

Financial Statements and Report of
Independent Certified Public
Accountants in Accordance with OMB
Uniform Guidance

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

June 30, 2021 and 2020

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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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Community College of Philadelphia (the "College") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Community College of Philadelphia as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Required supplementary information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 5 through 13 and the required supplementary information on pages 54 through 56 be presented to supplement the basic financial statements. Such information, 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. 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 information

The statistical section, demographic statistics, and component unit combining information on pages 58 through 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 28, 2021, 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.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

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. These statements include the statistical reporting section in accordance with GASB Statement 44.

The financial results of the Community College of Philadelphia Foundation (the Foundation) and CCP Development, LLC are reported as discrete component units. 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

- COVID-19 caused unprecedented disruptions to the College's operations. All on-campus credit coursework was suspended effective March 16, 2020 and resumed online beginning March 30, 2020. A laptop lending program was immediately implemented to provide students in need of the technology to complete their studies online. Free or discounted internet access was also made available to eligible students. A virtual student support center was established so students may access services including academic advising, tutoring, library services and financial aid online. The college campus and regional centers remained closed except for a very limited amount of coursework where students require practicum, including Dental Hygiene, Phlebotomy, Clinical Microbiology and others. New fully online workforce and professional development programs were created or converted for summer and fall 2020 terms. However, many vocational skills training programs, especially those requiring face to face instructions for effective learning or required by licensing bodies, were canceled or suspended in spring 2020 due to COVID-19.
- In October 2020, the College made the decision that the Spring 2021 semester would continue in a remote fashion except for those courses requiring student hands-on experiences or the use of specialized equipment, such as Dental Hygiene, Phlebotomy, Clinical Microbiology, and a few others.
- In April 2021, the College was awarded \$31.8 million from the Department of Education (DOE) through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Of the \$31.8 million awarded, \$8.05 million was allocated to emergency financial aid grants to students and the remaining \$23.75 million was allocated to the College to defray expenses associated with COVID-19 (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll) and to make additional financial grants to students. As of June 30, 2021, the College had drawn down and disbursed \$4 million of the emergency Financial Aid Grants to students and these amounts are included within student aid expenses in the statements of revenues, expenses, and changes in net position. As of June 30, 2021, the College had drawn-down and spent \$23.3 million of the institutional portion under the grant to replace lost revenue from academic sources (tuition, auxiliary, fees) and to provide additional emergency financial aid grants to students by way of discharging \$2.7 million of student account balances due to the College. Of the \$23.3 million in institutional award expenditures, \$18.7 million was recorded as federal grants and contracts in the statements of revenues, expenses, and changes in net

Community College of Philadelphia
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

position and the remaining \$4.6 million is recorded as unearned revenue in the statements of net position and represents the portion of the revenue to which the College was not entitled based on the pro-rata portion of emergency financial aid grants to students which had not yet been disbursed to students at year-end.

- During 2021, the College has continued to address the unprecedented disruptions caused by the COVID-19 pandemic. Below are highlights of the College's response to the COVID-19 disruptions:
 - Discharged (forgave) in excess of \$2.75 million of debt from 3,776 student account balances.
 - Provided more than \$12 million of Higher Education Emergency Relief (HEERF) funds from the United States Department of Education directly to students as emergency aid.
 - Provided loaner laptops to students in need of technology to participate in distance education.
 - Accelerated the deployment of more technology during fiscal year 2021 to expand support of distance learning and remote work from home for employees. The College implemented the use of desktop capture, live streaming, enabled student-produced content, provided centrally managed video lessons for a wide variety of courses, and expanded on-demand resources. All in-person student services were converted to a virtual format, and a Virtual Student Support Services website was established to provide students access to the required services and support.
 - The College also upgraded its Data Center Network Infrastructure to support the increasing demand on its IT resources.
- The City of Philadelphia committed more than \$60 million over five years, from January 2021 through December 2026, to the College for the Catto Scholarship Program. The Catto Scholarship is an anti-poverty initiative of the Mayor that not only provides students with free tuition, but also funding for food, transportation to the College, and books via a monthly stipend. The commitment also includes a team of dedicated advisors and counselors to support the scholarship recipients. The Catto Scholarship's first cohort of seventy-four students began classes in January 2021. The cohort has since grown to 132 students. In 2021, the College received \$2.3 million in Catto Scholarship funding.
- Several new workforce and career programs were added through the College's online partnership with Condensed Curriculum International, a national workforce education provider that works exclusively with over 500 public colleges, universities and employers across the country. These offerings included EKG Technician, Pharmacy Technician, Phlebotomy Technician, Clinical Medical Assisting, HVAC, Logistics and Distribution Management, and Electronic Health Record.
- The City and the College were selected by the National League of Cities and the Kresge Foundation as one of 7 cities to pilot technical assistance in supporting Cities, Workforce Boards and Economic Development Partners, and Community Colleges to address student basic needs.
- The College continued to be supported by the Goldman Sachs 10,000 Small Businesses Program grant, which serves 90 businesses annually, and has over 600 alumni who have completed the program over the last 7 years.
- The College continued to expand the Career Connections department. Three new positions were created to increase experiential learning, apprenticeships and career counseling.
- The College continued to hold its tuition and fees at previous years' levels. Tuition and fees have not increased since the 2017-2018 academic year. In addition, the general college fee which supports student activities was waived and the College utilized HEERF funding during 2021 to relieve students of these distance learning course fees.

**Community College of Philadelphia
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

- The College is more affordable than ever for the 2021-2022 academic year with no increase in tuition and fees, a significant increase in available financial aid, and Catto Scholarship.
- Total enrollment declined 13.1% from 22,160 students in 2019-2020 to 19,266 students in 2020-2021.
- Several maintenance and repair projects suspended during the beginning of the COVID-19 pandemic including structural repairs to the CBI garage, Learning Commons Phase I and II, Mint elevator upgrade, music lab, and the DMI lab, were all completed. In addition, the College invested heavily to improve the air quality in its buildings. This included cleaning the air ducts, conducting air flow testing, and replacing or repairing the HVAC systems to ensure it meets the industry standards for reducing airborne infectious aerosol exposure.
- On December 8, 2020 the College issued \$14,580,000 of Series 2020 taxable bonds. On December 9, 2020 the College closed on a New Market Tax Credit (NMTC) deal. The availability of NMTCs has enabled the newly formed discretely presented component unit, CCP Development, LLC, to borrow \$24.9 million to construct the Career and Advanced Technology Center. Both financing arrangements were in addition to the \$9.2 million Series A 2019 bond issued on May 1, 2019, proceeds of which also went towards financing the Career and Advanced Technology Center. The \$33.5 million project consists of the construction of a new 3-story 75,000 square-foot building on the corner of 48th Street and Market Streets in Philadelphia, Pennsylvania. Construction started in Fall of 2020. Projected completion is late Spring 2022. Additional funding required for the project will be from the City of Philadelphia, Redevelopment Assistance Capital Program (RACP) grants, New Market Tax Credits, private gifts and loans, or bonds.
- The College purchased a new electronic time and attendance system to replace its paper intensive processes. Phase One was implemented for exempt employees in July 2021. Hourly employees are scheduled to start using the new system later.

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.

Community College of Philadelphia
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

Net Position

At June 30, 2021, the College's net position was a negative \$28.4 million, with liabilities of \$294.7 million and assets of \$290.8 million. Net position increased by \$73.8 million in 2021 prior to recording the impact of the post-employment benefit liability. Unrestricted net position increased from a negative \$175.4 million to a negative \$150.8 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 \$29.7 million. The other factor contributing to the change in the unrestricted net position value was unfunded depreciation expense for 2021 in the amount of \$7.5 million.

| | Summary of Net Position | | |
|--|-------------------------|-----------|-----------|
| | June 30, | | |
| | 2021 | 2020 | 2019 |
| Assets: | | | |
| Current assets | \$ 75.4 | \$ 51.5 | \$ 48.4 |
| Noncurrent assets: | | | |
| Loan receivable | 19.9 | - | - |
| Bond proceeds available for campus construction | 9.8 | 20.0 | 26.5 |
| Other long-term investments | 18.5 | 18.4 | 17.2 |
| Investment in CCP Development, LLC | 5.0 | - | - |
| Capital assets, net | 162.2 | 158.6 | 159.1 |
| Total assets | \$ 290.8 | \$ 248.5 | \$ 251.2 |
| Deferred outflows of resources | \$ 29.2 | \$ 5.9 | \$ 6.6 |
| Liabilities: | | | |
| Current liabilities | \$ 36.6 | \$ 29.1 | \$ 32.8 |
| Noncurrent liabilities | 258.1 | 215.1 | 260.3 |
| Total liabilities | \$ 294.7 | \$ 244.2 | \$ 293.1 |
| Deferred inflows of resources | \$ 53.7 | \$ 75.5 | \$ 63.5 |
| Net position: | | | |
| Net investment in capital assets | \$ 116.7 | \$ 104.7 | \$ 103.9 |
| Restricted: Expendable | 5.7 | 5.4 | 5.3 |
| Expendable | (150.8) | (175.4) | (208.0) |
| Total net position | \$ (28.4) | \$ (65.3) | \$ (98.8) |

Assets

Current assets increased by \$23.9 million during 2021. Short-term investments, receivable from government agencies, accrued interest receivable, other assets and cash and cash equivalent increased, while net accounts receivable decreased.

Noncurrent assets increased by \$18.4 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.

**Community College of Philadelphia
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

The College's capital assets as of June 30, 2021 net of accumulated depreciation were \$162.2 million, an increase of \$3.6 million over the amount reported for 2020 of \$158.6 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. Total current liabilities increased by \$7.5 million in 2021. Payables to government agencies increased by \$0.2 million primarily due to timing in processing PHEAA state grants student aid. Accounts payable and accrued liabilities increased by \$3.5 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 \$69.5 million as of June 30, 2021, an increase of \$7.0 million from June 2020. This increase 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 2021 also includes \$4.2 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 2021, 2020, and 2019 was \$180.5 million, \$143.6 million, \$180.3 million, respectively. Absent this reporting requirement, the College's net assets as of June 30, 2021 would have been at a level of \$152.1 million.

Capital lease obligations include mainly technology associated with academic and administrative computing.

Statements of Revenues, Expenses and Changes in Net Position

The change in net position for 2021, 2020, and 2019 was a positive \$36.9 million, \$33.5 million, and \$10.6 million, respectively. The following table quantifies the changes:

| | Revenues, Expenses and Changes in Net Position | | |
|---|---|---------|---------|
| | Year ended June 30, | | |
| | 2021 | 2020 | 2019 |
| | (In millions) | | |
| Operating revenues: | | | |
| Net tuition and fees | \$ 28.4 | \$ 30.5 | \$ 32.8 |
| Auxiliary enterprises and other sources | 0.4 | 1.5 | 1.6 |
| Total | 28.8 | 32.0 | 34.4 |
| Operating expenses | 143.0 | 133.0 | 145.7 |
| Operating loss | (114.2) | (101.0) | (111.3) |
| Net nonoperating revenues | 138.0 | 122.5 | 110.1 |
| Change in net assets before other revenues | 23.8 | 21.5 | (1.2) |
| Capital appropriations | 13.0 | 12.0 | 11.8 |
| Total change in net position | \$ 36.8 | \$ 33.5 | \$ 10.6 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

Operating Revenues

The largest sources of operating revenue for the College are student tuition and fees and auxiliary enterprises revenues. In both 2021 and 2020, the tuition charge was \$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. The College charges course fees for selected high-cost courses. Course fees range from \$85 to \$345. Average total tuition and fee revenue per credit for 2021 was \$224.

Tuition and fee revenue totaled \$62,067,832 in 2021 and \$69,907,462 in 2020, a decline of 11.2%. Total enrolled credit headcount declined 13.1% for the same period.

Scholarship allowance amounts for 2021 and 2020 totaled \$33,644,235 and \$39,371,389, respectively. The scholarship allowance represents tuition and fee payments made using public and private grants and scholarships. The decrease in scholarship allowance amounts between 2021 and 2020 is reflective of the 13.1% decrease in overall credit enrollment. While the maximum Pell award increased from \$6,195 in 2019-2020 to \$6,345 in 2020-2021, 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 \$12,100 was received in 2021 and is reported in the statement of revenues, expenses and changes in net position. This gift 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.

Nonoperating Revenues

Commonwealth appropriations in 2021, excluding capital appropriations, totaled \$32,388,574, a decrease of \$19,442 (0.1%) over the \$32,408,016 received in 2020.

Total 2021 City funding was \$41,628,751, a \$5.6 million increase (15.5%) over the amount received in 2020. Of the funding appropriation, \$33,954,253 was used for operating budget purposes in 2021 and \$2,319,544 was used for CATTO Scholarships. In 2020, \$29,846,548 of the total appropriation was used for operating purposes. Net investment income was \$450,829 in 2021 and \$1,691,135 in 2020.

As mentioned above, non-operating revenues increased by 12.7% from \$122.5 million in 2019-2020 to \$138.1 million in 2020-2021. This included the impact of \$24.7 million in additional grant funding received from the DOE through the Coronavirus Aid, Relief, and Economic Security (CARES) and Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Acts during the year of which \$6.7 million was spent on student aid and \$18 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 as a result of COVID-19.

Capital Appropriations

The Commonwealth provided capital funding for debt service and capital purchases in the amounts of \$5,812,136 and \$5,819,210 for 2021 and 2020, respectively. The College used \$7,177,918 of the total City of Philadelphia appropriation of \$41,628,751 in 2021 for debt service and capital purchases. In 2020, City of Philadelphia appropriations used for debt service and capital purchases were \$6,212,659.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

| | Expenses by Function | | |
|---------------------------|-----------------------|-----------------------|-----------------------|
| | Year ended June 30, | | |
| | 2021 | 2020 | 2019 |
| Instruction | \$ 50,332,840 | \$ 49,333,338 | \$ 56,714,890 |
| Public service | 37,525 | 104,057 | 97,457 |
| Academic support | 14,762,587 | 13,749,022 | 16,404,900 |
| Student services | 18,891,473 | 16,672,597 | 20,529,207 |
| Institutional support | 28,427,722 | 19,176,012 | 22,639,568 |
| Physical plant operations | 10,105,154 | 13,444,993 | 14,423,723 |
| Depreciation | 7,463,771 | 7,782,553 | 7,939,447 |
| Student aid | 12,644,020 | 12,052,409 | 6,250,428 |
| Auxiliary enterprises | 341,777 | 658,373 | 684,534 |
| | \$ 143,006,869 | \$ 132,973,354 | \$ 145,684,154 |

Exclusive of student aid and depreciation expenses, the College's operating expenses totaled \$122,899,078 in 2021 and \$113,138,392 in 2020. 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.

