

Drexel University and Subsidiaries
Financial Statements and
Schedule of Expenditures of Federal Awards and
Reports in Accordance with OMB Circular
A-133 Thereon
For the year ended June 30, 2014
EIN # 23-1352630

Drexel University and Subsidiaries
Table of Contents
For the Year Ended June 30, 2014

	Page(s)
I. FINANCIAL STATEMENTS	
Independent Auditor's Report	1-2
Financial Statements for the years ended June 30, 2014 and 2013	3-6
Notes to Financial Statements for the years ended June 30, 2014 and 2013	7-38
Schedule of Expenditures of Federal Awards for the year ended June 30, 2014	39-67
Notes to Schedule of Expenditures of Federal Awards for the year ended June 30, 2014	68
II. REPORTS ON INTERNAL CONTROLS AND COMPLIANCE	
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audits of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Independent Auditor's Report on Compliance with Requirements to each 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	71-73
III. FINDINGS AND QUESTIONED COSTS	
Summary Schedule of Audit Findings and Questioned Costs	74-89
Schedule of Status of Prior Year Findings	90-97
Management's View and Corrective Action Plan	98



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, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

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 at June 30, 2014 and 2013, 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, 2014 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 November 6, 2014 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, 2014. 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
November 6, 2014

I. Financial Statements

Drexel University and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2014 and 2013

<i>(in thousands)</i>	2014	2013
Assets		
Cash and cash equivalents		
Operating	\$ 106,992	\$ 83,500
Restricted	7,017	4,004
Accounts receivable, net		
Tuition	50,720	54,244
Grants, contracts and other	60,940	60,295
Patients	8,043	8,537
Tenet Healthcare Corporation	1,746	3,119
Total accounts receivable, net	<u>121,449</u>	<u>126,195</u>
Contributions receivable, net	72,334	82,200
Other assets	20,184	19,234
Deposits with bond trustees	1,983	30,504
Student loans receivable, net	35,106	35,856
Beneficial interests in trusts	56,438	53,605
Investments	676,669	616,706
Land, buildings and equipment, net	884,807	803,733
Total assets	<u>\$ 1,982,979</u>	<u>\$ 1,855,537</u>
Liabilities		
Accounts payable	\$ 48,205	\$ 60,205
Accrued expenses	101,669	91,709
Deposits	39,062	35,128
Deferred revenue	104,681	77,928
Capital lease	3,451	2,930
Government advances for student loans	28,185	27,394
Postretirement and pension benefits	55,745	50,741
Bonds and notes payable	454,591	455,636
Total liabilities	<u>835,589</u>	<u>801,671</u>
Net assets		
Unrestricted	575,745	508,375
Temporarily restricted	261,203	255,460
Permanently restricted	310,442	290,031
Total net assets	<u>1,147,390</u>	<u>1,053,866</u>
Total liabilities and net assets	<u>\$ 1,982,979</u>	<u>\$ 1,855,537</u>

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

Drexel University and Subsidiaries
Consolidated Statement of Activities
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	<u>(203,281)</u>			<u>(203,281)</u>
Net student revenue	599,586			599,586
Patient care activities	109,364			109,364
State appropriations	8,179			8,179
Government grants, 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	<u>61,735</u>	<u>(61,936)</u>	<u>201</u>	<u>-</u>
Total operating revenue	<u>1,009,225</u>	<u>(23,107)</u>	<u>356</u>	<u>986,474</u>
Operating expense				-
College programs	349,053			349,053
Research and public service	108,145			108,145
Academic support	28,954			28,954
Student services	46,780			46,780
Institutional support	130,060			130,060
Scholarships and fellowships	13,489			13,489
Auxiliary enterprises	<u>45,015</u>			<u>45,015</u>
Total education and general	721,496	-	-	721,496
Patient care activities	129,299			129,299
Operation and maintenance	52,940			52,940
Interest	17,957			17,957
Depreciation and amortization	<u>43,326</u>			<u>43,326</u>
Total operating expense	<u>965,018</u>	<u>-</u>	<u>-</u>	<u>965,018</u>
Change in net assets from operating activities	<u>44,207</u>	<u>(23,107)</u>	<u>356</u>	<u>21,456</u>
Nonoperating activity				
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 nonoperating expense	<u>(4,536)</u>	<u>(7,000)</u>		<u>(11,536)</u>
Change in net assets from nonoperating activities	<u>23,163</u>	<u>28,850</u>	<u>20,055</u>	<u>72,068</u>
Change in net assets	67,370	5,743	20,411	93,524
Net assets				
Beginning of year	<u>508,375</u>	<u>255,460</u>	<u>290,031</u>	<u>1,053,866</u>
End of year	<u>\$ 575,745</u>	<u>\$ 261,203</u>	<u>\$ 310,442</u>	<u>\$ 1,147,390</u>

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

Drexel University and Subsidiaries
Consolidated Statement of Activities
Year Ended June 30, 2013

<i>(in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue				
Tuition and fees	\$ 757,635	\$ -	\$ -	\$ 757,635
Less: Institutional financial aid	(186,556)			(186,556)
Net student revenue	571,079			571,079
Patient care activities	101,991			101,991
State appropriations	8,210			8,210
Government grants, contracts	95,116			95,116
Private grants and contracts	14,519	1,585		16,104
Private gifts	7,156	32,624		39,780
Endowment payout under spending formula	11,680	14,514	143	26,337
Investment income	4,595	1,032		5,627
Sales and services of auxiliary enterprises	83,237			83,237
Other sources	17,786			17,786
Net assets released from restrictions	49,516	(49,692)	176	-
Total operating revenue	964,885	63	319	965,267
Operating expense				
College programs	322,391			322,391
Research and public service	103,746			103,746
Academic support	27,385			27,385
Student services	44,865			44,865
Institutional support	116,007			116,007
Scholarships and fellowships	15,556			15,556
Auxiliary enterprises	44,826			44,826
Total education and general	674,776	-	-	674,776
Patient care activities	116,473			116,473
Operation and maintenance	48,063			48,063
Interest	19,221			19,221
Depreciation and amortization	37,885			37,885
Total operating expense	896,418	-	-	896,418
Change in net assets from operating activities	68,467	63	319	68,849
Nonoperating activity				
Endowment and other gifts			9,232	9,232
Realized/unrealized net gain on investments, net of endowment payout	6,374	14,519	3,988	24,881
Other nonoperating expense	4,571			4,571
Change in net assets from nonoperating activities	10,945	14,519	13,220	38,684
Change in net assets	79,412	14,582	13,539	107,533
Net assets				
Beginning of year	428,963	240,878	276,492	946,333
End of year	\$ 508,375	\$ 255,460	\$ 290,031	\$ 1,053,866

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

Drexel University and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

<i>(in thousands)</i>	2014	2013
Cash flow from operating activities		
Increase in net assets	\$ 93,524	\$ 107,533
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	43,326	37,885
Provision for uncollectible accounts	5,706	4,525
Loss (gain) on disposal of equipment	1,563	(184)
Increase in beneficial interests in trusts	(2,833)	(9,716)
Contributions for long-term investment	(14,172)	(9,232)
Noncash contributions received	(2,791)	(14,676)
Proceeds from sales of donated securities	1,351	12,552
Actuarial change on annuity liabilities	653	1,689
Realized/unrealized gain on investments	(73,991)	(44,712)
Changes in operating assets and liabilities		
Accounts receivable	(2,244)	(13,904)
Contributions receivable	10,348	18,487
Other assets	(950)	(2,272)
Accounts payable and accrued expenses	5,954	(1,625)
Postretirement and pension benefits	5,004	(1,183)
Deposits	3,934	10,583
Deferred revenue	<u>26,753</u>	<u>(949)</u>
Net cash provided by operating activities	<u>101,135</u>	<u>94,801</u>
Cash flow from investing activities		
Purchase of investments	(123,609)	(112,882)
Proceeds from sale of investments	137,944	121,658
Proceeds from student loan collections	5,186	5,019
Student loans issued	(3,634)	(8,569)
Purchase of land, buildings and equipment	(133,651)	(138,206)
Use of deposits with bond trustees	<u>28,521</u>	<u>56,672</u>
Net cash used in investing activities	<u>(89,243)</u>	<u>(76,308)</u>
Cash flow from financing activities		
Contributions restricted for endowments	14,172	9,232
Proceeds from sales of donated securities	958	929
Payments on annuity obligations	(263)	(407)
Government advances for student loans	791	280
Proceeds from short-term borrowings	-	1,078
Proceeds from long-term borrowings	-	33,096
Repayment of long-term debt	<u>(1,045)</u>	<u>(45,789)</u>
Net cash provide by (used in) financing activities	<u>14,613</u>	<u>(1,581)</u>
Net increase in cash and cash equivalents	26,505	16,912
Cash and cash equivalents		
Beginning of year	<u>87,504</u>	<u>70,592</u>
End of year	<u>\$ 114,009</u>	<u>\$ 87,504</u>
Supplemental information		
Gifts in kind	\$ 175	\$ 1,669
Cash paid for interest	17,164	19,298
Amounts accrued for purchase of land, buildings and equipment	8,024	16,408
Donated securities	2,616	13,165

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

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Basis of Financial Statements

Drexel University (the "University") is a private research university located in Philadelphia, Pennsylvania. The University is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. 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 for not-for-profit organizations. 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 & Education Corporation

The University owns 100% of the Philadelphia Health & 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 is 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 15).

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.

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.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

In accordance with the resolutions, PHEC will merge with and onto Drexel, and the separate existence of PHEC will cease, effective July 1, 2014

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 systematic 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.

Schuylkill Crossing Reciprocal Risk Retention Group

The Schuylkill Crossing Reciprocal Risk Retention Group (the "RRRG") operates to provide primary coverage for claims-made medical professional liability insurance for health care professionals employed by PHEC. Ownership of the RRRG was split 87% and 13% between PHEC and the University, respectively, through November 9, 2010. Effective November 10, 2010, the ownership allocation was adjusted to 85% for PHEC and 15% for the University (Note 13).

At June 30, 2014 and 2013, total assets of the RRRG totaled \$25,591,000 and \$36,771,000, respectively, and ownership equity totaled \$2,173,000 and \$12,393,000, respectively. The balances and activities of the RRRG are included in the accompanying consolidated financial statements.

As a result of the merger of PHEC and Drexel, effective as of July 1, 2014, the Schuylkill Crossing Reciprocal Risk Retention Group will terminate its license to provide insurance. All prior risks will be 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, 2014 and 2013

11th Street Family Health Services Inc.

11th Street Family Health Services Inc. (the "Corporation"), a Pennsylvania non-profit corporation, was formed on December 12, 2013. The Corporation 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 the Corporation 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

3509 Spring Garden, Limited Partnership (the "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 qualified active low-income community business.

3509 Spring Garden, General Partner Inc.

3509 Spring Garden General Partner Inc., (the "Corporation") a Pennsylvania corporation is the sole general partner in 3509 Spring Garden, Limited Partnership. Drexel University owns 10% of the outstanding stock of the Corporation, the remaining 90% is owned by the Corporation. The officers of the Corporation 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 constitute a "Qualified Active Low Income Community Business" (the "QALICB"). The QALICB was established as a limited partnership, with the Corporation acting as the general partner and holding a 90% interest.

3509 Spring Garden Master Tenant, Limited Partnership

3509 Spring Garden Master Tenant, Limited Partnership (the "Partnership") a Pennsylvania limited partnership, was formed on August 21, 2013 to lease, manage and operate property owned by 3509 Spring Garden Limited Partnership, a qualified active low-income community business (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. The Partnership has made an equity investment in the QALICB and is also a partner with a 10% interest. The Partnership consists of a general partner with 00.01% interest and a limited partner with a 99.99% interest. The Partnership 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, 2014 and 2013

3509 Spring Garden Master Tenant Manager Inc.

3509 Spring Garden Master Tenant Manager Inc., (the "Corporation") 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 the Corporation, the remaining 90% is owned by the Corporation. The officers of the Corporation 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 Qualified Active Low Income Community Business (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 00.01% % interest.

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. Included in cash and cash equivalent are amounts which are restricted in use by agency agreements, such as Federal government loan programs.

Contributions Receivable

Contributions and unconditional pledges are recorded at the present value of their expected future cash flows.

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 valued by 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.

Fair Value of Financial Instruments

The University applies fair value measurements to contributions receivable in the year of receipt, beneficial interests in trusts, endowment investments, self-insurance escrow funds, real estate outside of the endowment, deposits with bond 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. See Notes 4, 6, and 10 for additional fair value disclosures.

Patient Care Activities

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

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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.

Non-operating Activities

Non-operating activities include permanently restricted contributions, realized and unrealized (loss) gain on investments net of payouts under the endowment spending policies, loss on the disposal of equipment, postretirement benefit adjustment, severances, settlement of claims related to AHERF, and costs related to the upcoming merger of PHEC into Drexel.

Use of Estimates

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

Income Taxes

The University has been granted tax-exempt status as a 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 and no returns are currently under examination. 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 do from time to time incur incidental activities that are subject to unrelated business income for which appropriate income tax returns are filed. This primarily includes income from investments held in the endowment fund for which the investment manager has reported unrelated business income on a Schedule K-1 along with income from certain consulting and conference services.

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 its financial statements include any uncertain tax positions.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Accounting for Derivative Instruments and Hedging Activities

The University entered into a variable-to-fixed swap agreement with Wells Fargo Bank, N.A. that converts the Series B of 2005 bonds to a fixed interest rate of 3.414% through the maturity of the bonds. The agreement resulted in a loss of \$71,000 in 2014 and a gain of \$2,391,000 in 2013. The fair value of the interest rate swap agreement was \$(4,321,000) and (\$4,250,000), respectively, at June 30, 2014 and 2013.

The University has also entered into a variable-to-fixed swap agreement with TD Bank, N.A., which converted the TD Bank loan to a fixed rate of 3.83% through the January 2014 termination date. The agreement resulted in a gain of \$28,000 in 2014 and \$145,000 in 2013. The fair value of the interest rate swap agreement was \$0 and (\$28,000) at June 30, 2014 and 2013.

The swap agreements are 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, 2014 or 2013. The estimated fair value of terminating 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

2. Net Assets

Net assets included the following:

<i>(in thousands)</i>	2014	2013
Unrestricted		
Undesignated	\$ (253,288)	\$ (250,848)
Designated for colleges, departments and student loans	104,213	96,908
Physical plant	477,471	447,563
Quasi-endowment funds	248,955	221,206
Reclassification for endowments with deficiencies	<u>(1,606)</u>	<u>(6,454)</u>
Total unrestricted	<u>575,745</u>	<u>508,375</u>
Temporarily restricted		
Funds for instruction, scholarships and capital expenditures		
Unexpended	142,496	159,858
Endowment realized and unrealized gain	113,767	81,892
Reclassification for endowments with deficiencies	1,606	6,454
Life income and term endowment funds	<u>3,334</u>	<u>7,256</u>
Total temporarily restricted	<u>261,203</u>	<u>255,460</u>
Permanently restricted		
Endowment principal	264,115	253,403
Beneficial interests in trusts	39,023	29,546
Student loans and others	<u>7,304</u>	<u>7,082</u>
Total permanently restricted	<u>310,442</u>	<u>290,031</u>
Total net assets	<u>\$ 1,147,390</u>	<u>\$ 1,053,866</u>

3. Receivables

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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

<i>(in thousands)</i>	2014	2013
Tuition	\$ 68,816	\$ 66,804
Grants, contracts and other	62,709	61,574
Patients, net of contractual allowances	14,342	13,811
Tenet Healthcare Corporation	<u>1,768</u>	<u>3,202</u>
	147,635	145,391
Less: Allowance for doubtful accounts	<u>(26,186)</u>	<u>(19,196)</u>
Accounts receivable, net	<u><u>\$ 121,449</u></u>	<u><u>\$ 126,195</u></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 \$28,185,000 and \$27,394,000 at June 30, 2014 and 2013, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability to the government.

At June 30, 2014 and 2013, student loans consisted of the following:

<i>(in thousands)</i>	2014	2013
Student loans		
Federal government loan programs		
Perkins loan program	\$ 23,864	\$ 24,494
Health professions student loans and loans for disadvantaged students	4,540	4,961
Nursing student loans	<u>36</u>	<u>37</u>
Federal government loan programs	28,440	29,492
Institutional loan programs	<u>8,939</u>	<u>9,438</u>
	<u>37,379</u>	<u>38,930</u>
Less allowance for doubtful accounts		
Balances at beginning of year	(3,074)	(3,035)
Change in provision for doubtful accounts	<u>801</u>	<u>(39)</u>
Balances at end of year	<u>(2,273)</u>	<u>(3,074)</u>
Student loans receivable, net	<u><u>\$ 35,106</u></u>	<u><u>\$ 35,856</u></u>

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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.

4. 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% and 1.2% at June 30, 2014 and 2013, respectively. The University considers these discount rates to be a Level 3 input in the context of ASC 820-10 (Note 6).

Net contributions receivable at June 30 were as follows:

<i>(in thousands)</i>	2014	2013
Amounts due in		
Less than one year	\$ 16,197	\$ 16,316
One to five years	28,070	37,414
Greater than five years	<u>42,468</u>	<u>43,322</u>
Gross contributions receivable	86,735	97,052
Less		
Allowance for uncollectibles	(777)	(1,259)
Discounts to present value	<u>(13,624)</u>	<u>(13,593)</u>
Total contributions receivable, net	<u>\$ 72,334</u>	<u>\$ 82,200</u>

Outstanding conditional promises to give amounted to \$37,055,000 and \$36,869,000 and at June 30, 2014 and 2013, 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>	2014	2013
Net contributions receivable at beginning of year	\$ 82,200	\$ 101,036
New pledges	21,211	18,173
Collections and adjustments	(31,517)	(35,375)
(Increase) decrease in allowance for uncollectibles	471	(448)
(Increase) decrease in present value discounts	<u>(31)</u>	<u>(1,186)</u>
Net contributions receivable at end of year	<u>\$ 72,334</u>	<u>\$ 82,200</u>

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

5. Investments and Investment Return

At June 30, 2014 and 2013, the fair value of investments included the following:

<i>(in thousands)</i>	Fair value	
	2014	2013
Equity securities	\$ 299,383	\$ 244,603
Fixed income securities and bond funds	62,629	65,110
Alternative investments	88,002	77,535
Real estate and real assets	59,490	67,764
Directly-held real estate	119,345	110,445
Money market funds	<u>6,741</u>	<u>10,790</u>
Total endowment investments	635,590	576,247
Self-insurance escrow funds (Note 13)	12,638	10,858
Balanced index fund (Notes 13)	<u>28,441</u>	<u>29,601</u>
Total investments	<u><u>\$ 676,669</u></u>	<u><u>\$ 616,706</u></u>

The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2014 and 2013:

<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	<u>26,937</u>	<u>53,869</u>	<u>6,038</u>	<u>86,844</u>
Return on investments	32,670	55,030	6,038	93,738
Interest income	<u>3,700</u>	<u>1,451</u>	<u>-</u>	<u>5,151</u>
Total return on investments	36,370	56,481	6,038	98,889
Investment return designated for current operations	<u>(9,434)</u>	<u>(21,625)</u>	<u>(155)</u>	<u>(31,214)</u>
Investment return net of amounts designated for current operations	<u><u>\$ 26,936</u></u>	<u><u>\$ 34,856</u></u>	<u><u>\$ 5,883</u></u>	<u><u>\$ 67,675</u></u>

<i>(in thousands)</i>	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 5,959	\$ 551	\$ -	\$ 6,510
Net realized and unrealized gain	<u>6,374</u>	<u>34,204</u>	<u>4,130</u>	<u>44,708</u>
Return on investments	12,333	34,755	4,130	51,218
Interest income	<u>4,595</u>	<u>1,032</u>	<u>-</u>	<u>5,627</u>
Total return on investments	16,928	35,787	4,130	56,845
Investment return designated for current operations	<u>(10,554)</u>	<u>(21,268)</u>	<u>(142)</u>	<u>(31,964)</u>
Investment return net of amounts designated for current operations	<u><u>\$ 6,374</u></u>	<u><u>\$ 14,519</u></u>	<u><u>\$ 3,988</u></u>	<u><u>\$ 24,881</u></u>

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

6. Fair Value of Financial Instruments

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

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

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly-traded range of equity and debt securities.

- Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include nonexchange-traded fixed income securities, certain bond investments, mutual funds, structured products, and interest rate swaps.

