Financial Statements and Supplementary Information with Report of Independent Certified Public Accountants

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

June 30, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

Report on the financial statements

Opinion

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Community College of Philadelphia (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note A to the financial statements, the College adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 7 through 16 and the required supplementary information on pages 53 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The other supplementary information, comprised of the statistical section, demographic statistics, reformatted schedule of net position, reformatted schedule of activities, and schedule of changes in capital asset balances on pages 57 through 59, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The other information, comprised of the statistical section and demographic statistics on pages 61 through 69, is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures to the other information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 30, 2022, on our consideration of the College'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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 College's internal control over financial reporting and compliance.

Grant Thornton LLP

Philadelphia, Pennsylvania
September 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2022

INTRODUCTION

This Management's Discussion and Analysis (MD&A) is based upon facts, decisions, and conditions known as of the date of the audit report. The MD&A should be read in conjunction with the financial statements and accompanying notes that follow this section.

Community College of Philadelphia (the College) has prepared its financial statements in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require the financial statements presented to focus on the College as a whole.

The financial results of Community College of Philadelphia Foundation (the Foundation) and CCP Development, LLC are reported as discrete component units. The Foundation was incorporated exclusively to secure philanthropic funding to benefit academic and student success. CCP Development, LLC was organized as a qualified active low-income community business (QALICB) to secure new market tax credit funding for the construction of the College's Career and Advanced Technology Center at 4750 Market Street, Philadelphia, Pennsylvania.

Financial and Institutional Highlights

- The College continued its commitment to keep higher education affordable for all Philadelphia residents by freezing tuition for the fifth consecutive year while also increasing available financial aid and student services.

- The Catto Scholarship was offered for the second year with 539 students receiving free tuition, books, and monthly stipends. The Catto Scholarship is a five-year anti-poverty initiative sponsored by the Mayor of Philadelphia. Funding includes providing basic needs and a team of dedicated advisors and counselors to support the scholarship recipients. In 2022, the College recorded expenses of more than $3.7 million to support the Catto Scholarship program.

- The College launched a student Equity Initiative with the goal of closing the achievement gap of underrepresented populations. The focus of the Equity Initiative includes learning development opportunities for faculty in the areas of: the College's commitment to Diversity, Equity and Inclusion; grading for equity; Critical Race Theory; using data to guide equity work; and ensuring equity and inclusion in the online environment.

- The newly constructed 75,000 square feet Career and Advanced Technology Center (CATC) was opened in August 2022. The CATC will bring career training and community engagement to the forefront of our neighborhoods through state-of-the-art facilities, support for local entrepreneurship, and hands-on learning experiences for the Medium and Heavy Truck Technology degree program; Toyota T-TEN degree program; Alternative Fuels: Electric Vehicles and Hybrids (micro-proficiency certificate); Alternative Fuels: Carbon Based Fuels (micro-proficiency certificate); Medium and Heavy Truck Technology I: Inspection, Maintenance and Minor Repair (proficiency certificate); Medium and Heavy Truck Technology II: Truck Service Technology (proficiency certificate).

- The Jr. STEM Academy will launch in the new CATC. It will serve students from West Philadelphia middle schools and offer afterschool and summer programming in robotics; drone building, programming, and operation; app development; and advanced manufacturing. The program will be funded by the Lenfest Foundation.

- The College continued to expand its degree and certificate program offerings. New degree programs launched during the year, in addition to Transportation Technology, were Web and Mobile Application Development. New certificates included Insurance and Interdisciplinary Analysis and Critical Reasoning.

- The College continued to add several new workforce and career offerings, including Veterinary Technician, Central Sterile Processing, Light Truck Commercial Driver's License (CDL) training, a new series of coding boot camps and a Career Readiness Pre-apprenticeship program in an effort to meet the City's workforce needs.

- In June 2022, a new agreement was signed with Rowan University. This partnership will support CCP STEM graduates transferring to Rowan University. The agreement focuses on serving students in the Greater Philadelphia chapter of the Louis Stokes Alliance for Minority Participation (LSAMP), a national organization that encourages students from underrepresented groups to pursue degrees in the STEM fields.

- The College continued supporting high school students to enroll in college level courses via contracts with the School District of Philadelphia. High school students enrolled in Gateway to College or Parkway Center City Middle College High School will graduate with a high school diploma and College credits up to an Associate's degree.

- While COVID-19 lockdowns have abated and vaccines are readily available, the College continued to experience challenges related to the pandemic. This is because the pandemic had a disproportionate effect on the student population of minority serving institutions. Philadelphia's vaccine mandate for institutions of higher learning may have compounded the situation. Total enrollment declined 13.9% from 19,266 students in 2020-2021 to 16,596 students in 2021-2022. In late fiscal year 2022, the City waived the vaccine mandate for the College.

- During the year ended June 30, 2022, the College entered into an agreement with a nationally recognized leader in enrollment management to assist with developing a Strategic Enrollment Management plan. This included deploying predictive budget models and identifying areas for program growth with targeted plans for increasing enrollments.

- During the year, the College disbursed more than $30.6 million from the Higher Education Emergency Relief Fund (HEERF) grants from the U.S. Department of Education (DOE) to students who were affected by the pandemic. The total HEERF institutional and student funds awarded to the College since 2020 amounted to $58.7 million and $44.2 million, respectively.

- More than $1.39 million of the HEERF institutional funds were applied to discharge student balances relieving 1,776 students from their debt obligations.

- The College provided more than $12.0 million of HEERF funds directly to students as emergency aid.

- The College continued to provide loaner laptops to students in need of technology to participate in hybrid and distance education course.

- During the year ended June 30, 2022, the College implemented GASB 87, *Leases*, and the adoption has been reflected as of the beginning of the earliest period presented in the financial statements, resulting in an $16.4 million increase in lease receivable and deferred inflows, a $0.9 million increase in right-of-use equipment and building assets as well as lease liability, and a decrease in unrestricted net position of $0.2 million at July 1, 2021, the date of the earliest period presented in the financial statements.

Overview of Financial Statements

The College's financial statements focus on the College as a whole, rather than upon individual funds or activities. The GASB reporting model is designed to provide readers with a broad overview of the College's finances and is comprised of three basic statements:

- The *Statement of Net Position* presents information on the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as one indicator of how the financial position of the College is changing.

- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the College's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

- The *Statement of Cash Flows* is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations, financing, and investing receipts and disbursements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes contain details on both the accounting policies and procedures that the College has adopted, as well as additional information about amounts reported in the financial statements.

Net Position

At June 30, 2022, the College's net position was a negative $3.6 million, with liabilities of $293.1 million and assets of $313.0 million. Net position increased by $36.3 million in 2022 prior to recording the impact of the post-employment benefit liability. Unrestricted net position improved from a negative $150.8 million to a negative $119.8 million. Absent the cumulative impact of the post-employment benefit liability (GASB 75 and 68) reporting requirements, unrestricted net position would currently be at a level of positive $290.0 million. The other factor contributing to the change in the unrestricted net position value was unfunded depreciation expense for 2022 in the amount of $7.6 million.

	Summary of Net Position June 30, 2022 (in millions)	Summary of Net Position June 30, 2021 (in millions)
Assets:		
Current assets	$ 80.9	$ 75.4
Noncurrent assets:		
Loan receivable	19.9	19.9
Bond proceeds available for campus construction	7.5	9.8
Other long-term investments	20.4	18.5
Long-term lease receivable	16.1	-
Investment in CCP Development, LLC	5.0	5.0
Capital assets, net	163.1	162.2
Total assets	312.9	290.8
Deferred outflows of resources	25.1	29.2
Liabilities:		
Current liabilities	31.4	36.6
Noncurrent liabilities	261.8	258.1
Total liabilities	293.2	294.7
Deferred inflows of resources	48.6	53.7
Net position:		
Net investment in capital assets	110.4	116.7
Restricted: Expendable	5.8	5.7
Expendable	(119.8)	(150.8)
Total net position	$ (3.6)	$ (28.4)

Assets

Current assets increased by $5.5 million during 2022. Short-term investments, accounts receivable and other assets decreased due to timing differences offset by increase in receivable from government agencies.

Noncurrent assets increased by $16.6 million. This is primarily attributable to the implementation of GASB 87, *Leases*, which resulted in the College recording a long-term lease receivable of $16.1 million. Bond proceeds available for campus construction decreased as construction of the Library and Learning Commons progressed towards completion and expenses started to accrue related to the Center for Advanced Technology as design and planning got underway. The College's capital assets as of June 30, 2022 net of accumulated depreciation were $163.1 million, an increase of $0.9 million over the amount reported for 2021 of $162.2 million. The increase in the net value of capital assets is related to the increase in the value of capital additions exceeding the accumulated depreciation a well as $0.9 million of right-of-use lease assets recorded due to the implementation of GASB 87. Total current liabilities decreased by $5.2 million in 2021. Payables to government agencies decreased by $0.2 million primarily due to timing in processing Pennsylvania State grants student aid. Accounts payable and accrued liabilities decreased by $1.5 million primarily due to timing.

The College self-insures its employee medical plan. The College purchases stop loss insurance with a limit of $250,000 to cap institutional financial exposure for individuals with extraordinarily large claims in a policy year.

The College's outstanding long-term debt was $61.5 million as of June 30, 2022, a decrease of $8.0 million from June 2021. This decrease is due to the issuance of the Series 2020 bonds to partially finance the construction of the Career and Advanced Technology Center. The pension liability amount for 2022 also includes $3.8 million related to GASB 68, which requires the College to record its relative proportion of the net funded status of certain state cost sharing pension plans. The cumulative estimated value for the accrued other post-employment benefit liability in 2022 and 2021 was $192.1 million and $180.5 million, respectively. Absent this reporting requirement, the College's net assets as of June 30, 2022 would have been at a level of $188.5 million.

Statements of Revenues, Expenses and Changes in Net Position

The change in net position for 2022 and 2021 was a positive $24.8 million and $36.8 million, respectively. The following table quantifies the changes:

	Revenues, Expenses and Changes in Net Position Year ended June 30,	
	2022	2021
	(in millions)	
Operating revenues:		
Net tuition and fees	$ 24.8	$ 28.4
Auxiliary enterprises and other sources	0.1	0.4
Total	24.9	28.8
Operating expenses	188.5	143.0
Operating loss	(163.6)	(114.2)
Net non-operating revenues	176.9	138.0
Change in net assets before other revenues	13.3	23.8
Capital appropriations	11.5	13.0
Total change in net position	$ 24.8	$ 36.8

Operating Revenues

The largest sources of operating revenue for the College are student tuition and fees and auxiliary enterprises revenues. In 2022, tuition charge was unchanged at $159 per credit. The Technology Fee, General College Fee, and Course Fee also remained unchanged from prior year. While the General College Fee was assessed on students, the College decided during the year to apply HEERF grant funding from the DOE to reimburse the General College Fee for students for late summer, fall and winter terms. The College charges course fees for selected high-cost courses. Course fees range from $70 to $345. Average total tuition and fee revenue per credit for 2022 was $231.

Tuition and fee revenue totaled $53.1 million in 2022 and $62.1 million in 2021, a decline of 14.5%. Total enrolled credit headcount declined 13.9% for the same period.

Scholarship allowance amounts for 2022 and 2021 totaled $28.3 million and $33.6 million, respectively. The scholarship allowance represents tuition and fee payments made using public and private grants and scholarships. The decrease in scholarship allowance amounts between 2022 and 2021 is reflective of the 13.9% decline in overall credit enrollment. While the maximum Pell award increased from $6,345 in 2020-2021 to $6,495 in 2021-2022, it did not contribute to any increase in scholarship allowance due to a significant decrease in Pell eligible students attending the College.

Gift revenue from the Community College of Philadelphia Foundation (the Foundation) in the amount of $0.4 million was received in 2022 and is reported in the statement of revenues, expenses and changes in net position. This gift revenue was used to partially pay the College's cost for its partnership with Single Stop USA. Single Stop USA is a nonprofit organization that delivers services to families nationwide by connecting students to state and federal financial resources and local community services. The aim is to help students overcome economic barriers, continue with their education and move toward economic mobility.

Non-operating Revenues

Commonwealth appropriations in 2022, excluding capital appropriations, totaled $32.3 million, a decrease of $0.1 million (0.1%) over the $32.4 million received in 2021.

