

Drexel University and Subsidiaries
Financial Statements and
Schedules of Expenditures of Federal Awards
and Reports in Accordance with OMB Circular
A-133 Thereon
For the year ended June 30, 2015
EIN # 23-1352630

Drexel University and Subsidiaries
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For the Year Ended June 30, 2015

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Independent Auditor's Report

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, 2015 and 2014, and the related consolidated statements of activities and of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 the University as of June 30, 2015 and 2014, and the results of its operations and its 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 schedules of expenditures of federal awards for the year ended June 30, 2015 are presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015 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, 2015. The purpose of that report is 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 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 27, 2015

I. Financial Statements

Drexel University and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2015 and 2014

<i>(in thousands)</i>	2015	2014
Assets		
Cash and cash equivalents		
Operating	\$ 99,457	\$ 88,141
Restricted	7,341	7,017
Accounts receivable, net		
Tuition	73,917	50,720
Grants, contracts and other	71,461	60,940
Patients	8,950	8,043
Tenet Healthcare Corporation	1,852	1,746
Total accounts receivable, net	<u>156,180</u>	<u>121,449</u>
Contributions receivable, net	88,888	72,334
Other assets	36,847	33,998
Funds held by trustees	5,845	20,834
Student loans receivable, net	35,482	35,106
Beneficial interests in trusts	53,507	56,438
Investments	691,672	676,669
Land, buildings and equipment, net	<u>902,329</u>	<u>884,807</u>
Total assets	<u><u>\$ 2,077,548</u></u>	<u><u>\$ 1,996,793</u></u>
Liabilities		
Accounts payable	\$ 58,379	\$ 48,205
Accrued expenses	112,975	101,669
Deposits	22,394	39,062
Deferred revenue	118,993	104,681
Capital lease	2,804	3,451
Government advances for student loans	28,513	28,185
Post-retirement and pension benefits	64,200	55,745
Bonds and notes payable	<u>458,661</u>	<u>468,405</u>
Total liabilities	866,919	849,403
Net assets		
Unrestricted	631,177	575,745
Temporarily restricted	255,432	261,203
Permanently restricted	<u>324,020</u>	<u>310,442</u>
Total net assets	<u>1,210,629</u>	<u>1,147,390</u>
Total liabilities and net assets	<u><u>\$ 2,077,548</u></u>	<u><u>\$ 1,996,793</u></u>

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

Drexel University and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2015

<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue				
Tuition and fees	\$ 872,924	\$ -	\$ -	\$ 872,924
Less: Institutional financial aid	(244,991)			(244,991)
Net student revenue	627,933	-	-	627,933
Patient care activities	103,199			103,199
State appropriations	8,064			8,064
Government grants and contracts	87,791			87,791
Private grants and contracts	16,468	20		16,488
Private gifts	6,658	60,341		66,999
Endowment payout under spending formula	11,076	14,294	100	25,470
Investment income	888	2,149		3,037
Sales and services of auxiliary enterprises	89,841			89,841
Other sources	28,315			28,315
Net assets released from restrictions	71,095	(71,211)	116	-
Total operating revenue	<u>1,051,328</u>	<u>5,593</u>	<u>216</u>	<u>1,057,137</u>
Operating expense				
College programs	362,345			362,345
Research and public service	90,675			90,675
Academic support	28,747			28,747
Student services	47,501			47,501
Institutional support	138,080			138,080
Scholarships and fellowships	14,720			14,720
Auxiliary enterprises	43,076			43,076
Total education and general	725,144	-	-	725,144
Patient care activities	132,544			132,544
Other operating expense	61,657			61,657
Interest	15,869			15,869
Depreciation and amortization	43,685			43,685
Total operating expense	<u>978,899</u>	<u>-</u>	<u>-</u>	<u>978,899</u>
Change in net assets from operating activities	<u>72,429</u>	<u>5,593</u>	<u>216</u>	<u>78,238</u>
Non-operating activities				
Endowment and other gifts	-	-	16,578	16,578
Realized/unrealized net loss on investments, net of endowment payout	(4,414)	(11,364)	(3,216)	(18,994)
Other non-operating expense	(12,583)			(12,583)
Change in net assets from non-operating activities	<u>(16,997)</u>	<u>(11,364)</u>	<u>13,362</u>	<u>(14,999)</u>
Change in net assets	55,432	(5,771)	13,578	63,239
Net assets				
Beginning of year	575,745	261,203	310,442	1,147,390
End of year	<u>\$ 631,177</u>	<u>\$ 255,432</u>	<u>\$ 324,020</u>	<u>\$ 1,210,629</u>

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

Drexel University and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2014

<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue				
Tuition and fees	\$ 802,867	\$ -	\$ -	\$ 802,867
Less: Institutional financial aid	(203,281)			(203,281)
Net student revenue	599,586	-	-	599,586
Patient care activities	109,364			109,364
State appropriations	8,179			8,179
Government grants and contracts	91,520	484		92,004
Private grants and contracts	17,626			17,626
Private gifts	5,495	22,588		28,083
Endowment payout under spending formula	11,602	14,306	155	26,063
Investment income	3,466	1,451		4,917
Sales and services of auxiliary enterprises	86,134			86,134
Other sources	14,518			14,518
Net assets released from restrictions	61,735	(61,936)	201	-
Total operating revenue	1,009,225	(23,107)	356	986,474
Operating expense				
College programs	348,725			348,725
Research and public service	107,626			107,626
Academic support	28,954			28,954
Student services	46,630			46,630
Institutional support	128,892			128,892
Scholarships and fellowships	13,489			13,489
Auxiliary enterprises	43,672			43,672
Total education and general	717,988	-	-	717,988
Patient care activities	129,299			129,299
Other operating expense	56,144			56,144
Interest	17,957			17,957
Depreciation and amortization	43,630			43,630
Total operating expense	965,018	-	-	965,018
Change in net assets from operating activities	44,207	(23,107)	356	21,456
Non-operating activities				
Endowment and other gifts	763	994	14,172	15,929
Realized/unrealized net gain on investments, net of endowment payout	26,936	34,856	5,883	67,675
Other non-operating expense	(4,536)	(7,000)		(11,536)
Change in net assets from non-operating activities	23,163	28,850	20,055	72,068
Change in net assets	67,370	5,743	20,411	93,524
Net assets				
Beginning of year	508,375	255,460	290,031	1,053,866
End of year	\$ 575,745	\$ 261,203	\$ 310,442	\$ 1,147,390

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, 2015 and 2014

<i>(in thousands)</i>	2015	2014
Cash flow from operating activities		
Increase in net assets	\$ 63,239	\$ 93,524
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,685	43,630
Provision for uncollectible accounts	13,024	10,053
Loss on disposal of equipment	517	1,563
Change in market value in beneficial interests in trusts	2,931	(2,833)
Contributions for long-term investment	(16,578)	(14,172)
Non-cash contributions received	(13,663)	(2,791)
Fair value of donated securities	5,607	1,351
Actuarial change on annuity liabilities	7	653
Realized/unrealized loss(gain) on investments	4,281	(73,991)
Changes in operating assets and liabilities		
Accounts receivable	(46,834)	(6,591)
Contributions receivable	(17,073)	10,348
Other assets	(2,849)	(950)
Accounts payable and accrued expenses	20,305	5,650
Post-retirement and pension benefits	8,455	5,004
Deposits	(16,668)	3,934
Deferred revenue	14,312	26,753
Net cash provided by operating activities	<u>62,698</u>	<u>101,135</u>
Cash flow from investing activities		
Purchase of investments	(565,235)	(123,609)
Proceeds from sale of investments	545,984	137,944
Change in restricted cash	(324)	(3,013)
Proceeds from student loan collections	7,214	5,186
Student loans issued	(7,992)	(3,634)
Purchase of land, buildings and equipment	(54,667)	(133,651)
Investment in New Market Tax Credit entities	-	(13,814)
Change in funds held by trustees	14,989	29,210
Net cash used in investing activities	<u>(60,031)</u>	<u>(105,381)</u>
Cash flow from financing activities		
Contributions restricted for endowments	16,578	14,172
Proceeds from sales of donated securities	2,112	958
Payments on annuity obligations	(333)	(263)
Government advances for student loans	328	791
Proceeds from short-term debt	20,000	20,000
Repayment of short-term debt	(20,000)	(20,000)
Repayment of long-term debt	(10,036)	(6,771)
Net cash provided by financing activities	<u>8,649</u>	<u>8,887</u>
Net increase in cash and cash equivalents	11,316	4,641
Cash and cash equivalents		
Beginning of year	<u>88,141</u>	<u>83,500</u>
End of year	<u>\$ 99,457</u>	<u>\$ 88,141</u>
Supplemental information		
Gifts-in-kind	\$ 5,911	\$ 175
Cash paid for interest	16,796	17,164
Amounts accrued for purchase of land, buildings and equipment	9,525	8,024
Donated securities	7,752	2,616
Issuance of long-term debt for restricted purpose	-	19,540

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

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

1. Summary of Significant Accounting Policies

Organization and Basis of Consolidated Financial Statements

Drexel University (the "University") is a private comprehensive global research university located in Philadelphia, Pennsylvania. The University is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The consolidated financial statements include Drexel University, the Academy of Natural Sciences of Philadelphia, Drexel eLearning, Inc., Academic Properties, Inc., and the University's other subsidiaries which are described in detail in these notes.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). All revenues received and expenditures paid prior to the end of the fiscal year which relate to the following fiscal year are recorded and reflected as deferred revenues and deferred charges, respectively. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into the categories as shown below.

Permanently Restricted

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

Temporarily Restricted

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

Unrestricted

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

Philadelphia Health and Education Corporation

The University owned 100% of the Philadelphia Health and Education Corporation ("PHEC"), doing business as Drexel University College of Medicine, and providing teaching and administrative services for the education of the University's medical students and students in the health professions. PHEC was party to an Academic Affiliation Agreement with Tenet Healthcare Corporation ("Tenet") intended to establish a relationship to foster continued coordination and integration between PHEC and the Tenet hospitals whereby PHEC agrees to provide administrative, supervisory and teaching services to Tenet at budgeted levels. This agreement, dated November 10, 1998 and subsequently amended on April 25, 2002, is effective until June 30, 2022 and may be renewed thereafter for separate and successive five-year terms (Note 17). As a result of the merger, the University has assumed responsibility for the affiliation agreement with Tenet.

On February 7, 2013, the PHEC Board of Trustees adopted a resolution to merge PHEC into Drexel. The Drexel Board of Trustees adopted the resolution to merge on February 20, 2013.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

On April 11, 2014, the Philadelphia County Court of Common Pleas, Orphans' Court Division approved the merger of PHEC into Drexel, including the transfer of all of the assets of PHEC to Drexel with a target effective date of July 1, 2014.

In accordance with the resolutions and an effective date of July 1, 2014, PHEC merged with and into Drexel, and the separate existence of PHEC ceased.

Academy of Natural Sciences of Philadelphia

Pursuant to an affiliation agreement dated September 13, 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 an 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 systematics research and research in aquatic ecosystem, including integrating such research with education regarding biodiversity and the environmental science in collaboration with the University and its students. The balances and activities of ANS are included in the accompanying consolidated financial statements.

Academic Properties, Inc.

The University owns 100% of Academic Properties, Inc. ("API"), an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. API manages properties used by the University, as well as other strategically located properties contiguous to its campus. The balances and activities of API are included in the accompanying consolidated financial statements.

Drexel e-Learning, Inc.

The University owns 100% of the issued and outstanding stock of Drexel e-Learning, Inc. ("DeL") a for-profit entity. DeL was created to provide educational products and services through distance learning. The balances and activities of DeL are included in the accompanying consolidated financial statements.

On July 1, 2015, DeL merged with and into Drexel University Online, LLC ("DUO"), a non-profit, Delaware, single-member, limited liability company whose sole member is Drexel University. On that date, DUO will be the surviving entity and will carry on all of the operations previously performed by DeL. Accordingly, as of July 1, 2015, the DeL legal entity ceased to exist.

Schuylkill Crossing Reciprocal Risk Retention Group

The Schuylkill Crossing Reciprocal Risk Retention Group (the "RRRG") operated to provide primary coverage for claims-made medical professional liability insurance for healthcare professionals employed by PHEC. Ownership of the RRRG was split 85% and 15% between PHEC and the University (Note 15).

At June 30, 2014, total assets of the RRRG totaled \$25,591,000 and ownership equity totaled \$2,173,000 which are included in the consolidated financial statements.

As a result of the merger of PHEC and Drexel, effective as of July 1, 2014, RRRG has terminated its license to provide insurance. All prior risks have been novated, substituted, and assumed by Drexel University Medical Professional Self-Insurance Trust for the primary layer and by a newly-formed captive, Dragon Risk Limited, Co. for the excess layers.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Dragon Risk Limited, Co.

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

11th Street Family Health Services Inc.

11th Street Family Health Services Inc. (“11th Street”), a Pennsylvania non-profit corporation, was formed on December 12, 2013. 11th Street is a non-profit real estate holding company of Drexel University, organized to operate in furtherance of the activities of Drexel University and to facilitate the use of new market tax credits in rehabilitating and expanding the structures located at 850 North 11th Street, Philadelphia. On December 23, 2013, 11th Street received a donation of certain real estate property known as 850 North 11th Street, Philadelphia Pennsylvania (the “Property”) from Drexel University. The Property is 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 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.

3509 Spring Garden, Limited Partnership

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

3509 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. Drexel University owns 10% of the outstanding stock of 3509 GP, the remaining 90% is owned by 3509 GP. The officers of 3509 GP are also the officers and senior leadership of Drexel University. As part of the New Market Tax Credit and Historic Tax Credit transactions, a for-profit single purpose entity was needed to own the property and to the QALICB. The QALICB was established as a limited partnership, with 3509 GP acting as the general partner and holding a 90% interest.

3509 Spring Garden, Master Tenant, Limited Partnership

3509 Spring Garden, Master Tenant, Limited Partnership (“3509 MTLP”) a Pennsylvania limited partnership, was formed on August 21, 2013 to lease, manage and operate property owned by 3509 Spring Garden Limited Partnership, 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 Regulations. 3509 MTLP has made an equity investment in the QALICB 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 the QALICB have executed a HTC (Historic Tax Credit) Pass-Through Agreement pursuant to which the QALICB will elect under Section 50 of the Internal Revenue Code to pass through to the Partnership the Federal Tax Credits to which the QALICB is entitled as a result of the historic buildings rehabilitation project.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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. Drexel University owns 10% of the outstanding stock of 3509 MTM, the remaining 90% is owned by 3509 MTM. The officers of 3509 MTM are also the officers and senior leadership of Drexel University. As part of the New Market Tax Credit and Historic Tax Credit transactions, a separate for-profit single purpose entity was established to operate the sublease of the Spring Garden property to meet the QALICB requirements. An additional for-profit subsidiary of the University, 3509 Spring Garden Master Tenant, Limited Partnership was established to act as the non-member manager of the property. The Master Tenant entity was established as a limited partnership with the Corporation acting as the general partner and holding a 0.1% interest.

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. At June 30, 2015 and 2014, 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.

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 such time as the conditions are substantially met. Contributions are reported as an increase in the appropriate net asset category.

Beneficial Interests in Trusts

The University is the beneficiary of the income of certain trusts, but has neither possession nor control of the investments. Beneficial interests in trusts are classified as Level 3. The trusts are valued based on the underlying securities held by the trusts and are primarily composed of equity and fixed income securities that have readily determinable values and would, if not for being held by third parties, be classified as Level 1. The primary unobservable inputs used in the fair value measurement of the trusts are the present value of expected future cash flows. Significant fluctuation in the securities held in the trusts could result in a material change in fair value. Liabilities to beneficiaries are revalued annually based on the current interest rate from IRS Section 7520 actuarial tables, and are categorized as Level 3.

Fair Value of Financial Instruments

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

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Patient Care Activities

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

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

Contributions

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

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

Non-operating Activities

Non-operating activities include permanently restricted contributions, realized and unrealized (losses) / gains on investments net of payouts under the endowment spending policies, loss on the disposals of equipment, post-retirement benefit adjustment, severances, settlement of claims related to Allegheny Health, Education, and Research Foundation, costs related to the merger of PHEC into Drexel, and costs related to the dissolution of DeL and the formation of DUO. Non-operating activities are detailed as follows:

<i>(in thousands)</i>	2015	2014
Post-retirement and pension adjustment	\$ 5,820	\$ 2,003
Restructuring costs	5,430	1,165
Merger-related expense	742	400
Change to endowment	-	7,000
Other miscellaneous expense	591	968
Other non-operating expense	<u>\$ 12,583</u>	<u>\$ 11,536</u>

Use of Estimates

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

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Income Taxes

The University has been granted tax-exempt status as a nonprofit 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. No provision for income taxes is required in the University financial statements. However, DeL, a for-profit subsidiary of the University, does record a provision for income taxes which is immaterial to the University's consolidated financial statements. The University files U.S. Federal, state and local information 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 incur activities that are subject to unrelated business income taxes for which appropriate income tax returns are filed (Note 16).

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 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.

Accounting for Derivative Instruments and Hedging Activities

The University entered into a variable-to-fixed swap agreement with Wells Fargo Bank, N.A. that converts the Series B of 2005 bonds to a fixed interest rate of 3.414% through the maturity of the bonds. The agreement resulted in losses of \$247,000 in 2015 and \$71,000 in 2014. The fair value of the interest rate swap agreement was a liability of \$4,567,000 and \$4,321,000, respectively, at June 30, 2015 and 2014.

The swap agreement is used by the University to reduce exposure to the volatility in variable interest rates on long-term debt (Note 10). There were no other swap agreements in effect as of June 30, 2015 or 2014. The fair value of the swap agreements is reported as 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.

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2. Revision of 2014 Financial Statements

The University has revised its prior period financial statements to correct errors related to the classification of the New Market Tax Credit Program loan transactions. The nature of the error relates to the classification of the fund proceeds and the gross presentation of the loan investments and loan borrowings. Management does not believe the impact on the prior year is material. However, management has chosen to revise the previously issued financial statements to correct this error. The following table sets forth the affected line items in the statement of financial position and statement of cash flows for the year ended June 30, 2014.

Statement of Financial Position
As of June 30, 2014

	As originally presented	Correction	As revised
Assets			
Cash and cash equivalents	\$ 106,992	\$ (18,851)	\$ 88,141
Funds held by trustees	1,983	18,851	20,834
Other assets	20,184	13,814	33,998
Liabilities			
Bonds and notes payable	454,591	13,814	468,405

Statement of Cash Flows
For the Year ended June 30, 2014

	As originally presented	Correction	As revised
Cash flow from investing activities			
Investment in New Market Tax Credit entities	\$ -	\$ (13,814)	\$ (13,814)
Change in restricted cash	-	(3,013)	(3,013)
Change in funds held by trustees	28,521	689	29,210
Cash flow from financing activities			
Repayment of long-term debt	(1,045)	(5,726)	(6,771)
Supplemental information			
Issuance of long-term debt for restricted purpose	-	19,540	19,540
Cash at Beginning of Year	87,504	(4,004)	83,500
Cash at End of Year	114,009	(25,868)	88,141

3. Reclassification of Prior Year Presentation

Certain prior year balances have been reclassified to conform with June 30, 2015 presentation. These reclassifications had no impact on the change in net assets.

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4. Net Assets

Net assets included the following:

<i>(in thousands)</i>	2015	2014
Unrestricted		
Undesignated	\$ (282,639)	\$ (253,288)
Designated for colleges, departments and student loans	128,958	104,213
Physical plant	535,752	477,471
Quasi-endowment funds	251,551	248,955
Reclassification for endowments with deficiencies	(2,445)	(1,606)
Total unrestricted	<u>631,177</u>	<u>575,745</u>
Temporarily restricted		
Funds for instruction, scholarships and capital expenditures	148,088	142,496
Endowment realized and unrealized gain	102,052	113,767
Reclassification for endowments with deficiencies	1,733	1,606
Life income and term endowment funds	3,559	3,334
Total temporarily restricted	<u>255,432</u>	<u>261,203</u>
Permanently restricted		
Endowment principal	277,859	264,115
Reclassification for endowments with deficiencies	712	-
Beneficial interests in trusts	38,081	39,023
Student loans and others	7,368	7,304
Total permanently restricted	<u>324,020</u>	<u>310,442</u>
Total net assets	<u>\$ 1,210,629</u>	<u>\$ 1,147,390</u>

5. Accounts Receivable

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

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

<i>(in thousands)</i>	2015	2014
Tuition	\$ 96,832	\$ 68,816
Grants, contracts, and other	73,674	62,709
Patient, net of contractual allowance	15,155	14,342
Tenet Healthcare Corporation	1,852	1,768
	<u>187,513</u>	<u>147,635</u>
Allowance for doubtful accounts:		
Tuition	(22,915)	(18,096)
Grants, contracts, and other	(2,213)	(1,769)
Patient	(6,205)	(6,299)
Tenet Healthcare Corporation	-	(22)
Accounts receivable, net	<u>\$ 156,180</u>	<u>\$ 121,449</u>

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

The availability of funds for loans under Federal government revolving loan programs is dependent on reimbursements to the pool from repayments of outstanding loans. Funds advanced by the federal government of \$28,513,000 and \$28,185,000 at June 30, 2015 and 2014, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability to the government.

