

**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, 2020**  
**EIN # 23-1352630**

**Drexel University and Subsidiaries**  
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**June 30, 2020**

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## **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, 2020 and 2019, 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Drexel University and its subsidiaries as of June 30, 2020 and 2019, 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, 2020 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. The 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 taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, 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, 2020. 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*

Philadelphia, Pennsylvania

October 30, 2020

**Drexel University and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019 (\$'s in thousands)**

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Cash, cash equivalents, and restricted cash		
Operating	\$ 48,527	\$ 45,084
Restricted	38,599	12,668
Accounts receivable	160,841	111,470
Contributions receivable, net	84,531	87,393
Loans receivable	18,473	23,402
Prepaid expenses and other assets	78,025	31,155
Malpractice insurance trust	8,856	13,208
Beneficial interests in trusts	42,339	43,595
Investments	759,488	812,120
Land, buildings and equipment, net	981,859	972,039
Finance lease right-of-use (ROU) asset	12,877	-
Operating lease right-of-use (ROU) asset	91,139	-
Assets held for sale	-	7,710
<b>Total assets</b>	<b>\$ 2,325,554</b>	<b>\$ 2,159,844</b>
<b>Liabilities:</b>		
Accounts payable	\$ 52,251	\$ 64,941
Accrued liabilities	103,304	111,740
Deposits and deferred revenue	183,155	153,891
Finance lease liability	9,472	6,846
Operating lease liability	106,673	-
Government advances for student loans	19,991	29,199
Accrued retirement obligations	44,271	45,948
Bonds and notes payable	534,402	445,527
Liabilities held for sale	8,659	16,660
<b>Total liabilities</b>	<b>1,062,178</b>	<b>874,752</b>
<b>Net Assets:</b>		
Without donor restrictions	558,426	590,213
With donor restrictions	704,950	694,879
<b>Total net assets</b>	<b>1,263,376</b>	<b>1,285,092</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,325,554</b>	<b>\$ 2,159,844</b>

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, 2020 (\$'s in thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating</b>			
<b>Revenues and releases:</b>			
Tuition and fees, room and board	\$ 646,463	\$ -	\$ 646,463
Grants and contracts	109,899	28,030	137,929
Physician services	3,938		3,938
Auxiliary enterprises	16,490		16,490
Commonwealth appropriations	8,459		8,459
Contributions	2,897	34,834	37,731
Allocation of endowment spending from financial capital	12,512	24,653	37,165
Investment income, net	3,007	537	3,544
Other income	35,784	204	35,988
<b>Total revenues</b>	<b>839,449</b>	<b>88,258</b>	<b>927,707</b>
Net assets released from restrictions	69,779	(69,779)	-
<b>Total revenues and releases</b>	<b>909,228</b>	<b>18,479</b>	<b>927,707</b>
<b>Expenses:</b>			
Salaries and wages	435,535		435,535
Employee benefits	111,888		111,888
Depreciation and amortization	59,713		59,713
Interest	13,566		13,566
Other operating expenses	267,315		267,315
<b>Total expenses</b>	<b>888,017</b>	<b>-</b>	<b>888,017</b>
<b>Increase in net assets from operating activities</b>	<b>21,211</b>	<b>18,479</b>	<b>39,690</b>
<b>Loss from discontinued operations</b>			
Closure of physician's practice plan	(42,543)		(42,543)
<b>(Decrease) in net assets from discontinued operations</b>	<b>(42,543)</b>	<b>-</b>	<b>(42,543)</b>
<b>Non-operating</b>			
Contributions - Endowment and other gifts	44	8,826	8,870
Realized / unrealized net loss on investments, net of endowment payout and expenses	(6,923)	(17,234)	(24,157)
Change in funding status of post-retirement and defined benefit plans	(3,368)		(3,368)
Other (decreases)	(208)		(208)
<b>(Decrease) in net assets from non-operating activities</b>	<b>(10,455)</b>	<b>(8,408)</b>	<b>(18,863)</b>
<b>Total (decrease) / increase in net assets</b>	<b>(31,787)</b>	<b>10,071</b>	<b>(21,716)</b>
<b>Net assets, beginning of year</b>	<b>590,213</b>	<b>694,879</b>	<b>1,285,092</b>
<b>Net assets, end of year</b>	<b>\$ 558,426</b>	<b>\$ 704,950</b>	<b>\$ 1,263,376</b>

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, 2019 (\$'s in thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating</b>			
<b>Revenues and releases:</b>			
Tuition and fees, room and board	\$ 665,764	\$ -	\$ 665,764
Grants and contracts	111,794	14,009	125,803
Physician services	3,801		3,801
Auxilliary enterprises	20,792		20,792
Commonwealth appropriations	9,165		9,165
Contributions	4,566	7,072	11,638
Allocation of endowment spending from financial capital	9,893	19,676	29,569
Investment income, net	2,594	414	3,008
Other income	28,019	393	28,412
<b>Total revenues</b>	<b>856,388</b>	<b>41,564</b>	<b>897,952</b>
Net assets released from restrictions	52,734	(52,734)	-
<b>Total revenues and releases</b>	<b>909,122</b>	<b>(11,170)</b>	<b>897,952</b>
<b>Expenses:</b>			
Salaries and wages	432,870		432,870
Employee benefits	113,165		113,165
Depreciation and amortization	50,396		50,396
Interest	15,402		15,402
Other operating expenses	325,968		325,968
<b>Total expenses</b>	<b>937,801</b>	<b>-</b>	<b>937,801</b>
<b>(Decrease) in net assets from operating activities</b>	<b>(28,679)</b>	<b>(11,170)</b>	<b>(39,849)</b>
<b>Loss from discontinued operations</b>			
Closure of physician's practice plan	(41,651)		(41,651)
<b>(Decrease) in net assets from discontinued operations</b>	<b>(41,651)</b>	<b>-</b>	<b>(41,651)</b>
<b>Non-operating</b>			
Contributions - Endowment and other gifts	1,362	14,922	16,284
Realized / unrealized net gain on investments, net of endowment payout and expenses	3,819	9,031	12,850
Change in funding status of post-retirement and defined benefit plans	(1,697)		(1,697)
Other increases	1,066		1,066
<b>Increase in net assets from non-operating activities</b>	<b>4,550</b>	<b>23,953</b>	<b>28,503</b>
<b>Total (decrease) / increase in net assets</b>	<b>(65,780)</b>	<b>12,783</b>	<b>(52,997)</b>
<b>Net assets, beginning of year</b>	<b>655,993</b>	<b>682,096</b>	<b>1,338,089</b>
<b>Net assets, end of year</b>	<b>\$ 590,213</b>	<b>\$ 694,879</b>	<b>\$ 1,285,092</b>

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, 2020 and 2019 (\$'s in thousands)**

	<b>2020</b>	<b>2019</b>
<b>Operating activities:</b>		
(Decrease) in net assets	\$ (21,716)	\$ (52,997)
Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities:		
Depreciation and amortization	56,824	48,469
Loss on disposal of equipment	425	1,904
Change in market value in beneficial interests in trusts	1,256	1,878
Contributions restricted for long-term investment	(11,251)	(15,793)
Non-cash contributions received	(2,645)	(1,076)
Proceeds from the sale of donated securities	2,351	906
Actuarial change on annuity liabilities	1,719	(543)
Realized/unrealized (gain) on investments	(21,624)	(50,229)
Changes in assets and liabilities that provide / (use) cash:		
Accounts receivable	(49,371)	41,404
Contributions receivable	1,649	10,913
Other assets	(46,870)	2,374
Accounts payable and accrued liabilities	(22,096)	15,539
Accrued retirement obligations	(1,677)	(2,620)
Deposits and deferred revenue	29,264	(17,067)
Other, net	(291)	8,950
<b>Net cash (used in) operating activities</b>	<b>(84,053)</b>	<b>(7,988)</b>
<b>Investing activities:</b>		
Purchase of investments	(86,864)	(69,090)
Proceeds from sales and maturities of investments	161,150	106,202
Change in malpractice insurance trust	4,352	(4,236)
Student loans repaid	4,942	5,608
Student loans issued	(13)	(296)
Purchases of land, buildings and equipment	(61,948)	(70,953)
<b>Net cash (used in) / provided by investment activities</b>	<b>21,619</b>	<b>(32,765)</b>
<b>Financing activities:</b>		
Proceeds from restricted contributions	11,251	15,793
Proceeds from sale of contributed securities restricted for endowment	924	2,266
Payments on annuity obligations	(439)	(619)
Proceeds/(repayment) of federal student loan funds	(9,208)	103
Proceeds from short-term debt	70,000	30,000
Payments on finance lease liability	(1,274)	-
Proceeds from long-term notes payable	28,150	-
Repayments of long-term debt	(7,596)	(7,315)
<b>Net cash provided by financing activities</b>	<b>91,808</b>	<b>40,228</b>
Net (decrease) in cash and cash equivalents, and restricted cash	29,374	(525)
Cash and cash equivalents, and restricted cash, beginning of year	57,752	58,277
<b>Cash and cash equivalents, and restricted cash, end of year</b>	<b>\$ 87,126</b>	<b>\$ 57,752</b>
<b>Supplemental information</b>		
Gifts-in-kind	\$ 277	\$ 81
Cash paid for interest	15,047	16,600
Amounts accrued for purchase of land, buildings and equipment	12,130	11,820
Donated securities	3,305	3,261

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

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **1. Nature of Organization and Operations**

Drexel University (the “University”) is one of the largest private universities in the United States of America. The University has the distinction of having one of the nation’s oldest, largest and best-known cooperative education programs. Founded in 1891 by founder and philanthropist Anthony Joseph Drexel, the University is a private comprehensive global research university with three campuses located in Philadelphia, Pennsylvania, as well as other regional sites. With over 24,000 enrolled undergraduate, graduate and professional students, the University is dedicated to advancing knowledge and society and to providing every student with a valuable, rigorous, experiential, technology-infused education. The University offers over 200-degree programs in its 15 colleges and schools in arts and sciences, biomedical engineering and sciences, business, computing and informatics, economics, education, engineering, entrepreneurship, food and hospitality management, law, media arts and design, medicine, nursing and health professions, and public health.

#### **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.

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

The University owns 100% of Academic Assets, Inc. which 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**

Drexel University Online, LLC (“DUO”) is a non-profit, Delaware, single-member, limited liability company, wholly owned subsidiary of the University that specializes in marketing, recruiting, instructional design, and supporting innovative internet-based distance education programs for working professionals and corporations in the U.S. and abroad. DUO also provides training, performs industry comparison research, and support for grants. DUO was created on July 1, 2015 as the successor entity to the former for-profit operations of Drexel eLearning, Inc., which was merged with and into DUO on that date.

#### **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 the 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. DRLC provides excess liability coverage to the University.

## **Drexel University and Subsidiaries**

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

#### **June 30, 2020 and 2019**

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

Drexel Global Initiatives, LLC (“Drexel Global”) is a Pennsylvania, single member limited liability company established February 1, 2014, of which the University is the sole member. Drexel Global’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 the University in its international operations. The business and affairs of Drexel Global are managed by a board of managers established by the University.

#### **DUC, LLC**

DUC, LLC is a Pennsylvania limited liability company established on December 13, 2013, of which the University has the 95% ownership. DUC, LLC’s purpose is to carry out the purposes of the University, including, but not limited to assisting in the financing for the development, construction and leasing of certain real estate owned by the University located at 3610 Warren Street, Philadelphia, Pennsylvania 19104 (the “Land”). The University’s portion of business (“POB”) shall construct and develop an approximately 90,000 square foot building at this land to house the K-9 school campus for the Powel-Science Leadership Academy Middle School. The business and affairs of DUO, LLC are managed by the 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, wholly owned by the University, organized to operate in furtherance of the activities of the 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 the 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 General Partner, Inc.**

1200 Chestnut Street General Partner, Inc. (“1200 Chestnut GP”), Pennsylvania corporation, is the sole general partner in 1200 Chestnut Street I, Limited Partnership (“1200 Chestnut LP”). 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 the 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, 2020 and 2019**

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

1200 Chestnut LP, 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. 1200 Chestnut LP 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 GP, which holds a 1% interest in 1200 Chestnut LP. The University meets the requirements for consolidation of 1200 Chestnut LP through its ownership of 1200 Chestnut GP and control of 1200 Chestnut LP. 1200 Chestnut 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 Spring Garden, Limited Partnership (“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 the 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 Spring Garden, Limited Partnership Qualified Active Low-Income Community Business (“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, 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. Through its ownership of 3509 GP, Drexel University holds a 90% interest in 3509 LP. 3509 LP 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 Spring Garden, Master Tenant, Limited Partnership (“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 the 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, holding a 0.01% interest in 3509 MTLP. 3509 MTM follows a calendar based fiscal year.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **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 building's rehabilitation project. The University meets the requirements for consolidation of the 3509 MTLP through its ownership of the general partner (3509 MTM) and control of 3509 MTLP. 3509 MTLP follows a calendar based fiscal year.

## **2. Summary of Significant Accounting Policies**

### **General**

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 Note 1. All subsidiary financial information included within the financial statements has been consolidated utilizing the University's fiscal year.

### **Basis of Presentation**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, which requires the university to classify its net assets into two categories according to donor-imposed restrictions; net assets without donor imposed restrictions and net assets with donor imposed restrictions. All material transactions between the University and its subsidiaries have been eliminated.

*Net Assets without Donor Restrictions* – Net assets derived from tuition and other University resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions include board designated funds functioning as endowment funds.

*Net Assets with Donor Restrictions* - Net assets which are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets, net assets from endowments not yet appropriated for spending by the University and student loan funds. In some cases, donor restrictions can be fulfilled by actions of the University in accordance with those stipulations or by the passage of time. In other cases, some restrictions, such as endowed funds, are permanent, and typically, the donors of these assets permit the University to use all or part of the income earned on these assets for operations. Restrictions include support of specific schools, colleges and

**Drexel University and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

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departments of the University, professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Measure of Operations**

The University's measure of operations as presented in the Consolidated Statements of Activities includes revenue from tuition and fees, room and board, grants and contracts, physician services, contributions for operating programs, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the Consolidated Statements of Activities by natural classification.

**Liquidity and Availability**

The University's financial assets available within one year of the balance sheet date for general expenditure as of June 30, 2020 and 2019 are as follows:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Total assets at year-end</b>	\$ 2,325,554	\$ 2,159,844
Less: non-financial and financial assets not available within one year		
Restricted cash	(38,599)	(12,668)
Tuition receivable due in more than one year	(6,532)	(7,776)
Contributions receivable with donor restrictions	(84,531)	(87,393)
Loans receivable due in more than one year	(13,415)	(21,241)
Prepaid expenses and other assets	(78,025)	(31,155)
Malpractice insurance trust	(8,856)	(13,208)
Beneficial Interests in trusts	(42,339)	(43,595)
Investments	(759,488)	(812,120)
Land, buildings and equipment, net	(981,859)	(972,039)
Finance lease right-of-use (ROU) asset	(12,877)	-
Operating lease right-of-use (ROU) asset	(91,139)	-
Assets held for sale	-	(7,710)
<b>Financial assets available at year-end for current use</b>	\$ 207,894	\$ 150,939

As of June 30, 2020, the University has \$207,894,000 of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure. In addition to these available financial assets, a significant portion of the University's annual expenditures will be funded by current year operating revenues including tuition and fees, room and board, grant and contract income and auxiliary enterprise income. The University structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

The University's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 7, for fiscal year 2020 and 2019 the Board of Trustees approved a current distribution to 6.00% and 4.75% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years, except for ANS in which the Board of Trustees approved a distribution to 6.00% and 5.50% of the fair market value of the pooled endowment assets for the prior

## **Drexel University and Subsidiaries**

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seven years. Under the approved spending rules, the University received an allocation of \$37,165,000 and \$29,569,000 in fiscal years 2020 and 2019, respectively. The endowment portfolio structures cash to be available for the endowment spend and to fulfill capital calls for alternative investments.

To help manage unanticipated liquidity needs, the University has committed lines of credit in the amount of \$100 million, which it could draw upon. Additionally, the University has a board-designated endowment of \$270,457,000 as of June 30, 2020. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, the board-designated endowment funds contain investments with lock-up provisions that reduce the total investments that could be made available.

#### **Cash, Cash Equivalents, and Restricted Cash**

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. At June 30, 2020 and 2019, 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 K-8 Powel Elementary School and Science Leadership Academy Middle School (“Powel/SLA-MS”) project. All money market funds that are held in endowment are considered investments by the University.

#### **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, which represent barriers that must be overcome before the University is entitled to the assets transferred, are fulfilled. Contributions are reported as an increase in the appropriate net asset category.

#### **Beneficial Interests in Trusts and Split-Interest Agreements**

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 6 for investment level definitions). The trusts are recorded at fair value based on the interest in the trust as determined by the trustee based on the value of 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. The University is also party to certain split-interest agreements. The related liabilities to these arrangements are revalued annually based on the current interest rate tables from the Society of Actuaries and are categorized as Level 3.

# **Drexel University and Subsidiaries**

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

The University applies fair value measurements in the year of receipt to contributions receivable, 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 on an annual basis. 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 loan receivable from students under Drexel's loan programs approximate fair value. (Notes 5, 6, 7, and 10 for additional fair value disclosures).

#### **Physician Services**

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 physician services. Physician services 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. Price concessions to estimate the difference between gross rates and contracted rates with payers have been included in the determination of net revenue.

#### **Contributions**

All contributions received are available for unrestricted use unless specifically restricted by the donor. Amounts to be received in the future or that are designated for future periods or restricted by the donor for specific purposes are classified as such. 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 without restrictions.

#### **Non-operating Activities**

Non-operating activities include contributions to the University's endowment, investment returns, gains and losses on investments, and other activities related to endowment, post-retirement benefit plan and defined benefit pension plan adjustments, restructuring costs, and losses on extinguishment of debt.

# **Drexel University and Subsidiaries**

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#### **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 17).

The FASB issued 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.

#### **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 changes in fair value of the agreement resulted in a loss of \$1,001,000 and \$807,000 in 2020 and 2019, respectively. The fair value of the interest rate swap agreement was a liability of \$4,424,000 and \$3,423,000, respectively, at June 30, 2020 and 2019.

The swap agreement is used by the University to reduce exposure to the volatility in variable interest rates on long-term debt (Note 12). There were no other swap agreements in effect as of June 30, 2020 or 2019. 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 of the Consolidated Statements of Activities.

## **Drexel University and Subsidiaries**

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

Beginning in May 2014, the FASB issued several Accounting Standard Updates which established a new framework for *Revenue from Contracts with Customers (Topic 606)*. The core principle is that revenue is 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 University has adopted the standard by applying the retrospective transition method, and the impact is reflected in the Consolidated Statements of Activities and Note 14 for both periods presented.

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. In July 2018, FASB issued ASU No. 2018-11 which amends the transition methods contained in ASU No. 2016-02. The University has early adopted the standard on a modified retrospective basis effective July 1, 2019. As a result, the University has recorded the finance and operating lease right-of-use (ROU) assets and liabilities related to real estate and equipment leases. The impact is reflected in the Consolidated Statements of Financial Position and Note 9 for the period ending June 30, 2020. There was no change to the beginning net assets for the period ending June 30, 2019.

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 net assets without donor restrictions and net assets with donor restrictions, 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 has adopted this new guidance retrospectively, and grouped the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the University has included expanded disclosures relating to: (1) the liquidity of financial assets, (2) expenses by both their natural and functional classification in the financial statements, and (3) disclosing a single net measure of investment return. As a result of adopting this standard, the underwater endowment deficiencies of \$2,355,000 were adjusted in the beginning net asset fund balances for the period ending June 30, 2018. Also, certain prior year amounts were reclassified to conform to the presentation requirements (Notes 2, 7, 13 and 15).

## **Drexel University and Subsidiaries**

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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 has adopted ASU No. 2016-15 by applying the retrospective transition method which is reflected in the Consolidated Statements of Cash Flow for both periods presented. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715)*: ASU No. 2017-07 requires the service cost component of net periodic pension cost and net periodic postretirement benefit cost to be presented as part of fringe benefit expense in the Consolidated Statements of Activities. The other components of net periodic benefit cost will be reported as non-operating activity in the Consolidated Statements of Activities. ASU No. 2017-07 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented. The University has adopted ASU No. 2017-07 and the impacts of these changes are reflected in the Consolidated Statements of Activities for both periods presented.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is meant to provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. ASU No. 2018-08 is effective for annual periods beginning after June 15, 2018, with early adoption permitted. Entities can apply the guidance on a modified prospective basis or retrospective basis. The University has adopted ASU No. 2018-08 by applying the modified prospective transition method in its consolidated financial statements and the relevant footnotes (Note 14). The adoption did not have a material impact on the consolidated financial statements.