Total 2022 City funding was $43.1 million. Of the funding appropriation, $37.2 million was used for operating budget purposes in 2022 and $3.3 million was used for CATTO Scholarships. In 2021, $34.5 million of the total appropriation was used for operating purposes. Net investment (loss) income was $(3.9 million) in 2022 and $0.5 million in 2021.

As mentioned above, non-operating revenues increased by 28.2% from $138.0 million in 2020-2021 to $176.9 million in 2021-2022. This included the impact of $57.9 million in grant funding received from the DOE through the American Rescue Plan (ARP) Act of which $26.6 million was spent on student aid and $28 million was spent on laptops, PPE, software services and converting on campus courses to online format, as well as lost tuition, fee, and auxiliary revenues because of COVID-19.

Capital Appropriations

The Commonwealth provided capital funding for debt service and capital purchases in the amounts of $5.7 million and $5.8 million for 2022 and 2021, respectively. The College used $5.9 million of the total City of Philadelphia appropriation of $43.1 million in 2022 for debt service and capital purchases. In 2021, City of Philadelphia appropriations used for debt service and capital purchases were $7.2 million.

	Expenses by Function Year ended June 30, (in millions)	
	2022	2021
Instruction	$ 54.7	$ 50.3
Public service	0.1	0.1
Academic support	16.4	14.8
Student services	21.0	18.9
Institutional support	36.6	28.4
Physical plant operations	14.8	10.1
Depreciation	7.6	7.5
Student aid	37.0	12.6
Auxiliary enterprises	0.4	0.3
Total operating expenses	$ 188.6	$ 143.0

Exclusive of student aid and depreciation expenses, the College's operating expenses totaled $144.0 million in 2022 and $122.9 million in 2021. The College's five-year Collective Bargaining Agreement with Faculty and Classified employee unions that was ratified in September 2013 expired August 2016. On April 3, 2019, the College and the members of Unions reached a tentative agreement and entered into certain Memorandum of Agreements to amend the terms and conditions of the respective Collective Bargaining Agreements. The Board of Trustees of the College and the membership of the Unions approved the Memorandum of Agreements on April 4, 2019 and April 11, 2019, respectively, which, among other things, extended the term of the Collective Bargaining Agreements to August 31, 2022. On October 25, 2021, the College and the Faculty and Staff Federation agreed to further extend the Collective Bargaining Agreements through August 31, 2024.

In 2018, the College adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*. Under GASB 75, the College reports the Net OPEB Liability (NOL) on the statement of net position. Changes to the NOL are recognized either in the OPEB Expense and/or as deferred inflows/outflows. The value of the expense for 2022 and 2021 was a credit of $6.3 million and $8.8 million, respectively.

	Expenses by Natural Classification Year ended June 30,	
	2022	2021
	(in millions)	
Salaries	$ 75.9	$ 74.0
Benefits	36.6	32.6
Contracted services	11.0	9.2
Supplies	2.9	5.6
Depreciation	7.6	7.5
Student aid	37.0	12.6
Other post-employment benefits	(6.3)	(8.8)
Other	23.9	10.3
Total operating expenses	188.6	143.0
Interest on capital asset-related debt service	3.3	3.9
Total nonoperating expenses	3.3	3.9
Total expenses	$ 191.9	$ 146.9

The COVID-19 pandemic continued to have significant impact on the College financial and educational planning during fiscal year 2021-22. The College implemented a mandatory COVID-19 vaccination and testing policy which required all faculty and staff to be fully vaccinated against COVID-19 by October 1, 2021. The College's policy was developed in order to maintain a safe campus and to comply with the City's mandate that all higher education employees be vaccinated by October 15. Students were required to be fully vaccinated by January 18, 2022. The College also performed air duct cleaning, installed new air coils in the HVAC systems, installed acrylic dividers, installed touchless faucets, performed air flow and quality tests for all classrooms, labs, and offices using HEERF funds. In addition, the College utilized approximately $23.2 million in HEERF grants to offset lost tuition, auxiliary, and fees revenue.

The College incurred lower than budgeted expenses in the following categories: supplies, maintenance & repairs, travel, hospitality, and public events. Overall, the College spent approximately $3.1 million less than budgeted for non-personnel-related expenses. In addition, the College utilized HEERF grant funds to reimburse several related COVID-19 expenditures associated with remote learning, work, COVID testing and to prepare for a safe reopening of its campuses.

A significant number of vacant positions, coupled with offering a lower number of academic sections which required limited use of part-time staff, resulted in total salaries being $4.9 million less than budget. The College also spent $3.2 million less for staff benefits than budgeted, which is in line with the number of vacant positions and a result of many elective procedures being delayed.

Schedule of Fund Balances

The following chart shows fund balances in the four fund groups: Unrestricted, Restricted, Endowment and Plant. The 2022 and 2021 amounts reported for unrestricted operations funds were reduced by the impact of accrued expense liability for post-employment benefits. The impact of GASB 75 reporting in 2022 was a negative $188.4 million while the impact of GASB 68 reporting was $3.4 million. The negative unrestricted plant fund balance reflects the cumulative impact of unfunded depreciation expense.

	June 30, 2022 (in millions)	June 30, 2021 (in millions)
Total unrestricted fund	$ (110.8)	$ (128.2)
Endowment fund:		
Quasi-endowment (unrestricted)	-	0.3
Total endowment	-	0.3
Plant fund:		
Net investment in capital assets	110.4	116.7
Restricted expendable - capital projects	5.8	5.7
Unrestricted	(9.0)	(22.9)
Total plant fund	107.2	99.5
Total net position	$ (3.6)	$ (28.4)

Community College of Philadelphia Foundation

The Foundation was established in 1985 for the exclusive purpose of raising friends and funds to support student scholarships, programs, and facility needs. Total assets for 2022 and 2021 were $17.8 million and $19.0 million, respectively. Total unrestricted net position for 2022 and 2021 for the Foundation was $2.2 million and $1.9 million, respectively. The remaining net position is restricted based upon donor intent.

CCP Development, LLC

CCP Development, LLC, is a Pennsylvania limited liability company established in 2020 for purposes of obtaining New Market Tax Credit (NMTC) financing for the construction of the Career and Advanced Technology Center at 4750 Market Street, Philadelphia, Pennsylvania. Total assets for 2022 and 2021 were $33.7 million and $34.2 million, respectively, and total net position for 2022 and 2021 was $5.8 million and $5.0 million, respectively.

Future Impacts

In May 2021, the College was awarded $57.9 million from the DOE through the American Rescue Plan (ARP) of which $3.4 million is still available to be spent through June 30, 2023.

For 2023, City of Philadelphia funding to the College was increased by $1.9 million over the amount received for 2022 of which $10.8 million is reserved for the Catto Scholarship Program. In addition, the Commonwealth of Pennsylvania funding to the College was increased by $1.2 million over the amount received for 2022. The College's Board of Trustees voted not to increase student tuition and fees for 2023. Credit hour enrollments for Fall 2023 semester are trending 0.08% below enrollment of Fall 2021. The total credit hours generated by the late summer session, a 2023 term, were 15% lower than the previous year.

While the disruptions from COVID-19 have abated, there is still uncertainty around returning to normalcy. The College expects this matter to continue to negatively impact its financial position for 2023 but with less intensity.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, Community College of Philadelphia, 1700 Spring Garden Street, M1-7, Philadelphia, PA 19130.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF NET POSITION

June 30, 2022

	Business-Type Activities Community College of Philadelphia	Component Unit Community College of Philadelphia Foundation	Component Unit CCP Development, LLC
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note B)	$ 21,258,796	$ 2,474,668	$ 137,138
Short-term investments (Note B)	16,051,043	2,098,728	-
Current portion of lease receivable (Note E)	375,000	-	-
Current portion of debt proceeds available for CATC construction (Note E)	-	-	1,995,243
Accounts receivable, net (Note C)	2,631,273	5,619	-
Receivable from government agencies (Note H)	39,160,424	-	-
Other assets	1,455,077	5,250	45,833
Total current assets	80,931,613	4,584,265	2,178,214
NON-CURRENT ASSETS			
Endowment investments (Note B)	-	13,250,752	-
Loan receivable (Note N)	19,880,421	-	-
Debt proceeds available for CATC construction (Note N)	-	-	5,170,248
Bond proceeds available for campus construction (Note B)	7,514,348	-	-
Other long-term investments (Note B)	20,391,099	-	-
Long-term lease receivable (Note E)	16,141,292	-	-
Investment in CCP Development, LLC (Note N)	5,023,069	-	-
Capital assets, net (Note D)	163,108,264	-	26,373,206
Total non-current assets	232,058,493	13,250,752	31,543,454
Total assets	$ 312,990,106	$ 17,835,017	$ 33,721,668
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows	$ 25,146,994	$ -	$ -

The accompanying notes are an integral part of this financial statement.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF NET POSITION - CONTINUED

June 30, 2022

	Business-Type Activities Community College of Philadelphia	Component Unit Community College of Philadelphia Foundation	Component Unit CCP Development, LLC
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities (Note F)	$ 19,308,079	$ 249,467	$ 2,478,599
Payable to government agencies (Note H)	203,827	-	-
Deposits	253,859	2,081	-
Unearned revenue	2,550,025	769,542	-
Current portion of lease obligation (Note E)	359,018	-	-
Current portion of long-term debt (Note G)	7,975,000	-	-
Unamortized bond premium	728,918	-	-
Total current liabilities	31,378,726	1,021,090	2,478,599
NON-CURRENT LIABILITIES			
Accrued liabilities (Note F)	2,039,795	-	-
Annuity payable	-	35,987	-
Deposits	280,000	-	-
Lease obligation (Note E)	623,448	-	-
Long-term debt (Note G)	61,505,000	-	-
Notes payable (Note N)	-	-	25,945,000
Unamortized bond premium	5,253,907	-	-
Other post-employment benefits liability (Note I)	192,064,573	-	-
Total non-current liabilities	261,766,723	35,987	25,945,000
Total liabilities	$ 293,145,449	$ 1,057,077	$ 28,423,599
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows	$ 48,602,746	$ 1,451	$ -
NET POSITION			
Net investment in capital assets	$ 110,432,831	$ -	$ -
Restricted:			
Nonexpendable:			
Scholarships, awards and faculty chair	-	11,384,911	-
Annuities	-	4,780	-
Expendable:			
Scholarships, awards and faculty chair	-	3,093,292	-
Capital projects	5,784,308	52,284	5,023,069
Unrestricted	(119,828,234)	2,241,222	275,000
Total net position	$ (3,611,095)	$ 16,776,489	$ 5,298,069

The accompanying notes are an integral part of this financial statement.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2022

	Business-Type Activities	Component Unit	Component Unit
	Community College of Philadelphia	Community College of Philadelphia Foundation	CCP Development, LLC
OPERATING REVENUES			
Student tuition	$ 40,095,515	$ -	$ -
Student fees	12,980,387	-	-
Less: scholarship allowance	(28,317,311)	-	-
Net student tuition and fees	24,758,591	-	-
Auxiliary enterprises	113,491	-	-
Gifts	-	3,229,492	-
Other sources	13,111	-	-
Total operating revenues	24,885,193	3,229,492	-
OPERATING EXPENSES			
Educational and general:			
Instruction	54,724,928	94,552	-
Public service	38,912	-	-
Academic support	16,437,063	1,163,243	-
Student services	20,964,135	176,056	-
Institutional support	36,592,032	303,030	-
Physical plant operations	14,805,723	-	-
Depreciation	7,609,743	-	-
Student aid	36,950,953	1,279,271	-
Auxiliary enterprises	415,573	-	-
Total operating expenses	188,539,062	3,016,152	-
OPERATING (LOSS) INCOME	$ (163,653,869)	$ 213,340	$ -

The accompanying notes are an integral part of this financial statement.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2022