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At June 30, 2015 and 2014, student loans consisted of the following:

<i>(in thousands)</i>	2015	2014
Federal government loan programs		
Perkins loan program	\$ 22,988	\$ 23,864
Health professions student loans and loans for disadvantaged students	4,039	4,540
Nursing student loans	28	36
Federal government loan programs	<u>27,055</u>	<u>28,440</u>
Institutional loan programs	<u>11,101</u>	<u>8,939</u>
	<u>38,156</u>	<u>37,379</u>
Less: Allowance for doubtful accounts		
Balances at beginning of year	(2,273)	(3,074)
Change in provision for doubtful accounts	(401)	801
Balances at end of year	<u>(2,674)</u>	<u>(2,273)</u>
Student loans receivable, net	<u>\$ 35,482</u>	<u>\$ 35,106</u>

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

6. Contributions Receivable

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment more than a year from the pledge date are recorded net of a discount which averaged 1.5% at June 30, 2015 and 2014. The University considers these discount rates to be a Level 3 input in the context of ASC 820-10 (Note 8).

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Net contributions receivable at June 30 were as follows:

<i>(in thousands)</i>	2015	2014
Amounts due in		
Less than one year	\$ 30,412	\$ 16,197
One to five years	35,400	28,070
Greater than five years	45,522	42,468
Gross contributions receivable	<u>111,334</u>	<u>86,735</u>
Less:		
Allowance for uncollectibles	(648)	(777)
Discounts to present value	(21,798)	(13,624)
Total contributions receivable, net	<u>\$ 88,888</u>	<u>\$ 72,334</u>

Outstanding conditional promises to give amounted to \$30,852,000 and \$37,055,000 and at June 30, 2015 and 2014, respectively, which are dependent upon the fulfillment of certain conditions and, therefore, not included in the consolidated financial statements.

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

<i>(in thousands)</i>	2015	2014
Net contributions receivable at beginning of year	\$ 72,334	\$ 82,200
New pledges	36,213	21,211
Collections and adjustments	(11,611)	(31,517)
Decrease in allowance for uncollectibles	171	471
Increase in present value discounts	(8,219)	(31)
Net contributions receivable at end of year	<u>\$ 88,888</u>	<u>\$ 72,334</u>

7. Investments and Investment Return

At June 30, 2015 and 2014, the fair value of investments included the following:

<i>(in thousands)</i>	Fair value	
	2015	2014
Equity securities	\$ 294,955	\$ 299,383
Fixed income securities and bond funds	61,062	62,629
Alternative investments	83,819	88,002
Real estate and real assets funds	57,311	59,490
Directly-held real estate	122,755	119,345
Money market funds	17,994	6,741
Total endowment investments	<u>637,896</u>	<u>635,590</u>
Self-insurance escrow funds (Note 15)	53,776	12,638
Balanced index fund (Notes 15)	-	28,441
Total investments	<u>\$ 691,672</u>	<u>\$ 676,669</u>

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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, 2015 and 2014:

<i>(in thousands)</i>	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 91	\$ 3,227	\$ -	\$ 3,318
Net realized and unrealized gain	(4,414)	3,249	(3,116)	(4,281)
Return on investments	(4,323)	6,476	(3,116)	(963)
Interest income	888	2,149		3,037
Total return on investments	(3,435)	8,625	(3,116)	2,074
Investment return designated for current operations	(979)	(19,989)	(100)	(21,068)
Investment return net of amounts designated for current operations	<u>\$ (4,414)</u>	<u>\$ (11,364)</u>	<u>\$ (3,216)</u>	<u>\$ (18,994)</u>

<i>(in thousands)</i>	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 5,733	\$ 1,161	\$ -	\$ 6,894
Net realized and unrealized gain	26,937	53,869	6,038	86,844
Return on investments	32,670	55,030	6,038	93,738
Interest income	3,700	1,451		5,151
Total return on investments	36,370	56,481	6,038	98,889
Investment return designated for current operations	(9,434)	(21,625)	(155)	(31,214)
Investment return net of amounts designated for current operations	<u>\$ 26,936</u>	<u>\$ 34,856</u>	<u>\$ 5,883</u>	<u>\$ 67,675</u>

8. Fair Value of Financial Instruments

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

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

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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 non-exchange traded fixed income securities, certain bond investments, mutual funds, structured products, and interest rate swaps.

- Level 3 Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 consist of partnership investments in hedge funds, alternative and private equities, contributions receivable and annuities, directly held real estate, and real estate fund investments.

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

The University assesses the valuation hierarchy for each asset or liability measured on an annual basis. From time to time, assets or liabilities will be transferred within hierarchy levels as a result of changes in valuation methodologies. The University's policy is to recognize such transfers at the end of the reporting period.

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As of June 30, 2015, the assets measured at fair value for each hierarchy level were as follows:

<i>(in thousands)</i>	2015			
	Level 1	Level 2	Level 3	Total
Assets				
Funds held by trustees	\$ 5,845	\$ -	\$ -	\$ 5,845
Beneficial interests in trusts			53,507	53,507
Investments				
Equity securities	261,243	33,712	-	294,955
Fixed income securities and bond funds	11,520	49,542	-	61,062
Alternative investments	-	-	83,819	83,819
Real estate and real assets funds	749	14,395	42,167	57,311
Directly-held real estate	-	-	122,755	122,755
Money market funds	17,994	-	-	17,994
Investments held in endowment	291,506	97,649	248,741	637,896
Self-insurance escrow funds (Note 15)	53,776	-	-	53,776
Total investments	345,282	97,649	248,741	691,672
Total assets at fair value	<u>\$ 351,127</u>	<u>\$ 97,649</u>	<u>\$ 302,248</u>	<u>\$ 751,024</u>
Liabilities				
Interest rate swaps (Note 1)	\$ -	\$ 4,567	\$ -	\$ 4,567
Annuities	-	-	6,440	6,440
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 4,567</u>	<u>\$ 6,440</u>	<u>\$ 11,007</u>

<i>(in thousands)</i>	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Funds held by trustees	\$ 20,834	\$ -	\$ -	\$ 20,834
Beneficial interests in trusts	-	-	56,438	56,438
Investments				
Equity securities	268,461	30,922	-	299,383
Fixed income securities and bond funds	11,603	51,026	-	62,629
Alternative investments	-	-	88,002	88,002
Real estate and real assets funds	1,014	16,269	42,207	59,490
Directly-held real estate	-	-	119,345	119,345
Money market funds	6,741	-	-	6,741
Investments held in endowment	287,819	98,217	249,554	635,590
Self-insurance escrow funds (Note 15)	12,638	-	-	12,638
Balanced index fund (Note 15)	28,441	-	-	28,441
Total investments	328,898	98,217	249,554	676,669
Total assets at fair value	<u>\$ 349,732</u>	<u>\$ 98,217</u>	<u>\$ 305,992</u>	<u>\$ 753,941</u>
Liabilities				
Interest rate swaps (Note 1)	\$ -	\$ 4,321	\$ -	\$ 4,321
Annuities	-	-	6,430	6,430
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 4,321</u>	<u>\$ 6,430</u>	<u>\$ 10,751</u>

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

<i>(in thousands)</i>	2015			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
Multi-Strategy Hedge Funds (a)	\$ 15,418	\$ -	Annual/Quarterly	45-60/65 days
Distressed Debt Hedge Funds (b)	6,036	-	Annual/Quarterly	90 days
Fixed Income and Related Hedge Funds (c)	21,285	-	Monthly/Quarterly	10-60/65 days
Private Capital Funds-Secondaries (d)	11,716	5,877		
Private Capital Funds-Venture Capital (e)	3,418	2,380		
Private Capital Funds - Distressed Assets (f)	3,254	1,002		
Private Capital Funds-Buy-out (g)	3,724	5,006		
Real Asset Funds (h)	16,556	6,250		
Real Estate Funds (i)	13,524	7,967		
Long/Short Equity Hedge Funds (j)	3,028	-	Annual/Quarterly	60/45 days
Private Capital Funds-Hedge Fund Seeder (k)	6,978	733		
Private Capital Funds-Mezzanine Debt (l)	8,963	2,452		
	<u>\$ 113,900</u>	<u>\$ 31,667</u>		

- a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2015 and 2014, respectively, the composite portfolio includes approximately 49% and 54% in distressed investments with a liquidation period of 1 to 3 years, 32% and 24% arbitrage opportunities, 6% and 5% in cash, 11% and 8% long/short equity and 2% and 8% 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. It is estimated that the underlying assets would be liquidated over the next 1 to 3 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- b. This category includes investments in hedge funds that invest in debt of companies in or facing bankruptcy. The investment managers seek to liquidate these investments in 1 to 3 years. The fair value has been estimated using the reported net asset value per share of the hedge fund.
- 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 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, 2015, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 2% in 1 to 4 years; 64% in 5 to 7 years; and 34% in 8 to 10 years. At June 30, 2014, the liquidation periods were expected to be: 4% in 1 to 4 years; 79% in 5 to 7 years; and 17% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private equity fund.

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- e. 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, 2015, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 74% in 1 to 4 years; and 26% in 5 to 7 years (with the inclusion of a new investment in fiscal year 2015). At June 30, 2014, the liquidation period was expected to be 1 to 2 years. The fair value has been estimated using the reported net asset value per share of the private equity fund.
- f. This category includes investments in private equity funds that invest in the distressed asset and middle market corporate distressed markets. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2015, it is estimated that the underlying assets of the fund would be liquidated over 5 to 7 years, versus 6 to 9 years at June 30, 2014. The fair value has been estimated using the reported net asset value per share of the private equity 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 primarily in U.S. technology and healthcare companies with one investment dedicated to Asian companies. 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, 2015, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 63% over 1 to 4 years; and 37% over 8 to 10 years (with the inclusion of new investments in FY2015). As of June 30, 2014, it was estimated that the underlying assets of the fund would be liquidated over 1 to 2 years. The fair value has been estimated using the reported net asset value per share of the private equity fund.
- h. 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, 2015, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 25% in 1 to 4 years; 49% in 5 to 7 years; and 26% in 8 to 10 years. At June 30, 2014, the liquidation periods were expected to be: 20% in 1 to 4 years; 46% 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.
- i. 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, 2015 and 2014, respectively, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 73% and 48% in 1 to 4 years, 26% and 52% in 5 to 7 years, and 1% to 0% in 8 to 10 years (with the inclusion of a new investment in FY2015). The fair value has been estimated using the reported net asset value per share of the real estate fund.
- j. This category includes investments in hedge funds that invest primarily in U.S. common stocks with both long and short strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and from a net long position to a net short position. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.

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- 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, 2015 and 2014, respectively, the fund's underlying investments were 48% and 52% long/short global equity, 7% and 8% in macro and commodity trading, 22% and 20% in diversified credit, 7% and 9% in arbitrage opportunities, and 16% and 11% in global event-driven opportunities. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets would be liquidated in 2 to 6 years at June 30, 2015 and 2 to 7 years at June 30, 2014. The fair value has been estimated using the reported net asset value per share of the private equity fund.
- l. This category includes investments in private equity funds that provide mezzanine debt financing to middle market firms. Mezzanine debt differs from mortgage debt in that the mezzanine debt is backed by equity interests in the borrowing firm, versus mortgage financing which is backed by the asset. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of the fund would be liquidated in 5 to 7 years at June 30, 2015 and 3 to 8 years at June 30, 2014. The fair value has been estimated using the reported net asset value per share of the private equity fund.

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

The University owns partnership interests in a real estate portfolio classified real estate and real estate funds as a Level 3 asset. The interests have a fair market value of \$12,086,000, net of \$15,124,000 in outstanding debt. The valuation of these investment properties is prepared annually by an independent appraiser.

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 (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement, respectively.

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

<i>(in thousands)</i>	2015	2014
Assets at beginning of year	\$ 305,992	\$ 286,511
Net unrealized gain	788	7,221
Net realized gain	4,076	3,005
Purchases	57,135	24,281
Sales	(65,743)	(18,418)
Funds transferred from Level 1	-	3,392
Assets at end of year	<u>\$ 302,248</u>	<u>\$ 305,992</u>

<i>(in thousands)</i>	2015	2014
Annuities at beginning of year	\$ 6,430	\$ 6,040
Actuarial change on annuity liabilities	704	653
Payments on annuity liabilities	(694)	(263)
Annuities at end of year	<u>\$ 6,440</u>	<u>\$ 6,430</u>

9. 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, 2015 and 2014, the University had an endowment spending rule that limited the spending of endowment resources to 4.75% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years.

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.

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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. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the endowment made in accordance with the direction of the applicable donor designation. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by PA Act 141.

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

	2015			
<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 23,281	\$ 131,093	\$ 277,308	\$ 431,682
Board-designated endowment funds	210,276			210,276
Total assets	<u>\$ 233,557</u>	<u>\$ 131,093</u>	<u>\$ 277,308</u>	<u>\$ 641,958</u>
	2014			
<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 23,584	\$ 143,460	\$ 263,405	\$ 430,449
Board-designated endowment funds	208,190			208,190
Total assets	<u>\$ 231,774</u>	<u>\$ 143,460</u>	<u>\$ 263,405</u>	<u>\$ 638,639</u>

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Changes in the University's endowment assets for the years ended June 30, 2015 and 2014 were as follows:

<i>(in thousands)</i>	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment at beginning of year	\$ 231,774	\$ 143,460	\$ 263,405	\$ 638,639
Investment return				
Investment income, net of fees	7,552	4,472	612	12,636
Net realized gain	5,517	9,408	1,471	16,396
Net unrealized loss	(1,866)	(10,802)	(2,056)	(14,724)
Reclassification for funds with deficiencies	(839)	564	275	-
Total endowment return	10,364	3,642	302	14,308
Contributions	-	(962)	15,682	14,720
Use of endowment assets				
Annual transfer for operations	(8,592)	(14,670)	(2,208)	(25,470)
Other transfers	11	(377)	127	(239)
Total uses	(8,581)	(15,047)	(2,081)	(25,709)
Endowment at end of year	\$ 233,557	\$ 131,093	\$ 277,308	\$ 641,958

<i>(in thousands)</i>	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment at beginning of year	\$ 213,771	\$ 111,495	\$ 245,290	\$ 570,556
Investment return				
Investment income, net of fees	2,815	5,103	190	8,108
Net realized gain	3,540	6,821	731	11,092
Net unrealized gain	10,784	50,957	6,134	67,875
Reclassification for funds with deficiencies	4,847	(4,847)	-	-
Total endowment return	21,986	58,034	7,055	87,075
Contributions	797	(10,245)	13,701	4,253
Use of endowment assets				
Annual transfer for operations	(9,649)	(13,739)	(2,645)	(26,033)
Other transfers	4,869	(2,085)	4	2,788
Total uses	(4,780)	(15,824)	(2,641)	(23,245)
Endowment at end of year	\$ 231,774	\$ 143,460	\$ 263,405	\$ 638,639

Endowment Funds with Deficiencies

From time to time, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund. The aggregate amount of funds with deficiencies is reported in unrestricted net assets in the consolidated statement of activities. Subsequent investment gains will be used to restore the balance to the fair market value of the original amount of the gift. Subsequent gains above that amount will be recorded as temporarily restricted net assets. Aggregate deficiencies were \$2,445,000 and \$1,606,000 as of June 30, 2015 and 2014, respectively.

10. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost or, if acquired by gift, at the appraised value on the date of acquisition. Amortization and depreciation are computed on a straight-line basis over the lesser of the estimated useful lives of the assets ranging from 3 to 30 years for equipment and software and 5 to 50 years for buildings and improvements or the shorter of the term of the lease.

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The University determined that there were legal obligations to retire certain facilities and equipment. The total asset retirement cost and obligation was \$3,122,000 and \$5,487,000 at June 30, 2015 and \$3,149,000 and \$5,593,000 at June 30, 2014, respectively, and is included in buildings and improvements and accrued expenses, respectively, on the consolidated statements of financial position. In 2015 and 2014, depreciation and accretion expense amounted to \$43,000 and \$61,000, respectively, and \$132,000 and \$134,000, respectively.

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>	2015	2014
Works of art	\$ 10,918	\$ 10,867
Land and improvements	132,808	119,126
Buildings and improvements	914,955	895,438
Equipment, software and library books	208,328	206,041
Construction in progress	63,869	48,662
	<u>1,330,878</u>	<u>1,280,134</u>
Less: Accumulated depreciation	<u>(428,549)</u>	<u>(395,327)</u>
Total land, buildings and equipment	<u>\$ 902,329</u>	<u>\$ 884,807</u>

11. Leases

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

<i>(in thousands)</i>	
2016	\$ 16,966
2017	15,601
2018	14,842
2019	14,189
2020	13,021
Thereafter	<u>31,296</u>
Total minimum lease payments	<u>\$ 105,915</u>

Total rent expense for operating leases amounted to \$21,182,000 and \$22,705,000 for the years ended June 30, 2015 and 2014, respectively.

The University leases educational, research, and medical office space from Tenet under an operating lease expiring June 30, 2022. The future minimum payments are included in the table above. Total rent expense for the Tenet operating lease was \$7,991,000 for each of the years ended June 30, 2015 and 2014.

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The University entered into an agreement with the Commonwealth of Pennsylvania (the "Commonwealth") on August 1, 2002 to lease space in the Armory Building (the "Armory") at no cost for an initial period of fifty years during which time the University agreed to complete certain improvements to the Armory at the University's expense. Thereafter, the lease may be renewed for two, additional twenty-year periods at fair value. In the event the Commonwealth should desire to sell the property during the initial or additional lease periods, the University has the option to purchase the Armory for \$1,700,000, adjusted for inflation. There were \$62,000 and \$0, respectively, for improvements in fiscal years 2015 or 2014. Estimated costs for the required improvements amounted to \$2,804,000 and \$2,867,000 at June 30, 2015 and 2014, respectively. These costs have been capitalized and a comparable capital lease liability recorded.

In January 2012, the University and American Campus Communities (ACC) entered into a triple net ground lease structure governing the conveyance of the land area located on Chestnut Street with a base lease term of forty (40) years and three (3) ten (10) year option periods. In consideration for the right to develop, own, and operate the proposed project on the University's campus, ACC will pay Drexel University an annual ground rent of \$254,000 which is recorded as rental income by the University. The University bears no cost of the ACC Chestnut Street Development project. At the end of the lease (40-70 years), the asset reverts to the University.

On August 30, 2013, the University entered into a Land Purchase Agreement with the affiliates of ACC, whereby ACC contributed land it owned contiguous to Drexel's campus (i.e. 3175 JFK Blvd) to Drexel as a gift without any purchase consideration, but retained the ownership of University Crossings, an existing 17 story building, and improvements erected on this land. As a condition of the Land Purchase Agreement, Drexel and ACC also entered into a Ground Lease Agreement whereby Drexel leased the land back to ACC for no consideration other than reimbursement of property tax that Drexel would be required to pay as the land owner. The term of the lease is 40 years with an option to renew for three consecutive 10 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 entered into a sublease agreement with an affiliate of ACC on August 30, 2013 to lease space in the 3400 Lancaster Avenue property to be utilized as a student dining facility. The sublease calls for annual rent payments of \$741,395 for the first 30 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 10 year renewal options. At the expiration or sooner termination of the ground lease, title shall vest in 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 plans to execute the option in December 2015. The amount will be capitalized and amortized over the term of the lease.

In June 2014, the University entered into ground lease agreements with Wexford 3750 Lancaster Avenue, LLC, Wexford 115 North 38th Street, LLC, Wexford 225 North 38th 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.

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On December 17, 2014, the University entered into a ground lease agreement with Study Philadelphia Holding LLC (“SPHLLC”) for University property located at 3301 Chestnut Street. The base term of the lease is 50 years with two (2) ten (10) year renewal options. In consideration for the right to develop, own, and operate the property, SPHLLC will pay the University annual ground rent ranging from \$150,000 to \$167,000 over the fifty year term of the lease. The commencement date is twenty-four months from the date of the lease or the opening date whichever is earlier. Upon the expiration of the lease, the leased premises will become the property of the University.