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

As a practical expedient, the University estimates the fair value of an investment in an investment company 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

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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. During 2014, the University determined that trusts included in level 1 should be reclassified to level 3. The University's policy is to recognize such transfers at the end of the reporting period therefore these hierarchy level changes were recognized on June 30, 2014.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

<i>(in thousands)</i>	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Deposits with bond trustees	\$ 1,983	\$ -	\$ -	\$ 1,983
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 13)	12,638			12,638
Balanced index fund (Note 13)	28,441			28,441
Total investments	328,898	98,217	249,554	676,669
Total assets at fair value	\$ 330,881	\$ 98,217	\$ 305,992	\$ 735,090
Liabilities				
Interest rate swaps (Note 1)	\$ -	\$ 4,321	\$ -	\$ 4,321
Annuities			6,430	6,430
Total liabilities at fair value	\$ -	\$ 4,321	\$ 6,430	\$ 10,751
2013				
<i>(in thousands)</i>	Level 1	Level 2	Level 3	Total
Assets				
Deposits with bond trustees	\$ 30,504	\$ -	\$ -	\$ 30,504
Beneficial interests in trusts	-	-	53,605	53,605
Investments				
Equity securities	216,566	28,037	-	244,603
Fixed income securities and bond funds	16,687	48,423	-	65,110
Alternative investments	-	-	77,535	77,535
Real estate and real assets funds	910	21,928	44,926	67,764
Directly-held real estate	-	-	110,445	110,445
Money market funds	10,790	-	-	10,790
Investments held in endowment	244,953	98,388	232,906	576,247
Self-insurance escrow funds (Note 13)	10,858	-	-	10,858
Balanced index fund (Note 13)	29,601	-	-	29,601
Total investments	285,412	98,388	232,906	616,706
Total assets at fair value	\$ 315,916	\$ 98,388	\$ 286,511	\$ 700,815
Liabilities				
Interest rate swaps (Note 1)	\$ -	\$ 4,279	\$ -	\$ 4,279
Annuities	-	-	6,040	6,040
Total liabilities at fair value	\$ -	\$ 4,279	\$ 6,040	\$ 10,319

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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) was as follows:

<i>(in thousands)</i>	2014			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
Multi-Strategy Hedge Funds (a)	\$ 16,875		Annual/Quarterly	45–60/65 days
Distressed Debt Hedge Funds (b)	12,709		Annual/Quarterly	90 days
Fixed Income and Related Hedge Funds (c)	15,563		Monthly/Quarterly	45/65 days
Private Capital Funds-Secondaries (d)	11,427	\$ 8,307		
Private Capital Funds-Venture Capital (e)	4,211	2,785		
Private Capital Funds - Distressed Assets (f)	1,194	2,832		
Private Capital Funds-Buy-out (g)	2,565	621		
Real Asset Funds (h)	16,401	11,883		
Real Estate Funds (i)	12,178	2,012		
Long/Short Equity Hedge Funds (j)	12,034		Annual/Quarterly	95/45 days
Private Capital Funds-Hedge Fund Seeder (k)	5,898	1,919		
Private Capital Funds-Mezzanine Debt (l)	5,525	4,367		
	<u>\$ 116,581</u>	<u>\$ 34,726</u>		

<i>(in thousands)</i>	2013			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
Multi-Strategy Hedge Funds (a)	\$ 15,495	\$ -	Annual/Quarterly	45–60/65 days
Distressed Debt Hedge Funds (b)	12,495	-	Annual/Quarterly	90 days
Fixed Income and Related Hedge Funds (c)	13,579	-	Monthly/Quarterly	10–60/65 days
Private Capital Funds-Secondaries (d)	10,553	11,290		
Private Capital Funds-Venture Capital (e)	2,852	625		
Private Capital Funds-Buy-out (g)	3,927	743		
Real Asset Funds (h)	16,176	12,455		
Real Estate Funds (i)	28,750	3,630		
Long/Short Equity Hedge Funds (j)	10,854	-	Annual/Quarterly	60/45 days
Private Capital Funds-Hedge Fund Seeder (k)	4,267	3,386		
Private Capital Funds-Mezzanine Debt (l)	3,513	6,402		
	<u>\$ 122,461</u>	<u>\$ 38,531</u>		

- a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2014 and 2013, respectively, the composite portfolio includes approximately 54% and 48% in distressed investments with a liquidation period of 1 to 3 years, 24% and 23% arbitrage opportunities, 5% and 17% in cash, 8% and 9% long/short equity and 8% and 3% in private equity investments which can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 3 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

- 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. It is estimated that the underlying assets of the fund would be liquidated over 1 to 9 years at June 30, 2014 (2 to 12 years at June 30, 2013). The fair value has been estimated using the reported net asset value per share of the private capital fund.
- e. This category includes investments in private equity funds that invest 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. It is estimated that the underlying assets of the fund would be liquidated over 1 to 2 years (1 to 3 years at June 30, 2013). The fair value has been estimated using the reported net asset value per share of the private capital fund.
- f. This category includes investments in private equity funds that invest in 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. It is estimated that the underlying assets of the fund would be liquidated over 6 to 9 years at June 30, 2014 (new investment in 2014). The fair value has been estimated using the reported net asset value per share of the private capital fund.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

- 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, 2014, it is estimated that the underlying assets of the fund would be liquidated over 1 to 2 years. As of June 30, 2013, it is estimated that the underlying assets 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 capital 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. It is estimated that the underlying assets of the fund would be liquidated over 4 to 8 years at June 30, 2014 (4 to 11 years at June 30, 2013). 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, 2014 and 2013, respectively, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 48% and 31% in 1 to 4 years, 52% in 5 to 7 years, and 0% to 17% in 8 to 10 years. 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.
- 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, 2014 and 2013, respectively, the fund's underlying investments were 52% and 53% long/short global equity, 8% and 10% in macro and commodity trading, 20% and 13% in diversified credit, 9% and 12% in arbitrage opportunities, and 11% and 12% 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 7 years at June 30, 2014 and 2013. The fair value has been estimated using the reported net asset value per share of the private capital fund.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

- i. 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 over 2 to 8 years at June 30, 2014 (3 to 8 years at June 30, 2013). The fair value has been estimated using the reported net asset value per share of the private capital fund.

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

<i>(in thousands)</i>	2014	2013
Assets at beginning of year	\$ 286,511	\$ 108,051
Net unrealized gain	7,221	5,406
Net realized gain (loss)	3,005	(2,600)
Purchases	24,281	21,589
Sales	(18,418)	(9,985)
Real estate and real assets funds transferred from level 2	-	110,445
Funds transferred from Level 1	3,392	-
Funds transferred from Level 2	-	53,605
Assets at end of year	<u>\$ 305,992</u>	<u>\$ 286,511</u>

<i>(in thousands)</i>	2014	2013
Annuities at beginning of year	\$ 6,040	\$ 4,342
Actuarial change on annuity liabilities	653	1,689
Payments on annuity liabilities	(263)	(407)
ANS annuity liabilities transferred	-	416
Annuities at end of year	<u>\$ 6,430</u>	<u>\$ 6,040</u>

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 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.

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of June 30, 2014:

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

<i>(in thousands)</i>	Fair Value June 30, 2014	Valuation Techniques	Unobservable Inputs	Ranges	
				Low	High
Investment in Real Estate and Real Estate Funds	\$ 42,172	Income Capitalization Approach - Discounted Cash Flow	Discount Rate Terminal Cap Rate	0.00% 0.00%	0.00% 0.00%
Directly-held Real Estate	\$ 119,345	Income Capitalization Approach - Discounted Cash Flow Income Capitalization Approach - Direct Capitalization	Discount Rate Terminal Cap Rate Overall Cap Rate Gross Rent Multiplier	0.00% 0.00% 0.00% 0.00	0.00% 0.00% 0.00% 0.00

7. Endowment Funds

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

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

For the years ended June 30, 2014 and 2013, the University and PHEC 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 ANS spending rule was 6.5% of a seven year rolling average for the years ended June 30, 2014 and 2013.

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

Interpretation of Relevant Law

The Board of Trustees has interpreted Pennsylvania Act 141 ("PA Act 141") as requiring the preservation of the fair value of the original gift as specified in the individual trust instruments. 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

<i>(in thousands)</i>	2014			
	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 net assets	<u>\$ 231,774</u>	<u>\$ 143,460</u>	<u>\$ 263,405</u>	<u>\$ 638,639</u>

<i>(in thousands)</i>	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 19,590	\$ 111,495	\$ 245,290	\$ 376,375
Board-designated endowment funds	194,181		-	194,181
Total net assets	<u>\$ 213,771</u>	<u>\$ 111,495</u>	<u>\$ 245,290</u>	<u>\$ 570,556</u>

Changes in the University's endowment net assets for the years ended June 30, 2014 and 2013 were as follows:

<i>(in thousands)</i>	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets 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	<u>21,986</u>	<u>58,034</u>	<u>7,055</u>	<u>87,075</u>
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	<u>(4,780)</u>	<u>(15,824)</u>	<u>(2,641)</u>	<u>(23,245)</u>
Endowment net assets at end of year	<u>\$ 231,774</u>	<u>\$ 143,460</u>	<u>\$ 263,405</u>	<u>\$ 638,639</u>

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

<i>(in thousands)</i>	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 205,078	\$ 86,989	\$ 242,383	\$ 534,450
Investment return				
Investment income, net of fees	2,981	3,906	772	7,659
Net realized gain	3,909	5,752	-	9,661
Net unrealized gain	8,409	17,790	3,587	29,786
Reclassification for funds with deficiencies	2,110	(2,110)	-	-
Total endowment return	<u>17,409</u>	<u>25,338</u>	<u>4,359</u>	<u>47,106</u>
Contributions		12,176	3,029	15,205
Use of endowment assets				
Annual transfer for operations	(9,348)	(14,268)	(2,534)	(26,150)
Other transfers	632	1,260	(1,947)	(55)
Total uses	<u>(8,716)</u>	<u>(13,008)</u>	<u>(4,481)</u>	<u>(26,205)</u>
Endowment net assets at end of year	<u>\$ 213,771</u>	<u>\$ 111,495</u>	<u>\$ 245,290</u>	<u>\$ 570,556</u>

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 \$1,606,000 and \$6,454,000 as of June 30, 2014 and 2013, respectively.

8. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost or, if acquired by gift, at the appraised value on the date of acquisition. Amortization and depreciation is computed on a straight-line basis over the lesser of the estimated useful lives of the assets (or term of the lease) or depreciated over the following useful lives: for equipment, between 3 and 30 years; software, between 3 and 7 years; land and building improvements, between 5 and 25 years; and buildings, between 30 and 60 years.

The University determined that there were legal obligations to retire certain facilities and equipment. The total asset retirement cost and obligation was \$3,149,000 and \$5,593,000 at June 30, 2014 and \$809,000 and \$3,110,000 at June 30, 2013, respectively, and is included in buildings and improvements and accrued expenses, respectively, on the consolidated statements of financial position. In 2014 and 2013, depreciation and accretion expense amounted to \$61,000 and \$62,000, respectively, and \$134,000 and \$121,000, respectively.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

<i>(in thousands)</i>	2014	2013
Works of art	\$ 10,867	\$ 10,670
Land and improvements	119,126	80,486
Buildings and improvements	895,438	775,593
Equipment, software and library books	206,041	182,834
Construction in progress	48,662	105,464
	<u>1,280,134</u>	<u>1,155,047</u>
Less: Accumulated depreciation	<u>(395,327)</u>	<u>(351,314)</u>
Total land, buildings and equipment	<u>\$ 884,807</u>	<u>\$ 803,733</u>

9. 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>	
2015	\$ 17,000
2016	16,181
2017	15,195
2018	14,424
2019	13,761
Thereafter	<u>43,900</u>
Total minimum lease payments	<u>\$ 120,461</u>

Total rent expense for operating leases amounted to \$22,705,000 and \$21,854,000 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013.

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 no expenditures for improvements in fiscal years 2014 or 2013. Estimated costs for the required improvements amounted to \$2,867,000 and \$2,930,000 at June 30, 2014 and 2013, respectively. These costs have been capitalized and a comparable capital lease liability recorded.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

10. Bonds and Notes Payable

<i>(in thousands)</i>	Project	Maturity	Interest Rate	2014	2013
Description					
Dormitory Bonds of 1965	Kelly Hall	2014-2015	3.00-3.50%	\$ 110	\$ 220
Dormitory Bonds of 1969	Calhoun Hall	2014-2019	3.00%	360	425
Philadelphia Industrial Development Corp.	Abbotts demolition/ parking lot	2014-2015	3.00%	86	198
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	42,140	42,140
Series B of 2005	Advance refunding	2014-2034	3.20-5.00%	27,126	28,184
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%	95,521	95,661
Series A of 2011	Partial cost of buildings for the Colleges of Business and Media Arts & Design, Department of Biology; Stratton Hall renovations; refunding	2014-2037	Variable	27,025	27,675
Series of 2012	Refunding	2014-2041	2.00-5.25%	155,564	157,514
TD bank loan	3501 Market & 3401 Filbert Street buildings	2014-2032	1.00-5.00%	28,375	30,540
PHEC					
Pennsylvania Higher Educational Facilities Authority Revenue Bonds Series of 2007	Refund mortgage, capital improvements and equipment	2014-2037	3.75-5.00%	20,433	20,943
Academic Properties, Inc. Philadelphia Industrial Development Corp.	One Drexel Plaza Evening College renovations	2014	3.00%	-	11
11th Street Family Health Services Inc. The Reinvestment Fund, Inc.	New Market Tax Credit Program	2043	1.297%	2,717	-
3509 Spring Garden, LP Philadelphia Industrial Development Corp.	New Market Tax Credit Program	2044	1.517%	1,964	-
USBCDE LLC	New Market Tax Credit Program	2044	1.00%	1,045	-
Total bonds and notes payable				<u>\$ 454,591</u>	<u>\$ 455,636</u>

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 \$459,664,000 at June 30, 2014, 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

The 2000, 2002, 2005, 2007 2011 and 2012 bonds are secured by a security interest in unrestricted gross revenues. The TD Bank loan is secured by a first property lien on the properties. The Philadelphia Industrial Development Corporation loans are 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
2015	\$ 8,749	\$ 680	\$ 9,429
2016	10,438	710	11,148
2017	11,438	745	12,183
2018	11,913	780	12,693
2019	8,568	4,790	13,358
Thereafter	282,195	113,585	<u>\$ 395,780</u>
			<u>\$ 454,591</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, 2015 and 2014, respectively, based on the current expiration dates of the letters of credit (see Note 14). These issues have been included in the above table based on the stated maturity dates. 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%. Advances are available through June 30, 2014, 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, 2014 and 2013.

Total unsecured Revolving Credit Facilities ("Facilities") of \$55,000,000 matures on December 31, 2015, and accrues interest based on Libor (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, 2014, the interest rate was .75% and there were no amounts outstanding.

11. Retirement Plans

Defined Benefit and Defined Contribution Plans

The University and PHEC maintain 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 \$32,976,000 and \$30,802,000 in 2014 and 2013, respectively.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

The ANS defined contribution plan does not provide for a predefined employer contribution. The Board of Directors may declare an employer contribution at their discretion. The defined contribution plan is a calendar year plan, with declared employer contributions made at the conclusion of the plan year.

The assumptions for the pension liabilities, the Accumulated Benefit Obligation, change in Projected Benefit Obligation, and change in Plan Assets for the ANS defined benefit pension plan are noted as follows:

<i>(in thousands)</i>	2014	2013
Weighted average assumptions as of June 30		
Discount rate	4.40 %	5.00 %
Expected return on plan assets	6.50 %	6.75 %
Accumulated benefit obligation		
Accumulated benefit obligation at June 30	\$ 16,193	\$ 14,841
Change projected in benefit obligation		
Net benefit obligation at June 30	\$ 14,841	\$ 15,468
Service costs	125	92
Interest costs	725	665
Actuarial (gain)/loss	1,191	(771)
Gross benefits paid	(689)	(613)
Net benefit obligation at June 30	<u>\$ 16,193</u>	<u>\$ 14,841</u>

<i>(in thousands)</i>	2014	2013
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 9,338	\$ 8,645
Actual return on plan assets	1,054	760
Employer contributions	566	546
Gross benefits paid	(689)	(613)
Fair value of plan assets at June 30	<u>\$ 10,269</u>	<u>\$ 9,338</u>
Fair value of plan assets	\$ 10,269	\$ 9,338
Benefit obligation	(16,193)	(14,841)
Net amount recognized at June 30*	<u>\$ (5,924)</u>	<u>\$ (5,503)</u>

* These amounts are recognized in the financial statements including the statement of financial position in the Other Liabilities classifications.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

The components of net periodic benefit cost are noted below:

<i>(in thousands)</i>	2014	2013
Weighted average assumptions used to used to determine net periodic benefit cost		
Discount rate	5.00 %	4.40 %
Expected return on plan assets	6.75 %	6.75 %
Components of net periodic benefit cost		
Service costs	\$ 125	\$ 92
Interest costs	725	665
Expected return on assets	(629)	(587)
Amortization of actuarial (gain) loss	<u>766</u>	<u>(944)</u>
Net periodic benefit cost	<u>\$ 987</u>	<u>\$ (774)</u>

As of June 30, 2014 and 2013, the pension plan had a projected benefit obligation and an accumulated benefit obligation in excess of plan assets. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan are as follows as of June 30:

	Projected Benefit Obligation Exceeds Fair Value of Plan Assets	
	<u>2014</u>	<u>2013</u>
Projected benefit obligation	\$ 16,193,353	\$ 14,841,014
Fair value of plan assets	10,268,861	9,337,491

	Accumulated Benefit Obligation Exceeds Fair Value of Plan Assets	
	<u>2014</u>	<u>2013</u>
Accumulated benefit obligation	\$ 16,193,353	\$ 14,841,014
Fair value of plan assets	10,268,861	9,337,491

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

Expected benefit payments

2015	\$	711
2016		758
2017		830
2018		903
2019		949
2020-2024		5,167

Plan Assets

The ANS pension plan weighted-average asset allocations at June 30, 2014 and 2013 by asset category are as follows:

<i>(in thousands)</i>	2014	2013
Asset category		
Equity securities	34.0 %	30.6 %
Fixed income securities	36.0 %	37.5 %
Hedge fund and alternative investments	11.9 %	28.0 %
Cash	18.1 %	3.9 %
	<u>100.0 %</u>	<u>100.0 %</u>

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 Academy's plan assets is characterized as a 35%, 12%, 37% allocation between equity, alternative investments and fixed income investments. 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 the Academy 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

The following table sets forth by level, within the fair value hierarchy, the ANS pension plan assets at fair value at June 30, 2014 and 2013:

<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 investments		495	1,221	1,716
	<u>\$ 8,553</u>	<u>\$ 495</u>	<u>\$ 1,221</u>	<u>\$ 10,269</u>

<i>(in thousands)</i>	2013			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Cash equivalents	\$ 356	\$ -	\$ -	\$ 356
Mutual funds	5,885	-	-	5,885
Alternative investments	-	-	3,097	3,097
	<u>\$ 6,241</u>	<u>\$ -</u>	<u>\$ 3,097</u>	<u>\$ 9,338</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, 2014 and 2013:

<i>(in thousands)</i>	2014	2013
Assets at beginning of year	\$ 3,097	\$ 3,034
Dividends and interest		38
Net unrealized gain		196
Transfers out		(171)
Assets at end of year	<u>\$ 3,097</u>	<u>\$ 3,097</u>

12. Other Post-Retirement Benefits

In addition to retirement plan benefits, the University also provides postretirement 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.

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

The net periodic postretirement benefit costs and related funded status as of June 30 are shown below. Adjustments to the unfunded status amounted to \$1,015,000 and (\$3,910,000) respectively, for the years ended 2014 and 2013 and are reflected in the consolidated statements of activities and included in postretirement benefits in the consolidated statements of financial position.

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

Plans Funded Status

(in thousands)

	2014	2013
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 45,088	\$ 45,017
Service cost	2,155	2,266
Interest cost	1,993	1,818
Actuarial (gain)/loss	2,101	(2,265)
Plan participant contributions	159	353
Actual benefits paid	<u>(1,770)</u>	<u>(2,101)</u>
Benefit obligation, end of year	<u>49,726</u>	<u>45,088</u>
Change in plan assets		
Fair value of plan assets, beginning of year	-	-
Employer contributions	1,611	1,748
Plan participant contributions	159	353
Actual benefits paid	<u>(1,770)</u>	<u>(2,101)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Unfunded status of the plan	<u>\$ 49,726</u>	<u>\$ 45,088</u>

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

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

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

For measurement purposes, a 9.4% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2014 grading down to ultimate rates of 5.0% in the year 2025 and thereafter.

Net Periodic Benefit Cost

(in thousands)

	2014	2013
Components of net periodic benefit cost		
Service cost	\$ 2,155	\$ 2,266
Interest cost	1,993	1,818
Amortization of net (gain)/loss	1,086	1,645
Net periodic benefit cost	<u>\$ 5,234</u>	<u>\$ 5,729</u>
Other changes recognized in unrestricted net assets		
Net actuarial (gain)/loss	\$ 2,101	\$ (2,265)
Amortization of actuarial net (gain)/loss	(1,086)	(1,645)
Total recognized in unrestricted net assets	<u>\$ 1,015</u>	<u>\$ (3,910)</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Actuarial (gain)/loss	\$ 18,502	\$ 17,487
Amounts in unrestricted net assets, end of year	<u>\$ 18,502</u>	<u>\$ 17,487</u>
Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in fiscal 2015		
Actuarial (gain)/loss	\$ 1,236	

In 2014 and 2013, the effect of a 1% change in the health care cost trend rate is as follows:

	2014		2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 0	\$ 0	\$ 4,659	\$ (4,091)
Effect on postretirement benefit obligation	0	0	20,361	(18,399)

Contributions:

Expected contributions for the 2015 fiscal year are \$2,187,000.