	Business-Type Activities Community College of Philadelphia	Component Unit Community College of Philadelphia Foundation	Component Unit CCP Development, LLC
NON-OPERATING REVENUES (EXPENSES)			
Commonwealth appropriations (Note L)	$ 32,340,889	$ -	$ -
City appropriations (Note L)	37,171,793	-	-
Federal grants and contracts	105,570,528	-	-
Gifts from the Community College of Philadelphia Foundation	375,000	(375,000)	-
Commonwealth grants and contracts	5,718,799	-	-
Nongovernmental grants and contracts	1,948,463	1,459,752	-
Net investment loss	(3,893,874)	(2,234,028)	-
Interest on capital asset-related debt service	(3,319,635)	-	-
Other nonoperating revenues	950,078	-	275,000
Net non-operating revenues (expenses)	176,862,041	(1,149,276)	275,000
Gain (loss) before other revenues, expenses, gains or losses	13,208,172	(935,936)	275,000
Capital appropriations	11,547,612	-	-
Increase (decrease) in net position	24,755,784	(935,936)	275,000
Net position, beginning of the year, as previously reported	(28,143,364)	17,712,425	5,023,069
Change in accounting principle - GASB 87 (Note A)	(223,515)	-	-
Net position, beginning of the year, restated	(28,366,879)	17,712,425	5,023,069
Net position, ending of the year	$ (3,611,095)	$ 16,776,489	$ 5,298,069

The accompanying notes are an integral part of this financial statement.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF CASH FLOWS

Year ended June 30, 2022
(Business-Type Activities - College Only)

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ (1,571,737)
Payments to suppliers	(35,867,703)
Payments to employees	(77,875,197)
Payments for employee benefits	(36,516,066)
Payments for student aid	(36,950,953)
Auxiliary enterprises	113,491
Other cash receipts	99,641
Net cash used in operating activities	(188,568,524)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Commonwealth appropriations	32,383,574
City appropriations	37,171,793
Gifts and grants	113,350,664
Other nonoperating	896,582
Net cash provided by non-capital financing activities	183,802,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Commonwealth capital appropriations	5,657,509
City capital appropriations	5,890,103
Decrease in bond proceeds available for campus construction	2,265,455
Purchases of capital assets	(8,436,352)
Principal payments on long-term debt and amortization of capital leases	(7,067,648)
Interest payments on long-term debt and capital leases	(3,491,061)
Net cash used in capital and related financing activities	(5,181,994)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	38,648,492
Interest on lease receivable	(257,291)
Purchases of investments	(24,936,127)
Interest on investments	(3,893,874)
Net cash provided by investing activities	9,561,200
DECREASE IN CASH	(386,705)
Cash and cash equivalents, beginning	21,645,501
Cash and cash equivalents, ending	$ 21,258,796

The accompanying notes are an integral part of this financial statement.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2022
(Business-Type Activities - College Only)

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (163,653,869)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,609,743
Changes in assets and liabilities:	
Accounts receivable	(21,630,704)
Other assets	541,219
Loans to students and employees	(76,009)
Accounts payable and accrued liabilities	(1,708,111)
Unearned revenue	(3,377,208)
Other post-employment benefits	(6,273,585)
Net cash used in operating activities	$ (188,568,524)

The accompanying notes are an integral part of this financial statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Community College of Philadelphia (the College) operates in accordance with the provisions of Commonwealth of Pennsylvania (the Commonwealth) legislation and through the sponsorship of the City of Philadelphia (the City). For financial reporting purposes, the College has been determined to be a component unit of the City, and, as such, has adopted the applicable provisions of the Governmental Accounting Standards Board (GASB).

Component Units

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units - an Amendment of GASB Statement No. 14, GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14, and GASB Statement No. 14, The Financial Reporting Entity*, the College has determined that the Community College of Philadelphia Foundation (the Foundation) and CCP Development LLC should be included in the College's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or to which the primary institution is closely related.

The Foundation was established to serve as an organization responsible for college fund raising activities. The bylaws of the Foundation give the College's board of trustees the authority to amend the Articles of Incorporation of the Foundation at any time. Although the College does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds investments that are used exclusively for the benefit, support, and promotion of the College for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

CCP Development, LLC was established on October 20, 2020 under the Limited Liability Company Law of the Commonwealth of Pennsylvania and organized as a Qualified Active Low Income Community Business (QALICB) to secure New Market Tax Credits (NMTC) to finance the construction of a career-based education and training facility at 4750 Market Street, Philadelphia, Pennsylvania. The facility will create jobs and provide training for the low-income community where it is located. CCP Development, LLC is 90% owned by the College and 10% owned by Career and Advanced Technology Center, Inc., a 501(c)3 corporation. Because of its relationship with the College, CCP Development, LLC is considered a component unit of the College and is discretely presented in the College's financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The College has determined that it functions as a Business-Type Activity, as defined by the GASB. The effect of interfund activity has been eliminated from these financial statements.

The College's policy is to define operating activities in the statement of revenues, expenses and changes in net position as those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the College's operating and capital appropriations from the Commonwealth and the City; federal, Commonwealth, and private grants; net investment income; gifts; interest expense; and gains/losses on disposals of capital assets.

Government Appropriations

Revenue from the Commonwealth and the City is recognized in the fiscal year during which the funds are appropriated to the College. The College is fiscally dependent upon these appropriations. Specific accounting policies with regard to government appropriations are as follows:

Commonwealth of Pennsylvania

General Commonwealth legislation establishing community colleges provides for the reimbursement of certain college expenses from Commonwealth funds appropriated for this purpose. Act 46 enacted in July 2005 changed the original basis of allocating operating funds to Commonwealth community colleges from a formula approach based upon full-time equivalent (FTE) students taught in the current fiscal year to a Commonwealth-wide community college appropriation. Under Act 46, the Commonwealth-wide operating budget appropriation for community colleges is to be distributed among each of the 14 colleges in 3 parts: base funding, growth funding and high-priority (economic development) program funding. The provisions of Act 46 are intended to ensure that base operating funding for each college will at least equal the amount of funds received in the prior year. Annually, 25% of any new dollars in the operating funding granted community colleges is to be distributed proportionally among the colleges experiencing growth in the prior year based upon their share of the FTE growth. Colleges whose enrollments are stable, or decline do not receive any increase from the growth funding.

The other significant operating funding change as a result of Act 46 was the establishment of Economic Development (high priority) program funding. High-priority program funding is based upon prior year enrollments in program areas defined by the Commonwealth to contribute to trained worker growth in critical employment areas. Using prior year FTE enrollments in targeted programs as the allocation mechanism, each college is to receive a proportionate share of the available funds allocated to high-priority programs.

For 2022, the provisions of Act 46 were not followed in allocating operational funds to Pennsylvania community colleges. Instead, the 2021-22 operating allocations for community colleges were based on the General Appropriation Act of 2021, Act 1A.

Previously, under the provisions of Act 46, a separate revolving pool was established for community college capital funding. Capital funding, which may include major equipment and furniture purchases, capital improvements to buildings and grounds, debt service on major capital projects, and net rental costs for eligible capital leases, is reimbursed at the rate of 50%. Capital costs not previously approved for annual funding are subject to a competitive application process, with the allocation of available funds made by the Pennsylvania Department of Education using Commonwealth-wide criteria.

Any excesses or deficiencies between provisional payments and the final annual reimbursement calculation of annual Commonwealth funding are reflected as a payable or receivable from the Commonwealth.

Net Position

The College classifies its net position into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the College must maintain them in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the College's Board of Trustees.

The College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Cash and Cash Equivalents

The College considers all cash accounts and demand deposits with financial banking institutions to be cash. The College considers all short-term investments (primarily certificates of deposit) with a maturity of 90 days or less to be cash equivalents.

Investments

Investments in marketable securities are stated at fair value. Valuations for non-marketable securities are provided by external investment managers and are based upon net asset value (NAV) as provided by investment managers.

Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statement of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

1. As increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

2. As increases in restricted - expendable net position if the terms of the gift or the College's interpretation of relevant Commonwealth law impose restrictions on the current use of the income or net gains; and

3. As increases in unrestricted net position in all other cases.

The College policy permits investments in obligations of the U.S. Treasury, certificates of deposit, commercial paper rated A1 by Standard and Poor's Corporation or P1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the Commonfund's Intermediate Term Fund and Multi-Strategy Bond Fund, and specifically approved fixed income securities.

Lease Receivable

Lease receivables are recorded by the College as the present value of lease payments expected to be received under all leases other than short-term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation.

Assets are depreciated using the straight-line method. The range of estimated useful lives by asset categories is summarized as follows:

Asset Category	Years
Buildings and improvements	10 to 50
Equipment and furniture	3 to 10
Library books	10
Microforms	5
Software	3
System software	10

The costs of normal maintenance and repairs that do not increase the value of the asset or materially extend assets' lives are not capitalized.

Right-of-Use Assets and Lease Liability

Right-of-use (ROU) assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs. These assets are included within capital assets, net, on the statement of net position.

Lease liabilities represent the College's obligation to make lease payments arising from leases other than short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted at the College's incremental borrowing rate of 2.80%. Short-term leases, those with a maximum period of 12 months, are expensed as incurred.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through the statement of net position date. Upon retirement, these employees are entitled to receive payment for this accrued balance as defined in the College policy and collective bargaining agreements.

Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred and are recorded as revenues when instruction is provided.

Student Fees

General college fees in the amount of $1,483,086 were waived for students for the year ended June 30, 2021, and the College charged the waived fees to its Higher Education Emergency Relief Fund (HEERF) grant from the United States Department of Education (DOE), which is recorded within federal grants and contracts within the statement of revenues, expenses and changes in net position. Included in student fees for the year ended June 30, 2022 are general college fees of $428,900, which have been designated for use by the various student organizations and activities. General college fees for the students that attended during the Fall 2021 term were waived due to COVID-19.

Tax Status

The College generally is exempt from federal and Commonwealth taxes due to its status as an unincorporated association established by the Pennsylvania Community College Act of 1963 (the Act). Under the Act, community colleges are activities of the Commonwealth.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, useful lives of capital assets, assumptions related to self-insurance reserves, and assumptions related to pension and other post-employment benefit accruals. Actual results could differ from those estimates.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Self-Insurance

The College participates in a self-insurance medical plan with a reinsurance limit of $250,000 to limit institutional financial exposure for individuals with extraordinarily large claims in a policy year. The College has established a self-insurance accrued liability account for incurred claims, as well as an estimate of claims incurred but not reported. The College's self-insurance liability at June 30, 2022 was $1,678,600 based upon an actuarial calculation based upon historical claim experience.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of a net position that applies to future periods and will not be recognized as an inflow of resources until that time. The College's deferred outflow/inflow relates to amounts recorded in connection with GASB Statement No. 68, *Accounting and Financial Reporting for*

Pensions (GASB 68), amounts recorded in connection with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), GASB Statement No. 87, *Leases*, as well as the advance refunding of the 2008 Series Community College Revenue Bonds in September 2015. See Notes E, G, I, and N for additional details.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Employees Retirement System (SERS) and the Pennsylvania Public School Employees Retirement System (PSERS) and additions to/deductions from the SERS' and PSERS' fiduciary net position have been determined on the same basis as they are reported by SERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recently Adopted Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement provides guidance for lease contracts for nonfinancial assets - including vehicles, heavy equipment and buildings - but excludes non-exchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). The lease definition now focuses on a contract that conveys control of the right to use another entity's nonfinancial assets, which is referred to in the new Statement No. 87 as the underlying asset. Under Statement No. 87, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The requirements of Statement No. 87, as amended, are effective for reporting periods beginning after June 15, 2021. The College has fully implemented GASB 87, and the adoption has been reflected as of the beginning of the earliest period presented in the financial statements, resulting in an $16,516,292 increase in lease receivable and deferred inflows, a $982,466 increase in right-of-use equipment and building assets as well as lease liability, and a decrease in unrestricted net position of $223,515 at July 1, 2021.

COVID-19 Disruptions

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States.

The unprecedented COVID-19 situation presented unique challenges for the College's employees, students, and community. The College implemented a mandatory COVID-19 vaccination and testing policy which required all faculty and staff to be fully vaccinated against COVID-19 by October 1, 2021. However, in the final weeks of fiscal 2022, the College issued a formal request to the City of Philadelphia to reconsider its vaccine mandate for all students. That reconsideration was granted, and as of July 5, 2022, the College was no longer required to mandate full COVID vaccination for students. The College anticipates this to have a positive effect on its fall enrollment.