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

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. This ASU represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management’s estimates of current expected credit losses. Under the current model, losses are recognized only as they are incurred, which FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

## **Drexel University and Subsidiaries**

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In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which aims to improve the usefulness of the disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. ASU No. 2018-013 is effective for annual periods beginning after December 15, 2019, with early adoption permitted. Changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively. All other amendments should be applied retrospectively to all periods presented. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) – Disclosure Framework – Changes to Disclosure Requirements for Defined Benefit Plans* which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. ASU No. 2018-014 is effective for public business entities for annual periods beginning after December 15, 2021, with early adoption permitted on a retrospective basis to all periods presented. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The ASU aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. ASU No. 2018-15 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. Entities can apply the guidance prospectively or retrospectively. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808) – Clarifying the Interaction between Topic 808 and Topic 606*, which seeks to clarify that certain transaction between collaborative arrangement participants should be accounted for as revenue and apply all relevant guidance under Topic 606 to these revenues. In addition this ASU provides more comparability in the presentation of revenue for certain transaction between collaborative arrangement participants. ASU No. 2018-18 is effective for annual periods beginning after December 15, 2020 The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

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In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which seeks to align the definition of collections as defined in the American Alliance of Museums' (AAM) Code of Ethics for Museums with its definition of collections in the Master Glossary. The FASB is also making a technical correction in *Topic 360 – Property, Plant and Equipment*, to clarify the accounting and disclosure guidance for collections in *Subtopic 958-360, Not-for Profit Entities – Property, Plant and Equipment*. ASU No. 2019-03 is effective for fiscal years beginning after December 15, 2019. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

**3. Accounts Receivable**

Accounts receivable are reported less estimates for uncollectable amounts and contractually based discounts. American Academic Health Systems' receivables have been fully reserved due to their filing for bankruptcy on June 30, 2019.

Accounts receivable as of June 30, 2020 and 2019 were as follows:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
Tuition	\$ 92,488	\$ 56,329
Grants, contracts, and other	79,002	65,535
Patient, net of contractual allowance	2,071	3,882
American Academic Health Systems	-	10,174
Accounts receivable, gross	173,561	135,920
Allowance for doubtful accounts:		
Tuition	(6,933)	(6,662)
Grants, contracts, and other	(5,288)	(4,919)
Patient	(499)	(2,695)
American Academic Health Systems	-	(10,174)
Accounts receivable	\$ 160,841	\$ 111,470

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 \$19,991,000 and \$29,199,000 at June 30, 2020 and 2019, 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

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to the government. As of October 1, 2017, the Federal Perkins Loan Program expired, and new loans are no longer awarded and disbursed.

At June 30, 2020 and 2019, student loans consisted of the following:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
Federal government loan programs		
Perkins loan program	\$ 14,289	\$ 17,458
Health professions student loans and loans for disadvantaged students	1,760	2,058
Nursing student loans	-	-
Federal government loan programs	16,049	19,516
Institutional loan programs	6,123	7,206
Student loans receivable, gross	22,172	26,722
Less: Allowance for doubtful accounts	(3,699)	(3,320)
Student loans receivable	\$ 18,473	\$ 23,402

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 a student loan receivable is deemed uncollectible, an allowance for doubtful accounts is established.

**4. Contributions Receivable**

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment due more than a year from the pledge date are recorded net of a discount using rates as of June 30, 2020 and June 30, 2019 that range between 0.16% to 0.66% and 1.75% to 2.00%, respectively. The University considers these discount rates to be a Level 3 input in the context of ASC No. 820-10 (Note 6).

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Net contributions receivable at June 30 were as follows:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
Amounts due in		
Less than one year	\$ 23,838	\$ 22,571
One to five years	24,728	29,918
Greater than five years	47,863	51,235
Contributions receivable, gross	96,429	103,724
Less:		
Allowance for uncollectibles	(691)	(506)
Discounts to present value	(11,207)	(15,825)
Contributions receivable, net	\$ 84,531	\$ 87,393

As of June 30, 2020, the University has outstanding unrecorded conditional promises to give, including non-legally binding bequests, of \$106,270,000. When the conditional barriers are overcome and the donor's right of return has expired, the revenue is recorded and is generally restricted for operations, endowment and capital projects as stipulated by the donors.

As of June 30, 2020, the University, acting as an agent for U.S. Squash Racquets Association, has outstanding conditional pass-through pledges of \$7,000,000. As of June 30, 2020, the University has accrued a liability of \$0 payable to U.S. Squash Racquets Association.

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**5. Investments and Investment Return**

At June 30, 2020 and 2019, the fair value of the malpractice insurance trust and investments included the following:

<i>(in thousands)</i>	<b>Fair value</b>	
	<b>2020</b>	<b>2019</b>
Money market funds	\$ 39,668	\$ 25,973
U.S. equity	154,610	167,506
Global equity	118,393	131,027
Fixed income securities and bond funds	62,122	112,632
Real estate and real assets funds	62,877	98,258
Hedge funds	28,633	27,421
Private equity	118,347	104,907
Directly-held real estate	107,460	99,469
Total endowment investments	692,110	767,193
Self-insurance escrow funds	33,207	44,204
Interest in a partnership	33,440	-
Other investments	731	723
Total investments	759,488	812,120
Malpractice insurance trust	8,856	13,208
Total investments and malpractice insurance trust	\$ 768,344	\$ 825,328

Self-insurance escrow funds are comprised of mutual funds that trade on active markets with readily observable prices. Malpractice insurance trust funds are comprised of fixed income securities with readily observable prices.

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The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2020 and 2019:

<i>(in thousands)</i>	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, net of expenses	\$ 3,205	\$ 8,231	\$ 11,436
Realized/unrealized gains	2,384	(812)	1,572
Endowment payout under spending formula	(12,512)	(24,653)	(37,165)
Realized/unrealized loss on investments, net of endowment payout and expenses	(6,923)	(17,234)	(24,157)
Operating investment income, net	3,007	537	3,544
Total return on investments	\$ (3,916)	\$ (16,697)	\$ (20,613)

<i>(in thousands)</i>	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, net of expenses	\$ 2,907	\$ 6,784	\$ 9,691
Realized/unrealized gains	10,805	21,923	32,728
Endowment payout under spending formula	(9,893)	(19,676)	(29,569)
Realized/unrealized gain on investments, net of endowment payout and expenses	3,819	9,031	12,850
Operating investment income, net	2,594	414	3,008
Total return on investments	\$ 6,413	\$ 9,445	\$ 15,858

**6. 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.

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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 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 trusts and annuities, directly held real estate, and interest in real estate.

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 by these funds that do not have readily determinable fair values are based on historical cost, appraisals, or 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.

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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.

# Drexel University and Subsidiaries

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As of June 30, 2020, and 2019, assets and liabilities at fair value were as follows:

<i>(in thousands)</i>	<b>2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets</b>					
Beneficial interest in trusts	\$ -	\$ -	\$ 42,339	\$ -	\$ 42,339
Malpractice insurance trust	8,856	-	-	-	8,856
<b>Investments</b>					
Money market funds	39,668	-	-	-	39,668
U.S. Equity	141,814	-	-	12,796	154,610
Global Equity	82,350	-	-	36,043	118,393
Fixed Income securities and bond funds	56,909	2,501	-	2,712	62,122
Real estate and real assets funds	-	-	5,050	57,827	62,877
Hedge funds	-	-	-	28,633	28,633
Private Equity	-	-	-	118,347	118,347
Directly-held real estate	-	-	107,460	-	107,460
Investments held in endowment	320,741	2,501	112,510	256,358	692,110
Self-insurance escrow funds	33,207	-	-	-	33,207
Other investments	444	-	-	287	731
Total investments	354,392	2,501	112,510	256,645	726,048
Total assets measured at fair value	\$ 363,248	\$ 2,501	\$ 154,849	\$ 256,645	\$ 777,243
<b>Liabilities</b>					
Interest rate swaps (Note 1)	\$ -	\$ 4,424	\$ -	\$ -	\$ 4,424
Split-interest agreements	-	-	1,250	-	1,250
Annuities	-	-	7,521	-	7,521
Total liabilities measured at fair value	\$ -	\$ 4,424	\$ 8,771	\$ -	\$ 13,195
<b>2019</b>					
<i>(in thousands)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments at NAV</b>	<b>Total</b>
<b>Assets</b>					
Beneficial interest in trusts	\$ -	\$ -	\$ 43,595	\$ -	\$ 43,595
Malpractice insurance trust	13,208	-	-	-	13,208
<b>Investments</b>					
Money market funds	25,973	-	-	-	25,973
U.S. Equity	155,617	-	-	11,889	167,506
Global Equity	92,196	-	-	38,831	131,027
Fixed Income securities and bond funds	76,828	1,242	-	34,562	112,632
Real estate and real assets funds	-	-	4,790	93,468	98,258
Hedge funds	-	-	-	27,421	27,421
Private Equity	-	-	-	104,907	104,907
Directly-held real estate	-	-	99,469	-	99,469
Investments held in endowment	350,614	1,242	104,259	311,078	767,193
Self-insurance escrow funds	44,204	-	-	-	44,204
Other investments	521	-	-	202	723
Total investments	395,339	1,242	104,259	311,280	812,120
Total assets measured at fair value	\$ 408,547	\$ 1,242	\$ 147,854	\$ 311,280	\$ 868,923
<b>Liabilities</b>					
Interest rate swaps (Note 1)	\$ -	\$ 3,423	\$ -	\$ -	\$ 3,423
Split-interest agreements	-	-	1,647	-	1,647
Annuities	-	-	5,404	-	5,404
Total liabilities measured at fair value	\$ -	\$ 3,423	\$ 7,051	\$ -	\$ 10,474

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

<i>(in thousands)</i>	Fair Value	Unfunded Commitments	2020	
			Redemption Terms (If Currently Eligible)	Redemption Notice Period (If Applicable)
Hedge funds:				
Multi-Strategy Hedge Funds (a)	\$ 105	\$ -		
Distressed Debt Hedge Funds (b)	1,521	-		
Fixed Income and Related Hedge Funds (c)	19,679	-	Quarterly	45 days
Real Estate Hedge Funds (d)	7,328	-	Quarterly	60 days
Subtotal Hedge funds	28,633	-		
Private Equity:				
Private Capital Funds-Secondaries (e)	6,254	2,889		
Private Capital Funds-Venture Capital (f)	1,093	198		
Private Capital Funds-Buy-out (g)	59,498	35,619		
Private Capital Funds-Debt (h)	8,307	4,146		
Private Capital Funds-Real Asset Funds (i)	27,737	35,502		
Private Capital Funds-Real Estate Funds (j)	13,538	13,232		
Private Capital Funds-Hedge Fund Seeder (k)	1,920	222		
Subtotal Private Equity	118,347	91,808	Close-ended funds not available for redemption	
US Equity (l)	12,796	-		
Global Equity (l)	36,043	-		
Fixed Income Securities and Bond Funds (l)	2,712	-		
Real Estate and Real Assets Funds (l)	57,827	-		
Other investments (l)	287	-		
	\$ 256,645	\$ 91,808		

- a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2020, the composite portfolio includes 100% 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 4 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.

## **Drexel University and Subsidiaries**

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

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- b. This category includes investments in hedge funds that invest in debt of companies in or facing bankruptcy. As of June 30, 2020, the composite portfolio includes 100% 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 4 years. 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 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.
- d. This category includes investment in hedge funds that invest in diversified U.S. real estate properties. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- e. 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, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 100% in 1 to 4 years. At June 30, 2019, the liquidation periods were expected to be: 100% in 1 to 4 years. 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 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, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 100% in 1 to 4 years. At June 30, 2019, the liquidation periods were expected to be: 100% in 1 to 4 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 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, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 9% over 1 to 4 years; 79% in 5 to 7 years; and 12% over 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 0% in 1 to 4 years; 65% in 5 to 7 years; and 35% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

**Drexel University and Subsidiaries**  
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- h. This category includes investments in private equity funds that provide debt financing to middle market firms. 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, 2020, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 42% in 1 to 4 years; 52% in 5 to 7 years; and 6% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 60% in 1 to 4 years; and 40% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- i. 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, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 49% in 1 to 4 years; 21% in 5 to 7 years; and 30% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 46% in 1 to 4 years; and 21% in 5 to 7 years; and 34% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real asset fund.
- j. 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, 2020, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 33% in 1 to 4 years; 62% in 5 to 7 years; and 5% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 21% in 1 to 4 years; 47% in 5 to 7 years; and 32% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real estate fund.
- k. 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, 2020, and 2019, respectively, the fund's underlying investments were: 14% and 37% global equity; and 86% and 63% in diversified credit. 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, 2020. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- l. This category includes investments in US equity, global equity, fixed income securities and bond funds, real estate and real assets funds, and other investments. Investments in this category reflect the fair value of the specific assets or the underlying ventures' net assets. The valuations of these investments are the net asset values prepared by fund managers. Majority of these investments are commingled funds.

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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 \$5,050,000 net of \$2,200,000 in outstanding debt. The valuation of these investment properties is prepared annually by an independent appraiser.

The change in the University's Level 3 assets and liabilities as of June 30 included the following:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
Assets, at beginning of year	\$ 147,854	\$ 138,749
Net realized/unrealized gain	8,929	13,671
Sales and distributions of investments	(1,934)	(4,566)
Assets, at end of year	\$ 154,849	\$ 147,854

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
Liabilities, at beginning of year	\$ 7,051	\$ 7,595
Changes in annuities and split-interest agreements	1,720	(544)
Liabilities, at end of year	\$ 8,771	\$ 7,051

**7. 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, 2020 and 2019, the University had an endowment spending rule that limited the spending of endowment resources to a range of 4.75% to 6.00% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years, except for ANS. The actual endowment spend rate for the University was 6.00% for the fiscal year ended June 30, 2020 and 4.75% for the fiscal year ending June 30, 2019. For the fiscal year ended June 30, 2020, ANS had an endowment spending rule that limited the spending of endowment resources to 6.00% of the fair market value of the pooled endowment assets for the prior seven years. For the fiscal year ended June 30, 2019, ANS had an endowment spending rule that limited the spending of endowment resources to 5.50% 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%).

## **Drexel University and Subsidiaries**

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

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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 internally 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. Both permanently restricted and temporarily restricted net assets are considered net assets with donor restrictions as per the applicable accounting standards. The University's policy is to not allocate spend from underwater endowment funds.

#### **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 net assets with donor restrictions in the Consolidated Statements of Activities. Subsequent investment gains are used to restore the balance to the fair market value of the original amount of the gift. Aggregate deficiencies were \$4,819,000 and \$2,245,000 as of June 30, 2020 and 2019, respectively. The original gift amount and the fair value of underwater endowment funds in the aggregate were \$86,486,000 and \$81,667,000 as of June 30, 2020 and \$30,793,000 and \$28,549,000 as of June 30, 2019, respectively.

**Drexel University and Subsidiaries**  
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The net asset balances for the endowment composition by fund as of June 30, 2020 and 2019 were as follows:

<i>(in thousands)</i>	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 531,197	\$ 531,197
Board-designated endowment funds	270,457	-	270,457
Total assets	\$ 270,457	\$ 531,197	\$ 801,654

<i>(in thousands)</i>	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 537,242	\$ 537,242
Board-designated endowment funds	277,042	-	277,042
Total assets	\$ 277,042	\$ 537,242	\$ 814,284

**Drexel University and Subsidiaries**  
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Changes in the University's endowment assets (excluding annuities and trusts) and for the years ended June 30, 2020 and 2019 were as follows:

<i>(in thousands)</i>	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment, at beginning of year</b>	\$ 277,042	\$ 537,242	\$ 814,284
Endowment return:			
Investment income, net of fees	3,205	8,231	11,436
Net realized/unrealized gain	1,047	2,311	3,358
Total endowment return	4,252	10,542	14,794
Contributions	56	8,834	8,890
Use of endowment assets:			
Endowment payout used in operations	(10,893)	(26,272)	(37,165)
Other	-	851	851
Total uses of endowment assets	(10,893)	(25,421)	(36,314)
<b>Endowment, at end of year</b>	\$ 270,457	\$ 531,197	\$ 801,654

  

<i>(in thousands)</i>	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment, at beginning of year</b>	\$ 270,713	\$ 509,481	\$ 780,194
Endowment return:			
Investment income, net of fees	2,907	6,784	9,691
Net realized/unrealized gain	10,614	24,180	34,794
Total endowment return	13,521	30,964	44,485
Contributions	1,363	15,246	16,609
Use of endowment assets:			
Endowment payout used in operations	(8,525)	(21,044)	(29,569)
Other	(30)	2,595	2,565
Total uses of endowment assets	(8,555)	(18,449)	(27,004)
<b>Endowment, at end of year</b>	\$ 277,042	\$ 537,242	\$ 814,284

## **Drexel University and Subsidiaries**

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

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#### **Endowment Loan**

On December 5, 2018, the University's Board of Trustee's authorized management to fund the capital expenditures associated with the renovation and expansion of Bentley Hall (formerly Calhoun Hall) with a loan investment from the University's endowment portfolio, not to exceed \$35,000,000 million. On February 19, 2019, the University received a \$5,000,000 gift from Greg S. and Caroline Bentley for which the dormitory has been renamed. The dormitory will house a living/learning community for the Pennoni Honors College students and include a new, two-story glass stone addition of 10,800 square feet that will house the Pennoni Honors College offices and seminar rooms. The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment.

The loan investment is interest-only over the five-year term, with a balloon payment of principal due no later the last day of the 60th month following the initial/first Anniversary Date. The interest rate is fixed for the first four years at 5% per annum ("Base Rate"). Effective as of the fifth anniversary date, the Base Rate will increase to the greater of (a) 5% plus 100 basis points (bps) or (b) the 10-year U.S. Treasury note plus 200 bps, not to exceed a rate of 8%. While the loan investment is outstanding, any donor funds received in support of this project, in supporting or naming the building, or associated activities concerning the property, will be directly applied to the outstanding principal balance of the loan investment. The University will incur zero fees, and the entire loan investment can be prepaid, at any time, without penalty at the discretion of the University.

In accordance with Treasury Regulation § 1.150-2, the University may temporarily finance from its own funds, all or a portion of the costs of the renovation and expansion of Bentley Hall up to an amount equal to the total costs of the renovation and expansion of Bentley Hall, which shall not exceed \$35,000,000, and may then use all or a portion of the proceeds of tax-exempt obligations to reimburse itself for expenditures originally paid prior to the date of issuance of the tax-exempt obligations, and all original expenditures which may be reimbursed will be capital expenditures (as defined in Treasury Regulation § 1.150-1(b)) and other permissible amounts under Treasury Regulation § 1.150-2(d)(3).

On December 4, 2019, the University's Board of Trustee's authorized management to fund a portion of its share of the St. Christopher's Hospital for Children acquisition costs with a loan investment from the University's endowment portfolio, up to \$13 million.

The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment. The terms of this investment loan mirror the terms of the Bentley Hall endowment loan defined above.

**Drexel University and Subsidiaries**  
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On December 4, 2019, the University's Board of Trustee's authorized management to establish a \$40 million short term line of credit to support additional start-up needs for St. Christopher's Hospital for Children and costs associated with the dissolution of the Drexel Physician Practice Plan resulting from the bankruptcy of the American Academic Health System and the abrupt closure of Hahnemann University Hospital. The line of credit was funded by an investment loan from the University's endowment portfolio.

The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment. The annual interest rate on the investment loan is 6.5% The interest rate is based on the expected return of the overall portfolio.

**8. 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, 3 to 5 years for 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 \$1,275,000 and \$3,693,000 at June 30, 2020 and \$1,278,000 and \$3,628,000 at June 30, 2019, respectively, and is included in buildings and improvements and accrued expenses, respectively, on the Consolidated Statements of Financial Position. 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>2020</b>	<b>2019</b>
Works of art	\$ 10,860	\$ 10,583
Land and improvements	152,025	148,234
Buildings and improvements	1,193,340	1,118,603
Equipment, software and library books	225,951	226,104
Construction in progress	36,495	61,698
Land, buildings, and equipment, gross	1,618,671	1,565,222
Less: Accumulated depreciation	(636,812)	(593,183)
Land, buildings and equipment, net	\$ 981,859	\$ 972,039

**Drexel University and Subsidiaries**  
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**9. Leases**

In February 2016, the FASB issued ASU 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases can be classified as either finance or operating.