Estimated future benefit payments:

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

Drexel University and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

(in thousands)

Year Ending June 30,		
2015	\$	2,187
2016		2,272
2017		2,359
2018		2,454
2019		2,562
Thereafter		14,420

13. Professional Liability Insurance

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 the RRRG on a claims-made basis. The RRRG provides primary coverage of \$500,000 for physicians and midwives and up to \$1,000,000 for other health professions and entity coverage. PHEC's 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, PHEC self-insures a layer of excess of up to \$2,000,000 above the Mcare Fund. The RRRG provides excess coverage above the self-insured layer of an additional \$5,000,000.

For self-insured retention amounts for both reported claims and claims incurred but not reported at June 30, 2014 and 2013, the University, PHEC and the RRRG recorded gross combined reserves of \$35,209,000 and \$31,623,000, respectively, and related recoveries from third party insurers of \$5,092,000 and \$5,300,000, respectively. For fiscal years 2014 and 2013, the reserves were discounted at 6.25% for the RRRG retained layer and 2% for the layers retained by University, PHEC and excess carriers. Such reserves and reinsurance recoveries are included in accrued expenses and grants, contracts and other receivables, respectively, in the accompanying 2014 consolidated statements of financial position. In 2014, the liability, net of the reinsurance recovery, is recorded in accrued expenses. At June 30, 2014 and 2013, escrow funds of \$15,133,000 and \$13,091,000, respectively, and balanced index funds of \$28,441,000 and \$29,601,000 at June 30, 2014 and 2013, respectively, are available to fund these liabilities (Note 5).

14. 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 PHEC 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.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

PHEC maintains a letter of credit in the amount of \$225,000, as required by the Department of Environmental Protection, in connection with the disposal of nuclear medical waste. The letter of credit is renewed annually. There were no amounts outstanding as of June 30, 2014 and 2013.

The University maintains four letters of credit totaling \$2,200,000 associated with workers' compensation insurance. The agreements are renewable annually. There were no amounts outstanding as of June 30, 2014 and 2013.

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, 2014.
- 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 3, 2015.

There were no amounts outstanding on these bond-related Letters of Credit as of June 30, 2014 and 2013.

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, 2015 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, 2014.

15. Related Party Transactions

PHEC has various operating agreements with Tenet. Under these agreements, PHEC acts both as a purchaser and provider of services. Total services purchased from Tenet for the years ended June 30, 2014 and 2013 were \$12,377,000 and \$12,269,000, respectively. These services include charges for various personnel, administrative and support services related to operating PHEC 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 \$23,283,000 and \$23,836,000 for the years ended June 30, 2014 and 2013, respectively, and are

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

mainly included in patient care activities revenue in the accompanying consolidated statements of activities.

16. 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>	2014	2013
College programs	\$ 37,490	\$ 34,312
Research and public service	20,547	20,007
Academic support	6,299	6,177
Student services	14,216	12,855
Institutional support	10,410	7,668
Auxiliary enterprises	22,386	21,238
Patient care activities	2,875	2,912
	<u>\$ 114,223</u>	<u>\$ 105,169</u>

17. Subsequent Events

The University evaluated events subsequent to June 30, 2014 through October 31, 2014 and determined that there were no additional events requiring adjustment to or disclosure in the consolidated financial statements.

Schedule of Expenditures of Federal Awards

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor Program Title	CFDA Number	Subrecipient Expenditures	Total Expenditures
Research and Development Cluster:			
Department of Health and Human Services:			
National Institutes of Health	93.R&D	\$ 10,269,441	\$ 33,101,717
National Institutes of Health (American Recovery and Reinvestment Act)	93.701	-	(1,646)
DHHS Pass-Through Funds	Schedule A	1,021,184	5,423,672
DHHS Pass-Through Funds (American Recovery and Reinvestment Act)	Schedule A	-	31,640
		<u>\$ 11,290,625</u>	<u>\$ 38,555,383</u>
National Science Foundation:			
NSF - Direct Award	47.R&D	\$ 993,752	\$ 12,431,553
NSF - Direct Award (American Recovery and Reinvestment Act)	47.082	378,847	1,670,678
NSF - Pass Through Funds	Schedule B	-	672,286
		<u>\$ 1,372,599</u>	<u>\$ 14,774,517</u>
Other:			
Other - Direct Award	Schedule C	\$ 7,901,791	\$ 16,424,638
Other - Pass Through Funds	Schedule D	57,375	5,758,247
Other - Pass Through Funds (American Recovery and Reinvestment Act)	Schedule D	-	(77,367)
		<u>\$ 7,959,166</u>	<u>\$ 22,105,518</u>
Total Research and Development Cluster:		<u>\$ 20,622,390</u>	<u>\$ 75,435,418</u>
Student Financial Assistance Cluster:			
Department of Education:			
Federal Work Study Program	84.033	\$ -	\$ 1,606,936.00
Federal Supplemental Educational Opportunity Grants (PSEOG)	84.007	-	837,099.00
Federal Pell Grant Program	84.063	-	13,673,520.00
Federal Perkins Loan Program	84.038	-	23,846,427
		<u>\$ -</u>	<u>\$ 39,963,982</u>

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor Program Title	CFDA Number	Subrecipient Expenditures	Total Expenditures
Department of Health and Human Services			
Loans for Disadvantaged Students	93.342	\$ -	\$ 322,875
Nursing Student Loans	93.364	-	35,629
Primary Care Loans	93.342	-	4,217,443
		<u>\$ -</u>	<u>\$ 4,575,947</u>
Federally Guaranteed Student Loans			
Graduate PLUS Loans	84.268	\$ -	\$ 36,628,765
Parent Loans for Undergraduate Students	84.268		42,107,477
Subsidized Direct Loans	84.268		34,609,487
Unsubsidized Direct Loans	84.268	-	140,725,325
		<u>\$ -</u>	<u>\$ 254,071,054</u>
Total Student Financial Assistance Cluster:		<u>\$ -</u>	<u>\$ 298,610,983</u>
Other Programs:			
Other - Direct Award	Schedule E	\$ 535,977	\$ 4,674,006
Other - Direct Award (American Recovery and Reinvestment Act)	Schedule E	-	191,577
Other - Pass Through Funds	Schedule F	73,286	6,268,343
Other - Pass Through Funds (American Recovery and Reinvestment Act)	Schedule F	-	(6,853)
		<u>\$ 609,263</u>	<u>\$ 11,127,073</u>
Total Other Programs:		<u>\$ 609,263</u>	<u>\$ 309,738,056</u>
Total Expenditures of Federal Awards		<u>\$ 21,231,653</u>	<u>\$ 385,173,474</u>

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule 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, 2014

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	1R01-AG036921-01A1	93.866	-	12,467
Albert Einstein College of Medicine of Yeshiva University Total					-	12,467
HIV Vaccine Design and Development Teams	Argos Therapeutics	HHSN266200600019C	HSSN266200600019C	93.R&D	-	18,718
Argos Therapeutics Total					-	18,718
Novel Models to Predict Energy Expenditure and Physical Activity in Preschoolers	Baylor College of Medicine	101247752	R01DK085163	93.847	-	88,310
Baylor College of Medicine Total					-	88,310
AIDS Clinical Trial Group Network	Brigham and Women's Hospital	PRIME# 7UM1A1068636-07	7UM1A1068636-07	93.855	-	(3,307)
Brigham and Women's Hospital Total					-	(3,307)
HDAC6: A Target for Regeneration Following Injury in the Nervous System	Burke Rehabilitation Institute	BL3869-001	1R01N5071056-01A1	93.853	-	13,310
Burke Rehabilitation Institute Total					-	13,310
Development of R Software for Disinfection of Kinetic Analysis	Center for Disease Control	200-2012-M-50550	Unknown	93.R&D	-	233
Center for Disease Control Total					-	233
Understanding and predicting human driving behaviors via machine learning models	Children's Hospital of Philadelphia	AGMT 6/13/13	EEC-0535463	93.004	-	25,108
Role of Peroxynitrite in Neurodegenerative Diseases of Aging	Children's Hospital of Philadelphia		5-R01-AG13966-06	93.866	-	(6,469)
Children's Hospital of Philadelphia Total					-	18,639
EMSC Targeted Issue Grants	Children's Research Institute	0338-11-03	1H34MC19351-02-00	93.127	-	2,554
R21: A Paper-Digital Interface for Time-Critical Information Management	Children's Research Institute	30001387-12-03	1R21LM011320-01A1	93.879	-	56,499
Children's Research Institute Total					-	59,053
Smoke-free Public Housing Evaluation	City of Philadelphia	CONTRACT # 1420397	1U58DP003557	93.531	-	22,930
City of Philadelphia Total					-	22,930
Tissue Compartmentalization of Human Lymphocytes	Columbia University	11GG07579	1P01A1106697-01	93.855	-	40,304
Maternal Fetal Medicine Unit	Columbia University	HD040485-06	HD040485-06	93.865	-	1,200
Beta-2 Adrenoreceptor Genotype and the Incidence and Response to Beta-2 Agonist Treatment of Preterm Labor	Columbia University	5 R01 HD048805-05	5R01 HD048805-5	93.865	-	(6,842)
Columbia University Total					-	34,662
FASD-Screening Diagnosis and Treatment Initiative (COMHAR and SCHC)	COMHAR	283-07-3001	HHSS 283200700030I	93.243	-	18,906
COMHAR Total					-	18,906
Pennsylvania Community Preparedness Projects Center for Public Health Readiness & Communication	Commonwealth of Pennsylvania	PO# 4300378689	Unknown	93.R&D	15,000	273,938
Data Warehouse Augmentation and Obesity Resources Database	Commonwealth of Pennsylvania	PO# 4300373814	1U58DP003937-01	93.283	-	4,083
Interactive Colorectal Cancer (iCRC) Project	Commonwealth of Pennsylvania	PO# 4300375205	5U58DP002041-04	93.283	-	762
Commonwealth of Pennsylvania Total					15,000	278,783

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule 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, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
CRCNS: Organization of the Locomotor CPG in the Rodent Spinal Cord Cornell University Total	Cornell University	67362-9896	1R1NS081713-01	93.853	-	154,558
					-	154,558
Graduate Partnership to Expand Educational Opportunities Delaware State University Total	Delaware State University	10-009MH	1R25GM088043-02	93.859	-	1,781
					-	1,781
A Novel Formulation of Flu Vaccine for the Aged DMX Inc. Total	DMX Inc.	1R43AG042993-01	1R43AG042993-01	93.866	-	56,215
					-	56,215
Discovery of Anti-HBV cccDNA Compounds from a Unique Natural Products Collection Development of sulfamoylbenzamide derivatives as antiviral agents against HBV Development of Fluorinated Sulfamoylbenzamide Derivatives as Antiviral Agents against HBV Infections Enantigen Therapeutics, Inc. Total	Enantigen Therapeutics, Inc.	1R43AI104086-01A1	1R43AI104086-01A1	93.855	-	44,660
	Enantigen Therapeutics, Inc.	R43AI098200	R43AI098200	93.855	-	19,625
	Enantigen Therapeutics, Inc.	R43AI104066	R43AI104066	93.855	-	58,051
					-	122,336
DC-SIGN Inhibitors for the Treatment of HIV Infection Fox Chase Chemical Diversity Center, Inc. Total	Fox Chase Chemical Diversity Center, Inc.	1R41AI067719	1R41AI067719	93.855	-	124,211
					-	124,211
Social-Structural Stressors, Resilience and Sexual Risk Behaviors Among Black Men George Washington University Total	George Washington University	I3-S39	7R01MH100022-02	93.242	-	70,770
					-	70,770
Pediatric HIV/AIDS Cohort Study (PHACS) Data and Operations Center (DOC) (AMP) Harvard School of Public Health Total	Harvard School of Public Health	5U01HD052102-07	5U01HD052102-07	93.865	-	216
					-	216
Novel liver fibrosis test for early detection and classification Immunotope, Inc. Total	Immunotope, Inc.	1R41AA023111-01	1R41AA023111-01	93.273	-	70,376
					-	70,376
Development of a Urine Test for the Early Detection of Colorectal Cancer Development of a Urine Test for the Early Detection of Liver Cancer JBS Science, Inc. Total	JBS Science, Inc.	R43CA168053	R43CA168053	93.394	-	(4,590)
	JBS Science, Inc.	R44CA165312	R44CA165312	93.394	-	84,444
					-	79,854
HIV Research Network John Hopkins University Total	John Hopkins University	PO# 2001377397	HHSA290201100007C	93.R&D	-	116,355
					-	116,355
Philadelphia Ujima Heart Attack Symptoms Campaign John Snow Incorporated Total	John Snow Incorporated	AWARD 11/9/2011	HHSP233201000669G	93.R&D	-	10,233
					-	10,233
Environment: The Perinatal Epigenome and Risk for Autism and Related Disorder Development and Validation of Autism Case Conf NCS Form 8 Centers for Autism and Developmental Disabilities Research and Epidemiology (CADDRE): Study to Explore Early Development Eating for Life: Dietary Behaviors Among Long Term Cancer Survivors Johns Hopkins University Total	Johns Hopkins University	2000982389	R01ES017646	93.113	-	23,523
	Johns Hopkins University	LETTER DATED 02/28/2013	HHSN27520080000033C	93.R&D	530,935	633,137
	Johns Hopkins University	2001396285	U01DD000746	93.073	-	12,079
	Johns Hopkins University	2001406127	R21CA152789	93.393	-	10,762
					530,935	679,501

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule 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, 2014

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 Total	Kaiser Permanente	12CPATN-02-01	200-2012-53786	93.R&D	- -	101,380 101,380
MOTS: Modeling Obesity Through Simulation Loyola University, Chicago Total	Loyola University, Chicago	201331	5R01HD061978-05	93.865	- -	20,251 20,251
DiaComp Pilot and Feasibility Study "Type II Diabetes: Phenotype of the Diabetic Bladder from Proteins to Organ" Georgia Regents University Total	Georgia Regents University	25732-25	3 U24 DK076169-08S4	93.847	- -	84,392 84,392
Diverse Drug Lead Compounds from Bacterial Symbionts in Tropical Marine Mollusks	Oregon Health and Science University	GEBSN0062-ANS	1U01TW008163-01	93.989	-	1,350
Optimizing ELQ's for Treatment and Prevention of Malaria	Oregon Health and Science University	R56AI100569	R56AI100569	93.855	-	30,295
Optimizing ELQ's for Treatment and Prevention of Malaria Oregon Health and Science University Total	Oregon Health and Science University	R01AI100569	1R01AI100569	93.855	- -	79,086 110,731
Prevent and Reduce Adverse Health Effects of Pesticides on Indigenous Farmworkers Oregon Law Project Total	Oregon Law Project	5R24MD002798	5R24MD002798	93.307	- -	27,700 27,700
Eating Disorders Prevention: An Effectiveness Trial for At-Risk College Students Oregon Research Institute Total	Oregon Research Institute	RO1-MH 086582	RO1-MH 086582	93.242	- -	121,895 121,895
Pennsylvania Cancer Education Network - Colorectal Cancer Public Health Risk Assessment & Community Preparedness Project for PA	Pennsylvania Department of Health	PO 4300249793		93.991	-	(131)
Evaluation of Cancer Prevention and Control and Other Chronic Disease Programs (Wisewomen)	Pennsylvania Department of Health	PO#4300314287 CHANGE1	2U90TP316967-11	93.069	-	7,807
Pennsylvania Department of Health Total	Pennsylvania Department of Health	SAP#4000015984		93.991	- -	(852) 6,824
Walkability's Impact on Senior Health Philadelphia Corporation for Aging Total	Philadelphia Corporation for Aging	9-1089-95-3113	1R21NR012541	93.361	- -	(131) (131)
Enhanced Integrated Substance Abuse Treatment Services for Philadelphia Veterans Court	Philadelphia Mental Health Care Corporation	1H79TI1024209-01	1H79TI1024209-01	93.243	-	25,086
Philadelphia Veterans Treatment Court Philadelphia Mental Health Care Corporation Total	Philadelphia Mental Health Care Corporation	1H79TI024209-01	1H79TI024209-01	93.243	- -	26,016 51,102
Nonpeptidic Mimics of Antimicrobial Peptides to Combat Malaria Polymedix, Inc. Total	Polymedix, Inc.	R44AI09062	R44AI09062	93.855	- -	(1,043) (1,043)
Quantifying Changes in Neural Stem Cell Lineages in the Aging Niche Regenerative Research Foundation Total	Regenerative Research Foundation	5012-DREXEL	R01AG041861	93.866	- -	96,591 96,591

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule 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, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Interdisciplinary and Translational Research Training and Comprehensive NeuroAids Core Center	Temple University	P0 #CC0161590	5T32MH079785-05	93.282	-	(64,025)
ATP Hydrolysis in Viral Reservoir Persistence	Temple University	1P30MH092177-04	1P30MH092177-04	93.242	58,832	143,736
Developmental Core Pilot Project: Interplay between micro RNA's and HIV-1 in human microglia and astrocytes	Temple University	1 R01 MH101010-01	1R01 MH101010-01	93.242	-	17,433
Temple University Total					<u>58,832</u>	<u>107,143</u>
RCT of Treatment of Male Partners of Women with Recurrent Bacterial Vaginosis	The Board of Trustees of the University of Alabama	000421793-002		93.855	-	18,019
The Board of Trustees of the University of Alabama Total					<u>-</u>	<u>18,019</u>
Study of Health Outcomes in Children with Autism and Their	The Lewin Group	TLG-10-067-5354	HHSN2712010000	93.R&D	-	15,103
The Lewin Group Total					<u>-</u>	<u>15,103</u>
Single Molecule DNA Mapping for DNA and CNV Analysis	The Regents of the University of California	DTD 7/2/2012	5R01HG005946	93.172	-	15,252
The Regents of the University of California Total					<u>-</u>	<u>15,252</u>
Commitment Contracts for Health-Behavior Change	The Regents of the University of California,	KK1302	R21 AG042051	93.866	-	58,620
The Regents of the University of California, Santa Barbara Total					<u>-</u>	<u>58,620</u>
Nanomapping-assisted analysis of human telomere regions	The Wistar Institute	24831-02330	1R21HG007205-01	93.172	-	154,208
Observation Study of IFN-Alpha/Ribacin Therapy in HCV/HIV-1 Co-Infected and HCV Mon-Infected Subjects	The Wistar Institute		5-R01-AI073219-03	93.855	-	2,099
The Wistar Institute Total					<u>-</u>	<u>156,306</u>
Non-Thermal Plasma Treatment Initiates Redox Signaling in Stem Cells	Thomas Jefferson University	080-23000-502501	5R01EB013011	93.286	-	85,070
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB1116	2P30CA056036	93.397	-	19,652
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB1516	2P30CA056036-14	93.397	-	7,357
Translational Research in Cancer	Thomas Jefferson University	080-03500-PB11	2 P30 CA056036-14	93.397	-	15,661
Evaluation of Small Molecule Inhibitors of Hemoglobin Transport as Antimalarials	Thomas Jefferson University	R21AI090158	R21AI090158	93.855	-	32,138
Administrative Core - Sickle Cell Program Project	Thomas Jefferson University	5 P60-HL62148-05	5 P60-HL62148-05	93.839	-	20
Comprehensive Sickle Cell Center-Project 1	Thomas Jefferson University			93.839	-	150
Basic and Translational Research Program in Sickle Cell Disease	Thomas Jefferson University	5 U54 HL070585-08	5 U54 HL070585-08	93.837	-	(60)
Thomas Jefferson University Total					<u>-</u>	<u>159,988</u>
Quantitative Analysis of Cerebral Cortex in Aging Monkeys	Trustees of Boston University	5R01AG011133-06	5R01AG011133-06	93.866	-	58,080
MRI, Genetics & Cognitive Precursor of AD and Dementia	Trustees of Boston University	4500001204	5R01AG016495-12	93.866	-	34,106
Trustees of Boston University Total					<u>-</u>	<u>92,185</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Drexel University and Subsidiaries
Schedule 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, 2014**