12. Bonds and Notes Payable

<i>(in thousands)</i>	Project	Maturity	Interest Rate	2015	2014
Description					
Dormitory Bonds of 1965	Kelly Hall	2014-2015	3.00-3.50%	\$ -	\$ 110
Dormitory Bonds of 1969	Calhoun Hall	2014-2019	3.00%	290	360
Philadelphia Industrial Development Corp.	Abbotts demolition/ parking lot	2014-2015	3.00%	-	86
Pennsylvania Higher Educational Facilities Authority Revenue Bonds Second Series of 2000 Series B of 2002	Capital improvements and equipment Matheson Hall improvements, new research center, other improvements	2019-2026	Variable	22,500	22,500
Series A of 2005	Capital improvements and equipment	2015-2032	Variable	41,825	42,140
Series B of 2005	Advance refunding	2014-2034	3.20-5.00%	26,162	27,126
Series A of 2007	New laboratory	2019-2030	Variable	29,625	29,625
Series B of 2007	Dormitory & Wellness Center; capital improvements and equipment	2030-2037	4.50-5.00%	95,382	95,521
Series of 2007 Series A of 2011	Refund mortgage, capital improvements and equipment	2014-2037	Variable	26,345	27,025
Series of 2012	Partial cost of buildings for the Colleges of Business and Media Arts & Design, Department of Biology; Stratton Hall renovations; refunding	2014-2037	3.75-5.00%	19,903	20,433
Series of 2012	Refunding	2014-2041	2.00-5.25%	150,784	155,564
Series of 2012	Refunding	2014-2032	1.00-5.00%	26,305	28,375
11th Street Family Health Services Inc. The Reinvestment Fund, Inc.	New Market Tax Credit Program	2043	1.297%	2,717	2,717
		2043	1.297%	6,783	6,783
3509 Spring Garden, LP Philadelphia Industrial Development Corp.	New Market Tax Credit Program	2044	1.517%	1,964	1,964
		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
		2044	1.00%	2,205	2,205
Total bonds and notes payable				<u>\$ 458,661</u>	<u>\$ 468,405</u>

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The variable rates of interest on the Pennsylvania Higher Educational Facilities Authority Revenue Bonds are based on the weekly rate determined by the remarketing or auction agent, not to exceed 16% per annum. The total market value of the \$438,550,000 bonds was \$450,942,000 at June 30, 2015, based on a comparison to current interest rates. The bonds are considered to be a Level 2 liability.

The Dormitory bonds of 1965 and 1969 are collateralized by first mortgages on the associated buildings and first liens on, and pledges of, the net revenues derived from the building operations.

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

The Philadelphia Industrial Development Corporation loan was secured by a mortgage lien on One Drexel Plaza.

Debt maturities for the fiscal years ending June 30 are as follows:

<i>(in thousands)</i>	Maturities	Remarketed Debt	Total Debt
2016	\$ 10,438	\$ 1,030	\$ 11,468
2017	11,438	1,070	12,508
2018	11,913	1,115	13,028
2019	8,568	5,130	13,698
2020	10,163	4,005	14,168
Thereafter	285,846	107,945	393,791
			<u>\$ 458,661</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 to the fiscal years 2016, 2018, and 2019, respectively, based on the current expiration dates of the letters of credit (see Note 16). These issues have been included in the above table based on the date of the letter of credit. The University is in compliance with the covenants contained in the various loan agreements.

Lines of Credit

PHEC entered into a term note - line of credit of \$3,500,000 for equipment purchases that accrues interest based on Libor plus 1.25%. With the merger at July 1, 2015, the line of credit has been assumed by Drexel. Advances are available through June 30, 2015, with equal payments of principal and interest due sixty months thereafter. The line of credit is secured by a lien and security interest in deposits or other sums held by the lender or its affiliates. There were no amounts outstanding at June 30, 2015 and 2014.

Total unsecured Revolving Credit Facilities ("Facilities") of \$55,000,000 matures on December 31, 2015, and accrues interest based on Intercontinental Exchange Benchmark Administration "ICE" (subject to a floor of 0.75%) for the University. It can be extended annually based upon the mutual agreement of the University and the bank maintaining the Facilities. At June 30, 2015, the interest rate was 0.75% and there were no amounts outstanding.

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13. Retirement Plans

Defined Benefit and Defined Contribution Plans

The University maintains contributory retirement plans which provide for the purchase of annuity contracts and mutual funds for the majority of full-time faculty and certain nonacademic employees. 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 \$39,263,000 and \$32,976,000 in 2015 and 2014, respectively.

ANS maintains a defined contribution plan that provides for discretionary employee contributions. The defined contribution plan is a calendar year plan, with declared employer contributions made at the conclusion of the plan year.

ANS also maintains a defined benefit pension plan. 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>	2015	2014
Weighted average assumptions as of June 30		
Discount rate	4.60 %	4.40 %
Expected return on plan assets	6.50 %	6.50 %
Accumulated benefit obligation		
Accumulated benefit obligation at June 30	\$ 17,562	\$ 16,193
Change projected in benefit obligation		
Net benefit obligation at June 30	\$ 16,193	\$ 14,841
Service costs	115	125
Interest costs	697	725
Actuarial loss	1,310	1,191
Gross benefits paid	(753)	(689)
Net benefit obligation at June 30	<u>\$ 17,562</u>	<u>\$ 16,193</u>

<i>(in thousands)</i>	2015	2014
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 10,269	\$ 9,338
Actual return on plan assets	80	1,054
Employer contributions	834	566
Gross benefits paid	(753)	(689)
Fair value of plan assets at June 30	<u>\$ 10,430</u>	<u>\$ 10,269</u>
Fair value of plan assets	\$ 10,430	\$ 10,269
Benefit obligation	<u>17,562</u>	<u>16,193</u>
Net amount recognized at June 30*	<u>\$ (7,132)</u>	<u>\$ (5,924)</u>

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

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The components of net periodic benefit cost are noted below:

<i>(in thousands)</i>	2015	2014
Weighted average assumptions used to used to determine net periodic benefit cost		
Discount rate	4.40 %	5.00 %
Expected return on plan assets	6.50 %	6.75 %
Components of net periodic benefit cost		
Service costs	\$ 115	\$ 125
Interest costs	697	725
Expected return on assets	(678)	(629)
Amortization of actuarial loss	1,908	766
Net periodic benefit cost	<u>\$ 2,042</u>	<u>\$ 987</u>

As of June 30, 2015 and 2014, 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 \$17,562,000 and \$16,193,000 at June 30, 2015 and 2014, respectively. The fair value of the plan assets was \$10,430,000 and \$10,269,000 as of June 30, 2015 and 2014, respectively. The obligations exceeded the fair value of plan assets of the pension plan.

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

Expected benefit payments		
2016	\$	768
2017		891
2018		967
2019		1,016
2020		1,054
2021-2025		5,637

Plan Assets

The ANS pension plan weighted-average asset allocations at June 30, 2015 and 2014 by asset category are as follows:

<i>(in thousands)</i>	2015	2014
Asset category		
Equity securities	20.5 %	34.3 %
Fixed income securities	64.6 %	36.3 %
Hedge fund and alternative investments	11.1 %	11.1 %
Cash	3.8 %	18.3 %
	<u>100.0 %</u>	<u>100.0 %</u>

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

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

The following table sets forth by level, within the fair value hierarchy, the ANS pension plan assets at fair value at June 30, 2015 and 2014:

<i>(in thousands)</i>	2015			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Cash equivalents	\$ 400	\$ -	\$ -	\$ 400
Mutual funds	8,277	-	-	8,277
Alternative investment:	-	602	1,151	1,753
	<u>\$ 8,677</u>	<u>\$ 602</u>	<u>\$ 1,151</u>	<u>\$ 10,430</u>

<i>(in thousands)</i>	2014			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Cash equivalents	\$ 1,862	\$ -	\$ -	\$ 1,862
Mutual funds	6,691	-	-	6,691
Alternative investment:	-	495	1,221	1,716
	<u>\$ 8,553</u>	<u>\$ 495</u>	<u>\$ 1,221</u>	<u>\$ 10,269</u>

The following table sets forth a summary of changes in the fair value of ANS plan's Level 3 assets for the years ended June 30, 2015 and 2014:

<i>(in thousands)</i>	2015	2014
Assets at beginning of year	\$ 1,221	\$ 2,633
Dividends and interest	-	29
Net realized gain	-	161
Net unrealized gain	3	86
Transfers out	(73)	(1,688)
Assets at end of year	<u>\$ 1,151</u>	<u>\$ 1,221</u>

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14. 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. University employees may become eligible for these benefits if they reach the age and service requirements of the plans while working for the University. The postretirement 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 \$3,778,000 and \$1,015,000 respectively, for the years ended 2015 and 2014 and are reflected in the consolidated statements of activities and included in post-retirement benefits 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:

<i>(in thousands)</i>	Plans Funded Status	
	2015	2014
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 49,726	\$ 45,088
Service cost	2,666	2,155
Interest cost	2,052	1,993
Plan amendments	(7,608)	-
Actuarial loss	11,716	2,101
Plan participant contributions	163	159
Actual benefits paid	(1,773)	(1,770)
Benefit obligation, end of year	<u>56,942</u>	<u>49,726</u>
Change in plan assets		
Fair value of plan assets, beginning of year	-	-
Employer contributions	1,610	1,611
Plan participant contributions	163	159
Actual benefits paid	(1,773)	(1,770)
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Unfunded status of the plan	<u>\$ 56,942</u>	<u>\$ 49,726</u>

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

Discount rate	4.10%	4.65%
Ultimate retiree health care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2025	2025

Included within the 2015 plan amendments is a \$6,900,000 adjustment which resulted from plan amendments that were enacted in 2014.

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For measurement purposes, a 9.4% and a 7.0% 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 2015 grading down to ultimate rates of 5.0% in the year 2025 and thereafter:

Net Periodic Benefit Cost

(in thousands)

	2015	2014
Components of net periodic benefit cost		
Service cost	\$ 2,666	\$ 2,155
Interest cost	2,052	1,993
Amortization of:		
Prior service credit	(1,396)	-
Net loss	1,727	1,086
Net periodic benefit cost	<u>\$ 5,049</u>	<u>\$ 5,234</u>
Other changes recognized in unrestricted net assets		
Net actuarial loss	\$ 11,716	\$ 2,101
Prior service credit	\$ (7,607)	
Amortization of:		
Prior service cost	1,396	-
Net gain	(1,727)	(1,086)
Total recognized in unrestricted net assets	<u>\$ 3,778</u>	<u>\$ 1,015</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Prior service credit	\$ (6,212)	\$ -
Actuarial loss	28,492	18,502
Amounts in unrestricted net assets, end of year	<u>\$ 22,280</u>	<u>\$ 18,502</u>
Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in fiscal 2016		
Prior service credit	\$ (1,396)	
Actuarial loss	\$ 1,762	

In 2015 and 2014, the effect of a 1% change in the health care cost trend rate is as follows:

<i>(in thousands)</i>	2015		2014	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 61	\$ (54)	\$ -	\$ -
Effect on postretirement benefit obligation	324	(306)	-	-

Contributions:

Expected contributions for the 2016 fiscal year are \$2,238,000.

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Estimated future benefit payments:

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

(in thousands)

Year Ending June 30,		
2016	\$	2,238
2017		2,474
2018		2,652
2019		2,752
2020		2,887
Thereafter		16,266

15. Professional Liability Insurance

Prior to July 1, 2014, PHEC maintained commercial, occurrence-based insurance coverage for professional liability claims that occurred from November 10, 1998 through November 10, 2003. Beginning on November 10, 2003, PHEC purchased primary and excess insurance coverage from RRRG on a claims-made basis. The RRRG provided primary coverage of \$500,000 for physicians and midwives and up to \$1,000,000 for other health professions and entity coverage.

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

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

For self-insured retention amounts for both reported claims and claims incurred but not reported at June 30, 2015 and 2014, the University and its subsidiaries recorded gross combined reserves of \$36,140,000 and \$35,209,000, respectively and related recoveries from third party insurers of \$6,256,000 and \$5,092,000 at June 30, 2015 and 2014, respectively. For fiscal year 2014, the reserves were discounted at 6.25% for the RRRG retained layer. For fiscal years 2015 and 2014, the reserves were discounted at 2% for the layers retained by University and its subsidiaries and excess carriers. Such reserves and reinsurance recoveries are included in accrued expenses and grants, contracts and other receivables, respectively, in the accompanying 2015 and 2014 consolidated statements of financial position. At June 30, 2015 and 2014, escrow funds of \$10,599,000 and \$15,133,000, respectively and balanced index funds of \$29,894,000 and \$28,441,000, respectively, were available to fund these liabilities (Note 7).

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

16. 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.

Management believes that Drexel 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

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 management, after consultation with legal counsel, the ultimate disposition of these matters will not have a materially adverse effect on the financial condition or results of operations.

Other Commitments and Contingencies

Prior to July 1, 2014, PHEC maintained 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. Effective July 1, 2014, Drexel has assumed responsibility for the letter of credit which is renewed annually. There were no amounts outstanding as of June 30, 2015 and 2014.

The University maintains three letters of credit totaling \$2,125,000 associated with workers' compensation insurance. The agreements are renewable annually. There were no amounts outstanding as of June 30, 2015 and 2014.

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, 2016.
- 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, 2016.
- The Series B of 2005 bond has a letter of credit in an amount not to exceed \$30,047,055 which will expire September 30, 2019.
- The Series B of 2007 bond has a letter of credit in an amount not to exceed \$29,879,704, plus required accrued interest, which will expire October 30, 2018.

There were no amounts outstanding on these bond-related letters of credit as of June 30, 2015 and 2014.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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, 2016 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, 2015.

Business Income Taxes

The activities and income of the University and its non-profit affiliates related to its exempt purposes are not subject to income tax. Unrelated business income (UBI) which is income generated in a trade or business that is regularly carried on and is not substantially related to furthering the exempt purpose of the organization, is subject to income tax. The University and its affiliates generate UBI from consulting and conference services and from investment income held in the endowment fund for which the investment manager has reported UBI on a Schedule K-1. The net income is subject to unrelated business income tax for which appropriate income tax returns are filed. In fiscal years 2015 and 2014, the University paid income taxes of \$866,000 and \$311,000, respectively. These payments were made at the time of the filing of the Form 990-T, Exempt Organization Business Income Tax Return, for fiscal years 2014 and 2013, respectively. In fiscal year 2015, the University has accrued \$866,000 for the fiscal year 2015 UBI tax liability. The University is also subject to the City of Philadelphia Business Income and Receipts Tax. In fiscal years 2015 and 2014, the University paid \$339,000 and \$206,000 for fiscal years 2014 and 2013, respectively, and has accrued \$340,000 for the estimated fiscal year 2015 liability.

17. Related Party Transactions

Prior to July 1, 2015, PHEC had various operating agreements with Tenet which have continued with Drexel as a result of the merger. Under these agreements, the University acts both as a purchaser and provider of services. Total services purchased from Tenet for the years ended June 30, 2015 and 2014 were \$12,420,000 and \$12,377,000, respectively. These services include charges for various personnel, administrative and support services related to operating the College of Medicine and rent. Services provided to Tenet include administrative, supervisory and teaching services connected with faculty physician and residency programs and services and support provided by physicians to support hospital operations. Total charges to Tenet for these services amounted to \$23,275,000 and \$23,283,000 for the years ended June 30, 2015 and 2014, respectively, and are mainly included in patient care activities revenue in the accompanying consolidated statements of activities.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

18. Operating Expenses

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

<i>(in thousands)</i>	2015	2014
College programs	\$ 39,783	\$ 37,818
Research and public service	21,804	21,066
Academic support	6,684	6,299
Student services	15,086	14,366
Institutional support	11,047	11,578
Auxiliary enterprises	23,756	23,729
Patient care activities	3,051	2,875
	<u>\$ 121,211</u>	<u>\$ 117,731</u>

19. Subsequent Events

The University evaluated events subsequent to June 30, 2015 through October 27, 2015 and determined that there were no additional events requiring adjustment to or disclosure in the consolidated financial statements.

Schedules of Expenditures of Federal Awards

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Summary Schedule
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor Program Title	CFDA Number	Subrecipient Expenditures	Total Expenditures
Research and Development Cluster:			
Department of Health and Human Services:			
DHHS - Direct Award	93.R&D	\$ 6,425,460	\$ 29,464,079
DHHS Pass-Through Funds	Schedule A	507,241	6,404,809
DHHS Pass-Through Funds (American Recovery and Reinvestment Act)	Schedule A	-	16,956
		<u>\$ 6,932,701</u>	<u>\$ 35,885,844</u>
National Science Foundation:			
NSF - Direct Award	47.R&D	\$ 471,639	\$ 12,746,573
NSF - Direct Award (American Recovery and Reinvestment Act)	47.082	82,328	260,796
NSF - Pass Through Funds	Schedule B	13,125	840,526
		<u>\$ 567,092</u>	<u>\$ 13,847,895</u>
Other:			
Other - Direct Award	Schedule C	\$ 2,947,821	\$ 10,877,100
Other - Pass Through Funds	Schedule D	465,657	6,171,551
		<u>\$ 3,413,478</u>	<u>\$ 17,048,651</u>
Total Research and Development Cluster:		<u>\$ 10,913,271</u>	<u>\$ 66,782,390</u>
Student Financial Assistance Cluster:			
Department of Education:			
Federal Work Study Program	84.033	\$ -	\$ 1,787,805
Federal Supplemental Educational Opportunity Grants (PSEOG)	84.007	-	1,591,567
Federal Pell Grant Program	84.063	-	16,200,075
Federal Perkins Loan Program	84.038	-	22,988,400
		<u>\$ -</u>	<u>\$ 42,567,847</u>
Department of Health and Human Services:			
Primary Care Loans	93.342	\$ -	\$ 3,789,980
Loans for Disadvantaged Students	93.342	-	248,940
Nursing Student Loans	93.364	-	27,769
		<u>\$ -</u>	<u>\$ 4,066,689</u>

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Summary Schedule
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor Program Title	CFDA Number	Subrecipient Expenditures	Total Expenditures
Federally Guaranteed Student Loans:			
Graduate PLUS Loans	84.268	\$ -	\$ 38,121,977
Parent Loans for Undergraduate Students	84.268	-	45,020,119
Subsidized Direct Loans	84.268	-	35,488,002
Unsubsidized Direct Loans	84.268	-	132,883,907
		<u>\$ -</u>	<u>\$ 251,514,005</u>
Total Student Financial Assistance Cluster:		<u>\$ -</u>	<u>\$ 298,148,541</u>
Other Programs:			
Other - Direct Award	Schedule E	\$ 456,527	\$ 3,858,356
Other - Pass Through Funds	Schedule F	242,063	7,148,203
Total Other Programs:		<u>\$ 698,590</u>	<u>\$ 11,006,559</u>
Total Expenditures of Federal Awards		<u>\$ 11,611,861</u>	<u>\$ 375,937,490</u>

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Central Control of Mobility in Aging	Albert Einstein College of Medicine of Yeshiva University	9-526-5549	5R01-AG036921-05	93.866		17,061
Biological and Neural Mechanisms of Falls	Albert Einstein College of Medicine of Yeshiva University	SUB#310473	1R01AG044007-01A1	93.866		41,333
Albert Einstein College of Medicine of Yeshiva University Total					-	58,394
A Potent Small Molecule Chemokine Antagonist Blocks Tumor Cell Dissemination in Vivo#	Alliance Discovery	Agmt Dated 1/27/15	1R43CA183362-01A1	93.395		21,337
Alliance Discovery Total					-	21,337
Medical Home Initiative	American Academy of Pediatrics	SUB DATED 6/12/14	Unknown	93.994		3,996
American Academy of Pediatrics					-	3,996
HIV Vaccine Design and Development	Argos Therapeutics	HHSN266200600019C	HSSN266200600019C	93.		758
Argos Therapeutics Total					-	758
Mentored Implementation of I-PASS for Better Handoffs and Safer Care	Boston Children's Hospital	RSTFD0000612033	1R18HS023291-01	93.226		27,887
Boston Children's Hospital Total					-	27,887
Does Knowing the Amount of Milk in the Bottle alter Infant Feeding Practices?	Cal Poly Corporation	15-10-58222	7R03HD080730-02	93.865		5,366
Cal Poly Corporation Total					-	5,366
Corticotrophin-Releasing Factor/Serotonergic Interactions	Children's Hospital of Philadelphia	Activity #20493	2R56MH058250-16	93.242		4,498
Pediatric Device Consortia Grant Program (P50)	Children's Hospital of Philadelphia	ACTIVITY321022	1P50FD004911-01	93.103		10
Children's Hospital of Philadelphia Total					-	4,508