The University has adopted and applied Topic 842 to all leases effective July 1, 2019 with comparative periods continuing to be reported under Topic 840. The University has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. Also, the University has also elected the policy exemption that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

The University determines if an arrangement is or contains a lease at inception of the contract. The right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The University uses the implicit rate noted within the contract. If not readily available, the University uses the estimated incremental borrowing rate, which is derived using a collateralized borrowing rate and term as the associated lease. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less and a lease expense is recognized for these leases on a straight-line basis over the lease term within lease and rental expense.

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The components of lease expense for the fiscal year ended June 30, 2020 are as follows:

	Fiscal Year Ending 06/30/2020
<b>Lease Expense:</b>	
<b>Finance lease expense</b>	
Amortization of ROU assets	911,586
Interest on lease liabilities	115,324
Operating lease expense	24,724,023
Short-term lease expense	194,028
Variable lease expense	8,248,807
<b>Total</b>	<b>34,193,768</b>

**Other Information:**

Cash paid for amounts included in the measurement of lease liabilities for finance leases

Finance - Financing cash flows	1,158,968
Finance - Operating cash flows	115,324
Operating - Operating cash flows	26,167,220

ROU assets obtained in the exchange for lease liabilities

Finance leases	995,100
Operating leases	8,298,858

Weighted-average remaining lease terms (in years)

Finance leases	39.95
Operating leases	11.26

Weighted-average discount rate

Finance leases	1.18%
Operating leases	2.19%

Maturities of lease liabilities were as follows:

	Finance	Operating
07/01/2020 - 06/30/2021	810,981	22,192,211
07/01/2021 - 06/30/2022	809,060	21,120,461
07/01/2022 - 06/30/2023	805,843	10,566,619
07/01/2023 - 06/30/2024	768,222	5,778,890
07/01/2024 - 06/30/2025	406,940	5,565,894
Thereafter	6,105,471	58,824,500
Total	9,706,517	124,048,575
Less: Present value discount	(234,552)	(17,375,171)
<b>Lease liability</b>	<b>9,471,965</b>	<b>106,673,404</b>

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As of June 30, 2019, prior to the adoption of ASC 842, the annual and total future minimum lease payments under noncancelable operating leases were as follows:

*(in thousands)*

June 30,		
2020	\$	25,077
2021		23,148
2022		21,599
2023		10,969
2024		4,659
Thereafter		50,170
Total minimum lease payments	\$	135,622

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. In June 2018, the University and the Commonwealth of Pennsylvania entered into an amendment to the original lease agreement to extend the initial term for the “Drill Hall” portion of the lease to sixty-five years. The University remeasured the capital lease asset and liability based on the fair market value of the rent under the arrangement for the revised lease term of 65 years. The capital lease liability amounted to \$6,722,000 and \$6,846,000 at June 30, 2020 and 2019, respectively. These costs have been capitalized and a comparable capital lease liability recorded. In June 2018, the University entered into a sublease agreement for the Drill Hall portion of the Armory, the term of which is coterminous with the Armory lease. The sublease is for the benefit of the U.S. Squash Racquet Association. Rent under the sublease agreement is nominal for the entire lease term.

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**

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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 landowner. 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, 2020, and 2019 of \$9,950,000 and \$10,250,000 respectively. The University recognized \$300,000 of ground lease income related to this agreement during fiscal years 2020 and 2019.

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 is capitalized and amortized over the term of the lease.

## **Drexel University and Subsidiaries**

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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.

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 annual rent commencement date is December 17, 2016 i.e. twenty-four months from the date of the lease. 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 2020 and 2019.

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 September 13, 2018 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 related to this agreement during fiscal years 2020 and 2019.

#### **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.”

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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.

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.

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 BRT. The total fair value of these properties included in the endowment was \$52,000,000. BRT commenced the construction of a large public realm area on the 3001 Market Street parking lot with completion in the second quarter of fiscal year 2019. The surface rights for 3001 Market Street 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 resulting in a loss of \$17,000,000. The proceeds from both parcels were 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.

On March 22, 2018, the University completed the conveyance of the second parcel for the Schuylkill Yards project, 3001-3003 John F. Kennedy Boulevard to BRT. The 3001-3003 John F. Kennedy Boulevard parcel was conveyed through a 99-year prepaid ground lease for \$24,640,000 resulting in a gain of \$16,440,000. The proceeds were invested in the University's endowment portfolio replacing the real estate values for the 3001-3003 John F. Kennedy Boulevard.

On June 29, 2018, the University completed the conveyance of the third parcel for the Schuylkill Yards project, 3025 John F. Kennedy Boulevard to BRT. The 3025 John F. Kennedy Boulevard parcel was conveyed through a 99-year prepaid ground lease for \$20,545,000 resulting in a gain of \$13,945,000. The proceeds were received on July 2, 2018 and invested in the University's endowment portfolio replacing the real estate values for the 3025 John F. Kennedy Boulevard.

# **Drexel University and Subsidiaries**

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#### **10. Retirement Plans**

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

The University established the Drexel University Defined Contribution Retirement Plan (“DU DC”) effective April 1, 1972. 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 \$40,288,000 and \$42,680,000 in 2020 and 2019, respectively.

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.

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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>2020</b>	<b>2019</b>
<b>Weighted average assumptions as of June 30</b>		
Discount rate	2.90 %	3.60 %
Expected return on plan assets	6.25 %	6.25 %
<b>Accumulated benefit obligation</b>		
Accumulated benefit obligation at June 30	\$ 21,966	\$ 21,096
<b>Change projected in benefit obligation</b>		
Net benefit obligation at June 30	\$ 21,096	\$ 19,650
Service costs	240	230
Interest costs	739	822
Actuarial (gain)/loss	1,208	1,589
Gross benefits paid	(1,317)	(1,195)
Net benefit obligation at June 30	\$ 21,966	\$ 21,096
<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Change in plan assets</b>		
Fair value of plan assets, at beginning of year	\$ 11,379	\$ 10,670
Actual return on plan assets	116	621
Employer contributions	1,396	1,283
Gross benefits paid	(1,317)	(1,195)
Fair value of plan assets, at June 30	\$ 11,574	\$ 11,379
Fair value of plan assets, at June 30	\$ 11,574	\$ 11,379
Benefit obligation	21,966	21,096
Net amount recognized, at June 30*	\$ (10,392)	\$ (9,717)

\* These amounts are recognized in the financial statements including the Consolidated Statements of Financial Position in the "Accrued retirement obligations" financial statement line item.

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The components of net periodic benefit cost are noted below:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Weighted average assumptions used to determine net periodic benefit costs</b>		
Discount rate	3.60 %	4.30 %
Expected return on plan assets	6.25 %	6.25 %
<b>Components of net periodic benefit costs</b>		
Service costs	\$ 240	\$ 230
Interest costs	739	822
Expected return on assets	(728)	(666)
Amortization of actuarial loss	1,820	1,633
Net periodic benefit cost	\$ 2,071	\$ 2,019

As of June 30, 2020, and 2019, 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 \$21,966,000 and \$21,096,000 at June 30, 2020 and 2019, respectively. The fair value of the plan assets was \$11,574,000 and \$11,379,000 as of June 30, 2020 and 2019, respectively.

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

<b>Expected benefit payments</b>	
<i>(in thousands)</i>	
June 30,	
2020	1,187
2021	1,282
2022	1,295
2023	1,308
2024	1,330
2025-2029	6,509

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**Plan Assets**

The ANS pension plan weighted-average asset allocations at June 30, 2020 and 2019 by asset category are as follows:

	<b>2020</b>	<b>2019</b>
<b>Asset category</b>		
Equity securities	46.1 %	46.2 %
Fixed income securities	30.6 %	28.6 %
Hedge fund and alternative investments	21.8 %	22.0 %
Cash	1.5 %	3.2 %
	<b>100.0 %</b>	<b>100.0 %</b>

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 several 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.

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The following tables present the plan assets at fair value as of June 30, 2020, and 2019 according to the valuation hierarchy (Note 6):

<i>(in thousands)</i>	2020				
	Level 1	Level 2	Level 3	Investments at NAV	Total
<b>Assets, at fair value</b>					
Cash equivalents	\$ 175	\$ -	\$ -	\$ -	\$ 175
Mutual funds	9,149	-	-	-	9,149
Alternative investments	-	-	-	2,250	2,250
	<u>\$ 9,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250</u>	<u>\$ 11,574</u>

<i>(in thousands)</i>	2019				
	Level 1	Level 2	Level 3	Investments at NAV	Total
<b>Assets, at fair value</b>					
Cash equivalents	\$ 364	\$ -	\$ -	\$ -	\$ 364
Mutual funds	8,847	-	-	-	8,847
Alternative investments	-	-	-	2,168	2,168
	<u>\$ 9,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,168</u>	<u>\$ 11,379</u>

**11. 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.

The University shares the cost of coverage for medical plan options under this Plan with eligible retirees who retired prior to July 1, 2017. 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

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right to change the level of the retiree allowance at any time. For eligible retirees who retire from employment after July 1, 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.

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 \$1,074,000 and (\$800,000) respectively, for the years ended 2020 and 2019 and are reflected in the Consolidated Statements of Activities and included in Accrued retirement obligations in the Consolidated Statements of Financial Position.

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

**Plans Funded Status**

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Change in benefit obligation</b>		
Benefit obligation, beginning of year	\$ 36,230	\$ 39,588
Service cost	316	300
Interest cost	1,141	1,442
Actuarial (gain)	396	(1,535)
Plan participant contributions	784	582
Actual benefits paid	(4,988)	(4,147)
Benefit obligation, end of year	33,879	36,230
<b>Change in plan assets</b>		
Fair value of plan assets, beginning of year	-	-
Employer contributions	4,204	3,565
Plan participant contributions	784	582
Actual benefits paid	(4,988)	(4,147)
Fair value of plan assets, end of year	-	-
Unfunded status of the plan*	\$ 33,879	\$ 36,230

\* These amounts are recognized in the financial statements including the Consolidated Statements of Financial Position in the Accrued retirement obligations financial statement line item.

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

Discount rate - benefit obligations	2.51%	3.39%
Discount rate - benefit cost	3.39%	4.22%
Ultimate retiree health care cost trend	4.50%	4.50%
Year ultimate trend rate is achieved	2028	2027

For measurement purposes, a 7.0% and an 6.25% 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 2020 grading down to ultimate rates of 4.5% in the year 2028 and thereafter.

**Net Periodic Benefit Cost**

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 316	\$ 300
Interest cost	1,141	1,442
Amortization of:		
Prior service credit	(1,536)	(1,536)
Net loss	858	801
Net periodic benefit cost	\$ 779	\$ 1,007
<b>Other changes recognized in net assets without restrictions</b>		
Net actuarial gain	\$ 396	\$ (1,535)
Amortization of:		
Prior service cost	1,536	1,536
Net (gain)	(858)	(801)
Total recognized in net assets without restrictions	\$ 1,074	\$ (800)
<b>Amounts not yet reflected in net periodic benefit cost and included in net assets without restrictions</b>		
Prior service credit	\$ (16,711)	\$ (18,247)
Actuarial loss	15,022	15,484
Amounts in unrestricted net assets, end of year	\$ (1,689)	\$ (2,763)
<b>Amounts in net assets without restrictions expected to be recognized in net periodic benefit cost</b>		
Prior service credit	\$ (1,536)	
Actuarial loss	\$ 910	

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For the fiscal years ended June 30, 2020 and 2019, the effect of a 1% change in the health care cost trend rate is as follows:

<i>(in thousands)</i>	<b>2020</b>		<b>2019</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
Effect on net periodic benefit cost	\$ 53	\$ \$ (47)	\$ 53	\$ (47)
Effect on postretirement benefit obligation	370	(334)	297	(272)

**Contributions**

Expected contributions for the 2020 fiscal year are \$3,099,000.

**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:

<i>(in thousands)</i>	
<b>June 30,</b>	
2020	3,099
2021	2,990
2022	2,868
2023	2,763
2024	2,621
Thereafter	11,556

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**12. Bonds and Notes Payable**

Bonds and notes payable at June 30, 2020 and 2019 are as follows:

<i>(in thousands)</i>	Project	Final Maturity	Effective Interest Rate at June 30, 2020	2020	2019
<b>Fixed rate debt obligations</b>					
<b>Drexel University</b>					
Series A of 2011	Capital improvements and equipment	2014-2041	2.00-5.25%	7,025	7,375
Series of 2012	Refunding	2014-2032	1.00-5.00%	9,775	11,280
Series of 2016	Refunding	2022-2037	2.00-5.00%	117,130	117,130
Series of 2017	Refunding	2018-2041	2.00-5.00%	114,415	116,150
<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	18,210	19,510
Series B of 2002	Capital improvements and equipment	2015-2032	Variable	39,990	40,340
Series B of 2005	Advance refunding	2019-2030	Variable	26,650	28,150
Series B of 2007	Capital improvements and equipment	2014-2037	Variable	22,440	23,295
Total outstanding bonds and notes payable				375,175	382,770
Line of Credit and other notes payable				128,150	30,000
Unamortized original issue premiums/discounts and cost of issuance, net				31,077	32,757
Total bonds and notes payable				\$ 534,402	\$ 445,527

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The documents pursuant to which the Pennsylvania Higher Educational Facilities Authority (“PHEFA”) Revenue Bonds are issued contain restrictive financial covenants which, among other things, require the University to fix, charge and collect tuition, rates, fees and other charges which will provide net revenues, together with other funds of the University available to pay debt service on such Revenue Bonds, in each fiscal year in an amount at least equal to the debt service requirements on such Revenue Bonds and other long-term indebtedness in such fiscal year. An event of default under the Revenue Bonds will only occur if the University fails to meet the foregoing covenant for two consecutive fiscal years and fails to comply with recommendations provided by a consultant, and so long as the University does not fail to pay debt service when due on the Revenue Bonds. At June 30, 2019, the University failed to meet the foregoing financial covenant, which was not an event of default under the PHEFA loan documents. The University was in compliance with these financial covenants at June 30, 2020.

The University has Reimbursement, Credit and Security Agreements with several banks in regards to letters of credit supporting the variable rate debt. Those agreements contain certain restrictive financial covenants which, among other things, require the University to maintain expendable resources of at least 50% of outstanding long-term debt and to maintain a minimum debt service ratio of not less than 1.1:1 for the fiscal year. As of June 30, 2019, the University was in a violation of debt service coverage ratio covenant, but such violation was waived by the applicable banks. The University was in compliance with these financial covenant requirements at June 30, 2020.

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

In December 2017, the University issued PHEFA, Drexel University Revenue Refunding Bonds, Series of 2017 in the amount of \$117,800,000. The primary purpose of this issue was the refunding of most of the outstanding Series of 2011A bonds. The 2017 bonds will be maturing between May 1, 2018 and May 1, 2041. 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, Series B of 2002, Series B of 2005, Series B of 2007, 2011, 2012, 2016 and 2017 bonds are secured by a security interest in unrestricted gross revenues.

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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>
2021	8,253	5,730	13,983
2022	9,823	4,720	14,543
2023	8,658	7,190	15,848
2024	9,618	8,660	18,278
2025	9,998	9,025	19,023
Thereafter	255,182	71,965	327,147
	<u>301,532</u>	<u>107,290</u>	<u>\$ 408,822</u>
Cost of issuance			(2,570)
			<u>406,252</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,	
2021	42,394
2022	24,951
2023	24,954
2024	6,663
2025	6,662
Thereafter	1,666
	<u>\$ 107,290</u>

**Lines of Credit**

The University closed a line of credit which was a term note for a total of \$3,500,000 for equipment purchases that accrued interest based on Libor plus 1.25%. There were no amounts outstanding at June 30, 2019.

Total unsecured Revolving Credit Facilities (“Facilities”) of \$55,000,000 and \$15,000,000 matures on December 31, 2020, and accrues interest based on Intercontinental Exchange Benchmark Administration “ICE” (subject to a floor of 0.75% on the \$55,000,000) for the University. It can be extended annually based upon the agreement of the University and the bank maintaining the Facilities. At June 30, 2020, the interest rate was .75% and .17% respectively. The amounts outstanding were \$70,000,000 and \$30,000,000 at June 30, 2020 and 2019, respectively.

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The University opened a \$30,000,000 line of credit in December 2019 to provide support and working capital for a joint venture. The line of credit matures on December 31, 2021. Interest accrues based upon 30-day LIBOR plus 50 basis points. At June 30, 2020 the interest rate was .67% and the amount outstanding was \$30,000,000.

**13. Net Assets**

Net assets included the following:

<i>(in thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Without donor restrictions:</b>		
Operating	\$ (425,000)	\$ (364,065)
Physical plant	712,968	677,236
Quasi-endowment funds	270,457	277,042
Total net assets without donor restrictions	558,426	590,213
<b>With donor restrictions:</b>		
<i>Temporarily Restricted</i>		
Funds for programs and capital expenditures	124,187	106,210
Funds for endowments	155,980	169,611
Life income annuities	1,211	1,587
Beneficial interests in trusts	4,873	4,858
<i>Permanently Restricted</i>		
Funds for endowments	375,217	367,631
Life income annuities	1,442	2,397
Beneficial interests in trusts	34,189	34,978
Student loans and others	7,850	7,607
Total net assets with donor restrictions	704,950	694,879
Total net assets	\$ 1,263,375	\$ 1,285,092

**14. Revenue Recognition**

The University adopted *Revenue from Contracts with Customers (Topic 606)* effective July 1, 2018 using the retrospective transition method. The University assessed the various contractual arrangements for material revenue streams, the impact to internal processes, the control environment, and disclosures, and determined that the adoption would not result in a material change to the timing of revenue recognition. For all revenue streams, the impact of the adoption was immaterial and the impact of applying the standard retrospectively had no impact on total revenues or total changes in net assets.

In assessing collectability, the University elects the portfolio approach as a practical expedient to combine customers with similar characteristics. The University determines that the effect of applying a portfolio approach to a group of contracts will not differ materially from considering each contract separately.

For the University's revenue streams, the performance obligations are within contracts with durations of one year or less. Therefore, the optional exemption to not disclose remaining performance obligations was applied.

**Drexel University and Subsidiaries**  
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**Tuition and fees, room and board**

Tuition and related fees are recognized as revenue over time during the academic period in which the related academic services are rendered. The University records tuition revenue at the standalone selling price, which most often reflects the published rates, less price concessions related to institutional financial discounts provided by the University. Payment is due in full by the student before the commencement of the semester or term.

As the performance obligations are met (i.e. classes are instructed), revenue is recognized ratably based upon the allocated transaction price. Ratable recognition depicts the transfer of services as the student obtains the benefit of services throughout the semester or term.

The following table disaggregates tuition and fees, room and board revenue by major portfolios for the years ended June 30, 2020, and 2019:

(in thousands)

	2020			
	Tuition and Fees	Room and Board	Institutional Financial Aid	Total
Undergraduate	\$ 688,197	\$ 41,600	\$ (316,505)	\$ 413,293
Graduate	270,168	2,045	(39,043)	233,170
Tuition and fees, room and board	\$ 958,365	\$ 43,646	\$ (355,548)	\$ 646,463

(in thousands)

	2019			
	Tuition and Fees	Room and Board	Institutional Financial Aid	Total
Undergraduate	\$ 685,548	\$ 57,155	\$ (308,947)	\$ 433,756
Graduate	265,358	2,183	(35,533)	232,008
Tuition and fees, room and board	\$ 950,906	\$ 59,338	\$ (344,480)	\$ 665,764

**Physician Services**

Net patient care activity revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors. Performance obligations are met as Physician Services are administered to patients. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

In assessing collectability, the University elected the portfolio approach and grouped into portfolios based on services provided (practice plans). The portfolios elected consist of patients with similar characteristics in payment behavior. The following table disaggregates the Physician Services' revenue by major portfolios with similar characteristics for the years ended June 30, 2020 and 2019 respectively:

**Drexel University and Subsidiaries**  
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<i>(in thousands)</i>	<b>2020</b>		<b>2019</b>	
Medicine	\$	194	\$	260
Nursing and Other		3,477		3,153
Psychiatry		266		388
Total physician services	\$	3,938	\$	3,801

**Grants and Contracts**

The University receives grant and contract revenue from governmental and private sources, which are considered non-exchange revenue transactions. The University generally recognizes revenue associated with the direct and the applicable indirect costs of sponsored programs as the related costs are incurred in accordance with the related cost principles outlined in the grant agreement. The University negotiates its federal indirect rate with its cognizant federal agency.

