00	47,829	-
<b>Total CFDA 93.273</b>		<b>\$ 198,071</b>	<b>\$ 50,357</b>			<b>\$ 248,428</b>	<b>\$ -</b>
Drug Abuse and Addiction Research Programs	93.279	\$ 3,067,928	\$ -			\$ 3,067,928	\$ 730,378
Drug Abuse and Addiction Research Programs	93.279	-	2,866	Thomas Jefferson University	080-04000-S09501	2,866	-
Drug Abuse and Addiction Research Programs	93.279	-	29,967	Temple University	360764-04760-02	29,967	-
Drug Abuse and Addiction Research Programs	93.279	-	8,512	Penn State University	DRE DA035240	8,512	-
Drug Abuse and Addiction Research Programs	93.279	-	33,952	New York University	F8602-2 PO # IB00022960	33,952	-
Drug Abuse and Addiction Research Programs	93.279	-	924	New York University	FAIN T32DA007233	924	-
<b>Total CFDA 93.279</b>		<b>\$ 3,067,928</b>	<b>\$ 76,221</b>			<b>\$ 3,144,149</b>	<b>\$ 730,378</b>
<b>Centers for Disease Control and Prevention</b>							
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	\$ -	\$ 2,450	Association of Schools of Public Health	LETTER DATED 8/5/15	\$ 2,450	\$ -
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	-	11,435	Johns Hopkins University	2003102702	11,435	-
<b>Total CFDA 93.283</b>		<b>\$ -</b>	<b>\$ 13,885</b>			<b>\$ 13,885</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
 Schedule of Expenditures of Federal Awards  
 For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>National Institutes of Health</b>							
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	\$ 64,654	\$ -			\$ 64,654	\$ -
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	-	264,257	University of Southern California	SUBAWARD#76831027	264,257	-
<b>Total CFDA 93.286</b>		\$ 64,654	\$ 264,257			\$ 328,911	\$ -
Minority Health and Health Disparities Research	93.307	\$ 12,980	\$ -			\$ 12,980	\$ -
Minority Health and Health Disparities Research	93.307	-	345,635	University of Michigan	3002467248	345,635	-
<b>Total CFDA 93.307</b>		\$ 12,980	\$ 345,635			\$ 358,615	\$ -
Trans-NIH Research Support	93.310	\$ 758,902	\$ -			\$ 758,902	\$ 337,813
<b>Total CFDA 93.310</b>		\$ 758,902	\$ -			\$ 758,902	\$ 337,813
Nursing Research	93.361	\$ 451,419	\$ -			\$ 451,419	\$ -
Nursing Research	93.361	-	4,521	ECOG-ACRIN Medical Research Foundation	SUBCONTRACT DATED APRIL 2016	4,521	-
Nursing Research	93.361	-	108	Smart Activities of Daily Living LLC	1 R41 NR15191-01	108	-
<b>Total CFDA 93.361</b>		\$ 451,419	\$ 4,629			\$ 456,048	\$ -
Cancer Cause and Prevention Research	93.393	\$ 1,035,979	\$ -			\$ 1,035,979	\$ -
<b>Total CFDA 93.393</b>		\$ 1,035,979	\$ -			\$ 1,035,979	\$ -
Cancer Detection and Diagnosis Research	93.394	\$ 8,799	\$ -			\$ 8,799	\$ 21,685
Cancer Detection and Diagnosis Research	93.394	-	17,668	ImCare Biotech, LLC	AGREEMENT EFF. 6/10/15	17,668	-
Cancer Detection and Diagnosis Research	93.394	-	49,158	HealthPartners Institute for Education and Research	X130120DREX	49,158	-
Cancer Detection and Diagnosis Research	93.394	-	24,185	ECOG-ACRIN Medical Research Foundation	U24CA196172-01-DREX1	24,185	-
Cancer Detection and Diagnosis Research	93.394	-	22,000	Thomas Jefferson University	AGR.DATE 8/27/2014	22,000	-
<b>Total CFDA 93.394</b>		\$ 8,799	\$ 113,011			\$ 121,810	\$ 21,685
Cancer Treatment Research	93.395	\$ (113)	\$ -			\$ (113)	\$ -
Cancer Treatment Research	93.395	\$ -	\$ 1,466	Children's Hospital of Philadelphia	AALL1131	\$ 1,466	\$ -
Cancer Treatment Research	93.395	-	378	Children's Hospital of Philadelphia	N02-CM-62212	378	-
Cancer Treatment Research	93.395	-	8,833	Children's Hospital of Philadelphia	U10CA180866 (PO#9500080216-13C)	8,833	-
Cancer Treatment Research	93.395	-	174,096	ECOG-ACRIN Medical Research Foundation	1UG1CA189828-01-DREX1	174,096	-
Cancer Treatment Research	93.395	-	235,189	ECOG-ACRIN Medical Research Foundation	U10CA180820-01-DREX1	235,189	-
Cancer Treatment Research	93.395	-	(183)	Alliance Discovery	R43CA183362-01A1	(183)	-
Cancer Treatment Research	93.395	-	124,628	The Wistar Institute	25111-02-319	124,628	-
Cancer Treatment Research	93.395	-	32,747	Thomas Jefferson University	SUBAWARD NO. 080-30000-S18301	32,747	-
Cancer Treatment Research	93.395	-	60,112	Context Therapeutics	DREXEL 2016 KIM	60,112	-
<b>Total CFDA 93.395</b>		\$ (113)	\$ 637,266			\$ 637,153	\$ -
Cancer Biology Research	93.396	\$ 304,489	\$ -			\$ 304,489	\$ -
Cancer Biology Research	93.396	\$ -	\$ 45,229	Old Dominion University	16-193-100578-010	45,229	-
<b>Total CFDA 93.396</b>		\$ 304,489	\$ 45,229			\$ 349,718	\$ -