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
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Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Automatic Workflow Capture & Analysis for Improving Trauma Resuscitation Outcomes	Children's Research Institute	30002241-01	R01LM011834	93.879		16,581
R21: A Paper-Digital Interface for Time-Critical Information Management	Children's Research Institute	30001387-12-03	1R21LM011320-01A1	93.879		7,398
Children's Research Institute Total					-	23,979
Smoke-free Public Housing Evaluation	City of Philadelphia	1420397	1U58DP003557	93.531		11,627
City of Philadelphia Total					-	11,627
Ambulatory/Out-Patient Medical Care	City of Philadelphia - Aids Activities Coordinating Office	R5214	Unknown	93.914		76,787
Care Services Case Management	City of Philadelphia - Aids Activities Coordinating Office	RS5365	Unknown	93.914		50,188
City of Philadelphia - Aids Activities Coordinating Office Total					-	126,975
Tissue Compartmentalization of Human Lymphocytes	Columbia University	11GG07579	1P01A1106697-01	93.855		135,122
Columbia University Total					-	135,122
CRCNS: Organization of the Locomotor CPG in the Rodent Spinal Cord	Cornell University	67362-9896	1R1NS081713-01	93.853		137,562
Cornell University Total					-	137,562
Graduate Partnership to Expand Educational Opportunities	Delaware State University	10-009MH	5R25GM088043-02	93.859		32,725
Delaware State University Total					-	32,725

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
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Department of Health and Human Services Research and Development Awards From Pass Through
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
ECOG-ACRIN Operations Center	ECOG-ACRIN Medical Research Foundation	U10CA180820-01-DREX1	U10CA180820-01	93.395		269,492
ECOG-ACRIN-NCORP Research Base	ECOG-ACRIN Medical Research Foundation	1UG1CA189828-01-DREX1	1UG1CA189828-01	93.395		135,529
ECOG-ACRIN Medical Research Foundation Total					-	405,021
Development of Fluorinated Sulfamoylbenzamide Derivatives as Antiviral Agents against HBV Infections	Enantigen Therapeutics, Inc.	1R43AI104066-01	1R43AI104066-01	93.855		(8,492)
Enantigen Therapeutics, Inc. Total					-	(8,492)
Racial and Ethnic Disparities in Mammography Utilization Among Women With Intellectual Disabilities: An Exploratory Sequential Mixed Methods Study	Family Health International	002604817	UM1AI068619	93.855		3,548
Family Health International Total					-	3,548
Mobilizing Community Systems to Engage Families in Early ASD Detection & Services	Florida State University	ADVANCE 1R01MH104423-01	1R01MH104423-01	93.242	63,424	267,326
Florida State University Total					63,424	267,326
Training Program in HIV Prevention Research Ethics	Fordham University	LETTER DATED 12/5/2014	5R25DA031608	93.279		10,035
Fordham University Total					-	10,035
DC-SIGN Inhibitors for the Treatment of HIV Infection	Fox Chase Chemical Diversity Center, Inc.	1R41AI067719	1R41AI067719	93.855		814
Fox Chase Chemical Diversity Center, Inc. Total					-	814
Social-Structural Stressors, Resilience and Sexual Risk Behaviors Among Black Men	George Washington University	I3-S39	7R01MH100022-02	93.242		1,462
George Washington University Total					-	1,462

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
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Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
DiaComp Pilot and Feasibility Study "Type II Diabetes: Phenotype of the Diabetic Bladder from Proteins to Organ"	Georgia Regents University	25732-25	3U24DK076169-08S4	93.847		15,169
Georgia Regents University Total					-	15,169
The Development of Auditory Joint Engagement	Georgia State University	SP00011626-01	2R01HD035612-15A1	93.865		15,859
Georgia State University Total					-	15,859
Pediatric HIV/AIDS Cohort Study (PHACS) - AMP (PH 200)	Harvard School of Public Health	114074.1038.5041141	5U01HD052102-10	93.865		100,002
Harvard School of Public Health Total					-	100,002
Evaluating Options for Non-Responders: A SMART Approach to Enhancing Weight Loss	HealthPartners Institute for Education and Research	X1301200DREX	1R01CA188892	93.394		51,867
HealthPartners Institute for Education and Research Total					-	51,867
Novel Liver Fibrosis Test for Early Detection and Classification	Immunotope, Inc.	Agmt Dated 10/4/413	1R41AA023111-01	93.273		103,409
Immunotope, Inc. Total					-	103,409
Development of a Urine Test for the Early Detection of Liver Cancer	JBS Science, Inc.	Agmt Dated 9/24/13	2R44CA165312-02	93.394		73,922
JBS Science, Inc. Total					-	73,922
Centers for Autism and Developmental Disabilities Research and Epidemiology (CADDRE): Study to Explore Early Development	Johns Hopkins University	2001396285	U01DD000746	93.073		11,070
HIV Research Network	Johns Hopkins University	2001377397	HHSA290201100007C	93.		116,528
Eating for Life: Dietary Behaviors Among Long Term Cancer Survivors	Johns Hopkins University	2001406127	R21CA152789	93.393		2,596
Johns Hopkins University Total					-	130,194

See Notes to Schedules of Expenditures of Federal Awards.

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Department of Health and Human Services Research and Development Awards From Pass Through
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Update of Community Guide Reviews on the Effectiveness of Physical Activity Interventions	Kaiser Permanente	12CPATN-02-01	200-2012-53786	93.		38,344
Kaiser Permanente Total					-	38,344
NIAID Advanced Technology STTR (NIAID-AT-STTR (R41/R42))	Lenima Diagnostics, LLC	1R4AII122224-01	1R41AII12224-01	93.855		43,547
Lenima Diagnostics, LLC Total					-	43,547
MOTS: Modeling Obesity Through Simulation	Loyola University, Chicago	201331	5R01HD061978-05	93.865		10,146
Loyola University, Chicago Total					-	10,146
Objective Evaluation of the Conductive Olfactory Losses and Nasal Obstruction Symptoms	Monell Chemical Senses Center	NIH044A01KZHAO	R01DC013626-01A1	93.173		17,827
Monell Chemical Senses Center Total					-	17,827
Diverse Drug Lead Compounds from Bacterial Symbionts in Philippine Mollusks	Oregon Health and Science University	1004854_ANSP	U19TW008163	93.989		17,745
Targeting IRF's for immune adjuvant enhancement of vaccine immunogenicity	Oregon Health and Science University	Advance		93.		4,076
Diverse Drug Lead Compounds from Bacterial Symbionts in Tropical Marine Mollusks	Oregon Health and Science University	GEBSN0062-ANS	1U01TW008163-01	93.989		20,789
Optimizing ELQ's for Treatment and Prevention of Malaria	Oregon Health and Science University	R01AII00569	1R01AII00569	93.855		123,246
Oregon Health and Science University Total					-	165,856
Eating Disorders Prevention: An Effectiveness Trial for At-Risk College Students	Oregon Research Institute	Agmt dated 4/24/14	R01-MH 086582	93.242		76,204
Oregon Research Institute Total					-	76,204

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Prescription Opioid Dependence: Physiology, Emotion & Treatment Outcome	Penn State University	DRE DA035 240	1R01DA035240-01	93.279		59,568
Penn State University Total					-	59,568
	Pennsylvania					
Pennsylvania Cancer Education Network - Colorectal Cancer	Department of Health	SAP4300249793	Unknown	93.991		131
Public Health Risk Assessment & Community Preparedness Project for PA	Department of Health	SAP4300314287				
	Department of Health	CHANGE1	2U90TP316967-11	93.069		(92)
Pennsylvania Community Preparedness Projects Center for Public Health Readiness & Communication	Department of Health	SAP4300378689	DC-RFA-TP12-120102CINT13	93.074		1,364
Community Preparedness Projects for Pennsylvania	Department of Health	440007960	DC-RFA-TP12-120102CONT1	93.074		279,826
Pennsylvania Department of Health Total					-	281,229
	Pennsylvania					
Suicide Prevention in Schools and Colleges	Department of Human Services	Service Agmt Dated 3/3/2015	1-U79-SM061750-01	93.243		89,267
Pennsylvania Department of Human Services Total					-	89,267
	Philadelphia Department of Public Health					
Bike Share Membership and its Effect on Physical Activity		1520522	1U58DP005526-01	93.757		38,742
Philadelphia Department of Public Health Total					-	38,742

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Philadelphia Veterans Treatment Court	Philadelphia Mental Health Care Corporation	100-1065	5H79TI024209-02	93.243		26,565
Philadelphia Veterans Treatment Court	Philadelphia Mental Health Care Corporation	1H79TI024209-01	1H79TI024209-01	93.243		23,984
Philadelphia Mental Health Care Corporation Total					-	50,549
MAPP Research Network (Microbiology)	Queens University w- University of Pennsylvania	562197	U01-DK-082316-06	93.847		85,261
Queens University w-University of Pennsylvania Total					-	85,261
Quantifying Changes in Neural Stem Cell Lineages in the Aging Niche	Regenerative Research Foundation	5012-DREXEL	R01AG041861	93.866		109,070
Regenerative Research Foundation Total					-	109,070
A Wireless Device to Monitor and Track Fluid Consumption in At-Risk Older Adults	Smart Activities of Daily Living LLC	Unknown	1R41NR15191-01	93.361		31,258
Smart Activities of Daily Living LLC Total					-	31,258
Comprehensive NeuroAIDS Core Center: Pilot: Defining the Origins and Functional Properties of HIV-1 VPR Variants Associated with Neurocognitive Impairment	Temple University	239415 YR4 DREXEL KREBS PILOT	P30MH0921777	93.242		1,843
Interdisciplinary and Translational Research Training and NeuroAIDS	Temple University	CC0161590	5T32MH079785-05	93.282		(448)
Interdisciplinary and Translational Research Training in NeuroAIDS	Temple University	361072-04400-7341-02	T32MH079785	93.242		90,507
Comprehensive NeuroAIDS Core Center	Temple University	390435-04400-7341-02	5P30MH092177-04	93.242	43,991	142,648
ATP Hydrolysis in Viral Reservoir Persistence	Temple University	360962-04400-7342-02	1R01MH101010-02	93.242		14,500
Developmental Core Pilot Project: Interplay between Micro RNA's and HIV-1 in Human Microglia and Astrocytes	Temple University	23941SDUPilot Garcia	5P30MH092177-04	93.242		8,279
Temple University Total					43,991	257,329

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Cytokine Inflammatory Mediators and Mucin Regulation in Middle Ear Epithelium	The Medical College of Wisconsin, Inc.	Agmt Dated 9/16/14	5 R01DC007903-08	93.173		14,554
The Medical College of Wisconsin, Inc. Total					-	14,554
Measuring Health Effects of the Great Recession	The Regents of the University of California	1558 G SA303	1R21AG046589-01A1	93.866		54,989
MCH Health Care Transitions Research Network for Youth and Young Adults with Autism Spectrum Disorders	The Regents of the University of California	1638 G SA129	UA3MC27364	93.110		38,572
Single Molecule DNA Mapping for DNA and CNV Analysis	The Regents of the University of California	DTD 7/2/2012	5R01HG005946	93.172		(36,208)
The Regents of the University of California Total					-	57,353
Commitment Contracts for Health-Behavior Change	The Regents of the University of California, Santa Barbara	KK1302	R21 AG042051	93.866		3,445
The Regents of the University of California, Santa Barbara Total					-	3,445
Nanomapping-Assisted Analysis of Human Telomere Regions	The Wistar Institute	24831-02330	1R21HG007205-01	93.172		16,879
A Novel Single-Molecule Telomere Characterization Technology for Analyzing Cancer Genomes	The Wistar Institute	24991-02-330	1R21CA17739501A1	93.396		60,890
The Wistar Institute Total					-	77,769

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Neuroimmune Cell Networks in Opioid Dependence and Withdrawal	Thomas Jefferson University		5R21 DA036372-02	93.279		37,234
Iphita Gupta - Salary for Work at Thomas Jefferson University.	Thomas Jefferson University	AGR.DATE 8/27/2014	R01DK098526	93.394		15,767
Non-Thermal Plasma Treatment Initiates Redox Signaling in Stem Cells	Thomas Jefferson University	080-23000-502501	5R01EB013011	93.286		52,098
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB1116	2P30CA056036	93.397		17,276
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB1516	2P30CA056036-14	93.397		6,696
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB1516	CA056036-14/5P30CA056036-14	93.397		29,606
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB0816	5P30CA056036-15	93.397		13,669
Evaluation of Small Molecule Inhibitors of Hemoglobin Transport as Antimalarials	Thomas Jefferson University	R21AI090158	R21AI090158	93.855		(1,238)
Thomas Jefferson University Total					-	171,108
MRI, Genetics & Cognitive Precursor of AD and Dementia	Trustees of Boston University	4500001204	5R01AG016495-13	93.866		25,062
Trustees of Boston University Total					-	25,062
Immunological Basis of age-related vulnerability in biodefense and emerging infections	University of Arizona	269599	HHSN272201100017C	93.		4,076
University of Arizona Total					-	4,076
Single Molecule DNA Mapping for Genome and CNV Analysis	University of California, San Francisco	8037SC	2R01HG005946-04	93.172		454,925
University of California, San Francisco Total					-	454,925

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Axonal Transport Deficits during Hereditary Spastic Paraplegia University of Illinois Total	University of Illinois	2010-00275-01	5 R01NS066942	93.853	-	43,813
Youth Access to Tobacco FY14 University of Louisiana Total	University of Louisiana	881112-01	330-402221	93.959	-	51,533
Cytological Studies of Developing Neurons University of Miami Total	University of Miami	66951N	5 R01NS009923-41	93.853	-	45,000
Neighborhoods and Cardiovascular Risk in Multiethnic Cohort	University of Michigan	3001283550	5 R01 HL071795-07	93.837		302,895
Center for Integrative Approaches to Health Disparities (CIAHD)	University of Michigan	3002467248	5 P60MD002249	93.307		534,731
Stress, Gene-Environment Interaction and Cardiovascular Disease	University of Michigan	3003020240	R01-HL101161	93.837		164,786
Multilevel & Lifecourse Approaches to NCD Prevention in Latin America	University of Michigan	3003076006	D43TW009315	93.989		82,636
REVIVE-IT Randomized Evaluation of VAD Intervention Before Inotropic Therapy University of Michigan Total	University of Michigan	3001890371	HHSN268201100026C	93.	-	17,427
						1,102,475

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Services to Enhance Social Functioning in Adults with Autism Spectrum Disorder	University of Pennsylvania	565091	1-R34-MH-104407-01	93.242		11,261
Epigenetic Changes Associated with Neurodegenerative Diseases	University of Pennsylvania	558594	5R01NS078283-02	93.853		83,316
Retraining Neurocognitive Mechanisms of Cancer Risk Behavior	University of Pennsylvania	560241	1R01CA170297-03	93.393		27,911
Psychological Effects of Injuries in Urban Black Men: A Disparate Health Issue	University of Pennsylvania	560145	5R01NR013503	93.361		29,755
TMS as a Biomarker of Plasticity in Aphasia Recovery	University of Pennsylvania	561592	1-R01-DC-012780-01A1	93.173		9,159
Interaction of Inhalational Anesthetics with Macromolecules	University of Pennsylvania	562336	5-P01-GM-055876-15	93.859		144,404
Electrophysiology of Human Spatial Cognition	University of Pennsylvania	563386	2R01MH061975-12A1	93.242		17,977
Immune Activation and Isoniazid Metabolism in HIV/TB	University of Pennsylvania	561265	5-R21-AI-104441-02	93.855		9,849
Project HOPE (Hospital Visit as Opportunity for Prevention and Engagement for HIV-Infected Drug	University of Pennsylvania	565060	3-U10-DA-013043	93.279		184,549
Eliciting Maternal Knowledge about the Technology of Skill Formation	University of Pennsylvania	560737	5R01HD073221-02	93.865		63,406
University of Pennsylvania Total					-	581,587
University of Pittsburgh - Regional Public Health Training Center Program	University of Pittsburgh	0044318/125309-1	UB6HP27882-01-00	93.249		6,075
University of Pittsburgh Total					-	6,075
Late Sodium Current Blockade in High Risk ICD Patients (RAID)	University of Rochester	U01 HL096607 RAID	5-U01-HL096607-05	93.837		541
University of Rochester Total					-	541
Modifying Intrinsic Growth Capacity through Axonal mRNA Translation	University of South Carolina	15-2732	2R01NS041596-10A1	93.853		55,765
University of South Carolina Total					-	55,765

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Department of Health and Human Services Research and Development Awards From Pass Through
Grantors - Schedule A
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Prospective Evaluation of Air Pollution, Cognition, and Autism from Birth Onward University of Southern California Total	University of Southern California	S4527412	1R01ES023780-01	93.113	-	49,060
H1R Signaling and Immune Deviation in EAE University of Vermont Total	University of Vermont	23801	1R01NS069628-05	93.853	-	42,883
Development and Validation of an Autism Case Confirmation Approach for Use in NCS Westat Total	Westat	6049.08-S01	HHSN2752012000051	93.	399,826	503,216
Total Department of Health And Human Service Research and Development Awards from Pass-Through Grantors					\$ 507,241	\$ 6,404,809
Communities Putting Prevention to Work Philadelphia Department of Public Health Total	Philadelphia Department of Public Health	1020526	1U58DP002626-1	93.724	-	(1,965)
Anush Sridharan Salary for Work at Thomas Jefferson University Thomas Jefferson University Total	Thomas Jefferson University	TJUP020889512	ARRA - 5 R01 HL088523-03	93.701	-	18,921
Total Department of Health And Human Service Pass-Through American Recovery and Reinvestment Act Expenditures					\$ -	\$ 16,956
Total Department of Health And Human Service Pass-Through Expenditures					\$ 507,241	\$ 6,421,765

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
National Science Foundation Research and Development Awards From Pass Through Grantors – Schedule B
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
CLUES NSF YR3 (2011-2012) Center for Aquatic Sciences Total	Center for Aquatic Sciences		DRL-0840230	47.076	-	36,930
Understanding and Predicting Human Driving Behaviors via Machine Learning Models	Children's Hospital of Philadelphia	AGMT 6/13/13	EEC-0535463	47.041		(2,333)
Machine Learning Techniques: Predicting Driver Behaviors and Providing Customized Feedback Children's Hospital of Philadelphia Total	Children's Hospital of Philadelphia	27065-212780416-92	Unknown	47.041	-	22,234
Nanoscale Mechanism of Superconductivity and Vortex Pinning in Iron-Based Superconductors CRDF Global Total	CRDF Global	OISE-14-60109-0	OISE-9531011	47.079	-	14,494
ABI Development: Dryad: Scalable & Sustainable Infrastructure for the Publication of Data Duke University Total	Duke University	Agmt Dated 4/8/15	DBI-1147166	47.074	-	101,093
NSF Illinois State Museum NEOTOMA Illinois State Museum Society Total	Illinois State Museum Society	EAR-0948652	EAR-0948652	47.050	-	37,414
MathPath Maryland Public Television Total	Maryland Public Television	MPT-2010-01	DUE-0938014	47.076	-	7,135
NEON - Aquatic Algal Identification and Chemistry Analyses Neon, Inc. Total	Neon, Inc.	1010-216-AQU	EF-1029808/1138160	47.074	-	92,042

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
National Science Foundation Research and Development Awards From Pass Through Grantors – Schedule B
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Children Investigating Science with Parents and After School (CHISPA) Projects Patricia and Philip Frost Museum of Science, Inc. Total	Patricia and Philip Frost Museum of Science, Inc.	AGR DATE12/5/2013	DRL-1323516	47.076	-	1,458
Noyce Northeast Regional Conferences in 2013 and 2014 Research Foundation of the State of University of New York Total	Research Foundation of the State of University of New York	170-1113463-66040	DUE-1341207	47.076	-	21,216
Predictors of Success in Postsecondary STEM Education & Employment for Students with Autism SRI International Total	SRI International	51-001292	HRD-1130088	47.076	-	17,910
PIRE: Mapping Evolutionary Process in the Face of Climate Change: An Integrated Approach to Education and Conservation Prioritization in Central Africa The Regents of the University of California Total	The Regents of the University of California	2155 G RA906	IIA-1243524	47.079	13,125	263,056
CIF21 DIBBS for Intelligence and Security Informatics Research Community University of Arizona Total	University of Arizona	229749	ACI-1443019	47.070	-	5,766
A Proposal to Design a Megaton-Scale Water Cerenkov Detector for the Deep Underground Science and Engineering Lab University of California, Davis Total	University of California, Davis	SUB09000769-DREXEL	PHY-0919550	47.049	-	453
NEESR: Enhancement of Seismic Performance and Design of Partially Grouted Reinforced Masonry Buildings Use of DIC During Seismic Testing of Full-Scale Partially Grouted Masonry Buildings University of California, San Diego Total	University of California, San Diego	30037642	CMMI-1208208	47.041		48,406
	University of California, San Diego	3037642	CMMI-1208208	47.041		882
					-	49,288

