

Academic Properties, Inc.
Financial Statements and Supplemental Schedules
for the Fiscal Years Ended
June 30, 2025, and 2024

Academic Properties, Inc.

Index

June 30, 2025, and 2024

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Review Report of Independent Accountants

To the Board of Trustees of Drexel University,

We have reviewed the accompanying financial statements of Academic Properties, Inc., (the "Company"), which comprise the statements of financial position as of June 30, 2025, and 2024, and the related statements of activities, and statements of cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management. We have not audited or reviewed the supplemental schedules and accordingly do not express an opinion, a conclusion, nor provide any assurance on them.

A handwritten signature in dark ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania

October 28, 2025

Academic Properties, Inc.
Statements of Financial Position
June 30, 2025, and 2024

	2025	2024
Assets:		
Cash and cash equivalents	\$ 11,911,985	\$ 12,423,243
Tenants' escrow accounts	176,921	174,004
Accounts receivable	135,289	169,891
Prepaid expenses and other assets	415,474	760,878
Deferred charges, net	726,653	1,631,481
Due from Drexel University	394,422	350,018
Operating Lease Right of Use (ROU) Asset	-	67
Rental property and equipment, net	23,547,097	19,098,476
Total assets	\$ 37,307,841	\$ 34,608,058
Liabilities:		
Accounts payable and accrued liabilities	\$ 560,434	\$ 408,510
Deferred revenue	343,448	309,300
Tenants' escrow accounts	176,921	174,004
Operating Lease Liability	-	67
Total liabilities	\$ 1,080,803	\$ 891,881
Net Assets:		
Without donor restrictions	36,227,038	33,716,177
Total net assets	36,227,038	33,716,177
Total liabilities and net assets	\$ 37,307,841	\$ 34,608,058

Academic Properties, Inc.
Statements of Activities
June 30, 2025, and 2024

Operating	2025	2024
Revenues:		
Rents		
Minimum lease payments	\$ 6,599,629	\$ 6,483,571
Common area expense and utilities	2,402,021	2,353,237
Interest	221,493	392,900
Management fee income - affiliate	188,625	164,031
Miscellaneous	70,040	75,172
Total revenues	9,481,808	9,468,911
Expenses:		
Salaries and wages	604,034	598,053
Employee benefits	171,890	228,636
Depreciation and amortization	1,080,509	1,062,263
Other operating expenses	3,573,514	3,450,601
Total expenses	5,429,947	5,339,553
Increase in net assets from operating activities	4,051,861	4,129,358
Non-operating		
Transfer to Drexel Endowment	(1,541,000)	(1,541,000)
Decrease in net assets from non-operating activities	(1,541,000)	(1,541,000)
Total increase in net assets	2,510,861	2,588,358
Net assets, beginning of year	33,716,177	31,127,819
Net assets, end of year	\$ 36,227,038	\$ 33,716,177

Academic Properties, Inc.
Statements of Cash Flows
June 30, 2025, and 2024

	2025	2024
Operating activities:		
Increase in net assets:	\$ 2,510,861	\$ 2,588,358
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,080,509	1,062,263
Transfer to Drexel Endowment	1,541,000	1,541,000
Changes in assets and liabilities that provide / (use) cash:		
Accounts receivable	34,602	(78,237)
Prepaid expenses and other assets	345,404	(144,753)
Deferred charges, net	904,828	(5,691)
Accounts payable and accrued liabilities	149,097	(533,984)
Deferred revenue	34,148	(25,674)
Net cash provided by operating activities	6,600,449	4,403,282
Investing activities:		
Purchase of rental property	(4,306,134)	
Building Improvements	(1,220,169)	(1,417,883)
Net cash used in investment activities	(5,526,303)	(1,417,883)
Financing activities:		
Due from Drexel University	(44,404)	35,328
Transfer to Drexel Endowment	(1,541,000)	(1,541,000)
Net cash used in financing activities	(1,585,404)	(1,505,672)
Net (decrease) / increase in cash and cash equivalents	(511,258)	1,479,727
Cash and cash equivalents, beginning of year	12,423,243	10,943,516
Cash and cash equivalents, end of year	\$ 11,911,985	\$ 12,423,243

Academic Properties, Inc.