In May 2021, the College was awarded $57,879,827 from the DOE through the American Rescue Plan (ARP) of which $3,343,811 million is still available to be spent through June 30, 2023. While the disruptions from COVID-19 are currently expected to be temporary, there is uncertainty around the duration. Therefore, while the College expects this matter to continue to negatively impact its financial position for 2023, the related financial impact cannot be reasonably estimated at this time.

NOTE B - DEPOSITS AND INVESTMENTS

The College invests its funds in accordance with the Board of Trustees' investment policy, which authorizes the College to invest in cash equivalents which consist of treasury bills, money market funds, commercial paper, bankers' acceptances, repurchase agreements and certificates of deposit; fixed income securities including U.S. government and agency securities, corporate notes and bonds, asset-backed bonds, floating rate securities and Yankee notes and bonds; stock equities and mutual funds including the Commonfund Multi-Strategy Bond Fund, Commonfund Intermediate Fund and Core Equity Fund. Regardless of fund classifications, certain general tenets apply. Investments in all classifications seek to maintain significant liquidity and maximize annual income for the College while avoiding excessive risk. Specific objectives include maintaining sufficient liquidity to meet anticipated cash needs and the preservation of principal. The College recognizes that it may be necessary to forego opportunities for potential large gains to achieve a reasonable risk posture. Certain investments are prohibited, including commodities and futures contracts, private placements, options, limited partnerships, venture capital, tangible personal property, direct real estate, short-selling, margin transactions and certain derivative instruments. Diversification, insofar as it reduces portfolio risk, is required. The Investment Subcommittee of the Business Affairs Committee meets quarterly to oversee the College's investment portfolio, guidelines and to consider any recommended changes. At least annually, the Business Affairs Committee will report to the Executive Committee on the performance of the investments and recommended changes, if any.

Fixed-income portfolio must be of investment grade overall (equivalent of Moody's credit rating of Baa3 rating or higher. The average quality rating for the corporate bond portfolio should not fall below Moody's rating of AA3.

Deposits are comprised of demand deposit accounts with financial institutions. At June 30, 2022, cash on hand was $4,000. At June 30, 2022, the carrying amount of deposits was $21,254,796 and the bank balance was $22,848,352. The differences were caused primarily by items in transit.

The following is the fair value of deposits and investments at June 30, 2022:

		Component Unit	
	College	Foundation	CCP Development, LLC
Deposits:			
Demand deposits	$ 21,254,796	$ 2,474,668	$ 137,138
Investments:			
U.S. equity funds	5,539,184	-	-
U.S. Treasury obligations	3,870,621	-	-
U.S. government agency obligations	4,097,297	-	-
Corporate and foreign bonds	1,336,065	-	-
Intermediate fixed income mutual fund	5,364,912	4,642,567	-
Investment in subsidiary	5,023,069	-	-
Multi-strategy bond mutual fund	5,014,834	-	-
Core equity fund	5,102,278	8,605,841	-
Money market mutual funds	6,116,951	2,098,728	-
Private real estate fund	-	2,344	-
	$ 62,720,007	$ 17,824,148	$ 137,138

In addition to the deposits and investments listed above, the College also has bond proceeds available for campus construction held by State Public School Building Authority, and the Bank of New York (the trustees), under the terms of various bond indentures. Bond proceeds available for campus construction are carried in the financial statements at fair value and consist of short-term investments and government securities. As of June 30, 2022, bond proceeds available for campus construction were $7,514,348.

As of June 30, 2022, CCP Development, LLC has debt proceeds available for CATC construction of $7,165,491. See Note N for additional details. The College's investments are subject to various risks. Among these risks are custodial credit risk, credit risk, and interest rate risk. Each one of these risks is discussed in more detail below.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to the College. The College does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971, as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

At June 30, 2022, the College's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the College's name	$ 21,254,796

The College participates in the Certificate of Deposit Account Registry Service (CDARS) for its certificates of deposit and Insured Cash Sweep (ICS). CDARS and ICS allow the College to access Federal Deposit Insurance Corporation insurance on multi-million-dollar certificates of deposit and money market deposit accounts to earn rates that compare favorably to treasuries and money market mutual funds. Custodial credit risk has been eliminated for the College's certificates of deposit as a result of its participation in the CDARS program.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's.

The multi-strategy bond mutual fund and the intermediate fixed income mutual fund are mutual funds managed by the Commonfund. The credit quality of the investments that comprise these funds at June 30, 2022 are:

	Multi-Strategy Bond	Intermediate Fixed Income
Government	14%	31%
Agency	24	20
AAA	12	16
AA	3	4
A	10	21
BBB	18	7
Below BBB	14	1
Non-rated/other	5	0
	100%	100%

The credit quality of the fixed income investments in which the College directly invests, including U.S. Treasury obligations, U.S. government agency obligations and corporate and foreign bonds, at June 30, 2022, is as follows:

	Fixed Income Investments
Aaa	54%
Aa	3
A	33
Baa	10
	100%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. The College's investment policy does not specifically address limitations in the maturities of investments. The weighted average maturities of the College's fixed income investments at June 30, 2022 are as follows:

	Weighted-Average Maturity (Years)
U.S. Treasury obligations	3.56
U.S. government agency obligations	3.24
Corporate and foreign bonds	4.60

The College categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2022:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, equity mutual funds and money market mutual funds of $45,981,128 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of $1,336,065 are valued using a matrix pricing model (Level 2 inputs), while the intermediate fixed income mutual fund and the multi-strategy bond mutual fund totaling $10,379,746 are valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2022:

Demand deposits, equity mutual fund, and money market mutual funds of $13,179,237 are valued using quoted market prices (Level 1 inputs).

The intermediate fixed income mutual fund of $4,642,567 is valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The private real estate fund of $2,344 is valued at the NAV per share (or its equivalent) of the investments (Level 3 inputs).

CCP Development, LLC has the following recurring fair value measurements as of June 30, 2022:

Demand deposits $137,138 are valued using quoted market prices (Level 1 inputs).

The valuation method for investments measured at the NAV per share (or its equivalent) at June 30, 2022 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Intermediate fixed income mutual fund [1]	$ 10,007,479	-	Monthly	30 days
Multi-strategy bond mutual fund [2]	5,014,834	-	Weekly	7 days
Private real estate fund [3]	2,344	-	N/A	N/A
Total investments measured at NAV	$ 15,024,657			

[1] *Intermediate Fixed Income Mutual Fund*. The investment objective of the Multi-Strategy Bond Fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index, net of fees, and to provide competitive returns relative to the Russell U.S. Core Plus Fixed Income Universe. The fund's risk characteristics will vary from those of the index due to its diversified exposures to sectors outside of the index, including below investment grade debt and international bond and currency markets. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

[2] *Multi-Strategy Bond Mutual Fund*. The investment objective of the Intermediate Term Fund is to produce a total return in excess of its benchmark, the Bank of America Merrill Lynch 1-3 Year Treasury Index, but attaches greater emphasis to its goal of generating a higher current yield than short-term money market investments in a manner that mitigates the chances of a negative total return over any 12-month period. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

[3] *Private Real Estate Fund*. Equus Capital Partners' Fund X (Equus) seeks to acquire value-add properties across all major real estate segments throughout the U.S. It is a sole-acquirer that takes equity positions and does not partner with regional owner-operators through joint ventures that can be dilutive to equity upside profits. The fund aims to be fully diversified across all major property types and across all U.S. property markets. Equus runs a vertically integrated platform, from deal sourcing, through acquisition to portfolio management, property management, renovation, repositioning and exit. The fund includes moderate leverage on its acquisitions, with no debt recourse to the fund level. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable include the following at June 30, 2022:

	College	Component Unit Foundation
Tuition and fee receivables	$ 2,076,661	$ -
Grants receivable	-	5,619
Other receivables	1,150,810	-
Receivable from Foundation	94,877	-
	3,322,348	5,619
Less: allowance for doubtful accounts	(691,075)	-
Total	$ 2,631,273	$ 5,619

The College anticipates that all of its net accounts receivable will be collected within one year.

Accounts receivable, tuition and fees and other are reported as net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts.

NOTE D - CAPITAL ASSETS

The College's capital assets consist of the following at June 30, 2022:

	Balance July 1, 2021	Additions	Retirements and Adjustments	Balance June 30, 2022
Capital assets not depreciated:				
Land and improvements	$ 31,094,977	$ -	$ -	$ 31,094,977
Construction in progress	16,440,255	5,934,327	(19,936,050)	2,438,532
Works of art	902,620	-	-	902,620
	48,437,852	5,934,327	(19,936,050)	34,436,129
Capital assets being depreciated:				
Buildings and improvements	244,801,819	18,094,288	-	262,896,107
Equipment and furniture	44,307,752	3,002,892	(708,940)	46,601,704
Library books	5,878,869	175,185	-	6,054,054
Microforms	1,669,832	-	-	1,669,832
Leased buildings	-	1,165,259	-	1,165,259
Leased equipment	-	450,114	-	450,114
Software	4,038,895	-	-	4,038,895
System software	6,911,878	-	-	6,911,878
Total before depreciation	307,609,045	22,887,738	(708,940)	329,787,843
	$ 356,046,897	$ 28,822,065	$ (20,644,990)	$ 364,223,972

Accumulated depreciation/amortization by asset categories is summarized as follows:

	Balance July 1, 2021	Additions	Retirements and Adjustments	Balance June 30, 2022
Buildings and improvements	$ 135,766,211	$ 5,658,863	$ -	$ 141,425,074
Equipment and furniture	40,273,358	1,132,940	(258,825)	41,147,473
Library books	5,154,399	139,615	-	5,294,014
Microforms	1,669,832	-	-	1,669,832
Leased buildings	-	274,020	-	274,020
Leased equipment	-	392,663	-	392,663
Software	4,038,895	-	-	4,038,895
System software	6,862,095	11,642	-	6,873,737
Total accumulated depreciation	$ 193,764,790	$ 7,609,743	$ (258,825)	$ 201,115,708
				$ 163,108,264

CCP Development, LLC's capital assets consist of construction in progress in the amount of $26,373,206 at June 30, 2022. See Note N for additional details.

NOTE E - LEASES

Leases Where College is the Lessor

On May 17, 2017, the College entered into a ground lease agreement with RPG Hamilton. The lease term is for 75 years with an option to extend the lease for an additional 24 years. Annual lease rental is payable to the College every quarter. The agreement allows RPG Hamilton to develop, operate and manage a mixed-use development to be built in two phases. Phase 1 consists of 2,000 square feet of retail space, 47,800 square feet of parking, and 290 apartments. Phase 1 was completed on April 5, 2019. Phase 2 consists of 297 apartment units. Phase 2 was completed on October 18, 2021. The addition of housing, retail space, and parking adjacent to the College provides an important marketing advantage for recruiting students, especially international and out of state students by providing a safe and secure environment while providing additional revenue to the College.

Under GASB 87, the College as a lessor, reports receivables for all leases of land, buildings, and equipment (except for short-term leases and contracts that transfer ownership). Accordingly, a lease receivable and deferred inflow both in the amount of $16,430,148, were recorded on July 1, 2021 reflecting the adoption of GASB 87 for CCP as lessor. For the year ended June 30, 2022, the College received $275,000 in lease revenue and $257,291 in lease interest revenue.