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
National Science Foundation Research and Development Awards From Pass Through Grantors – Schedule B
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
A Novel Approach for Oceanographic Explorations: Multi-Scale Modeling and Simulation using CFD-Enabled by AUVs Data University of Central Florida Total	University of Central Florida	16266102-01	CMMI-1250280	47.041	-	6,402
ATD: Improving Analysis of Microbial Mixtures through Sparse Reconstruction Algorithms and Statistical Inference University of Georgia Total	University of Georgia	RR181-267/4945606	DMS-1120622	47.049	-	31,000
Cost-Competitive Analysis - A New Tool for Designing Secure Systems University of Michigan Total	University of Michigan	3002984284	CNS-1318294	47.070	-	24,194
DataNet University of North Carolina Total	University of North Carolina	5-37142	OCI-0940841	47.080	-	14,274
AfterBurner: Efficient Performance Scaling via Post-Retirement Processing University of Pennsylvania Total	University of Pennsylvania	555822	CCF-1017184	47.070	-	31,758
INSPIRE TRACK 1: The Informatics of Making	University of Wisconsin	489K904	CMMI-1344205	47.041		25,077
INSPIRE TRACK 1: The Informatics of Making (Year 2 and 3 increments) University of Wisconsin Total	University of Wisconsin	489K904	CMMI-1344205	47.041	-	16,207
EFRI-BSBA: Multifunctional Materials Exhibiting Distributed Actuation, Sensing, and Control: Uncovering the Hierarchical Control of Fish for Developing Smarter Materials Virginia Polytechnic Institute Total	Virginia Polytechnic Institute	Agmt Dated 4/15/09	ERFI-0938043	47.041	-	23,458
Total National Science Foundation Pass-Through Expenditures					\$13,125	\$840,526

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Prevalence, Levels, and Subtypes of Listeria Monocytogenes in Higher Risk Foods Identification of Phenotypic Characteristics Affecting Enhance Survivability Associated with Ground Turkey-Salmonella Outbreak Strains	US Department of Agriculture	58-1935-0-090	10.001		(4,097)
Last Chance Foods: A Model for Value-Added Foods for Enterprise and Sustainability	US Department of Agriculture	58-1935-2-321	10.001		4,056
Supply-Side Subsidies to Improve Food Access: Evidence from the New Markets Tax Credit	US Department of Agriculture	14-LFPPX-PA-0148	10.168	7,500	24,131
Identifying & Addressing Potential Poultry and Egg Mishandling Habits of Minority Ethnic and Racial Populations	US Department of Agriculture	58-4000-4-0033	10.253		19,467
Synergistic Interaction between Ultraviolet Light and Novel Photosensitizers for Enhanced Microbial Safety of Fresh Produce	US Department of Agriculture	2009-51110-05853	10.303		4,487
Distributed On-Farm Bioenergy, Biofuels & Biochemicals (Farm Bio3) Development and Production via Integrated Catalytic Thermolysis	US Department of Agriculture	2014-67017-21642	10.310	400	25,094
10 - US Department of Agriculture				<u>66,369</u>	<u>101,802</u>
				74,269	174,940
Tools for Evaluating Fault Detection and Diagnostic Methods for HVAC Secondary Systems of a Net Zero Building	National Institute of Standards & Technology	60NANB10D243-AMEND1	11.609		30,620
Standards in Society, A Critical Curricular Platform	National Institute of Standards & Technology	70NANB14H242	11.620		753
11 - US Department of Commerce				-	<u>31,373</u>

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Adversarial Linguistic Analysis	US Department of Interior	D11AP00281 / Formerly : N11AP20024	12.910	134,407	214,174
Applied Communication and Information Networking Program Projects	Department of Army	DAAB07-01-9-L504	12.		4,858
Warren Grove Bombing Range Integrated Natural Resources Management	Department of Army	DAMD17-02-2-0045	12.420		(94)
Ecological Studies at Warren Grove Range: Lepidoptera Survey and Monitoring (Part 2)	US Army Medical Research Acquisition Activity	DAMD17-02-2-0045	12.420		(35)
Active Authentication via Linguistic Modalities	Air Force	FA8750-12-C-0212	12.800		(2,846)
Mobile Active Authentication via Linguistic Modalities	Air Force	FA8750-13-C-0268	12.800		331,922
Metacognition as Multitasking: Theory and Models of Strategic Multitasking in Complex Dynamic Tasks	Office of Naval Research	N00014-09-1-0096	12.300		194,400
Control Scheme Limit Identification for Shipboard Power Systems Formulation and Related Issues	Office of Naval Research	N00014-10-1-0195	12.300		(382)
Vertical Charge Ordering Transistors Enabled by Structurally Coupled Heterointerfaces	Office of Naval Research	N00014-11-1-0664	12.300	100,520	477,671
Fish Fins as Multifunctional Propulsive and Sensory Systems for Autonomous Operations in the Complex Underwater Environment	Office of Naval Research	N00014-12-1-0160	12.300	239,346	362,618
Effects of Stress, Composition, and Interface Type on Beta-Phase Precipitation in Al-Mg Alloys	Office of Naval Research	N00014-12-1-0505	12.300		48,545
Collaborative Robots in Geophysical Flows: Understanding How Local Measurements Imply Global Structures	Office of Naval Research	N00014-12-1-1019	12.300		100,350
Novel Acoustics-based Framework for SHM of Navy Assets	Office of Naval Research	N00014-13-1-0143	12.300		64,360
Ion-Beam System for Functional and Oxide Materials and Device Processing	Office of Naval Research	N00014-13-1-0701	12.300		295,000
Multi-Robot Fluid Tracking Testbed for DOD Supported Research in Tracking and Identification of Coherent Structures in Geophysical Flows	Office of Naval Research	N00014-13-1-0731	12.300		39,596

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Detection/Prediction Algorithm Development and Implementation	Office of Naval Research	N00014-13-1-0733	12.300		133,658
Expansion: In Situ TEM Studies of Coupled Device Structures under DC Bias: Towards a Quantitative Understanding of Strain-Mediated Mechanisms	Office of Naval Research	N00014-14-1-0058	12.300		110,252
Observability of Network Controlled Multi-Converter Power Systems: Formulation and Related Issues	Office of Naval Research	N00014-14-1-0061	12.300		285,220
Visual Material Understanding (Year 1 Budget Revision)	Office of Naval Research	N00014-14-1-0316	12.300		117,433
Identification of Fatigue Precursors for Multiscale NDE & Prognostics	Office of Naval Research	N00014-14-1-0571	12.300		234,524
Investigating the Temperature Dependence of Precipitation-Induced Mechanical Stability of A15456 and A15083 in Marine Environments	Office of Naval Research	N00014-14-1-0583	12.300		34,508
Perovskite Ferrite Oxide Thin-Film Epitaxialization Instrumentation for Remote Testing, Monitoring and Control of Shipboard Power System Laboratories	Office of Naval Research	N00014-14-1-0583	12.300		22,893
HAMS II Data Fusion	Office of Naval Research	N00014-14-1-0754	12.300		2,170
Neuromechanics of Sensory-Mediated Gait Control in Fish Swimming	Office of Naval Research	N00014-14-1-0771	12.300	12,043	72,339
In-situ TEM Characterization of Al-Mg Alloys	Naval Surface Warfare Center	N00014-15-1-2234	12.300		1,864
DRC-Hubo - Leveraging a 7 Hubo Infrastructure and Unified Algorithmic Framework for the DARPA Robotics Challenge	Office of Naval Research	N00167-14-P-0018	12.		12,587
Seizing the Third Dimension in Correlated Oxide Thin Films	Space and Naval Warfare Systems Center Pacific	N65236-12-1-1005	12.630	690,311	719,989
		N66001-12-1-4224	12.910	34,609	36,218

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
THOR: Tactical Heterogeneous Ontology Representation	Office of Naval Research	N66001-12-C-4052	12.300	149,995	248,845
Senior Design, Nav Air Systems Command	Naval Air Systems Command	N68335-12-P-O-188	12.		1,454
Senior Design, Nav Air Systems Command, AUTOMATED NETWORKED TRANSPORT SWARM (ANTS) – HARDWARE	Naval Air Systems Command	N68335-13-P-0265	12.		3,339
Senior Design, Nav Air Systems Command, Automated Networked Transport Swarm (ANTS) – Hardware	Naval Air Systems Command	N68335-14-P-0355	12.		1,269
Prototype Development Program	Department of Army	W15P7T-06-9-P011	12.	800,542	824,558
Mu-Opioid Regulation of Mucosal Immunity Against Clostridium Difficile Infection and Vaccination	US Army Medical Research Acquisition Activity	W81XWH-09-1-0382	12.420		(5,046)
An Animal Model to Investigate the Potential for Breast Cancer Metastatic Dissemination Following Surgery Intervention on the Primitive Tumor	Department of Army	W81XWH-09-1-0593	12.		(19,283)
Identification of the Gene for Scleroderma in the Tsk/2 Mouse Strain: Implications for Human Scleroderma Pathogenesis and Subset Distinctions	US Army Medical Research Acquisition Activity	W81XWH-11-1-0524	12.420		(3,071)
Alleviating Autonomic Dysreflexia after Spinal Cord Injury	Department of Army	W81XWH-14-1-0605	12.420		129,087
Early Diagnosis of Pressure Ulcers by Noninvasive Diffuse Near Infrared and Correlation Spectroscopy	Department of Army	W81XWH-14-1-0614	12.420		62,332
New Routes for Structural, Orbital, and Magnetic Control in Isovalent Oxide Superlattices	Department of Army	W911N4NF-15-1-0133	12.431		10,928
Multiscale Synthesis, Modeling and Design of High Performance Polymer Systems	Department of Army	W911NF-06-2-0013	12.431		106,491
Smart Core-Shell Nanowire Architectures for Multifunctional Nanoscaled Devices	Department of Army	W911NF-08-1-0067	12.431		(2,719)
Use of Spherical Nanoindentation to Characterize the Anisotropic Properties of Microscale Constituents	US Army Medical Research Acquisition Activity	W911NF-10-1-0409	12.431	3,791	3,791

See Notes to Schedules of Expenditures of Federal Awards.

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Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Autoignition Chemistry of Surrogate Fuel Components in an Engine Environment	US Army Medical Research Acquisition Activity	W911NF-11-1-0412	12.431		113,543
Microbiorobots for Manipulation and Sensing	Department of Army	W911NF-11-1-0490	12.431	13,720	64,032
Nanocrystalline MAX/Mg Composites with Exceptional Properties	Department of Army	W911NF-11-1-0525	12.431		85,037
Symmetry Mismatched Heterostructures: New Routes to Bandwidth Control in Oxides	Department of Army	W911NF-12-1-0132	12.431		87,624
Ab Initio Design of Noncentrosymmetric Metals: Crystal Engineering in Oxide Heterostructures	Department of Army	W911NF-12-1-0133	12.431		28,228
Center for Sustainable Corrosion Protection	Department of Army	W911NF-13-2-0046	12.431	159,591	643,806
Stylometry of Source Code	Department of Army	W911NF-14-1-0444	12.431		28,266
Scanning Probe Microscope for Polymeric and Hybrid Materials Research and Education	Department of Army	W911NF-14-1-0450	12.431		232,804
Enabling Instrumentation for Epitaxial Growth of Complex Oxides	Department of Army	W911NF-14-1-0493	12.431		75,785
Vacancy-Enabled NonLinear Optoelectronic Ferroelectric Semiconductors	Department of Army	W911NF-14-1-0500	12.431		43,693
Army Research Office Broad Agency Announcement for Basic and Applied Scientific Research	Department of Army	W911NF-14-1-0568	12.431		37,221
High Performance Techniques to Identify Source of Digital Images Using Multimedia Forensics	Department of Army	W911NF-15-2-0013	12.431		60,889
SERDP MDA-Free Polyimides	Department of Army	W911NF-15-2-0017	12.431		30,768
Determination of Germination and Microhabitat Requirements and Role of Disturbance on Knieskern's Beaked Rush (Rhynchospora Knieskernii) at Warren Grove Range, New Jersey	Department of Army	W9126G-11-2-0041	12.300		37,583
Non Destructive Approach For Damage Detection and Its Evolution in Hard Armor Protective Inserts	Department of Army	W91CRB-13-P-0057	12.		115,421
Serverless Services Technical Support	Naval Research Laboratory	N00173-14-P-3362	12.		75,006
12 - US Department of Defense				2,338,875	7,035,473

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
The Effect of Open Marsh Water Management Flooding (OMWM) & Accretion in Coastal Wetlands	US Fish and Wildlife Service	50181-A-J002	15.608		1,161
The Effect of Open Marsh Water Management Flooding (OMWM) & Accretion in Coastal Wetlands Biodiversity Conservation on Bioko Island, Equatorial Guinea	US Fish and Wildlife Service	F11AC00274	15.608		2,223
Terrestrial Invertebrate Bio Blitz	US Fish and Wildlife Service	F13AP00506	15.651		20,315
Paleoecological Assessment of Post-Sandy Changes in Coastal Contaminants	National Park Service	11AC30805/P14AC00414	15.945		10,443
USGS Missouri Sample Analysis-Year 3	United States Geological Survey	G14PX00036	15.		22,105
Barnegat Bay Sediment Analysis	United States Geological Survey	G11PX00970	15.		3,006
2013 Milwaukee Metropolitan Sewerage District Periphyton Sample Analyses (18 samples)	United States Geological Survey	G13PX00548	15.		14,143
15 - Department of the Interior					501
					73,897
Analytical and Experimental Studies on Airworthiness and Sustainment of Aircraft Structures	Federal Aviation Administration	10-G-016	20.108		169,846
Rotorcraft Health and Utilization Monitoring Systems Research in Support of Programs, Such as Continued Airworthiness and Systems Safety Program Management Task under FAA Next Ben	Federal Aviation Administration	13-G-002	20.108		32,706
OTA#DTFACT-12-A-80003-001	Federal Aviation Administration	DTFAC T-12-A-80003	20.109		31,317
iOTA Task 6: Currat ion/Stewardship of Technical Data	Federal Aviation Administration	DTFAC T-12-A-80003	20.109		39,424
FAA Task 7: Development and validation of enhanced AGENTFLY simulation platform with ATC agent	Federal Aviation Administration	DTFAC T-12-A-80003	20.109	109,775	120,784
Task 9: Development of the EEG Neuroergonomics Toolbox	Federal Aviation Administration	DTFAC T-12-A-80003	20.109	94,694	99,479

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
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Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Task Order #8: Participation in Human Factors Research - Task Order #8	Federal Aviation Administration	DTFAC12-A-80003	20.		915
Low-Powered Wired Sensors for Asset Management or Health Monitoring of Structures and Pavements 20 - Department of Transportation	Federal Highway Administration	DTFH61-13-C-00021	20.	50,389	194,547
				<u>254,858</u>	<u>689,018</u>
A Next Generation Coronal Active Region Model	National Aeronautics & Space Administration	NNX07AU64G	43.001		(14,294)
A Next Generation Coronal Active Region Model	National Aeronautics & Space Administration	NNX07AU64G	43.001		(26,561)
The Ultimate Multiwavelength Quasar Survey	National Aeronautics & Space Administration	NNX12AI49G	43.001	15,343	58,273
Improvement of Numerical Algorithms for the 1D Hydrodynamic Code ARGOS	National Aeronautics & Space Administration	NNX12AP65G	43.001		42,721
Probing AGN Accretion Physics with Kepler	National Aeronautics & Space Administration	NNX14AF75G	43.001		67,551
Formation and Hierarchical Assembly of Massive Star Clusters	National Aeronautics & Space Administration	NNX14AP27G	43.001		36,653
Using X-Rays to Test for Black Hole Mass Biases	Smithsonian Astrophysical Observatory	NAS8-03060	43.001		16,234
Nanosecond Plasma BTC Concept Proof-of-Concept	Jet Propulsion Laboratory (NASA)	NNN12AA01C	43.001		26,079
Magnetogram Synthesis - A Vital Data Analysis Component of a Space Weather Prediction Infrastructure	National Aeronautics & Space Administration	NNX08AF54G	43.002		75,127
SpIES: The Spitzer-IRAC Equatorial Survey	Jet Propulsion Laboratory (NASA)	NNN12AA01C	43.008		150,032
Development and Modification of Numerical Algorithms for 1D Hydrodynamics and 3D Magnetohydrodynamics Adaptive-Mesh Refinement Codes	National Aeronautics & Space Administration	NNX09AQ67G	43.		20,265
43 - National Aeronautics and Space Administration				<u>15,343</u>	<u>452,080</u>
Effects of Self Book Art Therapy on Emotional Distress in Female Cancer Patients	National Endowment for the Arts	14-3800-7007	45.024		14,579
Teaching the History of Modern Design: The Canon and Beyond	National Endowment for the Humanities	EH-50424-14	45.163		23,568
IMLS Entomology Digitization Project	Institute of Museum and Library Services	MA-05-10-0001-10	45.301		(11,309)
Changing Attitudes Towards Autism's Access	Institute of Museum and Library Services	MA-04-12-0009-12	45.301		67,299

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Helping Libraries to Harness the Power of Social Searching	Institute of Museum and Library Services	LG-06-11-0261-11	45.312		104,077
Improving Search, Sensemaking, Learning, and Social Tagging Through a Universal Appliance for Query Expansion and Meaningful Concept Displays	Institute of Museum and Library Services	LG-06-11-0332-11	45.312	40,837	74,967
Digging into Metadata	Institute of Museum and Library Services	LG-00-12-0457-12	45.312		21,027
CLUES-IMLS-YR3 (2011-2012)	Institute of Museum and Library Services	LG-26-09-0125-09	45.312		11,216
Museum's Count Research & Project Development	Institute of Museum and Library Services	OE-00-14-0001-14	45.312		37,263
Positioning a New Generation of Cataloging and Metadata Professionals for 21st Century Global Information Access	Institute of Museum and Library Services	RE-06-14-0002-14	45.313		124,076
The Oral Present, Urban Library Services, and the Underserved	Institute of Museum and Library Services	RE-07-14-0051-14	45.313		79,481
45 - Institute of Museum and Library Sciences				40,837	546,244
VA Web OSCE	US Department of Veterans Affairs	VA777-C47046	64.		5,625
64 - US Department of Veterans Affairs				-	5,625
Lightweight Green Roof Water Retention System	US Environmental Protection Agency	SU-83506601-0	66.516		(807)
66 - US Dept of Environmental Protection Agency				-	(807)
Former Pantex Worker Medical Surveillance Program - Phase II	US Department of Energy	DE-FC01-06EH06003	81.049	170,048	276,691
Low Temperature Synthesis of Carbide-Derived-Carbons from Binary and Ternary Carbides in the Si-Ti-C System: Experiments and Modeling	US Department of Energy	DE-FG02-07ER46473	81.049		95,548
Neutrino Physics: Task A Physics at KamLAND and Double Chooz	US Department of Energy	DE-FG02-00ER41134	81.049		(390)
Linking the Codependence of Grain Boundary Structure and Density to Defect Evolution Mechanisms During Radiation Damage	US Department of Energy	DE-SC0008274	81.049		162,918

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards – Schedule C
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Neutrino Physics at Drexel 81 - US Department of Energy	US Department of Energy	DE-SC0011803	81.049	<u>170,048</u>	<u>98,337</u> 633,104
Engineers as Global Leaders in Energy Sustainability (EAGLES)	US Department of Education	P116J100037	84.116	33,256	79,168
Graduate Assistantships in the Areas of National Need in Biomedical Applications in Engineering	US Department of Education	P200A060138	84.200		(70,381)
GAANN: Engineering Problems in Pharmaceutical Application (GAANN-EPPA)	US Department of Education	P200A090118	84.200		7,558
GAANN for Renewable Energy Technologies and Infrastructure Network	US Department of Education	P200A100117	84.200		29,036
GAANN: Interdisciplinary Training in Mechanical Engineering and Science	US Department of Education	P200A100145	84.200		(593)
GAANN: DREAMS	US Department of Education	P200A100134	84.200		83,740
GAANN 2012: Bioinformatics of Infectious Diseases	US Department of Education	P200A120161-13	84.200		180,335
GAANN BIOMSE: Innovative Biomaterials	US Department of Education	P200A120103-14	84.200		116,942
GAANN: Graduate Fellowships in Education with a Focus on the National Academy of Engineering Grand Challenges 84 - US Department of Education	US Department of Education	P200A120253	84.200	<u>33,256</u>	<u>141,385</u> 567,190
Understanding Culture: Assessing Firefighter Safety Climate	FEMA	EMW-2011-FP-00069	97.044	20,335	408,700
FIRST-Reliability Study 97 - FEMA	FEMA	EMW-2012-FP-00205	97.044	<u>20,335</u>	<u>260,263</u> 668,963
Total Other Direct Research and Development Expenditures				\$ 2,947,821	\$ 10,877,100