Notes to Financial Statements

June 30, 2025, and 2024

1. Organization

Academic Properties, Inc. (the “Company” or “API”) is 100% owned by Academic Assets, Inc. and Academic Assets, Inc. is 100% owned by Drexel University. API is an exempt organization under Section 501 (c) (3) or the Internal Revenue Code. API manages properties used by Drexel, as well as other strategically located properties contiguous to its campus.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

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

Net Assets without Donor Restrictions – Net assets without donor restrictions are funds which have no restrictions, and over which the Board has discretionary control.

Net Assets with Donor Restrictions - Net assets with donor restrictions are subject to donor-imposed stipulations that (a) may be fulfilled by actions of API to meet the stipulations, (b) may become unrestricted at the date specified by the donor or (c) are subject to donor-imposed stipulations that they be retained and invested permanently by API.

There were no net assets classified as with donor restrictions as of June 30, 2025, and 2024.

Measure of Operations

API’s measure of operations as presented in the statement of activities includes rental income from properties, management fee income from affiliates, and other miscellaneous revenues. Operating expenses are reported on the statement of activities by natural classification.

Liquidity and Availability

API’s financial assets available within one year of the balance sheet date for general expenditure as of June 30, 2025, and 2024 are as follows:

	2025	2024
Total assets at year-end	\$ 37,307,841	\$ 34,608,058
Less: non-financial and financial assets not available within one year		
Prepaid expenses and other assets	(415,474)	(760,878)
Tenants' escrow accounts	(176,921)	(174,004)
Deferred charges, net	(726,653)	(1,631,481)
Operating Lease Right of Use (ROU) Asset	-	(67)
Rental property and equipment, net	(23,547,097)	(19,098,476)
Financial assets available at year-end for current use	\$ 12,441,696	\$ 12,943,152

API has \$12,441,696 of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure. In addition to these available financial assets, a significant portion of API’s annual expenditures is funded by current year operating revenues including rental income from properties, management fee income from affiliates, and other miscellaneous revenues. API structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

Academic Properties, Inc.

Notes to Financial Statements

June 30, 2025, and 2024

Cash

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. As of June 30, 2025, and 2024, API 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.

Expenses

All API expenses are in support of one program, which is managing Drexel's properties.

Rental Property and Equipment, Net

Land, building, and equipment are stated at cost, or the original purchased cost transferred from Drexel. The Company recognizes depreciation over the useful lives of the depreciable assets on a straight-line basis. Useful lives range from 3 to 20 years.

Deferred Charges

Deferred charges represent rent revenues recognized on a straight-line basis over the term of the Company's lease agreements that have not been billed as of year-end.

Deferred Revenue

Deferred revenue represents cash paid in advance for future rent.

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 amounts 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 these estimates.

Asset Retirement Obligation

The Company determined there were legal obligations to perform certain asset retirement activities associated with certain fire doors, carpeting, and storage tanks. The total asset retirement cost and obligation recognized was \$2,827 and \$205,616 respectively, as of June 30, 2025 and \$2,789 and \$202,789 respectively, as of June 30, 2024 and is included in rental property and equipment, net, and accrued expenses, respectively.

Recently Issued Accounting Pronouncements

In March 2023, the FASB issued ASU No. 2023-02, *Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a Consensus of the Emerging Issues Task Force)*. The ASU expands use of the proportional amortization method of accounting to equity investments in tax credit programs beyond those in low-income-housing tax credit (LIHTC) programs. ASU 2023-02 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. API is currently evaluating the standard to determine the potential impact on its financial statements.

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The ASU addresses the accounting and disclosure requirements for certain crypto assets. The new guidance requires entities to subsequently measure certain crypto assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets. ASU 2023-08 is effective for fiscal years beginning after

Academic Properties, Inc.

Notes to Financial Statements

June 30, 2025, and 2024

December 15, 2024, with early adoption permitted. API is currently evaluating the standard to determine the potential impact on its financial statements.

API has determined that there are no other recently issued accounting standards that will have a material impact on its financial statements.

3. Rental Property and Equipment

At June 30, 2025 and 2024, rental property and equipment consisted of the following:

	2025	2024
Land:	\$ 8,233,789	\$ 4,427,655
Building and Building Improvements:		
One Drexel Plaza	2,033,814	2,033,814
All Other Properties	6,235,158	5,735,158
Building Improvements	22,703,534	21,483,365
Total buildings and building improvements	30,972,506	29,252,337
Furniture and Fixtures:		
Furniture and fixtures	187,596	187,596
Equipment	47,259	47,259
Total furniture, fixtures, and equipment	234,855	234,855
Total rental property and equipment, gross	39,441,150	33,914,847
Less: Accumulated depreciation	(15,894,053)	(14,816,371)
Total rental property and equipment, net	\$ 23,547,097	\$ 19,098,476

The values related to One Drexel Plaza included in rental property and equipment, net amounted to \$6,238,033 and \$6,261,445 as of June 30, 2025, and 2024, respectively.