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 2021, 2020, and 2019 was a credit of \$8,754,336, \$24,859,895, and \$5,802,354, respectively.

| | Expenses by Natural Classification | | |
|--|------------------------------------|-------------------|-------------------|
| | Year ended June 30, | | |
| | 2021 | 2020 | 2019 |
| Salaries | \$ 74,041 | \$ 77,819 | \$ 77,462 |
| Benefits | 32,570 | 34,790 | 34,979 |
| Contracted services | 9,247 | 9,276 | 8,045 |
| Supplies | 5,564 | 4,467 | 3,059 |
| Depreciation | 7,464 | 7,783 | 7,939 |
| Student aid | 12,644 | 12,052 | 6,250 |
| Other post-employment benefits | (8,754) | (24,590) | (5,426) |
| Other | 10,231 | 11,376 | 13,376 |
| | 143,007 | 132,973 | 145,684 |
| Total operating expenses | 143,007 | 132,973 | 145,684 |
| Interest on capital asset-related debt service | 3,882 | 3,604 | 3,602 |
| | 3,882 | 3,604 | 3,602 |
| Total nonoperating expenses | 3,882 | 3,604 | 3,602 |
| | 146,889 | 136,577 | 149,286 |
| Total expenses | \$ 146,889 | \$ 136,577 | \$ 149,286 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

The COVID-19 pandemic has significantly impacted the financial and educational planning during the fiscal year 2020-21. While the College's budget was initially designed to reopen the campus Spring 2021, that did not occur. The main campus and regional center sites remained closed to most students and staff during the 2020-2021 fiscal year, resulting in the College spending approximately \$20.5 million less than budgeted. In addition, the College received approximately \$12.9 million in HEERF Funds from the DOE to offset lost tuition, auxiliary, and fees revenue.

The College incurred lower than budgeted expenses in the following categories: supplies, contracted services (security, cleaning, interrupters), maintenance & repairs, travel, and hospitality. Overall, the College spent approximately \$7.5 million less than budgeted for non-personnel-related expenses. In addition, the College received HEERF funds from the DOE that were used to reimburse several related COVID-19 expenditures associated with remote learning, work and to prepare for a safe reopening of its campuses.

A significant number of vacant positions, voluntary furlough, coupled with offering a lower number of academic sections which required limited use of part-time staff resulted in total salaries being \$5.8 million less than budget. The College also spent \$7.2 million less for staff benefits than budgeted as many elective procedures were postponed or delayed.

Schedule of Fund Balances

The following chart shows fund balances in the four fund groups: Unrestricted, Restricted, Endowment and Plant. The 2021, 2020 and 2019 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 2021 was a negative \$176,276,116, while the impact of GASB 68 reporting was \$4,210,037. The negative unrestricted plant fund balance reflects the cumulative impact of unfunded depreciation expense.

| | June 30, | | |
|--|-----------------|-----------------|-----------------|
| | 2021 | 2020 | 2019 |
| Total unrestricted fund | \$(128,209,481) | \$(166,121,744) | \$(200,606,226) |
| Endowment fund: | | | |
| Quasi-endowment (unrestricted) | 238,533 | 1,090,992 | 1,308,208 |
| Total endowment | 238,533 | 1,090,992 | 1,308,208 |
| Plant fund: | | | |
| Net investment in capital assets | 116,734,123 | 104,725,788 | 103,868,972 |
| Restricted expendable - capital projects | 5,726,658 | 5,438,941 | 5,285,060 |
| Unrestricted | (22,857,712) | (10,401,053) | (8,662,532) |
| Total plant fund | 99,603,070 | 99,763,676 | 100,491,500 |
| Total net position | \$ (28,367,879) | \$ (65,267,076) | \$ (98,806,518) |

Community College of Philadelphia Foundation

The Foundation was established in 1985. Total assets for 2021 and 2020 were \$19.0 million and \$15.2 million, respectively. Total unrestricted net position for 2021 and 2020 for the Foundation was \$1.9 million and \$1.7 million, respectively. The remaining net position is restricted based upon donor intent.

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(A Component Unit of the City of Philadelphia)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2021 and 2020

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 2021 were \$34.2 million and total net position was \$5.0 million.

Future Impacts

For 2022, City of Philadelphia funding to the College was increased by \$4.0 million over the amount received for 2021 of which \$4.0 million is reserved for a new scholarship program. However, there was no increase in the Commonwealth appropriation received during the first quarter of 2022, and no increase is expected for the remaining quarters of the year. The College's Board voted not to increase student tuition and fees for 2021 and 2022. Credit hour enrollments for the Fall 2021 semester are trending 13.5% below enrollments of Fall 2020. The total credit hours generated by the late summer session, a 2022 term, were 18% higher than the previous year.

In May 2021, the College was awarded \$54.9 million from the DOE through the American Rescue Plan (ARP). No amounts were spent or drawn down under the ARP award as of June 30, 2021.

The remaining balance from the CRRSAA and ARP grant funding will be drawn down and spent in 2022 and 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 2022, the related financial impact cannot be reasonably estimated at this time.

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)

STATEMENTS OF NET POSITION

June 30,

| | <u>Business-Type Activities</u> | | <u>Component Unit</u> | | <u>Component Unit</u> |
|--|---------------------------------|-----------------------|-----------------------------------|----------------------|-------------------------|
| | <u>The Community College</u> | | <u>The Community College</u> | | <u>CCP</u> |
| | <u>of Philadelphia</u> | | <u>of Philadelphia Foundation</u> | | <u>Development, LLC</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents (Note B) | \$ 21,645,501 | \$ 19,589,705 | \$ 1,452,851 | \$ 1,622,503 | \$ 557,226 |
| Short-term investments (Note B) | 31,630,541 | 22,557,016 | 1,880,952 | 858,020 | - |
| Debt proceeds available for CATC construction (Note M) | - | - | - | - | 22,394,729 |
| Accounts receivable, net (Note C) | 3,539,956 | 5,575,165 | 80,072 | 308,190 | - |
| Receivable from government agencies (Note G) | 16,544,129 | 2,712,287 | - | - | - |
| Other assets | 1,996,296 | 1,056,784 | 7,854 | 5,758 | - |
| Total current assets | <u>75,356,423</u> | <u>51,490,957</u> | <u>3,421,729</u> | <u>2,794,471</u> | <u>22,951,955</u> |
| NON-CURRENT ASSETS | | | | | |
| Endowment investments (Note B) | - | - | 15,562,198 | 12,369,001 | - |
| Accounts receivable, net (Note C) | - | - | - | 41,701 | - |
| Loan receivable (Note M) | 19,880,421 | - | - | - | - |
| Bond proceeds available for campus construction | 9,779,803 | 19,978,506 | - | - | - |
| Other long-term investments (Note B) | 18,523,865 | 18,399,026 | - | - | - |
| Investment in CCP Development, LLC | 5,023,069 | - | - | - | - |
| Capital assets, net (Note D) | 162,282,106 | 158,579,658 | - | - | 11,273,412 |
| Total non-current assets | <u>215,489,264</u> | <u>196,957,190</u> | <u>15,562,198</u> | <u>12,410,702</u> | <u>11,273,412</u> |
| Total assets | <u>\$ 290,845,687</u> | <u>\$ 248,448,147</u> | <u>\$ 18,983,927</u> | <u>\$ 15,205,173</u> | <u>\$ 34,225,367</u> |
| Deferred outflows of resources: | | | | | |
| Deferred outflows | <u>\$ 29,242,720</u> | <u>\$ 5,936,366</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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

STATEMENTS OF NET POSITION - CONTINUED

June 30,

| | <u>Business-Type Activities</u> | | <u>Component Unit</u> | | <u>Component Unit</u> |
|--|---------------------------------|------------------------|-----------------------------------|----------------------|-------------------------|
| | <u>The Community College</u> | | <u>The Community College</u> | | <u>CCP</u> |
| | <u>of Philadelphia</u> | | <u>of Philadelphia Foundation</u> | | <u>Development, LLC</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> |
| LIABILITIES AND NET POSITION | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities (Note E) | \$ 21,293,765 | \$ 17,762,425 | \$ 869,020 | \$ 838,980 | \$ 3,257,298 |
| Payable to government agencies (Note G) | 423,268 | 269,549 | - | - | - |
| Deposits | 277,805 | 238,612 | 1,931 | 4,156 | - |
| Unearned revenue | 5,927,233 | 2,080,764 | 356,577 | 280,063 | - |
| Current portion of capital lease obligation (Note F) | 378,638 | 468,149 | - | - | - |
| Current portion of long-term debt (Note F) | 7,600,000 | 7,557,284 | - | - | - |
| Unamortized bond premium | 728,918 | 728,918 | - | - | - |
| | <u>36,629,627</u> | <u>29,105,701</u> | <u>1,227,528</u> | <u>1,123,199</u> | <u>3,257,298</u> |
| Total current liabilities | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Accrued liabilities (Note E) | 1,777,837 | 1,554,638 | - | - | - |
| Annuity payable | - | - | 37,812 | 12,516 | - |
| Deposits | 310,000 | 250,000 | - | - | - |
| Capital lease obligation (Note F) | 71,477 | 450,114 | - | - | - |
| Long-term debt (Note F) | 69,480,000 | 62,500,000 | - | - | - |
| Notes payable (Note M) | - | - | - | - | 25,945,000 |
| Unamortized bond premium | 5,982,825 | 6,711,743 | - | - | - |
| Other post-employment benefits liability (Note H) | 180,486,153 | 143,624,506 | - | - | - |
| | <u>258,108,292</u> | <u>215,091,001</u> | <u>37,812</u> | <u>12,516</u> | <u>25,945,000</u> |
| Total non-current liabilities | | | | | |
| Total liabilities | <u>\$ 294,737,919</u> | <u>\$ 244,196,702</u> | <u>\$ 1,265,340</u> | <u>\$ 1,135,715</u> | <u>\$ 29,202,298</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows | <u>\$ 53,718,367</u> | <u>\$ 75,454,887</u> | <u>\$ 6,162</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net position: | | | | | |
| Net investment in capital assets | \$ 116,734,123 | \$ 104,725,788 | \$ - | \$ - | \$ - |
| Restricted: | | | | | |
| Nonexpendable: | | | | | |
| Scholarships, awards and faculty chair | - | - | 13,244,521 | 10,137,142 | - |
| Annuities | - | - | 7,504 | 2,997 | - |
| Expendable: | | | | | |
| Scholarships, awards and faculty chair | - | - | 2,323,305 | 2,168,423 | - |
| Capital projects | 5,726,658 | 5,438,941 | 202,829 | 77,511 | 5,023,069 |
| Unrestricted | <u>(150,828,660)</u> | <u>(175,431,805)</u> | <u>1,934,266</u> | <u>1,683,385</u> | <u>-</u> |
| Total net position | <u>\$ (28,367,879)</u> | <u>\$ (65,267,076)</u> | <u>\$ 17,712,425</u> | <u>\$ 14,069,458</u> | <u>\$ 5,023,069</u> |

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30,

| | <u>Business-Type Activities</u> | | <u>Component Unit</u> | | <u>Component Unit</u> |
|------------------------------------|---------------------------------|-------------------------|-----------------------------------|-----------------------|-------------------------|
| | <u>The Community College</u> | | <u>The Community College</u> | | <u>CCP</u> |
| | <u>of Philadelphia</u> | | <u>of Philadelphia Foundation</u> | | <u>Development, LLC</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> |
| Operating revenues | | | | | |
| Student tuition | \$ 46,586,217 | \$ 52,897,863 | \$ - | \$ - | \$ - |
| Student fees | 15,481,615 | 17,009,599 | - | - | - |
| Less: scholarship allowance | <u>(33,644,235)</u> | <u>(39,371,389)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net student tuition and fees | 28,423,597 | 30,536,073 | - | - | - |
| Auxiliary enterprises | 407,546 | 1,412,855 | - | - | - |
| Gifts | - | - | 1,948,496 | 1,465,461 | - |
| Other sources | <u>23,291</u> | <u>37,591</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total operating revenues | <u>28,854,434</u> | <u>31,986,519</u> | <u>1,948,496</u> | <u>1,465,461</u> | <u>-</u> |
| Operating expenses (Note J) | | | | | |
| Educational and general: | | | | | |
| Instruction | 50,332,840 | 49,333,338 | 155,625 | 109,062 | - |
| Public service | 37,525 | 104,057 | - | - | - |
| Academic support | 14,762,587 | 13,749,022 | 1,056,158 | 1,159,053 | - |
| Student services | 18,891,473 | 16,672,597 | 221,416 | 184,634 | - |
| Institutional support | 28,427,722 | 19,176,012 | 304,956 | 642,882 | - |
| Physical plant operations | 10,105,154 | 13,444,993 | - | - | - |
| Depreciation | 7,463,771 | 7,782,553 | - | - | - |
| Student aid | 12,644,020 | 12,052,409 | 1,114,726 | 791,771 | - |
| Auxiliary enterprises | <u>341,777</u> | <u>658,373</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total operating expenses | <u>143,006,869</u> | <u>132,973,354</u> | <u>2,852,881</u> | <u>2,887,402</u> | <u>-</u> |
| OPERATING LOSS | <u>\$ (114,152,435)</u> | <u>\$ (100,986,835)</u> | <u>\$ (904,385)</u> | <u>\$ (1,421,941)</u> | <u>\$ -</u> |

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

Years ended June 30,

| | <u>Business-Type Activities</u> | | <u>Component Unit</u> | | <u>Component Unit</u> |
|---|--|------------------------|---|----------------------|-----------------------------|
| | <u>The Community College of Philadelphia</u> | | <u>The Community College of Philadelphia Foundation</u> | | <u>CCP Development, LLC</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> |
| Non-operating revenues (expenses) | | | | | |
| Commonwealth appropriations (Note K) | \$ 32,388,574 | \$ 32,408,016 | \$ - | \$ - | \$ - |
| City appropriations (Note K) | 34,450,833 | 29,846,548 | - | - | - |
| Federal grants and contracts | 65,187,493 | 52,337,221 | - | - | - |
| Gifts from the Community College of Philadelphia Foundation | 12,100 | 95,000 | (12,100) | (95,000) | - |
| Commonwealth grants and contracts | 6,060,615 | 6,620,870 | - | - | - |
| Nongovernmental grants and contracts | 2,884,361 | 2,521,738 | 1,391,006 | 1,713,173 | - |
| Net investment income | 450,829 | 1,691,135 | 3,168,446 | 486,556 | - |
| Interest on capital asset-related debt service | (3,882,024) | (3,604,374) | - | - | - |
| Other nonoperating revenues | 508,799 | 578,254 | - | - | - |
| Net non-operating revenues | <u>138,061,580</u> | <u>122,494,408</u> | <u>4,547,352</u> | <u>2,104,729</u> | <u>-</u> |
| Gain before other revenues, expenses, gains or losses | 23,909,145 | 21,507,573 | 3,642,967 | 682,788 | - |
| Capital appropriations | <u>12,990,052</u> | <u>12,031,869</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Increase in net position | <u>36,899,197</u> | <u>33,539,442</u> | <u>3,642,967</u> | <u>682,788</u> | <u>-</u> |
| Net position, beginning | <u>(65,267,076)</u> | <u>(98,806,518)</u> | <u>14,069,458</u> | <u>13,386,670</u> | <u>-</u> |
| Net position, ending | <u>\$ (28,367,879)</u> | <u>\$ (65,267,076)</u> | <u>\$ 17,712,425</u> | <u>\$ 14,069,458</u> | <u>\$ -</u> |

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

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

STATEMENTS OF CASH FLOWS

Years ended June 30,

(Business-Type Activities - College Only)