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Cancer Centers Support Grants	93.397	\$ -	\$ 46,436	Thomas Jefferson University	Prime P30CA056036 (080-03500-PB1516, 080-03500-PB0816, PO# 2000055021, 080-03500-PB1517 PO 2000054938, 080-03500-PB0817)	\$ 46,436	\$ -
Cancer Centers Support Grants	93.397	-	7,542	University of Pittsburgh	9013377(128782-1)	7,542	-
<b>Total CFDA 93.397</b>		\$ -	\$ 53,978			\$ 53,978	\$ -
Cancer Research Manpower	93.398	\$ 84,692	\$ -			\$ 84,692	\$ -
<b>Total CFDA 93.398</b>		\$ 84,692	\$ -			\$ 84,692	\$ -
Cancer Control	93.399	\$ -	\$ (1,334)	Children's Hospital of Philadelphia	FP00017458_SUB120_01	\$ (1,334)	\$ -
<b>Total CFDA 93.399</b>		\$ -	\$ (1,334)			\$ (1,334)	\$ -
<b>Health Resources and Services Administration</b>							
Public Health Training Centers Program	93.516	\$ -	\$ 16,108	University of Pittsburgh	0044318(126605-1)	\$ 16,108	\$ -
<b>Total CFDA 93.516</b>		\$ -	\$ 16,108			\$ 16,108	\$ -
<b>Administration for Children and Families</b>							
Social Services Block Grant	93.667	\$ -	\$ 30,606	Access Matters	172401	\$ 30,606	\$ -
<b>Total CFDA 93.667</b>		\$ -	\$ 30,606			\$ 30,606	\$ -
<b>Office of the Secretary</b>							
ARRA - Health Information Technology Professionals in Health Care	93.721	\$ -	\$ 68,991	Johns Hopkins University	2002745442	\$ 68,991	\$ -
<b>Total CFDA 93.721</b>		\$ -	\$ 68,991			\$ 68,991	\$ -
<b>Centers for Disease Control and Prevention</b>							
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	\$ -	\$ 168,656	City of Philadelphia-Department of Public Health	1520522	\$ 168,656	\$ -
<b>Total CFDA 93.757</b>		\$ -	\$ 168,656			\$ 168,656	\$ -
<b>National Institutes of Health</b>							
Cardiovascular Diseases Research	93.837	\$ 1,272,663	\$ -			\$ 1,272,663	\$ -
Cardiovascular Diseases Research	93.837	\$ -	\$ 20,393	Columbia University	GG010203	\$ 20,393	\$ -
Cardiovascular Diseases Research	93.837	-	204	Brigham and Women's Hospital	5U01HL101422-02	204	-
Cardiovascular Diseases Research	93.837	-	420	University of Rochester	415554-G	420	-
Cardiovascular Diseases Research	93.837	-	14,860	New England Research Institute	PITCH-HF/ UO1HL105463	14,860	-
Cardiovascular Diseases Research	93.837	-	43,239	University of Pittsburgh	0028217(127996-2)	43,239	-
Cardiovascular Diseases Research	93.837	-	32,399	University of Michigan	3004404234	32,399	-
Cardiovascular Diseases Research	93.837	-	13,327	Fox Chase Chemical Diversity Center, Inc.	R41HL134435-D	13,327	-
<b>Total CFDA 93.837</b>		\$ 1,272,663	\$ 124,842			\$ 1,397,505	\$ -
Lung Diseases Research	93.838	\$ -	\$ 10,000	Yale University	M17A12505 (A09733)	\$ 10,000	\$ -
<b>Total CFDA 93.838</b>		\$ -	\$ 10,000			\$ 10,000	\$ -
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	\$ 106,587	\$ -			\$ 106,587	\$ 22,825
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	-	203	University of North Carolina	SUBAWARD# 5100904	203	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	-	158,316	Thomas Jefferson University	PO#2000052675/080-23000-S22501	158,316	-
<b>Total CFDA 93.846</b>		\$ 106,587	\$ 158,519			\$ 265,106	\$ 22,825

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	\$ 1,276,973	\$ -			\$ 1,276,973	\$ 33,780
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	67,123	Queens University	1U01DK103271 SUBAWARD NO. 1	67,123	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	(721)	University of Pennsylvania	5R01DK06989-05/ 5-44008-UPENN	(721)	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	16,324	Queens University	562197 UPENN	16,324	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	(15)	Georgia Regents University	25732-25	(15)	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	13,000	Thomas Jefferson University	AGREEMENT DATED 11/18/2016	13,000	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	35,940	Washington University in St. Louis	WU-17-367	35,940	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	-	962	Washington University in St. Louis	2P30 DK092950	962	-
<b>Total CFDA 93.847</b>		<b>\$ 1,276,973</b>	<b>\$ 132,613</b>			<b>\$ 1,409,586</b>	<b>\$ 33,780</b>
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	\$ 7,538,408	\$ -			\$ 7,538,408	\$ 1,312,319
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	139,531	Cornell University	67362-9896	139,531	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	1,500	Temple University	SUBK00004100-ESETT	1,500	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	102,638	University of South Carolina	15-2732/ 5R0INS041596-11	102,638	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	31,098	University of Pennsylvania	Prime: R0INS078283 (SUBAWARD# 564657, 558594)	31,098	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	(38,469)	University of Vermont	23801	(38,469)	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	42,522	University of Miami	66951N	42,522	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	28,744	University of Michigan	SUBAWARD # 3003918633	28,744	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	26,597	University of Alabama at Birmingham	000426787-007	26,597	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	2,133	University of California Los Angeles	A17-0078-S001	2,133	-
<b>Total CFDA 93.853</b>		<b>\$ 7,538,408</b>	<b>\$ 336,294</b>			<b>\$ 7,874,702</b>	<b>\$ 1,312,319</b>
Allergy and Infectious Diseases Research	93.855	\$ 2,542,630	\$ -			\$ 2,542,630	\$ 2,878
Allergy and Infectious Diseases Research	93.855	-	66,714	Lenima Diagnostics, LLC	R41A120445-DRXL	66,714	-
Allergy and Infectious Diseases Research	93.855	-	6,816	Duke University	UMIAI104681 PROVIDE	6,816	-
Allergy and Infectious Diseases Research	93.855	-	49,617	Johns Hopkins University	LDR01 2002655630	49,617	-
Allergy and Infectious Diseases Research	93.855	-	333,820	Henry Jackson Foundation for Advancement of Military	SUB AGMT#3053/PO# 848443	333,820	-
Allergy and Infectious Diseases Research	93.855	-	95,784	University of Washington	UWSC8493/BPO7802	95,784	-
Allergy and Infectious Diseases Research	93.855	-	129,732	Oregon Health and Science University	Prime: HHSN272201400055C, 1004354_DREXEL	129,732	-
Allergy and Infectious Diseases Research	93.855	-	(15,350)	University of Arizona	PO# 269599/ HHSN272201100017C	(15,350)	-
Allergy and Infectious Diseases Research	93.855	-	35,462	Family Health International	GRANT NUMBER PO15002328	35,462	9,258
Allergy and Infectious Diseases Research	93.855	-	7	Children's Hospital of Philadelphia	8900730615	7	-
Allergy and Infectious Diseases Research	93.855	-	142,927	Columbia University	Prime: P0IAI106697 (2/(GG011019-03)/SAPO#G11139)	142,927	-
Allergy and Infectious Diseases Research	93.855	-	113,665	Oregon Health and Science University	1002997-DREXEL	113,665	-