The following is a schedule by year of lease receivable principal and interest repayments to maturity of the lease where the College is the lessor:

Future Minimum Rental Payments	Principal	Interest	Total
2023	$ (88,587)	$ 463,587	$ 375,000
2024	(91,000)	466,000	375,000
2025	(93,684)	468,684	375,000
2026	(96,341)	471,341	375,000
2027	(99,073)	474,073	375,000
Thereafter	16,984,976	38,043,165	55,028,141
	$ 16,516,291	$ 40,386,850	$ 56,903,141

Leases Where College is the Lessee

The College leases certain equipment and property under lease arrangements through 2026 The principal and interest for the next five years and beyond are projected below for lease obligations:

June 30,	Principal	Interest	Total
2023	$ 245,245	$ 22,134	$ 267,379
2024	258,268	14,577	272,845
2025	271,444	6,866	278,310
2026	93,737	552	94,289
	$ 868,694	$ 44,129	$ 912,823

NOTE F - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

	College	Component Unit Foundation	Component Unit CCP Development LLC
Category:			
Vendors and others	$ 10,545,477	$ 245,467	$ 2,478,599
Accrued salaries	2,837,047	4,000	-
Accrued benefits	2,161,394	-	-
Compensated absences	4,094,752	-	-
Retirement incentive payments	1,502,181	-	-
Accrued interest	207,023	-	-
	$ 21,347,874	$ 249,467	$ 2,478,599

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance July 1, 2021	Additions	Deductions	Total Ending Balance June 30, 2022	Current Portion
Long-term liabilities:					
Accounts payable and accrued liabilities	$ 23,071,602	$ 149,728	$ (1,873,456)	$ 21,347,874	$ 19,308,079
Payable to government agencies	423,268	203,827	(423,268)	203,827	203,827
Lease liability	450,115	532,351	-	982,466	359,018
Long-term debt	77,080,000	-	(7,600,000)	69,480,000	7,975,000
Unamortized bond premium	6,711,743	-	(728,918)	5,982,825	728,918
Other post-employment benefits	180,486,153	12,109,893	(531,473)	192,064,573	-
	$288,222,881	$ 12,995,799	$ (11,157,115)	$290,061,565	$ 28,574,842

NOTE G - DEBT

The College’s debt financing is primarily provided through Community College Revenue Bonds issued by the Hospitals and Higher Education Facilities Authority and the State Public School Building Authority.

Debt consisted of the following at June 30, 2022:

	Balance July 1, 2021	Additions	Principal Payments	Balance June 30, 2022	Current Portion
2015 Series	$ 36,560,000	$ -	$ (4,830,000)	$31,730,000	$ 5,070,000
2018 Series	17,360,000	-	(2,460,000)	14,900,000	2,580,000
2019 Series	8,580,000	-	(310,000)	8,270,000	325,000
2020 Series	14,580,000	-	-	14,580,000	-
	$ 77,080,000	$ -	$ (7,600,000)	$69,480,000	$ 7,975,000

Future annual principal and interest payments at June 30, 2022 are as follows:

	Principal	Interest	Total
June 30:			
2023	$ 7,975,000	$ 3,077,284	$ 11,052,284
2024	6,240,000	2,678,534	8,918,534
2025	6,550,000	2,366,534	8,916,534
2026	6,000,000	2,039,034	8,039,034
2027	6,305,000	1,739,034	8,044,034
2028	7,565,000	1,423,784	8,988,784
2029	2,135,000	1,071,450	3,206,450
2030	2,220,000	990,192	3,210,192
2031	2,305,000	903,848	3,208,848
2032	2,395,000	812,343	3,207,343
2033	2,495,000	715,876	3,210,876
2034	2,595,000	614,002	3,209,002
2035	2,705,000	506,661	3,211,661
2036	2,805,000	405,660	3,210,660
2037	2,900,000	310,502	3,210,502
2038	3,000,000	212,120	3,212,120
2039	1,950,000	108,950	2,058,950
2040	1,340,000	45,413	1,385,413
	$ 69,480,000	$ 20,021,221	$ 89,501,221

2015 Series

Under a loan agreement dated September 10, 2015, between the Authority and the College, the College borrowed $52,075,000 of 2015 Series Community College Revenue Bonds to advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2008 and additional 2015 Capital Projects. The 2015 Capital Projects consist of the following: (1) renovating the College's biology labs; (2) replacing certain escalators located in the College's West Building; and (3) various other renovations, repairs and capital improvements. All of the foregoing components of the 2015 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2015 Series Bonds are payable over 12½ years at rates from 2.00% to 5.00%, with an average debt service payment of $4,166,000.

Remaining principal payments for the 2015 Series Bonds required by the loan agreement are as follows:

	Principal
2023	$ 5,070,000
2024	5,325,000
2025	5,590,000
2026	4,995,000
2027-2029	10,750,000
	$ 31,730,000

2018 Series

Under a loan agreement dated May 1, 2018, between the Authority and the College, the College borrowed $24,155,000 of 2018 Series Community College Revenue Bonds to refund the outstanding Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2017 and the additional 2018 Capital Projects. The 2018 Capital Projects consist of the renovation and improvements of the Library Learning Commons facility at the main campus. All of the foregoing components of the 2018 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2018 Series Bonds are payable over 20½ years at rates from 3.63% to 5.00%, with average debt service payments of $3,291,851 through 2023 and $1,148,381 from 2024 through 2038.

	Principal
2023	$ 2,580,000
2024	575,000
2025	600,000
2026	630,000
2027-2038	10,515,000
	$ 14,900,000

2019 Series

Under a loan agreement dated May 2019, between the Authority and the College, the College borrowed $9,155,000 College Revenue Bonds (Community College of Philadelphia Project), Series A of 2019. The 2019 Capital Projects consist of (a) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot, building on land owned by the College in West Philadelphia, with a facility that will be used to house the College's Career and Advanced Technology Center, (b) the demolition of an existing building on such site, and (c) other miscellaneous capital improvements at such site including parking, landscaping and related improvements. All of the foregoing components of the 2019 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2019 Series A Bonds are payable over 20 years at rates from 3.00% to 5.00%, with average debt service payments of $675,589 from 2020 through 2039.

Principal payments required by the loan agreement are as follows:

	Principal
2023	$ 325,000
2024	340,000
2025	360,000
2026	375,000
2027	395,000
2028-2039	6,475,000
	$ 8,270,000

2020 Series

Under a loan agreement dated December 8, 2020, between the Authority and the College, the College borrowed $14,580,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable). The 2020 Capital Project is completion funding for the 2019 Capital Project and consists of:

(a) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot building on land owned by the College in West Philadelphia, which facility will be used to house the College's Career and Advanced Technology Center, and

(b) other miscellaneous capital improvements at such site, including parking, landscaping and related improvements.

The 2020 Series Bonds were issued prior to the closing of the new market tax credit transaction which occurred on December 9, 2020. A portion of the proceeds of the 2020 Series Bonds was used as a leveraged loan to an investment fund which in turn, through three community development entities, lent such proceeds to CCP Development, LLC, which is 90% owned by the College and 10% owned by Career and Advanced Technology Center, Inc., a 501(c)(3) tax-exempt nonprofit corporation. CCP Development, LLC will use the proceeds and net new market tax credit equity received to construct the Career and Advanced Technology Center. The loan to CCP Development, LLC is secured by a first priority mortgage and lien on the Career and Advanced Technology Center. All of the foregoing components of the 2020 Capital Project will be used in conjunction with College's operation of its community college buildings in furtherance of its educational mission. Refer to Note N for additional details.

Remaining principal payments required by the loan agreement are as follows:

	Principal
2028	$ 950,000
2029	970,000
2030	995,000
2031	1,020,000
2032	1,045,000
2033	1,075,000
2034-2040	8,525,000
	$ 14,580,000

NOTE H - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

(Payable to) receivable from government agencies includes the following at June 30, 2022:

	(Payable)	Receivable
Commonwealth of Pennsylvania:		
Provision for potential audit findings and reimbursement calculation	$ (118,188)	$ -
Grants and special projects	-	1,078,749
PHEAA for grants	(85,639)	-
	(203,827)	1,078,749
City of Philadelphia:		
Grants receivable	-	2,899,775
4th Quarter City Appropriation	-	9,827,302
Federal:		
Financial aid programs	-	18,338
Grants and special projects	-	25,336,260
	-	38,081,675
Total	$ (203,827)	$ 39,160,424

NOTE I - EMPLOYEE BENEFITS

Retirement benefits are provided for substantially all employees through payments to one of the board authorized retirement programs. Although the College does not offer participation in the Pennsylvania State Employees' Retirement System (SERS) or the Public School Employees' Retirement System (PSERS), it has grandfathered continued participation for those employees currently enrolled. The College has 12 employees participating in the SERS and 23 employees in the PSERS.

Defined Benefit Plans

The PSERS and SERS are cost-sharing multiple employer-defined benefit plans and are administered by the Commonwealth as established under legislative authority. The financial statements for PSERS and SERS can be obtained from the following: Commonwealth of Pennsylvania, Public School Employees' Retirement System, 5 North Fifth Street, P.O. Box 125, Harrisburg, PA 17108 0125; and Commonwealth of Pennsylvania, State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147.

<u>Benefits Provided</u>

PSERS and SERS provide retirement, disability, and death benefits. For PSERS, retirement benefits are determined as 2.00% or 2.50% (depending on membership class), of the individual's final average salary multiplied by the number of years of credited service. After completion of five years of service, an individual's right to defined benefits is vested, and early retirement may be elected. Individuals are eligible for disability retirement benefits after completion of five years of credited service. Such disability benefits are generally equal to 2.00% to 2.50% (depending on membership class) of the member's final average salary multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service. Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

For SERS, retirement benefits are determined at 2.00% or 2.50% (depending on membership date) of the highest three-year average salary times the number of years of service. The vesting period is either 5 or 10 years (depending on membership date) of credited service.

<u>Contributions</u>

For PSERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full time faculty, administrators and other staff, the College contributes 17.63% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.50% of all earnings for members prior to July 22, 1983 and 7.50% of all earnings for members after July 22, 1983.

For SERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full-time faculty, administrators and other staff, the College contributes 26.05%, 30.44%, and 38.82% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.25% of all earnings.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources</u>

At June 30, 2022, the College reported a liability of $1,150,000 and $2,528,564, within other post-employment benefits liability on the statements of net position, for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2021 for PSERS and December 31, 2021 for SERS, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability is based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2022 and December 31, 2021, the College's proportion of PSERS and SERS was 0.0028% and 0.01735410%, respectively.

For the year ended June 30, 2022, the College recognized proportional pension expense for PSERS and SERS of $3,000 and $186,677 respectively, as provided by the plans' actuarial schedules. At June 30, 2022, the College reported deferred outflows and inflows of resources related to pensions from the following sources:

PSERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,000	$ 15,000
Net difference between projected and actual earnings on pension plan investments	56,000	183,000
Changes in proportion and differences between College contributions and proportionate share of contributions	-	95,000
Total	$ 57,000	$ 293,000

SERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16,695	$ 14,555
Changes in assumptions	260,241	-
Net difference between projected and actual earnings on pension plan investments	-	731,577
Changes in proportion	360,220	48,429
Changes in proportion and differences between College contributions and proportionate share of contributions	-	234,329
Total	$ 637,156	$ 1,028,890

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuations for the year ended June 30, 2022, unless otherwise stated. These methods and assumptions were applied to all periods included in the measurement:

PSERS

Actuarial cost method	entry age normal level % of pay
Investment rate of return	7.25%, includes inflation at 2.75%
Salary increases	effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth of 2.25% and merit of seniority increases
Mortality rates	Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

SERS

Actuarial cost method	entry age
Amortization method	straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.00% net of manager fees including inflation as of June 30, 2022
Projected salary increases	average of 4.60% with range of 3.30% - 6.95% including inflation
Inflation	2.50%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement for retirees, beneficiaries, and survivors and rates determined by SERS actuaries using actual SERS experience for pre-retirement active members
Cost of living adjustments	none (ad hoc)

PSERS

The long-term expected real rate of return on pension investments is determined using a building-block method in which best estimates of ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return are summarized at June 30, 2022, in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Public Equity	27.00%	5.20%
Private Equity	12.00%	7.30%
Fixed Income	35.00%	1.80%
Commodities	10.00%	2.00%
Absolute Return	8.00%	3.10%
Infrastructure/MLPs	8.00%	5.10%
Real Estate	10.00%	4.70%
Risk Parity	0.00%	0.00%
Cash	3.00%	0.10%
Financing (LIBOR)	(13.00)%	0.10%
	100.00%	

SERS

Some of the methods and assumptions mentioned above are based on the 17th Investigation of Actuarial Experience, which was published in January 2011 and analyzed experience from 2006 through 2010. The long-term expected real rate of return on pension investments is determined using a building-block method in which best estimates of ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return are summarized, at June 30, 2022, in the following table:

Asset Class	Total Allocation	Long-Term Expected Rate of Return
Private equity	12.00%	6.00%
Private credit	4.00%	4.25%
Real estate	7.00%	3.75%
U.S. equity	31.00%	4.60%
International developed markets equity	14.00%	4.50%
Emerging markets equity	5.00%	4.90%
Fixed income - core	22.00%	(0.25)%
Fixed income - opportunistic	0.00%	0.00%
Inflation protection (TIPS)	3.00%	(0.30)%
Cash	2.00%	-1.00%
	100.00%	

For both PSERS and SERS, the discount rate used to measure total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Position Liability

For PSERS, the College's net pension liability at June 30, 2022 is $1,150,000 using a 7.00% discount rate. The College's net pension liability would have been $1,509,000 assuming a 1%-point decrease (6.00%) in the discount rate and would have been $847,000 assuming a 1%-point increase (8.00%) in the discount rate.