The following table disaggregates grants and contracts revenue for the years ended June 30, 2020, and 2019:

<i>(in thousands)</i>	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Government grants and contracts:			
Federal	94,989	429	95,418
State	5,464	1,302	6,766
Local	567	132	699
Private grants and contracts	8,879	26,167	35,046
Total grants and contracts	109,899	28,030	137,929

<i>(in thousands)</i>	<b>2019</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Government grants and contracts:			
Federal	\$ 96,738	\$ 1,408	\$ 98,146
State	4,260	199	4,459
Local	433	186	619
Private grants and contracts	10,363	12,216	22,579
Total grants and contracts	\$ 111,794	\$ 14,009	\$ 125,803

As of June 30, 2020, and 2019, the University has outstanding unrecorded conditional grants receivable of \$116,484,000 and \$115,547,000. Revenue for these conditional grants will be recognized in future periods when the related barriers are overcome when the conditions have been substantially met.

**Drexel University and Subsidiaries**  
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**15. Functional and Natural Classification of Expenses**

Expenses are presented by functional classification in accordance with the overall service mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation and interest expenses are allocated based on the square footage occupancy. Plant operations and maintenance represent space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy. Expenses reported as auxiliary enterprises, library, and student services are incurred in support of program services.

Expenses by functional classification for the year ended June 30, 2020 consist of the following:

(in thousands)

	<b>2020</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 396,191	\$ 57,981	\$ 9,845	\$ 464,017
Employee benefits	102,995	15,217	2,611	120,823
Depreciation and amortization	53,703	5,996	14	59,713
Interest	12,250	1,316	-	13,566
Other operating expenses	224,789	62,543	3,761	291,093
<b>Total expenses</b>	<b>\$ 789,928</b>	<b>\$ 143,053</b>	<b>\$ 16,231</b>	<b>\$ 949,212</b>

Expenses by functional classification for the year ended June 30, 2019 consist of the following:

(in thousands)

	<b>2019</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 433,563	\$ 54,400	\$ 9,682	\$ 497,645
Employee benefits	112,454	14,115	2,507	129,076
Depreciation and amortization	45,427	4,956	13	50,396
Interest	13,888	1,514	-	15,402
Other operating expenses	320,622	48,401	4,791	373,814
<b>Total expenses</b>	<b>\$ 925,954</b>	<b>\$ 123,386</b>	<b>\$ 16,993</b>	<b>\$ 1,066,333</b>

**16. 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.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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For self-insured retention amounts for both reported claims and claims incurred but not reported at June 30, 2020 and 2019, the University and its subsidiaries recorded gross combined reserves of \$35,306,000 and \$46,719,000, respectively and related recoveries from third party insurers of \$10,560,000 and \$12,213,000 at June 30, 2020 and 2019, respectively. For fiscal years 2020 and 2019, 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 2020 and 2019 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, 2020 and 2019, self-insurance escrow funds and malpractice insurance trust consisting of mutual funds and fixed income securities amounted to \$42,063,000 and \$57,412,000, respectively, were available to fund incurred but not reported liabilities.

#### **17. 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.

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 a pending litigation between SodexoMAGIC and the University in relation to the former food services agreement. There is also pending litigation between United Educators' Insurance and the University for breach of contract in relation to the general liability coverage for medical professionals.

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.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **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, 2020 and 2019.

The University maintains three letters of credit totaling \$4,144,000 associated with workers' compensation insurance. The agreements are renewable annually. There were no amounts outstanding as of June 30, 2020 and 2019.

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, 2021.
- 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, 2021.
- 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, 2024.
- 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 1, 2020.

There were no amounts outstanding on these bond-related letters of credit as of June 30, 2020 and 2019.

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, 2021 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, 2020.

#### **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.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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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.

The Tax Cuts and Jobs Act (the “Act”) enacted on December 22, 2017, impacted the University in several ways, including new excise taxes on executive compensation and net investment income, increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further, the Act reduced the US federal corporate tax rate and federal corporate unrelated business income tax rate from 35% to 21%.

For the fiscal years ended June 30, 2020 and 2019, the University recorded (\$405,000) and \$1,125,000 as income tax expenses and assigned a functional expense category of institutional support for these expenditures. The University recorded a refund of \$678,000 and \$201,000 against fiscal year 2020 income tax expenses due to repeal of IRC section 512(a)(7) called “parking tax” or QTF related to fiscal years ended June 30, 2018 and 2017.

#### **18. Related Party Transactions**

##### **Tenet Healthcare Corporation and American Academic Health System**

On September 1, 2017, Tenet Healthcare Corporation (“Tenet”) announced that they had 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. On January 11, 2018, all operating agreements under Tenet Healthcare Corporation (“Tenet”) were transferred to American Academic Health System (“AAHS”) with the exception of the real estate assets related to the medical office buildings and parking garages, which were sold to Harrison Street and master leased to St. Christopher’s Hospital, LLC. The University in turn subleased from St. Christopher’s Hospital LLC. Under these agreements, the University acted both as a purchaser and provider of services. On June 30 of 2019, the owners of Hahnemann University Hospital (“HUH”) and St. Christopher’s Hospital for Children (“St. Christopher’s”), Philadelphia Academic Health System (“PAHS”), a subsidiary of the California based American Academic Health System (“AAHS”), filed for chapter 11 bankruptcy (See Note 19). Total services purchased from AAHS/Tenet for the years ended June 30, 2020 and 2019 were \$0 and \$12,309,000, respectively. These services included charges for various personnel, administrative and support services related to operating the College of Medicine and rent. Services provided to Tenet/AAHS included 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 AAHS/Tenet for these services amounted to \$0 and \$24,386,000 for the years ended June 30, 2020 and 2019, respectively.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **Tower Health**

On December 31, 2018, Tower Health (“Tower”) and Drexel University signed a 20-year academic affiliation agreement that allows the University to use Tower Health’s Reading Hospital campus in Berks County, Pennsylvania as another location for the College of Medicine’s four-year undergraduate medical education program. The agreement calls for the opening of a state of the art 120,000 sf facility in West Reading PA that will train at least 40 additional Drexel University medical students per year starting in July 2021. The academic affiliation agreement will allow the Drexel University’s College of Medicine to create and maintain high quality medical education and academic programs in an appropriate learning environment and serve the community through the delivery of high quality and cost-effective health care services at Tower Health facilities.

#### **St. Christopher’s Hospital for Children Acquisition**

On December 15, 2019, the University acquired an undivided 50% interest in St. Christopher’s Hospital for Children and certain pediatric medicine physician practices (“St. Christopher’s”) from the bankruptcy estate of the American Academic Health System (“AAHS”) in a joint venture with Tower Health. In addition to the purchase, Drexel University and Tower Health each provided a \$30 million working capital line of credit to support the joint venture. Tower Health oversees the operations of the hospital with Drexel overseeing medical education and research at St. Christopher’s. The acquisition of St. Christopher’s ensured the continued operation of the hospital and an essential academic medical education training site for Drexel’s College of Medicine and Drexel’s health science professions.

As part of the acquisition of St. Christopher’s and the subsequent lease by the joint venture of the real estate from ISSTC PROPCO, LLC, Drexel University and Tower Health guaranteed the lease for the joint venture. In addition to the lease guarantee, Drexel and Tower also provided three joint and several guarantees that were each required to provide to induce (i) Tenet Business Services Corporation (“TBS”), (ii) Conifer Revenue Cycle Management Solutions, LLC (“Conifer”), and (iii) Tenet Health System St. Christopher’s Hospital for Children LLC (“THSC”), each an affiliate of Tenet, to enter into new agreements with the joint venture deemed to be critical for the operation of the St. Christopher’s. By providing the joint and several guarantees of Drexel and Tower, the joint venture was able to reject the existing agreements that the Debtor had with TBS, Conifer and THSC in the bankruptcy sale order, thereby avoiding the obligation to pay cure payments due and owing by Debtor to those companies if the joint venture had assumed the Debtor’s agreements, and instead enter into new agreements with significantly better terms and conditions.

As of June 30, 2020, the University recorded the investment of \$33.4 million as interest in a partnership for St. Christopher’s Hospital (Note 5).

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **Powel Elementary and Science Leadership Academy Middle School Project**

On May 8, 2019, the Board of Trustees approved a Resolution authorizing the University to undertake the design and construction of a combined K-8 Powel Elementary School and Science Leadership Academy Middle School (“Powel/SLA-MS”) on the northern portion of 60 N. 36th Street in Philadelphia, Pennsylvania, which is a portion of the tract of land that formerly housed University City High School. To fund a portion of the Project costs, the University utilized the New Market Tax Credits (“NMTCs”). The Project qualified for the NMTC program because the Property is in a “highly distressed” low income community. The University was allocated \$29,000,000 of NMTCs from four separate Community Development Entities. Upon completion, the University will lease the building to the School District of Philadelphia (“SDP”) for nominal annual rent. SDP will be responsible for all operating and maintenance costs. The University special purpose entity Drexel University City, Inc. (“DUC”), serves as the leveraged loan lender for the NMTC transaction.

Wexford Science and Technology, LLC was engaged to serve as the fee developer for the construction of Powel/SLA-MS. Wexford Science and Technology, LLC initially contributed \$4,850,000 toward the project and subsequently agreed to provide an additional \$4,000,000 to further support the project.

On March 20, 2020, the University received notice from Wexford Development, LLC of an event of Force Majeure based on Governor Wolf’s March 19, 2020 order that required complete cessation of construction and that might delay the obligations to perform under existing contracts. Drexel responded on March 24, 2020 and disputed the assertion of a Force Majeure event as there had not yet been any actual delay. Substantial Completion is expected on or before November 30, 2020.

#### **Drexel Academic Tower**

On May 8, 2019, the Board of Trustees approved a resolution authorizing the University to develop a new Academic Tower to house the College of Nursing and Health Professions, relocating the college from Center City to University City. Subsequently, the University executed an option to expand the Academic Tower to also include the Drexel College of Medicine. The Academic Tower will be developed by Wexford Development, LLC on the southern portion of 60 N. 36<sup>th</sup> Street, Philadelphia, Pennsylvania which is a portion of the tract of land that formerly housed University City High School. The building size is expected to be approximately 459,000 square feet. The building development will be aided by a number of financial mechanisms that include a prepaid ground lease between the University and uCity Academic Owner, LLC, and a sale by the University to Wexford Science and Technology, LLC of 142,857 square feet of air rights above the premises of Lot 6 (the PSLAMS premises). The University entered into a 29 year and 11-month lease with uCity Academic Owner, LLC and sold the air rights on September 26, 2019.

On March 20, 2020, the University received notice from uCity Academic Owner, LLC of an event of Force Majeure based on Governor Wolf’s March 19, 2020 directive to cease all non-life-sustaining business. Drexel responded on March 24, 2020 and disputed that such order constituted an event of Force Majeure under either the Ground Lease or the Space Lease at that time. Construction was not scheduled to commence until September 30, 2020 and Wexford met this deadline by mobilizing on site in July 2020.

# **Drexel University and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2020 and 2019**

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#### **3675 Market Sublease - DXC Technologies**

In October 2018, Drexel University entered into a 20-year lease with Wexford-SCEC 3675 Market Street, LLC for space on the 9<sup>th</sup>, 10<sup>th</sup>, and 11<sup>th</sup> floors of 3675 Market Street, Philadelphia, PA for the College of Computing and Informatics (“CCI”). The 14-story building, opened in November, is located to the west of University City Campus. The Building offers offices, classrooms, laboratories, co-working and convening spaces. On August 29, 2019, Drexel University entered into a sublease with a strategic partner, DXC Technology Services LLC (DXC), to utilize a portion of the 9<sup>th</sup> floor space to create a “DXC Digital Transformation Center” and to help offset early term lease expenses as CCI continues to grow.

DXC is one of the largest technology companies globally, with over 175,000 employees and clients across 70 countries. DXC's former Chairman and CEO is a Drexel alumnus and Trustee. CCI is building an overarching strategic partnership with DXC to support DXC's technology talent needs, from talent development to recruitment and professional training. This strategic partnership has the potential to substantially increase CCI's total graduate enrollment numbers.

#### **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.

#### **19. Discontinued Operations**

On June 30 of 2019, the owners of Hahnemann University Hospital (“HUH”) and St. Christopher’s Hospital for Children (“St. Christopher’s”), Philadelphia Academic Health System (“PAHS”), a subsidiary of the California based American Academic Health System (“AAHS”), filed for chapter 11 bankruptcy. HUH was experiencing unsustainable financial losses and could not continue to operate under these financial conditions. As a result of the announcement, HUH’s facilities and departments released a timeline of planned closure dates with an estimated final shut down date of September 6, 2019. St. Christopher remained open and operated by a joint venture between the University and Tower Health (“Tower”), which acquired certain assets and liabilities of the hospital in a bankruptcy sale.

## **Drexel University and Subsidiaries**

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

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Drexel's main business relationship with the HUH was an academic affiliation agreement that designated HUH as the medical school's primary academic partner for its medical student training and provided for Drexel's faculty to manage the hospital's residency program through 2022.

University leadership in anticipation of the 2022 conclusion of the Drexel Academic affiliation agreement with HUH had previously begun evaluating potential successor hospitals to replace HUH. As a result, on December 31, 2018, the University announced a 20-year academic affiliation with Tower, a six-hospital system with locations in the Philadelphia area, to open a new branch campus for Drexel medical students at Tower's flagship hospital, Reading Memorial Health in Reading Pennsylvania. The University and Tower signed a Letter of Intent on May 10, 2019, to transfer substantially all of the assets of the Drexel University Practice Plan to the Tower Health Medical Group on or before January 1, 2020. Tower, worked with the University's management, to structure agreements to finalize the transfer, defined research management services, and academic affiliation services.

The University took further steps to minimize potential disruptions within the College of Medicine and the University's financial operations as a result of the HUH bankruptcy and closure. In late June 2019, when PAHS notified the University of its intent to file for bankruptcy, the management team developed a timeline in which various departments would close and which ones would be transitioned to Tower. On July 19, 2019, Drexel announced its plan to eliminate certain healthcare service lines and discontinue positions of affected physicians and clinical staff employed by the practice plan. Tower Health worked with Drexel to transition some of the affected physicians and clinical staff to the Tower Health Medical Group on an accelerated basis. The initial closures began on August 23, 2019 and ended December 31, 2019. The transition departments were transferred on January 1, 2020 and at which time the University ceased operations of its practice plan.

The University, in the period ending June 30, 2019, accrued faculty severance of \$5,891,000 and staff severance of \$3,492,000, in addition to the total loss of \$32,268,000 related to the closure of physician practice plan. For faculty, the University was contractually required to provide 6-months' notice of termination and this notice was provided on July 15, 2019. Professional staff severance was determined by length of service and ranges from 2 weeks salary for less than 1 year of service to 5 month's salary for 5 or more years of service. All benefits were discontinued at the end of the month of the effective date of the position elimination. Accrued vacation and sick time, as applicable, were paid out in accordance with the University's policies. As part of the practice plan closure, the University assessed its equipment, furnishings, and software related to the physician practices. Most of these assets were sold or transitioned to Tower.

**Drexel University and Subsidiaries**  
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The key components of loss from discontinued operations for the years ended June 30 were as follows (in thousands):

**Statement of Financial Position:**

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Cash, cash equivalents, and restricted cash		
Operating	\$ (3)	\$ (3)
Accounts receivable	1,339	(6,862)
Prepaid expenses and other assets	(18)	(845)
Assets held for sale	-	7,710
<b>Liabilities:</b>		
Accounts payable	\$ (1,244)	\$ (4,312)
Accrued liabilities	(6,099)	(12,342)
Deposits and deferred revenue	2	(6)
Liabilities held for sale	8,659	16,660
<b>Change in net assets</b>	-	-

**Statement of Activities:**

	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
Physician services	(16,358)	(86,881)
<b>Expenses:</b>		
Salaries and wages	(28,482)	(64,775)
Employee benefits	(6,641)	(15,911)
Other operating expenses	(23,778)	(47,846)
<b>Loss from discontinued operations:</b>		
Closure of physician's practice plan	(42,543)	(41,651)
<b>Change in net assets</b>	-	-

**Statement of Cash Flows:**

	<b>2020</b>	<b>2019</b>
<b>Operating activities:</b>		
Changes in assets and liabilities that provide / (use) cash:		
Accounts receivable	(1,339)	6,862
Other assets	18	845
Accounts payable and accrued liabilities	(7,343)	(16,654)
Deposits and deferred revenue	2	(6)
Other, net	8,659	8,950
<b>Net cash (used in) by operating activities</b>	<b>(3)</b>	<b>(3)</b>
<b>Net change in cash and cash equivalents, and restricted cash</b>	<b>(3)</b>	<b>(3)</b>

**Drexel University and Subsidiaries**  
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**20. COVID-19**

The outbreak of the COVID-19 pandemic has caused domestic and global disruptions in operations for institutions of higher education. In March 2020, the University closed its campus in accordance with applicable governmental mandates and converted all instruction to online, and all employees who were able to do so began working remotely. The long-term effect to the University of the COVID-19 pandemic depends on various factors, including, but not limited to, the effect on student enrollment, the effect on demand for University programs that involve travel or that have international connections, and the long-term effect on financial markets and consequently the returns on and value of the University's investments, which cannot be fully quantified at this time. As of June 30, 2020, and through the date of these financial statements, the University evaluated its accounting estimates for any potential future impacts of the pandemic. While this evaluation did not result in a material effect to the University's financial statements as of June 30, 2020, future evaluations could result in a material effect depending on the eventual impact and duration of the pandemic.

**21. Subsequent Events**

The University evaluated events subsequent from June 30, 2020 through October 30, 2020, the date at which financial statements were issued.

**A. University Revenue Refunding Bonds – Series of 2020**

In July 2020, the University issued Drexel University Taxable Bonds, Series of 2020 in the amount of \$104,100,000. The primary purpose to reimburse itself for cost related to the acquisition of an interest in the St. Christopher's Hospital for Children for use in connection with its academic medical education program in pediatric medicine and to pay costs of issuance and for any other purposes duly authorized by the University. The bonds will be maturing between 2042 through 2050.

In August 2020, the University issued Pennsylvania Higher Educational Facilities Authority, Drexel University Revenue Bonds Series of 2020A and Series of 2020B in the amount of \$152,495,000. The primary purpose of this issue was the current refunding of all of the outstanding Series of 2000-2, 2002B, 2005B, 2007B and the advance refunding of portion of the Series of 2011A and Series of 2012 bonds. The bonds will be maturing between May 1, 2021 through May 1, 2050.