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Allergy and Infectious Diseases Research	93.855	-	62,586	Case Western Reserve University	RES511177	62,586	-
Allergy and Infectious Diseases Research	93.855	-	1,158	University of Pennsylvania	570305	1,158	-
<b>Total CFDA 93.855</b>		\$ 2,542,630	\$ 1,022,938			\$ 3,565,568	\$ 12,136
Microbiology and Infectious Diseases Research	93.856	\$ 116,478	\$ -			\$ 116,478	\$ -
<b>Total CFDA 93.856</b>		\$ 116,478	\$ -			\$ 116,478	\$ -
Biomedical Research and Research Training	93.859	\$ 3,468,059	\$ -			\$ 3,468,059	\$ 1,685,611
Biomedical Research and Research Training	93.859	-	(2,851)	Baylor College of Medicine	102057818	(2,851)	-
Biomedical Research and Research Training	93.859	-	83,806	Georgia Institute of Technology	RG009-G1	83,806	-
Biomedical Research and Research Training	93.859	-	155,473	Trustees of the University of Pennsylvania	Prime: P01GM055876 (562336/569058)	155,473	-
Biomedical Research and Research Training	93.859	-	(15,562)	Delaware State University	10-009MH /1R25GM088043-02	(15,562)	-
Biomedical Research and Research Training	93.859	-	375,233	National Institute of General Medical Sciences	2R01GM097664-06	375,233	-
<b>Total CFDA 93.859</b>		\$ 3,468,059	\$ 596,099			\$ 4,064,158	\$ 1,685,611
Child Health and Human Development Extramural Research	93.865	\$ 1,193,705	\$ -			\$ 1,193,705	\$ 555,933
Child Health and Human Development Extramural Research	93.865	-	150,421	University of Wisconsin	643K856	150,421	-
Child Health and Human Development Extramural Research	93.865	-	155,177	Columbia University	U10HD036801 & U01HL098354	155,177	-
Child Health and Human Development Extramural Research	93.865	-	237,166	Harvard School of Public Health	Prime: U01HD052102 (114205-1138-5097549, 114205-1238-5097549)	237,166	-
Child Health and Human Development Extramural Research	93.865	-	20,703	Harvard School of Public Health	114205-1138-5097549	20,703	-
Child Health and Human Development Extramural Research	93.865	-	571	Cal Poly Corporation	15-10-58222	571	-
Child Health and Human Development Extramural Research	93.865	-	16,326	Georgia State University	SP00011626-01	16,326	-
Child Health and Human Development Extramural Research	93.865	-	10,275	University of Pennsylvania	5-R01-HD-073221-01A1/560737	10,275	-
Child Health and Human Development Extramural Research	93.865	-	25,376	University of Alabama at Birmingham	000505114-001	25,376	-
Child Health and Human Development Extramural Research	93.865	-	70,840	University of Arizona	364645	70,840	-
Child Health and Human Development Extramural Research	93.865	-	23,406	The Board of Trustees of the University of Alabama	000511041-001	23,406	-
<b>Total CFDA 93.865</b>		\$ 1,193,705	\$ 710,261			\$ 1,903,966	\$ 555,933
Aging Research	93.866	\$ 491,601	\$ -			\$ 491,601	\$ -
Aging Research	93.866	-	11,326	University of California, San Diego	ADC-040-A4-H8A-MC-LZAZ	11,326	-
Aging Research	93.866	-	80,875	University of Southern California	75696941	80,875	-
Aging Research	93.866	-	114,056	Regenerative Research Foundation	5012-DREXEL	114,056	-
Aging Research	93.866	-	30,542	Albert Einstein College of Medicine of Yeshiva University	PO#0553566/310473	30,542	-
Aging Research	93.866	-	19,080	University of Alabama at Birmingham	000410331-005	19,080	-
<b>Total CFDA 93.866</b>		\$ 491,601	\$ 255,879			\$ 747,480	\$ -
Medical Library Assistance	93.879	\$ -	\$ 40,182	Children's Research Institute	30002441-01	\$ 40,182	\$ -
<b>Total CFDA 93.879</b>		\$ -	\$ 40,182			\$ 40,182	\$ -
<b>Health Resources and Services Administration</b>							
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	\$ 906,504	\$ -			\$ 906,504	\$ 27,120
<b>Total CFDA 93.918</b>		\$ 906,504	\$ -			\$ 906,504	\$ 27,120