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Tuition and fees | \$ 21,012,450 | \$ 29,438,274 |
| Payments to suppliers | (24,977,819) | (23,986,594) |
| Payments to employees | (72,959,440) | (77,609,032) |
| Payments for employee benefits | (31,503,410) | (35,601,697) |
| Payments for student aid | (12,644,021) | (12,052,409) |
| Auxiliary enterprises | 407,546 | 1,432,674 |
| Other cash receipts | 42,722 | (67,470) |
| | <u>(120,621,972)</u> | <u>(118,446,254)</u> |
| Net cash used in operating activities | | |
| Cash flows from non-capital financing activities: | | |
| Commonwealth appropriations | 32,416,078 | 32,453,515 |
| City appropriations | 34,450,833 | 29,846,548 |
| Gifts and grants | 74,270,784 | 57,576,382 |
| Other nonoperating | 607,992 | 467,698 |
| | <u>141,745,687</u> | <u>120,344,143</u> |
| Net cash provided by non-capital financing activities | | |
| Cash flows from capital and related financing activities: | | |
| Commonwealth capital appropriations | 5,812,136 | 5,819,210 |
| City capital appropriations | 7,177,918 | 6,212,659 |
| Capital contributions to CCP Development, LLC | (5,023,069) | - |
| Proceeds from long-term debt | 14,580,000 | - |
| Decrease in bond proceeds available for campus construction | 10,198,703 | 6,468,349 |
| Purchases of capital assets | (11,166,218) | (7,236,601) |
| Principal payments on long-term debt and amortization of capital leases | (8,025,433) | (7,714,266) |
| Interest payments on long-term debt and capital leases | (3,993,998) | (3,778,257) |
| | <u>9,560,039</u> | <u>(228,906)</u> |
| Net cash provided by (used in) capital and related financing activities | | |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 37,007,297 | 58,567,715 |
| Loan receivable | (19,880,421) | - |
| Purchases of investments | (46,205,663) | (64,535,718) |
| Interest on investments | 450,829 | 1,763,370 |
| | <u>(28,627,958)</u> | <u>(4,204,633)</u> |
| Net cash used in investing activities | | |
| INCREASE (DECREASE) IN CASH | 2,055,796 | (2,535,650) |
| Cash and cash equivalents, beginning | <u>19,589,705</u> | <u>22,125,355</u> |
| Cash and cash equivalents, ending | <u>\$ 21,645,501</u> | <u>\$ 19,589,705</u> |

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

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

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

(Business-Type Activities - College Only)

| | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | \$ (114,152,435) | \$ (100,986,835) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 7,463,771 | 7,782,553 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (11,867,534) | (1,448,323) |
| Other assets | (939,512) | 480,872 |
| Loans to students and employees | 70,900 | 71,814 |
| Accounts payable and accrued liabilities | 8,172,172 | 395,448 |
| Unearned revenue | (614,999) | (152,135) |
| Other post-employment benefits | (8,754,336) | (24,589,648) |
| | \$ (120,621,972) | \$ (118,446,254) |

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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 statements of revenues, expenses and changes in net position as those that generally result from exchange transactions such as the payment received for

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 2021 and 2020, the provisions of Act 46 were not followed in allocating operational funds to Pennsylvania community colleges.

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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 statements 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. The investment practice of the Foundation includes the use of PFM Asset Management as its outsourced chief investment officer. The Foundation also uses Bryn Mawr Trust as its custodian of endowment funds. The Foundation transitioned to Vanguard Institutional Advisory Services as its outsourced Chief Investment Officer in November 2019.

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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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

| <u>Asset Category</u> | <u>Years</u> |
|----------------------------|--------------|
| 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.

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

Included in student fees for the year ended June 30, 2020 are general college fees of \$1,162,740, which have been designated for use by the various student organizations and activities. 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 statements of revenues, expenses and changes in net position.

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.

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June 30, 2021 and 2020

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 is in place 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, 2021 and 2020 was \$1,323,300 and \$1,510,300, respectively, based upon an actuarial calculation based upon historical claim experience.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position include 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 statements of net position include 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), as well as the advance refunding of the 2008 Series Community College Revenue Bonds in September 2015.

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 Issued Accounting Pronouncements

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

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June 30, 2021 and 2020

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 is still assessing the impact of Statement No. 87 on its financial statements.

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. As a result, a COVID-19 Exposure Prevention, Preparedness, and Response Plan was implemented by the College. A COVID-19 Safety Team was established to monitor the developing public health situation and ensure the College is in compliance with public health guidance from agencies such as the U.S. Center for Disease Control and Prevention, the Pennsylvania Department of Health, the Department of Public Health for the City of Philadelphia, and the Pennsylvania Department of Education, in order to safeguard the health of its students, employees and community members.

COVID-19 caused unprecedented disruptions to the College's operations. All on-campus credit coursework was suspended effective March 16, 2020 and resumed online beginning March 30, 2020. A laptop lending program was immediately implemented to provide students in need of the technology to complete their studies online. Free or discounted internet access was also made available to eligible students. A virtual student support center was established so students may access services including academic advising, tutoring, library services and financial aid online. The college campus and regional centers remained closed except for a very limited amount of coursework where students require practicum, including Dental Hygiene, Phlebotomy, Clinical Microbiology and others. New fully online workforce and professional development programs were created or converted for summer and fall 2020 terms. However, many vocational skills training programs, especially those requiring face to face instructions for effective learning or required by licensing bodies, were canceled or suspended in spring 2020 due to COVID-19. Some of these programs resumed on campus during the year ended June 30, 2021, including ServSafe Food Protection, Electrical Wiring, Massage Therapy, and others.

In October 2020, the College was awarded \$963,525 from the Commonwealth through the Governor's Emergency Education Relief Fund (GEER), all of which was applied during the year ended June 30, 2021 to defray costs related to COVID-19 which were incurred from March 13, 2020 to September 30, 2021. The amount is recorded as federal grants and contracts non-operating revenues on the statement of revenues, expenses and changes in net position.

In April 2020, the College was awarded \$16.1 million from the DOE through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Of the \$16.1 million awarded, \$8.05 million was allocated to emergency financial aid grants to students and the remaining \$8.05 million was allocated to the College to cover any costs associated with significant changes to the delivery of instruction due to COVID-19. During the years ended June 30, 2021 and 2020, the College had drawn down and disbursed \$2.65 million and \$5.4 million, respectively, of the emergency financial aid grants to students and these amounts are included within student aid expenses in the statements of revenues, expenses, and changes in net position. As of June 30, 2021 and 2020, the College had drawn-down and spent \$6.85 million and \$1.2 million, respectively, of the institutional portion under the grant to purchase laptops for students, expand remote access and distance education software licensing, purchase personal protective equipment, for converting on-campus courses to remote learning, and reimbursement for online distance fees which were waived for students during the year ended June 30, 2021. The amounts are recorded as federal grants and contracts non-operating revenues on the statement of revenues, expenses and changes in net position.

The College was awarded an additional \$5.7 million from the CARES Minority Serving Institutions (MSI) grant of which \$2.4 million and \$145,000, respectively, was applied during the years ended June 30, 2021 and 2020 to offset the cost of closing the parking garage as well as lost tuition and fees revenue. The amounts are recorded as federal grants and contracts non-operating revenues on the statement of revenues, expenses and changes in net position.

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June 30, 2021 and 2020

In April 2021, the College was awarded \$31.8 million from the DOE through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Of the \$31.8 million awarded, \$8.05 million was allocated to emergency financial aid grants to students and the remaining \$23.75 million was allocated to the College to defray expenses associated with COVID-19 (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll) and to make additional financial grants to students. As of June 30, 2021, the College had drawn down and disbursed \$4 million of the emergency Financial Aid Grants to students and these amounts are included within student aid expenses in the statements of revenues, expenses, and changes in net position. As of June 30, 2021, the College had drawn-down and spent \$23.3 million of the institutional portion under the grant to replace lost revenue from academic sources (tuition, auxiliary, fees) and to provide additional emergency financial aid grants to students by way of discharging \$2.7 million of student account balances due to the College. Of the \$23.3 million in institutional award expenditures, \$18.7 million was recorded as federal grants and contracts in the statements of revenues, expenses, and changes in net position and the remaining \$4.6 million is recorded as unearned revenue in the statements of net position and represents the portion of the revenue to which the College was not entitled based on the pro-rata portion of emergency financial aid grants to students which had not yet been disbursed to students at year-end.

In May 2021, the College was awarded \$54.9 million from the DOE through the American Rescue Plan (ARP). No amounts were spent or drawn down under the ARP award as of June 30, 2021.

The remaining balance from the CRRSAA and ARP grant funding will be drawn down and spent in 2022 and 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 2022, 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; and mutual funds including the Commonfund Multi-Strategy Bond Fund and Commonfund Intermediate 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 equity securities, 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. At least annually, the Board of Trustees will review the investment policy and performance to determine any appropriate revisions.

Operating funds may be invested only in corporate bonds rated at a minimum A- by Standard and Poor's or A3 by Moody's Investors Service, Inc. (Moody's) that are of U.S. dollar denomination. Investments in asset-backed and mortgage-backed bonds are limited to those rated AAA/Aaa. Investments in commercial paper must be rated A1/P1 or better. The maximum percentage of investments in any one sector is limited to 100% for U.S. government and agency, 25% for asset-backed bonds, 40% for corporate notes and bonds, and 25% for mortgage-backed bonds.

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June 30, 2021 and 2020

Deposits are comprised of demand deposit accounts with financial institutions. At both June 30, 2021 and 2020, cash on hand was \$4,000. At June 30, 2021 and 2020, the carrying amount of deposits was \$21,641,501 and \$19,585,705 and the bank balance was \$22,529,949 and \$20,692,394, respectively. The differences were caused primarily by items in transit.

The following is the fair value of deposits and investments at June 30, 2021:

| | College | Component Unit Foundation | CCP Development, LLC |
|---------------------------------------|---------------|---------------------------------|----------------------------|
| Deposits: | | | |
| Demand deposits | \$ 21,645,501 | \$ 1,452,851 | \$ 557,226 |
| Investments: | | | |
| U.S. Treasury obligations | 4,273,802 | - | - |
| U.S. government agency obligations | 5,901,940 | - | - |
| Corporate and foreign bonds | 1,944,765 | - | - |
| Intermediate fixed income mutual fund | 5,574,146 | 5,256,080 | - |
| Investment in subsidiary | | | |
| Equity mutual fund | - | 10,255,861 | - |
| Multi-strategy bond mutual fund | 5,614,981 | - | - |
| Money market mutual funds | 26,844,772 | 1,927,110 | - |
| Private real estate fund | - | 4,099 | - |
| | \$ 71,799,907 | \$ 18,896,001 | \$ 557,226 |

The following is the fair value of deposits and investments at June 30, 2020:

| | College | Component Unit Foundation |
|---------------------------------------|---------------|---------------------------------|
| Deposits: | | |
| Demand deposits | \$ 19,585,705 | \$ 1,622,503 |
| Investments: | | |
| U.S. Treasury obligations | 5,181,943 | - |
| U.S. government agency obligations | 5,332,734 | - |
| Corporate and foreign bonds | 1,776,056 | - |
| Intermediate fixed income mutual fund | 5,531,337 | 4,488,182 |
| Equity mutual fund | - | 7,825,563 |
| Multi-strategy bond mutual fund | 5,449,926 | - |
| Money market mutual funds | 17,684,046 | 858,020 |
| Private real estate fund | - | 55,256 |
| | \$ 60,541,747 | \$ 14,849,524 |

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June 30, 2021 and 2020

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, 2021 and 2020, bond proceeds available for campus construction include the following:

| | 2021 | 2020 |
|--------------------|--------------|---------------|
| Construction funds | \$ 9,779,803 | \$ 19,978,506 |

As of June 30, 2021, CCP Development, LLC (has debt proceeds available for CATC construction of \$22,394,729. See Note M 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, 2021 and 2020, the College's bank balance was exposed to custodial credit risk as follows:

| | 2021 | 2020 |
|---|---------------|---------------|
| Uninsured and collateral held by pledging bank's trust department not in the College's name | \$ 21,641,501 | \$ 19,585,705 |

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.

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June 30, 2021 and 2020

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 are:

| | June 30, 2021 | |
|-----------------|------------------------|------------------------------|
| | Multi-Strategy Bond | Intermediate Fixed Income |
| Government | 15% | 24% |
| Agency | 24 | 23 |
| AAA | 12 | 21 |
| AA | 3 | 4 |
| A | 10 | 16 |
| BBB | 20 | 10 |
| Below BBB | 13 | 2 |
| Non-rated/other | 3 | - |
| | 100% | 100% |

| | June 30, 2020 | |
|-----------------|------------------------|------------------------------|
| | Multi-Strategy Bond | Intermediate Fixed Income |
| Government | 11% | 22% |
| Agency | 24 | 25 |
| AAA | 11 | 22 |
| AA | 4 | 5 |
| A | 13 | 14 |
| BBB | 23 | 10 |
| Below BBB | 10 | 2 |
| Non-rated/other | 4 | - |
| | 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, is as follows:

| | June 30, 2021 | June 30, 2020 |
|-----|-----------------------------|-----------------------------|
| | Fixed Income Investments | Fixed Income Investments |
| Aaa | 50% | 54% |
| Aa | 3 | 6 |
| A | 34 | 32 |
| Baa | 13 | 8 |
| | 100% | 100% |

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June 30, 2021 and 2020

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, 2021 and 2020 are as follows:

| | June 30, 2021 | June 30, 2020 |
|------------------------------------|---|---|
| | Weighted- Average Maturity (Years) | Weighted- Average Maturity (Years) |
| U.S. Treasury obligations | 3.75 | 4.27 |
| U.S. government agency obligations | 4.02 | 3.79 |
| Corporate and foreign bonds | 4.52 | 4.92 |

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, 2021:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, and money market mutual funds of \$58,662,015 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of \$1,944,765 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 \$11,189,127 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, 2021:

Demand deposits, equity mutual fund, and money market mutual funds of \$13,635,822 are valued using quoted market prices (Level 1 inputs).

The intermediate fixed income mutual fund of \$5,256,080 is valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The private real estate fund of \$4,099 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, 2021:

Demand deposits \$557,226 are valued using quoted market prices (Level 1 inputs).

The College has the following recurring fair value measurements as of June 30, 2020:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, and money market mutual funds of \$47,784,428 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of \$1,776,056 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 \$10,981,263 are valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

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June 30, 2021 and 2020

The Foundation has the following recurring fair value measurements as of June 30, 2020:

Demand deposits, equity mutual fund, and money market mutual funds of \$10,306,086 are valued using quoted market prices (Level 1 inputs).

The intermediate fixed income mutual fund of \$4,488,182 is valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The private real estate fund of \$55,256 is valued at the NAV per share (or its equivalent) of the investments (Level 3 inputs).

The valuation method for investments measured at the NAV per share (or its equivalent) are presented in the following tables:

June 30, 2021 Investments Measured at NAV (\$ in millions)

| | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|----------------|-------------------------|---|-----------------------------|
| Intermediate fixed income mutual fund ⁽¹⁾ | \$ 10.8 | - | Monthly | 30 days |
| Multi-strategy bond mutual fund ⁽²⁾ | 5.6 | - | Weekly | 7 days |
| Private real estate fund ⁽³⁾ | 0.1 | - | N/A | N/A |
| Total investments measured at NAV | <u>\$ 16.5</u> | | | |

June 30, 2020 Investments Measured at NAV (\$ in millions)

| | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|----------------|-------------------------|---|-----------------------------|
| Intermediate fixed income mutual fund ⁽¹⁾ | \$ 10.0 | - | Monthly | 30 days |
| Multi-strategy bond mutual fund ⁽²⁾ | 5.4 | - | Weekly | 7 days |
| Private real estate fund ⁽³⁾ | 0.1 | - | N/A | N/A |
| Total investments measured at NAV | <u>\$ 15.5</u> | | | |

⁽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.