See Notes to Schedules of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Lignocellulosic Biomass Conversion to Infrastructure Compatible Fuels, Products and Power	Ceramatec	LETTER DATED 3/21/13	2012-10008-20263	10.312	28,031	118,534
Ceramatec Total					<u>28,031</u>	<u>118,534</u>
Northeast Woody /Warm-season Biomass Consortium	Penn State University	4900-DU-USDA-9703	2012-68005-19703	10.310		53,397
Penn State University Total					<u>-</u>	<u>53,397</u>
NRI: Small: Collaborative Research: Automated Stress and Disease Detection in Vegetable and Tree Crops using a Cooperative Ground and Aerial Vehicle Network and Optical Sensors	University of Central Florida	162661 10-02	2013-67021-20934	10.310		5,993
University of Central Florida Total					<u>-</u>	<u>5,993</u>
Childhood Stress: A Qualitative Analysis of the Intergenerational Circumstances of Child Hunger	University of Kentucky Research Foundation	3048108673-12659	AG-3198-B-10-0028	10.592		36
University of Kentucky Research Foundation Total					<u>-</u>	<u>36</u>
10 - US Department of Agriculture					<u>28,031</u>	<u>177,960</u>
Northeast Urban Regional Integrated Science Assessment	Columbia University	GG001959	NA100AR4310212	11.431		55,772
Columbia University Total					<u>-</u>	<u>55,772</u>
PA CZM Nutrient Uptake and Burial, Tidal Wetlands	Department of Environmental Protection	7C-K-460/CZ1:2011-PD.10	SAP#4100057568	11.		(5,056)
PA Department of Environmental Protection Total					<u>-</u>	<u>(5,056)</u>
2011 PA CZM Mussel Restoration	Partnership for the Delaware Estuary	PDE192-02	4100054396	11.419		(42)
PDE PA CZ Mussels 2012	Partnership for the Delaware Estuary	206S-01/JOB#687-0000	2011-P.D.04SPA#4100057570	11.420		2,486
Partnership for the Delaware Estuary Total					<u>-</u>	<u>2,444</u>

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
The Influence of Estuary Geomorphology - Year 2	New Jersey Sea Grant Consortium	694-7900-7553	NA10AR4170075	11.		29,293
New Jersey Sea Grant Consortium Total					-	29,293
11 - Department of Commerce						82,453
SISTO	Applied Communication Services	2012015S	N0014-12-C-0377	12.300		29,065
Applied Communication Services Total					-	29,065
Behavior-Based Access Control to Improve Cross Domain Sharing	BBN Technologies	14082	FA8750-12-C-0011	12.800		42,102
BBN Technologies Total					-	42,102
High Assurance Spiral: Scalable and Performance Portable Domain-Specific Control Systems Synthesis	Carnegie Mellon University	1150112-292646 MOD6	FA8750-12-2-0291	12.300		104,883
Carnegie Mellon University Total					-	104,883
Computational Model for Electrode Erosion by High-Pressure Moving Arcs, Phase II	CFD Research Corporation	20120532	FA9550-14-C-0026	12.		78,823
CFD Research Corporation Total					-	78,823
Effect of RDX on Neuronal Calcium Homeostasis and Neurotoxicity	Concurrent Technologies Corporation	100400030	W91WAW09D0022	12.		(24,147)
Concurrent Technologies Corporation Total					-	(24,147)
FUSION : Federated Understanding of Security Information Over Networks	Digital Operatives	18881	PRIME#14-C-0029	12.800		68,521
Digital Operatives Total					-	68,521
Portable Near Infrared Field Triage and Resuscitation Aid Technology for Combat Casualty Care: Integrated Infrascanner	InfraScan, Inc.	Agmt Dated 10/15/14	W911QY-14-C-0082	12.		613,969
InfraScan, Inc. Total					-	613,969

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Assessing and Monitoring Subtle Cognitive Markers Massachusetts Institute of Technology Total	Massachusetts Institute of Technology	5710003550	D13AP00008	12.910	-	3,039
Industrial Production Methods for Ultra-High-Strength Carbon Nanotube-Based Fibers Physical Science Incorporated Total	Physical Science Incorporated	PSI6422	W912HZ-13-P-0023	12.114	-	(478)
Printed, Flexible Ultracapacitors Based on Novel, High-Performance Carbon Nanomaterials	S12 Technologies, Inc.	SI2-2013-2054-001	W15QKN14-C-0012	12.114		(10,452)
Printed, Flexible Ultracapacitors Based on Novel, High-Performance Carbon Nanomaterials S12 Technologies, Inc. Total	S12 Technologies, Inc.	SI2-2015-2064-001	W15QKN-15-C-00007	12.	-	886
Manipulation of Chiral Charge Density Waves	Temple University	255526	W911NF-14-1-0567	12.431		25,000
Artificial Oxide Heterostructures with Tunable Band Gap Temple University Total	Temple University	253388	FA9550-13-1-0124	12.800	-	52,144
Brain-Immune Interactions as the Basis of Gulf War Illness: Gulf War Illness Consortium Trustees of Boston University Total	Trustees of Boston University	4500001398	W81XWH-13-2-0072	12.420	-	117,685
Overhead Performance Tradeoffs in Distributed Wireless Networks: A Unifying Framework, Fundamental Limits, and Practical Controllers	University of Delaware	28750	FA9550-12-1-0086	12.800		588,482
Materials in Extreme Environments (MEDE) Collaborative Research Alliance (CRA)	University of Delaware	29613	W911NF-12-2-0022	12.630		130,419
Materials in Extreme Dynamic Environment (MEDE) Collaborative Research Alliance (CRA) CLIN 3.5 University of Delaware Total	University of Delaware	38660	W911NF-12-2-0022	12.630	-	79,894

See Notes to Schedules of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
WP21 : Heterogeneous Robot Teams for Mapping 3-D Indoor Environments	University of Pennsylvania	560858	W911NF-08-2-0004	12.		67,690
Memory Enhancement with Modeling, Electrophysiology, and Stimulation (MEMES)	University of Pennsylvania	564000	N66001-14-2-4-31	12.910		81,361
Understanding the Photovoltaic Efficiency of Organometallic Perovskites	University of Pennsylvania	564817	N00014-14-1-0761	12.300		100,944
University of Pennsylvania Total					-	249,995
Development of Detailed and Reduced Kinetic Mechanisms for Surrogates of Petroleum-Derived and Synthetic Jet Fuels: Phase II	University of Southern California	162258	FA9550-11-1-0217	12.800		16,668
University of Southern California Total					-	16,668
Performance Estimation and Optimization of REDHAWK SDR Applications: Task2	Ventura Solutions, Inc.	1044-20/TT013-01	H9823011C0781	12.		32,437
Ventura Solutions, Inc. Total					-	32,437
Versar 2014	Versar	009275	W912BU-13-C-0016	12.		14,240
Versar Total					-	14,240
12 - US Department of Defense					-	2,213,175
School Justice Collaboration Program: Keeping Kids in School and out of Court	City of Philadelphia	Letter Dated 1/16/15	2014-JZ-FX-K003	16.829		28,711
City of Philadelphia Total					-	28,711
Center for Pennsylvania CJ Programs	Pennsylvania Commission on Crime and Delinquency	011/2012-JG/MH-03ST-2492;1-DJ-BX-2218; 20% 2013-DJ-F		16.738	25,099	181,541
Pennsylvania Commission on Crime and Delinquency Total					25,099	181,541
16 - US Department of Justice					25,099	210,252
Cultural Repercussions of Climate Change in two Communities: A Teenage Viewpoint	American Alliance of Museums	Agmt Dated 9/24/14	S-ECAGD-13-CA-116 (SS)	19.415		59,618
American Alliance of Museums Total					-	59,618
19 - US Department of State					-	59,618

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Bridge Superstructure Tolerance to Total and Differential Foundation Movements	National Academy of Sciences	HR12-103	DTFH61-08-H-000035	20.	27,768	113,076
National Academy of Sciences Total					<u>27,768</u>	<u>113,076</u>
Support for the Long Term Bridge Performance Project	Pennoni Associates, Inc.	FHWA13001-01	DTFH61-12-D-00030-T-13001	20.		110,684
THMPR Testing for the LTBP Program	Pennoni Associates, Inc.	RTGRI502-001	DTFH61-08-C-00005	20.		52,109
Proof-Level Load Testing and Assessment of Unknown Foundations in WV	Pennoni Associates, Inc.	DTFH61-12-D-00030-T-13001	DTFH61-12-D-00030-T-13001	20.		56,349
Pennoni Associates, Inc. Total					<u>-</u>	<u>219,142</u>
Long-Term Bridge Performance (LTBP) Program: Bridge Assessment using Unmanned Aerial Systems	Rutgers University	4-36773-10223	DTFH61-08-C00005	20.		57,132
Rutgers University Total					<u>-</u>	<u>57,132</u>
20 - US Department of Transportation					<u>27,768</u>	<u>389,350</u>
Scenario-Based Verification and Validation of Autonomy and Authority	Georgia Institute of Technology	RD368-G2	NNX13AB71A	43.002		184,021
Georgia Institute of Technology Total					<u>-</u>	<u>184,021</u>
NASA Pennsylvania Space Grant Consortium	Penn State University	4498-DU-NASA-K74H	NNX10AK74H	43.008		2,504
Penn State University Total					<u>-</u>	<u>2,504</u>
Phase II: ZnMgO Nanowire Based Detectors and Detector Arrays	SMI, Inc. (Structured Materials Industries, Inc.)	Email Dated 5/5/15	NNX15CG10C	43.		1,260
ZnMgO Nanowire Based Detectors and Detector Arrays	SMI, Inc. (Structured Materials Industries, Inc.)	42004-062014-01	NNX14CG43P	43.		31,499
SMI, Inc. (Structured Materials Industries, Inc.) Total					<u>-</u>	<u>32,759</u>
43 - National Aeronautics and Space Administration					<u>-</u>	<u>219,284</u>

See Notes to Schedules of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
NJ 319 Wetlands 2010	Barnegat Bay National Estuary Program	RP10-105	RP10-105	66.460		(5,963)
Parkertown Wetlands	Barnegat Bay National Estuary Program	RP10-105-3	RP10-105	66.460		2,070
Continuation of the Integrated Tidal Wetlands Monitoring and Assessment Program in the Barnegat Bay and Delaware Estuaries (New Jersey - Coastal Plan Region)	Barnegat Bay National Estuary Program	SEPARREGION2 FY10 WPDG/P-FII	BBP FY10 EPA WPDG-02	66.461		57,415
Barnegat Bay National Estuary Program Total					-	53,522
Expertise Support for US EPA NLA 2012	Battelle Memorial Institute	US001-0000401365		66.		119
Battelle Memorial Institute Total					-	119
Longitudinal Study of Waste Grease Composition	Environmental Fuel Research	AGREEMENT EFF. 7/01/14	EP-D-14-019	66.		19,501
Environmental Fuel Research Total					-	19,501
Montana DEQ 2011 To 1	Montana Department of Environmental Quality	211135	I-97889201-0	66.419		15,418
Montana Department of Environmental Quality Total					-	15,418
NJ Lakes Diatom Indices 2012	New Jersey Sea Grant Consortium	SR12-005	4810-030-3610-FY12	66.605		15,637
New Jersey Sea Grant Consortium Total					-	15,637
Rapid Assessment of Tidal Wetlands in Representative Watersheds of the Delaware Estuary	Partnership for the Delaware Estuary		WD-83458901-0	66.461		6,341
Continuation and Expansion of an Integrated Tidal Wetlands Monitoring and Assessment Program in the Barnegat Bay and Delaware Estuaries (New Jersey - Coastal Plan Region)	Partnership for the Delaware Estuary	PDE-210-01	CD-97207600-0	66.461		37,843
PA PDE DEBI 3k Mussel	Partnership for the Delaware Estuary		CR-83389801-0	66.511		118
Partnership for the Delaware Estuary Total					-	44,302

See Notes to Schedules of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Maine DEP 2014	State of Maine, Department of Environmental Protection	201206345	06A20141217-2171	66.605		35,988
Taxonomic Identification and Enumeration of Freshwater Algae - Maine DEP	State of Maine, Department of Environmental Protection	06A20121113*1905	BG-99182903	66.605		(11,504)
State of Maine, Department of Environmental Protection Total					-	24,484
Delaware River Main Channel Deepening Project Delaware Bay, New Jersey and Delaware Preconstruction Oyster Monitoring Study	Versar	008430	W912BU-12-C-0020	66.707		4,602
Versar Total					-	4,602
66 - US Dept of Environmental Protection Agency					-	177,585
Advanced Damage Tolerant Ceramics: Candidates for Nuclear Structural Applications	Battelle Energy Alliance LLC	00098778	DE-AC07-05ID14517	81.049		10,164
Fundamental Studies of the Role of Grain Boundaries on Uniform Corrosion of Advanced Nuclear Reactor Materials	Battelle Energy Alliance LLC	00121106	DE-AC07-05ID14517	81.049	226,959	294,876
Diffusion and Chemical Compatibility of the MAX Phases for Advanced Reactor Fuel and Component Design	Battelle Energy Alliance, LLC	00119175	DE-AC07-05ID14517	81.049		108,086
On the Response of the MAX Phases to Neutron Irradiation	Battelle Energy Alliance, LLC	00090309	DE-AC07-05ID14517	81.049		(1,885)
Battelle Energy Alliance, LLC Total					-	106,201
Novel Electro-Deoxygenation Process for Bio-oil Upgrading	Ceramatec	LETTER DATED 5/23/14	DE-EE0006288	81.087		55,118
Ceramatec Total					-	55,118
Biological Systems Research on the Role of Microbial Communities in Carbon Cycling	Kent State University	440661-DREX	DE-SC0004335 PRIME	81.049		75,003
Kent State University Total					-	75,003

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
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Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
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Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
New Layered Nanolaminates for Use in Lithium Battery Anodes	Lawrence Berkeley National Labs	6951370	DE-AC02-05CH11231	81.049		174,497
Lawrence Berkeley National Labs Total					-	174,497
Energy Frontier Research Center for Fluid Interface Reactions, Structures and Transport (EFRC-FIRST)	Oak Ridge National Laboratory/Dept of Energy	4000085877	DE-AC05-000R22725	81.049		355,072
Oak Ridge National Laboratory/Dept of Energy Total					-	355,072
VOLTTRON Compatible and Cost-Effective Fault Diagnostic Solutions for AHU-VAV and AHU-CAV Systems: 1st 150K increment	Penn State University	4342-DU-DOE-4261	DE-EE0004261	81.086		14,128
Year Two Activities of The Greater Philadelphia Regional Innovation Cluster for Energy Efficient Buildings	Penn State University	4342-DU-DOE-4261	DE-EE0004261	81.086		352
VOLTTRON Compatible and Cost-Effective Fault Diagnostic Solutions for AHU-VAV and AHU-CAV Systems	Penn State University	4342-DU-DOE-4261	DE-EE0004261	81.086	157,800	309,851
Penn State University Total					157,800	324,331
Development of Plasma Technology for Water Management of Frac/Produced Water	Research Partnership to Secure Energy for America	11122-31	DE-AC26-07NT42677	81.049		726,637
Research Partnership to Secure Energy for America Total					-	726,637
Drexel University -Sandia National Laboratories Contract for "Developing and Understanding Advanced Corrosion Resistant Coatings for the Acquisition Transport, and Storage of Petrochemicals, etc.	Sandia National Laboratories	1188070	DE-AC04-948L85000	81.		(165)
University Energy Storage Program at Drexel University	Sandia National Laboratories	0190SNB929	DE-AC04-94AL85000	81.		36,892
Sandia National Laboratories Total					-	36,727

See Notes to Schedules of Expenditures of Federal Awards.

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Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Development of LWR Fuels with Enhanced Accident Tolerance	Savannah River Nuclear Solutions, Inc.	0000105861	DE-AC09-08SR22470	81.049		20,822
Savannah River Nuclear Solutions, Inc. Total					-	20,822
Center for the Computational Design of Functional Layered Materials	Temple University	254998	DE-SC0012575	81.049		91,005
Temple University Total					-	91,005
Theory and Computation for Mesoscopic Materials Processing	University of Minnesota	A004163701	DE-SC0012733	81.049		8,639
University of Minnesota Total					-	8,639
81 - US Department of Energy					384,759	2,279,092
Partner for Prevention (P4P):A Whole School Approach to Peer Aggression & Bullying	Children's Hospital of Philadelphia	327251	R305A130175	84.305		14,145
Children's Hospital of Philadelphia Total					-	14,145
Raising Interest in STEM Education (RISE) in Community College of Philadelphia YEAR 2	Community College of Philadelphia	Agmt dated 10/31/14	P120A130035	84.120A		15,945
Raising Interest in STEM Education (RISE) in Community College of Philadelphia	Community College of Philadelphia	Agmt dated 12/16/13	P120A130035	84.120A		41,726
Community College of Philadelphia Total					-	57,671
APLI School Leadership Evaluation Program	Lehigh University	542344-78003	U363A100069	84.363		85,565
Lehigh University Total					-	85,565
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	Philadelphia School District	Unknown	P334A140100	84.334A		20,506
Philadelphia School District Total					-	20,506
Cross Cultural Training for United States and European Union Students	San Diego State University	56404AP40127802211	P116JI00047-Action 1	84.116		12,212
San Diego State University Total					-	12,212

See Notes to Schedules of Expenditures of Federal Awards.

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Schedules of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Factors Associated with Positive Outcomes for Children & Youth with Autism: Secondary Analysis of Data from SEELS and NLTS2.	SRI International	51-001293	R324A120012	84.324		5,117
SRI International Total					-	5,117
Program Evaluation of Physical Therapy in Schools	University of Kentucky Research Foundation	R324A110204	R324A110204	84.324		13,465
University of Kentucky Research Foundation Total					-	13,465
Fusing Green Energy into Manufacturing Engineering Education to Cultivate Technical Success and Leadership Excellence Among Hispanic Engineering Students	University of Texas at El Paso	2014055636	P031S120131	84.031		154,101
University of Texas at El Paso Total					-	154,101
84 - US Department of Education					-	362,782
Total Other Research and Development Pass-Through Awards					\$ 465,657	\$ 6,171,551

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Direct Federal Awards For Other Programs - Schedule E
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Wine Making and Merchandising Program 10 - US Department of Agriculture	US Department of Agriculture	CO-CR-14-047	10.962	-	57,289
IPA Agreement (2014-2016) 12 - US Department of Defense	US Department of Defense	AGREEMT CAGE CODE 1JI	12.	-	207,092
Wisconsin MMSD Fall 2011 15 - US Department of the Interior	United States Geological Survey	Unknown	15.	-	1,964
Improving Intervention Services for Violently Injured Victims 16 - US Department of Justice	US Department of Justice	2011-VF-GX-K019	16.582	52,809	146,914
Partners in School Improvement: Drexel University and the School District of Philadelphia	Institute of Museum and Library Services	RE-01-10-0017-10	45.313		89,446
L21-Programs to Build Institutional Capacity 45 - Institute of Museum and Library Sciences	Institute of Museum and Library Services	RE-05-12-0052-12	45.313	41,202	98,112
				41,202	187,558
Gender and Science Proficiency for English Language Learners	National Science Foundation	HRD-1036658	47.076		(4,253)
IPA-NSF CMMI-SMM Program Director	National Science Foundation	CMMI-1118569	47.041		(205)
Collaborative Research: International: US-Brazil-From Local to Global-Multi-Robot Systems for Large Scale Cooperative Tasks	National Science Foundation	OISE-1131011	47.079		34,767
Greater Philadelphia Region LSAMP Bridge to the Doctorate (Cohort X) Project	National Science Foundation	HRD-1249177	47.076	311,894	311,894
Travel Awards for the 2014 IEEE International Conference on Bioinformatics and Biomedicine	National Science Foundation	IIS-1445149	47.070		20,000
Program Director: Nano-Biosensing CBET Division 47 - National Science Foundation	National Science Foundation	CBET-147952-001	47.		258,797
				311,894	621,000

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Direct Federal Awards For Other Programs - Schedule E
For the Year Ended June 30, 2015

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Urban Special Education Leaders for Tomorrow (USELT) 84 - US Department of Education	US Department of Education	H325D140081	84.325	-	216,759
Part D Grants for Coordinated HIV Services	US Department of Health and Human Services	H12HA24847-03-01	93.153	22,422	347,818
HIV Early Intervention Service Program	Health Resources & Services Administration	H76HA00179-18-00	93.918	28,200	882,843
Urban Challenges: Urban Solutions Traineeships	Health Resources & Services Administration	A03HP27845-01-00	93.964		2,338
HIV Early Intervention Service Program	Health Resources & Services Administration	H76HA00179-16-00	93.918		(5,396)
Advocacy in Action: Transforming Community Focused Women's Health Advocacy	US Department of Health & Human Services	HHSP233200700547P	93.		6,676
Philadelphia UJIMA Coalition for a Healthier Community - Phase 2	US Department of Health & Human Services	CCEWH111020-03-00	93.290		451,140
Nurse Anesthetist Traineeships	Health Resources & Services Administration	1A22HP24497-01-00	93.124		(9,782)
Youth Suicide Prevention in Primary Care	Substance Abuse & Mental Health Services	1U79SM061750	93.124		157,114
Scholarships for Disadvantaged Students Continuing the Tradition of Access and Quality for Graduate Physician Assistants	Health Resources & Services Administration	5T08HP25222-02-00	93.925		400,616
Scholarships for Disadvantaged Students for Graduate Couple and Family Therapy	Health Resources & Services Administration	5T08HP25223-02-00	93.925		169,818
Advanced Education for Nurse Anesthetists to Extend Access to Care	Health Resources & Services Administration	A22HP25985-01-00	93.124		16,595
93 - U.S. Department of Health & Human Services				50,622	2,419,780
Total Direct Expenditures for Other Programs				\$ 456,527	\$ 3,858,356