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Late Sodium Current Blockade in High Risk ICD Patients (RAID) University of Rochester Total	University of Rochester	PRIME # 5-24420 SUB# 415554-G	U01 HL 096607	93.837	- -	44,069 44,069
H1R Signaling and Immune Deviation in EAE University of Vermont Total	University of Vermont	23801	1R01NS069628-05	93.853	- -	81,939 81,939
Development and Validation of an Autism Case Confirmation Approach for Use in NCS Westat Total	Westat	6049.08-S01	HHSN2752012000051	93.R&D	416,418 416,418	681,192 681,192
Total Department of Health And Human Service Research and Development Awards from Pass-Through Grantors					\$ 1,021,184	\$ 5,423,672
American Recovery and Reinvestment Act						
Evaluation of Overdose Prevention Programs for Injection Drug Users Children's Hospital of Los Angeles Total	Children's Hospital of Los Angeles	000428	R21DA026789	93.701	- -	11 11
Center for Pediatric Research DuPont Total	DuPont	2P20RR020173-07	2P20RR020173-07	93.859	- -	(7) (7)
Anush Sridharan Salary for Work at Thomas Jefferson University Thomas Jefferson University Total	Thomas Jefferson University	TJUP020889512	5 R01 HL088523-03	93.701	- -	18,554 18,554
Bundling Effective Resident Hand Off Practices to Improve Patient Safety Boston Children's Hospital Total	Boston Children's Hospital	77543	1 R18 AE000029-01	93.726	- -	13,082 13,082
American Recovery and Reinvestment Act Department of Health And Human Service Research and Development Awards from Pass-Through Grantors Total					\$ -	\$ 31,640
Department of Health And Human Service Research and Development Awards from Pass-Through Grantors Grand Total					\$ 1,021,184	\$ 5,455,312

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
National Science Foundation Research and Development Awards From Pass Through Grantors – Schedule B
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Philadelphia Regional Noyce Partnership Bryn Mawr College Total	Bryn Mawr College	46940-1	DUE-1136323	47.076	- -	<u>8,343</u> 8,343
Intelligent HW/SW Compilers for DSP Applications Carnegie Mellon University Total	Carnegie Mellon University	1120464-146717	Unknown	47.070	- -	<u>2,542</u> 2,542
Nanoscale Mechanism of Superconductivity and Vortex Pinning in Iron-Based Superconductors CRDF Global Total	CRDF Global	OISE-14-60109-0	OISE-1460109	47.079	- -	<u>506</u> 506
NSF Illinois State Museum NEOTOMA Illinois State Museum Society Total	Illinois State Museum Society	EAR-0948652	EAR-0948652	47.050	- -	<u>8,253</u> 8,253
Device and Method for Microfluidic Isolation and Expansion of Fetal Trophoblast Cells for Non-Invasive - Prenatal Diagnostic Pasortix, Inc. Total	Pasortix, Inc.	AGR DTD 2/1/2011	NSF SBIR Grant#1014134	47.041	- -	<u>380</u> 380
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 DATE 12/5/2013	DRL-1323516	47.076	- -	<u>799</u> 799
RAPID: Understanding Sudden Hydro-Climatic Changes and Exploring Sustainable Solutions in the Enriquillo Closed Water Basin (Southwest Hispaniola) Research Foundation of CUNY Total	Research Foundation of CUNY	40C90-A	CBET-1264466	47.041	- -	<u>17,040</u> 17,040
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	- -	<u>35,046</u> 35,046
HCC: Small: Collaborative Research: Assessing Technology Requirements for Preventing Teamwork Errors in Safety-Critical Settings Rutgers University Total	Rutgers University	4584	IIS-0915871	47.070	- -	<u>9,087</u> 9,087
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	2155GRA906	IIA-1243524	47.079	- -	<u>48,035</u> 48,035
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	- -	<u>33,063</u> 33,063
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 University of California, San Diego	CONTRACT # 30037642 3037642	CMMI-1208208 CMMI-1208208	47.041 47.041	- -	<u>61,828</u> <u>49,113</u> 110,941

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
National Science Foundation Research and Development Awards From Pass Through Grantors – Schedule B
For the Year Ended June 30, 2014

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	- -	48,091 48,091
HCC-Medium: Mixed-Reality Virtual Humans for Training University of Florida Research Foundation, Inc Total	University of Florida Research Foundation, Inc	IIS-0803652	IIS-0803652	47.070	- -	13,495 13,495
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	- -	3,496 3,496
CASA: Assist in the On-going Effort to Model the Forecaster Warning Decision Process University of Massachusetts Total	University of Massachusetts	EEC-0313747/04-0002341L00	EEC-013747	47.041	- -	32,210 32,210
RIE: Cell Wall Mechanics in Arabidopsis University of Montana Total	University of Montana	IOS-0950374	IOS-0950374	47.074	- -	642 642
DataNet University of North Carolina Total	University of North Carolina	5-37142	OCI-0940841	47.080	- -	99,770 99,770
PIRE Mongolia YR5 2012 AfterBurner: Efficient Performance Scaling via Post-Retirement Processing University of Pennsylvania Total	University of Pennsylvania University of Pennsylvania	549018 555822	OISE-0729786 CCF-1017184	47.079 47.070	- - -	(3,410) 111,576 108,166
INSPIRE TRACK 1: The Informatics of Making University of Wisconsin Total	University of Wisconsin	489K904/CMMI-1344205	CMMI-1344205	47.041	- -	20,980 20,980
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	ERFI-0938043	ERFI-0938043	47.041	- -	71,399 71,399
National Science Foundation Research and Development Awards from Pass-Through Grantors Total					\$ -	\$ 672,286

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards - Schedule C
For the Year Ended June 30, 2014

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
An Integrated Research and Education Program on Highly Sensitive and Sensitive Biosensors for Food Borne Pathogens and Toxins	US Department of Agriculture	2006-51110-03641	10.303	-	3,000
Identifying & Addressing Potential Poultry and Egg Mishandling Habits of Minority Ethnic and Racial Populations	US Department of Agriculture	2009-51110-05853	10.303	36,727	63,820
Prevalence, Levels, and Subtypes of Listeria Monocytogenes in Higher Risk Foods	US Department of Agriculture	1935-41420-015-07S	10.001	-	135,801
FSIS Prevalence and Levels of Listerial Monocytogenes in Ready-to-eat Retail Meat and Poultry	US Department of Agriculture	58-1935-1-177	10.001	-	(5,144)
2011 Forest Service Marcellus Funding	US Department of Agriculture	11-JV-11242301-049	10.693	-	(5,091)
Distributed On-Farm Bioenergy, Biofuels & Biochemicals (FarmBio3)	US Department of Agriculture	59-1935-3-002	10.312	42,430	109,275
Development and Production via Integrated Catalytic Thermolysis	US Department of Agriculture	58-3148-3-134	10.960	-	3,600
Uruguay ECPA Project III	US Department of Agriculture	2014-67017-21642	10.310	-	2,062
Synergistic interaction between ultraviolet light and novel photosensitizers for enhanced microbial safety of fresh produce	US Department of Agriculture			<u>79,157</u>	<u>307,323</u>
10 - US Department of Agriculture					
The Effect of Sediment Availability and Climate Change on Marsh Development in the Delaware Estuary	NOAA	NA11NOS4200066	11.420	-	(870)
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	-	40,699
Frontiers of In Situ Transmission Electron Microscopy	National Institute of Standards & Technology	70NANB12H260	11.609	-	6,860
11 - National Institute of Standards & Technology				<u>-</u>	<u>46,689</u>
ACIN - Applied Communications and Information Networking Program	Department of Army	DAAB07-01-9-L504	12.R&D	-	259,806
ACIN - Applied Communications and Information Networking: Prototype Development Program	Department of Army	W15P7T-06-9-P011	12.R&D	4,450,838	4,584,363
Warren Grove Bombing Range Integrated Natural Resources Management	Department of Army	DAMD17-02-2-0045	12.420	-	57,782
Magnetic Resonance Characterization of Axonal Response to Spinal Cord Injury	Department of Army	DTD 8/2010	12.420	-	57,287
Active Authentication via Linguistic Modalities	Air Force	FA8750-12-C-0212	12.800	-	102,082
Mobile Active Authentication via Linguistic Modalities	Air Force	FA8750-13-C-0268	12.800	86,805	237,835
An Imino Sugar Glucosidase Inhibitor That Is Effective Against Multiple Hemorrhagic Fever Viruses of Bioterror Concern	US Department of Defense	HDTRA1-10-C-0068, P00003	12.R&D	-	(6,546)
Metacognition as Multitasking: Theory and Models of Strategic Multitasking in Complex Dynamic Tasks	Office of Naval Research	N00014-09-1-0096	12.300	-	102,490
Control Scheme Limit Identification for Shipboard Power Systems Formulation and Related Issues	Office of Naval Research	N00014-10-1-0195	12.300	-	153,064
Physically-Based Statistical Approaches to Radiometric Scene Understanding	Office of Naval Research	N00014-11-1-0099	12.300	-	40,659
Novel Mechanism for Conductivity Modulation in Complex Oxide Heterostructures	Office of Naval Research	N00014-11-1-0109	12.300	-	69,120
In Situ TEM Studies of Coupled Device Structures Under DC Bias: Towards a Quantitative Understanding of Strain-Mediated Mechanisms	Office of Naval Research	N00014-11-1-0296	12.300	-	50,295
ULL: Magnetoelectric Nanostructures for Magnetic Field Sensing	Office of Naval Research	N00014-11-1-0370	12.300	-	6,935
Vertical Charge Ordering Transistors Enabled by Structurally Coupled Heterointerfaces	Office of Naval Research	N00014-11-1-0664	12.300	151,261	627,286

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards - Schedule C
For the Year Ended June 30, 2014

<u>Program Title</u>	<u>Grantor</u>	<u>Agency Number</u>	<u>CFDA Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
Using Spatial Correlations Measured on a Limited Number of Oblique Sections for Establishing Reliable Structure-Property-Processing Linkages	Office of Naval Research	N00014-11-1-0759	12.300	-	16,825
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	232,123	338,827
Below-Deck Electromagnetic Environment Characterization for RF Wireless Network Operation	Office of Naval Research	N00014-12-1-0262	12.300	-	(655)
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	-	85,510
Collaborative Robots in Geophysical Flows: Understanding How Local Measurements Imply Global Structures	Office of Naval Research	N00014-12-1-1019	12.300	-	238,713
Novel Acoustics-based Framework for SHM of Navy Assets	Office of Naval Research	N00014-13-1-0143	12.300	-	102,544
Below-Deck Electromagnetic Characterization for RF Wireless Network Operation, Phase III	Office of Naval Research	N00014-13-1-0312	12.300	-	114,701
Digital PowerLab: Development of Networked Power and Energy Laboratories	Office of Naval Research	N00014-13-1-0611	12.300	-	74,518
Ion-beam system for functional and oxide materials and device processing	Office of Naval Research	N00014-13-1-0701	12.300	-	105,000
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	-	156,679
Detection/Prediction Algorithm Development and Implementation Expansion: In Situ TEM Studies of Coupled Device Structures under DC Bias: Towards a Quantitative Understanding of Strain-Mediated Mechanisms	Office of Naval Research	N00014-13-1-0733	12.300	85,689	199,870
Observability of Network Controlled Multi-Converter Power Systems: Formulation and Related Issues	Office of Naval Research	N00014-14-1-0058	12.300	-	39,400
Identification of Fatigue Precursors for Multiscale NDE & Prognostics	Office of Naval Research	N00014-14-1-0061	12.300	-	69,210
Exploiting the Limitations and Potential of Automated Linguistic DRC-Hubo - Leveraging a 7 Hubo Infrastructure and Unified Algorithmic Framework for the DARPA Robotics Challenge	Office of Naval Research	N00014-14-1-0571	12.300	-	4,197
THOR: Tactical Heterogeneous Ontology Representation	US Department of Defense	N10AP20014	12.910	-	(1,588)
Senior Design, NavAir Systems Command	Office of Naval Research	N65236-12-1-1005	12.630	1,677,675	2,016,476
Senior Design, NavAir Systems Command, AUTOMATED NETWORKED TRANSPORT SWARM (ANTS) - HARDWARE	Office of Naval Research	N66001-12-C-4052	12.300	-	211,160
	Naval Air Systems Command	N68335-12-P-0188	12.R&D	-	800
	Naval Air Systems Command	N68335-13-P-0265	12.R&D	-	9,256
Enhancing Response Technologies for Complex Events	US Army Medical Research Acquisition Activity	W81XWH-08-2-0573	12.420	-	6,186
Mu-Opioid Regulation of Mucosal Immunity Against Clostridium Difficile Infection and Vaccination	US Army Medical Research Acquisition Activity	W81XWH-09-1-0382	12.420	-	12,840
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	35,758	275,507
Selective and Responsive Nanopore-Filled Membranes as Breathable Barriers	Department of Army	W911NF-05-1-0036	12.431	-	(13,786)
Multiscale Synthesis, Modeling and Design of High Performance Polymer Systems	Department of Army	W911NF-06-2-0013	12.431	-	243,490

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards - Schedule C
For the Year Ended June 30, 2014

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Smart Core-Shell Nanowire Architectures for Multifunctional Nanoscaled Devices	Department of Army	W911NF-08-1-0067	12.431	-	20,909
The Mechanics and Engineering of Flagellar Polymorphic Transformation for Adaptive Nanoelectronics	Department of Army	W911NF-10-1-0173	12.431	-	(6,451)
Molecular Transport in Ionic Polymer Membranes Under Applied Use of Spherical Nanoindentation to Characterize the Anisotropic Properties of Microscale Constituents	Department of Army	W911NF-10-1-0255	12.431	-	(3,044)
Autoignition Chemistry of Surrogate Fuel Components in an Engine Environment	US Army Medical Research Acquisition Activity	W911NF-10-1-0409	12.431	134,156	172,781
Microbiorobots for Manipulation and Sensing	US Army Medical Research Acquisition Activity	W911NF-11-1-0412	12.431	-	113,789
Nanocrystalline MAX/Mg Composites with Exceptional Properties	Department of Army	W911NF-11-1-0490	12.431	86,675	206,923
Symmetry Mismatched Heterostructures: New Routes to Bandwidth Control in Oxides	Department of Army	W911NF-11-1-0525	12.431	-	113,395
Ab Initio Design of Noncentrosymmetric Metals: Crystal Engineering in Oxide Heterostructures	Department of Army	W911NF-12-1-0132	12.431	-	125,282
Integrated Real-time Control and Imaging System for Microbiorobotics and Nanobiostuctures	Department of Army	W911NF-12-1-0133	12.431	-	127,852
Center for Sustainable Corrosion Protection	US Department of Defense	W911NF-12-1-0304	12.431	-	160,466
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	W911NF-13-2-0046	12.431	22,741	77,867
Forensic Documentation Analysis	Department of Army	W9126G-11-2-0041	12.300	-	86,008
Non Destructive Approach For Damage Detection and Its Evolution in Hard Armor Protective Inserts	Department of Army	W91CRB-08-C-0008	12.R&D	-	(7,375)
Adversarial Linguistic Analysis	Department of Army	W91CRB-13-P-0057	12.R&D	-	90,016
12 - US Department of Defense	US Department of Defense	N11AP20024/REVISED D11AP00281	12.910	-	94,565
				<u>6,963,721</u>	<u>12,021,121</u>
The Effect of Open Marsh Water Management Flooding (OMWM) & Accretion in Coastal Wetlands	U.S. Fish and Wildlife Service	50181-A-J002	15.608	-	(2,663)
The Effect of Open Marsh Water Management Flooding (OMWM) & Accretion in Coastal Wetlands	U.S. Fish and Wildlife Service	F11AC00274	15.608	-	12,569
Biodiversity conservation on Bioko Island, Equatorial Guinea	U.S. Fish and Wildlife Service	F13AP00506	15.651	-	49,498
Algal Research and Ecological Synthesis for the USGS National Water Quality Assessment Program	United States Geological Survey	G07AC00025	15.808	-	(3,088)
Barnegat Bay Sediment Analysis	United States Geological Survey	G13PX00548	15.8 R&D	-	11,671
2013 Milwaukee Metropolitan Sewerage District Periphyton Sample Analyses (18 samples)	United States Geological Survey	PO#G13PX01505	15.8 R&D	-	8,713
USGS Iowa Algal Analysis - 2012 Field Season (10 Samples)	United States Geological Survey	EMAIL 3/21/2013	15.8 R&D	-	4,493
15 - Department of the Interior				-	<u>81,193</u>

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards - Schedule C
For the Year Ended June 30, 2014

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Summer Institute for European Student Leaders 19 - US Department of State	US Department of State (USIA)	S-ECAAE-08-CA-079(KF)	19.009	-	2,335
				-	2,335
Analytical and Experimental Studies on Airworthiness and Sustainment of Aircraft Structures	Federal Aviation Administration	10-G-016	20.108	-	188,833
Program Management and Tasks under FAA Next Ben OTA Rotorcraft Health and Utilization Monitoring Systems Research in Support of Programs, Such as Continued Airworthiness and Systems Low-Powered Wired Sensors for Asset Management or Health Monitoring of Structures and Pavements 20 - Department of Transportation	Federal Aviation Administration	DTFACT-12-A-80003	20.109	160,290	577,706
	Federal Aviation Administration	13-G-002	20.108	-	109,102
	Federal Highway Admin	DTFH61-13-C-00021	20.2 R&D	30,195	96,470
				190,485	972,111
A Next Generation Coronal Active Region Model	National Aeronautics and Space Administration	NNX07AU64G	43.001	-	184,536
The ultimate multiwavelength quasar survey	National Aeronautics and Space Administration	NNX12AI49G	43.001	14,821	105,112
Improvement of numerical algorithms for the 1D Hydrodynamic code ARGOS	National Aeronautics and Space Administration	NNX12AP65G	43.001	-	52,693
NextGenAA: Integrated Model Checking and Simulation of NextGen Authority and Autonomy	National Aeronautics and Space Administration	NNA13AB02C/4200463702	43.002	373,399	535,647
Project CRoFT: Composite Rotary Fatigue Tester	National Aeronautics and Space Administration	NNC14VB89P	43.R&D	-	4,100
GSRP--Collin Stabler	National Aeronautics and Space Administration	NNX11AN07H	43.008	-	2,046
Probing AGN Accretion Physics with Kepler 43 - National Aeronautics and Space Administration	National Aeronautics and Space Administration	NNX14AF75G	43.001	-	14,547
				388,220	898,681
Preparing Faculty of Digital Librarianship	Institute of Museum and Library Sciences	RE-02-07-0061-07	45.313	-	(1)
Helping Libraries to Harness the Power of Social Searching	Institute of Museum and Library Sciences	LG-06-11-0261-11	45.312	-	102,667
Improving Search, Sensemaking, Learning, and Social Tagging Through a Universal Appliance for Query Expansion and Meaningful Concept Displays	Institute of Museum and Library Sciences	LG-06-11-0332-11	45.312	17,467	141,032
Digging into Metadata	Institute of Museum and Library Sciences	LG-00-12-0457-12	45.312	-	40,747
IMLS Entomology Digitization Project	Institute of Museum and Library Sciences	MA-05-10-0001-10	45.301	-	19,370
CLUES-IMLS-YR3 (2011-2012)	Institute of Museum and Library Sciences	LG-26-09-0125-09	45.312	-	13,776
Changing Attitudes Towards Autisms Access	Institute of Museum and Library Sciences	MA-04-12-0009-12	45.301	-	32,251
Museums Count Research & Project Development 45 - Institute of Museum and Library Sciences	Institute of Museum and Library Sciences	OE-00-14-0001-14	45.312	-	509
				17,467	350,350

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Direct Federal Research and Development Awards - Schedule C
For the Year Ended June 30, 2014

<u>Program Title</u>	<u>Grantor</u>	<u>Agency Number</u>	<u>CFDA Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
Deployable Cyanotoxin Sensor using DNA-Signatures	US Dept of Environmental Protection Agency	RD-83382901-0	66.509	-	17,979
Alkali-Activated Cement (AAC) as a Sustainable Building Material	US Dept of Environmental Protection Agency	SU-83475901	66.516	-	881
Waste to fuel: design of a landfill algae bioreactor	US Dept of Environmental Protection Agency	SU83508101	66.516	-	(2,323)
Lightweight Green Roof Water Retention System	US Dept of Environmental Protection Agency	SU-83506601-0	66.516	-	33,222
66 - US Dept of Environmental Protection Agency				-	49,759
DU Faculty Development Program in Nuclear Materials Science: Design and Characterization of Radiation-Tolerant Alloys using Multiscale Grain Boundary Engineering and Advanced Microscopy Methods	Nuclear Regulatory Commission	NRC-38-10-928	77.008	-	54,157
77 - Nuclear Regulatory Commission				-	54,157
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	-	205,157
Neutrino Physics: Task A Physics at KamLAND and Double Chooz	US Department of Energy	DE-FG02-00ER41134	81.049	-	(12,825)
Former Pantex Worker Medical Surveillance Program - Phase II	US Department of Energy	DE-FC01-06EH06003	81.049	129,757	218,183
Diffusion and Chemical Compatibility of the MAX Phases for Advanced Reactor Fuel and Component Design	US Department of Energy	00119175	81.049	40,000	191,858
Fundamental Studies of the Role of Grain Boundaries on Uniform Corrosion of Advanced Nuclear Reactor Materials	US Department of Energy	00121106	81.049	89,903	168,206
Linking the Codependence of Grain Boundary Structure and Density to Defect Evolution Mechanisms During Radiation Damage	US Department of Energy	DE-SC0008274	81.049	-	164,819
Experimental Neutrino Physics	US Department of Energy	DE-SC0007988	81.049	-	128,460
Neutrino physics at Drexel	US Department of Energy	DE-SC0011803	81.049	-	31,573
81 - US Department of Energy				259,659	1,095,432
Research Support: New England ASA/DBTA	Institute for Human Centered Design	H133A060092	84.133	-	5,724
Engineers as Global Leaders in Energy Sustainability (EAGLES)	US Department of Education	P116J100037	84.116	3,082	33,963
GAANN: Graduate Fellowships in Education with a Focus on the National Academy of Engineering Grand Challenges	US Department of Education	P200A120253	84.200	-	82,163
84 - US Department of Education				3,082	121,850
Firefighter Non-Fatal Injury Surveillance System (F-NISS)	FEMA	EMW-2009-FP-00427	97.044	-	36,460
Understanding Culture: Assessing Firefighter Safety Climate	FEMA	EMW-2011-FP-00069	97.044	-	310,262
FIRST-Reliability Study	FEMA	EMW-2012-FP-00205	97.044	-	81,669
97 - FEMA				-	428,392
Development of Green Infrastructure Techniques Using Natural Systems	New York State Department of Environmental Conservation	T008462	99.R&D	-	(4,755)
99 - Unknown Agency				-	(4,755)
Other Direct Federal Research and Development Awards Grand Total				\$ 7,901,791	\$ 16,424,638