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- (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, 2021 and 2020:

| | 2021 | | 2020 | |
|---------------------------------------|--------------|---------------------------------|--------------|---------------------------------|
| | College | Component Unit Foundation | College | Component Unit Foundation |
| Tuition and fee receivables | \$ 2,396,454 | \$ - | \$ 6,780,999 | \$ - |
| Grants receivable | - | 25,892 | - | 207,067 |
| Other receivables | 1,691,802 | - | 1,253,479 | - |
| Pledges receivable | - | 58,891 | - | 109,942 |
| Receivable from Foundation | 791,262 | - | 701,664 | - |
| | 4,879,518 | 84,783 | 8,736,142 | 317,009 |
| Less: allowance for doubtful accounts | (1,339,562) | (4,711) | (3,160,977) | (8,819) |
| Total | \$ 3,539,956 | \$ 80,072 | \$ 5,575,165 | \$ 308,190 |

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. The allowance was \$1,339,562 and \$3,160,977 at June 30, 2021 and 2020, respectively. All of the Foundation's pledges receivable are expected to be collected subsequent to June 30, 2021, generally on a five-year payment schedule.

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June 30, 2021 and 2020

NOTE D - CAPITAL ASSETS

The College's capital assets consist of the following at June 30, 2021:

| | Balance July 1, 2020 | Additions | Retirements and Adjustments | Balance June 30, 2021 |
|-----------------------------------|-------------------------|----------------------|-----------------------------------|--------------------------|
| Capital assets not depreciated: | | | | |
| Land and improvements | \$ 31,094,976 | \$ - | \$ - | \$ 31,094,976 |
| Construction in progress | 7,194,834 | 10,120,356 | (874,935) | 16,440,255 |
| Works of art | 902,620 | - | - | 902,620 |
| | <u>39,192,430</u> | <u>10,120,356</u> | <u>(874,935)</u> | <u>48,437,851</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 243,381,379 | 1,420,441 | - | 244,801,820 |
| Equipment and furniture | 43,965,988 | 387,778 | (46,013) | 44,307,753 |
| Library books | 5,762,054 | 116,814 | - | 5,878,868 |
| Microforms | 1,669,832 | - | - | 1,669,832 |
| Software | 4,038,895 | - | - | 4,038,895 |
| System software | 6,911,878 | - | - | 6,911,878 |
| | <u>305,730,026</u> | <u>1,925,033</u> | <u>(46,013)</u> | <u>307,609,046</u> |
| Total before depreciation | <u>\$ 344,922,456</u> | <u>\$ 12,045,389</u> | <u>\$ (920,948)</u> | <u>\$ 356,046,897</u> |

Accumulated depreciation by asset categories is summarized as follows:

| | Balance July 1, 2020 | Additions | Retirements and Adjustments | Balance June 30, 2021 |
|----------------------------|-------------------------|---------------------|-----------------------------------|--------------------------|
| Buildings and improvements | \$ 130,164,842 | \$ 5,601,370 | \$ - | \$ 135,766,212 |
| Equipment and furniture | 38,616,024 | 1,699,112 | (41,778) | 40,273,358 |
| Library books | 5,013,880 | 140,519 | - | 5,154,399 |
| Microforms | 1,669,832 | - | - | 1,669,832 |
| Software | 4,038,895 | - | - | 4,038,895 |
| System software | 6,839,325 | 22,770 | - | 6,862,095 |
| | <u>\$ 186,342,798</u> | <u>\$ 7,463,771</u> | <u>\$ (41,778)</u> | <u>\$ 193,764,791</u> |
| Total before depreciation | <u>\$ 186,342,798</u> | <u>\$ 7,463,771</u> | <u>\$ (41,778)</u> | <u>\$ 193,764,791</u> |
| Net capital assets | | | | <u>\$ 162,282,106</u> |

CCP Development, LLC's capital assets consist of construction in progress in the amount of \$11,273,412 at June 30, 2021.

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The College's capital assets consist of the following at June 30, 2020:

| | Balance July 1, 2019 | Additions | Retirements and Adjustments | Balance June 30, 2020 |
|--------------------------------------|-------------------------|---------------------|-----------------------------------|--------------------------|
| Capital assets not depreciated: | | | | |
| Land and improvements | \$ 31,094,976 | \$ - | \$ - | \$ 31,094,976 |
| Construction in progress | 1,013,521 | 6,295,754 | (114,441) | 7,194,834 |
| Works of art | 787,708 | 114,912 | - | 902,620 |
| | <u>32,896,205</u> | <u>6,410,666</u> | <u>(114,441)</u> | <u>39,192,430</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 243,056,366 | 325,013 | - | 243,381,379 |
| Equipment and furniture | 43,466,500 | 515,253 | (15,765) | 43,965,988 |
| Library books | 5,660,902 | 101,152 | - | 5,762,054 |
| Microforms | 1,669,832 | - | - | 1,669,832 |
| Software | 4,038,895 | - | - | 4,038,895 |
| System software | 6,911,878 | - | - | 6,911,878 |
| | <u>304,804,373</u> | <u>941,418</u> | <u>(15,765)</u> | <u>305,730,026</u> |
| Total before depreciation | <u>304,804,373</u> | <u>941,418</u> | <u>(15,765)</u> | <u>305,730,026</u> |
| | <u>\$ 337,700,578</u> | <u>\$ 7,352,084</u> | <u>\$ (130,206)</u> | <u>\$ 344,922,456</u> |

Accumulated depreciation by asset categories is summarized as follows:

| | Balance July 1, 2019 | Additions | Retirements and Adjustments | Balance June 30, 2020 |
|----------------------------|-------------------------|---------------------|-----------------------------------|--------------------------|
| Buildings and improvements | \$ 124,274,650 | \$ 5,890,191 | \$ - | \$ 130,164,841 |
| Equipment and furniture | 36,897,941 | 1,732,805 | (14,721) | 38,616,025 |
| Library books | 4,885,042 | 128,838 | - | 5,013,880 |
| Microforms | 1,669,832 | - | - | 1,669,832 |
| Software | 4,038,895 | - | - | 4,038,895 |
| System software | 6,808,606 | 30,719 | - | 6,839,325 |
| | <u>\$ 178,574,966</u> | <u>\$ 7,782,553</u> | <u>\$ (14,721)</u> | <u>\$ 186,342,798</u> |
| Total | <u>\$ 178,574,966</u> | <u>\$ 7,782,553</u> | <u>\$ (14,721)</u> | <u>\$ 186,342,798</u> |
| Net capital assets | | | | <u>\$ 158,579,658</u> |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2021:

| | College | Component Unit Foundation | Component Unit CCP Development LLC |
|-------------------------------|----------------------|------------------------------|--|
| Category: | | | |
| Vendors and others | \$ 10,360,342 | \$ 855,179 | \$ 3,257,298 |
| Accrued salaries | 4,817,322 | 13,841 | |
| Accrued benefits | 2,229,854 | - | - |
| Compensated absences | 1,428,234 | - | - |
| Retirement incentive payments | 4,013,211 | - | - |
| Accrued interest | 222,639 | - | - |
| | \$ 23,071,602 | \$ 869,020 | \$ 3,257,298 |

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

| | College | Component Unit Foundation |
|-------------------------------|----------------------|---------------------------------|
| Category: | | |
| Vendors and others | \$ 8,234,349 | \$ 803,216 |
| Accrued salaries | 3,784,561 | 35,764 |
| Accrued benefits | 2,053,313 | - |
| Compensated absences | 3,420,896 | - |
| Retirement incentive payments | 1,130,713 | - |
| Payroll withholding taxes | 514,427 | - |
| Accrued interest | 178,804 | - |
| | \$ 19,317,063 | \$ 838,980 |

Long-term liability activity for the year ended June 30, 2021 was as follows:

| | Beginning Balance July 1, 2020 | Additions | Deductions | Total Ending Balance June 30, 2021 | Current Portion |
|--|--------------------------------------|----------------------|-----------------------|--|----------------------|
| Long-term liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 19,317,063 | \$ 3,754,539 | \$ - | \$ 23,071,602 | \$ 21,293,765 |
| Payable to government agencies | 269,549 | 423,268 | (269,549) | 423,268 | 423,268 |
| Capital lease obligation | 918,263 | - | (468,148) | 450,115 | 378,638 |
| Long-term debt | 70,057,284 | 14,580,000 | (7,557,284) | 77,080,000 | 7,600,000 |
| Unamortized bond premium | 7,440,661 | - | (728,918) | 6,711,743 | 728,918 |
| Other post-employment benefits | 143,624,506 | 36,861,647 | - | 180,486,153 | - |
| | \$ 241,627,326 | \$ 55,619,454 | \$ (9,023,899) | \$ 288,222,881 | \$ 30,424,589 |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Long term liability activity for the year ended June 30, 2020 was as follows:

| | Beginning Balance July 1, 2019 | Additions | Deductions | Total Ending Balance June 30, 2020 | Current Portion |
|---|--------------------------------------|---------------------|------------------------|--|----------------------|
| Long-term liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 18,953,625 | \$ 544,222 | \$ (180,784) | \$ 19,317,063 | \$ 17,762,425 |
| Payable to government agencies | 4,222,497 | - | (3,952,948) | 269,549 | 269,549 |
| Capital lease obligation | 1,391,712 | - | (473,449) | 918,263 | 468,149 |
| Long-term debt Unamortized bond premium | 77,298,101 | - | (7,240,817) | 70,057,284 | 7,557,284 |
| Other post- employment benefits | 8,169,579 | - | (728,918) | 7,440,661 | 728,918 |
| | <u>180,264,083</u> | <u>1,610,577</u> | <u>(38,250,154)</u> | <u>143,624,506</u> | <u>-</u> |
| | <u>\$ 290,299,597</u> | <u>\$ 2,154,799</u> | <u>\$ (50,827,070)</u> | <u>\$ 241,627,326</u> | <u>\$ 26,786,325</u> |

NOTE F - 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, 2021:

| | Balance July 1, 2020 | Additions | Principal Payments | Balance June 30, 2021 | Current Portion |
|-------------|-------------------------|----------------------|-----------------------|--------------------------|---------------------|
| 2015 Series | \$ 41,155,000 | \$ - | \$ (4,595,000) | \$ 36,560,000 | \$ 4,830,000 |
| 2018 Series | 19,705,000 | - | (2,345,000) | 17,360,000 | 2,460,000 |
| 2019 Series | 8,875,000 | - | (295,000) | 8,580,000 | 310,000 |
| 2020 Series | - | 14,580,000 | - | 14,580,000 | - |
| SPSBA Loan | 322,284 | - | (322,284) | - | - |
| | <u>\$ 70,057,284</u> | <u>\$ 14,580,000</u> | <u>\$ (7,557,284)</u> | <u>\$ 77,080,000</u> | <u>\$ 7,600,000</u> |

Debt consisted of the following at June 30, 2020:

| | Balance July 1, 2019 | Additions | Principal Payments | Balance June 30, 2020 | Current Portion |
|-------------|-------------------------|-------------|-----------------------|--------------------------|---------------------|
| 2015 Series | \$ 45,535,000 | \$ - | \$ (4,380,000) | \$ 41,155,000 | \$ 4,595,000 |
| 2018 Series | 21,970,000 | - | (2,265,000) | 19,705,000 | 2,345,000 |
| 2019 Series | 9,155,000 | - | (280,000) | 8,875,000 | 295,000 |
| SPSBA Loan | 638,101 | - | (315,817) | 322,284 | 322,284 |
| | <u>\$ 77,298,101</u> | <u>\$ -</u> | <u>\$ (7,240,817)</u> | <u>\$ 70,057,284</u> | <u>\$ 7,557,284</u> |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Future annual principal and interest payments at June 30, 2021 are as follows:

| June 30: | Principal | Interest | Total |
|----------|----------------------|----------------------|-----------------------|
| 2022 | \$ 7,600,000 | \$ 3,457,284 | \$ 11,057,284 |
| 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 |
| | <u>\$ 77,080,000</u> | <u>\$ 23,478,505</u> | <u>\$ 100,558,505</u> |

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. The unrefunded Series of 2008 were payable over three years, with an average debt service payment of \$2,415,000.

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

| | Principal |
|-----------|----------------------|
| 2022 | \$ 4,830,000 |
| 2023 | 5,070,000 |
| 2024 | 5,325,000 |
| 2025 | 5,590,000 |
| 2026 | 4,995,000 |
| 2027-2039 | <u>10,750,000</u> |
| | <u>\$ 36,560,000</u> |

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June 30, 2021 and 2020

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 |
|-----------|---------------|
| 2022 | \$ 2,460,000 |
| 2023 | 2,580,000 |
| 2024 | 575,000 |
| 2025 | 600,000 |
| 2026 | 630,000 |
| 2027-2038 | 10,515,000 |
| | \$ 17,360,000 |

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 |
|-----------|--------------|
| 2022 | \$ 310,000 |
| 2023 | 325,000 |
| 2024 | 340,000 |
| 2025 | 360,000 |
| 2026 | 375,000 |
| 2027 | 395,000 |
| 2028-2039 | 6,475,000 |
| | \$ 8,580,000 |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 M 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 |

Operating Leases

The College leases certain equipment and property under operating lease arrangements that expire through 2025. Rental expense for operating leases was \$537,832 and \$513,212 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments required under operating leases are as follows:

| | |
|------|--------------|
| 2022 | \$ 433,970 |
| 2023 | 310,274 |
| 2024 | 272,845 |
| 2025 | 278,311 |
| | \$ 1,295,400 |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Capital Leases

The College leases certain equipment under capital lease arrangements that expire through 2023. These leases are recorded at the lower of cost or present value and amounted to \$450,115 and \$918,263 at June 30, 2021 and 2020, respectively. Amortization charges of capital leases were \$1,050,961 and \$1,106,227 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under capital leases are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------|------------------|-------------------|
| 2022 | \$ 378,638 | \$ 14,031 | \$ 392,669 |
| 2023 | 71,477 | 1,121 | 72,598 |
| | <u>\$ 450,115</u> | <u>\$ 15,152</u> | <u>\$ 465,267</u> |

NOTE G - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

(Payable to) receivable from government agencies includes the following at June 30, 2021 and 2020:

| | <u>2021</u> | | <u>2020</u> | |
|--|---------------------|----------------------|---------------------|---------------------|
| | <u>(Payable)</u> | <u>Receivable</u> | <u>(Payable)</u> | <u>Receivable</u> |
| Commonwealth of Pennsylvania: | | | | |
| Provision for potential audit findings and reimbursement calculation | \$ (75,503) | \$ - | \$ (47,999) | \$ - |
| Grants and special projects | - | 885,772 | - | 1,148,570 |
| PHEAA for grants | (347,765) | - | (221,550) | - |
| | <u>(423,268)</u> | <u>885,772</u> | <u>(269,549)</u> | <u>1,148,570</u> |
| City of Philadelphia grants receivable | - | 2,660,008 | - | 497,511 |
| Federal: | | | | |
| Financial aid programs | - | 13,979 | - | 2,644 |
| Grants and special projects | - | 12,984,370 | - | 1,063,562 |
| | <u>-</u> | <u>15,658,357</u> | <u>-</u> | <u>1,563,717</u> |
| Total | <u>\$ (423,268)</u> | <u>\$ 16,544,129</u> | <u>\$ (269,549)</u> | <u>\$ 2,712,287</u> |

NOTE H - 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 22 employees in the PSERS.