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>Substance Abuse and Mental Health Services Administration</b>							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ -	\$ 246,392	University of Louisiana	881125-01	\$ 246,392	\$ -
<b>Total CFDA 93.959</b>		\$ -	\$ 246,392			\$ 246,392	\$ -
<b>National Institutes of Health</b>							
International Research and Research Training	93.989	\$ -	\$ 72,007	University of Utah	10039172-01	\$ 72,007	\$ -
International Research and Research Training	93.989	-	(13,718)	Oregon Health and Science University	1004854_ANSP	(13,718)	-
International Research and Research Training	93.989	-	46,523	University of Michigan	3003076006	46,523	-
<b>Total CFDA 93.989</b>		\$ -	\$ 104,812			\$ 104,812	\$ -
<b>Health Resources and Services Administration</b>							
Maternal and Child Health Services Block Grant to the States	93.994	\$ -	\$ 97,482	Pennsylvania Department of Health	4100065966	\$ 97,482	\$ -
Maternal and Child Health Services Block Grant to the States	93.994	-	277,531	Pennsylvania Department of Health	SAP 4100065983 R2	277,531	-
Maternal and Child Health Services Block Grant to the States	93.994	-	202,509	Children's Hospital of Philadelphia	22001-06-17	202,509	-
Maternal and Child Health Services Block Grant to the States	93.994	-	9,474	Pennsylvania Department of Health	SAP 4100072670	9,474	-
Maternal and Child Health Services Block Grant to the States	93.994	-	10,010	Pennsylvania Department of Health	4100072670	10,010	-
Maternal and Child Health Services Block Grant to the States	93.994	-	8,054	Access Matters	172401	8,054	-
<b>Total CFDA 93.994</b>		\$ -	\$ 605,060			\$ 605,060	\$ -
HIV Research Network	93.RD	\$ -	\$ 35,050	Johns Hopkins University	PO# 2001377397	\$ 35,050	\$ -
HIV Vaccine Design and Development	93.RD	-	368	Argos Therapeutics	HHSN266200600019C	368	-
PA Mid Atlantic AIDS Education and Training Center	93.RD	-	5,429	Health Federation of Philadelphia	HRSA 6H4AHA00060-16-01	5,429	-
<b>Total CFDA 93.RD</b>		\$ -	\$ 40,847			\$ 40,847	\$ -
<b>Total Department of Health and Human Services</b>		<u>\$ 30,146,308</u>	<u>\$ 8,829,012</u>			<u>\$ 38,975,320</u>	<u>\$ 5,835,003</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
<b>Federal Emergency Management Agency (FEMA)</b>							
Assistance to Firefighters Grant	97.044	\$ 358,890	\$ -	Fire Department Safety Officers Association	EMW-2015-FP-00051-SUB	\$ 358,890	\$ -
Assistance to Firefighters Grant	97.044	-	232,647			232,647	-
<b>Total CFDA 97.044</b>		\$ 358,890	\$ 232,647			\$ 591,537	\$ -
<b>Total Department of Homeland Security</b>		<u>\$ 358,890</u>	<u>\$ 232,647</u>			<u>\$ 591,537</u>	<u>\$ -</u>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER:</b>		<u>\$ 55,605,628</u>	<u>\$ 14,452,944</u>			<u>\$ 70,058,572</u>	<u>\$ 9,651,060</u>
<b>SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>Food and Nutrition Service</b>							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ -	\$ 461,104	Penn State University	5317-DU-COP-9151	\$ 461,104	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	1,308,994	Penn State University	5543-DU-COP-9151	1,308,994	-
<b>Total CFDA 10.561</b>		\$ -	\$ 1,770,098			\$ 1,770,098	\$ -
<b>Total Department of Agriculture</b>		<u>\$ -</u>	<u>\$ 1,770,098</u>			<u>\$ 1,770,098</u>	<u>\$ -</u>
<b>TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER</b>		<u>\$ -</u>	<u>\$ 1,770,098</u>			<u>\$ 1,770,098</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>OTHER SPONSORED PROJECTS</b>							
<b>DEPARTMENT OF DEFENSE</b>							
<b>Department of the Navy, Office of the Chief of Naval Research</b>							
Basic and Applied Scientific Research	12.300	\$ 436	\$ -			\$ 436	\$ -
<b>Total CFDA 12.300</b>		<b>\$ 436</b>	<b>\$ -</b>			<b>\$ 436</b>	<b>\$ -</b>
IPA Agreement (2014-2016)	12.U01	\$ 42,414	\$ -			\$ 42,414	\$ -
<b>Total CFDA 12.U01</b>		<b>\$ 42,414</b>	<b>\$ -</b>			<b>\$ 42,414</b>	<b>\$ -</b>
<b>Total Department of Defense</b>		<b>\$ 42,850</b>	<b>\$ -</b>			<b>\$ 42,850</b>	<b>\$ -</b>
<b>DEPARTMENT OF JUSTICE</b>							
<b>Office for Victims of Crime</b>							
Crime Victim Assistance/Discretionary Grants	16.582	\$ (1,258)	\$ -			\$ (1,258)	\$ -
<b>Total CFDA 16.582</b>		<b>\$ (1,258)</b>	<b>\$ -</b>			<b>\$ (1,258)</b>	<b>\$ -</b>
<b>Total Department of Justice</b>		<b>\$ (1,258)</b>	<b>\$ -</b>			<b>\$ (1,258)</b>	<b>\$ -</b>
<b>DEPARTMENT OF LABOR</b>							
<b>Employment Training Administration</b>							
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	17.282	\$ -	\$ 76,657	New England Institute of Technology	LETTER DATED 11/9/15	\$ 76,657	\$ -
<b>Total CFDA 17.282</b>		<b>\$ -</b>	<b>\$ 76,657</b>			<b>\$ 76,657</b>	<b>\$ -</b>
<b>Total Department of Labor</b>		<b>\$ -</b>	<b>\$ 76,657</b>			<b>\$ 76,657</b>	<b>\$ -</b>
<b>DEPARTMENT OF STATE</b>							
<b>Bureau of Educational and Cultural Affairs</b>							
Academic Exchange Programs - Graduate Students	19.400	\$ 685	\$ -			\$ 685	\$ -
Academic Exchange Programs - Graduate Students	19.400	-	\$ 169,895	Institute of International Education	S-ECAGD-16-CA-017	169,895	-
<b>Total CFDA 19.400</b>		<b>\$ 685</b>	<b>\$ 169,895</b>			<b>\$ 170,580</b>	<b>\$ -</b>
Summer Institute for European Student Leaders	19.U02	\$ (3,708)	\$ -			\$ (3,708)	\$ -
<b>Total CFDA 19.U02</b>		<b>\$ (3,708)</b>	<b>\$ -</b>			<b>\$ (3,708)</b>	<b>\$ -</b>
<b>Total Department of State</b>		<b>\$ (3,023)</b>	<b>\$ 169,895</b>			<b>\$ 166,872</b>	<b>\$ -</b>
<b>DEPARTMENT OF TRANSPORTATION</b>							
<b>Federal Aviation Administration (FAA)</b>							
Air Transportation Centers of Excellence	20.109	\$ 6,056	\$ -			\$ 6,056	\$ -
<b>Total CFDA 20.109</b>		<b>\$ 6,056</b>	<b>\$ -</b>			<b>\$ 6,056</b>	<b>\$ -</b>
<b>Total Department of Transportation</b>		<b>\$ 6,056</b>	<b>\$ -</b>			<b>\$ 6,056</b>	<b>\$ -</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Science	43.001	\$ 14,872	\$ -			\$ 14,872	\$ -
<b>Total CFDA 43.001</b>		<b>\$ 14,872</b>	<b>\$ -</b>			<b>\$ 14,872</b>	<b>\$ -</b>
Education	43.008	\$ 41,160	\$ -			\$ 41,160	\$ -
<b>Total CFDA 43.008</b>		<b>\$ 41,160</b>	<b>\$ -</b>			<b>\$ 41,160</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Are High-Redshift Spectroscopic Black Hole Mass Estimates Biased?	43.U03	\$ -	\$ 37,312	Space Telescope Science Institute	HST-GO-14135.001-A	\$ 37,312	\$ -
<b>Total CFDA 43.U03</b>		\$ -	\$ 37,312			\$ 37,312	\$ -
<b>Total National Aeronautics and Space Administration</b>		\$ 56,032	\$ 37,312			\$ 93,344	\$ -
<b>DEPARTMENT OF EDUCATION</b>							
<b>Office of Postsecondary Education</b>							
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015	\$ -	\$ 13,636	Trustees of the University of Pennsylvania	Prime P015A140137 (565407/10047739/15872, 565326/10047593/15871, 565326)	\$ 13,636	\$ -
<b>Total CFDA 84.015</b>		\$ -	\$ 13,636			\$ 13,636	\$ -
Graduate Assistance in Areas of National Need	84.200	\$ 603,943	\$ -			\$ 603,943	\$ -
<b>Total CFDA 84.200</b>		\$ 603,943	\$ -			\$ 603,943	\$ -
<b>Office of Innovation and Improvement</b>							
Fund for the Improvement of Education	84.215	\$ 189,497	\$ -			\$ 189,497	\$ -
<b>Total CFDA 84.215</b>		\$ 189,497	\$ -			\$ 189,497	\$ -
<b>Office of Elementary and Secondary Education</b>							
Twenty-First Century Community Learning Centers	84.287	\$ -	\$ 112,647	PA Department of Education	4100068057	\$ 112,647	\$ -
<b>Total CFDA 84.287</b>		\$ -	\$ 112,647			\$ 112,647	\$ -
<b>Office of Special Education and Rehabilitative Services</b>							
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	\$ 249,298	\$ -			\$ 249,298	\$ -
<b>Total CFDA 84.325</b>		\$ 249,298	\$ -			\$ 249,298	\$ -
<b>Office of Postsecondary Education</b>							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	\$ -	\$ 113,783	The College Crusade of Rhode Island	P334S110008	\$ 113,783	\$ -
<b>Total CFDA 84.334</b>		\$ -	\$ 113,783			\$ 113,783	\$ -
<b>Office of Elementary and Secondary Education</b>							
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	\$ -	\$ 266,561	PA Department of Education	071-800055, K071800034	\$ 266,561	\$ 127,019
<b>Total CFDA 84.367</b>		\$ -	\$ 266,561			\$ 266,561	\$ 127,019
<b>Total Department of Education</b>		\$ 1,042,738	\$ 506,627			\$ 1,549,365	\$ 127,019
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Administration for Children and Families</b>							
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	\$ -	\$ 587	Philadelphia Health Management Corporation	LETTER DATED 10/05/15	\$ 587	\$ -
<b>Total CFDA 93.092</b>		\$ -	\$ 587			\$ 587	\$ -
<b>Health Resources and Services Administration</b>							
HIV-Related Training and Technical Assistance	93.145	\$ -	\$ (290)	Health Federation of Philadelphia	5H4A HA 00060-13-00	\$ (290)	\$ -
<b>Total CFDA 93.145</b>		\$ -	\$ (290)			\$ (290)	\$ -
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	\$ 43,779	\$ -			\$ 43,779	\$ -
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	\$ -	\$ (62,149)	Access Matters	140201	\$ (62,149)	\$ -
<b>Total CFDA 93.153</b>		\$ 43,779	\$ (62,149)			\$ (18,370)	\$ -