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Nutrition Outreach in Philadelphia Public Schools	Penn State University	00008692 & 40000157	Unknown	10.580		514,300
Nutrition Outreach in Philadelphia Public Schools	Penn State University	4100069151	Unknown	10.580		1,276,397
Penn State University Total					-	1,790,697
2012 Anacostia Consulting	CH2MHill	948061	N62470-08-D-1000	12.		(927)
CH2M Hill Total					-	(927)
Novel Standoff Detection of Material Damage Precursors for Structural Health Monitoring and Prediction	Princeton Nanotechnology Systems	Agmt Dated 11/11/13	W911QX-13-C-0150	12.		506
Princeton Nanotechnology Systems Total					-	506
Simulink Modeling of a Notional Shipboard System for Sensor Data Generation	Technical Documentation, Inc.	LETTER DATED 10/28/13	N00014-13-C-0118	12.		1,905
Technical Documentation, Inc. Total					-	1,905
Controlled Release of Topical Nitric Oxide for Treating Cutaneous Injuries	Zeomedix, Inc.	DTD 06/15/2011	Unknown	12.		2,667
Phase 2: Controlled Release of Topical Nitric Oxide for Treatment of Cutaneous Injuries	Zeomedix, Inc.	DTD 6/5/2011	W81XWH-11-C-0031	12.		50,191
Zeomedix, Inc. Total					-	52,858
10 - US Department of Agriculture					-	54,342
Six-Week English Language Certificate Program for High School English Teachers from Brazil	Institute of International Education	REEMENT DTD 11/29/20	Unknown	19.009		(1,885)
Four-West Fulbright English For Graduate Students	Institute of International Education	Agmt Dated 5/7/14	S-ECAGD-14-CA-017	19.009		110,486
Institute of International Education Total					-	108,601
19 - US Department of State					-	108,601

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Council of Graduate Schools Doctoral Initiative on Minority Completion and Attrition	Council of Graduate Schools	Agmt Dated 5/1/12	1138814	47.076		(11,671)
Council of Graduate Schools Total					-	(11,671)
47 - National Science Foundation					-	(11,671)
After School Learning Center Formula Award	Pennsylvania Department of Education	117558	S287C11038	84.287		120,379
Eligible Partnerships Grant Agreement	Pennsylvania Department of Education	071-800034	4265122103	84.367	91,516	110,125
Eligible Partnership Program	Pennsylvania Department of Education	071-800020	4265122103	84.367	150,547	260,345
Pennsylvania Department of Education Total					242,063	490,849
Mathematics and Science Partnership 2012-2013 Competitive Subgrant Awards to Eligible Local Educational Agencies Applying for Fund	Philadelphia School District	075-13-0335	S366B120039	84.366		(150)
MSP STEM Literacy Partnership Grant	Philadelphia School District	AX-M67-9190-2272-320039; OGC Contract No.		84.366		44,304
Philadelphia School District Total					-	44,154
Rhode Island Gear Up Evaluation	The College Crusade of Rhode Island	Agmt dated 10/17/14	P334S110008	84.334		140,440
The College Crusade of Rhode Island Total					-	140,440
84 US Department of Education						
Family Planning Partnership Program	Access Matters/Family Planning Council	156301	1FPHPA036073-02	93.217		12,704
FY15 Family Planning Main Cap	Access Matters/Family Planning Council	150201	6FPHPA036073-02	93.217		91,923
ACA Enrollment Assistance Program FY15	Access Matters/Family Planning Council	156003	1FPHPA006171	93.217		14,325
FY15 Integrating Routine HIV Testing and Linkage to HIV Care and Treatment in Family Planning	Access Matters/Family Planning Council	154002	1FPHPA006110	93.217		87,227
Family Planning Partnership Program Kensington	Access Matters/Family Planning Council	145002	6FPHPA036073	93.217		50,271
FY14 Family Planning Main Cap	Access Matters/Family Planning Council	142401	1FPHPA006073-01-00	93.217		4,044
FY14 Integrating Routine HIV Testing and Linkage to HIV Care and Treatment in Family Planning	Access Matters/Family Planning Council	144002	1FPHPA006110-01-00	93.217		12,723
HIV-CTRS Expansion in Family Planning Programs FY-14	Access Matters/Family Planning Council	144009	1FPHPA006110	93.217		650
The Teen and Young Adult Center-Main Cap (Family Planning) FY15	Access Matters/Family Planning Council	152401	6FPHPA036073-02	93.217		108,755
HIV-CTRS Expansion in Family Planning Programs FY-15	Access Matters/Family Planning Council	154009	1FPHPA006110	93.217		14,406
Access Matters/Family Planning Council Total					-	397,028

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Medical Home Initiative	American Academy of Pediatrics	Unknown	Unknown	93.994		2,180
Medical Home Program -Educating Practices in Community Integrated Care (EPIC IC)	American Academy of Pediatrics	LTR DATED 6/30/12	Unknown	93.994		40,896
American Academy of Pediatrics Total					-	43,076
Student Mentoring Through Regional Scientific Symposia	Baylor College of Medicine	102057818	5T36GM095353-04	93.859		15,811
Baylor College of Medicine Total					-	15,811
Cardiovascular Inflammation Reduction Trial (CIRT)	Brigham and Women's Hospital	5U01HL101422-02	5U01HL101422	93.837		390
Brigham and Women's Hospital Total					-	390
Bucks County Evaluation Project	Bucks County Drug and Alcohol Commission	15-10-58222	7R03HD080730-02	93.865		47,168
Bucks County Drug and Alcohol Commission					-	47,168
Per Case Reimbursement and Workload Intensity: NIH COG Chair Grant	Children's Hospital of Philadelphia	Unknown	U10CA098543	93.395		48,060
Comprehensive Health Care Services for Persons less than 21 Years (Sickle Cell Disease)	Children's Hospital of Philadelphia	4100065929	Unknown	93.944		208,525
Children's Hospital of Philadelphia Total					-	256,585
Philadelphia Behavioral Health Initiative	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3028	5U79SM060705	93.243		34,394
Philadelphia Behavioral Health Initiative	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3024	5U79SM060705	93.243		217,187
Philadelphia Behavioral Health Initiative	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3025	5U79SM060705	93.243		110,514
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3010	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3022	5U79SM060705	93.243		30,129
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3005	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3021	5U79SM060705	93.243		82,692
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3011	City of Philadelphia - Aids Activities Coordinating Office	1220367-02 SA3023	5U79SM060705	93.243		17,145
Outpatient / Ambulatory Medical Care	City of Philadelphia - Aids Activities Coordinating Office	R5212	2 H89HA00013-25-01	93.914		322,802
Care Services Case Management	City of Philadelphia - Aids Activities Coordinating Office	R5213	2 H89HA00013-25-01	93.914		113,029
Care Services Case Management	City of Philadelphia - Aids Activities Coordinating Office	R4339	6 H89HA00014-24	93.914		106,169
Ambulatory /Out-Patient Medical Care	City of Philadelphia - Aids Activities Coordinating Office	R4619	6 H89HA00014-24	93.914		157,427
Ambulatory /Outpatient Medical Care	City of Philadelphia - Aids Activities Coordinating Office	R4587	6 H89HA00014-24	93.914		580,338
Care Services Case Management	City of Philadelphia - Aids Activities Coordinating Office	R4588	6 H89HA00014-24	93.914		265,406

See Notes to Schedules of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
CRCS (Part II- 3 months)	City of Philadelphia - Aids Activities Coordinating Office	ADVANCE	1220367-02 SA3028	93.917		15,849
CRCS - Part I	City of Philadelphia - Aids Activities Coordinating Office	RXA5112	2 H89HA00013-25-01	93.917		47,705
HERR- (Part I-9 months)	City of Philadelphia - Aids Activities Coordinating Office	RXA5113	2 H89HA00013-25-01	93.917		45,368
		1220455-02/03,				
Health Resource Centers FY 15 Edison and Mastbaum High School	City of Philadelphia - Aids Activities Coordinating Office	CPA4012/5012	Unknown	93.940		3,964
Behavioral Surveillance YMSM	City of Philadelphia - Aids Activities Coordinating Office	B5005	2 H89HA00013-25-01	93.940		75,625
HIV Screening & Testing in HealthCare Setting	City of Philadelphia - Aids Activities Coordinating Office	CPA5056	5U62PS003645-04	93.940		29,112
HIV Testing in Health Care Settings	City of Philadelphia - Aids Activities Coordinating Office	CPB5038	5U62PS003645-04	93.940		61,772
High Impact HIV Testing in Health Care Settings	City of Philadelphia - Aids Activities Coordinating Office	CPB4003	5U62PS003645-04	93.940		73,861
HIV Screening & Testing in HealthCare Setting	City of Philadelphia - Aids Activities Coordinating Office	CPA4021/CPA4056	5U62PS003645-03	93.940		44,829
Behavioral Surveillance Supplement: YMSM CDC study	City of Philadelphia - Aids Activities Coordinating Office	B4004	5U1BPS0003253-04	93.940		81,991
City of Philadelphia - Aids Activities Coordinating Office Total					-	2,517,308
Caring Together FY15	City of Philadelphia - Office of Abuse Prevention	15-20483	Unknown	93.959		194,604
City of Philadelphia - Office of Abuse Prevention Total					-	194,604
NICHD Maternal Fetal Medicine Units Network	Columbia University	Unknown	HD036801 & U01HL098	93.865		169,691
Genomic and Proteomic Network for Preterm Birth Research Case Control	Columbia University	Unknown	U01 HD 050080	93.865		(1)
Columbia University Total					-	169,690
Guiding Evidence Based Therapy Using Biomarker Intensified Treatment (CCC) in Heart Failure	Duke University	1HL105448 GUIDE-IT 1)	1HL105448 GUIDE-IT 12	93.959		1,170
Duke University Total					-	1,170
PHACS AMP UP 18+ (PH 300)	Harvard School of Public Health	114074.1038.5041141	5U01HD052102-10	93.865		140,419
PHACS AMP	Harvard School of Public Health	114074.0938.5041141	5U01HD052102-09	93.865		29,713
PHACS AMP 18+	Harvard School of Public Health	114074.0938.5041141	5U01HD052102-09	93.865		5,305
Harvard School of Public Health Total					-	175,437
PA Mid Atlantic AIDS Education and Training Center	Health Federation of Philadelphia	Agmt Dated 10/5/14	5H4AHA00060-13-00	93.145		18,975
Health Federation of Philadelphia Total					-	18,975

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Intermittent Exotropia Study 2 (IXT2): A Randomized Clinical Trial of Observation Versus Occlusion Therapy for Intermittent Exotropia Jaeb Center for Health Research Total	Jaeb Center for Health Research	U10EY11751	5U10EY011751	93.867	-	9,631
Phase I/II Trial of a Therapeutic DNA Vaccine for Chronic Hepatitis C Virus (HCV) Infection Mayo Clinic Total	Mayo Clinic	MCR-0108-CPN	HHSN2612012000421	93.143	-	88,974
Research Database for Hematopoietic Stem Cell Transplantation and Marrow Toxic Injury National Marrow Donor Program Total	National Marrow Donor Program	Agmt dated 3/16/09	Unknown	93.395	-	9
HERR-Health Education Risk Reduction (Part II)	Pennsylvania Department of Health	4100062912	Unknown	93.917		15,118
Healthy Women Services Program	Pennsylvania Department of Health	4100048865	Unknown	93.283		13,842
FY15 Family Planning Main Cap	Pennsylvania Department of Health	4100066441	Unknown	93.283		3,922
The Teen and Young Adult Center-Main Cap (Family Planning) FY15	Pennsylvania Department of Health	4100066441	Unknown	93.667		4,640
Healthy Woman Services Program	Pennsylvania Department of Health	4100066441	Unknown	93.283		20,646
Family Planning Partnership Program	Pennsylvania Department of Health	4100055597 R2	Unknown	93.994		1,016
The Teen and Young Adult Center-Main Cap (Family Planning) FY15	Pennsylvania Department of Health	4100055597 R-2	Unknown	93.994		8,700
Breast and Cervical Cancer Early Detection Services FY15	Pennsylvania Department of Health	4100066441	Unknown	93.283		8,047
FY15 Family Planning Main Cap	Pennsylvania Department of Health	4100055597 R2	Unknown	93.994		7,354
Health Resource Centers FY 15 Edison and Mastbaum High School	Pennsylvania Department of Health	4100065797	Unknown	93.994		2,671
Spina Bifida Services Grant FY15	Pennsylvania Department of Health	4100065972	Unknown	93.994		37,115
PA Department of Health Cystic Fibrosis Care Grant FY15	Pennsylvania Department of Health	4100065966	Unknown	93.994		113,345
Child Rehab FY15 Pennsylvania Department of Health Total	Pennsylvania Department of Health	4100065983	Unknown	93.994	-	277,020
						513,436
The Teen and Young Adult Center-Main Cap (Family Planning) FY15	Pennsylvania Department of Human Services	4100060393	Unknown	93.667		17,401
FY15 Family Planning Main Cap Pennsylvania Department of Human Services Total	Pennsylvania Department of Human Services	4100060393	Unknown	93.667	-	14,708
						32,109

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedules of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2015

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Achieving a Critical Mass of Women Biomedical Faculty: Impact of 3 US Programs	University of New Mexico	3R89B	1R01HD064655	93.865		27,757
University of New Mexico Total					-	27,757
Pennsylvania Public Health Training Center	University of Pittsburgh	0021302/123843-1	4UB6HP20180-04-01	93.249		21,633
University of Pittsburgh Total					-	21,633
93 - US Department of Health and Human Services					-	4,530,791
Total Pass-Through Expenditures for Other Programs					\$242,063	\$7,148,203

See Notes to Schedules of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Notes to Schedules of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1) Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards (the “Schedules”) summarize the expenditures of Drexel University and Subsidiaries (the “University”) under programs of the federal government for the year ended June 30, 2015. Because the Schedules present only a selected portion of the operations of the University, they are not intended to, and do not, present the consolidated financial position, revenues, expenses, and changes in net assets of the University.

For the purposes of the Schedules, 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 Schedules.

2) Basis of Accounting

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

3) Federal Student Loan Programs

Federally-guaranteed loans (including subsidized and nonsubsidized loans) issued to students of Drexel University directly by Drexel University during the year ended June 30, 2015, are summarized below:

Federally -guaranteed loans (including subsidized and non-subsidized loans):	<u>CFDA Number</u>	<u>FY 2015 Amount Authorized</u>
Graduate PLUS Loans	84.268	\$ 38,121,977
Parent Loans for Undergraduate Students	84.268	45,020,119
Subsidized Direct Loans	84.268	35,488,002
Unsubsidized Direct Loans	84.268	132,883,907
Total Federally -guaranteed loans		<u><u>\$ 251,514,005</u></u>

Drexel 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.

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

Drexel University and Subsidiaries
Notes to Schedules of Expenditures of Federal Awards
For the Year Ended June 30, 2015

	<u>CFDA Number</u>	<u>Total Loan Outstanding Balance as of June 30, 2015</u>	<u>Loans Made During Year Ended June 30, 2015</u>
Other student loan programs:			
Federal Perkins Loan Program	84.038	\$ 22,988,400	\$ 3,971,605
Primary Care Loans	93.342	3,789,980	-
Loans for Disadvantaged Students	93.342	248,940	-
Nursing Student Loan	93.364	27,769	-
		<u>\$ 27,055,089</u>	<u>\$ 3,971,605</u>

Drexel University accounts for such loan programs in separate revolving loan funds. As such, the balances and transactions of these loan programs are recorded in Drexel University's consolidated financial statements. The amounts on the Schedule for these loan programs also include expenditures for the administrative costs of the respective programs. The administrative cost allowance amount for the Federal Perkins Loan Program for the year ended June 30, 2015 is \$0.

II. Reports on Internal Controls and Compliance



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

To the Board of Trustees
Drexel University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Drexel University and its subsidiaries (the "University"), which comprise the consolidated statement of financial position as of June 30, 2015 and 2014, 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 27, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, as finding 2015-001.



Compliance and Other Matters

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

Management's Response to Findings

Management's response to the findings identified in our audit is described in the accompanying Management's View and Corrective Action Plan. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
October 27, 2015



**Independent Auditor's Report 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 OMB Circular A-133**

To the Board of Trustees
Drexel University

Report on Compliance for Each Major Federal Program

We have audited Drexel University's (the "University") compliance with the types of compliance requirements described in the OMB *Circular A-133 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, 2015. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-004. 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 OMB Circular A-133, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. The University's response to the internal control over compliance findings identified in our audit are 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 29, 2016

III. Findings and Questioned Costs

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u> yes	_____ none noted
• Non-compliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u> X </u> yes	_____ no
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Identification of major programs CFDA Number(s):	Name of Federal Program or Cluster:	
Various	Student Financial Aid Cluster	
Various	Research & Development Cluster	
Dollar threshold used to distinguish between type A and type B programs:	\$2, 333,668	
Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2015

Section II – Financial Statement Findings

2015 – 001: Complex Transactions

Observation/Cause and Effect

Drexel University frequently enters into transactions with complex accounting implications that have potentially significant effects on the financial statements.

Management has taken steps toward improving their processes related to the identification and documentation of significant contracts and transactions for timely consideration of the accounting and reporting impacts. However, management's evaluation and documentation of the transaction does not consistently consider and reflect the appropriate accounting standards and related conclusions to ensure accurate accounting and reporting for these transactions and as a result a number of adjustments were identified impacting the current and prior year financial statements during the audit process. Some examples noted in the current year audit include accounting for complex donations, lease and land transactions, and unique financing arrangements. The lack of detailed documentation challenges the effectiveness of the review process and increases the risk or error.

Additionally, there were continued instances where Financial Reporting and/or Specialists used by Management did not have information timely to evaluate and consider the relevant accounting and reporting rules and regulations to arrive at the appropriate conclusions. Specifically, an enacted plan amendment to Drexel's post-retirement benefit plan was not timely provided to the actuarial firm in the prior year resulting in an out-of-period error in the current year financial statements. Additionally, a new ground lease was signed during the year but was not fully reviewed by the Financial Reporting team prior to completion of the financial statements to ensure consideration of complex lease rules requiring judgment surrounding the commencement of lease terms, and treatment over the term of the arrangement. While ultimately immaterial to the financial statements as a whole, this resulted in an error in the calculation of the straight-line rental income related to the contract due to the judgments involved in assessing the accounting start date for a lease.

Recommendation

Management has made process improvements to identify transactions significant, unusual or non-recurring transactions more timely and documenting relevant key terms. Drexel should continue to develop a process to ensure comprehensive evaluation and documentation of all significant transactions by individuals with the relevant expertise, specifically as it relates to more complex transactions, such as leases. Additionally, management should have a formal procedure for identifying and communicating complex transactions requiring specific accounting and reporting considerations.

Management's Response

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

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2015

Section III – Federal Award Findings and Questioned Costs

2015-002: Effort Reporting

Federal Agency: Department of Health and Human Services, Department of Energy, National Science Foundation, FEMA, Office of Naval Research, National Aeronautics & Space Administration, National Institutes of Health

Program: Research and Development Cluster

CFDA #: 93.074, 81.049, 47.074, 97.044, 12.300, 43.001, 93.853, 93.242

Award #: 440007960, 11122-31, 1010-216-AQU, EF-1115131, EMW-2012-FP-00205, N00014-12-1-0160, NNX12AP65G, 2P01NS055976-06A1, 5R01MH085666-07

Award Year: Fiscal year 2015

Pass-through: Pennsylvania Department of Health, Research Partnership to Secure Energy for America, Neon, Inc.

Criteria

Per 2 CFR part 220/A-21, management is to implement and maintain an employee time reporting system in which effort is reviewed to ensure the effort charged to the grant is accurate, and is based on the actual effort devoted to the various functional and programmatic activities to which the salary and wage costs are charged.

Condition

In the prior year a finding was noted regarding the timeliness of certifications that was determined to be a significant deficiency. Half way through the current fiscal year management implemented procedure changes to address the timeliness of effort report certification, in advance of the impending implementation of the new effort reporting system and formalized policy updates. In our testing over effort reports the engagement team selected 23 effort reports from the first half of the year and found that 18 effort reports were certified and approved in excess of 90 days of the period end date. Typically, general industry standard is certification of effort within 90 days or less. Within this sample selected for testing, certifications on average took place 129 days after the period end date, ranging from 106 to 197 days. The engagement team also selected 37 effort reports from the second half of the year and found that 1 effort report was certified and approved in excess of 90 days of the period end date, which was 104 days.