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June 30, 2021 and 2020

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.

Benefits Provided

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.

Contributions

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 16.72% 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 23.94% and 34.63% 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.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2021, the College reported a liability of \$1,379,000 and \$2,831,037, 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, 2020 for PSERS and December 31, 2020 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

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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, 2021 and December 31, 2021, respectively, the College's proportion of PSERS and SERS was 0.0028% and 0.0155%.

For the year ended June 30, 2021, the College recognized proportional pension expense for PSERS and SERS of \$87,000 and \$343,277 respectively, as provided by the plans' actuarial schedules. At June 30, 2021, 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 | \$ 4,000 | \$ 33,000 |
| Net difference between projected and actual earnings on pension plan investments | 61,000 | - |
| Changes in proportion and differences between College contributions and proportionate share of contributions | - | 175,000 |
| Total | \$ 65,000 | \$ 208,000 |

SERS

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 26,579 | \$ 3,175 |
| Changes in assumptions | 314,798 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 362,218 |
| Changes in proportion | 167,724 | 85,683 |
| Changes in proportion and differences between College contributions and proportionate share of contributions | - | 190,308 |
| Total | \$ 509,101 | \$ 641,384 |

At June 30, 2020, the College reported a liability of \$1,403,000 and \$2,710,432, 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, 2019 for PSERS and December 31, 2019 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, 2020 and December 31, 2020, respectively, the College's proportion of PSERS and SERS was 0.0030% and 0.0149%.

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For the year ended June 30, 2020, the College recognized proportional pension expense for PSERS and SERS of \$176,000 and \$441,641, respectively, as provided by the plans' actuarial schedules. At June 30, 2020, 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 | \$ 8,000 | \$ 46,500 |
| Changes in assumptions | 13,000 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 4,000 |
| Changes in proportion and differences between College contributions and proportionate share of contributions | 26,000 | 159,500 |
| Total | \$ 47,000 | \$ 210,000 |

SERS

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 33,795 | \$ 18,359 |
| Changes in assumptions | 104,446 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 193,303 |
| Changes in proportion | 236,770 | 128,584 |
| Changes in proportion and differences between College contributions and proportionate share of contributions | - | 188,529 |
| Total | \$ 375,011 | \$ 528,775 |

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuations for both years ended June 30, 2021 and 2020, 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. |

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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% and 7.125%, net of manager fees including inflation as of June 30, 2021 and 2020, respectively

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

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 in the following table:

| Asset Class | Target Allocation | June 30, 2021 Long-Term Expected Rate of Return | June 30, 2020 Long-Term Expected Rate of Return |
|----------------------|-------------------|--|--|
| Global Public Equity | 15.00% | 5.20% | 5.60% |
| Private Equity | 15.00% | 7.20% | 0.00% |
| Fixed Income | 36.00% | 1.10% | 1.90% |
| Commodities | 8.00% | 1.80% | 2.70% |
| Absolute Return | 10.00% | 2.50% | 3.40% |
| Infrastructure/MLPs | 6.00% | 5.70% | 5.50% |
| Real Estate | 10.00% | 5.50% | 4.10% |
| Risk Parity | 8.00% | 3.30% | 4.10% |
| Cash | 6.00% | -1.00% | 0.30% |
| Financing (LIBOR) | -14.00% | -0.70% | 0.70% |
| | <u>100.00%</u> | | |

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June 30, 2021 and 2020

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 in the following table:

| <u>Asset Class</u> | <u>Total Allocation June 30, 2021</u> | <u>Total Allocation June 30, 2020</u> | <u>Long-Term Expected Rate of Return June 30, 2021</u> | <u>Long-Term Expected Rate of Return June 30, 2020</u> |
|--------------------------------|---|---|--|--|
| Private equity | 14.00% | 16.00% | 6.25% | 7.25% |
| Global Public equity | 0.00% | 48.00% | 0.00% | 5.15% |
| Private Credit | 4.00% | 0.00% | 4.25% | 0.00% |
| Real Estate | 8.00% | 12.00% | 5.60% | 5.26% |
| Multi-Strategy | 0.00% | 10.00% | 0.00% | 4.44% |
| US Equity | 25.00% | 0.00% | 4.90% | 0.00% |
| Int'l Developed Markets Equity | 13.00% | 0.00% | 4.75% | 0.00% |
| Emerging Markets Equity | 4.00% | 0.00% | 5.00% | 0.00% |
| Fixed Income - Core | 22.00% | 11.00% | 1.50% | 1.26% |
| Fixed Income - Opportunistic | 4.00% | 0.00% | 3.00% | 0.00% |
| Inflation Protection (TIPS) | 4.00% | 0.00% | 1.50% | 0.00% |
| Cash | 2.00% | 3.00% | 0.25% | 0.00% |
| Total | <u>100.00%</u> | <u>100.00%</u> | | |

For PSERS and SERS, the discount rate used to measure total pension liability was 7.25% and 7.125%, respectively. 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, 2021 is \$1,379,000 using a 7.25% discount rate. The College's net pension liability would have been \$1,706,000 assuming a 1%-point decrease (6.25%) in the discount rate and would have been \$1,102,000 assuming a 1%-point increase (8.25%) in the discount rate.

For SERS, the College's net pension liability at June 30, 2021 is \$2,831,037 using a 7% discount rate. The College's net pension liability would have been \$3,751,215 assuming a 1%-point decrease (6%) in the discount rate and would have been \$2,042,136 assuming a 1%-point increase (8%) in the discount rate.

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 1,056 employees participating in this program.

The payroll for employees covered by the three plans was \$58,696,317 and \$61,929,131, and the College's total payroll is \$74,041,097 and \$78,816,030 at June 30, 2021 and 2020, respectively. Contributions made by the College for the years ended June 30, 2021 and 2020 totaled \$5,367,470 and \$5,965,352, respectively, representing 9.14% and 9.63%, respectively, of covered payroll. College employees contributed \$4,414,574 and \$4,833,935, respectively, for the years ended June 30, 2021 and 2020.

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.

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 years ended June 30, 2021 and 2020, the College paid \$243,357 and \$800,000, respectively, 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, 2020 | Number of Participants as of July 1, 2019 |
|---|---|---|
| Actives | 497 | 833 |
| In-actives currently receiving benefit payments | 210 | 594 |
| Total | 707 | 1,427 |

The following table provides a summary of the changes in the College's total OPEB liability for fiscal years ended June 30, 2021 and 2020. The valuation dates were July 1, 2020 and 2019, and the measurement dates were June 30, 2021 and 2020.

| Change in Total OPEB Liability (TOL) | July 1, 2020 | July 1, 2019 |
|---|----------------|----------------|
| TOL, beginning of year | \$ 139,511,074 | \$ 175,548,288 |
| Service cost | 3,923,045 | 5,862,664 |
| Interest | 4,952,399 | 6,925,232 |
| Change in benefit terms | - | (11,026,241) |
| Difference between expected and actual experience | - | (33,487,521) |
| Benefits paid | (3,874,038) | (4,928,779) |
| Changes in assumptions | 31,763,636 | 617,431 |
| TOL, end of year | \$ 176,276,116 | \$ 139,511,074 |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following summarizes the development of benefit for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|--|----------------|-----------------|
| Service cost | \$ 3,923,045 | \$ 5,862,664 |
| Interest | 4,952,399 | 6,925,232 |
| Changes in assumptions | 7,940,909 | 154,358 |
| Amortization of: | | |
| Total OPEB liability and assumption gain | (21,692,711) | (32,873,370) |
| Total benefit | \$ (4,876,358) | \$ (19,931,116) |
| Weighted-average assumptions to determine expense: | | |
| Actual benefit payments | \$ 3,874,038 | \$ 4,928,779 |
| Discount rate | 2.21% | 3.50% |
| Expected return on assets | N/A | N/A |
| Salary scale | 3.00% | 3.00% |
| Current rate | 6.50% | 6.50% |
| Ultimate rate/year reached | 4.50%/2041 | 4.50%/2040 |

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

| Date Amortization Base Set | Net Amount at June 30, | Amortization Period Remaining at June 30, |
|----------------------------|---------------------------|--|
| 2020 | \$ 74,716,112 | 4.00 |
| 2021 | \$ 52,868,983 | 4.00 |

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

| Date Amortization Base Set | Net Amount at June 30, | Amortization Period Remaining at June 30, |
|----------------------------|---------------------------|--|
| 2020 | \$ 463,073 | 4.00 |
| 2021 | \$ 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: | |
|-----------------------|---------------|
| 2022 | \$ 13,751,861 |
| 2023 | 11,271,748 |
| 2024 | 3,713,932 |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Actuarial Assumptions - 2021

Mortality Table: The Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2020 for faculty participants and Pub-2010 Public Retirement Plans General mortality projected generationally with Scale MP-2020 for all other participants.

Discount Rate: 2.21% for determining June 30, 2021 disclosure and estimated 2022 expense; 3.50% for determining June 30, 2020 disclosure and estimated 2021 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, 2021:

| <u>Discount Rate Change</u> | <u>1% Decrease</u> | <u>1% Increase</u> |
|--|--------------------|--------------------|
| Net OPEB Liability | \$ 280,254,743 | \$ 150,807,751 |
| Net OPEB Liability Healthcare Trend Rate | \$ 148,368,874 | \$ 211,921,975 |

Actuarial Assumptions - 2020

Mortality Table: The Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for faculty participants and Pub-2010 Public Retirement Plans General mortality projected generationally with Scale MP-2019 for all other participants.

Discount Rate: 3.50% for determining June 30, 2020 disclosure and estimated 2021 expense; 3.87% for determining June 30, 2019 disclosure and estimated 2020 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 S&P municipal bond 20-year high grade rate 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, 2020:

| <u>Discount Rate Change</u> | <u>1% Decrease</u> | <u>1% Increase</u> |
|--|--------------------|--------------------|
| Net OPEB Liability | \$ 163,386,229 | \$ 120,394,965 |
| Net OPEB Liability Healthcare Trend Rate | \$ 119,665,431 | \$ 164,490,831 |

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. Forty employees will receive the incentive payment during fiscal years 2020-2021 and 2021-22. The present value of these payments is \$634,824 and \$958,145, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE I - 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 five-year Collective Bargaining Agreement with Faculty and Classified employee unions expires on August 31, 2022.

NOTE J - OPERATING EXPENSES

The College's and component unit Foundation's operating expenses, on a natural-classification basis, were comprised of the following for the years ended June 30, 2021 and 2020:

| | 2021 | | 2020 | |
|--------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| | College | Component Unit Foundation | College | Component Unit Foundation |
| Salaries | \$ 74,041,097 | \$ 907,137 | \$ 77,819,073 | \$ 996,955 |
| Benefits | 32,569,787 | 363,398 | 34,789,946 | 406,056 |
| Contracted services | 9,247,101 | 59,286 | 9,247,101 | 91,285 |
| Supplies | 5,564,083 | 82,627 | 4,466,810 | 62,181 |
| Depreciation | 7,463,771 | - | 7,782,553 | - |
| Student aid | 12,644,020 | 1,114,726 | 12,052,409 | 791,771 |
| Other post-retirement benefits | (8,754,336) | - | (24,589,650) | - |
| Other | 10,231,345 | 325,707 | 11,376,200 | 539,154 |
| Total | \$ 143,006,868 | \$ 2,852,881 | \$ 132,973,354 | \$ 2,887,402 |

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE K - CITY AND COMMONWEALTH APPROPRIATIONS

Appropriations from the Commonwealth and the City for the years ending June 30, 2021 and 2020 are as follows:

| | 2021 | | 2020 | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Operations | Capital | Operations | Capital |
| Commonwealth of Pennsylvania | \$ 32,388,574 | \$ 5,812,134 | \$ 32,408,016 | \$ 5,819,210 |
| City of Philadelphia | 34,450,833 | 7,177,918 | 29,846,548 | 6,212,659 |
| Total appropriations | <u>\$ 66,839,407</u> | <u>\$ 12,990,052</u> | <u>\$ 62,254,564</u> | <u>\$ 12,031,869</u> |

NOTE L - PASS-THROUGH GRANTS

The College distributed \$15,184,845 and \$21,245,772 for the years ended June 30, 2021 and 2020, respectively, 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 M - 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 will be 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 2022.

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 statements 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 statements of net position for the year ending June 30, 2021.

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.

Interest expense related to the outstanding notes payable for the year ended June 30, 2021 was \$271,216. Interest income related to the loan receivable for the year ended June 30, 2021 was \$245,078.

As of the date of issuance of the financial statements, the LLC has \$22,951,955 available for the completion of the CATC project.