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

Federal Grantor / Program or Cluster Title	CFDA Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>Office of Population Affairs</b>							
Family Planning_Services	93.217	\$ -	\$ 17,691	Access Matters	164002	\$ 17,691	\$ -
Family Planning_Services	93.217	-	15	Access Matters	162401	15	-
Family Planning_Services	93.217	-	4,708	Access Matters	164009	4,708	-
Family Planning_Services	93.217	-	971	Access Matters	166301	971	-
Family Planning_Services	93.217	-	1,602	Access Matters	150201	1,602	-
Family Planning_Services	93.217	-	(162)	Access Matters	156003	(162)	-
Family Planning_Services	93.217	-	(3,271)	Access Matters	154002	(3,271)	-
Family Planning_Services	93.217	-	(86,101)	Access Matters	130201	(86,101)	-
Family Planning_Services	93.217	-	18,503	Access Matters	144002	18,503	-
Family Planning_Services	93.217	-	87,830	Access Matters	170201	87,830	-
<b>Total CFDA 93.217</b>		\$ -	\$ 41,786			\$ 41,786	\$ -
<b>Substance Abuse and Mental Health Services Administration</b>							
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	\$ 394,600	\$ -			\$ 394,600	\$ 120,187
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	-	70,814	Pennsylvania Department of Drug and Alcohol Programs	Prime: 1U79SP020158 (PO#4300473253, 4400007960)	70,814	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	-	228	City of Philadelphia - Aids Activities Coordinating Office	1520275_1220367-02 SA3028	228	-
<b>Total CFDA 93.243</b>		\$ 394,600	\$ 71,042			\$ 465,642	\$ 120,187
<b>Centers for Disease Control and Prevention</b>							
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	\$ -	\$ 2	Access Matters	162401	\$ 2	\$ -
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	-	36	Access Matters	166301	36	-
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	-	6,256	Access Matters	150104	6,256	-
<b>Total CFDA 93.283</b>		\$ -	\$ 6,294			\$ 6,294	\$ -
<b>Office of the Secretary</b>							
National Community Centers of Excellence in Women's Health	93.290	\$ 167,538	\$ -			\$ 167,538	\$ -
<b>Total CFDA 93.290</b>		\$ 167,538	\$ -			\$ 167,538	\$ -
<b>Health Resources and Services Administration</b>							
Public Health Training Centers Program	93.516	\$ -	\$ 65,350	University of Pittsburgh	0044318 (128540-1)	\$ 65,350	\$ -
<b>Total CFDA 93.516</b>		\$ -	\$ 65,350			\$ 65,350	\$ -
<b>Centers for Disease Control and Prevention</b>							
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	\$ -	\$ (2,458)	City of Philadelphia	1220512	\$ (2,458)	\$ -
<b>Total CFDA 93.531</b>		\$ -	\$ (2,458)			\$ (2,458)	\$ -
<b>Administration for Children and Families</b>							
Social Services Block Grant	93.667	\$ -	\$ 20	Access Matters	160201	\$ 20	\$ -
Social Services Block Grant	93.667	-	342	Access Matters	150201	342	-
Social Services Block Grant	93.667	-	22,860	Access Matters	170201	22,860	-
<b>Total CFDA 93.667</b>		\$ -	\$ 23,222			\$ 23,222	\$ -
<b>Centers for Medicare and Medicaid Services</b>							
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	\$ -	\$ 93,534	Pennsylvania Department of Human Services	16SM62939A	\$ 93,534	\$ -
<b>Total CFDA 93.829</b>		\$ -	\$ 93,534			\$ 93,534	\$ -