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2014

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 Total	Ceramatec	LETTER DATED 3/21/13	2012-10008-20263	10.312	- -	56,427 56,427
Northeast Woody/Warm-season Biomass Consortium Penn State University Total	Penn State University	4900-DU-USDA- 9703	2012-68005-19703	10.310	- -	29,863 29,863
Childhood Stress: A Qualitative Analysis of the Intergenerational Circumstances of Child Hunger University of Kentucky Research Foundation Total	University of Kentucky Research Foundation	3048108673- 12659/AG3198B10 0028	AG-3198-B-10-0028	10.592	- -	33,400 33,400
10 - US Department of Agriculture					-	119,689
Northeast Urban Regional Integrated Science Assessment Columbia University Total	Columbia University	GG001959	NA10OAR4310212	11.431	- -	76,340 76,340
Influence of Estuary Geomorphology 2012	New Jersey Sea Grant Consortium	6210-0011/694- 0000	6210-0011	11.4 R&D	-	3,759
The Influence of Estuary Geomorphology - Year 2 New Jersey Sea Grant Consortium Total	New Jersey Sea Grant Consortium	694-7900-7553	6310-0011	11.4 R&D	- -	26,867 30,626
2011 PA CZM Mussel Restoration	Partnership for the Delaware Estuary	PDE 192-02 206S-01/JOB#687- 0000	4100054396	11.419	-	(3,720)
2012 PA CZM Mussel Restoration Partnership for the Delaware Estuary	Partnership for the Delaware Estuary	4100057570	4100057570	11.420	- -	6,833 3,113
PA CZM Nutrient Uptake and Burial, Tidal Wetlands PA Department of Environmental Protection	PA Department of Environmental Protection	7C-K- 460/CZ1:2011-	SAP#4100057568	11.4 R&D	- -	4,882 4,882
Evaluating Coastal Wetland Vulnerability to Sea Level Rise in Pennsylvania Penn State University Total	Penn State University	4721-ANS-NOAA- 0061	NA10OAR4170061	11.417	- -	12,784 12,784
Biomedical Textiles for Cardiac Repair Philadelphia University Total	Philadelphia University	AGREEMENT#201 0-28530-1	IT101AX1130001	11.113	- -	(2,518) (2,518)
Automated Nondestructive Evaluation and Rehabilitation Systems for Bridge Decks Rutgers University Total	Rutgers University	00003987	70ANB10H014	11.616	- -	273,767 273,767
Philadelphia Freedom Rings Partnership Urban Affairs Coalition Total	Urban Affairs Coalition	1050-DRU/42-43- B10571	42-43-B10571	11.557	- -	173,632 173,632
11 - National Institute of Standards & Technology					-	572,626
Enhanced Wound Healing using Topically Administered Nanoparticle Encapsulated siRNA Albert Einstein College of Medicine of Yeshiva University Total	Albert Einstein College of Medicine of Yeshiva University	9-526-6901	W81XWH-12-1-0370	12.R&D	- -	27,938 27,938
Industrial Manufacturing of Nano-Graphitic Obscurant Aerosols American Energy Technologies Co Total	American Energy Technologies Co	PO20130109002M	P020130109002M	12.114	- -	(101) (101)
MARAN: Mission Aware Robotics-Assisted Networking	Applied Communication Services	2013009S	FA875011C0254	12.431	-	68,585
SISTO Applied Communication Services Total	Applied Communication Services	2012015S	Unknown	12.300	- -	15,462 84,047
Behavior-Based Access Control to Improve Cross Domain Sharing BBN Technologies Total	BBN Technologies	14082	FA8750-12-C-0011	12.800	- -	96,346 96,346

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

Other Federal Research and Development Awards From Pass Through Grantors - Schedule D

For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Towards Optimization of Macrocognitive Processes: Automating Analysis of the Emergence of Leadership in Ad Hoc Teams	Carnegie Mellon University	N00014-11-1-0221	N00014-11-1-0221	12.300	-	40,435
High Assurance Spiral: Scalable and Performance Portable Domain-Specific Control Systems Synthesis	Carnegie Mellon University	1150112-292646 MOD 1	FA8750-12-2-0291	12.300	-	110,803
Carnegie Mellon University Total					-	151,238
Computational Model for Electrode Erosion by High-Pressure Moving Arcs, Phase II	CFD Research	20120532	FA9550-14-C-0026	12.R&D	-	29,013
CFD Research Corporation Total					-	29,013
FUSION : Federated Understanding of Security Information Over Networks	Digital Operatives	18881	FA8750-14-C-0029	12.800	-	164,600
Digital Operatives Total					-	164,600
E-MIDDAS - Enhanced-Mobile Integrated Diagnostic and Data Analysis System	Engility	LTR DTD 04/27/12	W81XWH11C0088	12.R&D	-	(691)
Engility Total					-	(691)
Study of In-Service Durability of Cyanate Esters by Near-IR Spectroscopy	ERC Incorporated	PO RS101154 & PO RS111044	Unknown	12.431	-	15,603
ERC Incorporated Total					-	15,603
Reverse Piezoelectric Behavior and Dynamics of Piezoelectric Ceramics	Johns Hopkins University	W911NF-06-2-0006	W911NF-06-2-0006	12.R&D	-	68,261
Johns Hopkins University Total					-	68,261
Real-time Feature Detection and Threat Analysis with USRP SDR	Lockheed Martin Corporation	W15P7P-05-C- R002	N00014-11-C-0120	12.R&D	-	97,334
Behavioral Learning for Adaptive Electronic Warfare (BLADE)	Lockheed Martin Corporation	PO# 4100731260	HR0011-11-C-0033	12.R&D	-	18,635
Lockheed Martin Corporation Total					-	115,969
Software PRodUcibility Collaboration and Evaluation Environment (SPRUCE)	Lockheed Martin Energy	PO TT0706980/FA875 0-08-C-0064	FA8750-08-C-0064	12.800	-	(2,189)
Lockheed Martin Energy Total					-	(2,189)
Assessing and Monitoring Subtle Cognitive Markers	Massachusetts Institute of Technology	5710003550/D13A P00008	Unknown	12.910	-	16,605
Massachusetts Institute of Technology Total					-	16,605
Industrial Production Methods for Ultra-High-Strength Carbon Nanotube-Based Fibers	Physical Science Incorporated	W912HZ-13-P- 0023	W912HZ-13-P-0023	12.114	-	27,979
Physical Science Incorporated Total					-	27,979
Printed, Flexible Ultracapacitors Based on Novel, High-Performance Carbon Nanomaterials	S12 Technologies, Inc.	W15QKN-14-C- 0012	W15QKN14-C-0012	12.114	-	60,452
S12 Technologies, Inc. Total					-	60,452
Characterization of Thermo-Mechanical Behavior, Microstructure Evolution, and Corrosion Resistance of A15083	Scientific Forming Technologies Corporation	N00014-09-C-0628	N00014-09-C-0628	12.R&D	-	(2,832)
Scientific Forming Technologies Corporation Total					-	(2,832)
Face Reconstruction	Scitor Corporation	GS33013DRE05- 000	HC1047-05-D-4005	12.R&D	-	103,675
Scitor Corporation Total					-	103,675
Seizing the Third Dimension in Correlated Oxide Thin Films	Space and Naval Warfare Systems Center Pacific	N66001-12-1-4224	N66001-12-1-4224	12.910	-	116,354
Space and Naval Warfare Systems Center Pacific Total					-	116,354
Tsi-Navy Phase II: Smart Power Load-Leveling Control for Energy Efficient, Advanced Distribution Systems	Techno Sciences, Inc.	S39012DREXEL01	N00024-12-C-4131	12.R&D	-	77,129
Techno Sciences, Inc. Total					-	77,129
Artificial Oxide Heterostructures with Tunable Band Gap	Temple University	253388	FA9550-13-1-0124	12.800	-	54,265
Temple University Total					-	54,265
Brain-Immune Interactions as the Basis of Gulf War Illness: Gulf War Illness Consortium	Trustees of Boston University	4500001398	W81XWH-13-2-0072	12.420	-	69,679
Trustees of Boston University Total					-	69,679

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

Other Federal Research and Development Awards From Pass Through Grantors - Schedule D

For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
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	-	210,001
Materials in Extreme Environments (MEDE) Collaborative Research Alliance (CRA)	University of Delaware	29613	W911NF-12-2-0022	12.630	-	165,503
University of Delaware Total					-	375,504
Microbiology and Wound Healing Evaluations of Plasma Technology	University of Miami	66543C	66543C	12.431	-	(1,493)
University of Miami Total					-	(1,493)
WP21: Heterogeneous Robot Teams for Mapping 3-D Indoor Environments	University of Pennsylvania	560858	W911NF-08-2-004	12.R&D	-	47,713
University of Pennsylvania Total					-	47,713
Simulation Methods for Design of Networked Power Electronics and Information Systems	University of South Carolina	10-1795	00014-10-1-0625	12.300	-	37,945
University of South Carolina Total					-	37,945
Development of Detailed and Reduced Kinetic Mechanisms for Surrogates of Petroleum-Derived and Synthetic Jet Fuels: Phase II	University of Southern California	FA9550-11-1-0217	FA9550-11-1-0217	12.800	-	80,309
University of Southern California Total					-	80,309
Performance Estimation and Optimization of REDHAWK SDR Applications (HAWKNEST)	Ventura Solutions, Inc.	1044-20	H98230-11-C-0781	12.R&D	-	9,240
Performance Estimation and Optimization of REDHAWK SDR Applications: Task2	Ventura Solutions, Inc.	1044-20/TTO13-01	H9823011C0781	12.R&D	-	50,561
Ventura Solutions, Inc. Total					-	59,800
Ionic Liquids in Electroactive Devices (ILEAD)	Virginia Polytechnic Institute	CR-19378-430286	W911NF0710452	12.431	-	(601)
Virginia Polytechnic Institute Total					-	(601)
12 - US Department of Defense					-	1,872,515
Real Crime in Virtual Worlds	Drakontas, LLC	DRAK-DREXEL-2011-01	2009-D2-BX-K005	16.R&D	-	26,702
Educating Stakeholders about Crimes Committed Using Handheld Devices	Drakontas, LLC	DRAK-DREXEL-2011-02	2011-BE-BX-K001	16.752	-	70,418
Drakontas, LLC Total					-	97,121
2009/2011 JG Pennsylvania Mental Health and Justice Center of Excellence	Pennsylvania Commission on Crime and Delinquency	2009/2011-JG-06/03-22751	87.5% 2009-DJ-BX-1063; 12.5% 2011-DJ-BX-2218	16.738	52,870	131,510
Center for Pennsylvania CJ Programs	Pennsylvania Commission on Crime and Delinquency	2011/2012-JG/MH-03ST-24923	80% 2011-DJ-BX-2218; 20% 2013-DJ-BX-0025	16.738	-	1,699
Pennsylvania Commission on Crime and Delinquency Total					52,870	133,209
16 - US Department of Justice					52,870	230,330
Bridge Superstructure Tolerance to Total and Differential Foundation Movements	National Academy of Science	HR 12-103	DTFH61-08-H-000035	20.2 R&D	473	1,392
National Academy of Science Total					473	1,392
Support for the Long Term Bridge Performance Project	Pennoni Associates, Inc.	FHWA13001-01	DTFH61-12-D-00030-T-13001	20.2 R&D	-	4,820
Pennoni Associates, Inc. Total					-	4,820
Long-Term Bridge Performance (LTBP) Program: BRIDGE ASSESSMENT USING UNMANNED AERIAL SYSTEMS	Rutgers University	4-36773-10223	DTFH61-08-C00005	20.2 R&D	-	6,324
Rutgers University Total					-	6,324
20 - Department of Transportation					473	12,535
Scenario-Based Verification and Validation of Autonomy and Authority	Georgia Institute of Technology	RD368-G2	NNX13AB71A	43.002	-	90,269
Georgia Institute of Technology Total					-	90,269
SpIES: The Spitzer-IRAC Equatorial Survey	Jet Propulsion Laboratory (NASA)	NNN12AA01C	NNN12AA01C	43.008	-	112,642
Jet Propulsion Laboratory (NASA) Total					-	112,642

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
2013 NASA RASC-AL National Institute of Aerospace Total	National Institute of Aerospace		Unknown	43.008	-	(10,502)
					-	(10,502)
NASA Pennsylvania Space Grant Consortium	Penn State University	4498-DU-NASA-K74H	Unknown	43.008	-	12,958
NASA Pennsylvania Space Grant Consortium: Seed Grant Higher Education Projects and Research Infrastructure	Penn State University	4205-DU-NASA-K74H	NNX10AK74H	43.001	-	748
NASA Pennsylvania Space Grant Consortium: Seed Grant Higher Education Projects and Research Infrastructure	Penn State University	4197-DU-NASA-K74H	NNX10AK74K	43.001	-	(748)
Penn State University Total					-	12,958
Using X-Rays to Test for Black Hole Mass Biases Smithsonian Astrophysical Observatory Total	Smithsonian Astrophysical Observatory	NAS8-03060	NAS8-03060	43.001	-	31,969
					-	31,969
43 - National Aeronautics and Space Administration					-	237,336
NJ 319 Wetlands 2010 Development & Implementation of an Integrated Tidal Wetlands Monitoring/Assessment Program	Barnegat Bay National Estuary Program	RP10-105	RP10-105	66.460	-	11,163
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	PO#B0005190	BBP-FY09 EPA WPDG - 02	66.461	-	(149)
Barnegat Bay National Estuary Program Total	Barnegat Bay National Estuary Program	Y10WPDG/P-FILE	BBP FY10 EPA WPDG-02	66.461	-	27,869
					-	38,883
Houstonian 2012 General Electric Total	General Electric	PO#111168426	Unknown	66.R&D	-	335
					-	335
The Center for Advancing Microbial Risk Assessment Michigan State University Total	Michigan State University	61-3383B	RD-83236201	66.509	-	(29,075)
					-	(29,075)
Montana DEQ 2011 To 1 Montana Department of Environmental Quality Total	Montana Department of Environmental Quality	CONTRACT#211135	I-97889201-0	66.419	-	13,161
					-	13,161
NJ Lakes Diatom Indices 2012 New Jersey Sea Grant Consortium Total	New Jersey Sea Grant Consortium	SR12-005	4810-030-3610-FY12	66.605	-	33,944
					-	33,944
PA Stream Periphyton - PA DEP 2013 QA 9 Samples PA Department of Environmental Protection Total	PA Department of Environmental Protection	EMAIL 4/10/2013	Unknown	66.419	-	4,227
					-	4,227
Development & Implementation of an Integrated Tidal Wetlands Monitoring/Assessment Program	Partnership for the Delaware Estuary		CD-97225909-0	66.461	-	(1,547)
Importance of Ribbed Mussels for Salt Marsh Climate Adaptation and Water Quality	Partnership for the Delaware Estuary	PDE 168-03	CD-972259-09	66.461	-	30,324
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	-	36,359
Bivalves as Biosentinels of Microbial Water Quality in the Mid-Atlantic Region Partnership for the Delaware Estuary Total	Partnership for the Delaware Estuary	PDE#212-02	PR-ORD-12-03447	66.517	-	26,082
					-	91,219
Characterization of Phytoplankton Functional Taxonomic Groups in Relation to Juvenile Hard Clam Production in the Barnegat Bay r Little Egg Harbor Rutgers University Total	Rutgers University	#4796	CE98212311-2,3	66.456	-	5,339
					-	5,339
Taxonomic Identification and Enumeration of Freshwater Algae - Maine DEP State of Maine, Department of Environmental Protection Total	State of Maine, Department of Environmental Protection	06A20121113*1905	BG-99182903	66.605	-	45,321
					-	45,321
Delaware River Main Channel Deepening Project Delaware Bay, New Jersey and Delaware Versar Preconstruction Oyster Monitoring Study Versar Total	Versar	PO#008430	W912BU-12-C-0020	66.707	-	20,297
					-	20,297

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Nevada DEP QAQC Periphyton Macroinvert with WWA Water Assessment Association Total	Water Assessment Association	AGREEMENT DATED 4/19/13	I-97972813	66.419	-	497
					-	497
66 - US Dept of Environmental Protection Agency					-	224,148
Advanced Damage Tolerant Ceramics: Candidates for Nuclear Structural Applications Battelle Total	Battelle	00098778	DE-AC07-05ID14517	81.049	-	616
					-	616
On the Response of the MAX Phases to Neutron Irradiation Battelle Energy Alliance, LLC Total	Battelle Energy Alliance, LLC	00090309	DE-AC07-05ID14517	81.049	-	22,016
					-	22,016
Novel Electro-Deoxygenation Process for Bio-oil Upgrading Ceramatec Total	Ceramatec	LETTER DATED 5/23/14	DE-EE0006288	81.087	-	1,146
					-	1,146
Reliable, Practical Kilowatt-class Cryogenics for Superconducting Devices Clever Fellows Innovation Consortium, Inc. Total	Clever Fellows Innovation Consortium, Inc.	DOE3.1 / DE-0E000528	DE-0E000528	81.049	-	(533)
					-	(533)
Biological Systems Research on the Role of Microbial Communities in Carbon Cycling Kent State University Total	Kent State University	440661-DREX	DE-SC0004335 PRIME	81.049	-	47,762
					-	47,762
New Layered Nanolaminates for use in Lithium Battery Anodes Lawrence Berkeley National Labs Total	Lawrence Berkeley National Labs	NO.6951370/DE-AC02-05CH11231	DE-AC02-05CH11231	81.049	-	350,711
					-	350,711
Vaccination Mandates for Healthcare Professionals - An Evaluation of How Ethical Concerns Impact Implementation Oak Ridge Institute for Science and Education Total	Oak Ridge Institute for Science and Education	301581	DE-AC05-06OR23100	81.R&D	4,031	5,752
					4,031	5,752
Energy Frontier Research Center for Fluid Interface Reactions, Structures and Transport (EFRC-FIRST) Support for the (EFRC-FIRST) Energy Frontier Research Center for Fluid Interface Reactions, Structures and Transport Oak Ridge National Laboratory/Dept of Energy Total	Oak Ridge National Laboratory/Dept of Energy	4000085877	DE-AC05-000R22725	81.049	-	397,316
	Oak Ridge National Laboratory/Dept of Energy	4000086424	DE-AC05-000R22725	81.049	-	(823)
					-	396,493
The Greater Philadelphia Regional Innovation Cluster for Energy Efficient Buildings Navy Yard Network Operations Center: An Innovative Energy Management Workforce Development and Education Opportunity Penn State University Total	Penn State University	4342-DU-DOE-4522B-DU-ORF-4261	DE-EE0004261	81.086	-	404,537
	Penn State University	4261	DE-EE0004261	81.086	-	3,195
					-	407,732
Development of Plasma Technology for Water Management of Frac/Produced Water Research Partnership to Secure Energy for America Total	Research Partnership to Secure Energy for America	DE-AC26-07NT42677	DE-AC26-07NT42677	81.049	-	668,802
					-	668,802
Development of LWR Fuels with Enhanced Accident Tolerance Savannah River Nuclear Solutions, Inc Total	Savannah River Nuclear Solutions, Inc	DE-AC09-08SR22470 - 0000105861	DE-AC09-08SR22470	81.049	-	28,674
					-	28,674
High-Current Low-Cost Efficient Power Transistors for Household Appliances SMI, Inc. (Structured Materials Industries, Inc) Total	SMI, Inc. (Structured Materials Industries, Inc)	DOE# DE-FG02-13ER90633	DE-FG02-13ER90633	81.049	-	49,540
					-	49,540
Development of Electrode Architectures for High Energy Density Electrochemical Capacitors The Regents of the University of California Total	The Regents of the University of California	0190-S-NB929	Unknown	81.049	-	94,885
					-	94,885
Fission Product Transport in TRISO Particle Layers under Operating and Off-Normal Conditions University of Michigan Total	University of Michigan	3001805462/00103195	Unknown	81.049	-	30,094
					-	30,094
The influence of Electrolyte Structure and Electrode Morphology on the Performance of Ionic-Liquid Based Supercapacitors University of Utah Total	University of Utah	10013311-DREXEL	DE-SC-00019-12	81.049	-	(2,234)
					-	(2,234)
81 - US Department of Energy					4,031	2,101,458