NOTE N - SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 28, 2021, noting no items which would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

Years ended June 30,

(Amounts are in thousands)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 3,923 | \$ 5,863 | \$ 6,425 | \$ 10,624 |
| Interest cost | 4,952 | 6,925 | 5,696 | 6,234 |
| Actual and expected experience difference | - | (33,487) | - | (47,379) |
| Changes in assumptions | 31,764 | 617 | - | (19,251) |
| Changes in benefit terms | - | (11,026) | (9,920) | - |
| Benefit payments | (3,874) | (4,929) | (4,449) | (4,934) |
| Net change in total OPEB liability | 36,765 | (36,037) | (2,248) | (54,706) |
| Total OPEB liability - beginning | 139,511 | 175,548 | 177,796 | 232,502 |
| Total OPEB liability - ending (a) | <u>\$ 176,276</u> | <u>\$ 139,511</u> | <u>\$ 175,548</u> | <u>\$ 177,796</u> |
| Plan Fiduciary Net Position | | | | |
| Contribution - employer | \$ 3,874 | \$ 4,929 | \$ 4,449 | \$ 4,934 |
| Benefit payments | (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) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$ 176,276</u> | <u>\$ 139,511</u> | <u>\$ 175,548</u> | <u>\$ 177,796</u> |
| Covered-employee payroll | 55,279 | 53,434 | 51,546 | 54,241 |
| Total OPEB liability as a percentage of covered-employee payroll | 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,

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PSERS | | | | | | | |
| College's proportion of the net pension liability | 0.0028% | 0.0030% | 0.0034% | 0.0034% | 0.0035% | 0.0032% | 0.0026% |
| College's proportionate share of the net pension liability | \$ 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 | \$ 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 | 54.32% | 55.66% | 54.00% | 51.84% | 50.14% | 54.36% | 57.24% |
| SERS | | | | | | | |
| College's proportion of the net pension liability | 0.0155% | 0.0149% | 0.0148% | 0.0160% | 0.0147% | 0.0110% | 0.0120% |
| College's proportionate share of the net pension liability | \$ 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 | \$ 1,021,917 | \$ 958,066 | \$ 930,394 | \$ 979,992 | \$ 894,293 | \$ 653,759 | \$ 692,779 |
| Plan fiduciary net position as a percentage of the total pension liability | 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
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SCHEDULES OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| PSERS | | | | | | | |
| Contractually required contribution | \$ 175,000 | \$ 134,000 | \$ 144,000 | \$ 130,000 | \$ 111,000 | \$ 83,000 | \$ 52,000 |
| Contribution in relation to the contractually required contribution | <u>175,000</u> | <u>134,000</u> | <u>144,000</u> | <u>130,000</u> | <u>111,000</u> | <u>83,000</u> | <u>52,000</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 244,157 | \$ 407,745 | \$ 456,911 | \$ 455,779 | \$ 454,763 | \$ 413,104 | \$ 335,800 |
| Contributions as a % of covered employee payroll | 71.6752% | 32.8637% | 31.5160% | 28.5226% | 24.4083% | 20.0918% | 15.4854% |
| SERS | | | | | | | |
| Contractually required contribution | \$ 352,495 | \$ 334,491 | \$ 323,944 | \$ 325,667 | \$ 301,735 | \$ 202,576 | \$ 98,248 |
| Contribution in relation to the contractually required contribution | <u>352,495</u> | <u>334,491</u> | <u>323,944</u> | <u>325,667</u> | <u>301,735</u> | <u>202,576</u> | <u>98,248</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 1,021,917 | \$ 958,066 | \$ 930,394 | \$ 979,992 | \$ 894,293 | \$ 653,759 | \$ 692,779 |
| Contributions as a % of covered employee payroll | 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 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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | | | | | |
| Student tuition and fees (net of scholarship allowances) | \$ 28,424 | \$ 30,536 | \$ 32,753 | \$ 33,234 | \$ 32,992 | \$ 31,643 | \$ 31,973 | \$ 35,338 | \$ 32,003 | \$ 30,181 |
| Sales of auxiliary enterprises | 408 | 1,413 | 1,599 | 1,523 | 1,737 | 1,740 | 1,786 | 1,671 | 1,776 | 1,827 |
| Other operating revenues | 23 | 38 | 42 | 46 | 62 | 87 | 196 | 166 | 158 | 168 |
| Total operating revenues | <u>28,855</u> | <u>31,987</u> | <u>34,394</u> | <u>34,803</u> | <u>34,791</u> | <u>33,470</u> | <u>33,955</u> | <u>37,175</u> | <u>33,937</u> | <u>32,176</u> |
| City appropriations | 34,451 | 29,847 | 25,549 | 23,310 | 24,189 | 23,272 | 21,271 | 18,346 | 18,064 | 17,652 |
| State appropriations | 32,389 | 32,408 | 31,820 | 30,892 | 30,868 | 30,128 | 28,632 | 28,179 | 28,240 | 28,229 |
| Federal grants and contracts | 65,187 | 52,337 | 46,098 | 49,026 | 48,888 | 53,551 | 57,871 | 58,796 | 58,715 | 56,839 |
| State grants and contracts | 6,061 | 6,621 | 5,989 | 7,953 | 8,126 | 8,278 | 7,343 | 6,591 | 7,191 | 6,495 |
| Gifts from the Community College of Philadelphia Foundation | 12 | 95 | 160 | 242 | 835 | 225 | 141 | 100 | 2,809 | - |
| Nongovernmental grants and contracts | 2,884 | 2,522 | 2,115 | 1,582 | 1,528 | 1,456 | 1,521 | 1,704 | 1,119 | 1,014 |
| Net investment income | 451 | 1,691 | 1,577 | 36 | 75 | 815 | 365 | 695 | 333 | 1,098 |
| Other nonoperating revenue | 509 | 578 | 410 | 399 | 378 | 2,579 | 1,087 | 324 | 379 | 540 |
| Total nonoperating revenues | <u>141,944</u> | <u>126,099</u> | <u>113,718</u> | <u>113,440</u> | <u>114,887</u> | <u>120,304</u> | <u>118,231</u> | <u>114,735</u> | <u>116,850</u> | <u>111,867</u> |
| Capital appropriations | <u>12,990</u> | <u>12,032</u> | <u>11,797</u> | <u>12,450</u> | <u>11,050</u> | <u>12,354</u> | <u>10,859</u> | <u>13,969</u> | <u>13,730</u> | <u>14,084</u> |
| Total revenues | <u>\$ 183,789</u> | <u>\$ 170,118</u> | <u>\$ 159,909</u> | <u>\$ 160,693</u> | <u>\$ 160,728</u> | <u>\$ 166,128</u> | <u>\$ 163,045</u> | <u>\$ 165,879</u> | <u>\$ 164,517</u> | <u>\$ 158,127</u> |

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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | | | | | |
| Student tuition and fees (net of scholarship allowances) | 15.47% | 17.95% | 20.48% | 20.68% | 20.53% | 19.05% | 19.61% | 21.30% | 19.45% | 19.09% |
| Sales of auxiliary enterprises | 0.22 | 0.83 | 1.00 | 0.95 | 1.08 | 1.05 | 1.10 | 1.01 | 1.08 | 1.16 |
| Other operating revenues | 0.01 | 0.02 | 0.03 | 0.03 | 0.04 | 0.05 | 0.12 | 0.10 | 0.10 | 0.11 |
| Total operating revenues | <u>15.70</u> | <u>18.80</u> | <u>21.51</u> | <u>21.66</u> | <u>21.65</u> | <u>20.15</u> | <u>20.83</u> | <u>22.41</u> | <u>20.63</u> | <u>20.36</u> |
| City appropriations | 18.74 | 17.54 | 15.98 | 14.51 | 15.04 | 14.01 | 13.05 | 11.06 | 10.98 | 11.16 |
| State appropriations | 17.62 | 19.05 | 19.90 | 19.22 | 19.21 | 18.14 | 17.56 | 16.99 | 17.17 | 17.85 |
| Federal grants and contracts | 35.47 | 30.77 | 28.83 | 30.51 | 30.42 | 32.23 | 35.49 | 35.45 | 35.69 | 35.95 |
| State grants and contracts | 3.30 | 3.89 | 3.75 | 4.95 | 5.06 | 4.98 | 4.50 | 3.97 | 4.37 | 4.11 |
| Gifts from the Community College of Philadelphia Foundation | 0.01 | 0.06 | 0.10 | 0.15 | 0.52 | 0.14 | 0.09 | 0.06 | 1.7 | - |
| Nongovernmental grants and contracts | 1.57 | 1.48 | 1.32 | 0.98 | 0.95 | 0.88 | 0.93 | 1.02 | 0.68 | 0.64 |
| Net investment income | 0.25 | 0.99 | 0.99 | 0.02 | 0.05 | 0.49 | 0.22 | 0.42 | 0.20 | 0.69 |
| Other nonoperating revenue | 0.28 | 0.34 | 0.25 | 0.25 | 0.24 | 1.55 | 0.67 | 0.20 | 0.23 | 0.33 |
| Total nonoperating revenues | <u>77.24</u> | <u>74.12</u> | <u>71.12</u> | <u>70.59</u> | <u>71.49</u> | <u>72.42</u> | <u>72.51</u> | <u>69.17</u> | <u>71.02</u> | <u>70.73</u> |
| Capital appropriations | <u>7.06</u> | <u>7.08</u> | <u>7.37</u> | <u>7.75</u> | <u>6.86</u> | <u>7.43</u> | <u>6.66</u> | <u>8.42</u> | <u>8.35</u> | <u>8.91</u> |
| Total revenues | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses: | | | | | | | | | | |
| Salaries | \$ 74,041 | \$ 77,819 | \$ 77,462 | \$ 76,986 | \$ 78,629 | \$ 77,931 | \$ 77,161 | \$ 75,438 | \$ 76,015 | \$ 76,796 |
| Benefits | 32,570 | 34,790 | 34,979 | 36,259 | 36,417 | 36,978 | 36,140 | 35,885 | 34,247 | 32,062 |
| Contracted services | 9,247 | 9,276 | 8,045 | 7,859 | 6,512 | 6,458 | 8,331 | 9,697 | 11,373 | 6,057 |
| Supplies | 5,564 | 4,467 | 3,060 | 3,549 | 3,376 | 3,857 | 3,073 | 3,232 | 3,636 | 2,760 |
| Depreciation | 7,464 | 7,783 | 7,939 | 8,133 | 8,204 | 8,861 | 9,698 | 10,490 | 10,423 | 9,764 |
| Student aid | 12,644 | 12,052 | 6,250 | 7,213 | 8,770 | 8,739 | 8,211 | 10,459 | 8,328 | 10,015 |
| Other | 10,231 | 11,376 | 13,375 | 12,092 | 12,959 | 13,167 | 12,815 | 12,314 | 11,468 | 11,895 |
| GASB 75 (Other post-employment benefits) accrual | (8,754) | (24,590) | (5,426) | 12,309 | 11,703 | 11,686 | 8,016 | 8,641 | 8,530 | 7,611 |
| Total operating expenses | <u>143,007</u> | <u>132,973</u> | <u>145,684</u> | <u>164,400</u> | <u>166,570</u> | <u>167,677</u> | <u>163,445</u> | <u>166,156</u> | <u>164,020</u> | <u>156,960</u> |
| Interest on capital asset-related debt service | <u>3,882</u> | <u>3,604</u> | <u>3,602</u> | <u>3,413</u> | <u>3,263</u> | <u>3,315</u> | <u>4,225</u> | <u>4,258</u> | <u>4,689</u> | <u>3,927</u> |
| Total nonoperating expenses | <u>3,882</u> | <u>3,604</u> | <u>3,602</u> | <u>3,413</u> | <u>3,263</u> | <u>3,315</u> | <u>4,225</u> | <u>4,258</u> | <u>4,689</u> | <u>3,927</u> |
| Total expenses | <u>\$ 146,889</u> | <u>\$ 136,577</u> | <u>\$ 149,286</u> | <u>\$ 167,813</u> | <u>\$ 169,833</u> | <u>\$ 170,992</u> | <u>\$ 167,670</u> | <u>\$ 170,414</u> | <u>\$ 168,709</u> | <u>\$ 160,887</u> |

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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses: | | | | | | | | | | |
| Salaries | 50.41% | 56.98% | 51.89% | 45.88% | 46.30% | 45.57% | 46.02% | 44.27% | 45.06% | 47.73% |
| Benefits | 22.17 | 25.47 | 23.43 | 21.61 | 21.44 | 21.63 | 21.55 | 21.04 | 20.28 | 19.93 |
| Contracted services | 6.30 | 6.79 | 5.39 | 4.68 | 3.83 | 3.78 | 4.97 | 5.69 | 6.74 | 3.77 |
| Supplies | 3.79 | 3.27 | 2.05 | 2.11 | 1.99 | 2.26 | 1.83 | 1.90 | 2.16 | 1.72 |
| Depreciation | 5.08 | 5.70 | 5.32 | 4.85 | 4.83 | 5.18 | 5.78 | 6.16 | 6.18 | 6.07 |
| Student aid | 8.61 | 8.82 | 4.19 | 4.30 | 5.16 | 5.11 | 4.90 | 6.14 | 4.94 | 6.22 |
| Other | 6.97 | 8.33 | 8.96 | 7.21 | 7.63 | 7.70 | 7.64 | 7.23 | 6.80 | 7.39 |
| GASB 75 (Other post-employment benefits) accrual | (5.96) | (18.00) | (3.63) | 7.33 | 6.89 | 6.83 | 4.78 | 5.07 | 5.06 | 4.73 |
| Total operating expenses | <u>97.37</u> | <u>97.36</u> | <u>97.60</u> | <u>97.97</u> | <u>98.07</u> | <u>98.06</u> | <u>97.47</u> | <u>97.50</u> | <u>97.22</u> | <u>97.56</u> |
| Interest on capital asset-related debt service | <u>2.63</u> | <u>2.64</u> | <u>2.40</u> | <u>2.03</u> | <u>1.93</u> | <u>1.94</u> | <u>2.53</u> | <u>2.50</u> | <u>2.78</u> | <u>2.44</u> |
| Total nonoperating expenses | <u>2.63</u> | <u>2.64</u> | <u>2.40</u> | <u>2.03</u> | <u>1.93</u> | <u>1.94</u> | <u>2.53</u> | <u>2.50</u> | <u>2.78</u> | <u>2.44</u> |
| Total expenses | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Expenses by function: | | | | | | | | | | |
| Instruction | \$ 50,333 | \$ 49,333 | \$ 56,715 | \$ 64,578 | \$ 65,509 | \$ 66,018 | \$ 65,046 | \$ 66,210 | \$ 66,436 | \$ 62,162 |
| Public service | 38 | 104 | 97 | 145 | 124 | 183 | 86 | 109 | 156 | 63 |
| Academic support | 14,763 | 13,749 | 16,405 | 19,182 | 18,880 | 18,824 | 18,372 | 17,492 | 17,247 | 17,723 |
| Student services | 18,891 | 16,673 | 20,529 | 24,212 | 24,405 | 25,142 | 23,494 | 22,811 | 21,913 | 21,075 |
| Institutional support | 28,428 | 19,176 | 22,640 | 25,111 | 24,854 | 24,429 | 24,371 | 25,229 | 26,216 | 23,281 |
| Operation and maintenance of plant | 10,105 | 13,445 | 14,424 | 15,093 | 15,013 | 14,913 | 13,336 | 12,586 | 12,742 | 12,244 |
| Depreciation | 7,464 | 7,783 | 7,939 | 8,133 | 8,204 | 8,861 | 9,698 | 10,490 | 10,423 | 9,764 |
| Student aid | 12,644 | 12,052 | 6,250 | 7,213 | 8,770 | 8,739 | 8,211 | 10,459 | 8,328 | 10,015 |
| Auxiliary enterprises | 342 | 658 | 685 | 733 | 811 | 567 | 831 | 770 | 559 | 633 |
| Interest on capital debt | 3,882 | 3,604 | 3,602 | 3,413 | 3,263 | 3,315 | 4,225 | 4,258 | 4,689 | 3,927 |
| Total expenses by function | <u>\$ 146,890</u> | <u>\$ 136,577</u> | <u>\$ 149,286</u> | <u>\$ 167,813</u> | <u>\$ 169,833</u> | <u>\$ 170,991</u> | <u>\$ 167,670</u> | <u>\$ 170,414</u> | <u>\$ 168,709</u> | <u>\$ 160,887</u> |