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>Health Resources and Services Administration</b>							
HIV Emergency Relief Project Grants	93.914	\$ -	\$ 1,271,864	City of Philadelphia - Aids Activities Coordinating Office	1520267	\$ 1,271,864	\$ -
HIV Emergency Relief Project Grants	93.914	-	372,627	City of Philadelphia - Aids Activities Coordinating Office	1520268	372,627	-
HIV Emergency Relief Project Grants	93.914	-	66,768	City of Philadelphia - Aids Activities Coordinating Office	1720270	66,768	-
<b>Total CFDA 93.914</b>		\$ -	\$ 1,711,259			\$ 1,711,259	\$ -
HIV Care Formula Grants	93.917	\$ -	\$ 27,286	Jewish Healthcare Foundation	1617-5142	\$ 27,286	\$ -
HIV Care Formula Grants	93.917	-	108,203	City of Philadelphia - Aids Activities Coordinating Office	1520160	108,203	-
<b>Total CFDA 93.917</b>		\$ -	\$ 135,489			\$ 135,489	\$ -
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	\$ (14,311)	\$ -			\$ (14,311)	\$ -
<b>Total CFDA 93.918</b>		\$ (14,311)	\$ -			\$ (14,311)	\$ -
<b>Centers for Disease Control and Prevention</b>							
HIV Prevention Activities_Health Department Based	93.940	\$ -	\$ 26,422	Access Matters	163007_173007	\$ 26,422	\$ -
HIV Prevention Activities_Health Department Based	93.940	-	98,122	City of Philadelphia - Aids Activities Coordinating Office	1520269	98,122	-
HIV Prevention Activities_Health Department Based	93.940	-	89	City of Philadelphia - Aids Activities Coordinating Office	1520270 CPB5038	89	-
HIV Prevention Activities_Health Department Based	93.940	-	6	City of Philadelphia - Aids Activities Coordinating Office	1520304 B5005	6	-
HIV Prevention Activities_Health Department Based	93.940	-	(1,410)	City of Philadelphia - Aids Activities Coordinating Office	1520304_B4005	(1,410)	-
HIV Prevention Activities_Health Department Based	93.940	-	27,501	City of Philadelphia - Aids Activities Coordinating Office	CPB7056	27,501	-
<b>Total CFDA 93.940</b>		\$ -	\$ 150,730			\$ 150,730	\$ -
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	\$ -	\$ 1,289	Children's Hospital of Philadelphia	22001-06-16	\$ 1,289	\$ -
<b>Total CFDA 93.944</b>		\$ -	\$ 1,289			\$ 1,289	\$ -
<b>Substance Abuse and Mental Health Services Administration</b>							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ -	\$ (117,624)	City of Philadelphia - Office of Addiction Services	1520483	\$ (117,624)	\$ -
<b>Total CFDA 93.959</b>		\$ -	\$ (117,624)			\$ (117,624)	\$ -
<b>Health Resources and Services Administration</b>							
Prevention and Public Health Fund (PPHF) Public Health Traineeships	93.994	\$ (801)	\$ -			\$ (801)	\$ -
Maternal and Child Health Services Block Grant to the States	93.994	-	1	Access Matters	162401	1	-
Maternal and Child Health Services Block Grant to the States	93.994	-	1	Access Matters	160201	1	-
Maternal and Child Health Services Block Grant to the States	93.994	-	144	Access Matters	166301	144	-
Maternal and Child Health Services Block Grant to the States	93.994	-	41,361	American Academy of Pediatrics	LTR DATED 6/30/12	41,361	-
Maternal and Child Health Services Block Grant to the States	93.994	-	(1)	Pennsylvania Department of Health	SAP 4100065972	(1)	-
Maternal and Child Health Services Block Grant to the States	93.994	-	6,016	Access Matters	170201	6,016	-
Maternal and Child Health Services Block Grant to the States	93.994	-	12,532	Access Matters	173007	12,532	-
<b>Total CFDA 93.994</b>		\$ (801)	\$ 60,054			\$ 59,253	\$ -
<b>Total Health and Human Services</b>		\$ 590,805	\$ 2,178,115			\$ 2,768,920	\$ 120,187

The accompanying notes are an integral part of this schedule

Drexel University and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

<b>Federal Grantor / Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Direct</b>	<b>Pass-Through</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Sponsor Number</b>	<b>Total Expenditures</b>	<b>Passed to Sub-Recipients</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Research/Study of Mitigation of Incidence of Violence to Fire Fighter and EMS Responders	97.U04	\$ -	\$ 75,285	International Association of Fire Chiefs, Inc.	SUBCONTRACT DATED 3/4/16	\$ 75,285	\$ -
<b>Total CFDA 97.U04</b>		\$ -	\$ 75,285			\$ 75,285	\$ -
<b>Total Department of Homeland Security</b>		\$ -	\$ 75,285			\$ 75,285	\$ -
<b>TOTAL OTHER SPONSORED PROJECTS</b>		\$ 1,734,200	\$ 3,043,891			\$ 4,778,091	\$ 247,206
<b>STUDENT FINANCIAL AID CLUSTER</b>							
<b>DEPARTMENT OF EDUCATION</b>							
<b>Office of Federal Student Aid</b>							
Federal Supplemental Educational Opportunity Grants	84.007	\$ 1,224,612	\$ -			\$ 1,224,612	\$ -
<b>Total CFDA 84.007</b>		\$ 1,224,612	\$ -			\$ 1,224,612	\$ -
Federal Work-Study Program	84.033	\$ 1,907,653	\$ -			\$ 1,907,653	\$ -
<b>Total CFDA 84.033</b>		\$ 1,907,653	\$ -			\$ 1,907,653	\$ -
Federal Perkins Loans							
Outstanding loans as of July 1, 2016	84.038	\$ 20,138,674	\$ -			\$ 20,138,674	\$ -
New loans issued during 2017	84.038	6,122,242	-			6,122,242	-
Administrative Cost Allowance	84.038	340,085	-			340,085	-
<b>Total CFDA 84.038</b>		\$ 26,601,001	\$ -			\$ 26,601,001	\$ -
Federal Pell Grant Program	84.063	\$ 14,189,463	\$ -			\$ 14,189,463	\$ -
<b>Total CFDA 84.063</b>		\$ 14,189,463	\$ -			\$ 14,189,463	\$ -
Federal Direct Student Loans	84.268	\$ 243,148,402	\$ -			\$ 243,148,402	\$ -
<b>Total CFDA 84.268</b>		\$ 243,148,402	\$ -			\$ 243,148,402	\$ -
<b>Total Department of Education</b>		\$ 287,071,131	\$ -			\$ 287,071,131	\$ -
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Health Resources and Services Administration</b>							
<b>Primary Care Loans</b>							
Outstanding loans as of July 1, 2016	93.342	\$ 3,399,650	\$ -			\$ 3,399,650	\$ -
New loans issued during 2017	93.342	-	-			-	-
<b>Total Primary Care Loans</b>		\$ 3,399,650	\$ -			\$ 3,399,650	\$ -
<b>Loans for Disadvantaged Students</b>							
Outstanding loans as of July 1, 2016	93.342	\$ 190,553	\$ -			\$ 190,553	\$ -
New loans issued during 2017	93.342	-	-			-	-
<b>Total Loans for Disadvantaged Students</b>		\$ 190,553	\$ -			\$ 190,553	\$ -
<b>Total CFDA 93.342</b>		\$ 3,590,203	\$ -			\$ 3,590,203	\$ -
<b>Nursing Student Loans</b>							
Outstanding loans as of July 1, 2016	93.364	\$ 33,530	\$ -			\$ 33,530	\$ -
New loans issued during 2017	93.364	-	-			-	-
		\$ 33,530	\$ -			\$ 33,530	\$ -
<b>Total CFDA 93.364</b>		\$ 33,530	\$ -			\$ 33,530	\$ -
<b>Total Department of Health and Human Services</b>		\$ 3,623,733	\$ -			\$ 3,623,733	\$ -
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>		\$ 290,694,864	\$ -			\$ 290,694,864	\$ -
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>		\$ 348,034,692	\$ 19,266,933			\$ 367,301,625	\$ 9,898,266

The accompanying notes are an integral part of this schedule

**Drexel University and Subsidiaries**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

---

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Drexel University and Subsidiaries (the "University") under programs of the federal government for the year ended June 30, 2017. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the consolidated financial position, revenues, expenses, and changes in net assets of the University.