4. Lease Rentals

The Company leases space to tenants under leases that are accounted for as operating leases. Lease periods range from six months to one year on student leases and from two to ten years on commercial leases. The future rent receivable on non-cancelable leases is as follows:

	Minimum Lease
June 30	
2026	4,438,337
2027	3,478,804
2028	3,297,828
2029	3,018,302
2030	337,839
Thereafter	-
Total	14,571,110

Academic Properties, Inc.
Notes to Financial Statements
June 30, 2025, and 2024

Rent for new leases or the exercise of renewal options under existing leases is not included in the table above. The Company records rent revenue on a straight-line basis over the term of the lease agreements based on fixed and scheduled minimum rent increases. The difference between actual rent and straight-line rent as of June 30, 2025, and 2024 were (\$904,829) and \$5,691 respectively. As of June 30, 2025, and 2024, the net deferred rent assets were \$726,653 and \$1,631,481 respectively.

5. Functional and Natural Classification of Expenses

Expenses are presented by functional classification in accordance with the overall service mission of API. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation is allocated based on the square footage occupancy. Plant operations and maintenance represent space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy.

Expenses by functional classification for the year ended June 30, 2025, consist of the following:

	2025		
	Program Services	Management and General	Total
Salaries and wages	\$ 604,034	\$ -	\$ 604,034
Employee benefits	171,890	-	171,890
Depreciation and amortization	1,080,509	-	1,080,509
Other operating expenses	3,564,469	9,045	3,573,514
Total expenses	\$ 5,420,902	\$ 9,045	\$ 5,429,947

Expenses by functional classification for the year ended June 30, 2024, consist of the following:

	2024		
	Program Services	Management and General	Total
Salaries and wages	\$ 598,053	\$ -	\$ 598,053
Employee benefits	228,636	-	228,636
Depreciation and amortization	1,062,263	-	1,062,263
Other operating expenses	3,441,556	9,045	3,450,601
Total expenses	\$ 5,330,508	\$ 9,045	\$ 5,339,553

6. Related-Party Transactions

Drexel rents approximately 113,590 square feet of space at One Drexel Plaza from the Company. These leases vary from a three to ten-year period and the monthly base rent averages approximately \$270,892 during the year ended June 30, 2025.

The Company also received \$188,625 and \$164,031 from Drexel for services rendered in managing properties owned by Drexel during the years ended June 30, 2025, and 2024, respectively.

Academic Properties, Inc.
Notes to Financial Statements
June 30, 2025, and 2024

All the buildings and improvements for the Company were designated by the Drexel Board of Trustees as quasi-endowment assets of the Drexel University in February 2011. Accordingly, the distribution to endowment for both years ended June 30, 2025, and 2024 was \$1,541,000 and represent a payout to the Drexel endowment.

Effective January 1, 2022, housing was provided to the CEO of St. Christopher's Hospital at 3200 Summer Street. 3200 Summer Street is a Drexel-Owned, API managed property and costs for this transaction are within Drexel's financial statements. The taxable benefit is capped at \$3,300 per month and includes rent and customary utilities. This benefit ended March 31, 2024.

7. Subsequent Events

API evaluated events after June 30, 2025, through October 28, 2025, and determined that there were no additional events requiring adjustment to or disclosure in the financial statements.

Supplemental Schedules

Academic Properties, Inc.
Supplemental Schedule of Revenue and Expenses by Property Category
June 30, 2025