(Amounts expressed in percentages)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses by function: | | | | | | | | | | |
| Instruction | 34.27% | 36.12% | 37.99% | 38.48% | 38.57% | 38.61% | 38.79% | 38.85% | 39.38% | 38.64% |
| Public service | 0.03 | 0.08 | 0.06 | 0.09 | 0.07 | 0.11 | 0.05 | 0.06 | 0.09 | 0.04 |
| Academic support | 10.05 | 10.07 | 10.99 | 11.43 | 11.12 | 11.01 | 10.96 | 10.26 | 10.22 | 11.02 |
| Student services | 12.86 | 12.21 | 13.75 | 14.43 | 14.37 | 14.70 | 14.01 | 13.39 | 12.99 | 13.10 |
| Institutional support | 19.35 | 14.04 | 15.17 | 14.96 | 14.63 | 14.29 | 14.54 | 14.80 | 15.54 | 14.47 |
| Operation and maintenance of plant | 6.88 | 9.84 | 9.66 | 8.99 | 8.84 | 8.72 | 7.95 | 7.39 | 7.55 | 7.61 |
| Depreciation | 5.08 | 5.70 | 5.32 | 4.85 | 4.83 | 5.18 | 5.78 | 6.16 | 6.18 | 6.07 |
| Student aid | 8.61 | 8.82 | 4.19 | 4.30 | 5.16 | 5.11 | 4.90 | 6.14 | 4.94 | 6.22 |
| Auxiliary enterprises | 0.23 | 0.48 | 0.46 | 0.44 | 0.48 | 0.33 | 0.50 | 0.45 | 0.33 | 0.39 |
| Interest on capital debt | 2.64 | 2.64 | 2.41 | 2.03 | 1.92 | 1.94 | 2.52 | 2.50 | 2.78 | 2.44 |
| Total expenses by function | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|---------------------------|---------------------------|----------------------------|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total revenues (from schedule of revenues by source less capital appropriations) | \$ 170,798 | \$ 158,085 | \$ 148,112 | \$ 148,423 | \$ 149,678 | \$ 153,776 | \$ 152,186 | \$ 151,910 | \$ 150,786 | \$ 144,042 |
| Total operating expenses (from schedule of expenses by use) | <u>146,889</u> | <u>136,578</u> | <u>149,286</u> | <u>167,813</u> | <u>169,833</u> | <u>170,992</u> | <u>167,670</u> | <u>170,414</u> | <u>168,709</u> | <u>160,887</u> |
| Total changes in net position | 23,909 | 21,507 | (1,174) | (19,390) | (20,155) | (17,216) | (15,484) | (18,504) | (17,923) | (16,845) |
| Net position, beginning | <u>(65,267)</u> | <u>(98,807)</u> | <u>(109,429)</u> | <u>51,951</u> | <u>61,057</u> | <u>65,919</u> | <u>72,538</u> | <u>77,072</u> | <u>81,265</u> | <u>85,903</u> |
| Net position, ending | <u><u>\$ (41,358)</u></u> | <u><u>\$ (77,300)</u></u> | <u><u>\$ (110,603)</u></u> | <u><u>\$ 32,561</u></u> | <u><u>\$ 40,902</u></u> | <u><u>\$ 48,703</u></u> | <u><u>\$ 57,054</u></u> | <u><u>\$ 58,568</u></u> | <u><u>\$ 63,342</u></u> | <u><u>\$ 69,058</u></u> |
| Net investment in capital assets | \$ 116,734 | \$ 104,726 | \$ 103,869 | \$ 102,005 | \$ 99,772 | \$ 98,776 | \$ 96,979 | \$ 93,771 | \$ 89,660 | \$ 86,331 |
| Restricted - expendable | 5,727 | 5,439 | 5,284 | 5,101 | 4,939 | 4,912 | 4,742 | 4,742 | 2,740 | 1,364 |
| Unrestricted | <u>(150,829)</u> | <u>(175,432)</u> | <u>(207,960)</u> | <u>(216,535)</u> | <u>(52,760)</u> | <u>(42,631)</u> | <u>(35,802)</u> | <u>(25,975)</u> | <u>(15,328)</u> | <u>(4,553)</u> |
| Total net position | <u><u>\$ (28,368)</u></u> | <u><u>\$ (65,267)</u></u> | <u><u>\$ (98,807)</u></u> | <u><u>\$ (109,429)</u></u> | <u><u>\$ 51,951</u></u> | <u><u>\$ 61,057</u></u> | <u><u>\$ 65,919</u></u> | <u><u>\$ 72,538</u></u> | <u><u>\$ 77,072</u></u> | <u><u>\$ 83,142</u></u> |

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,

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Enrollments and student demographics: | | | | | | | | | | |
| Credit FTE | 10,608 | 12,331 | 12,740 | 13,596 | 13,659 | 14,481 | 14,851 | 15,051 | 15,116 | 15,769 |
| Unduplicated Credit Headcount | 19,266 | 22,160 | 23,139 | 24,443 | 25,571 | 26,837 | 27,942 | 28,096 | 28,264 | 29,094 |
| Percentage - Men | 31.2% | 34.7% | 36.3% | 36.3% | 37.1% | 37.8% | 37.7% | 37.7% | 36.9% | 35.5% |
| Percentage - Women | 68.4 | 65.3 | 63.7 | 63.7 | 62.9 | 62.2 | 62.3 | 62.3 | 63.1 | 64.5 |
| Percentage - Black | 41.7 | 41.9 | 43.1 | 48.1 | 48.8 | 49.4 | 50.7 | 50.2 | 49.7 | 49.9 |
| Percentage - White | 24.4 | 22.9 | 23.2 | 23.5 | 24.0 | 23.8 | 23.9 | 24.3 | 25.1 | 24.6 |
| Percentage - Asian | 10.4 | 11.8 | 11.4 | 9.8 | 9.4 | 8.9 | 8.4 | 8.2 | 7.7 | 7.3 |
| Percentage - Hispanic | 15.7 | 15.9 | 14.9 | 14.0 | 13.0 | 12.8 | 11.8 | 11.4 | 10.6 | 4.9 |
| Percentage - American Indian/other | 4.0 | 3.9 | 4.0 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| Percentage - Unknown | 3.8 | 3.6 | 3.4 | 4.3 | 4.5 | 4.8 | 4.8 | 5.6 | 6.5 | 12.9 |
| Degrees awarded: | | | | | | | | | | |
| Associate | 1,954 | 1,761 | 1,770 | 1,731 | 1,794 | 1,880 | 1,916 | 1,857 | 1,712 | 1,828 |
| Certificate | 178 | 225 | 331 | 495 | 471 | 475 | 446 | 338 | 167 | 180 |

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Faculty: | | | | | | | | | | |
| Part-time | 297 | 452 | 567 | 543 | 548 | 676 | 635 | 643 | 734 | 757 |
| Full-time | 310 | 336 | 438 | 443 | 467 | 400 | 395 | 407 | 412 | 418 |
| Percentage tenured | 77.7% | 77.7% | 67.1% | 65.2% | 61.8% | 74.0% | 81.7% | 79.9% | 80.6% | 83.0% |
| Administrative and support staff: | | | | | | | | | | |
| Part-time | 55 | 82 | 76 | 40 | 38 | 18 | 11 | 12 | 20 | 22 |
| Full-time | 503 | 506 | 474 | 470 | 466 | 445 | 453 | 441 | 447 | 472 |
| Total employees: | | | | | | | | | | |
| Part-time | 352 | 534 | 643 | 583 | 586 | 694 | 646 | 655 | 754 | 779 |
| Full-time | 813 | 842 | 912 | 913 | 933 | 845 | 848 | 848 | 859 | 890 |
| Students per full-time staff: | | | | | | | | | | |
| Number credit students | 13,672 | 15,996 | 16,672 | 17,296 | 18,126 | 18,099 | 19,119 | 19,066 | 18,692 | 19,751 |
| Faculty | 44 | 48 | 38 | 39 | 39 | 45 | 47 | 47 | 46 | 47 |
| Administrative and support staff | 27 | 32 | 35 | 37 | 39 | 41 | 42 | 43 | 42 | 42 |
| Average annual faculty salary | \$ 66,597 | \$ 65,300 | \$ 75,020 | \$ 67,883 | \$ 69,196 | \$ 63,789 | \$ 65,212 | \$ 64,059 | \$ 66,137 | \$ 66,236 |

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS (UNAUDITED)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Main Campus - Buildings | 911,051 | 911,051 | 911,051 | 911,051 | 911,051 | 911,051 | 911,051 | 900,613 | 900,613 | 852,445 |
| Main Campus - 17 Street Garage | 230,360 | 230,360 | 230,360 | 230,360 | 230,360 | 230,360 | 230,360 | 230,360 | 230,660 | 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 | - |
| 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 | 32,090 | 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 | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,605,882</u> | <u>1,595,444</u> | <u>1,588,440</u> | <u>1,451,772</u> |

Source: Institutional Physical Plant Records.

See accompanying report of independent certified public accountants.

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

DEMOGRAPHIC STATISTICS (UNAUDITED)

City of Philadelphia Last Ten Calendar Years

| Year: | <u>Population as of June 30</u> | <u>Average Annual Unemployment Rate</u> |
|-----------|-------------------------------------|---|
| 2011 – 12 | 1,536,471 | 10.8 |
| 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 |
| 2010 – 21 | 1,587,232 | 9.4 |

Sources: United States Census Bureau and Bureau of Labor Statistics

See accompanying report of independent certified public accountants.

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

COMPONENT UNIT SCHEDULE OF NET POSITION (UNAUDITED)

Year ended June 30, 2021

(In thousands)

| | The Community College of Philadelphia Foundation | CCP Development, LLC |
|---|---|-------------------------------------|
| Cash on deposit and on hand | \$ 23,098 | \$ 557 |
| Investments | 72,621 | - |
| Accounts receivable | 24,497 | - |
| Allowance for doubtful accounts | (1,344) | - |
| Due from other governments | 16,544 | - |
| Restricted assets | 3,068 | 22,395 |
| Other assets | 2,004 | - |
| Property, plant and equipment | 162,282 | 11,273 |
| Total assets | \$ 302,770 | \$ 34,225 |
| Deferred outflows of resources: | | |
| Deferred outflows | \$ 29,243 | \$ - |
| Liabilities: | | |
| Vouchers and accounts payable | 17,332 | 3,257 |
| Salaries and wages payable | 4,831 | - |
| Accrued expenses | 1,778 | - |
| Funds held in escrow | 280 | - |
| Due to other governments | 423 | - |
| Deferred revenue | 6,284 | - |
| Current portion of long-term obligations | 7,979 | - |
| Noncurrent portion of long-term obligations | 69,551 | - |
| Notes payable | - | 25,945 |
| Other post-employment benefits (GASB 75) | 180,486 | - |
| Total liabilities | \$ 288,944 | \$ 29,202 |
| Deferred inflows of resources: | | |
| Deferred inflows | \$ 53,725 | \$ - |
| Net position: | | |
| Net investment in capital assets | \$ 116,734 | \$ - |
| Restricted for: | | |
| Capital projects | 5,929 | 5,023 |
| Tuition stabilization and scholarships | 15,575 | - |
| Unrestricted (deficit) | (148,894) | - |
| Total net position | \$ (10,656) | \$ 5,023 |

See accompanying report of independent certified public accountants.

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

COMPONENT UNIT SCHEDULE OF ACTIVITIES (UNAUDITED)

Year ended June 30, 2021

(In thousands)

| <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net Expense and Changes in Net Position</u> |
|----------------------------|--------------------------------|---|---|--|
| | <u>Charge for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Education Activities</u> |
| Community college services | \$ 149,741 | \$ 28,831 | \$ 75,524 | \$ 45,386 |
| | | | \$ - | |
| | | | General revenues: | |
| | | | Grants and contributions* | 79,829 |
| | | | Interest and investment earnings | 3,618 |
| | | | Miscellaneous | 2,481 |
| | | | Total general revenues | 85,928 |
| | | | Change in net assets | 40,542 |
| | | | Net position - beginning | (51,198) |
| | | | Net position - ending | \$ (10,656) |

* Includes Commonwealth appropriations of \$38,200,708 and City of Philadelphia appropriations of \$41,628,751.

See accompanying report of independent certified public accountants.

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

COMPONENT UNIT CAPITAL ASSET FORMAT (UNAUDITED)

Year ended June 30, 2021

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 31,094,976 | \$ - | \$ - | \$ 31,094,976 |
| Works of art | 902,620 | - | - | 902,620 |
| Construction in process | <u>7,194,834</u> | <u>21,393,768</u> | <u>(874,935)</u> | <u>27,713,667</u> |
| Total capital assets not being depreciated | <u>39,192,430</u> | <u>21,393,768</u> | <u>(874,935)</u> | <u>59,711,263</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 243,182,148 | 1,420,441 | - | 244,602,589 |
| Other improvements | 18,382,659 | 116,814 | - | 18,499,473 |
| Equipment | 42,613,136 | 372,779 | (46,013) | 42,939,902 |
| Furniture | 1,352,851 | 14,999 | - | 1,367,850 |
| Leasehold improvements | <u>199,232</u> | <u>-</u> | <u>-</u> | <u>199,232</u> |
| Total capital assets being depreciated | <u>305,730,026</u> | <u>1,925,033</u> | <u>(46,013)</u> | <u>307,609,046</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 129,981,146 | 5,599,064 | - | 135,580,210 |
| Other improvements | 17,561,933 | 163,289 | - | 17,725,222 |
| Equipment | 37,481,798 | 1,656,173 | (41,778) | 39,096,193 |
| Furniture | 1,134,226 | 42,939 | - | 1,177,165 |
| Leasehold improvements | <u>183,695</u> | <u>2,306</u> | <u>-</u> | <u>186,001</u> |
| Total accumulated depreciation | <u>186,342,798</u> | <u>7,463,771</u> | <u>(41,778)</u> | <u>193,764,791</u> |
| Total capital assets being depreciated, net | <u>119,387,228</u> | <u>(5,538,738)</u> | <u>(4,235)</u> | <u>113,844,255</u> |
| Business-type activities capital assets, net | <u>\$158,579,658</u> | <u>\$ 15,855,030</u> | <u>\$ (879,170)</u> | <u>\$173,555,518</u> |

See accompanying report of independent certified public accountants.