For the purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies or departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

Federally guaranteed loans issued to students of the University by various financial institutions and campus-based loan programs, disclosed in Note 3, are also included in the Schedule.

The University applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

**2. Basis of Accounting**

The Schedule are presented using the accrual basis of accounting. Negative items on the Schedule represent adjustments or credits in cases where program expenditures exceed grant or contract budget limitations from the prior year.

**3. Federal Student Loan Programs**

Drexel University participates in and administers the following student loan programs:

Other student loan programs:	<u>CFDA Number</u>	<u>Loan Balance Outstanding as of June 30, 2017</u>
Federal Perkins Loan Program	84.038	\$ 21,369,711
Primary Care Loans	93.342	2,833,523
Loans for Disadvantaged Students	93.342	148,694
Nursing Student Loan	93.364	24,112
		<u>\$ 24,376,040</u>

Drexel University accounts for such loan programs in separate revolving loan funds. As such, the balances and transactions of these loan programs are recorded in Drexel University's consolidated financial statements. The amounts on the Schedule for these loan programs also include expenditures for the administrative costs, if any, of the respective programs. The beginning of year loan outstanding balances, new loans issued and administrative cost allowances, if any, are recorded on the accompanying Schedule of Expenditures of Federal Awards. The end of year loan outstanding balances above include new loans issued and exclude collections on existing loans.

## **II. Internal Control and Compliance**



**Report of Independent Auditors 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***

To the Board of Trustees  
Drexel University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Drexel University and its Subsidiaries ("the University"), which comprise the consolidated statement of financial position as of June 30, 2017, and the related statements of activities and of cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 25, 2017.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's 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 determination of financial statement amounts. 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.

*PricewaterhouseCoopers LLP*

Philadelphia, Pennsylvania  
October 25, 2017



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal  
Control over Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees  
Drexel University

**Report on Compliance for Each Major Federal Program**

We have audited Drexel University and its Subsidiaries' (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2017. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance finding identified in our audit is described in the accompanying Management's View and Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

*PricewaterhouseCoopers LLP*

Philadelphia, Pennsylvania  
March 29, 2018

### **III. Schedule of Audit Findings and Questioned Costs**

**Drexel University and Subsidiaries**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

---

**Section I – Summary of Auditor’s Results**

***Consolidated Financial Statements***

- (i) Type of auditor’s report issued: Unmodified
- (ii) Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_ yes X no  
 Significant deficiency(ies) identified that are  
 not considered to be material weaknesses? \_\_\_ yes X none reported
- (iii) Noncompliance material to financial statements  
 noted? \_\_\_ yes X no

***Federal Awards***

- (iv) Internal control over major programs:  
 Material weakness(es) identified? \_\_\_ yes X no  
 Significant deficiency(ies) identified that are  
 not considered to be material weaknesses? \_\_\_ yes X none reported
- (v) Type of auditor’s report issued on compliance  
 for major programs: Unmodified
- (vi) Any audit findings disclosed that are required  
 to be reported in accordance with  
 2 CFR 200.516(a)? X yes \_\_\_ no
- (vii) Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
Various	Research and Development (R&D) Cluster
Various	Student Financial Aid (SFA) Cluster
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster

- (viii) Dollar threshold used to distinguish between  
 Type A and Type B programs: \$2,298,203
- (ix) Auditee qualified as low-risk auditee? X yes \_\_\_ no

**Section II – Financial Statement Findings**

None noted.

# **Drexel University and Subsidiaries**

## **Schedule of Audit Findings and Questioned Costs**

### **For the Year Ended June 30, 2017**

---

#### **Section III – Federal Awards Findings and Questioned Costs**

##### **Finding 2017-001 Procurement Suspension and Debarment**

**Grantor:** Various  
**Program:** All programs except for Student Financial Aid  
**CFDA#:** Various  
**Title:** Various  
**Award Year:** 07/2016 – 06/2017  
**Award Number:** Various

##### **Criteria**

Per 2 CFR part 200.3.1.I, the non-Federal entity must verify that the Vendor is not suspended or debarred or otherwise excluded from participating in the transaction, where vendor purchases exceed \$25,000. The University's policies mirror the procurement policies as required by the Federal government. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from the Vendor, or (3) adding a clause or condition to the covered transaction with that Vendor.

##### **Condition**

During our testing of compliance over procurement, suspension and debarment, Management was not able to evidence timely review procedures for evaluating new vendors in accordance with 2 CFR part 200.3.1.I. There were a total of 14 new vendors during the fiscal year. We looked up all 14 new vendors and were able to conclude that there were no new vendors that were suspended and/or debarred for which the University was procuring goods or services in excess of the established threshold of \$25,000.

##### **Cause**

As identified during the current year's procedures, management experienced turnover of personnel as well as organizational and departmental changes that impacted the ongoing monitoring related to required compliance checks related to suspended and debarred vendors.

##### **Questioned Costs**

There are no questioned costs associated with this finding as charges were allowable and no vendors were found to be suspended and/or debarred.

##### **Effect**

If procedures related to the procurement rules for evaluating suspended and debarred vendors are not being monitored, there is a risk that the purchases could be made with a suspended or debarred vendor.

##### **Recommendation**

We recommend the University further enhance related control procedures for evaluating suspended or debarred vendors and formally document the control in a timely manner to ensure all vendors are reviewed and certified in accordance with 2 CFR part 200.3.1. I.

##### **Views of responsible officials and planned corrective actions**

Following this finding is Management's View and Corrective Action Plan.

# **Drexel University and Subsidiaries**

## **Summary Schedule of Prior Audit Findings**

### **For the Year Ended June 30, 2017**

---

#### **Summary Schedule of Prior Audit Findings**

##### **2016-001: Effort Reporting**

**Grantor:** Department of Health and Human Services  
**Program:** Research and Development Cluster  
**CFDA#:** 93.113, 93.279, 93.837  
**Title:** Environmental Health, Drug Abuse and Addiction Research Programs, Cardiovascular Diseases Research  
**Award Year:** 07/2016 – 06/2017  
**Award Number:** 1R21ES025559-01, 5R01DA029663-06 Revised, 1U01HL116256-01A1

#### **Summary**

During PwC's testing of compliance with direct compensation, specifically with regards to timely effort reporting, they noted 4 of 60 effort reports were certified and approved in excess of 90 days of the period end date. Untimely certifications on average took place 320 days after the period end date, ranging from 165 to 434 days. This was a repeat finding from fiscal year 2015.