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Other Federal Research and Development Awards From Pass Through Grantors - Schedule D
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Partner for Prevention(P4P):A Whole School Approach to Peer Aggression & Bullying Children's Hospital of Philadelphia Total	Children's Hospital of Philadelphia	327251	R305A130175	84.305	- -	9,751 9,751
Raising Interest in STEM Education (RISE) in Community College of Philadelphia Community College of Philadelphia Total	Community College of Philadelphia	P120A130035	Unknown	84.120	- -	19,057 19,057
APLI School Leadership Evaluation Program Lehigh University Total	Lehigh University	542344-78003	U363A100069	84.363	- -	58,108 58,108
Economic Analysis of the Contributions of Immigrant Professionals Nova Research Company Total	Nova Research Company	ED-08-DO-0057	ED-08-DO-0057	84.015	- -	85,910 85,910
Cross Cultural Training for United States and European Union Students San Diego State University Total	San Diego State University	56404AP40127802 211	P116J100047-Action 1	84.116	- -	15,999 15,999
Factors Associated with Positive Outcomes for Children, Youth, with Autism: Secondary Analysis of Data from SEELS and NLTS2. SRI International Total	SRI International	51-001293	R324A120012	84.324	- -	7,677 7,677
Program evaluation of Physical Therapy in Schools University of Kentucky Research Foundation Total	University of Kentucky Research Foundation	R324A110204	R324A110204	84.324	- -	34,652 34,652
Fusing Green Energy into Manufacturing Engineering Education to Cultivate Technical Success and Leadership Excellence Among Hispanic Engineering Students University of Texas at El Paso Total	University of Texas at El Paso	2014055636	P031S120131	84.031	- -	135,875 135,875
84 - US Department of Education					-	367,029
Medical Home Initiative American Academy of Pediatrics Total	American Academy of Pediatrics	SUB DATED 6/12/14	Award Dated 10/1/2011	99.R&D	- -	6,504 6,504
DRBC Coring- Woodbury Creek Delaware River Basin Commission Total	Delaware River Basin Commission	052010	Unknown	99.R&D	- -	652 652
USGS: Barnegat Bay Sediment Analysis NJ Dept of Environmental Protection Total	NJ Dept of Environmental Protection	PO7683860	424850/B008/7W106CX X	99.R&D	- -	12,000 12,000
Using Spatial Visualization Training to Enhance Retention in Engineering Stevens Institute of Technology Total	Stevens Institute of Technology	AWARD LTR DTD 08/20/12	Letter Dated 8/20/12	99.R&D	- -	1,425 1,425
99 - Unknown Agency					-	20,580
Other Federal Research and Development Awards from Pass-Through Grantors (excluding ARRA funds) Total					\$ 57,375	\$ 5,758,247
Smart Future Greater Philadelphia: Promoting Innovation, Opportunity and Sustainability Through Smart Grid Technology PECO Total	PECO	LETTER DATED 6/10/10	DE-OE0000207	81.122	- -	(77,367) (77,367)
Other Federal Research and Development Awards from Pass-Through Grantors - ARRA Funds Total					\$ -	\$ (77,367)
Other Federal Research and Development Awards from Pass-Through Grantors Grand Total					\$ 57,375	\$ 5,680,880

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Direct Federal Awards For Other Programs - Schedule E
For the Year Ended June 30, 2014

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Supermarket Management 10 - US Department of Agriculture	US Department of Agriculture	CO-CR-13-012	10.962	-	41,794
				-	41,794
ACIN - Applied Communications and Information Networking Program Mgmt - GM & Camden Center Senior Design, NavAir Systems Command, AUTOMATED NETWORKED TRANSPORT SWARM (ANTS) -HARDWARE 12 - US Department of Defense	Department of Army	DAAB07-01-9-L504	12.OSP	-	411,533
	Naval Air Systems Command	AWARD DTD 2/9/2012	12.560	-	(5,484)
				-	406,049
Wisconsin MMSD Fall 2011 15 - US Department of the Interior	United States Geological Survey		15.8 OSP	-	16
				-	16
Improving Intervention Services for Violently Injured Victims 16 - US Department of Justice	US Department of Justice	2011-VF-GX-K019	16.582	67,895	227,980
				67,895	227,980
Summer Institute for European Student Leaders (2010) 19 - US Department of State	US Department of State (USIA)	S-ECAAE-10-CA-122(JY)	19.009	-	(356)
				-	(356)
Partners in School Improvement: Drexel University and the School District of Philadelphia L21-Programs to Build Institutional Capacity CVDI: Cooperative Agreement between IMLS and Drexel University in support of the Center for Visual and Decision Informatics 45 - Institute of Museum and Library Sciences	Institute of Museum and Library Sciences	RE-01-10-0017-10	45.313	-	132,722
	Institute of Museum and Library Sciences	RE-05-12-0052-12	45.313	59,334	130,723
	Institute of Museum and Library Sciences	LG-00-11-0355-11	45.312	-	32,491
				59,334	295,936
The Drexel University Noyce Scholarship Program (DUNS) GOALL: Design and Manufacturing of Bioactive Implanted Surgical Fixation Devices Using Injection Molding of Gradient Cellular Structures RAPID: Supporting Haitian Infrastructure Reconstruction Decisions with Local Knowledge (ACVA2010)-Workshop on Applications of Computer Vision and Archeology Gender and Science Proficiency for English Language Learners IPA-NSF CMMI-SMM Program Director Collaborative Research: International: US-Brazil-From Local to Global-Multi-Robot Systems for Large Scale Cooperative Tasks Probability and Analysis 2012 NSF CISE Career Workshop Student Travel For PerMIS 2012 Greater Philadelphia Region LSAMP Bridge to the Doctorate (Cohort X) Project Workshop: Executive Leadership in Academic Technology and Engineering (ELATE), Winter 2012-Spring 2013, Philadelphia, PA 47 - National Science Foundation	National Science Foundation	DUE-0434108	47.076	-	1,304
	National Science Foundation	CMMI-0800735	47.041	-	(3,919)
	National Science Foundation	CBET-1032184	47.041	-	277
	National Science Foundation	IIS-1034594	47.070	-	(24)
	National Science Foundation	HRD-1036658	47.076	-	(21,202)
	National Science Foundation	CMMI-1118569	47.041	-	144,434
	National Science Foundation	OISE-1131011	47.079	-	1,608
	National Science Foundation	DMS-1140747	47.049	-	3,502
	National Science Foundation	IIS-1227966	47.070	-	(2,601)
	National Science Foundation	IIS-1230469	47.070	-	3,395
	National Science Foundation	HRD-1249177	47.076	374,421	375,523
	National Science Foundation	CBET-1213464	47.041	-	7,125
				374,421	509,422

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

Direct Federal Awards For Other Programs - Schedule E

For the Year Ended June 30, 2014

Program Title	Grantor	Agency Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Enhancement in Online Laboratory Learning	US Department of Education	P116B060122	84.116	-	(28,384)
Transition to Teaching Eastern and Southern Partnership (TESP)	US Department of Education	U350C070007	84.350	(333)	35,398
GAANN: Engineering Problems in Pharmaceutical Application (GAANN-EPPA)	US Department of Education	P200A090118	84.200	-	66,599
GAANN for Renewable Energy Technologies and Infrastructure Network	US Department of Education	P200A100117	84.200	-	152,718
GAANN: Interdisciplinary Training in Mechanical Engineering and Science	US Department of Education	P200A100145	84.200	-	47,140
GAANN: DREAMS	US Department of Education	P200A100134	84.200	-	143,391
GAANN 2012: Bioinformatics of Infectious Diseases	US Department of Education	P200A120161-13	84.200	-	162,655
GAANN BIOMSE: Innovative Biomaterials	US Department of Education	P200A120103-14	84.200	-	106,988
84 - US Department of Education				(333)	686,505
Targeting the DNA Damage Response for the Treatment of Herpes Simplex Labialis	National Institutes of Health Health Resources & Services Administration	1F31DE024006-01	93.121	-	28,942
Nurse Anesthetist Traineeships	Department of Health and Human Services	1A22HP24497-01-00	93.124	-	9,782
Part D Grants for Coordinated HIV Services	National Institute of Mental Health	H12HA24847-01-00	93.153	-	314,706
Self-regulatory control and eating: a neuroimaging study of bulimia nervosa	National Institutes of Health	1F31MH097406-02	93.242	-	29,099
Regulation of Kinesin-5 during Neuronal Development: Studies on Dendrites	Substance Abuse & Mental Health Services Administration	1F31MH101974-01A1	93.242	-	23,416
Youth Suicide Prevention in Primary Care	U.S. Department of Health & Human Services	SERVICE AGRMT DTD 2/24/2014	93.243	-	101,681
Philadelphia UJIMA Coalition for a Healthier Community - Phase 2	Health Resources & Services Administration	CCEWH111020-03-00	93.290	-	324,017
Faculty Development Integrated Technology Into Nursing Education and Practice Initiative	National Cancer Institute	SU1KHP09542-03-00	93.359	-	18,199
Hepatitis B Virus X Protein Modulation of Calcium Signaling in HCC Development	National Cancer Institute	1F31CA171850-03	93.398	-	36,853
HBx Regulation of mRNA-Mediated mRNA Silencing in HCC Development	National Cancer Institute	1F31CA171712-03	93.398	-	38,980
Understanding Role of O-GlcNAcylation on Cancer Cell Metabolism and Survival	National Institutes of Health	1F31CA183574-02	93.398	-	24,041
GUIDing Evidence Based Therapy Using Biomarker Intensified Treatment (CCC) in Heart Failure	National Heart, Lung, and Blood Institute	R01HL105448 GUIDE-IT 122	93.837	-	1,300
Targeting the DNA Damage Response Pathway for the Treatment of HSV Esophagitis	National Institute of Diabetes & Digestive & Kidney Diseases	1F30DK094612-02	93.847	-	35,886
Development and Characterization of Novel, Three-Dimensional Human Primary Pancreatic Epithelial Ducts in a Pancreatitis Model	National Institutes of Health National Institute of Neurological Disorders & Stroke	1F30DK088402-04	93.847	-	36,232
Biological Bases of Nervous Systems Disorders	National Institute of Allergy & Infectious Diseases	5T32NS007440-11	93.853	-	(49,688)
The mechanism of HIV-1 virolytic inactivation by Env-targeting peptide triazoles	National Institute of Allergy & Infectious Diseases	1F31AI108485-01	93.855	-	43,353
The Role of Rab6A in HIV-1 Env-mediated Entry into Monocyte-Derived Macrophages	National Institute of Allergy & Infectious Diseases	5F31AI110327-02	93.855	-	12,829
Aging and Place: Neighborhoods and Health in a World Growing Older	National Institute on Aging	1R13AG039913-01A1	93.866	-	(283)
Astrocyte senescence in HIV-associated neurocognitive disorders	National Institute on Aging	5F30AG043307-02	93.866	-	34,634
The effect of juvenile protective programs on protein aggregation during aging	National Institute on Aging Health Resources & Services Administration	1R36AG045411-01	93.866	-	38,408
HIV Early Intervention Service Program	Health Resources & Services Administration	H76HA00179-16-00	93.918	42,040	721,898
HIV Early Intervention Service Program	Health Resources & Services Administration	H76HA00179-17-01	93.918	-	97,759
Scholarships for disadvantaged student continuing the tradition of access and quality for graduate physician assistant	Health Resources & Services Administration	5 T08HP25222-02-00	93.925	-	429,074
Scholarships for disadvantaged students for graduate couple and family therapy	Health Resources & Services Administration	5 T08HP25223-02-00	93.925	-	163,070
93 - U.S. Department of Health & Human Services				42,040	2,514,190
FY2009 Learn and Serve Grant	Corporation for National and Community Service	09LHAPA001	94.005	(7,380)	(7,530)
94 - Corporation for National and Community Service				(7,380)	(7,530)
Direct Federal Awards for Other Programs (excluding ARRA) Total				535,977	4,674,006
RECOVERY: The Drexel University Noyce Scholarship Program - Phase II	National Science Foundation	DUE-0934809	47.082	-	89,023
MRI-R2: Acquisition of an X-ray Photoelectron Spectroscopy (XPS) Surface Analysis Instrumentation for Enabling Research and Education in Greater Philadelphia	National Science Foundation	CBET-0959361	47.082	-	52,186
MRI-R2: Acquisition of a GPU-accelerated High-Performance Computing Cluster	National Science Foundation	AST-0959884	47.082	-	42,642
ARI Entomology Renovation	National Science Foundation	DBI-0963474	47.082	-	7,727
47 - National Science Foundation - ARRA and					
Direct Federal Awards for Other Programs - ARRA Total				-	191,577
Direct Federal Awards for Other Programs Grand Total				535,977	4,865,583

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2014

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	4294-DU-COP-8692	Unknown	10.580	-	1,547,669
Penn State University Total					-	1,547,669
10 - US Department of Agriculture					-	1,547,669
2012 Anacostia Consulting	CH2M Hill	PO#948061	N62470-08-D-1000	12.OSP	-	(808)
CH2M Hill Total					-	(808)
Development of a Fieldable Brain Trauma Analyzer	Engineering Acoustics, Inc.	12010092	W911NF-11-C-0057	12.OSP	-	30,754
Engineering Acoustics, Inc. Total					-	30,754
Novel Standoff Detection of Material Damage Precursors for Structural Health Monitoring and Prediction	Princeton Nanotechnology Systems	W911QX-13-C-0150	W911QX-13-C-0150	12.OSP	-	26,994
Princeton Nanotechnology Systems Total					-	26,994
Simulink modeling of a notional shipboard system for sensor data generation	Technical Documentation, Inc.	LETTER DATED 10/28/13	N00014-13-C-0118	12.OSP	-	20,971
Technical Documentation, Inc. Total					-	20,971
Phase 2: Controlled Release of Topic Nitric Oxide for Treatment Cutaneous Injuries	Zeomedix, Inc.	DTD 6/5/2011	W81XWH-11-C-0031	12.OSP	-	52,027
Zeomedix, Inc. Total					-	52,027
12 - US Department of Defense					-	129,938
A Place-Based, Planning Approach to Public Safety and Community Development in Mantua	Mount Vernon Manor	2012-AJ-BX-0003	BJA-2012-3297	16.817	-	10,199
Mount Vernon Manor Total					-	10,199
16 - US Department of Justice					-	10,199
Pre-Academic Program for Fulbright Grantees	Institute of International Education	LETTER 04/21/2011	Unknown	19.009	-	(20,677)
2013 Pre-Academic Program for Fulbright Grantees English for Graduate Studies	Institute of International Education	S-ECAGD-13-CA-017 (MJ)	S-ECAGD-13-CA-017 (MJ)	19.009	-	132,085
Six-Week English Language Certificate Program for High School English Teachers from Brazil	Institute of International Education	11/29/2012	Unknown	19.009	-	(9,499)
Four-West Fulbright English For Graduate Students	Institute of International Education	S-ECAGD-14-CA-017	S-ECAGD-14-CA-017	19.009	-	1,267
Institute of International Education Total					-	103,176
19 - US Department of State					-	103,176
FED12-001-NFPF Dolan Film Conservation	National Film Preservation Foundation	FED12-001	Unknown	42.002	-	1
National Film Preservation Foundation Total					-	1
42 - Library of Congress					-	1

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

Federal Awards For Other Programs From Pass Through Grantors - Schedule F

For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Computationally-Enhanced Instruments for Creative Musical Computing Research Association Total	Computing Research Association	CIF - 158	Unknown	47.070	-	(5,770)
					-	(5,770)
Council of Graduate Schools Doctoral Initiative on Minority Completion and Attrition Council of Graduate Schools Total	Council of Graduate Schools	1138814	HRD-1138814	47.076	-	15,544
					-	15,544
47 - National Science Foundation					-	9,774
PA PDE DEBI 3k Mussel PA Department of Environmental Protection	PA Department of Environmental Protection		CR-83389801-0	66.511	-	63
					-	63
66 - Environmental Protection Agency					-	63
Health Navigators as Home Visitors to Improve Adult Immunization Rates JBS International Total	JBS International	HSP23320095638	Unknown	84.002	-	3,460
					-	3,460
Eligible Partnership Program PA Department of Education Total	PA Department of Education	117558	071-800020	84.367	73,286	166,289
					73,286	166,289
Mathematics and Science Partnership 2012-2013 Competitive Subgrant Awards to Eligible Local Educational Agencies Applying for Fund Philadelphia School District Total	Philadelphia School District	PROJECT 075-13-0335	S366B120039	84.366	-	40,821
					-	40,821
Rhode Island Gear Up Evaluation The College Crusade of Rhode Island Total	The College Crusade of Rhode	P334S110008	P334S110008	84.334	-	111,087
					-	111,087
84 - US Department of Education					73,286	321,657
Behavioral Consultants for HIV Primary Care	Aids Activities Coordinating Office	1220367-01	5U79SM060705	93.243	-	138,209
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3010	Aids Activities Coordinating Office	1220367-02 SA3010	5U79SM060705	93.914	-	32,173
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3005	Aids Activities Coordinating Office	1220367-02 SA3005	5U79SM060705	93.914	-	103,055
Philadelphia Integrative Behavioral Health Initiative FY 2014 SA3011	Aids Activities Coordinating Office	1220367-02 SA3011	5U79SM060705	93.243	-	51,181
Enhanced Comprehensive HIV Prevention Project	Aids Activities Coordinating Office	1120632-01	1U65PS003269	93.523	-	10,120
Ryan White Care Grant	Aids Activities Coordinating Office	LETTER 8/24/07	H89H40013	93.914	-	1,001
Early Intervention	Aids Activities Coordinating Office	03-20730 R3933	Unknown	93.914	-	(493)
Ambulatory/Out-Patient Medical Care	Aids Activities Coordinating Office	AWARD DTD 2/23/2012	Unknown	93.914	-	1,172
Case Management	Aids Activities Coordinating Office	R8339	Unknown	93.914	-	851
Care Outreach Services	Aids Activities Coordinating Office	RS2974	H8917A0013	93.914	-	(156)
Early Intervention Services	Aids Activities Coordinating Office	RS2845	H8917A0013	93.914	-	(152)
Ambulatory Outpatient Care	Aids Activities Coordinating Office	R2587	H8917A0013	93.914	-	(32,320)
Case Services Case Management	Aids Activities Coordinating Office	R2588	H8917A0013	93.914	-	(5,788)
Early Intervention Services	Aids Activities Coordinating Office	RS3933	Unknown	93.914	-	(7,603)
Ambulatory/Out-Patient Medical Care	Aids Activities Coordinating Office	R3619	Unknown	93.914	-	146,679
Care Services Case Management	Aids Activities Coordinating Office	R3339	Unknown	93.914	-	122,293
Early Intervention Services	Aids Activities Coordinating Office	RS3845	H89HA0013	93.914	-	(2)
Case Management	Aids Activities Coordinating Office	R3588	H89HA0013	93.914	-	231,897
Ambulatory/Outpatient Care	Aids Activities Coordinating Office	R3587	H89HA0013	93.914	-	526,578
Care Outreach	Aids Activities Coordinating Office	RS3974	H89HA0013	93.914	-	(61)