## **Schedule of Expenditures of Federal Awards**

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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>RESEARCH AND DEVELOPMENT CLUSTER</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>NATIONAL INSTITUTE OF FOOD AND AGRICULTURE</b>							
Small Business Innovation Research	10.212	\$ -	\$ 15,734	Environmental Fuel Research	2018-33610-28504 ; 1016066	\$ 15,734	\$ -
<b>Total CFDA 10.212</b>			15,734			15,734	-
Agriculture and Food Research Initiative (AFRI)	10.310	24,393	-	The Regents of the University of California	201403031-01; A15-0053-S0003	24,393	-
Agriculture and Food Research Initiative (AFRI)	10.310	-	73,419	Rutgers University	PO# 848794;SUB # 0451 ;MOD 2	73,419	-
Agriculture and Food Research Initiative (AFRI)	10.310	-	51,511			51,511	-
<b>Total CFDA 10.310</b>		24,393	124,930			149,323	-
<b>Total Department of Agriculture</b>		24,393	140,664			165,057	-
<b>DEPARTMENT OF COMMERCE</b>							
<b>NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION</b>							
Climate and Atmospheric Research	11.431	\$ 21,831	\$ -	Columbia University	3(GG012355)/ PO GG10011; MOD6	\$ 21,831	\$ -
Climate and Atmospheric Research	11.431	-	124,711	Stevens Institute of Technology	2103008-01; MOD 1	124,711	-
Climate and Atmospheric Research	11.431	-	22,025			22,025	-
<b>Total CFDA 11.431</b>		21,831	146,736			168,567	-
<b>Total Department of Commerce</b>		21,831	146,736			168,567	-
<b>DEPARTMENT OF DEFENSE</b>							
<b>DEPT OF THE NAVY</b>							
Basic and Applied Scientific Research	12.300	\$ 1,385,570	\$ -	George Washington University	17-21 ; 17-S21; MOD 2	\$ 1,385,570	\$ 309,477
Basic and Applied Scientific Research	12.300	-	164,708			164,708	-
<b>Total CFDA 12.300</b>		1,385,570	164,708			1,550,278	309,477
<b>DEPT OF DEFENSE</b>							
Military Medical Research and Development	12.420	760,252	-	Trustees of Boston University	4500002892	760,252	82,748
Military Medical Research and Development	12.420	-	14,541			14,541	-
<b>Total CFDA 12.420</b>		760,252	14,541			774,793	82,748
<b>DEPT OF THE ARMY</b>							
Basic Scientific Research	12.431	1,194,000	-	PPG Industries, Inc	Subcontract# W911NF-17-2-0227	1,194,000	570,668
Basic Scientific Research	12.431	-	1,679,095	Rowan University	51291-1 ; MOD 2	1,679,095	-
Basic Scientific Research	12.431	-	127,932			127,932	-
<b>Total CFDA 12.431</b>		1,194,000	1,806,127			3,000,127	570,668
<b>Office of the Secretary of Defense</b>							
Basic, Applied, and Advanced Research in Science and Engineering	12.630	16,652	-	University of Delaware	W911NF1220022/45575	16,652	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	(34)	Advanced Functional Fabrics of America, Inc.	17M-001	(34)	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	96,494	Advanced Functional Fabrics of America, Inc.	PO# 542 / TASK ORDER 1-F-005	96,494	22,723
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	8,480	University of Delaware	52978 ; MOD 1	8,480	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	108,645	University of Delaware	54496; MOD 1	108,645	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	23,946	University of Delaware	56874; MOD 1	23,946	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	34,752	University of Delaware		34,752	-
<b>Total CFDA 12.630</b>		16,652	272,283			288,935	22,723
<b>DEPT OF THE AIR FORCE</b>							
Air Force Defense Research Sciences Program	12.800	132,452	-	PAR Government Systems Corporation	PGSC-SC-111346-03;MOD 7	132,452	-
Air Force Defense Research Sciences Program	12.800	-	122,811	George Mason University	E2046603; MOD 01	122,811	-
Air Force Defense Research Sciences Program	12.800	-	106,924			106,924	-
<b>Total CFDA 12.800</b>		132,452	229,735			362,187	-
<b>NATIONAL SECURITY AGENCY (NSA)</b>							
Information Security Grants	12.902	150,312	-			150,312	-
<b>Total CFDA 12.902</b>		150,312	-			150,312	-
<b>Advanced Research Projects Agency</b>							
Tailored Universal Feedstock for Forming (TUFF)	12.910	-	77,097	University of Delaware	42527; MOD 7	77,097	-
Research and Technology Development	12.910	-	780	Versar	PO#009275	780	-
<b>Total CFDA 12.910</b>		-	77,877			77,877	-
USAF Attribution Of Malicious Binaries	12.RD	246,306	-	Lockheed Martin Corporation	PO 4103033839; MOD 06	246,306	212,886
Strategic Environmental Research and Development Program	12.RD	49,498	-	Akita Innovations	SUBCONTRACT AGREEMENT 9.26.18	49,498	5,658
Non-Thermalized Carrier Photo Galvanic Device Science	12.RD	293,953	-	DeLUX Engineering, LLC	AFISB-T07; SSTR A178-004-0153	293,953	89,966
Electron Microscopy Engineering Services-Taheri NAVSEA Contract	12.RD	77,621	-	AA Plasma LLC	SP4701-19-P-0101-01 ; MOD1	77,621	-
Uptake and Bioaccumulation of Subsurface Derived PFAS	12.RD	29,287	-	KBRwyle	LXS016218 ;FA8075-14-D-0025	29,287	4,328
Uptake and Bioaccumulation of Subsurface Derived PFAS	12.RD	13,414	-	Smart Information Flow Technologies LLC	ASIST-DREXEL-01	13,414	-
	12.RD	-	38,767	Siemens Corporation, Corporate Technology	178-1	38,767	-
	12.RD	-	177,776			177,776	-
	12.RD	-	57,825			57,825	-
	12.RD	-	21,046			21,046	-
	12.RD	-	124,378			124,378	-
	12.RD	-	11,200			11,200	-
	12.RD	-	45,974			45,974	-
<b>Total CFDA 12.RD</b>		710,079	476,966			1,187,045	312,867
<b>Total Department of Defense</b>		\$ 4,349,317	\$ 3,042,237			\$ 7,391,554	\$ 1,208,483

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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 INTERIOR</b>							
<b>U.S. FISH AND WILDLIFE SERVICE</b>							
Great Apes Conservation Fund	15.629	\$ 88,359	\$ -			\$ 88,359	\$ -
<b>Total CFDA 15.629</b>		<b>88,359</b>	<b>-</b>			<b>88,359</b>	<b>-</b>
Central Africa Regional	15.651	294,640	-			294,640	-
<b>Total CFDA 15.651</b>		<b>294,640</b>	<b>-</b>			<b>294,640</b>	<b>-</b>
<b>NATIONAL PARK SERVICE</b>							
Cooperative Research and Training Programs – Resources of the National Park System	15.945	53,854	-			53,854	-
<b>Total CFDA 15.945</b>		<b>53,854</b>	<b>-</b>			<b>53,854</b>	<b>-</b>
Barnegat Bay Sediment Analysis	15.RD	2,255	-			2,255	-
<b>Total CFDA 15.RD</b>		<b>2,255</b>	<b>-</b>			<b>2,255</b>	<b>-</b>
<b>Total Department of the Interior</b>		<b>\$ 439,108</b>	<b>\$ -</b>			<b>\$ 439,108</b>	<b>\$ -</b>
<b>DEPARTMENT OF JUSTICE</b>							
<b>OFFICE OF JUSTICE PROGRAMS</b>							
Juvenile Justice and Delinquency Prevention	16.540	\$ 154,082	\$ -			\$ 154,082	\$ -
<b>Total CFDA 16.540</b>		<b>154,082</b>	<b>-</b>			<b>154,082</b>	<b>-</b>
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	240,040	-			240,040	6,669
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	1,469	Rutgers University	60	1,469	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	86,420	Trustees of the University of Pennsylvania	SUB AWD# 573344; MOD 4	86,420	-
<b>Total CFDA 16.560</b>		<b>240,040</b>	<b>87,889</b>			<b>327,929</b>	<b>6,669</b>
Juvenile Justice Education Collaboration Assistance	16.829	-	97,259	City of Philadelphia	Unknown	97,259	-
<b>Total CFDA 16.829</b>		<b>-</b>	<b>97,259</b>			<b>97,259</b>	<b>-</b>
<b>Total Department of Justice</b>		<b>\$ 394,122</b>	<b>\$ 185,148</b>			<b>\$ 579,270</b>	<b>\$ 6,669</b>
<b>DEPARTMENT OF LABOR</b>							
<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b>							
H-1B Job Training Grants	17.268	\$ -	\$ 8,844	District 1199C Training & Upgrading Fund	LETTER DATED 7/8/2016	\$ 8,844	\$ -
<b>Total CFDA 17.268</b>		<b>-</b>	<b>8,844</b>			<b>8,844</b>	<b>-</b>
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	-	101,136	New England Institute of Technology	Award Dated 04/11/2018	101,136	-
<b>Total CFDA 17.282</b>		<b>-</b>	<b>101,136</b>			<b>101,136</b>	<b>-</b>
<b>Total Department of Labor</b>		<b>\$ -</b>	<b>\$ 109,980</b>			<b>\$ 109,980</b>	<b>\$ -</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	\$ -	\$ 17,605	JSI Research & Training Institute, Inc.	37188-1063; MOD 8	\$ 17,605	\$ 17,605
<b>Total CFDA 19.029</b>		<b>-</b>	<b>17,605</b>			<b>17,605</b>	<b>17,605</b>
<b>Total Department of State</b>		<b>\$ -</b>	<b>\$ 17,605</b>			<b>\$ 17,605</b>	<b>\$ 17,605</b>
<b>DEPARTMENT OF TRANSPORTATION</b>							
<b>FEDERAL AVIATION ADMINISTRATION</b>							
Aviation Research Grants	20.108	\$ 218,834	\$ -			\$ 218,834	\$ -
<b>Total CFDA 20.108</b>		<b>218,834</b>	<b>-</b>			<b>218,834</b>	<b>-</b>
Air Transportation Centers of Excellence	20.109	60,535	-			60,535	-
Air Transportation Centers of Excellence	20.109	-	38,103	FAA-ASSURE(Alliance System Safety UAS Research Excellence)	15-C-UAS-DU-06; ANG-C21	38,103	-
Air Transportation Centers of Excellence	20.109	-	29,978	FAA-ASSURE(Alliance System Safety UAS Research Excellence)	15-C-UAS-DU-07	29,978	-
<b>Total CFDA 20.109</b>		<b>60,535</b>	<b>68,081</b>			<b>128,616</b>	<b>-</b>
<b>FEDERAL HIGHWAY ADMINISTRATION</b>							
Highway Research and Development Program	20.200	205,923	-			205,923	94,036
<b>Total CFDA 20.200</b>		<b>205,923</b>	<b>-</b>			<b>205,923</b>	<b>94,036</b>
<b>Total Department of Transportation</b>		<b>\$ 485,292</b>	<b>\$ 68,081</b>			<b>\$ 553,373</b>	<b>\$ 94,036</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Science	43.001	\$ 234,463	\$ -			\$ 234,463	\$ -
Science	43.001	-	57,334	Trustees of Boston University	4500002264;MOD 2	57,334	-
Science	43.001	-	30,609	Giner, Inc	NO. 403975	30,609	-
<b>Total CFDA 43.001</b>		<b>234,463</b>	<b>87,934</b>			<b>321,797</b>	<b>-</b>
Office of Stem Engagement (OSTEM)	43.008	8,331	-			8,331	-
Office of Stem Engagement (OSTEM)	43.008	-	4,914	Penn State University	5502-DU-NASA-Ko6H; MOD5	4,914	-
Office of Stem Engagement (OSTEM)	43.008	-	9,104	Penn State University	5000301-NASA; MOD 1	9,104	-
<b>Total CFDA 43.008</b>		<b>8,331</b>	<b>14,018</b>			<b>22,349</b>	<b>-</b>
Office of Inspector General	43.011	-	14,469	Space Telescope Science Institute	HST-AR-15048.001-A; MOD 4	14,469	-
<b>Total CFDA 43.011</b>		<b>-</b>	<b>14,469</b>			<b>14,469</b>	<b>-</b>
43.RD	-	-	31,153	Giner, Inc	403305	31,153	-
<b>Total CFDA 43.RD</b>		<b>-</b>	<b>31,153</b>			<b>31,153</b>	<b>-</b>
<b>Total National Aeronautics and Space Administration</b>		<b>\$ 242,794</b>	<b>\$ 146,974</b>			<b>\$ 389,768</b>	<b>\$ -</b>
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>							
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>							
Promotion of the Arts Grants to Organizations and Individuals	45.024	\$ 107,179	\$ -			\$ 107,179	\$ -
Promotion of the Arts Grants to Organizations and Individuals	45.024	-	139	National Endowment for the Arts	17873	139	-
<b>Total CFDA 45.024</b>		<b>107,179</b>	<b>139</b>			<b>107,318</b>	<b>-</b>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>							
Promotion of the Humanities Division of Preservation and Access	45.149	-	23,188	The Historical Society of Pennsylvania	PW-264121 - 19	23,188	-
<b>Total CFDA 45.149</b>		<b>-</b>	<b>23,188</b>			<b>23,188</b>	<b>-</b>

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>							
Museums for America	45.301	101,800	-			101,800	-
	<b>Total CFDA 45.301</b>	<b>101,800</b>	<b>-</b>			<b>101,800</b>	<b>-</b>
National Leadership Grants	45.312	-	-			-	-
National Leadership Grants	45.312	-	94,058	University of Wisconsin	787K102; LG-96-17-0220-17; M4	94,058	-
	<b>Total CFDA 45.312</b>	<b>-</b>	<b>94,058</b>			<b>94,058</b>	<b>-</b>
Laura Bush 21st Century Librarian Program	45.313	131,474	-			131,474	(750)
	<b>Total CFDA 45.313</b>	<b>131,474</b>	<b>-</b>			<b>131,474</b>	<b>(750)</b>
<b>Total National Endowment for the Arts</b>		<b>\$ 340,433</b>	<b>\$ -</b>			<b>\$ 457,838</b>	<b>\$ (750)</b>
<b>NATIONAL SCIENCE FOUNDATION</b>							
<b>NATIONAL SCIENCE FOUNDATION</b>							
Engineering	47.041	\$ 2,953,246	\$ -			\$ 2,953,246	\$ 3,021
Engineering	47.041	-	35,739	Colorado School of Mines	SUB 401283;5801; MOD 1	35,739	-
Engineering	47.041	-	8,696	Instadiagnostics, Inc.	FAIN 1738443	8,696	-
Engineering	47.041	-	82,591	University of Alabama	A18-0467-S002-A02; MOD2	82,591	-
Engineering	47.041	-	17,971	University of Maryland	85694-Z3513201	17,971	-
	<b>Total CFDA 47.041</b>	<b>2,953,246</b>	<b>144,997</b>			<b>3,098,243</b>	<b>3,021</b>
Mathematical and Physical Sciences	47.049	1,670,285	-			1,670,285	-
	<b>Total CFDA 47.049</b>	<b>1,670,285</b>	<b>-</b>			<b>1,670,285</b>	<b>-</b>
Geosciences	47.050	183,771	-			183,771	-
Geosciences	47.050	-	1,270	University of Chicago	FP060695; MOD 2	1,270	-
	<b>Total CFDA 47.050</b>	<b>183,771</b>	<b>1,270</b>			<b>185,041</b>	<b>-</b>
Computer and Information Science and Engineering	47.070	2,789,734	-	University of Illinois at Urbana-Champaign	097053-17577	2,789,734	92,377
Computer and Information Science and Engineering	47.070	-	13,161	Massachusetts Institute of Technology	S4919 PO 396441; 48209; MOD1	13,161	-
Computer and Information Science and Engineering	47.070	-	10,361			10,361	-
	<b>Total CFDA 47.070</b>	<b>2,789,734</b>	<b>23,522</b>			<b>2,813,256</b>	<b>92,377</b>
Biological Sciences	47.074	1,190,272	-			1,190,272	103,088
Biological Sciences	47.074	-	4,364	University of Pennsylvania	564812 / 10042268 / 16103	4,364	-
Biological Sciences	47.074	-	846	Cornell University	AGREEMENT 74983-10504;MOD 2	846	-
Biological Sciences	47.074	-	2,286	Northern Arizona University	1003017-01; MOD 01	2,286	-
Biological Sciences	47.074	-	370,370	Battelle Memorial Institute	US001-0000717563	370,370	-
Biological Sciences	47.074	-	262	Battelle Memorial Institute	4010-0356-AQU;MOD 3	262	-
Biological Sciences	47.074	-	8,924	Carnegie Mellon University	SUBAVD# 441299-1	8,924	-
Biological Sciences	47.074	-	42,486	New York Botanical	1802034-03-PHAS	42,486	-
Biological Sciences	47.074	-	27,823	University of Vermont	3274ISUB52561; PO# 172398	27,823	-
Biological Sciences	47.074	118,960	-	Washington University in St. Louis	WU-20-263; PO# 2941189H	118,960	-
Biological Sciences	47.074	-	32,412	Bishop Museum	310842-ANSP	32,412	-
	<b>Total CFDA 47.074</b>	<b>1,190,272</b>	<b>608,733</b>			<b>1,799,005</b>	<b>103,088</b>
Social, Behavioral, and Economic Sciences	47.075	496,801	-			496,801	-
	<b>Total CFDA 47.075</b>	<b>496,801</b>	<b>-</b>			<b>496,801</b>	<b>-</b>
Education and Human Resources	47.076	3,176,639	-			3,176,639	818,067
Education and Human Resources	47.076	-	1,146	The Franklin Institute	1239782	1,146	-
Education and Human Resources	47.076	-	20,324	University of Wisconsin	782K530,1726625; MOD 2	20,324	-
Education and Human Resources	47.076	-	37,318	University of Wyoming	1003846-DU; PO# P315812	37,318	-
Education and Human Resources	47.076	180,664	-	Wayne State University	WSU19062-A2; INDEX 301232;MD2	180,664	-
Education and Human Resources	47.076	-	15,068	Villanova University	525885DREXELWEISBERG; P2001053	15,068	-
Education and Human Resources	47.076	-	6,823	Bucks County Community College	1902075 001	6,823	-
	<b>Total CFDA 47.076</b>	<b>3,176,639</b>	<b>261,343</b>			<b>3,437,982</b>	<b>818,067</b>
Dr. Ying Sung IPA Agreement	47.999	203,646	-			203,646	-
	<b>Total CFDA 47.079</b>	<b>203,646</b>	<b>-</b>			<b>203,646</b>	<b>-</b>
<b>Total National Science Foundation</b>		<b>\$ 12,664,394</b>	<b>\$ 1,039,865</b>			<b>\$ 13,704,259</b>	<b>\$ 1,016,833</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	-	(80,336)	Montana Department of Environmental Quality	CONTRACT#211135	(80,336)	-
	<b>Total CFDA 66.419</b>	<b>-</b>	<b>(80,336)</b>			<b>(80,336)</b>	<b>-</b>
Regional Wetland Program Development Grants	66.461	-	(106)	Barnegat Bay National Estuary Program	USEPAREGION2FY10WPDG/P-FILE	(106)	-
	<b>Total CFDA 66.461</b>	<b>-</b>	<b>(106)</b>			<b>(106)</b>	<b>-</b>
National Wetland Program Development Grants and Five-Star Restoration Training Grant	66.462	-	8,213	Partnership for the Delaware Estuary	PDE-301-01	8,213	-
	<b>Total CFDA 66.462</b>	<b>-</b>	<b>8,213</b>			<b>8,213</b>	<b>-</b>
Chesapeake Bay Program	66.466	99,500	-	PA Department of Environmental Protection	4400015617; PO# 4300626753	99,500	47,048
Chesapeake Bay Program	66.466	-	61,036	Chesapeake Conservancy Inc.	CB-963930-01-0	61,036	-
Chesapeake Bay Program	66.466	-	83,194	PA Department of Environmental Protection	4400015617 / PO# 4300632599	83,194	-
	<b>Total CFDA 66.466</b>	<b>-</b>	<b>243,730</b>			<b>243,730</b>	<b>47,048</b>