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Community College of Philadelphia
(A Component Unity 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, the financial statements of the business-type activities and discretely presented component units of Community College of Philadelphia (the "College") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and our report thereon dated September 28, 2021 expressed unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 28, 2021.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
May 5, 2022

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | Assistance Listing Number | Provided to Subrecipients | Pass-Through Grantor Number | Expenditures |
|---|---------------------------|---------------------------|-----------------------------|----------------------|
| U.S. Department of Education | | | | |
| Student Financial Assistance Cluster | | | | |
| Federal Supplemental Educational Opportunity Grants (FSEOG) | 84.007 | \$ - | - | \$ 902,608 |
| Federal Work-Study Program (FWS) | 84.033 | - | - | 201,968 |
| Federal Pell Grant Program (PELL) | 84.063 | - | - | 30,398,405 |
| Federal Direct Student Loans (Direct Loan) | 84.268 | - | - | 15,184,845 |
| Total Student Financial Assistance Cluster | | | | 46,687,826 |
| TRIO Cluster | | | | |
| TRIO Student Support Services | 84.042A | - | - | 294,666 |
| TRIO Upward Bound | 84.047A | - | - | 348,211 |
| Total TRIO Cluster | | | | 642,877 |
| Strengthening Minority-Serving Institutions | 84.382A | - | - | 463,758 |
| Child Care Access Means Parents in School | 84.335A | - | - | 229,245 |
| Strengthening Institutions Program | 84.031A | - | - | 57,000 |
| COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion | 84.425E | - | - | 6,720,375 |
| COVID-19 HEERF - Institutional Portion | 84.425F | - | - | 23,262,560 |
| COVID-19 HEERF - Minority Serving Institutions (MSI's) | 84.425L | - | - | 2,375,972 |
| Passed-through Pennsylvania Department of Education Governor's Emergency Education Relief Fund | 84.425C | - | 4100087524 | 1,282,155 |
| Total Education Stabilization Fund | | | | 33,641,062 |
| Passed-through Pennsylvania Department of Education Career and Technical Education – Basic Grants to States | 84.048A | - | FA-381-21-0011 | 2,396,645 |
| Total U.S. Department of Education | | | | 84,118,413 |
| U.S. Department of Health and Human Services | | | | |
| Passed-through the Commonwealth of Pennsylvania, Department of Human Services Temporary Assistance for Needy Families (TANF) | | | | |
| | 93.558 | - | 4100081210 | 141,107 |
| Passed-through the Philadelphia Hospital and Health Care District 1199C National Workforce Diversity Pipeline Program | | | | |
| | 93.137 | - | CPIMP151091-01-00 | 1,276 |
| Total U.S. Department of Health and Human Services | | | | 142,383 |
| U.S. Department of Labor | | | | |
| H1-B Job Training Grants | 17.268 | - | - | 7,261 |
| Total U.S. Department of Labor | | | | 7,261 |
| Research and Development Cluster | | | | |
| National Science Foundation | | | | |
| Passed-through The Trustees of the University of Pennsylvania NNCI: Mid-Atlantic Nanotechnology Hub (MANTH) | | | | |
| | 47.041 | - | ECCS-2025608 | 35,405 |
| Passed-through Drexel University Education and Human Resources | | | | |
| | 47.076 | - | HRD-2008197 | 24,321 |
| Passed-through Saint Joseph's University Education and Human Resources (Noyce Scholars Program) | | | | |
| | 47.076 | - | 1758353 | 10,601 |
| Total Research and Development Cluster | | | | 70,327 |
| U.S. Department of Agriculture | | | | |
| Passed-through DHS - Bureau of Program Support State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | | | | |
| | 10.561 | - | 4100081210 | 220,192 |
| Total expenditures of federal awards | | | | <u>\$ 84,558,576</u> |

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of the College under programs of the federal government for the year ended June 30, 2021. The Schedule of Expenditures of Federal awards presents only a selected portion of the operations of the College; it is not intended to, and does not, present the financial position, changes in net position, and cash flows of the College.

For the purposes of the Schedule of Expenditures of Federal Awards, federal awards include all grants, contracts and similar agreements entered into directly between the College and agencies and departments of the federal government and all sub-awards to the College by non-federal organizations pursuant to federal grants, contracts and similar agreements. Federal awards are included in contracts and other exchange transactions on the accompanying statement of net position.

NOTE B - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE C - FEDERAL STUDENT LOAN PROGRAM

Federally guaranteed loans issued to students of the College during the year ended June 30, 2021 totaled \$15,184,845. This amount has been included in the Schedule. The College is responsible only for the performance of certain administrative duties with respect to federally guaranteed student loan programs, and accordingly, these loans are not included in its financial statements.

NOTE D - ADMINISTRATIVE COSTS

The College's expenditures include administrative expenses of \$44,200 for Federal Pell Grants, \$10,098 in Federal Work Study, and \$45,130 for Federal Supplemental Educational Opportunity Grants.

NOTE E - INDIRECT COST RATE

Indirect costs allocated to federal awards were based on predetermined rates negotiated with the College's cognizant federal agency. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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, the financial statements of the business-type activities and the discretely presented component units, of Community College of Philadelphia (the “College”) as of and for the year ended June 30, 2021, 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 28, 2021.

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 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 the College’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the 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*.

Intended purpose

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 28, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on compliance for each major federal program

We have audited the compliance of Community College of Philadelphia (the “College”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the College’s federal programs.

Auditor’s responsibility

Our responsibility is to express an opinion on compliance for each of the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College’s compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on internal control over compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
May 5, 2022

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

| <u>Assistance Listing Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------------------|---|
| | Student Financial Assistance Cluster: |
| 84.007 | Federal Supplemental Educational Opportunity Grants (FSEOG) |
| 84.033 | Federal Work-Study Program (FWS) |
| 84.063 | Federal Pell Grant Program (PELL) |
| 84.268 | Federal Direct Student Loans (Direct Loan) |
| 84.425 | Education Stabilization Fund |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

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

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

June 30, 2021

No matters to report.

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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) and
Pennsylvania Department of Human Services

We have performed the procedures enumerated below, which were agreed to by management and the Board of Trustees of Community College of Philadelphia (the "College") and the Pennsylvania Department of Human Services ("DHS"), related to the College's compliance with the requirements listed in Audit Clause A of the Pennsylvania KEYS agreement between the College and DHS (the "specified requirements") during the period July 1, 2020 to June 30, 2021 (the "Subject Matter"). The College's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows.

1. Verified by comparison the amounts and classifications that the Supplemental Schedule of Revenues and Expenditures which summarizes amounts reported to DHS for the year ended June 30, 2021, have been accurately compiled and reflect the audited books and records of the College.

No exceptions noted.

2. Verified by comparison to the example schedules included in the specified requirements that these schedules are presented, at a minimum, at the level of detail that directly mirrors the budget page (Rider 3) of the subject matter. The Supplemental Schedule of Revenues and Expenditures should mirror the line items on the budget pages of the contract and include a budget and an actual expenditure column pertaining to the period.

No exceptions noted.

3. Inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.

No such adjustments noted.

4. Disclose any adjustments and/or findings and identify which have not been reflected in the corresponding schedules.

No such adjustments or findings noted.

5. The supplemental schedule to be included in the College's single audit reporting package for the year ended June 30, 2021, is a reconciliation of the expenditures listed on the Schedule of Expenditures of Federal Awards ("SEFA") to the Federal award income received from DHS ("reconciliation schedule") as required by DHS and noted in the revenue audit confirmation received from the Commonwealth of Pennsylvania. The procedures performed on the reconciliation schedule were as follows:
 - a. Agreed the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column to the audited SEFA.
 - b. Agreed the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column to the sub-recipient Federal amounts that are reflected in the audit confirmation reply from the Commonwealth of Pennsylvania.
 - c. Recalculated the amounts listed under the "Difference" column.
 - d. Agreed the amounts listed under the "Difference" column to the audited books and records of the College.
 - e. Agreed the "Detailed Explanation of the Differences" to the audited books and records of the College.
 - f. Based on the procedures detailed above, disclosed any adjustments and/or findings which have not been reflected on the corresponding schedules.

No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this agreed-upon procedures report is solely to report our findings based on the specific procedures performed on the Subject Matter for the purpose of assisting management and the Board of Trustees of the College and DHS in evaluating compliance with the specified requirements. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
May 5, 2022

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

SCHEDULE OF FEDERAL AWARDS PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES

Year ended June 30, 2021

| Federal Grantor Program | Assistance Listing Number | Federal Expenditures per the SEFA | Federal Awards Received per the Audit Confirmation Reply from Pennsylvania Department of Human Services | Difference | Detailed Explanation of the Differences |
|--|---------------------------|-----------------------------------|---|------------|---|
| Temporary Assistance for Needy Families (TANF) Program | 93.558 | \$ 141,107 | \$ 141,107 | \$ - | N/A |
| Supplemental Nutrition and Assistance Program (SNAP) | 10.561 | \$ 220,192 | \$ 220,192 | \$ - | N/A |

07/01/2020-06/30/2021

**Supplemental Schedule of Revenues and Expenditures
KEYS 20-21**

07/01/2020-06/30/2021

AGENCY: Community College of PhiladelphiaAGENCY ADDRESS: 1700 Spring Garden Street, Philadelphia, PA 1

PHONE#: 215-751-8133

Contract Number 4100081210SAP VENDOR #: '000139658**EXPENDITURES**

| | BUDGETED AMOUNT | CUMULATIVE YTD ACTUAL EXPENSES | BALANCE OF BUDGETED AMOUNT |
|--|--------------------|--------------------------------------|----------------------------------|
| ADMINISTRATION COSTS (Not to exceed 10% of total grant award) | | | |
| A. PERSONNEL | | | |
| Staff Salaries | - | - | - |
| Staff Fringe Benefits | - | - | - |
| Total Salaries/Fringe Benefits | - | - | - |
| B. EQUIPMENT AND SUPPLIES | 1,200 | 19 | 1,181 |
| C. OPERATING EXPENSES | 15,501 | 2,000 | 13,501 |
| TOTAL ADMINISTRATION COSTS | 16,701 | 2,019 | 14,682 |
| PROGRAM COSTS (Direct Training) | | | |
| A. PERSONNEL | | | |
| Staff Salaries | 447,823 | 369,181 | 78,641 |
| Staff Fringe Benefits | 125,456 | 110,754 | 14,701 |
| Total Personnel | 573,279 | 479,935 | 93,342 |
| B. EQUIPMENT AND SUPPLIES | 37,890 | 5,856 | 32,304 |
| C. OPERATING EXPENSES | 40,407 | | 40,407 |
| D. OTHER PROGRAM EXPENSES | 128,214 | | 128,214 |
| TOTAL SUBCONTRACTED EXPENSES | - | - | - |
| TOTAL PROGRAM COSTS | 779,790 | 485,791 | 294,267 |
| TOTAL CONTRACT AMOUNT | 796,491 | 487,810 | 308,949 |

DETAILED PAGE - ADMINISTRATION EXPENSES

| Category | BUDGETED AMOUNT | CUMULATIVE YTD ACTUAL EXPENSES | BALANCE OF BUDGETED AMOUNT |
|---|-----------------|--------------------------------|----------------------------|
| PERSONNEL (Please include the % of time spent on grant) | | | |
| | - | - | - |
| TOTAL ADMINISTRATIVE SALARIES | - | - | - |
| FRINGE BENEFITS | | | |
| FICA AND MEDICARE | - | - | - |
| HEALTH INSURANCE | - | - | - |
| LIFE & DISABILITY INSURANCE | - | - | - |
| UNEMPLOYMENT COMPENSATION | - | - | - |
| WORKERS COMP | - | - | - |
| PENSION | - | - | - |
| | - | - | - |
| TOTAL FRINGE BENEFITS CHARGED TO ADMINISTRATIVE SALARIES | - | - | - |
| | | | |
| TOTAL ADMINISTRATIVE SALARIES & FRINGE BENEFITS | - | - | - |
| EQUIPMENT AND SUPPLIES | | | |
| CONSUMABLE SUPPLIES | - | - | - |
| EQUIPMENT RENTAL | 1,200 | 19 | 1,181 |
| EQUIPMENT PURCHASES | - | - | - |
| TOTAL EQUIPMENT AND SUPPLIES | 1,200 | 19 | 1,181 |
| OPERATING EXPENSES | | | |
| Advertising | - | - | - |
| Audit | 2,000 | 2,000 | - |
| Consultant Services | 9,768 | - | 9,768 |
| Dues and Subscriptions | 3,733 | - | 3,733 |
| Insurance | - | - | - |
| Postage | - | - | - |
| Printing | - | - | - |
| Telephone | - | - | - |
| Maintenance | - | - | - |
| Rent | - | - | - |
| Utilities | - | - | - |
| Travel | - | - | - |
| | - | - | - |
| TOTAL OPERATING EXPENSES | 15,501 | 2,000 | 13,501 |
| TOTAL ADMINISTRATION EXPENSES | 16,701 | 2,019 | 14,682 |
| DETAILED PAGE - PROGRAM ACTIVITIES / SUBCONTRACTORS | | | |

| Category | BUDGETED AMOUNT | CUMULATIVE YTD ACTUAL EXPENSES | BALANCE OF BUDGETED AMOUNT |
|--|-----------------|--------------------------------|----------------------------|
| PERSONNEL (Please include % of time spent on grant) | | | |
| Project Director 100% H Pizarro | 61,076 | 61,010 | 66 |
| Job Developer 100% G Jones-Woods | 45,904 | 45,855 | 49 |
| Student Facilitator 100% T Mcknight | 44,748 | 43,704 | 1,044 |
| Student Facilitator 100% G. Howe | 44,748 | 44,242 | 506 |
| Student Facilitator 100% M Garbutt | 44,748 | 11,246 | 33,502 |
| Student Facilitator 100% K Jones | 44,748 | 43,435 | 1,313 |
| Student Facilitator 100% B Pierce | 44,748 | 44,242 | 506 |
| Student Facilitator 100% -S. Lawson | 43,500 | 36,881 | 6,619 |
| Administrative Associate 100% G Cardwell | 38,603 | 38,567 | 36 |
| Academic Coordinator/Student Facilitator | 15,000 | - | 15,000 |
| Academic Coordinator/Student Facilitator | 15,000 | - | 15,000 |
| Student Worker(s) PT | 5,000 | - | 5,000 |
| | - | - | - |
| TOTAL PROGRAM SALARIES | 447,823 | 369,182 | 78,641 |
| FRINGE BENEFITS | | | |
| FICA & Medicare | 17,151 | 14,140 | 3,011 |
| Health Insurance | 63,038 | 54,160 | 8,878 |
| Life & Disability Insurance | - | - | - |
| Unemployment Compensation | 1,771 | 1,561 | 210 |
| Worker's Comp. | 2,214 | 1,762 | 452 |
| Pension | 41,282 | 39,132 | 2,150 |
| | - | - | - |
| TOTAL FRINGE BENEFITS CHARGED TO PROGRAM SALARIES | 125,456 | 110,755 | 14,701 |
| | | | |
| TOTAL PROGRAM SALARIES & FRINGE BENEFITS | 573,279 | 479,937 | 93,342 |
| EQUIPMENT AND SUPPLIES | | | |
| Consumable Supplies | 31,179 | 5,586 | 25,593 |
| Equipment Rental | - | - | - |
| Equipment Purchases | 1,200 | - | 1,200 |
| Educational Software (Rosetta, Math Made Easy) | 5,511 | - | 5,511 |
| TOTAL EQUIPMENT AND SUPPLIES | 37,890 | 5,586 | 32,304 |
| OPERATING EXPENSES | | | |
| Dues and Subscriptions | - | - | - |
| Insurance | - | - | - |
| Postage | 2,500 | - | 2,500 |
| Printing | 7,500 | - | 7,500 |
| Telephone | - | - | - |
| Maintenance | 22,406 | - | 22,406 |
| Rent | - | - | - |
| Utilities | - | - | - |
| Travel | 8,001 | - | 8,001 |
| | - | - | - |
| TOTAL OPERATING EXPENSES | 40,407 | - | 40,407 |
| Other Program Expenses | | | |
| Allowable(stds) Incentives | 57,260 | - | 57,260 |
| Participant reimbursement | 2,149 | - | 2,149 |
| Career Fairs/Conferences | - | - | - |
| Educational Enrichment/Staff Prof. Development | 48,003 | - | 48,003 |
| Hospitality | 3,575 | - | 3,575 |
| Graduation | 2,775 | - | 2,775 |
| Pre-enrollment services/College Prep | 10,873 | - | 10,873 |
| VVE/PWE-Tutors | 3,579 | - | 3,579 |
| | - | - | - |
| TOTAL OTHER PROGRAM EXPENSES | 128,214 | - | 128,214 |
| Subcontractors | | | |
| | - | - | - |
| TOTAL SUBCONTRACTOR EXPENSES | - | - | - |
| | | | |
| GRAND TOTAL PROGRAM EXPENSES | 779,790 | 485,523 | 294,267 |
| | | | |
| TOTAL CONTRACT AMOUNT | 796,491 | 487,542 | 308,949 |
| Revenue | | 487,542 | |
| Excess of Revenue over Expenses | | - | |