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Care Services Case Management	Aids Activities Coordinating Office	R4339	Unknown	93.914	-	56,295
Ambulatory/Out-Patient Medical Care	Aids Activities Coordinating Office	R4619	Unknown	93.914	-	66,527
Ambulatory/Outpatient Medical Care	Aids Activities Coordinating Office	R4587	H89HA0013	93.914	-	266,087
Care Services Case Management	Aids Activities Coordinating Office	R4588	H89HA0013	93.914	-	97,493
Health Education - CRCS	Aids Activities Coordinating Office	RXA3112 AND RXB3112	Unknown	93.917	-	(88)
Health Education - CRCS	Aids Activities Coordinating Office	RXB3112	Unknown	93.917	-	(292)
Health Education - HERR	Aids Activities Coordinating Office	RXA3113 AND RXB3113	Unknown	93.917	-	(79)
Health Education - HERR	Aids Activities Coordinating Office	RXB3113	Unknown	93.917	-	(279)
Protect and Respect HERR/HIV+FY13	Aids Activities Coordinating Office	S3475	Unknown	93.917	-	1,428
CRCS - Part I	Aids Activities Coordinating Office	RXA4112	Unknown	93.917	-	47,780
CRCS (Part II- 3 months)	Aids Activities Coordinating Office	RXB4112	Unknown	93.917	-	15,926
HERR- (Part I-9 months)	Aids Activities Coordinating Office	RXA4113	Unknown	93.917	-	45,372
HERR - Health Education Risk Reduction	Aids Activities Coordinating Office	RXB4113	Unknown	93.917	-	14,400
AACO continuation for yr 2011 CDC Prevention	Aids Activities Coordinating Office	C1225	5U6285003645	93.940	-	1,118
Locally Developed Interventions	Aids Activities Coordinating Office	CPA2022	Unknown	93.940	-	(351)
HIV Screening and Testing in Health Care Settings	Aids Activities Coordinating Office	CPA2021	Unknown	93.940	-	(1,087)
High Impact HIV Prevention Services	Aids Activities Coordinating Office	CPB2003	5U62PS003645	93.940	-	(2,773)
High Impact HIV Prevention Services	Aids Activities Coordinating Office	CPB3003	5U62PS003645	93.940	-	67,934
HIV Screening & Testing in HealthCare Setting	Aids Activities Coordinating Office	CPA3021	Unknown	93.940	-	27,801
Locally Developed Interventions	Aids Activities Coordinating Office	CPA3022	Unknown	93.940	-	49,684
High Impact HIV Testing in Health Care Settings	Aids Activities Coordinating Office	CPB4003	5U62PS003645	93.940	-	58,179
HIV Screening & Testing in HealthCare Setting	Aids Activities Coordinating Office	CPA4021	Unknown	93.940	-	25,167
Health Resource Center-Edison FY14	Family Planning Council	143007	Unknown	93.217	-	637
Health Resource Center-Mastbaum FY14	Family Planning Council	143006	Unknown	93.217	-	259
Behavioral Surveillance Supplement: YMSM CDC study	Aids Activities Coordinating Office	B4004	Unknown	93.940	-	42,501
Aids Activities Coordinating Office Total					-	2,198,273
Medical Home Initiative	American Academy of Pediatrics		Unknown	93.994	-	10,275
American Academy of Pediatrics Total					-	10,275
National Vaccine Plan Stakeholders Meeting	Association of State and Territorial Health Officials	EMAIL DATED 12/16/11	Unknown	93.OSP	-	6,179
Association of State and Territorial Health Officials Total					-	6,179
Novel therapies to improve renal and cardiac allograft outcomes Rituximab (CTOT-11)	Brigham and Women's Hospital	AGMT DTD 10.28.2013	U01AI063623 5R01HL091069-03	93.855	-	37,608
PRE-DETERMINE: Biologic Markers and MRI SCD Cohort Study	Brigham and Women's Hospital	5R01HL091069	REVISED	93.837	-	900
Brigham and Women's Hospital Total					-	38,508
Comprehensive Health Care Services for Persons Less Than 21 Years (Sickle Cell Disease)	Children's Hospital of Philadelphia	22001-04-01	Unknown	93.994	-	4,675
Per Case Reimbursement and Workload Intensity: NIH COG Chair Grant	Children's Hospital of Philadelphia	U10CA098543	U10CA098543	93.395	-	71,749
Comprehensive Health Care Services for Persons Less Than 21 Years (Sickle Cell Disease)	Children's Hospital of Philadelphia	22001-04- 01/SAP#4100059218	Unknown	93.994	-	202,511
Children's Hospital of Philadelphia Total					-	278,935
Community Transformation Grant - Smoke-Free Housing Evaluation	City of Philadelphia	1220512 CONTRACT NUMBER 13-	CDC-RFA-DP11- 1103PPHF11	93.531	-	112,531
Caring Together	City of Philadelphia	20510	Unknown	93.959	-	(180,104)
Caring Together	City of Philadelphia	13-20510-01	Unknown	93.959	-	23,175
Caring Together	City of Philadelphia	DTD 07/07/2011	Unknown	93.959	-	(122,859)
City of Philadelphia Total					-	(167,257)

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

Federal Awards For Other Programs From Pass Through Grantors - Schedule F

For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Genomic and Proteomic Network for Preterm Birth Research Case Control	Columbia University	U01 HD050080	U01 HD050080	93.865	-	22,630
MultiCenter: Maternal Fetal Medicine Unit	Columbia University	GWU PJ#21050	U01 HD050080	93.865	-	(49,595)
A Randomized Clinical Trial of Fetal ECG S1 Segment and I Wave Analysis as an Adjunct to Electronic Fetal Heart Rate Monitoring for Prevention of Perinatal Hypoxic-Ischemic Morbidity	Columbia University		U01 HD050080	93.865	-	161,016
Antenatal Late Preterm Steroids (ALPS): A Randomized Placebo-Controlled Trial	Columbia University	ACCT #5-20734	U01 HD050080	93.865	-	821
A Randomized Trial to Prevent Congenital Cytomegalovirus (CMV)	Columbia University	ACCT.#5-20734	Unknown	93.865	-	4,150
The GDM Follow-Up Study	Columbia University	ACCT #5-20734	Unknown	93.865	-	24,398
Columbia University Total					-	<u>163,422</u>
Research Integrity Challenges in Vaccine Development and Distribution for Public Health Emergencies	DS Federal	E-MAIL DATED 12/16/11	Unknown	93.OSP	-	6,179
DS Federal Total					-	<u>6,179</u>
FY14 Drexel Women's Care	Family Planning Council	140201	1 FPHPA006073-01-00 4100048865 PA COUNCIL	93.153	-	101,221
Healthy Women Services Program	Family Planning Council	050205	ALLIANCE	93.283	-	88,355
Family Planning Project	Family Planning Council	076301	6 FPHPA030217-35-00	93.217	-	519
Expanding Reproductive and Preconception Healthcare Services to HIV Positive Individuals in the Philadelphia Area Expansion in Family Planning Programs	Family Planning Council	CONTRACT 096304	6 FPHPA030217-38-02	93.217	-	(5,877)
Circle of Care 126304	Family Planning Council	126304	H12HA00059-22-00	93.217	-	3,378
Family Planning Program - Women's Care Center Contract #120201	Family Planning Council	120201	6 FPHPA030217-40-04 09-20893-02, R1652	93.217	-	(50,409)
Assistant Case Management	Family Planning Council	CONTRACT #134602	Thru City of Philadelphia	93.914	-	(2,802)
Expanding Reproduction and Preconception Healthcare Services to HIV Positive Individuals in the Philadelphia Area	Family Planning Council	CONTRACT # 136302	5FPHPA030217-41-00	93.217	-	1,107
FY13 School Based Health Resource Center -Mastbaum High School	Family Planning Council	132407 MASTBAUM	5FPHPA030217-41-00	93.217	-	481
FY13 School Based Health Resource Center - Edison High School	Family Planning Council	132405 EDISON	5FPHPA030217-41-00	93.217	-	82
Family Planning Partnership Program	Family Planning Council	136301	5 FPHPA030217-41-0	93.217	-	(5,645)
FY13 Drexel Women's Care	Family Planning Council	130201	5 FPHPA030217-41-00	93.217	-	62,568
HIV-CTRS Expansion in Family Planning Programs 2013	Family Planning Council	142402	Unknown	93.217	-	20,689
Expanding Reproduction and Preconception Healthcare Services to HIV Positive Individuals in the Philadelphia Area	Family Planning Council	146302	1 FPHPA006110-01-00	93.217	-	16,292
FY14 Integrating Routine HIV Testing and Linkage to HIV Care and Treatment in Family Planning	Family Planning Council	144002	1 FPHPA006110-01-00	93.217	-	65,054
HIV-CTRS Expansion in Family Planning Programs FY-14	Family Planning Council	144009	1 FPHPA006110-01-00	93.217	-	60,019
Family Planning Main Cap FY14	Family Planning Council	142401	1 FPHPA006073-01-00	93.217	-	35,937
Family Planning Partnership Program	Family Planning Council	146301	1 FPHPA006073-01-00	93.217	-	12,853
Family Planning Main Cap FY13	Family Planning Council	132401	5 FPHPA030217-41-00	93.217	-	(6,795)
Pap Testing in Uninsured Women	Family Planning Council	4100048865 PA COUNCIL	ALLIANCE	93.283	-	6,160
Family Planning Partnership Program FY12 #126301	Family Planning Council	126301	Unknown	93.OSP	-	(41,285)
Expanding Reproductive and Preconception Healthcare Services to HIV Positive Individuals in the Philadelphia Area Expansion in Family Planning Programs	Family Planning Council	CONTRACT #106302	6 FPHPA030217-39	93.217	-	35,488
Family Planning Council Total					-	<u>397,391</u>
Drexel Ophthalmology Outreach Vision Screening Program	Friends of The Congressional Glaucoma Caucus Foundation	S SSP# 55	1U50DP001134-01	93.OSP	-	250
Friends of The Congressional Glaucoma Caucus Foundation Total					-	250
Pediatric HIV/AIDS Cohort Study (PHACS) -AMP	Harvard School of Public Health	5U10HD052102-08	5U10HD052102-08	93.865	-	40,132
Oral Health Amog Participants in the Pediatric HIV/AIDS Cohort Study (PHACS) -AMP	Harvard School of Public Health		Unknown	93.865	-	4,654
Pulmonary Complications in PHACS AMP	Harvard School of Public Health	114074.0838.5041141	Unknown	93.865	-	10,388
Pediatric HIV/AIDS Cohort Study (PHACS)	Harvard School of Public Health	5U01HD052102-09	5U01HD052102-09	93.865	-	274,032
Harvard School of Public Health Total					-	<u>329,206</u>

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
PA Mid Atlantic AIDS Education and Training Center Health Federation of Philadelphia Total	Health Federation of Philadelphia	5H4A HA 00060-12-00	2 H4A HA 00060-009-00	93.145	- -	20,299 20,299
A Novel Diagnostic Biomarker for Hepatocellular Carcinoma and Cholangiocarcinoma ImCare Biotech, LLC Total	ImCare Biotech, LLC	1R43CA165314-01AA	1R43CA165314-01AA	93.394	- -	4,395 4,395
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	Unknown	93.867	- -	634 634
Centers of Excellence for Physician Information NIDA Centers of Excellence in Physician Information JBS International Total	JBS International JBS International	HHSN271200900021C	Unknown HHSN271200900021C	93.OSP 93.OSP	- -	4,821 89,833 94,654
Care Outreach-Minority Aids Initiative Jewish Healthcare Foundation Total	Jewish Healthcare Foundation		Unknown	93.917	- -	32,144 32,144
Clinical Trial Of Ceftriaxone in Subjects with ALS Massachusetts General Hospital Total	Massachusetts General Hospital		5 U01 NS049640-05	93.853	- -	3,261 3,261
Hemophilia Comprehensive Services Cystic Fibrosis Comprehensive Services for Adults Spina Bifida Services Grant FY12-13 Spina Bifida Services Grant FY14 Cystic Fibrosis Department of Health Child Rehab FY12 - FY14 Hemophilia FY12 - 13 Lead Poisoning and Prevention Control Small No-Bid Grant Program PA Department of Health Cystic Fibrosis care Grant FY14 WiseWoman (Master Agreement)	Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health Pennsylvania Department of Health	SAP 4100038365 SAP# 4100038365 SAP 4100059266 SAP 4100059266 R1 SAP 4100058887 SAP 4100058610 SAP 4100058530	Unknown B04MC23405 Unknown Unknown Unknown Unknown Unknown	93.994 93.994 93.994 93.994 93.994 93.994 93.994 93.994 93.994 93.994 93.994	- - - - - - - - - - -	(2,462) (42,682) 24,875 43,614 78,173 310,114 2,171 15 88,398 10,003
Evaluation of Cancer Prevention and Control (PCEN) Pennsylvania Department of Health Total	Pennsylvania Department of Health	SAP # 4000015984	67CNCRPRV	93.283	- -	10,981 523,199
Reimburse Salary for Vice Chair of Protocol A5299 Social and Scientific, Inc Total	Social and Scientific, Inc		BRS-ACURE-11-000067-002008 UM1 AI068636	93.855	- -	(3,661) (3,661)
Evaluation of HIV training curricula for domestic violence counselors and service providers Susan B. Spencer, Inc. Total	Susan B. Spencer, Inc.	HHSP233201100699P	HHSP233201100699P	93.OSP	- -	8,354 8,354
ALIAS Phase III Trial in Albumin in Acute Ischemic Stroke NETT Network - Core BioProTECT III Temple University Total	Temple University Temple University Temple University	400192-05430-02/P0008940 3001299459-PIII 3001922364-BPT	U01NS040406 U01NS062778 1R01NS071887-01A1	93.853 93.853 93.853	- - -	542 5,340 2,954 8,835
REVIVE-IT Randomized Evaluation of VAD Intervention Before Inotropic Therapy University of Michigan Total	University of Michigan	3001890371	HHSN268201100026C	93.OSP	- -	8,661 8,661
Achieving a Critical Mass of Women Biomedical Faculty: Impact of 3 US Programs University of New Mexico Total	University of New Mexico	3R89B	5R01HD064655-03	93.865	- -	59,897 59,897

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries
Schedule of Expenditures of Federal Awards
Federal Awards For Other Programs From Pass Through Grantors - Schedule F
For the Year Ended June 30, 2014

Program Title	Pass Through Grantor	Agency Number	Federal ID Number	CFDA Number	Subrecipient Expenditures	Federal Expenditures
Pennsylvania Public Health Training Center	University of Pittsburgh	0021302 (122012-1)	5UB6HP20180-03-00	93.249	-	58,721
Pennsylvania Public Health Training Center	University of Pittsburgh	0021302(123843-1)	4UB6HP20180-04-01	93.249	-	3,025
University of Pittsburgh Total					-	<u>61,746</u>
Faith-based Organizing: Community Health Demonstration Project	Urban Strategies	HHSM-500-2010-00054C	HHSM-500-2010-00054C	93.OSP	-	7,342
Urban Strategies Total					-	<u>7,342</u>
93 - US Department of Health and Human Services					-	<u>4,091,122</u>
National Fire Fighter Near-Miss Reporting System	International Association of Fire Chiefs, Inc.	AMENDMENT DATED 9/31/2010	Unknown	97.044	-	1,763
International Association of Fire Chiefs, Inc. Total					-	<u>1,763</u>
97 - US Department of Homeland Security					-	<u>1,763</u>
Medical Home Program-Educating Practices in Community Integrated Care (EPIC IC)	American Academy of Pediatrics	LTR DATED 6/30/12	LTR DATED 6/30/12	99.OSP	-	42,981
American Academy of Pediatrics Total					-	<u>42,981</u>
Using Novel Computer and Simulation Based Educational Strategies to Enhance Provider Competencies	Dayton VAMC	VISN FUNDS IN FCP3086	Unknown	99.OSP	-	10,000
Dayton VAMC Total					-	<u>10,000</u>
99 - Unknown Agency					-	<u>52,981</u>
Federal Awards for Other Programs from Pass-Through Grantors (excluding ARRA funds) Total					\$ 73,286	\$ 6,268,343
Asthma Intervention and Assessment in Philadelphia Public Housing	Philadelphia Housing Authority	PHA00-90272	HUD#PALHH0187-08	14.OSP	-	(7,311)
Philadelphia Housing Authority Total					-	<u>(7,311)</u>
14 - US Department of Housing and Urban Development					-	<u>(7,311)</u>
CARRA: Accelerating Toward an Evidence Based Culture in Pediatric Rheumatology	Duke University	RC2AR058934 CARRANET	Unknown	93.701	-	(766)
Duke University Total					-	<u>(766)</u>
Platelet-Oriented Inhibition in new TIA and Minor Ischemic stroke	Temple University	3001413149-PNT	U01NS062778	93.701	-	1,224
Temple University Total					-	<u>1,224</u>
93 - US Department of Health and Human Services						<u>458</u>
Federal Awards for Other Programs from Pass-Through Grantors - ARRA Funds Total					\$ -	\$ (6,853)
Federal Awards for All Other Programs from Pass-Through Grantors Grand Total					\$ 73,286	\$ 6,261,489

See Notes to Schedule of Expenditures of Federal Awards.

Drexel University and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

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, 2014. 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 Schedule is presented using the accrual basis of accounting. Negative amounts on the schedule represent adjustments in the normal course of business to amounts reported in previous years.

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, 2014, are summarized below:

	CFDA Number	Amount Authorized
Federally-guaranteed loans (including subsidized and non-subsidized loans):		
Graduate PLUS Loans	84.268	\$ 36,628,765
Parent Loans for Undergraduate Students	84.268	42,107,477
Subsidized Direct Loans	84.268	34,609,487
Unsubsidized Direct Loans	84.268	140,725,325
		<u>\$ 254,071,054</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:

	CFDA Number	Loan Receivable as of June 30, 2014	Loans Made During Year Ended June 30, 2014
Other student loan programs:			
Federal Perkins Loan Program	84.038	\$ 23,846,427	\$ 3,215,824
Primary Care Loans	93.342	4,217,443	-
Loans for Disadvantaged Students	93.342	322,875	-
Nursing Student Loan	93.364	35,629	-
		<u>\$ 28,422,374</u>	<u>\$ 3,215,824</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, 2014 is \$0. The amount of Perkins loan principal cancelled during the year was \$144,357 (CFDA #84.037).

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, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
November 6, 2014



**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, 2014. 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, 2014.



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 2014-001 through 2014-010. 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 a major federal program in order to determine our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-004, 2014-005, and 2014-006, that we consider to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Management's 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 31, 2015

III. Findings and Questioned Costs

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

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?	_____ yes	<u> X </u> 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?	<u> X </u> yes	_____ 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:	\$3,000,000	
Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no

Section II – Financial Statement Findings

There are no matters to report.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Part A- Auditor 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

Criteria

OMB Circular A-110.21(b)

Recipient's financial management systems shall provide for the following:

- (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project.
- (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

Condition

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.

Questioned Costs

There are no questioned costs. This matter is a reporting issue, not a cost allowability issue.

Cause

When this award was received by the University, it was not coded within the University's general ledger system as an award with both Federal and Commonwealth funding sources. As a result it was not included on the SEFA when it was prepared. The University did not have a control in place to ensure award information was inputted into the general ledger accurately.

In addition, the individual who responded to the Commonwealth with intentionally inaccurate information concerning the auditor's role in resolving the matter did not inform University management of this unusual funding agency inquiry (the funding agency noticed an error on the fiscal 2011 SEFA).

Effect

The fiscal 2011 SEFA was missing one award and an employee intentionally responded to the funding agency's inquiry and request with an inaccurate representation of corrective action.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

Recommendation

We recommend the University improve its internal controls over accuracy of grant data input and maintenance to ensure proper reporting. We also recommend that employees be reminded that responses to all non-standard inquiries be reviewed by appropriate individuals within the organization prior to issuance.

Views of responsible officials and planned corrective actions

Management agrees with the recommendation and has taken appropriate action to inform its leadership, internal audit department and audit committees and sponsoring agencies impacted about the employee's inappropriate actions relating to the omission of a federal award from the fiscal year 2011 Schedule of Expenditures of Federal Awards.

As of March 2015, Drexel University has realigned the accounting functions related to research administration to the Office of the Comptroller with a continued dotted line reporting relationship to the Senior Vice Provost for Research. This change will provide increased controls of the functions performed within research accounting. The University has also completely changed its leadership in this area and new management is evaluating current processes to ensure that grants with federal funding are properly identified and documented in the ERP system, Banner. Further, it is now a procedure that all A-133 audit comment responses and non-standard inquiries relating to grants and contracts be reviewed by the Associate Vice President and Comptroller, Vice President for Finance and Associate Treasurer and Senior Vice Provost for Research prior to responding.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

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.

Drexel University Cost Transfer Policy states that errors in the allocation of costs to sponsored agreements should be identified, corrected, and documented in a timely and consistent manner (within 90 days from the closing period in which the error was identified).

Condition

PwC selected a sample of 60 cost transfers. These transfers included journal entries to remove and record transactions to federal awards. We 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.

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 policy was not always diligently 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 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.

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

Views of responsible officials and planned corrective actions

The updated policy has been approved and is in place. With the change in management, this is a process that is under review to ensure timely and appropriate cost transfers. University-wide training is being enhanced to stress the importance of monthly review of grant expenditures and addressing transfers in a timely manner. The improved changes to the effort reporting process will insure salary cost transfers will be done on a timely basis.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

OMB Circular A-110, .34 (f)
OMB Circular A-21, J 14(g)

OMB Circular A-110 requires that equipment be used in the program for which it was acquired or, when appropriate, other federal programs. Additionally, A-110 and A-21 notes equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Condition

University provided 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 management 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).

Questioned Costs

As one of the items could not be located and verified, PwC deems the asset with a NBV of \$30,000 to be a questioned cost.

Cause

Equipment purchased with federal funds is often directly delivered to the research department. The research department is responsible for contacting the Comptroller's Office to ensure the equipment is appropriately tagged and tracked in accordance with federal regulations, as well as when equipment is relocated. The process for notifying and providing accurate information to those responsible for tracking the equipment is not consistently followed.