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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
Office of Research and Development Consolidated Research/Training/Fellowships	66.511	300,814	-			300,814	99,496
Office of Research and Development Consolidated Research/Training/Fellowships	66.511	-	66,985	Health Effects Institute	4956-RFPA15-2/17-2	66,985	22,011
<b>Total CFDA 66.511</b>		300,814	66,985			367,799	122,407
P3 Award: National Student Design Competition for Sustainability	66.516	7,353	-			7,353	-
<b>Total CFDA 66.516</b>		7,353	-			7,353	-
Regional Applied Research Efforts (RARE)	66.517	40,757	-			40,757	-
Regional Applied Research Efforts (RARE)	66.517	-	9,425	Barnegat Bay National Estuary Program	BBP-EPAAE0-01; B0010157	9,425	-
<b>Total CFDA 66.517</b>		40,757	9,425			50,182	-
Performance Partnership Grants	66.605	-	7,938	New Jersey Sea Grant Consortium	SR18-004 ; 4904-0038	7,938	-
<b>Total CFDA 66.605</b>		-	7,938			7,938	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	-	(4,602)	Versar	PO#008430	(4,602)	-
<b>Total CFDA 66.707</b>		-	(4,602)			(4,602)	-
Non-Thermal Plasma Assisted Inactivation of Antibiotic Resistant Bacteria	66.RD	-	30,616	AA Plasma LLC	CONTRACT AGREEMENT 051919	30,616	-
Non-Thermal Plasma Assisted Inactivation of Antibiotic Resistant Bacteria	66.RD	-	27,939	AA Plasma LLC	CONTRACT # 68HERC20C0009-01	27,939	-
<b>Total CFDA 66.RD</b>		-	58,555			58,555	-
<b>Total Environmental Protection Agency</b>		\$ 348,924	\$ 309,802			\$ 658,726	\$ 169,454
<b>DEPARTMENT OF ENERGY</b>							
<b>DEPARTMENT OF ENERGY</b>							
Office of Science Financial Assistance Program	81.049	\$ 671,558	\$ -	Oak Ridge National Laboratory/Dept of Energy	4000150343; MOD 5	\$ 671,558	\$ -
Office of Science Financial Assistance Program	81.049	-	451,189	Argonne National Laboratory	SUB 7F-30116; MOD 0003	451,189	-
Office of Science Financial Assistance Program	81.049	-	60,564	State University of New York	68856 /1149710/2; MOD1	60,564	-
Office of Science Financial Assistance Program	81.049	-	108,502	Temple University	262850-01 ; MOD 01	108,502	-
Office of Science Financial Assistance Program	81.049	-	46,162			46,162	-
<b>Total CFDA 81.049</b>		671,558	666,417			1,337,975	-
Conservation Research and Development	81.086	14,337	-			14,337	-
<b>Total CFDA 81.086</b>		14,337	-			14,337	-
Renewable Energy Research and Development	81.087	253,294	-			253,294	141,641
Renewable Energy Research and Development	81.087	-	90,739	PPL Electric Utilities Corp	Contract 9018537-C	90,739	-
Renewable Energy Research and Development	81.087	-	23,250	FERMI National Accelerator Laboratory	651820 ; LDRD-2018-003;MOD1	23,250	-
<b>Total CFDA 81.087</b>		253,294	113,989			367,283	141,641
Epidemiology and Other Health Studies Financial Assistance Program	81.108	293,085	-			293,085	111,972
<b>Total CFDA 81.108</b>		293,085	-			293,085	111,972
Advanced Research Projects Agency - Energy	81.135	173,459	-			173,459	88,908
Advanced Research Projects Agency - Energy	81.135	-	1,108	EPRI	10004916; MOD 02	1,108	-
Advanced Research Projects Agency - Energy	81.135	-	50,000	State University of New York	SUB AWD 18-04 ; MOD 01	50,000	-
<b>Total CFDA 81.135</b>		173,459	51,108			224,567	88,908
Sequential Circuit Locking	81.RD	-	49,999	Honeywell Federal Manufacturing and Technologies LLC	N000321940 ;MOD1	49,999	-
Fault Detections and Diagnostics: Test Datasets and Prioritization Methods	81.RD	-	47,571	University of California Lawrence Berkeley National Labs	7512117; MOD 1	47,571	-
Dynamic Material Flow Assessment Framework for Circular Economy Transmission	81.RD	-	9,518	Alliance for Sustainable Energy, LLC	SUB-2020-10029	9,518	-
<b>Total CFDA 81.RD</b>		-	107,088			107,088	-
<b>Total Department of Energy</b>		\$ 1,405,733	\$ 938,602			\$ 2,344,335	\$ 342,521
<b>DEPARTMENT OF EDUCATION</b>							
<b>OFFICE OF FEDERAL STUDENT AID</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	\$ -	\$ 1,462	University of Pennsylvania	P015A180141 ; 575240	\$ 1,462	\$ -
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	-	1,427	University of Pennsylvania	575256	1,427	-
<b>Total CFDA 84.015</b>		-	2,889			2,889	-
Minority Science and Engineering Improvement	84.120	-	80,924	University of Texas at El Paso	226150855A ; MOD 01	80,924	-
<b>Total CFDA 84.120</b>		-	80,924			80,924	-
<b>INSTITUTE OF EDUCATION SCIENCES</b>							
Research in Special Education	84.324	-	45,640	University of California, Davis	201700390-02; 4040-0001;MOD2	45,640	-
<b>Total CFDA 84.324</b>		-	45,640			45,640	-
<b>OFFICE OF POSTSECONDARY EDUCATION</b>							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	-			-	-
<b>Total CFDA 84.334</b>		-	-			-	-
<b>OII - OFFICE OF INNOVATION AND IMPROVEMENT</b>							
Arts in Education	84.351	-	50,351	Infexion	FAIN U351D180047; MOD 01	50,351	-
<b>Total CFDA 84.351</b>		-	50,351			50,351	-
<b>OFFICE OF ELEMENTARY AND SECONDARY EDUCATION</b>							
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	-	-			-	-
<b>Total CFDA 84.367</b>		-	-			-	-
<b>Total Department of Education</b>		\$ -	\$ 179,804			\$ 179,804	\$ -
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
Chronic Diseases: Research, Control, and Prevention	93.068	\$ 723,042	\$ -			\$ 723,042	\$ -
<b>Total CFDA 93.068</b>		<b>723,042</b>	<b>-</b>			<b>723,042</b>	<b>-</b>
Environmental Public Health and Emergency Response	93.070	266,238	-			266,238	-
<b>Total CFDA 93.070</b>		<b>266,238</b>	<b>-</b>			<b>266,238</b>	<b>-</b>
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	-	3,120	Children's Hospital of Philadelphia	8901210919; 20042423-RSUB	3,120	-
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	-	12,831	Children's Hospital of Philadelphia	8901210920; 20141984	12,831	-
<b>Total CFDA 93.080</b>		<b>-</b>	<b>15,951</b>			<b>15,951</b>	<b>-</b>
Sodium Reduction in Communities	93.082	-	66,323	City of Philadelphia	1720467-03	66,323	-
<b>Total CFDA 93.082</b>		<b>-</b>	<b>66,323</b>			<b>66,323</b>	<b>-</b>
<b>OFFICE OF ASSISTANT SECRETARY FOR HEALTH</b>							
Advancing System Improvements for Key Issues in Women's Health	93.088	-	(3,694)	Nationalities Services Center	1-ASTWH160040-01-00	(3,694)	-
<b>Total CFDA 93.088</b>		<b>-</b>	<b>(3,694)</b>			<b>(3,694)</b>	<b>-</b>
<b>FOOD AND DRUG ADMINISTRATION</b>							
Food and Drug Administration Research	93.103	23,210	-	Children's Hospital of Philadelphia	3201480819 / PO 20056702-RSUB	23,210	-
Food and Drug Administration Research	93.103	-	10,000			10,000	-
<b>Total CFDA 93.103</b>		<b>23,210</b>	<b>10,000</b>			<b>33,210</b>	<b>-</b>
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Maternal and Child Health Federal Consolidated Programs	93.110	539,582	-	Epilepsy Foundation Western/Central Pennsylvania	AWARD DATED 08/22/2017	539,582	13,669
Maternal and Child Health Federal Consolidated Programs	93.110	-	35,457			35,457	-
<b>Total CFDA 93.110</b>		<b>539,582</b>	<b>35,457</b>			<b>575,039</b>	<b>13,669</b>
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Environmental Health	93.113	(2,128)	-	Johns Hopkins University	2003188471; MOD 3	(2,128)	(2,128)
Environmental Health	93.113	-	19,785	University of Washington	UWSC10028; MOD 03	19,785	-
Environmental Health	93.113	-	20,117	University of California, Davis	2015000641-02/A18-0173-S001-A2	20,117	-
Environmental Health	93.113	-	7,038	University of Pittsburgh	0059250 (131099-1);MOD1	7,038	-
Environmental Health	93.113	-	85,470	Penn State University	S000443-NIH	85,470	-
Environmental Health	93.113	-	115,277	Mount Sinai School of Medicine	0255-C301-4609	115,277	-
Environmental Health	93.113	-	116,899	Johns Hopkins University School of Medicine	2004638646	116,899	-
Environmental Health	93.113	-	3,939			3,939	-
<b>Total CFDA 93.113</b>		<b>(2,128)</b>	<b>368,325</b>			<b>366,397</b>	<b>(2,128)</b>
<b>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	-	1,132	Medstar Health Research Institute	HHSP2332015000221-HHSP23337005	1,132	-
<b>Total CFDA 93.135</b>		<b>-</b>	<b>1,132</b>			<b>1,132</b>	<b>-</b>
<b>OFFICE OF ASSISTANT SECRETARY FOR HEALTH</b>							
Community Programs to Improve Minority Health Grant Program	93.137	-	(680)	District 1199C Training & Upgrading Fund	AGREEMENT 1-15-2016	(680)	-
Community Programs to Improve Minority Health Grant Program	93.137	-	39,098	District 1199C Training & Upgrading Fund	AWARD DATED 09/13/2019	39,098	-
Community Programs to Improve Minority Health Grant Program	93.137	-	89,797	District 1199C Training & Upgrading Fund	AGREEMENT DATED 01/16/2020	89,797	-
<b>Total CFDA 93.137</b>		<b>-</b>	<b>128,215</b>			<b>128,215</b>	<b>-</b>
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Human Genome Research	93.172	-	230,792	Children's Hospital of Philadelphia	20154506 ;962638-R ;3200860721	230,792	-
Human Genome Research	93.172	-	6,444	University of California, San Francisco	2R56HG005946-07; 106468C ; M 1	6,444	-
Human Genome Research	93.172	-	291,416	University of California, San Francisco	109938C ; MOD 02	291,416	-
<b>Total CFDA 93.172</b>		<b>-</b>	<b>528,652</b>			<b>528,652</b>	<b>-</b>
Research Related to Deafness and Communication Disorders	93.173	478,054	-	Georgetown University	412748_GR412673-DU ; 7772933	478,054	47,622
Research Related to Deafness and Communication Disorders	93.173	-	70,625			70,625	-
<b>Total CFDA 93.173</b>		<b>478,054</b>	<b>70,625</b>			<b>548,679</b>	<b>47,622</b>
Research and Training in Complementary and Integrative Health	93.213	170,948	-			170,948	-
<b>Total CFDA 93.213</b>		<b>170,948</b>	<b>-</b>			<b>170,948</b>	<b>-</b>
<b>AGENCY FOR HEALTHCARE RESEARCH AND QUALITY</b>							
Research on Healthcare Costs, Quality and Outcomes	93.226	33,516	-			33,516	3,059
<b>Total CFDA 93.226</b>		<b>33,516</b>	<b>-</b>			<b>33,516</b>	<b>3,059</b>
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Mental Health Research Grants	93.242	5,084,389	-	Temple University	390463-04400-7342-02	5,084,389	1,317,972
Mental Health Research Grants	93.242	-	(4,952)	Florida State University	R01912	(4,952)	-
Mental Health Research Grants	93.242	-	20,416	American University	31464-02; MOD 5	20,416	-
Mental Health Research Grants	93.242	-	106,426	Temple University	258152-DREXEL	106,426	-
Mental Health Research Grants	93.242	-	14,299	Florida State University	R02061; MOD 1	14,299	-
Mental Health Research Grants	93.242	-	42,934	Temple University	258152-03-DREXEL; MOD 07	42,934	714
Mental Health Research Grants	93.242	-	406,067	New York University School of Medicine	18-A1-00-007376 ; 111443	406,067	-
Mental Health Research Grants	93.242	-	118,209	Promptworks	AWARD DATED 12/12/2019	118,209	-
Mental Health Research Grants	93.242	-	107,253	Temple University	254396-04-DREXEL; PO# 459998	107,253	-
Mental Health Research Grants	93.242	-	46,019	New York University School of Medicine	19-A0-SI-007376 ; 115607	46,019	-
Mental Health Research Grants	93.242	-	29,057	Florida State University	R02178	29,057	-
Mental Health Research Grants	93.242	-	35,329	Temple University	258152-03-DREXEL; P0599024	35,329	-
Mental Health Research Grants	93.242	-	19,932			19,932	-
<b>Total CFDA 93.242</b>		<b>5,084,389</b>	<b>940,989</b>			<b>6,025,378</b>	<b>1,318,687</b>
<b>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>							

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	77,809	Pennsylvania Department of Human Services	5-U79-SM061750-05 ; YEAR5	77,809	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	(936)	PA Department of Drugs and Alcohol Programs	440015617 PO4300554481	(936)	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	164,157	Pennsylvania Department of Human Services	239630 GRANT# H79SM082107	164,157	-
<b>Total CFDA 93.243</b>		-	241,030			241,030	-
<b>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
Occupational Safety and Health Program	93.262	39,499	-			39,499	-
<b>Total CFDA 93.262</b>		39,499	-			39,499	-
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Alcohol Research Programs	93.273	298,066	-	University of Massachusetts	16-009293-A05 ; MOD 05	298,066	-
Alcohol Research Programs	93.273	-	57,812			57,812	-
<b>Total CFDA 93.273</b>		298,066	57,812			355,878	-
Drug Abuse and Addiction Research Programs	93.279	3,412,335	-	New York University	F171-01	3,412,335	428,531
Drug Abuse and Addiction Research Programs	93.279	-	8,981	Temple University	254958-04 DRXL	8,981	-
Drug Abuse and Addiction Research Programs	93.279	-	7,156	Penn State University	DREDA050325 1UG3DA050325-01	7,156	-
Drug Abuse and Addiction Research Programs	93.279	-	41,689			41,689	-
<b>Total CFDA 93.279</b>		3,412,335	57,826			3,470,161	428,531
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	323,359	-	Thomas Jefferson University	080-30000-S30901; MOD 02	323,359	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	-	326,442	University of Southern California	76831027	326,442	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	-	201,025			201,025	-
<b>Total CFDA 93.286</b>		323,359	527,467			850,826	-
Minority Health and Health Disparities Research	93.307	677,242	-	Fox Chase Cancer Center	FCCC15126-03; MOD 03	677,242	53,451
Minority Health and Health Disparities Research	93.307	-	4,326	Harvard University	115001-511233; MOD 1	4,326	-
Minority Health and Health Disparities Research	93.307	-	54,358	University of Pennsylvania	578558; MOD 1	54,358	-
Minority Health and Health Disparities Research	93.307	-	24,354			24,354	-
<b>Total CFDA 93.307</b>		677,242	83,038			760,280	53,451
Trans-NIH Research Support	93.310	2,120,402	-	Duke University	203-7952 ; 5U2COD023375-03	2,120,402	1,159,403
Trans-NIH Research Support	93.310	-	7,847	Duke University	SUBAWARD A03-2323	7,847	-
Trans-NIH Research Support	93.310	-	26,520			26,520	-
<b>Total CFDA 93.310</b>		2,120,402	34,367			2,154,769	1,159,403
National Center for Advancing Translational Sciences	93.350	-	1,943	Duke University	CLINICAL TRIAL SUBAWD 2037876	1,943	-
National Center for Advancing Translational Sciences	93.350	-	50,943	Tufts Medical Center, Inc	5017623-SERV; 10T2TR003448-01	50,943	-
<b>Total CFDA 93.350</b>		-	52,886			52,886	-
Nursing Research	93.361	1,040,118	-	ECOG-ACRIN Medical Research Foundation	SUBCON. DATD APRIL 2016;MOD7	1,040,118	64,879
Nursing Research	93.361	-	6,163	Columbia University	3(GG014705-01)	6,163	-
Nursing Research	93.361	-	15,960			15,960	-
<b>Total CFDA 93.361</b>		1,040,118	22,123			1,062,241	64,879
Cancer Cause and Prevention Research	93.393	691,795	-	HealthPartners Institute for Education and Research	X130120DREX; MOD 4	691,795	58,644
Cancer Cause and Prevention Research	93.393	-	-	ECOG-ACRIN Medical Research Foundation	U24CA196172-01-DREX1;MOD7	691,795	58,644
<b>Total CFDA 93.393</b>		691,795	-			691,795	58,644
Cancer Detection and Diagnosis Research	93.394	-	33,699	Children's Hospital of Philadelphia	No2-CM-62212	33,699	-
Cancer Detection and Diagnosis Research	93.394	-	32,576	Children's Hospital of Philadelphia	U10CA180866	32,576	-
Cancer Detection and Diagnosis Research	93.394	-	66,275	Children's Hospital of Philadelphia	PO#9500080216-13C PA092	66,275	-
<b>Total CFDA 93.394</b>		-	132,550			132,550	-
Cancer Treatment Research	93.395	202,602	-	Children's Hospital of Philadelphia	6/8/2016/9400660000	202,602	-
Cancer Treatment Research	93.395	-	(12,843)	Children's Hospital of Philadelphia	AAML1031 9400690000 PO-RSUB	(12,843)	-
Cancer Treatment Research	93.395	-	52,246	ECOG-ACRIN Medical Research Foundation	3UG1CA189828-04-DREX2	52,246	-
Cancer Treatment Research	93.395	-	2,460	ECOG-ACRIN Medical Research Foundation	1UG1CA189828-01-DREX1	2,460	-
Cancer Treatment Research	93.395	-	(3,334)	Albert Einstein College of Medicine	311392 PO #0709468; PO752027	(3,334)	-
Cancer Treatment Research	93.395	-	(1,339)	Children's Hospital of Philadelphia	NHR01 SUPPORT- ALTE11C2 STUDY	(1,339)	-
Cancer Treatment Research	93.395	-	(2,098)	The Children's Oncology Group	9600090518 ; No PO-RSub	(2,098)	-
Cancer Treatment Research	93.395	-	(14,822)	TDL Innovations LLC	2R44CA210696-02	(14,822)	-
Cancer Treatment Research	93.395	-	79,691	ECOG-ACRIN Medical Research Foundation	U10CA180820-06-DREX1A	79,691	-
Cancer Treatment Research	93.395	-	1,252	ECOG-ACRIN Medical Research Foundation	U10CA180820-06-DREX1C	1,252	-
Cancer Treatment Research	93.395	-	1,001	ECOG-ACRIN Medical Research Foundation	U10CA180820-06-DREX1M	1,001	-
Cancer Treatment Research	93.395	-	94,512	ECOG-ACRIN Medical Research Foundation	U10CA180820-06-DREX1A; Y7	94,512	-
Cancer Treatment Research	93.395	-	151,876			151,876	-
Cancer Treatment Research	93.395	-	41,562			41,562	-
Cancer Treatment Research	93.395	-	41,562			41,562	-
Cancer Treatment Research	93.395	-	5,976			5,976	-
<b>Total CFDA 93.395</b>		202,602	437,302			640,104	-
Cancer Biology Research	93.396	437,136	-	University of Pennsylvania	5742901-1-R01-CA-228339 ;MOD1	437,136	-
Cancer Biology Research	93.396	-	5,821	AQD Life Sciences LLC	Sub Awd# R41CA221595-DRXL	5,821	-
Cancer Biology Research	93.396	-	32,106	Temple University	P0565726 ; 263396-DU	32,106	-
Cancer Biology Research	93.396	-	20,780			20,780	-
<b>Total CFDA 93.396</b>		437,136	58,707			495,843	-
Cancer Centers Support Grants	93.397	-	50,338	Thomas Jefferson University	080-03500-PB1518	50,338	-
Cancer Centers Support Grants	93.397	-	66,728	Thomas Jefferson University	080-03500-PB0818; MOD 1	66,728	-
<b>Total CFDA 93.397</b>		-	117,066			117,066	-
Cancer Research Manpower	93.398	1,161	-			1,161	-
<b>Total CFDA 93.398</b>		1,161	-			1,161	-
Cancer Control	93.399	-	3,756	Children's Hospital of Philadelphia	FP00017458_SUB120_01	3,756	-