For SERS, the College's net pension liability at June 30, 2022 is $2,528,564 using a 7.00% discount rate. The College's net pension liability would have been $3,662,337 assuming a 1%-point decrease (6.00%) in the discount rate and would have been $1,569,995 assuming a 1%-point increase (8.00%) in the discount rate.

Defined Contribution Plans

The College also sponsors one defined contribution plan, and as such, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time faculty and administrative employees are eligible to participate from the date of employment, and clerical employees have a one year waiting period. Participation is mandatory for full-time faculty and administrative employees upon reaching the age of 30 or after two years of employment, whichever is the later date. Participation is mandatory for full-time classified and confidential employees upon reaching the age of 30 or after four years of employment, whichever is the later date. Part-time faculty may participate after earning four seniority units, as defined in the collective bargaining agreement. College policy and collective bargaining agreements require that both the employee and the College contribute amounts, as set forth below, based on the employee's earnings.

The College's contributions for each employee (and interest allocated to the employee's accounts) are fully vested. Death benefits for value of accumulation are provided to the beneficiary of a participant who dies prior to retirement. Various payment options are available. The College has 1,010 employees participating in this program.

The payroll for employees covered by the three plans was $57,701,632 and the College's total payroll is $75,890,592 at June 30, 2022. Contributions made by the College for the year ended June 30, 2022 are $6,111,961, representing 10.59% of covered payroll. College employees contributed $4,938,434 for the year ended June 30, 2022.

A summary of retirement benefits follows:

Type of Employee:	
Full-time faculty	10% of base contract
Visiting lecturers	5% of base contract
Part-time faculty	5% of all earnings
Administrators and other staff	10% of base contract
Others	10% of annual salary
Employee contribution	5% of base salary

Post-Employment Benefits (OPEB)

Program Description

The College provides post-employment benefits other than pensions (OPEB) to eligible retirees of the College and their spouses. Health benefits include medical, prescription drug and dental coverage. Retirees and spouses are eligible to continue coverage for life as long as the retiree premium rates are paid. Life insurance benefit continues until age 65. Spouses are not covered. Life insurance benefit is determined as follows: Administrators = 2.5 times last annual salary, rounded up to next $1,000; Faculty, Classified, Confidential = 2 times last annual salary, rounded up to next $1,000; Faculty on Pre-Retirement Half-Time Workload Option = 4 times last annual salary, rounded up to next $1,000. These healthcare benefits are funded by a single employer plan.

Eligibility

Participants must be at least age 62 with 10 years of full-time service and have attained age plus service being greater than or equal to 77.

Funding Policy

Post-employment benefits other than pensions stem from the College's three collective bargaining agreements. For the year ended June 30, 2022, the College paid $257,795 on behalf of the retirees and spouses. The College pays 100% of the premium for coverage for retirees until the end of the contract year in which the retiree attains age 65. Thereafter, the retiree pays 50% of the total premium, less the Medicare Part B premium. Pre-65 and post-65 retirees pay 50% of active medical benefits for pre-65 spouses. Post-65 retirees pay 50% of the premium for the coverage of post-65 spouses, less their Medicare Part B premium. Pre-65 retirees pay 0% of the premium for the coverage of post-65 spouses (the College pays 100% of their premium). Surviving spouses must pay 100% of the premium for coverage without getting reimbursed for Medicare Part B premium if over 65. Retirees on Medicare disability are given the Medicare Part B reimbursement regardless of age. The College pays 100% of the premium for retired post-65 part-time teachers and their spouses.

Employees/Retirees/Beneficiaries	Number of Participants as of July 1, 2021
Actives	473
In-actives currently receiving benefit payments	246
	719

The following table provides a summary of the changes in the College's total OPEB liability for fiscal year ended June 30, 2022. The valuation date was July 1, 2021 and the measurement date was June 30, 2022.

Change in Total OPEB Liability (TOL)	July 1, 2021
TOL, beginning of year	$ 176,276,116
Service cost	5,707,368
Interest	3,974,279
Change in benefit terms	-
Difference between expected and actual experience	2,021,160
Benefits paid	(4,303,681)
Changes in assumptions	4,710,767
TOL, end of year	$ 188,386,009

The following summarizes the development of benefit for the year ended June 30, 2022:

	2022
Service cost	$ 5,707,368
Interest	3,974,279
Changes in assumptions	1,570,256
Amortization of:	
Total OPEB liability and assumption gain	(13,078,141)
Total benefit	$ (1,826,238)
Weighted-average assumptions to determine expense:	
Actual benefit payments	$ 4,303,681
Discount rate	2.16%
Expected return on assets	N/A
Salary scale	3.00%
Current rate	6.50%
Ultimate rate/year reached	4.50%/2042

Deferred inflows of resources reported by the College at June 30, 2022 are as follows:

Date Amortization Base Set	Net Amount	Amortization Period Remaining
June 30, 2022	$ 52,868,983	4.00

Deferred outflows of resources reported by the College at June 30, 2022 are as follows:

Date Amortization Base Set	Net Amount	Amortization Period Remaining
June 30, 2022	$ 24,131,442	4.00

Deferred Inflows Projection

Amounts reported as deferred inflows of resources will be recognized in expense as follows:

Years Ending June 30:	
2023	$ 9,027,772
2024	1,469,957

Actuarial Assumptions - 2022

Mortality Table: The Pub-2011 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2021 for faculty participants and Pub-2011 Public Retirement Plans General mortality projected generationally with Scale MP-2021 for all other participants.

Discount Rate: 2.16% for determining June 30, 2022 disclosure and estimated 2023 expense; 2.21% for determining June 30, 2021 disclosure and estimated 2022 expense.

Discount Rate Determination Method: Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the Bond Buyer 20-Bond Go index as of the measurement dates.

A one-percentage point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for post-employment benefits obligations at June 30, 2022:

Discount Rate Change	1% Decrease	1% Increase
Net OPEB Liability	$ 224,021,649	$ 160,241,949
Net OPEB Liability Healthcare Trend Rate	$ 159,090,766	$ 225,971,748

Retirement Incentive Program

Effective September 1, 2014, the collective bargaining agreement provides for a retirement incentive for full-time employees at age 63, 64 or 65 with at least 20 years of service. The incentive payment is a percentage of final pay based on years of service. Thirty-three employees will receive the incentive payment during fiscal year 2022-23. The present value of these payments is $790,948.

NOTE J - COMMITMENTS AND CONTINGENCIES

The use of grant monies received is subject to compliance audits by the disbursing governmental agency. The College believes it is in compliance with all significant grant requirements.

The nature of the educational industry is such that, from time to time, the College is exposed to various risks of loss related to torts; alleged negligence; acts of discrimination; breach of contract; labor disputes; disagreements arising from the interpretation of laws or regulations; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services. The College addresses these risks by purchasing commercial insurance. The College's retention of risk is limited to the deductibles on its insurance policies, which range from $0 to $150,000 per claim depending on the nature of the claim.

There have been no significant reductions in insurance coverage from the prior year. There have been no instances where a settlement amount exceeded the insurance coverage for each of the last three years. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

The College's Collective Bargaining Agreement with Faculty and Classified employee unions expires on August 31, 2024.

NOTE K - OPERATING EXPENSES

The College's and component unit Foundation's operating expenses, on a natural-classification basis, were comprised of the following for the year ended June 30, 2022:

	College	Component Unit Foundation
Salaries	$ 75,890,552	$ 907,280
Benefits	36,603,095	339,208
Contracted services	10,983,397	57,995
Supplies	2,927,349	75,134
Depreciation	7,609,743	-
Non-Inventory Capital	-	18,244
Student aid	36,950,953	1,273,758
Other post-retirement benefits	(6,273,585)	-
Other	23,847,558	344,533
	$ 188,539,062	$ 3,016,152

NOTE L - CITY AND COMMONWEALTH APPROPRIATIONS

Appropriations from the Commonwealth and the City for the year ending June 30, 2022 were as follows:

	Operations	Capital
Commonwealth of Pennsylvania	$ 32,340,889	$ 5,657,509
City of Philadelphia	37,171,793	5,890,103
	$ 69,512,682	$ 11,547,612

NOTE M - PASS-THROUGH GRANTS

The College distributed $21,111,195 during the year ended June 30, 2022 for student loans through the U.S. Department of Education Federal Direct Loan Program. These distributions and related funding sources are not included as expenses and revenues, nor as cash disbursements and cash receipts in the accompanying financial statements.

NOTE N - NEW MARKET TAX CREDITS (CAREER AND ADVANCED TECHNOLOGY CENTER PROJECT)

On April 5, 2018, the Board of Trustees of the College approved a Resolution authorizing the West Regional Center Expansion. The West Regional Center Expansion is a capital project consisting of the development, construction, improvement, furnishing, equipping and fit out of a new building of approximately 75,000 square foot on land owned by the College in West Philadelphia. The building is being referred to as the Career and Advanced Technology Center (the CATC).

The construction of CATC is supported by several mechanisms that include tax-exempt and taxable municipal bonds, Pennsylvania Department of Education capital funding, Redevelopment Assistance Capital Program (RACP) grants and New Market Tax Credits (NMTC).

On August 15, 2018, the Pennsylvania Department of Education approved the College's application for State assistance for the construction of community college facilities to expand the West Regional Center. The Department provided $10,000,000 towards the capital expense of this Project in the form of debt service for the Series 2019 bonds, with the remainder to be financed by local sponsorship and other sources.

On May 8, 2019, the College successfully issued $9,155,000 Series 2019 bonds with a premium of $1,028,784 for total proceeds of $10,183,784. The Series 2019 bonds were issued to assist with the construction of the CATC.

For additional funding of the CATC, the College utilized NMTC by which investors provide capital to community development entities (CDEs), and in exchange are awarded credits against their federal tax obligations. The NMTC program offers credits against federal income taxes over a 7-year period for Qualified Equity Investments in designated CDEs pursuant to Section 45D of the Internal Revenue Code in order to assist eligible businesses in making investments in certain low-income communities.

The CATC is located at 4750 Market Street, Philadelphia, Pennsylvania, within a census tract that constitutes a "low-income community" and therefore qualified for the NMTC program. CCP Development, LLC (the LLC) was established as a qualified active low-income community business (QALICB) and serves as the leveraged loan lender for the NMTC transaction. The LLC was allocated $25,945,000 of NMTC's from three separate CDEs which invested in the CATC.

As part of the NMTC transaction, an investment fund (the Fund) was established and funded through an investment of NMTC equity from an investor (Fund Investor). The Fund invested in the three CDEs which made loans to the LLC on December 9, 2020 in the aggregate amount of $25,945,000.

Upon completion of the construction of the CATC building, the LLC will lease the building to the College. The College will be responsible for all operating and maintenance costs of the CATC upon completion, which is expected to be in 2023. The base rent of $137,500 is due quarterly on the first day of February, May, August and November. A one-time base rent payment in the amount of $90,000 shall be made on December 9, 2027. A one-time base rent payment in the amount of $66,000 shall be made on February 1, 2028. Quarterly payments due on payment dates occurring during the period beginning May 1, 2028 and ending on November 1, 2028, shall be in the amount of $156,000. The College plans to exercise its option to terminate the lease arrangement at the end of the 7-year tax credit investment period.

Interest on the three loans is paid by the LLC, commencing on February 5, 2021, at 1.836% per annum. The notes all mature on November 1, 2050 with interest only payments through October 31, 2028 and principal and interest payments from February 5, 2029 and continuing each annual payment date thereafter through and including August 5, 2050. The College provided a limited payment guaranty and completion guaranty to the CDEs to secure the loans.