Effect

The absence of appropriate and timely communication for federally sponsored equipment inhibits appropriate safeguarding of federal equipment and timely monitoring of transfers/disposals for accounting and disposition requirements as stated in award agreements.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

Recommendation

We recommend the University enforce and enhance its existing procedures to ensure each department is aware of and fully complies with the requirement to have all federal equipment appropriately and accurately tracked within the University's inventory listing.

Views of responsible officials and planned corrective actions

The annual verification of assets for disposals and location changes is slated to occur in April and be completed by the end of the fiscal year close-out. The Associate Vice President and Comptroller will also send out a communication to the University community about the importance of communicating disposals and asset location changes.

For fiscal year 2016, the University will be changing its procedure to only tag federally funded assets and complete an equipment inventory by an outside appraisal firm every two years. The next inventory will be completed during fiscal year 2017 in conjunction with the Facilities and Administrative rate proposal base year activities.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

OMB Circular A-110. _____.51 Monitoring and reporting program performance, section (a) states that “Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section _____.26.”

Condition

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.

While we were 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.

Questioned Costs

There are no questioned costs associated with this finding.

Cause

OMB Circular A-110 requirements were not consistently followed by the University to ensure subrecipients were appropriately monitored and that monitoring procedures were appropriately documented. University policies did not reflect the intended subrecipient monitoring procedures with respect to a risk assessment process and communications with subrecipients were not timely with respect to the information needed from subrecipients to perform monitoring procedures.

Effect

Lack of appropriate subrecipient monitoring procedures, documentation evidencing the monitoring procedures performed, and lack of specific details in the University’s policies regarding its risk assessment process results in insufficient monitoring of subrecipients.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

Recommendation

We recommend that the University ensure appropriate monitoring procedures are in place and that those procedures are documented and reviewed. We also recommend that the University update its policies to reflect a detailed risk assessment process. Finally, we recommend the University immediately obtain and review the most recent A-133 report for each subrecipient and recommend corrective action as needed.

Views of responsible officials and planned corrective actions

We accept and agree with the observations and recommendations. After significant turnover, the Office of Research has rallied to complete risk assessments on all 161 sub-recipients contracted with in the year under audit. Although, reactive, this builds a strong foundation and example of the process and assessments to be completed going forward. A new policy document has been created consistent with the recent OMB circular changes regarding sub-recipients. Consistent with the policy updates made, a new process has been developed which includes an updated sub-recipient commitment form where pertinent information is collected from each proposed sub-recipient in order complete the centrally maintained risk assessment. The risk assessment will inform if, when, and how subrecipients will be monitored to ensure proper stewardship of federal and non-federal award dollars. To ensure awareness, compliance and consistency, an announcement of the policy and process changes will be deployed in the coming months to the university research community and standard operating procedures will also be created including a detailed account of roles and responsibilities. In order to ensure proper retention of commitment forms, risk assessments and monitoring plans, the Office of Research has created a SharePoint site to centrally house such documents and are currently in the process of examining the COEUS sub-recipient module with IRT for increased reporting and tracking capabilities.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

Per the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) website: Prime Contractors awarded a Federal contract or order that is subject to Federal Acquisition Regulation clause 52.204-10 (Reporting Executive Compensation and First-Tier Subcontract Awards) are required to file a FFATA subaward report by the end of the month following the month in which the prime contractor awards any subcontract greater than \$25,000.

Condition

During testing over subrecipient monitoring, we 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 our 16 selections.

Questioned Costs

There are no questioned costs associated with this finding.

Cause

Due to turnover in the Office of Research, OMB Circular A-110 requirements were not consistently followed by the University to ensure the FFATA reports were submitted.

Effect

The University did not comply with FFATA reporting and therefore, information regarding their subawards was not made available to the public to view how Federal funds are being spent.

Recommendation

The University should ensure a process is followed for identifying the various reporting requirements for their federal grants, including information that will be distributed to the public to show the entities receiving federal funds and how federal funds are being spent.

Views of responsible officials and planned corrective actions

Management has established a written procedure to ensure timely FFATA reporting, which is now administered by the Pre-Award team in the Office of Research effective February 2015. FFATA report submissions have been timely since this transition and the team is working to bring the remaining FFATA reports current by the Fall of 2015.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

Per 2 CFR part 230/A-122, 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

During our testing of compliance with direct compensation, specifically with regards to timely effort reporting, we 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.

We 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.

Questioned Costs

The payroll expenditure noted above amounted to \$265.35 and is considered a questioned cost.

Cause

We note the effort reporting process is generally performed on a bi-annual basis, however the policy in place does not state a time period as to when effort reports must be certified and approved by following the period end date.

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.

Recommendation

We recommend the University enhance their existing policy to include effort reports are to be certified within a specific time period such as 30 or 60 days from the date the certification report is distributed. In addition, follow up approval time periods should be added to the policy as well.

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

Views of responsible officials and planned corrective actions

We agree with the observation and the recommendation that the current effort reporting policy does not stipulate a time frame for the actual production of the effort reports to be released for review and certification. Management will revise the stand-alone policy to include a time frame for the report production consistent with the above.

In addition, management is beginning to review both the current effort reporting policy and the implementation process for production and release of the effort reports. From a policy standpoint, we will be evaluating the need to prepare and certify effort reports more often, from twice per year to quarterly. From an implementation standpoint, we will be evaluating methodologies to permit more efficient information processing flow from the effort reporting system into our ERP (general ledger) system.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

42 CFR Section 57.210 sets forth standards for repayment and collection of health professions student loans, including the Primary Care Loan program.

Condition

During our testing of compliance with student loan deferments and cancellations, we 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.

Questioned Costs

The balance associated with the loan amounted to \$143,237.62 of which, twelve months of interest was deferred.

Cause

Exceptions noted above appear to be the result of a missing deferment that the servicer processes and scans on behalf of Drexel University.

Effect

Student repayments may not be initiated at the correct time as a result of incorrect deferrals or cancellations.

Recommendation

We recommend the University review procedures with the servicer and reach out to the borrower to secure a new deferment form to cure the account.

Views of responsible officials and planned corrective actions

We agree with the recommendation and will take the recommended action with the borrower.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Criteria

OMB No. 1845-0030 which sets forth standards for filing the FISAP report.

Condition

During our testing of compliance with Financial Reporting, we 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.

Questioned Costs

There are no questioned costs associated with this finding.

Cause

Exceptions noted above were the result of manual error and insufficient systems processes needed to perform adequate checks and balances.

Effect

The University's financial reporting is not correct when filing the statement with the government.

Recommendation

Since systems processes occur that impact student financial aid funding without the understanding and/or knowledge of the financial aid office, we recommend the University re-evaluate the systems that support the financial aid operation to provide assurance of necessary controls by the Financial Aid Office of processes that impact Title IV funding. Since these systems have a direct impact on Federal reporting, such as the FISAP, it is critical that the data be accurate.

Views of responsible officials and planned corrective actions

Drexel University's Office of Financial Aid and Information Resources and Technology departments have contracted with Ellucian. Ellucian is the vendor who provides our ERP system. The engagement will address packaging all financial aid funding in Banner, as well as, review all system processes and their impacts to Title IV funding.

Drexel University and Subsidiaries

Summary Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2014

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

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 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.

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

There is no current University policy in place to have full reconciliations performed on a monthly basis.

Effect

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

Recommendation

We recommend the University implement a policy to have full reconciliations performed on a monthly basis.

Views of responsible officials and planned corrective actions

We agree with the recommendation. Through the support of consultants working on documentation of financial aid processes and procedures, management of the Financial Aid Office will create a document that summarizes Drexel's reconciliation process to ensure that it meets the regulatory requirements. In addition, the new student loan team which will begin to resolve meeting the full level of requirements in conjunction with the appropriate representation from the Finance Department to meet the cash management rules for Direct Lending.

Drexel University and Subsidiaries
Summary Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

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

Criteria

34 CFR Section 675.20 – 675.27 which sets forth the requirement that FWS students may not work during class times.

Condition

During our testing of compliance with the FWS program we 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.

Questioned Costs

There are no questioned costs associated with this finding.

Cause

Exceptions noted above appear to be caused by insufficient level of detail within the time cards prepared by each student.

Effect

Independent monitoring controls are difficult to implement due to the level of documentation included on the time cards.

Recommendation

We recommend the University change the timecards to include the specific hours worked each day for FWS recipients in order to monitor against their class schedule for the term.

Views of responsible officials and planned corrective actions

We agree with this recommendation. Financial Aid will work with Payroll and HRIS to create appropriate time sheets for FWS students in order to meet the requirements.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

Section IV – Summary Schedule of Prior Audit Findings

2013-001: Unusual Transactions

Summary

Drexel University routinely enters into agreements with complex accounting implications that have significant impacts to the financial statements in future years. Some require the involvement of specialists to determine the appropriate valuations to utilize in the accounting.

During the audit, PwC identified a number of transactions that did not have documented assessments of the key terms of the transactions and the relevant accounting considerations and conclusions. This created difficulties in evaluating the appropriateness of ongoing accounting and in some instances adjustments related to past and current financial statements were identified due to lack of review of ongoing applicable requirements. Examples included complex contribution arrangements, intercompany transactions, and real estate transactions.

Status

Management agrees with the recommendations proposed by PwC that a process to ensure the evaluation and documentation of all significant and complex transactions is necessary and needs to also incorporate appropriate document retention practices as well. Management is in the process of evaluating and implementing a contract protocol process and discussing necessary policy changes as well as automate the process through a third party vendor. Management further agrees that the use of specialists must take place on a timely basis and may require preliminary research to be done to ensure consistency with U.S. GAAP.

Management seeks to ensure the timely response by involving the Vice President for Finance and Associate Treasurer from the inception of the development and contract planning through to the end of the negotiation process. Further, the Comptroller will insure that transactions are evaluated and appropriately reviewed with management and external auditors for appropriateness. If necessary, external consultants will be engaged to evaluate further the impact on the financial statements when the level of complexity exceeds the level of internal expertise.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-002: ALLOWABLE COSTS/COST PRINCIPLES - COST TRANSFERS

Federal Agency:	Various
Program:	All Research and Development Cluster Awards
CFDA #:	Various
Award #:	Various
Award year:	Various
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 also noted the following with regards to the sample selected for testing:

- 26 of 60 samples selected for testing were cost transfers where items needing correction were processed in excess of 120 days from the initial charge
- 18 of 60 samples selected for testing did not have an underlying invoice to support the allowability of the transfer

Status

The cost transfer policy was approved by the cabinet in July 2014. Research Administration offers non-mandatory, in-class trainings to aid principal investigators and departmental personnel in learning the proper processes and procedures. Research Administration has enhanced its trainings by launching an online course series, *Fundamentals of Research Accounting*, using the University's learning management system, Career Pathway. An internal beta group is currently reviewing and finalizing content. *Fundamentals of Research Accounting* is expected to launch in the Spring for all faculty and administrators associated with sponsored projects.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-003: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS - STUDENT STATUS CHANGES (FEDERAL DIRECT LOANS)

Federal Agency: Department of Education
Program: Federal Direct Loans
CFDA # 84.268
Award #: Various
Award year: July 1, 2012 through June 30, 2013
Pass-through: None

Summary

During PwC testing of compliance with special tests and provisions over student status changes for the Federal Direct Student Loan Programs, the following was noted:

- 22 of 60 students status changes communicated to the National Student Loan Data System (NSLDS) exceeded the required 60 day timeframe

Status

Financial Aid, in conjunction with the Registrar and Provost offices, introduced a policy in January 2014 that prohibits retroactive student status changes and communicated the change in policy with the Provost division and any departments that handle student status changes. Full compliance with the policy was implemented by July 1, 2014.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-004: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS - RETURN OF TITLE IV FUNDS

Federal Agency: Department of Education
Program: Student Financial Aid Cluster
CFDA #: Various
Award #: Various
Award year: July 1, 2012 through June 30, 2013
Pass-through: None

Summary

During PwC testing of compliance with special tests and provisions regarding timely return of Title IV assistance, it was noted that Title IV assistance for 7 of 40 students selected for testing was not returned within 45 days as required by the regulations.

Status

Documentation was created to reflect the updated Title IV adjustment process that was implemented in December 2013. The updated process is being monitored and continues to provide accurate and efficient refunds when deemed appropriate.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-005: STUDENT FINANCIAL AID SPECIAL TESTS AND PROVISIONS – VERIFICATION

Federal Agency: Department of Education
Program: Student Financial Aid Cluster
CFDA #: Various
Award #: Various
Award year: July 1, 2012 through June 30, 2013
Pass-through: None

Summary

During PwC testing of compliance with special tests and provisions, specifically with regards to verification of key information submitted by financial aid applicants, PwC noted incorrect information was captured in the student financial aid system for 2 of 25 students selected for testing.

Status

New selection criteria have been established that meet the Department of Education standards. Banner has been adjusted to accommodate the new selection criteria and the new selection criteria were implemented in June/July 2014 for the 2014/2015 academic year. The validation process has been outsourced this year to help ensure full compliance.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-006: PERIOD OF AVAILABILITY

Federal Agency: Various
Program: Research and Development Cluster
CFDA #: Various
Award #: Various
Award year: 2013

Summary

During PwC testing of 8 awards that concluded during the fiscal year, charges posted to the award subsequent to the completion of the award period of \$176,000 were tested and 3 charges totaling \$2,356 were noted for which supporting documentation could not be provided supporting the allowability of the charge based on the award period.

Status

The process for closing out the grant at the conclusion of the award period has been reviewed and revised to ensure that changes are no longer applied to awards outside the period of availability. The department is making special efforts to ensure that close-outs are performed timely.

**Drexel University and Subsidiaries
Schedule of Status of Prior Year Findings
For the Year Ended June 30, 2014**

2013-007: SERVICE CENTERS

Federal Agency: Various
Program: Research and Development Cluster
CFDA #: Various
Award #: Various
Award year: 2013

Summary

For one of five service centers selected for testing PwC was unable to obtain documentation to support that rates charged to federal awards were consistent with rates charged to other users and based on actual usage. For 14 awards selected for testing within R&D, total service center charges were \$70,000, and the related charges for the one service center noted above were \$27,000.

Status

The Office of Research and Printing and Mailing (P&M) partnered to document the Printing and Mailing pricing methodology and job costing processes. The total price of each job is determined by way of a job estimate, and is a function of the direct materials cost (primarily paper), the services required, and the price of each service (e.g. collate, machine fold, saddle stitch, etc.). It should also be noted that sometimes printing is contracted out if the print request exceeds the capabilities of the Drexel print shop, which could impact pricing. Agreement was reached for the P&M department to separately maintain documentation such as job jackets, order forms, and invoices for all services paid for with grant funds (i.e. all funds starting with 2XXXXX) to ensure documentation is retained, and easily accessible to satisfy audit and other document requests. A centralized Office of Research staff member will be designated as the P&M service center contact to satisfy audit and other request for printing and mailing documentation working closely with P&M staff.

Drexel University and Subsidiaries

Schedule of Status of Prior Year Findings

For the Year Ended June 30, 2014

2013-008: REPORTING:

Federal Agency: Various
Program: Research and Development Cluster
CFDA #: Various
Award #: Various
Award year: 2013

Summary

During testing over subrecipient monitoring, PwC selected 12 subrecipients to test the University's compliance with the Federal Funding and Transparency Act (FFATA). PwC reviewed the submitted FFATA reports for the 12 subrecipients and noted that 2 of the reports were submitted late (one report was submitted approximately 2 years late and the other report was submitted approximately 2.5 years later). In addition, the FFATA reports for 3 selections were not available on the FFATA reporting website which would indicate that it was not submitted.

Status

The Office of Research has established a process to ensure timely FFATA reporting. The department has undergone a reorganization of its leadership team and as such, this function has now been transitioned from the post-award area to the pre-award area. The Pre-Award team of the Office of Research is submitting reports on current sub-award obligations and actively working to bring the remaining FFATA reports current by the Fall of 2015.



**Management Response to
OMB Circular A-133 – Schedule of Expenditures on Federal Awards
Fiscal Year 2014 Audit Findings
March 31, 2015**

OMB Circular A-133 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

Management agrees with the recommendation and has taken appropriate action to inform its leadership, internal audit department and audit committees and sponsoring agencies impacted about the employee's inappropriate actions relating to the omission of a federal award from the fiscal year 2011 Schedule of Expenditures of Federal Awards.

As of March 2015, Drexel University has realigned the accounting functions related to research administration to the Office of the Comptroller with a continued dotted line reporting relationship to the Senior Vice Provost for Research. This change will provide increased controls of the functions performed within research accounting. The University has also completely changed its leadership in this area and new management is evaluating current processes to ensure that grants with federal funding are properly identified and documented in the ERP system, Banner. Further, it is now a procedure that all A-133 audit comment responses and non-standard inquiries relating to grants and contracts be reviewed by the Associate Vice President and Comptroller, Vice President for Finance and Associate Treasurer and Senior Vice Provost for Research prior to responding.

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, DTFAC12-A-80003, N65236-12-1-1005
Award year:	Fiscal year 2014
Pass-through:	Various

The updated policy has been approved and is in place. With the change in management, this is a process that is under review to ensure timely and appropriate cost transfers. University-wide training is being enhanced to stress the importance of monthly review of grant expenditures and addressing transfers in a timely manner. The improved changes to the effort reporting process will insure salary cost transfers will be done on a timely basis.

RE: Management Response to OMB Circular A-133 - Schedule of Expenditures on Federal Awards - Fiscal Year 2014 Audit Findings

Date: March 31, 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

The annual verification of assets for disposals and location changes is slated to occur in April and be completed by the end of the fiscal year close-out. The Associate Vice President and Comptroller will also send out a communication to the University community about the importance of communicating disposals and asset location changes.

For fiscal year 2016, the University will be changing its procedure to only tag federally funded assets and complete an equipment inventory by an outside appraisal firm every two years. The next inventory will be completed during fiscal year 2017 in conjunction with the Facilities and Administrative rate proposal base year activities.

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

We accept and agree with the observations and recommendations. After significant turnover, the Office of Research has rallied to complete risk assessments on all 161 sub-recipients contracted with in the year under audit. Although, reactive, this builds a strong foundation and example of the process and assessments to be completed going forward. A new policy document has been created consistent with the recent OMB circular changes regarding sub-recipients. Consistent with the policy updates made, a new process has been developed which includes an updated sub-recipient commitment form where pertinent information is collected from each proposed sub-recipient in order to complete the centrally maintained risk assessment. The risk assessment will inform if, when, and how subrecipients will be monitored to ensure proper stewardship of federal and nonfederal award dollars. To ensure awareness, compliance and consistency, an announcement of the policy and process changes will be deployed in the coming months to the university research community and standard operating procedures will also be created including a detailed account of roles and responsibilities. In order to ensure proper retention of commitment forms, risk assessments and monitoring plans, the Office of Research has created a SharePoint site to centrally house such documents and are currently in the process of examining the COEUS sub-recipient module with IRT for increased reporting and tracking capabilities.

RE: Management Response to OMB Circular A-133 - Schedule of Expenditures on Federal Awards - Fiscal Year 2014 Audit Findings

Date: March 31, 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

Management has established a written procedure to ensure timely FFATA reporting, which is now administered by the Pre-Award team in the Office of Research effective February 2015. FFATA report submissions have been timely since this transition and the team is working to bring the remaining FFATA reports current by the Fall of 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

We agree with the observation and the recommendation that the current effort reporting policy does not stipulate a time frame for the actual production of the effort reports to be released for review and certification. Management will revise the stand-alone policy to include a time frame for the report production consistent with the above.

In addition, management is beginning to review both the current effort reporting policy and the implementation process for production and release of the effort reports. From a policy standpoint, we will be evaluating the need to prepare and certify effort reports more often, from twice per year to quarterly. From an implementation standpoint, we will be evaluating methodologies to permit more efficient information processing flow from the effort reporting system into our ERP (general ledger) system.

RE: Management Response to OMB Circular A-133 - Schedule of Expenditures on Federal Awards - Fiscal Year 2014 Audit Findings

Date: March 31, 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 #: Various
Award year: Fiscal Year 2014
Pass-through: None

We agree with the recommendation and will take the recommended action with the borrower.

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

Drexel University's Office of Financial Aid and Information Resources and Technology departments have contracted with Ellucian. Ellucian is the vendor who provides our ERP system. The engagement will address packaging all financial aid funding in Banner, as well as, review all system processes and their impacts to Title IV funding.

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

We agree with the recommendation. Through the support of consultants working on documentation of financial aid processes and procedures, management of the Financial Aid Office will create a document that summarizes Drexel's reconciliation process to ensure that it meets the regulatory requirements. In addition, the new student loan team which will begin to resolve meeting the full level of requirements in conjunction with the appropriate representation from the Finance Department to meet the cash management rules for Direct Lending.

**RE: Management Response to OMB Circular A-133 - Schedule of Expenditures on
Federal Awards - Fiscal Year 2014 Audit Findings**

Date: March 31, 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

We agree with this recommendation. Financial Aid will work with Payroll and HRIS to create appropriate time sheets for FWS students in order to meet the requirements.



Patricia J. Russo, MBA, CPA, CFE
Associate Vice President and Comptroller

March 31, 2015