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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 Control	93-399	-	115,424	ECOG-ACRIN Medical Research Foundation	UG1CA189828-06-DREX1	115,424	-
Cancer Control	93-399	-	19,476	ECOG-ACRIN Medical Research Foundation	UG1CA189828-06-DREX2	19,476	-
<b>Total CFDA 93-399</b>		-	138,656			138,656	-
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Mental and Behavioral Health Education and Training Grants	93-732	-	59,931	University of Akron	543153-DRXL	59,931	-
<b>Total CFDA 93-732</b>		-	59,931			59,931	-
<b>NATIONAL INSTITUTES OF HEALTH</b>							
Cardiovascular Diseases Research	93-837	1,575,762	-	Columbia University	GG010203; MOD 4	1,575,762	193,613
Cardiovascular Diseases Research	93-837	-	15,200	Duke University	GUIDE-IT 122; DUKE SPS# 179452	15,200	-
Cardiovascular Diseases Research	93-837	-	(25,503)	Massachusetts General Hospital	PS25713; A5332	(25,503)	-
Cardiovascular Diseases Research	93-837	-	3,993	University of Michigan	3004924795; MOD 2	3,993	-
Cardiovascular Diseases Research	93-837	-	128,159	University of Michigan	SUBK00006462;3006119480	128,159	-
Cardiovascular Diseases Research	93-837	-	62,399	Yale University	GR104903(CON-80001551)	62,399	-
Cardiovascular Diseases Research	93-837	-	(3,107)	University at Buffalo	HL 137558; R1187082; MOD 2	(3,107)	-
Cardiovascular Diseases Research	93-837	-	7,920	San Francisco State University	S19-0003; MOD 1	7,920	-
Cardiovascular Diseases Research	93-837	-	173,706	University of Texas at Arlington	2017GC0717; MOD 01	173,706	-
Cardiovascular Diseases Research	93-837	-	10,312			10,312	-
<b>Total CFDA 93-837</b>		1,575,762	373,079			1,948,841	193,613
Arthritis, Musculoskeletal and Skin Diseases Research	93-846	-	337,404	University of Pennsylvania	576763	337,404	13,210
Arthritis, Musculoskeletal and Skin Diseases Research	93-846	-	126,570	Thomas Jefferson University	PO#2000052675/080-23000-S22501	126,570	-
Arthritis, Musculoskeletal and Skin Diseases Research	93-846	-	136,175			136,175	-
<b>Total CFDA 93-846</b>		337,404	262,745			600,149	13,210
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	1,743,056	-	Queens University	1U01DK103271 SUBAWARD NO. 5	1,743,056	14,069
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	219,661	Thomas Jefferson University	S22201; 15SDG257400153MOD 3	219,661	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	25,459	Washington University in St. Louis	WU-17-367-MOD-4; 2928731C	25,459	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	65,085	Yale University	M17A12657 (A1010); MOD2	65,085	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	16,433	University of Pennsylvania	572700; MOD2; PENN10059985	16,433	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	33,041	University of Pennsylvania	576045	33,041	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	1,940	University of Massachusetts Medical School	OSP29003-00; PO #WA00874966	1,940	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	2,910	Johns Hopkins University	Subaward No.: 2004415382	2,910	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93-847	-	33,268			33,268	-
<b>Total CFDA 93-847</b>		1,743,056	377,797			2,120,853	14,069
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	8,761,263	-	University of South Carolina	15-2732/ 5R01NS041596-14	8,761,263	246,864
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	59,229	University of Michigan	3003918633; MOD 04	59,229	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	39,062	University of California, Davis	A17-0078-S001-A02	39,062	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	220,809	Fox Chase Cancer Center	FCCC # 15099-04; MD 03; 1572	220,809	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	16,677	Georgia Tech Research Corporation	SUBAWARD RJ096-G1;MOD 2	16,677	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	197,169	University of Miami	SPC-000429; SPC-000881; MOD2	197,169	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	143,640	University of Alabama at Birmingham	000513792-SC004;0005252882-004	143,640	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93-853	-	77,830			77,830	-
<b>Total CFDA 93-853</b>		8,761,263	754,416			9,515,679	246,864
Allergy and Infectious Diseases Research	93-855	3,639,601	-	Johns Hopkins University	LDRO1 2002655630	3,639,601	731,654
Allergy and Infectious Diseases Research	93-855	-	(38,756)	Brigham and Women's Hospital	UNKNOWN	(38,756)	-
Allergy and Infectious Diseases Research	93-855	-	22,137	Case Western Reserve University	RES21177; MOD 4	22,137	-
Allergy and Infectious Diseases Research	93-855	-	104,254	Brigham and Women's Hospital	CLINICAL TRIAL CTOT-23	104,254	-
Allergy and Infectious Diseases Research	93-855	-	1,029	Johns Hopkins University	PO# 2003649373 ;MOD 02	1,029	-
Allergy and Infectious Diseases Research	93-855	-	4,886	Oregon Health and Science University	1004354_DREXEL MOD 6	4,886	-
Allergy and Infectious Diseases Research	93-855	-	50,014	University of Miami	SPC-000842 MOD 1	50,014	-
Allergy and Infectious Diseases Research	93-855	-	36,441	Oregon Health and Science University	1011753_DREXELMOD 3	36,441	-
Allergy and Infectious Diseases Research	93-855	-	180,554	Icahn School of Medicine at Mount Sinai	0255-8689-4609	180,554	-
Allergy and Infectious Diseases Research	93-855	-	47,635	Children's Hospital of Philadelphia	GRT-00000134; PO 20163073-RSUB	47,635	-
Allergy and Infectious Diseases Research	93-855	-	5,937			5,937	-
<b>Total CFDA 93-855</b>		3,639,601	413,231			4,052,832	731,654
Biomedical Research and Research Training	93-859	3,695,360	-	Georgia Institute of Technology	RC009-G1100653 - G1;MOD 04	3,695,360	1,745,350
Biomedical Research and Research Training	93-859	-	31,314	Children's Hospital of Philadelphia	3201230419;963066 - RSUB	31,314	-
Biomedical Research and Research Training	93-859	-	145,029	University of Pennsylvania	575434; MOD 1	145,029	-
Biomedical Research and Research Training	93-859	-	11,853	University of Illinois at Urbana-Champaign	077432-17509	11,853	-
Biomedical Research and Research Training	93-859	-	20,000			20,000	-
<b>Total CFDA 93-859</b>		3,695,360	208,196			3,903,556	1,745,350
Child Health and Human Development Extramural Research	93-865	1,109,153	-			1,109,153	292,978

# Drexel University and Subsidiaries

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### For the Year Ended June 30, 2020

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
Child Health and Human Development Extramural Research	93.865	-	(819)	Georgia State University	SP00011626-01, MOD 4	(819)	-
Child Health and Human Development Extramural Research	93.865	-	45,606	Columbia University	U01HL0983544 GGO10103	45,606	-
Child Health and Human Development Extramural Research	93.865	-	195,595	University of Arizona	364645_5R01HD088409-02;MOD 3	195,595	-
Child Health and Human Development Extramural Research	93.865	-	20,548	Widener University	SUBCONTRACT # 1 / #33445	20,548	-
Child Health and Human Development Extramural Research	93.865	-	7,933	Harvard School of Public Health	114205-1438-5097549 ; MOD 02	7,933	-
Child Health and Human Development Extramural Research	93.865	-	61,989	Oregon Research Institute	SUBAWARD 091818 ; MOD1	61,989	-
Child Health and Human Development Extramural Research	93.865	-	25,425	The Board of Trustees of the University of Alabama	000511041-SC001 ; MOD5	25,425	-
Child Health and Human Development Extramural Research	93.865	-	198,485	Harvard School of Public Health	114205-1538-5097549; 860304;M3	198,485	-
Child Health and Human Development Extramural Research	93.865	-	9,666	Harvard School of Public Health	114205-1538-5097549; 860326	9,666	-
Child Health and Human Development Extramural Research	93.865	-	18,157	Medical University of South Carolina	A00-2240-S003; MOD 1	18,157	-
Child Health and Human Development Extramural Research	93.865	-	5,088	Children's Hospital of Philadelphia	3200710000; 062661-RSUB ; MOD2	5,088	-
Child Health and Human Development Extramural Research	93.865	-	7,400	Colorado State University	G-45063-02	7,400	-
<b>Total CFDA 93.865</b>		1,109,153	594,173			1,703,326	292,978
Aging Research	93.866	1,078,184	-			1,078,184	312,051
Aging Research	93.866	-	(689)	University of California, San Diego	SUBAWARD#: 5950957/45896018	(689)	-
Aging Research	93.866	-	34,120	University of Southern California	75696941	34,120	-
Aging Research	93.866	-	5,614	Indiana University	BL-4645308-UA ; MOD 1	5,614	-
Aging Research	93.866	-	130,842	University of California Los Angeles	1558 G WA117 ; MOD 2	130,842	-
Aging Research	93.866	-	1,959	Trustees of the University of Pennsylvania	574030; MOD 2	1,959	-
Aging Research	93.866	-	215,795	University of Pennsylvania	575447 ; 10067210 ; 35633/00	215,795	-
Aging Research	93.866	-	22,957	Johns Hopkins University School of Medicine	2004256161 ; MOD 01	22,957	-
Aging Research	93.866	-	38,043	Columbia University	1GG014709-01	38,043	-
Aging Research	93.866	-	101,532	Brown University	00001380 (U54AG06354601)	101,532	-
Aging Research	93.866	-	20,743	Johns Hopkins University	2004525971	20,743	-
Aging Research	93.866	-	61,725	University of Pennsylvania	577439 (1-R01-AG-059763-01A1)	61,725	-
<b>Total CFDA 93.866</b>		1,078,184	632,641			1,710,825	312,051
Medical Library Assistance	93.879	-	12,149	Medstar Health Research Institute	5001371840 ; MOD 2	12,149	-
Medical Library Assistance	93.879	-	90,736	Children's Research Institute	30005484-01	90,736	-
<b>Total CFDA 93.879</b>		-	102,885			102,885	-
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	-	11,424	Harvard School of Public Health	114205-1438-5097549	11,424	-
<b>Total CFDA 93.912</b>		-	11,424			11,424	-
<b>NATIONAL INSTITUTES OF HEALTH</b>							
International Research and Research Training	93.989	-	113,477	University of Utah	10039172-01 ; U000160917;MOD6	113,477	-
<b>Total CFDA 93.989</b>		-	113,477			113,477	-
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Maternal and Child Health Services Block Grant to the States	93.994	-	6,995	Access Matters	AWARD DATED 11/13/19	6,995	-
<b>Total CFDA 93.994</b>		-	6,995			6,995	-
Home Assessments for Patients and Families with Special Health Care Needs: Developing Tools, Communication Str	93.RD	288,454	-			288,454	-
Visiting Scientist Agreement	93.RD	-	6,886	Thomas Jefferson University	AWARD DTD 10/01/2018	6,886	-
Jackson Heart Study Field Center	93.RD	-	44,063	University of Mississippi Medical Center	6611340819-02 ; MOD 01;YR 3	44,063	-
Development of Novel STING Pathway Agonists as Vaccine Adjuvants	93.RD	-	161,531	Oregon Health and Science University	1014432_Drexel	161,531	-
<b>Total CFDA 93.RD</b>		288,454	212,480			500,934	-
<b>Total Department of Health and Human Services</b>		\$ 38,788,803	\$ 8,180,400			\$ 46,969,203	\$ 6,695,305
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>							
Corporation for National and Community Service							
National Service and Civic Engagement Research Competition	94.026	\$ 110,053	\$ -			\$ 110,053	\$ -
<b>Total CFDA 94.026</b>		\$ 110,053	\$ -			\$ 110,053	\$ -
<b>Total CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		\$ 110,053	\$ -			\$ 110,053	\$ -
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>							
Assistance to Firefighters Grant	97.044	\$ 497,307	\$ -			\$ 497,307	\$ 9,048
Assistance to Firefighters Grant	97.044	-	630,642	Fire Department Safety Officers Association	EMW-2017-FP-00274	630,642	72,985
<b>Total CFDA 97.044</b>		\$ 497,307	\$ 630,642			\$ 1,127,949	\$ 82,032
<b>Total Department of Homeland Security</b>		\$ 497,307	\$ 630,642			\$ 1,127,949	\$ 82,032
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER:</b>		\$ 60,112,524	\$ 15,253,925			\$ 75,366,449	\$ 9,721,907
<b>ECONOMIC DEVELOPMENT CLUSTER</b>							
<b>DEPARTMENT OF COMMERCE</b>							
<b>ECONOMIC DEVELOPMENT ADMINISTRATION</b>							
Investments for Public Works and Economic Development Facilities	11.300	1,500,000	-			1,500,000	-
<b>Total CFDA 10.561</b>		1,500,000	-			1,500,000	-
<b>Total Department of Agriculture</b>		\$ 1,500,000	\$ -			\$ 1,500,000	\$ -
<b>TOTAL ECONOMIC DEVELOPMENT CLUSTER</b>		\$ 1,500,000	\$ -			\$ 1,500,000	\$ -
<b>SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>FOOD AND NUTRITION SERVICE</b>							

# Drexel University and Subsidiaries

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### For the Year Ended June 30, 2020

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
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ -	\$ 444,137	Penn State University	S000419-COP-DU	\$ 444,137	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	1,147,453	Penn State University	5739-DU-COP-9151	1,147,453	-
<b>Total CFDA 10.561</b>		-	1,591,590			1,591,590	-
<b>Total Department of Agriculture</b>		\$ -	\$ 1,591,590			\$ 1,591,590	\$ -
<b>TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER</b>		\$ -	\$ 1,591,590			\$ 1,591,590	\$ -
<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER</b>							
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>ADMINISTRATION FOR CHILDREN AND NEEDY FAMILIES</b>							
Temporary Assistance for Needy Families	93.558	\$ -	\$ 365,555	Philadelphia Works	TF20-093	\$ 365,555	\$ -
<b>Total CFDA 93.558</b>		-	365,555			365,555	-
<b>Total Department of Health and Human Services</b>		\$ -	\$ 365,555			\$ 365,555	\$ -
<b>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER</b>		\$ -	\$ 365,555			\$ 365,555	\$ -
<b>OTHER SPONSORED PROJECTS</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>AGRICULTURAL RESEARCH SERVICE</b>							
Agricultural Research Basic and Applied Research	10.001	\$ 22,990	\$ -			\$ 22,990	\$ -
<b>Total CFDA 10.001</b>		22,990	-			22,990	-
<b>FOOD AND NUTRITION SERVICE</b>							
National School Lunch Program	10.555	306	-			306	-
<b>Total CFDA 10.555</b>		306	-			306	-
<b>Total Department of Agriculture</b>		\$ 23,296	\$ -			\$ 23,296	\$ -
<b>DEPARTMENT OF DEFENSE</b>							
Functional Textile Integration of Microelectronic Fibers	12.U01	-	8,781	Massachusetts Institute of Technology	PO # 7000461964	\$ 8,781	\$ -
Anacostia Consulting	12.U01	-	(4,533)	CH2M Hill	PO#948061	(4,533)	-
<b>Total CFDA 12.U01</b>		-	4,248			4,248	-
<b>Total Department of Defense</b>		\$ -	\$ 4,248			\$ 4,248	\$ -
<b>DEPARTMENT OF JUSTICE</b>							
<b>OFFICE OF JUSTICE PROGRAMS</b>							
Crime Victim Assistance	16.575	\$ -	\$ 179,291	Pennsylvania Commission on Crime and Delinquency	2016/2017-VF-05-28235	\$ 179,291	\$ -
Crime Victim Assistance	16.575	-	29,885	Pennsylvania Commission on Crime and Delinquency	2017/2018-VF-05-29116	29,885	-
<b>Total CFDA 16.575</b>		-	209,176			209,176	-
<b>OFFICE OF JUSTICE PROGRAMS</b>							
Crime Victim Assistance/Discretionary Grants	16.582	340,388	-			340,388	32,758
<b>Total CFDA 16.582</b>		340,388	-			340,388	32,758
<b>Total Department of Justice</b>		\$ 340,388	\$ 209,176			\$ 549,564	\$ 32,758
<b>DEPARTMENT OF STATE</b>							
<b>BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS</b>							
Academic Exchange Programs - Undergraduate Programs	19.009	\$ -	\$ 155,801	International Research & Exchanges Board	FY19-YALI-CL-DRX-03	\$ 155,801	\$ -
Academic Exchange Programs - Undergraduate Programs	19.009	-	3,150	International Research & Exchanges Board	Subgrant FY18-YALI-CL-Drexel-0	3,150	-
<b>Total CFDA 19.009</b>		-	158,951			158,951	-
Academic Exchange Programs - Graduate Students	19.400	-	4,842	Institute of International Education	FST1801_DREXEL_5_15_18	4,842	-
Academic Exchange Programs - Graduate Students	19.400	-	272,912	Institute of International Education	FST1901_Drexel_EGSP_2019	272,912	-
<b>Total CFDA 19.400</b>		-	277,754			277,754	-
<b>Total Department of State</b>		\$ -	\$ 436,705			\$ 436,705	\$ -
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Office of Stem Engagement (OSTEM)	43.008	\$ 46,458	\$ -			\$ 46,458	\$ -
<b>Total CFDA 43.008</b>		46,458	-			46,458	-
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Are High-Redshift Spectroscopic Black Hole Mass Estimates Biased	43.U02	-	1,732	Space Telescope Science Institute	HST-GO-14135.001-A	1,732	-
<b>Total CFDA 43.U02</b>		-	1,732			1,732	-
<b>Total National Aeronautics and Space Administration</b>		\$ 46,458	\$ 1,732			\$ 48,190	\$ -
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>							
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>							
Promotion of the Humanities Office of Digital Humanities	45.169	\$ -	\$ 3,250	Temple University	262524-DU ; MOD 2	\$ 3,250	\$ -
<b>Total CFDA 45.169</b>		-	3,250			3,250	-
National Leadership Grants	45.312	-	17,165	Montana State University	G108-20-W7374	17,165	-
<b>Total CFDA 45.169</b>		-	17,165			17,165	-
<b>Total National Endowment for the Humanities</b>		\$ -	\$ 20,415			\$ 20,415	\$ -
<b>DEPARTMENT OF VETERAN AFFAIRS</b>							
<b>DEPARTMENT OF VETERAN AFFAIRS</b>							
Center for Health Equity Research and Promotion Protocol ID 00317	64.U03	\$ 52,163	\$ -			\$ 52,163	\$ -
VHA Human Factors Engineering	64.U03	28,713	-			28,713	-
Integrated Cognitive Behavior Therapy	64.U03	7,662	-			7,662	-

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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
Investigating Multi-Level Determinants of Racial/Ethnic Disparities in Quality of End-of-Life Care for Veterans	64.U03	27,323	-			27,323	-
<b>TOTAL DEPARTMENT OF VETERAN AFFAIRS</b>	<b>Total CFDA 64.U03</b>	<b>115,861</b>	<b>-</b>			<b>115,861</b>	<b>-</b>
<b>DEPARTMENT OF ENERGY</b>		<b>\$ 115,861</b>	<b>\$ -</b>			<b>\$ 115,861</b>	<b>\$ -</b>
<b>DEPARTMENT OF ENERGY</b>							
Renewable Energy Research and Development	81.087	\$ -	\$ 37,012	General Motors LLC	PO # 4300498846	\$ 37,012	\$ -
<b>Total Department of Energy</b>	<b>Total CFDA 81.807</b>	<b>-</b>	<b>37,012</b>			<b>37,012</b>	<b>-</b>
<b>DEPARTMENT OF EDUCATION</b>		<b>\$ -</b>	<b>\$ 37,012</b>			<b>\$ 37,012</b>	<b>\$ -</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	\$ -	\$ 4,760	University of Pennsylvania	565407 / 10047739/15872;MOD4	\$ 4,760	\$ -
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	-	1,315	Trustees of the University of Pennsylvania	565326 ; MOD 04	1,315	-
<b>Total CFDA 84.015</b>		<b>-</b>	<b>6,075</b>			<b>6,075</b>	<b>-</b>
<b>OFFICE OF INNOVATION AND IMPROVEMENT</b>							
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	84.215	6,450,909	-			6,450,909	3,689,117
<b>Total CFDA 84.215</b>		<b>6,450,909</b>	<b>-</b>			<b>6,450,909</b>	<b>3,689,117</b>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	42,557	-			42,557	-
<b>Total CFDA 84.325</b>		<b>42,557</b>	<b>-</b>			<b>42,557</b>	<b>-</b>
<b>OFFICE OF ELEMENTARY AND SECONDARY EDUCATION</b>							
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	-	170,137	School District Of Philadelphia	SC; 586154 RFQ; 180	170,137	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	-	311,139	PA Department of Education	4100081325A	311,139	-
<b>Total CFDA 84.367</b>		<b>-</b>	<b>481,276</b>			<b>481,276</b>	<b>-</b>
<b>Office of Early Learning (OEL)</b>							
Race to the Top-Early Learning Challenge	84.412	-	(235)	PA Department of Education	4100079816	(235)	(235)
<b>Total CFDA 84.412</b>		<b>-</b>	<b>(235)</b>			<b>(235)</b>	<b>(235)</b>
<b>DEPARTMENT OF EDUCATION</b>							
COVID-19 - Higher Education Emergency Relief Funding - Student Aid Portion	84.425E	3,147,000	-			3,147,000	-
<b>Total CFDA 84.25E</b>		<b>3,147,000</b>	<b>-</b>			<b>3,147,000</b>	<b>-</b>
<b>Total Department of Education</b>		<b>\$ 9,640,406</b>	<b>\$ 487,116</b>			<b>\$ 10,127,582</b>	<b>\$ 3,688,882</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084	\$ -	\$ 115,014	City of Philadelphia	1720467-04; 1720467-05	\$ 115,014	\$ -
<b>Total CFDA 93.084</b>		<b>-</b>	<b>115,014</b>			<b>115,014</b>	<b>-</b>
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Maternal and Child Health Federal Consolidated Programs	93.110	-	11,000	Children's Hospital of Philadelphia	127007-32096105 18- 19- 20-21	11,000	-
Maternal and Child Health Federal Consolidated Programs	93.110	-	24,763	Children's Sickle Cell Foundation	SUB - AWARD #: ISCDNBSFP2018	24,763	-
Maternal and Child Health Federal Consolidated Programs	93.110	-	13,186	University of California Los Angeles	2000G Tj481.4-441589-ZI-29857	13,186	-
Maternal and Child Health Federal Consolidated Programs	93.110	-	34,724	University of California Los Angeles	2000 G Tj481 ; MOD 06	34,724	-
<b>Total CFDA 93.110</b>		<b>-</b>	<b>83,673</b>			<b>83,673</b>	<b>-</b>
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	337,401	-			337,401	-
<b>Total CFDA 93.153</b>		<b>337,401</b>	<b>-</b>			<b>337,401</b>	<b>-</b>
<b>OFFICE OF ASSISTANT SECRETARY FOR HEALTH</b>							
Family Planning Services	93.217	-	128,817	Access Matters	CONTRACT 202401; 202501	128,817	-
<b>Total CFDA 93.217</b>		<b>-</b>	<b>128,817</b>			<b>128,817</b>	<b>-</b>
<b>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>							
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	384,946	-			384,946	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	2,668	Pennsylvania Department of Drug and Alcohol Programs	Contract 4400015617	2,668	-
<b>Total CFDA 93.243</b>		<b>384,946</b>	<b>2,668</b>			<b>387,614</b>	<b>-</b>
<b>ADMINISTRATION FOR CHILDREN AND FAMILIES</b>							
Every Student Succeeds Act/Preschool Development Grants	93.434	-	10,000	Delaware County Community College	90TP0038; 142701-5	10,000	-
<b>Total CFDA 93.283</b>		<b>-</b>	<b>10,000</b>			<b>10,000</b>	<b>-</b>
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Public Health Training Centers Program	93.516	-	81,886	University of Pittsburgh	0061461(131334-3);(132834-3)	81,886	-
<b>Total CFDA 93.516</b>		<b>-</b>	<b>81,886</b>			<b>81,886</b>	<b>-</b>
<b>ADMINISTRATION FOR CHILDREN AND FAMILIES</b>							
Social Services Block Grant	93.667	-	24,690	Access Matters	CONTRACT# 182401	24,690	-
Social Services Block Grant	93.667	-	77,921	Access Matters	190201 MOD 01	77,921	-
<b>Total CFDA 93.667</b>		<b>-</b>	<b>102,611</b>			<b>102,611</b>	<b>-</b>
<b>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	-	5,866	Access Matters	Contract# 180203	5,866	-
<b>Total CFDA 93.898</b>		<b>-</b>	<b>5,866</b>			<b>5,866</b>	<b>-</b>
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
HIV Emergency Relief Project Grants	93.914	\$ -	\$ (3,130)	City of Philadelphia - Aids Activities Coordinating Office	1520267 R4587	\$ (3,130)	\$ -
HIV Emergency Relief Project Grants	93.914	-	48,091	City of Philadelphia - Aids Activities Coordinating Office	1820529; R8212;SRX18001030	48,091	-
HIV Emergency Relief Project Grants	93.914	-	52,896	City of Philadelphia - Aids Activities Coordinating Office	1820529-01 RS9875	52,896	-
HIV Emergency Relief Project Grants	93.914	-	558,377	City of Philadelphia - Aids Activities Coordinating Office	1820529-01 RW9212	558,377	-
HIV Emergency Relief Project Grants	93.914	-	222,469	City of Philadelphia - Aids Activities Coordinating Office	1820529-01 RW9213	222,469	-
HIV Emergency Relief Project Grants	93.914	-	165,279	City of Philadelphia - Aids Activities Coordinating Office	1820528-01 RM9811	165,279	-