The loan receivable and related interest receivable from the Fund to the College are recorded as a loan receivable within the statements of net position. The LLC recorded the three loan obligations owed to the CDEs as notes payable within the statement of net position. Because there is no right of offset between the loan receivable due to the College and the notes payable by the LLC, the loan receivable and notes payable are presented separately in the statement of net position for the year ending June 30, 2022.

The leveraged loans mature on August 1, 2046, and the Fund will pay the College interest only at a rate of 2.197% per annum for the outstanding balance commencing December 9, 2020. Amortization begins February 1, 2029 with the first amortizing payment due February 15, 2029. At the end of the 7-year tax credit investment period, and for the following six months (Put Option Period), between December 9, 2027 and May 9, 2028, the Fund Investor has an option, but not an obligation, to sell to the College the Fund Investor's interest in the Fund for a put exercise price of $1,000. If the put is not exercised, then the College has the right and option, at any time during the 6-month period following the Put Option Period, to elect to purchase the Fund Investor's interest in the Fund, at an amount equal to the fair market value at the time of exercise.

As of the date of issuance of the financial statements, the LLC has $7,165,491 available for the completion of the CATC project.

NOTE O - SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 30, 2022, noting no items which would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,
(Amounts are in thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 5,707	$ 3,923	$ 5,863	$ 6,425	$ 10,624
Interest cost	3,974	4,952	6,925	5,696	6,234
Difference between expected and actual experience	2,021	-	(33,487)	-	(47,379)
Changes in assumptions	4,711	31,764	617	-	(19,251)
Changes in benefit terms	-	-	(11,026)	(9,920)	-
Benefit payments	(4,303)	(3,874)	(4,929)	(4,449)	(4,934)
Net change in total OPEB liability	12,110	36,765	(36,037)	(2,248)	(54,706)
Total OPEB liability - beginning	176,276	139,511	175,548	177,796	232,502
Total OPEB liability - ending (a)	$ 188,386	$ 176,276	$ 139,511	$ 175,548	$ 177,796
Plan Fiduciary Net Position					
Contribution - employer	$ 4,303	$ 3,874	$ 4,929	$ 4,449	$ 4,934
Benefit payments	(4,303)	(3,874)	(4,929)	(4,449)	(4,934)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -
Net OPEB liability - ending (a)-(b)	$ 188,386	$ 176,276	$ 139,511	$ 175,548	$ 177,796
Covered-employee payroll	$ 56,145	$ 55,279	$ 53,434	$ 51,546	$ 54,241
Total OPEB liability as a percentage of covered-employee payroll	336%	319%	261%	341%	328%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015
PSERS								
College's proportion of the net pension liability	0.0028%	0.0028%	0.0030%	0.0034%	0.0034%	0.0035%	0.0032%	0.0026%
College's proportionate share of the net pension liability	$ 1,150,000	$ 1,379,000	$ 1,403,000	$ 1,632,000	$ 1,679,000	$ 1,734,000	$ 1,386,000	$ 1,030,000
College's covered employee payroll	$ 268,640	$ 244,157	$ 407,745	$ 456,911	$ 455,779	$ 454,763	$ 413,104	$ 335,800
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%
SERS								
College's proportion of the net pension liability	0.0173%	0.0155%	0.0149%	0.0148%	0.0160%	0.0147%	0.0110%	0.0120%
College's proportionate share of the net pension liability	$ 2,528,564	$ 2,831,037	$ 2,710,432	$ 3,083,795	$ 2,758,923	$ 2,827,306	$ 1,998,201	$ 1,784,684
College's covered employee payroll	$ 1,165,438	$ 1,021,917	$ 958,066	$ 930,394	$ 979,992	$ 894,293	$ 653,759	$ 692,779
Plan fiduciary net position as a percentage of the total pension liability	76.00%	67.00%	63.10%	56.40%	63.00%	57.80%	58.90%	64.80%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULES OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015
PSERS								
Contractually required contribution	$ 95,000	$ 175,000	$ 134,000	$ 144,000	$ 130,000	$ 111,000	$ 83,000	$ 52,000
Contribution in relation to the contractually required contribution	95,000	175,000	134,000	144,000	130,000	111,000	83,000	52,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 268,640	$ 244,157	$ 407,745	$ 456,911	$ 455,779	$ 454,763	$ 413,104	$ 335,800
Contributions as a % of covered employee payroll	35.3633%	71.6752%	32.8637%	31.5160%	28.5226%	24.4083%	20.0918%	15.4854%
SERS								
Contractually required contribution	$ 229,696	$ 352,495	$ 334,491	$ 323,944	$ 325,667	$ 301,735	$ 202,576	$ 98,248
Contribution in relation to the contractually required contribution	229,696	352,495	334,491	323,944	325,667	301,735	202,576	98,248
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,165,438	$ 1,021,917	$ 958,066	$ 930,394	$ 979,992	$ 894,293	$ 653,759	$ 692,779
Contributions as a % of covered employee payroll	19.7090%	34.4935%	34.9131%	34.8179%	33.2316%	33.7401%	30.9863%	14.1817%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

OTHER SUPPLEMENTARY INFORMATION

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

REFORMATTED SCHEDULE OF NET POSITION

Year ended June 30, 2022

(In thousands)

	Community College of Philadelphia Foundation	CCP Development, LLC
Cash on deposit and on hand	$ 23,733	$ 137
Investments	56,815	-
Accounts receivable	39,725	-
Allowance for doubtful accounts	(691)	-
Due from other governments	39,160	-
Restricted assets	1,531	7,165
Other assets	1,460	46
Property, plant and equipment	163,108	26,373
Total assets	$ 324,841	$ 33,721
Deferred outflows of resources:		
Deferred outflows	$ 25,147	$ -
Liabilities:		
Vouchers and accounts payable	$ 10,571	$ 2,478
Salaries and wages payable	8,986	-
Accrued expenses	2,076	-
Funds held in escrow	536	-
Due to other governments	204	-
Deferred revenue	3,320	-
Current portion of long-term obligations	8,334	-
Noncurrent portion of long-term obligations	62,128	-
Notes payable	-	25,945
Other post-employment benefits (GASB 75)	192,064	-
Total liabilities	$ 288,219	$ 28,423
Deferred inflows of resources:		
Deferred inflows	$ 48,604	$ -
Net position:		
Net investment in capital assets	$ 110,433	$ -
Restricted for:		
Capital projects	5,836	5,023
Tuition stabilization and scholarships	14,483	-
Unrestricted (deficit)	(117,587)	275
Total net position	$ 13,165	$ 5,298

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

REFORMATTED SCHEDULE OF ACTIVITIES

Year ended June 30, 2022

(In thousands)

Programs/Functions	Expenses	Program Revenues: Charge for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Expense and Changes in Net Position: Education Activities
Community college services	$ 194,874	$ 24,872	$ 114,698	$ -	$ 55,304
				General revenues:	
				Grants and contributions*	81,060
				Interest and investment earnings	(6,128)
				Miscellaneous	4,193
				Total general revenues	79,125
				Change in net assets	23,821
				Net position - beginning	(10,656)
				Net position - ending	$ 13,165

** Includes Commonwealth appropriations of $37,998,398 and City of Philadelphia appropriations of $43,061,896.*

Programs/Functions	Expenses	Program Revenues: Charge for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Expense and Changes in Net Position: Education Activities
CCP Development, LLC services	$ -	$ -	$ -	$ -	$ -
				General revenues:	
				Grants and contributions	-
				Interest and investment earnings	-
				Miscellaneous	275
				Total general revenues	275
				Change in net assets	275
				Net position - beginning	5,023
				Net position - ending	$ 5,298

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULE OF CHANGES IN CAPITAL ASSET BALANCES

Year ended June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 31,094,977	$ -	$ -	$ 31,094,977
Works of art	902,620	-	-	902,620
Construction in process	27,713,667	21,034,121	(19,936,050)	28,811,738
Total capital assets not being depreciated	59,711,263	21,034,121	(19,936,050)	60,809,335
Capital assets being depreciated:				
Buildings	244,602,589	18,094,287	-	262,696,876
Other improvements	18,499,473	175,184	-	18,674,657
Equipment	42,939,902	3,738,543	(258,825)	46,419,620
Furniture	1,367,850	429,608	-	1,797,458
Leasehold improvements	199,232	-	-	199,232
Total capital assets being depreciated	307,609,046	22,437,622	(258,825)	329,787,843
Less accumulated depreciation for:				
Buildings	135,580,210	5,613,221	-	141,193,431
Other improvements	17,725,222	151,256	-	17,876,478
Equipment	39,096,193	1,790,947	(258,825)	40,628,315
Furniture	1,177,165	52,011	-	1,229,176
Leasehold improvements	186,001	2,306	-	188,307
Total accumulated depreciation	193,764,791	7,609,741	(258,825)	201,115,707
Total capital assets being depreciated, net	113,844,255	14,827,881	-	128,672,136
Business-type activities capital assets, net	$ 173,555,518	$ 35,862,002	$ (19,936,050)	$ 189,481,471

See accompanying report of independent certified public accountants.

OTHER INFORMATION (UNAUDITED)

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF REVENUES BY SOURCE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Student tuition and fees (net of scholarship allowances)	$ 24,759	$ 28,424	$ 30,536	$ 32,753	$ 33,234	$ 32,992	$ 31,643	$ 31,973	$ 35,338	$ 32,003
Sales of auxiliary enterprises	113	408	1,413	1,599	1,523	1,737	1,740	1,786	1,671	1,776
Other operating revenues	13	23	38	42	46	62	87	196	166	158
Total operating revenues	24,885	28,855	31,987	34,394	34,803	34,791	33,470	33,955	37,175	33,937
State appropriations	32,341	32,389	32,408	31,820	30,892	30,868	30,128	28,632	28,179	28,240
City appropriations	37,172	34,451	29,847	25,549	23,310	24,189	23,272	21,271	18,346	18,064
Federal grants and contracts	105,571	65,187	52,337	46,098	49,026	48,888	53,551	57,871	58,796	58,715
Gifts from the Community College of Philadelphia Foundation	375	12	95	160	242	835	225	141	100	2,809
State grants and contracts	5,718	6,061	6,621	5,989	7,953	8,126	8,278	7,343	6,591	7,191
Nongovernmental grants and contracts	1,948	2,884	2,522	2,115	1,582	1,528	1,456	1,521	1,704	1,119
Net investment (loss) income	(3,894)	451	1,691	1,577	36	75	815	365	695	333
Other nonoperating revenue	950	509	578	410	399	378	2,579	1,087	324	379
Total nonoperating revenues	180,181	141,944	126,099	113,718	113,440	114,887	120,304	118,231	114,735	116,850
Capital appropriations	11,548	12,990	12,032	11,797	12,450	11,050	12,354	10,859	13,969	13,730
Total revenues	$ 216,614	$ 183,789	$ 170,118	$ 159,909	$ 160,693	$ 160,728	$ 166,128	$ 163,045	$ 165,879	$ 164,517

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF REVENUES BY SOURCE (UNAUDITED) - CONTINUED