	One Drexel Plaza	201 Cheswold Street	All Other Properties	Total
Operating				
Revenues:				
Rents				
Minimum lease payment, net	\$ 5,021,946	\$ -	\$ 1,577,683	\$ 6,599,629
Common area expense and utilities	2,401,021	-	1,000	2,402,021
Interest	-	-	221,493	221,493
Management fee income, affiliate	-	-	188,625	188,625
Miscellaneous	57,725	-	12,315	70,040
Total revenues	7,480,692	-	2,001,116	9,481,808
Expenses:				
Depreciation and amortization	322,908	-	757,601	1,080,509
Commissions	213,765	-	-	213,765
Dues and licenses	1,216	-	18,546	19,762
Payroll	511,773	17,692	74,569	604,034
Employee benefits	148,394	3,361	20,135	171,890
Insurance	235,202	-	87,211	322,413
Office	4,501	-	6,172	10,673
Professional development	5,894	-	1,574	7,468
Professional fees	133,401	-	32,823	166,224
Property taxes	130,839	-	3,543	134,382
Repairs and maintenance	969,207	-	519,882	1,489,089
Security	432,843	-	51,035	483,878
Taxes other	7,687	-	1,617	9,304
Telephone	14,590	-	14,890	29,480
Trash removal	7,823	-	69,760	77,583
Utilities	344,029	-	243,604	587,633
Miscellaneous	700	-	21,160	21,860
Total expenses	3,484,772	21,053	1,924,122	5,429,947
Increase / (decrease) in net assets - operating activities	3,995,920	(21,053)	76,993	4,051,861
Non-operating				
Transfers to Drexel Endowment	(1,290,588)	-	(250,412)	(1,541,000)
Decrease in net assets - non-operating activities	(1,290,588)	-	(250,412)	(1,541,000)
Total increase / (decrease) in net assets	\$ 2,705,332	\$ (21,053)	\$ (173,419)	\$ 2,510,861
Net assets, beginning of year	37,076,891	(860,436)	(2,500,278)	33,716,177
Net assets, end of year	\$ 39,782,223	\$ (881,489)	\$ (2,673,697)	\$ 36,227,038

Academic Properties, Inc.
Supplemental Schedule of Revenue and Expenses by Property Category
June 30, 2024

	One Drexel Plaza	201 Cheswold Street	All Other Properties	Total
Operating				
Revenues:				
Rents				
Minimum lease payment, net	\$ 4,844,501	\$ -	\$ 1,639,070	\$ 6,483,571
Common area expense and utilities	2,352,795	-	442	2,353,237
Interest	-	-	392,900	392,900
Management fee income, affiliate	-	-	164,031	164,031
Miscellaneous	59,569	-	15,603	75,172
Total revenues	7,256,865	-	2,212,046	9,468,911
Expenses:				
Depreciation and amortization	311,098	-	751,165	1,062,263
Commissions	69,538	-	-	69,538
Dues and licenses	1,805	-	7,664	9,469
Payroll	474,468	59,932	63,653	598,053
Employee benefits	182,452	20,676	25,508	228,636
Insurance	224,472	-	83,233	307,705
Office	15,069	-	6,722	21,791
Professional development	3,794	-	2,621	6,415
Professional fees	161,785	-	39,531	201,316
Property taxes	133,332	-	1,445	134,777
Repairs and maintenance	983,510	-	591,301	1,574,811
Security	376,753	-	45,478	422,231
Taxes other	8,599	-	2,370	10,969
Telephone	13,934	-	16,924	30,858
Trash removal	6,226	-	64,519	70,745
Utilities	352,159	-	213,907	566,066
Miscellaneous	74	-	23,836	23,910
Total expenses	3,319,068	80,608	1,939,877	5,339,553
Increase / (decrease) in net assets - operating activities	3,937,797	(80,608)	272,169	4,129,358
Non-operating				
Transfers to Drexel Endowment	(1,290,588)	-	(250,412)	(1,541,000)
Decrease in net assets - non-operating activities	(1,290,588)	-	(250,412)	(1,541,000)
Total increase / (decrease) in net assets	\$ 2,647,209	\$ (80,608)	\$ 21,757	\$ 2,588,358
Net assets, beginning of year	34,429,682	(779,828)	(2,522,036)	31,127,819
Net assets, end of year	\$ 37,076,891	\$ (860,436)	\$ (2,500,279)	\$ 33,716,177

Academic Properties, Inc.

Notes to the Supplemental Schedule of Revenue and Expenses by Property Category

June 30, 2025 and 2024

1. Notes to the Supplemental Schedule of Revenue and Expenses by Property Category

The accompanying supplemental information includes the information related to certain properties owned by the Company as of June 30, 2025, and 2024 and the related statements of activities for the years then ended. It has been prepared in a manner consistent with generally accepted accounting principles and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental combining information is presented only for purposes of additional analysis and not as a presentation of the statement of activities.