# Drexel University and Subsidiaries

## Schedule of Expenditures of Federal Awards

### For the Year Ended June 30, 2020

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
HIV Emergency Relief Project Grants	93-914	-	112,551	City of Philadelphia - Aids Activities Coordinating Office	1820528-01; RM9812	112,551	-
HIV Emergency Relief Project Grants	93-914	-	68,637	City of Philadelphia - Aids Activities Coordinating Office	1820528-02; RM0811	68,637	-
HIV Emergency Relief Project Grants	93-914	-	111,932	City of Philadelphia - Aids Activities Coordinating Office	RW0213; 1820529-02	111,932	-
HIV Emergency Relief Project Grants	93-914	-	19,720	City of Philadelphia - Aids Activities Coordinating Office	1820529-02; RS0875	19,720	-
<b>Total CFDA 93-914</b>		-	<b>1,356,822</b>			<b>1,356,822</b>	-
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
HIV Care Formula Grants	93-917	-	398	City of Philadelphia - Aids Activities Coordinating Office	1520160-03; RXB8113	398	-
HIV Care Formula Grants	93-917	-	1,173	Jewish Healthcare Foundation	AGREEMENT #1819-5142	1,173	-
HIV Care Formula Grants	93-917	-	57,179	Jewish Healthcare Foundation	1920-5142	57,179	-
<b>Total CFDA 93-917</b>		-	<b>58,750</b>			<b>58,750</b>	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93-918	687,111	-			687,111	34,020
<b>Total CFDA 93-918</b>		<b>687,111</b>	-			<b>687,111</b>	<b>34,020</b>
<b>CENTERS FOR DISEASE CONTROL AND PREVENTION</b>							
HIV Prevention Activities Health Department Based	93-940	\$ -	\$ 2,172	City of Philadelphia - Aids Activities Coordinating Office	1820419-01; CP8016	\$ 2,172	\$ -
HIV Prevention Activities Health Department Based	93-940	-	2,765	City of Philadelphia - Aids Activities Coordinating Office	1820419-01; CP8015	2,765	-
HIV Prevention Activities Health Department Based	93-940	-	(364)	City of Philadelphia - Aids Activities Coordinating Office	1820468; CP8017	(364)	-
HIV Prevention Activities Health Department Based	93-940	-	26,952	City of Philadelphia - Aids Activities Coordinating Office	1820419-02; CP9015	26,952	-
HIV Prevention Activities Health Department Based	93-940	-	51,995	City of Philadelphia - Aids Activities Coordinating Office	1820528-02; RM0812	51,995	-
HIV Prevention Activities Health Department Based	93-940	-	26,560	City of Philadelphia - Aids Activities Coordinating Office	1820419-03; CP0015	26,560	-
<b>Total CFDA 93-940</b>		-	<b>110,080</b>			<b>110,080</b>	-
<b>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>							
Block Grants for Community Mental Health Services	93-958	-	14,387	University of Pennsylvania	574727	14,387	-
Block Grants for Community Mental Health Services	93-958	-	2,232	Georgia Dept. of Behavioral Health & Development Disabilities	44100-909-0000135305	2,232	-
Block Grants for Community Mental Health Services	93-958	-	2,218	Oklahoma Dept. of Mental Health and Substance Abuse Services	3B09SM010042; PO 4529060689	2,218	-
<b>Total CFDA 93-958</b>		-	<b>18,837</b>			<b>18,837</b>	-
Block Grants for Prevention and Treatment of Substance Abuse	93-959	-	64,845	University of Louisiana	SUBAWARD# 340122-03	64,845	-
Block Grants for Prevention and Treatment of Substance Abuse	93-959	-	125,000	City of Philadelphia - Office of Addiction Services	19-20259	125,000	-
Block Grants for Prevention and Treatment of Substance Abuse	93-959	-	20,292	University of Louisiana - Lafayette	340122-02 ; MOD 01	20,292	-
Block Grants for Prevention and Treatment of Substance Abuse	93-959	-	64,644	City of Philadelphia - Office of Addiction Services	19-20259-02 SIXX20000487	64,644	-
<b>Total CFDA 93-959</b>		-	<b>274,781</b>			<b>274,781</b>	-
<b>HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>							
Maternal and Child Health Services Block Grant to the States	93-994	-	41,127	Children's Hospital of Philadelphia	PO#20013370-RSUB;220010619	41,127	-
Maternal and Child Health Services Block Grant to the States	93-994	-	97,309	City of Philadelphia	1820120-03	97,309	-
Maternal and Child Health Services Block Grant to the States	93-994	-	276,270	Pennsylvania Department of Health	4100080552 EXT1	276,270	-
Maternal and Child Health Services Block Grant to the States	93-994	-	2,270	Access Matters	CONTRACT # 183007	2,270	-
Maternal and Child Health Services Block Grant to the States	93-994	-	5,828	Pennsylvania Department of Health	4100079812R/ 2 SAFI /2/3 EXT1	5,828	-
<b>Total CFDA 93-994</b>		-	<b>422,804</b>			<b>422,804</b>	-
Access Matters	93.U04	-	-	Access Matters	190201; MOD 01	-	-
Catheter Ablation Versus Anti-arrhythmic Drug Therapy for Atrial Fibrillation Trial - CABANA	93.U04	-	(9,994)	Duke Clinical Research Institute	4772 CABANA TRIAL	(9,994)	-
<b>Total CFDA 93.U04</b>		-	<b>(9,994)</b>			<b>(9,994)</b>	-
<b>Total Department of Health and Human Services</b>		<b>\$ 1,409,458</b>	<b>\$ 2,762,615</b>			<b>\$ 4,172,073</b>	<b>\$ 34,020</b>
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>							
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>							
USAID Foreign Assistance for Programs Overseas	98.001	\$ -	\$ 31,560	21st Century Partnership for STEM Education	21PSTEM 72026318C0003	\$ 31,560	\$ -
<b>Total CFDA 98.012</b>		-	<b>31,560</b>			<b>31,560</b>	-
<b>Total Agency for International Development</b>		<b>\$ -</b>	<b>\$ 31,560</b>			<b>\$ 31,560</b>	<b>\$ -</b>
<b>Total</b>		<b>\$ 11,573,927</b>	<b>\$ 3,990,579</b>			<b>\$ 15,566,506</b>	<b>\$ 3,755,660</b>
<b>TO/ DEPARTMENT OF EDUCATION</b>							
<b>OFFICE OF FEDERAL STUDENT AID</b>							
Federal Supplemental Educational Opportunity Grants	84.007	\$ 46,857	\$ -			\$ 46,857	\$ -
<b>Total CFDA 84.007</b>		<b>46,857</b>	-			<b>46,857</b>	-
<b>STUDENT FINANCIAL AID CLUSTER</b>							
Federal Work-Study Program	84.033	2,851,571	-			2,851,571	-
<b>Total CFDA 84.033</b>		<b>2,851,571</b>	-			<b>2,851,571</b>	-
Federal Perkins Loan Program							
Outstanding loans as of July 1, 2019	84.038	17,459,375	-			17,459,375	-
<b>Total CFDA 84.038</b>		<b>17,459,375</b>	-			<b>17,459,375</b>	-
Federal Pell Grant Program	84.063	86,934	-			86,934	-
<b>Total CFDA 84.063</b>		<b>86,934</b>	-			<b>86,934</b>	-
Graduate Assistance in Areas of National Need	84.200	731,903	-			731,903	-
<b>Total CFDA 84.200</b>		<b>731,903</b>	-			<b>731,903</b>	-
Federal Direct Student Loans	84.268	239,618,413	-			239,618,413	-
<b>Total CFDA 84.268</b>		<b>239,618,413</b>	-			<b>239,618,413</b>	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	13,409	-			13,409	-
<b>Total CFDA 84.379</b>		<b>13,409</b>	-			<b>13,409</b>	-
<b>Total Department of Education</b>		<b>\$ 260,808,462</b>	<b>\$ -</b>			<b>\$ 260,808,462</b>	<b>\$ -</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Health Resources and Services Administration</b>							
Primary Care Loans							
Outstanding loans as of July 1, 2019	93.342	\$ 1,988,759	\$ -			\$ 1,988,759	\$ -

**Drexel University and Subsidiaries**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

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
New loans issued during 2020	93.342	-	-			-	-
Total Primary Care Loans		1,988,759	-			1,988,759	-
	<b>Total CFDA 93.342</b>	<u>1,988,759</u>	<u>-</u>			<u>1,988,759</u>	<u>-</u>
Total Department of Health and Human Services		\$ 1,988,759	\$ -			\$ 1,988,759	\$ -
TOTAL STUDENT FINANCIAL AID CLUSTER		\$ 262,797,221	\$ -			\$ 262,797,221	\$ -
TOTAL FEDERAL AWARD EXPENDITURES		\$ 335,985,672	\$ 21,201,649			\$ 357,187,321	\$ 13,477,568

**Drexel University and Subsidiaries**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

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**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, 2020. 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 is presented using the accrual basis of accounting. Negative items on the Schedule represent adjustments from the prior year.

**3. Federal Student Loan Programs**

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

	CFDA Number	Loan Receivable as of June 30, 2019
Other student loan programs:		
Federal Perkins Loan Program	84.038	\$ 17,458,256
Primary Carre Loans	93.342	1,988,759
Loans for Disadvantaged Students	93.342	69,068
Nursing Student Loan	93.364	-
		\$ 19,516,083

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. There was no administrative cost allowance for the Federal Perkins Loan Program for the year ended June 30, 2020. The amount of Perkins loan principal cancelled during the year was \$74,414 (CFDA #84.038).

The University is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs; therefore, the net assets and transactions for those programs are not included in the University’s financial statements.

## **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, 2020, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

**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”) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

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

*RiceWaterhouse Coopers LLP*

Philadelphia, Pennsylvania  
October 30, 2020



**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, 2020. 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 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, 2020.



### ***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 items 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings 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.

*RiceWaterhouse Coopers LLP*

Philadelphia, Pennsylvania  
April 30, 2021

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

**Drexel University and Subsidiaries**  
**Schedule of Audit Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**

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**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  no  
 Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported
- (iii) Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

- (iv) Internal control over major programs:  
 Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  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)?  yes  no
- (vii) Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
Various	Research and Development Cluster
84.425E	Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
10.561	Supplemental Nutrition Assistance Program Cluster

- (vii) Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
- (ix) Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

None noted.

# **Drexel University and Subsidiaries**

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

### **For the Year Ended June 30, 2020**

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

##### **Finding 2020-001: Eligibility**

**Grantor:** Aids Activity Coordinating Office (AACO)

**Program:** Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease **CFDA #:** 93.914

**Title:** Ambulatory/Out-Patient Medical Care, Care Services Case Management

**Award #:** H89HA00013

**Award Year:** 7/1/2019 – 6/30/2020

##### **Criteria**

Per the AACO/PA Dept. of Health Ryan White Part A/B – Payer of Last Resort Client Certification Form Instructions, “The Health Resources and Services Administration (HRSA) standards require service providers who receive Ryan White funding to screen clients and collect supporting documentation to certify their eligibility for Ryan White-funded services based on HIV positive diagnosis, identity, residence, insurance status, and income. The standards further require recertification every 6 months to determine continued eligibility.” The certification form states under the ‘Verification of Insurance’ requirement, “Having insurance or other third-party coverage does not deem a client ineligible for Ryan White. However, that coverage should serve as primary in reimbursement of services as Ryan White is to serve as ‘Payer of Last Resort’ for those services. Verification of eligibility shall remain in the client’s file.”

##### **Condition**

For 2 of a sample of 40 patient files selected for testing in fiscal year 2020, the patients were certified as eligible for Ryan White funds, yet each patient’s insurance did not meet the “Payer of Last Resort” requirement. The same condition was present in the prior year finding 2019-001.

##### **Cause**

Both patients were originally certified as eligible based on allowable insurance coverage (i.e. Government programs). However, at their most recent recertification, both patients’ insurance changed to coverage that did not qualify under the “Payer of Last Resort” requirement. The patients informed case managers of the change in insurance, but recertification still occurred without proper verification of income.

##### **Effect:**

As a result of not recertifying upon each visit as required under the program, ineligible participants may improperly receive services under the Ryan White program.

##### **Questioned Costs**

There were no questioned costs related to this finding because federal funds were not specifically reimbursed to the University for the services provided to the inappropriately recertified patients.

**Drexel University and Subsidiaries**  
**Schedule of Audit Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**

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**Recommendation**

We recommend the University ensures that changes in insurance are identified and reviewed for all patients during the recertification process. After a change to an ineligible insurance provider is identified, management should immediately initiate a request for proof of income to verify that the patient's income doesn't exceed 500% of the Federal Poverty Level. In addition, management should consider implementing a secondary level of review during the recertification process.

**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, 2020**

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#### **2019-001: Return of Title IV Funds**

**Grantor:** Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA#:** 84.268  
**Title:** Federal Direct Student Loan Program  
**Award Year:** 7/1/2018 – 6/30/2019

#### **Condition**

For 1 of the 25 students selected for testing, the Title IV funds were not returned within 45 days of the student's withdrawal from the University. The funds were returned 85 days after the student's withdrawal date, which is 40 days outside the required 45-day window. Although the funds were not returned within the required timeframe, the appropriate amount of funds were returned to the Department of Education.

#### **Status Update**

Department Management has updated its process to include a more detailed review of the funds that were returned before marking a student's file complete. On a weekly basis, Management now performs the following procedures: 1) Reviews to ensure that the funds are returned prior to submitting final documents 2) After the return of Title IV funds ("R2T4") is processed in Banner, Management reviews student account activity to ensure funds have been removed from the student account successfully, and that the correct code has been added to the account, and 3) A new report is run to verify that the appropriate codes have been added to the student record for tracking purposes.

In addition, Management has incorporated a new process in which it selects a sample population of students and re-runs their R2T4 through the Department of Education's Common Origination and Disbursement ("COD") calculator. This allows Management to compare its internal calculations to COD calculations to ensure accuracy of reports.

# **Drexel University and Subsidiaries**

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

### **For the Year Ended June 30, 2020**

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#### **2019-002: Eligibility**

**Grantor:** Aids Activity and Coordinating Office (AACO)  
**Program:** Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease  
**CFDA#:** 93.914  
**Title:** Ambulatory/Out-Patient Medical Care, Care Services Case Management  
**Award Year:** 7/1/2018 – 06/30/2019  
**Award Number:** H89HA00013

#### **Condition**

For 2 of a sample of 40 patient files selected for testing, the patients were certified as eligible for Ryan White funds, yet each patient's insurance did not meet the "Payer of Last Resort" requirement.

#### **Status Update**

Case managers continue to certify patients assigned to them with 100% accuracy. Two patients that were not case managed and assigned for review during clinic hours were determined out of compliance.

With the many competing demands for 2020, such as transitioning to a new Electronic Health Record (EHR) system in April and moving to a virtual model for clinical operation in response to the COVID-19 pandemic, the chart audit review process was not completed systemically. This remote access has highlighted a need for changes within our current workflow to maintain compliance. In order to improve compliance, a full time equivalent staff position needs to be dedicated to the proper and accurate review of all patients with specific attention to those that are not case managed to insure that the appropriate documentation is obtained to verify income eligibility for Ryan White certification. Stronger more rigorous corrective action plans are being implemented October 26, 2020.



Office of the Comptroller  
Research Accounting Services

**Federal Uniform Guidance Audit Findings**

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**2020-001: Eligibility**

**Agency:** Aids Activity Coordinating Office (AACO)  
**CFDA #:** 93.914  
**Title:** Ambulatory/Out-Patient Medical Care, Care Services Case Management  
**Award #:** H89HA00013  
**Award Year:** 7/1/2019 – 6/30/2020

**Management's Response:**

Management agrees with the finding that 2 of the 40 patients that were certified as eligible for Ryan White funds did not meet the "Payer of Last Resort" income requirement.

The two patients were both previously Ryan White (RW) eligible due to having Medicaid and/or Special Pharmaceutical Benefit Program (SPBP) coverage. The error was made due to the certifier not checking their current insurance status. In the past year their insurance status had changed from Medicaid and SPBP to private insurance. There was no current proof of income or proof of income by proxy from Medicaid or SPBP.

**Corrective Action Plan:**

This has been a recurring finding and more rigorous actions are necessary to remediate the finding. Starting October 26, 2020, with oversight from Amy Althoff, Medical Director, these actions will include: 1. A training/retraining of staff on a quarterly basis of the Ryan White Certification process to understand the requirements and consequences. 2. The Director of Case Management, will spend one supervisory session each month with individual staff members to review and monitor corrective implementation of the RW Certification process. 3. There will be more of a focus on accurate certification of non-case managed patients. 4. Project review, to be completed by December 31, 2020, will have a dedicated task force to review all current patients and their Ryan White eligibility. All currently active patients and unassigned patients will be assigned to case managers which will use a checklist as verification tool to confirm all supporting documentation for Ryan White eligibility is in the patient's chart 5. Request to establish a full-time equivalent position who can concurrently work with uninsured patients to get insurance and determine Ryan White eligibility.

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April 30, 2021  
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Patricia J. Russo  
Associate Vice President and Comptroller

**Date**

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April 30, 2021  
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Evelyn Balabis  
Executive Director

**Date**