Year ended June 30,

(Amounts expressed in percentages)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Student tuition and fees (net of scholarship allowances)	11.43%	15.47%	17.95%	20.48%	20.68%	20.53%	19.05%	19.61%	21.30%	19.45%
Sales of auxiliary enterprises	0.05	0.22	0.83	1.00	0.95	1.08	1.05	1.10	1.01	1.08
Other operating revenues	0.10	0.01	0.02	0.03	0.03	0.04	0.05	0.12	0.10	0.10
Total operating revenues	11.49	15.70	18.80	21.51	21.66	21.65	20.15	20.83	22.41	20.63
State appropriations	14.93	17.62	19.05	19.90	19.22	19.21	18.14	17.56	16.99	17.17
City appropriations	17.16	18.74	17.54	15.98	14.51	15.04	14.01	13.05	11.06	10.98
Federal grants and contracts	48.74	35.47	30.77	28.83	30.51	30.42	32.23	35.49	35.45	35.69
State grants and contracts	2.64	3.30	3.89	3.75	4.95	5.06	4.98	4.50	3.97	4.37
Gifts from the Community College of Philadelphia Foundation	0.17	0.01	0.06	0.10	0.15	0.52	0.14	0.09	0.06	1.70
Nongovernmental grants and contracts	0.90	1.57	1.48	1.32	0.98	0.95	0.88	0.93	1.02	0.68
Net investment (loss) income	(1.80)	0.25	0.99	0.99	0.02	0.05	0.49	0.22	0.42	0.20
Other nonoperating revenue	0.44	0.28	0.34	0.25	0.25	0.24	1.55	0.67	0.20	0.23
Total nonoperating revenues	83.18	77.24	74.12	71.12	70.59	71.49	72.42	72.51	69.17	71.02
Capital appropriations	5.33	7.06	7.08	7.37	7.75	6.86	7.43	6.66	8.42	8.35
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY USE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Salaries	$ 75,891	$ 74,041	$ 77,819	$ 77,462	$ 76,986	$ 78,629	$ 77,931	$ 77,161	$ 75,438	$ 76,015
Benefits	36,603	32,570	34,790	34,979	36,259	36,417	36,978	36,140	35,885	34,247
Contracted services	10,983	9,247	9,276	8,045	7,859	6,512	6,458	8,331	9,697	11,373
Supplies	2,927	5,564	4,467	3,060	3,549	3,376	3,857	3,073	3,232	3,636
Depreciation	7,610	7,464	7,783	7,939	8,133	8,204	8,861	9,698	10,490	10,423
Student aid	36,951	12,644	12,052	6,250	7,213	8,770	8,739	8,211	10,459	8,328
Other	23,848	10,231	11,376	13,375	12,092	12,959	13,167	12,815	12,314	11,468
GASB 75 (Other post-employment benefits) accrua	(6,274)	(8,754)	(24,590)	(5,426)	12,309	11,703	11,686	8,016	8,641	8,530
Total operating expenses	188,539	143,007	132,973	145,684	164,400	166,570	167,677	163,445	166,156	164,020
Interest on capital asset-related debt service	3,320	3,882	3,604	3,602	3,413	3,263	3,315	4,225	4,258	4,689
Total nonoperating expenses	3,320	3,882	3,604	3,602	3,413	3,263	3,315	4,225	4,258	4,689
Total expenses	$ 191,859	$ 146,889	$ 136,577	$ 149,286	$ 167,813	$ 169,833	$ 170,992	$ 167,670	$ 170,414	$ 168,709

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY USE (UNAUDITED) - CONTINUED

Year ended June 30,

(Amounts expressed in percentages)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Salaries	39.56%	50.41%	56.98%	51.89%	45.88%	46.30%	45.57%	46.02%	44.27%	45.06%
Benefits	19.08	22.17	25.47	23.43	21.61	21.44	21.63	21.55	21.04	20.28
Contracted services	5.72	6.30	6.79	5.39	4.68	3.83	3.78	4.97	5.69	6.74
Supplies	1.53	3.79	3.27	2.05	2.11	1.99	2.26	1.83	1.90	2.16
Depreciation	3.97	5.08	5.70	5.32	4.85	4.83	5.18	5.78	6.16	6.18
Student aid	19.26	8.61	8.82	4.19	4.30	5.16	5.11	4.90	6.14	4.94
Other	12.43	6.97	8.33	8.96	7.21	7.63	7.70	7.64	7.23	6.80
GASB 75 (Other post-employment benefits) accrua	(3.27)	(5.96)	(18.00)	(3.63)	7.33	6.89	6.83	4.78	5.07	5.06
Total operating expenses	98.27	97.37	97.36	97.60	97.97	98.07	98.06	97.47	97.50	97.22
Interest on capital asset-related debt service	1.73	2.63	2.64	2.40	2.03	1.93	1.94	2.53	2.50	2.78
Total nonoperating expenses	1.73	2.63	2.64	2.40	2.03	1.93	1.94	2.53	2.50	2.78
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY FUNCTION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses by function:										
Instruction	$ 54,725	$ 50,333	$ 49,333	$ 56,715	$ 64,578	$ 65,509	$ 66,018	$ 65,046	$ 66,210	$ 66,436
Public service	39	38	104	97	145	124	183	86	109	156
Academic support	16,437	14,763	13,749	16,405	19,182	18,880	18,824	18,372	17,492	17,247
Student services	20,964	18,891	16,673	20,529	24,212	24,405	25,142	23,494	22,811	21,913
Institutional support	36,592	28,428	19,176	22,640	25,111	24,854	24,429	24,371	25,229	26,216
Operation and maintenance of plant	14,805	10,105	13,445	14,424	15,093	15,013	14,913	13,336	12,586	12,742
Depreciation	7,610	7,464	7,783	7,939	8,133	8,204	8,861	9,698	10,490	10,423
Student aid	36,951	12,644	12,052	6,250	7,213	8,770	8,739	8,211	10,459	8,328
Auxiliary enterprises	416	342	658	685	733	811	567	831	770	559
Interest on capital debt	3,320	3,882	3,604	3,602	3,413	3,263	3,315	4,225	4,258	4,689
Total expenses by function	$ 191,859	$ 146,890	$ 136,577	$ 149,286	$ 167,813	$ 169,833	$ 170,991	$ 167,670	$ 170,414	$ 168,709

(Amounts expressed in percentages)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses by function:										
Instruction	28.52%	34.27%	36.12%	37.99%	38.48%	38.57%	38.61%	38.79%	38.85%	39.38%
Public service	0.02	0.03	0.08	0.06	0.09	0.07	0.11	0.05	0.06	0.09
Academic support	8.57	10.05	10.07	10.99	11.43	11.12	11.01	10.96	10.26	10.22
Student services	10.93	12.86	12.21	13.75	14.43	14.37	14.70	14.01	13.39	12.99
Institutional support	19.07	19.35	14.04	15.17	14.96	14.63	14.29	14.54	14.80	15.54
Operation and maintenance of plant	7.72	6.88	9.84	9.66	8.99	8.84	8.72	7.95	7.39	7.55
Depreciation	3.97	5.08	5.70	5.32	4.85	4.83	5.18	5.78	6.16	6.18
Student aid	19.26	8.61	8.82	4.19	4.30	5.16	5.11	4.90	6.14	4.94
Auxiliary enterprises	0.22	0.23	0.48	0.46	0.44	0.48	0.33	0.50	0.45	0.33
Interest on capital debt	1.73	2.64	2.64	2.41	2.03	1.92	1.94	2.52	2.50	2.78
Total expenses by function	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total revenues (from schedule of revenues by source less capital appropriations)	$ 205,066	$ 170,798	$ 158,085	$ 148,112	$ 148,423	$ 149,678	$ 153,776	$ 152,186	$ 151,910	$ 150,786
Total operating expenses (from schedule of expenses by use)	191,859	146,889	136,578	149,286	167,813	169,833	170,992	167,670	170,414	168,709
Total changes in net position	13,207	23,909	21,507	(1,174)	(19,390)	(20,155)	(17,216)	(15,484)	(18,504)	(17,923)
Net position, beginning	(28,368)	(65,267)	(98,807)	(109,429)	51,951	61,057	65,919	72,538	77,072	81,265
Net position, ending	$ (15,161)	$ (41,358)	$ (77,300)	$ (110,603)	$ 32,561	$ 40,902	$ 48,703	$ 57,054	$ 58,568	$ 63,342
Net investment in capital assets	$ 110,433	$ 116,734	$ 104,726	$ 103,869	$ 102,005	$ 99,772	$ 98,776	$ 96,979	$ 93,771	$ 89,660
Restricted - expendable	5,784	5,727	5,439	5,284	5,101	4,939	4,912	4,742	4,742	2,740
Unrestricted	(119,828)	(150,829)	(175,432)	(207,960)	(216,535)	(52,760)	(42,631)	(35,802)	(25,975)	(15,328)
Total net position	$ (3,611)	$ (28,368)	$ (65,267)	$ (98,807)	$ (109,429)	$ 51,951	$ 61,057	$ 65,919	$ 72,538	$ 77,072

Source: Audited financial statements.

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - FISCAL YEAR ENROLLMENT AND DEGREE STATISTICS (UNAUDITED)

Year ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Enrollments and student demographics:										
Credit FTE	8,935	10,608	12,331	12,740	13,596	13,659	14,481	14,851	15,051	15,116
Unduplicated Credit Headcount	16,596	19,266	22,160	23,139	24,443	25,571	26,837	27,942	28,096	28,264
Percentage - Men	31.6%	31.2%	34.7%	36.3%	36.3%	37.1%	37.8%	37.7%	37.7%	36.9%
Percentage - Women	68.4	68.4	65.3	63.7	63.7	62.9	62.2	62.3	62.3	63.1
Percentage - Black	42.5	41.7	41.9	43.1	48.1	48.8	49.4	50.7	50.2	49.7
Percentage - White	23.3	24.4	22.9	23.2	23.5	24.0	23.8	23.9	24.3	25.1
Percentage - Asian	10.8	10.4	11.8	11.4	9.8	9.4	8.9	8.4	8.2	7.7
Percentage - Hispanic	16.4	15.7	15.9	14.9	14.0	13.0	12.8	11.8	11.4	10.6
Percentage - American Indian/other	4.1	4.0	3.9	4.0	0.3	0.3	0.3	0.4	0.4	0.4
Percentage - Unknown	3.0	3.8	3.6	3.4	4.3	4.5	4.8	4.8	5.6	6.5
Degrees awarded:										
Associate	1,806	1,954	1,761	1,770	1,731	1,794	1,880	1,916	1,857	1,712
Certificate	229	178	225	331	495	471	475	446	338	167

Source: Department of Institutional Research.

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - FACULTY AND STAFF STATISTICS (UNAUDITED)

For Fall Term in Year

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Faculty:										
Part-time	526	297	452	567	543	548	676	635	643	734
Full-time	361	310	336	438	443	467	400	395	407	412
Percentage tenured	74.2%	77.7%	77.7%	67.1%	65.2%	61.8%	74.0%	81.7%	79.9%	80.6%
Administrative and support staff:										
Part-time	77	55	82	76	40	38	18	11	12	20
Full-time	495	503	506	474	470	466	445	453	441	447
Total employees:										
Part-time	603	352	534	643	583	586	694	646	655	754
Full-time	856	813	842	912	913	933	845	848	848	859
Students per full-time staff:										
Number credit students	11,647	13,672	15,996	16,672	17,296	18,126	18,099	19,119	19,066	18,692
Faculty	32	44	48	38	39	39	45	47	47	46
Administrative and support staff	24	27	32	35	37	39	41	42	43	42
Average annual faculty salary	$ 61,894	$ 66,597	$ 65,300	$ 75,020	$ 67,883	$ 69,196	$ 63,789	$ 65,212	$ 64,059	$ 66,137

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS (UNAUDITED)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Main Campus - Buildings	911,051	911,051	911,051	911,051	911,051	911,051	911,051	911,051	900,613	900,613
Main Campus - 17 Street Garage	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,660
Main Campus Recreation Deck	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600
Main Campus - CBI Garage	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902
Main Campus - 434 North 15th Street	88,500	88,500	88,500	88,500	88,500	88,500	88,500	88,500	88,500	88,500
Northeast Regional Center	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075
West Regional Center	39,394	39,394	39,394	39,394	39,394	39,394	39,394	39,394	39,394	32,090
Northwest Regional Center	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total gross square feet	1,605,882	1,605,882	1,605,882	1,605,882	1,605,882	1,605,882	1,605,882	1,605,882	1,595,444	1,588,440

Source: Institutional Physical Plant Records.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

DEMOGRAPHIC STATISTICS (UNAUDITED)

City of Philadelphia Last Ten Calendar Years

	Population as of June 30	Average Annual Unemployment Rate
Year:		
2012 – 13	1,547,607	10.5
2013 – 14	1,553,165	7.8
2014 – 15	1,560,297	7.4
2015 – 16	1,567,442	6.9
2016 – 17	1,567,872	5.9
2017 – 18	1,580,863	5.7
2018 – 19	1,584,138	5.1
2019 – 20	1,584,064	7.8
2020 – 21	1,587,232	9.4
2021 – 22	1,576,251	5.7

Sources: United States Census Bureau and Bureau of Labor Statistics

See accompanying report of independent certified public accountants.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the business-type activities and the aggregate discretely presented component units of Community College of Philadelphia (the "College") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2022.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing 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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 College'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 or significant deficiencies may exist that were not identified.

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

Purpose of this report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
September 30, 2022