#### **Status**

On a weekly basis, electronic system notifications are being sent out when an effort report is awaiting pre-review and/or certification to the responsible parties. On a biweekly basis, customized reports are sent to pre-reviewers and certifiers for any outstanding effort report. The Associate Deans of each college are also receiving emails monthly notifying them of outstanding effort reports in their respective areas. Training classes on effort and how to certify effort are offered quarterly and on a requested basis. Training classes on financially managing research awards also emphasize the need to review and certify efforts in a timely manner. Management considers this prior year finding to be fully remediated in the current year.

**Drexel University and Subsidiaries  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2017**

---

**2016-002: Cost Transfers**

**Grantor:** Refer below  
**Program:** Research and Development Cluster  
**CFDA#:** Refer below  
**Title:** Refer below  
**Award Year:** 07/2016 – 06/2017  
**Award Number:** Refer below

#	Grantor	CFDA #	Title	Award #	Pass Through
1 - 17	FEMA	97.044	Assistance to Firefighters Grant	EMW-2011-FP-00069 FG1100069FPS	N/A
18	Dept. of Commerce	11.431	Climate and Atmospheric Research	GG001959	Columbia University
19	Dept. of Army	12.999	Department of the Army	DTD 6/5/2011	Zeomedix, Inc.
20	DHHS	93.837	Cardiovascular Diseases Research	1U01HL116256-01A1	N/A
21	NSF	47.076	Education and Human Resources	HRD-1408052	N/A

**Summary**

PwC selected a sample of 60 cost transfers. These transfers included journal entries to remove and record transactions to federal awards. PwC evaluated cost transfers using the date of the original transaction in relation to the date of the transfer, in accordance with Drexel policy. 21 of 60 samples selected for testing were cost transfers that would be considered untimely, where underlying transactions needing correction were processed between 218 and 1217 days after the date of the original transaction. This was a repeat finding from fiscal year 2015.

**Status**

The journal workflow tool is now widely used across the University. This tool streamlines the processing of cost transfers and helps improve timeliness and provides increased transparency. Campus training emphasizes regular review of general ledger activity and the need to correct errors as they are discovered. Campus use of advance accounts is increasing and highly encouraged for those awards that are close to being fully executed which eliminates the need for cost transfers once the award is in place. Management considers this prior year finding to be fully remediated in the current year.

# **Drexel University and Subsidiaries**

## **Summary Schedule of Prior Audit Findings**

### **For the Year Ended June 30, 2017**

---

#### **2016-003: Student Financial Aid Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)**

**Grantor:** Department of Education  
**Program:** Student Financial Aid  
**CFDA#:** 84.268  
**Title:** Federal Direct Loans  
**Award Year:** 07/2016 – 06/2017  
**Award Number:** N/A

#### **Summary**

During PwC's testing of compliance with the Direct Loan reconciliation process, we noted that the reconciliations performed each month did not include the entire student population. For the fiscal year ending June 30, 2016, Drexel University Financial Aid Office (FAO) did not have a process in place to completely reconcile 100% of the variances every month, as such, within each month only about one third of the students are reconciled. However, there are no questioned costs associated with this finding as we note that all variances are all reconciled by the end of the fiscal year. This was a repeat finding from fiscal year 2015.

#### **Status**

The University's loan processing team conducts a monthly reconciliation comparing Banner financial aid transactions with Common Origination and Disbursement (COD) transactions. All discrepancies discovered between the two systems are reviewed and reconciled on a monthly basis. The reporting process has been enhanced to enable staff to focus on true discrepancies from the prior month by sorting the output on the actual disbursement date. In addition, the loan processing team is reconciling with the General Ledger (GL) on a weekly or biweekly basis, as needed. The team receives the report from General Accounting (GA) that is used to reconcile the overall federal loan funds between GA and FAO, and this is then used to authorize and federal loan draw downs (or repayments). The drawdown is made by GA to ensure separation of responsibilities. FAO is then advised on all drawdowns to confirm that the action took place. This ensures that Drexel is in full compliance with the reconciliation guidance from the Department of Education that requires that the FAO, GL/GA and COD are fully reconciled on a regular basis. Management considers this prior year finding to be fully remediated in the current year.

# **Drexel University and Subsidiaries**

## **Summary Schedule of Prior Audit Findings**

### **For the Year Ended June 30, 2017**

---

#### **2016-004: Written Arrangements with Another Institution, Consortium, or Organization to Provide Educational Programs**

**Grantor:** Department of Education  
**Program:** Student Financial Aid  
**CFDA#:** 84.268  
**Title:** Federal Direct Loans  
**Award Year:** 07/2016 – 06/2017  
**Award Number:** N/A

#### **Summary**

During PwC's testing of compliance with written arrangements to provide educational programs, they noted the University has a written arrangement with one organization that, while accredited by an agency that is recognized by the Department of Education for Title IV purposes, had not established eligibility to participate in federal student financial assistance programs. The University and this organization are not owned or controlled by the same individual, partnership, or corporation, so the 50% rule outlined in 24 CFR section 668.5 applies. However, in fiscal year 2016 the organization provided 67% of the educational program, which is in excess of the 50% maximum.

#### **Status**

The University modified the curriculum for this particular program and now more than 50% of the coursework is being taught at Drexel University. For students who exceeded 50%, federal aid was cancelled for the two remaining quarters, and these students were offered a University Loan. This program is now in compliance with 24 CFR 668.5. Management considers this prior year finding to be fully remediated in the current year.

## Management's View and Corrective Action Plan

### 2017-001 Procurement Suspension and Debarment

---

**The following items will address the University's currently decentralized process with regards to suspended or debarred vendors/suppliers:**

1. Add language to the supplier registration process through our Smart Source system that requires the supplier to self-certify that they have checked and ensured they are not included in the SAM database as Suspended or Debarred Vendors.
2. Drexel University will no longer allow any P-Card transaction to automatically default to a grant fund. If the P-Card cardholder wishes to reconcile transactions to a grant it will be their responsibility to attach a PDF from the SAM database search stating the supplier in question is not suspended or debarred. It will be the responsibility of the P-Card cardholder's approver to verify this documentation before approval.
3. Work with Drexel's Offices of Human Resources, Privacy & Compliance, Research and General Counsel to review policy HR-53/Federal Sanction Checks (currently the governing policy on this matter), revise and/or draft a new Procurement policy and develop accompanying SOPs and guidelines. Documentation will be retained in order to evidence the monitoring and execution of the control.

Management expects to have this plan fully implemented by May 31, 2018.

  
Patricia J. Russo  
Associate Vice President and Comptroller  
215-571-4478