Additionally, of the 60 effort reports selected for testing, 11 were selected from a subsidiary of the University. Of these 11 selections, for 4 management was not able to produce a copy of the original signed effort report. As such, we were not able to conclude on timeliness of certification.

Questioned Costs

There are no questioned costs associated with this finding as

Cause

The previous policy in place did not state a time period as to when effort reports must be certified and approved by, following the period end date. Process changes have been implemented to enforce timeliness in the current fiscal year, in advance of the new policy being executed in conjunction with the labor redistribution process.

Effect

The effort reported could be incorrect and if not reviewed and corrected in a timely manner, costs charged to a grant could be incorrect. During the second half of the year in conjunction with the implementation of process changes, there was significant improvement in the timeliness of the effort report certifications.

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2015

Recommendation

We recommend the University continue to enforce the updated processes including ensuring that all staff receives appropriate guidance and training, and finalize the updated policy in conjunction with the upcoming labor redistribution process.

Management's Response

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

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2015

2015-003: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION (DIRECT LOAN)

Federal Agency: Department of Education
Program: Federal Direct Loans
CFDA # 84.268
Award #: N/A
Award Year: Fiscal year 2015
Pass-through: None

Criteria

34 CFR Section 685.301 which sets forth standards for reconciling University records to the DOE records.

Condition

During our testing of compliance with the Direct Loan reconciliation process, we noted that the reconciliations performed each month did not include the entire student population. For the fiscal year ending June 30, 2015, Drexel University Financial Aid Office did not have a process in place to completely reconcile 100% of the variances every month, as such, within each month only about one third of the students are reconciled.

Questioned Costs

There are no questioned costs associated with this finding as the variances are all reconciled by the end of the fiscal year.

Cause

The current reconciliation process is manual and labor intensive. Management performs a portion of the full reconciliation each month based on assessed risk of variances, The University hired two new employees to join the loan processing team in March 2015 to help address this issue. However, system issues developed in the loan processing module that caused a delay in the loan processing team's implementation of the full monthly reconciliation process, and as such they were not able to be performed.

Effect

The University could fail to recognize discrepancies within student accounts within the appropriate amount of time (30 days).

Recommendation

We recommend the University fully implement the new reconciliation process and reconcile 100% of the variances each month.

Management's Response

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

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2015

2015-004: ALLOWABLE COSTS/COST PRINCIPLES - COST TRANSFERS

Federal Agency: National Institutes of Health
Program: Research and Development Cluster
CFDA #: 93.242, 93.866
Award #: 5R01MH085666-07, 5R21AG041510-02
Award Year: Fiscal year 2015
Pass-through: None

Criteria

OMB Circular A-21 C.4 establishes that any costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other funding considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience. Appropriate controls should be in place to prevent frequent, tardy, and unexplained (or inadequately explained) transfers. National Institute of Health states that cost transfers should be accomplished within 90 days of when the error was discovered. Drexel University Cost Transfer Policy states that non-labor cost transfers must be processed within 120 days of the date of the original transaction.

Condition

PwC selected a sample of 60 cost transfers. These transfers included journal entries to remove and record transactions to federal awards. There is no consistent way to identify the dates when the error was discovered. As such, PwC evaluated cost transfers using the date of the original transaction in relation to the date of the transfer, in accordance with Drexel policy. 3 of 60 samples selected for testing were cost transfers that would be considered untimely, where underlying transactions needing correction were processed between 134 and 775 days after the date of the original transaction.

Questioned Costs

There are no questioned costs associated with this finding as all cost transfers were accompanied by supporting documentation evidencing allowability.

Cause

The University's cost transfer policy was not always consistently executed.

Effect

Costs requiring correction are not detected and/or transferred in a timely manner as required by the federal regulations and Drexel University's policy. This may ultimately result in inaccurate and/or out of period reporting and billing to the federal sponsoring agency.

Recommendation

We recommend the University continue to enhance its efforts to educate the research community on its cost transfer policy, with a specific emphasis on the timely detection and processing of necessary cost transfers. Ongoing and targeted training should include departments which generate frequent cost transfers.

Management's Response

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

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

Summary Schedule of Prior Audit Findings

2014-001: GRANT FINANCIAL MANAGEMENT AND REPORTING

Federal Agency: Department of Justice
Program: Edward Byrne Memorial Justice Assistance Grant (JAG) Program (Including Recovery Act)
CFDA #: 16.738, 16.803
Award #: 2009-MH-ST-20335
Award Year: Fiscal years 2010 - 2012
Pass-through: Pennsylvania Commission on Crime and Delinquency

Summary

During the 2014 audit, both the University's management and PwC were made aware by a prime awarding Commonwealth of PA agency of an error related to the fiscal 2011 Schedule of Expenditures of Federal Awards (SEFA). The above listed award was not included on the fiscal 2011 SEFA. The expenditures totaled \$206,432 for fiscal year 2011. There were no expenditures in 2014.

An employee received an inquiry from the Commonwealth funding agency regarding the omission and did not notify another member of management. In addition, the employee provided a response to the inquiry without providing it first to an appropriate member of University management for review. This response contained intentional errors which the funding agency realized and contacted PwC for verification.

Status

To strengthen internal controls for data integrity and proper reporting, processes have been instituted at the fund assignment stage to identify federal funds and federal flow through funds. This check ensures that federal funds are identified, CFDA numbers are obtained and that the correct classification is in the Banner Research Accounting module. Higher risk transactions must be reviewed and approved by the Associate Vice President and Comptroller. All audit responses are reviewed by the Associate Vice President and Comptroller and the Vice President for Finance, CFO and Associate Treasurer prior to submission to the auditors.

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-002: ALLOWABLE COSTS/COST PRINCIPLES - COST TRANSFERS

Federal Agency: National Institutes of Health, National Institute of Mental Health, National Cancer Institute, Air Force, Federal Aviation Administration, Office of Naval Research
Program: Research and Development Cluster
CFDA #: 93.226, 93.859, 93.242, 93.393, 12.800, 20.109, 12.630
Award #: 1R21HS021008-01, 1R01GM097664-03, 1R01MH095982-03, 5R01CA129494-06, FA8750-13-C-0268, DTFAC-12-A-80003, N65236-12-1-1005
Award Year: Fiscal year 2014
Pass-through: Various

Summary

PwC selected a sample of 60 cost transfers. These transfers included journal entries to remove and record transactions to federal awards. PwC noted the following with regards to the sample selected for testing:

- 21 of 60 samples selected for testing were cost transfers where items needing correction were processed in excess of 90 days from the closing period in which the error was identified.
- 2 of 60 samples selected for testing did not have an adequate explanation supporting the reason behind the cost transfer.

Status

The cost transfer policy is in place and is being enforced. All cost transfers are reviewed by central staff and must be accompanied by appropriate documentation and justification. All cost transfers that occur after 120 days from the original posting date are reviewed by the Associate Vice President and Comptroller for approval. Webinars on Cost Transfers accompanied by topic specific training have been offered to the research community.

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-003: EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: National Science Foundation, US Air Force, Federal Highway Administration
Program: Research and Development Cluster
CFDA #: 47.082, 12.800, 20.502
Award #: DBI-0845827, FA9550-04-1-0018, DTFH61-97-X-00023
Award Year: Fiscal year 2014
Pass-through: Various

Summary

We provided PwC a property and equipment listing of equipment purchased under its federal awards which contained 988 items. PwC selected a sample of 25 items for testing of compliance with federal regulations regarding equipment and real property management, and noted the following:

- 1 of 25 items selected for testing were not in locations noted on the property listing, but rather were found in other locations (a different room or building) because the equipment had been moved without proper notification to University's Comptroller's Office (asset NBV = \$9,522.04).
- 1 of 25 items selected for testing we identified and represented it was the correct asset, but it could not be reconciled to the underlying records and therefore verified (asset NBV = \$30,000).
- 1 of 25 items selected for testing was not kept in a locked facility and therefore not considered to be properly safeguarded in accordance with University policies (asset NBV = \$29,185.11).

Status

American Appraisal began conducting the inventory of all federally funded equipment inventory the week of January 25, 2016. This was completed in March 2016.

A full wall-to-wall equipment inventory is planned as part of the Facilities and Administrative rate proposal base year activities in FY'17. A team in General Accounting is meeting periodically to address the comments and properly update the Banner fixed asset system with the data prior to the annual equipment confirmations. American Appraisal will conduct federal equipment inventories every two years, if the negotiated federal indirect cost rates are extended for greater than two years.

The Finance Competency Center will begin working on new tool for confirming assets in April for roll-out in early July 2016.

**Drexel University and Subsidiaries
Schedule of Status of Prior Year Findings
For the Year Ended June 30, 2015**

2014-004: SUBRECIPIENT MONITORING

Federal Agency: National Cancer Institute, National Science Foundation, National Institute of Allergy & Infectious Diseases National Institute of Environmental Health Sciences, Department of Army, Office of Naval Research, US Army Medical Research Acquisition Activity, National Institute of Health

Program: Research and Development Cluster

CFDA #: 93.399, 93.395, 47.049, 47.082, 47.076, 93.855, 93.113, 12.OSP, 12.630, 12.431, 93.859

Award #: 2U10CA037403-27, 5U10CA037403-28, 5U10CA086802-14 REVISED, 5U10CA086802-15, DMR-1124696, CNS-0960061, HRD-1139870, HRD-0903924-006, 7U01AI095085-02, R01ES016443, W15P7T-06-9-P011-TASK 0036, W15P7T-06-9-P011/0035, N65236-12-1-1005, W911NF-10-1-0409, 2P01GM056550-17A1

Award Year: Fiscal year 2014

Pass-through: Various

Summary

For the research and development cluster, there were 161 subrecipients, with expenditures of \$22,349,181 during the fiscal year. 16 subrecipients with individual transactions totaling \$1,487,417 were selected for testing by PwC.

While PwC was able to obtain evidence and approval of invoices and related costs for all selections, there was no contemporaneous review performed of subrecipients's A-133 reports, or follow up on any findings included therein.

Status

A formalized process is currently in place in which a report is run to gather subrecipients for the University. A contact is made with each subrecipient to verify if their A-133 is in the federal audit clearing house and the subrecipients website for any audit report disclosures. We review for findings and contact them if there are any questions or concerns. We complete a Risk Assessment for each subrecipient and based on that review, determine next steps. We are moving this to an electronic process where the review is completed prior to finalization of award acceptance. As of March 2016, we have contacted 100% of our subrecipients for FY15 and 88% of the risk assessments are complete.

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-005: REPORTING

Federal Agency: National Cancer Institute, National Science Foundation, National Institute of Allergy & Infectious Diseases National Institute of Environmental Health Sciences, Department of Army, Office of Naval Research, US Army Medical Research Acquisition Activity, National Institute of Health

Program: Research and Development Cluster

CFDA #: 93.399, 93.395, 47.049, 47.082, 47.076, 93.855, 93.113, 12.OSP, 12.630, 12.431, 93.859

Award #: 2U10CA037403-27, 5U10CA037403-28, 5U10CA086802-14 REVISED, 5U10CA086802-15, DMR-1124696, CNS-0960061, HRD-1139870, HRD-0903924-006, 7U01AI095085-02, R01ES016443, W15P7T-06-9-P011-TASK 0036, W15P7T-06-9-P011/0035, N65236-12-1-1005, W911NF-10-1-0409, 2P01GM056550-17A1

Award Year: Fiscal year 2014

Pass-through: Various

Summary

During testing over subrecipient monitoring, PwC selected 16 subrecipients to test the University's compliance with the Federal Funding and Transparency Act (FFATA). No FFATA reports were submitted for any of the 16 selections.

Status

The Office of Research completed the submission of the FFATA backlog on June 25, 2015. Out of 254 records evaluated, 200 records were submitted and 54 did not require an entry into the system because Drexel was the subrecipient, the base year of the award preceded October 2010 and/or the prime award was less than \$25K. The Office of Research is now processing the FFATA items when awarded and are up-to-date

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-006: EFFORT REPORTING

Federal Agency: Office of Naval Research, National Institute of Environmental Health Sciences, National Cancer Institute, National Science Foundation, National Institute of Mental Health, New Jersey Sea Grant Consortium

Program: Research and Development Cluster

CFDA #: 12.630, 93.113, 93.393, 47.070, 93.242, 11.4 R&D

Award #: N65236-12-1-1005, R01ES016443, 5R01CA129494-06, CCF-1065189, 1R01MH095982-03, 694-7900-7553

Award Year: Fiscal year 2014

Pass-through: Various

Summary

During PwC testing of compliance with direct compensation, specifically with regards to timely effort reporting, they noted 37 of 40 effort reports were certified and approved in excess of 90 days of the period end date. Untimely certifications on average took place 172 days after the period end date, ranging from 114 to 246 days.

PwC also noted that for 1 of 40 effort reports selected for testing, the effort report did not reflect payroll expenditures charged to the grant. These charges were deemed to be erroneous, and subsequently reversed off of the grant.

Status

The Effort Reporting System has been tested and will be rolled out in tandem with the Labor Redistribution Process in April 2016. The corresponding effort reporting policy is being finalized and will change the effort reporting periods from bi-annual to quarterly to ensure timely labor redistributions. The policy will also address deadlines for certification.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2015

2014-007: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – STUDENT LOAN REPAYMENTS

Federal Agency: Department of Health and Human Services
Program: Student Financial Aid Cluster
CFDA # 93.342 (Primary Care Loans), 93.364 (Nursing Student Loans)
Award #: N/A
Award Year: Fiscal year 2014
Pass-through: None

Summary

During PwC testing of compliance with student loan deferments and cancellations, they noted that supporting documentation substantiating the deferment (such as the evidence of enrollment in another University or advanced training) for 1 out of 25 students could not be located by the servicer.

Status

Loan Repayment and Collections (LRC) has an on-going dialogue with ECSI regarding the administration of all loans, including the Federal loan programs. Further, members of LRC and Financial Aid visited the Department of Health and Human Services to discuss our portfolio specifically, and generate procedures to minimize any issues related to compliance and/or default.

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-008: STUDENT FINANCIAL AID – FINANCIAL REPORTING

Federal Agency: Department of Education
Program: Student Financial Aid Cluster
CFDA # Various
Award #: N/A
Award Year: Fiscal year 2014
Pass-through: None

Summary

During PwC testing of compliance with Financial Reporting, they noted that that Part V, section G (number of students in community service employment) did not agree to the underlying support, with the FISAP having 255 students, and the report showing 141. As such, the FISAP for the 2013/2014 school year was restated to reflect the correct information. This did not affect the dollar values reflected on the FISAP, and no changes were made to those amounts. Additional changes have been noted to campus based funding which will require the FISAP to be revised once campus based funding has been re-reconciled.

Status

Consistent with the prior year corrective action plan, the Financial Aid Office moved approximately 80% of all “packaging” to the Banner system for 15/16. For 16/17, the Financial Aid Office plans to package 100% of all applications in Banner. We think this will eliminate the possibility of errors in reporting the data on the FISAP. By packaging all awards in Banner, we are ensuring a full beginning-to-end processing cycle from the time the award package is made to final reporting on the FISAP. This will enable the Financial Aid Office to have full Banner generated data for the FISAP from the same system.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2015

2014-009: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION (DIRECT LOAN)

Federal Agency: Department of Education
Program: Federal Direct Loans
CFDA # 84.268
Award #: N/A
Award Year: Fiscal year 2014
Pass-through: None

Summary

During PwC testing of compliance with the Direct Loan reconciliation process, they noted that the reconciliations were not completely performed each month. Drexel University Financial Aid Office does not currently have a policy in place to completely reconcile 100% of the variances every month, as such, within each month only about half of the students are reconciled.

Status

Consistent with the prior year corrective action plan, a new loan team was hired to work on this issue and related loan processing reports. However, this additional staff was not on board until March and April of 2015. Once this team was in place, management did establish monthly goals to complete the reviews. We were unable to meet this goal because of the timing of the staff hires and a number of other administrative issues that we were attempting to resolve. We are still experiencing staff transition in this area, and we should be able to fully implement the monthly reconciliation effective July 1, 2016.

Drexel University and Subsidiaries Schedule of Status of Prior Year Findings For the Year Ended June 30, 2015

2014-010: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY AGREEMENTS

Federal Agency: Department of Education
Program: Federal Work Study
CFDA # 84.033
Award #: N/A
Award year: Fiscal year 2014
Pass-through: None

Summary

During PwC testing of compliance with the FWS program they were able to obtain signed time cards with hours charged to ascertain that charges were appropriate and allowable. However, timecards include total hours charged but not specific time/hours of the day, therefore making it difficult for proper review and monitoring procedures, such as ensuring that recipients do not work during scheduled class times.

Status

Consistent with the prior year collective action plan, the Financial Aid Office worked with Payroll and HRIS in May and June 2015 to update the format of the time sheets to reflect actual hours worked, showing time in and time out. The change went live for the 2015-16 academic year.



Office of the Comptroller

**Management's View and Corrective Action Plan to
OMB Circular A-133 Schedules of Expenditures of Federal Awards
Fiscal Year 2015 Audit Findings**

OMB Circular A-133 Findings

2015 – 001: Complex Transactions

Management agrees with the recommendation. The Comptroller's Office has engaged Marcum, LLP to assist with developing white papers for complex transactions that have the appropriate accounting guidance encapsulated in the document. Quarterly meetings with Comptroller's Office, Human Resources, and external actuaries will be scheduled to discuss changes to benefit plans. These meetings will allow for review of any proposed changes by management or suggested changes by the actuarial firms based on new tables or assumptions. In addition, the Comptroller's Office will seek to engage the Office of General Counsel in discussions surrounding contracts that are substantial in nature and that may have financial accounting implications. These meetings will also be held no less than quarterly. The Comptroller's Office will also look to see if there are ways that notifications can be provided to Financial Reporting and General Accounting when contracts are approved in the Corridor system.

Patricia J. Russo
Associate Vice President and Comptroller



Office of the Comptroller
Research Accounting Services

2015-002: Effort Reporting

Federal Agency: Department of Health and Human Services, Department of Energy, National Science Foundation, FEMA, Office of Naval Research, National Aeronautics & Space Administration, National Institutes of Health
Program: Research and Development Cluster
CFDA #: 93.074, 81.049, 47.074, 97.044, 12.300, 43.001, 93.853, 93.242
Award #: 440007960, 11122-31, 1010-216-AQU, EF-1115131, EMW-2012-FP-00205, N00014-12-1-0160, NNX12AP65G, 2P01NS055976-06A1, 5R01MH085666-07
Award Year: Fiscal year 2015
Pass-through: Pennsylvania Department of Health, Research Partnership to Secure Energy for America, Neon, Inc.

The effort reporting process is undergoing a policy and system update. The university will transition to the Banner Effort Reporting System that works in tandem with an electronic labor redistribution process in April 2016. As part of the system launch, a new policy for effort reporting is being rolled out which will provide for quarterly reporting cycles. This policy will also provide for clear deadlines for pre-review and certification. Increased frequency will allow for more timely adjustments and certifications. Campus-wide training is scheduled to introduce and train on the new system. In the interim, meetings with research intensive working group have stressed the importance of timely effort certifications and this effort will we roll-out the new system and policy.

Evelyn Balabis

Executive Director, Research Accounting Services



Enrollment Management & Student Success

Chris Ferguson, EdD
Vice President & Dean of Admissions

**2015-003: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – BORROWER
DATA TRANSMISSION AND RECONCILIATION (DIRECT LOAN)**

Federal Agency: Department of Education
Program: Federal Direct Loans
CFDA # 84.268
Award #: N/A
Award Year: Fiscal year 2015
Pass-through: None

Management agrees that this is a priority and will make necessary staffing changes by July 1, 2016, to ensure this is done as indicated in the recommendation.

Christopher Ferguson
Vice President and Dean of Admissions



Office of the Comptroller
Research Accounting Services

2015-004: ALLOWABLE COSTS/COST PRINCIPLES - COST TRANSFERS

Federal Agency: National Institutes of Health
Program: Research and Development Cluster
CFDA #: 93.242, 93.866
Award #: 5R01MH085666-07, 5R21AG041510-02
Award Year: Fiscal year 2015
Pass-through: None

The cost transfer policy is in place and is being enforced. All cost transfers are reviewed by central staff and must be accompanied by appropriate documentation and justification. All cost transfers that occur after 120 days from the original posting date are reviewed by the Associate Vice President and Comptroller for approval. We train and encourage active management during the life of an award to the campus research community so that they review, detect and timely process cost transfers. Webinars on Cost Transfers accompanied by topic specific training have been offered to the research community. An on-line cost transfer workflow is being phased in during the Spring and Summer of 2016 to provide increased efficiency and improve timeliness.

Evelyn Balabis
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