Thomas Jefferson University

Reports on Federal Awards in
Accordance with OMB Uniform Guidance
June 30, 2020
Federal Identification Number 23-1352651

Thomas Jefferson University
Reports on Federal Awards
in Accordance with OMB Uniform Guidance
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Report of Independent Auditors

To the Board of Trustees
Thomas Jefferson University:

We have audited the accompanying consolidated financial statements of Thomas Jefferson University and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated 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 consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thomas Jefferson University and its subsidiaries as of June 30, 2020 and 2019, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Thomas Jefferson University changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity. Our opinion is not modified with respect to this matter.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020, and schedule of financial responsibility ratios as of and for the year ended June 30, 2020, are 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* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of financial responsibility ratios are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the Schedule of Expenditures of Federal Awards Supplementary Schedules, of the accompanying Consolidated Financial Statements for the year ended June 30, 2020, on pages 72-73 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020 on our consideration of Thomas Jefferson University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2020. 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 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 Thomas Jefferson University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
October 13, 2020, except with respect to the schedule of financial responsibility ratios, as to which the date is September 30, 2021.

I. Financial Statements

Thomas Jefferson University
Consolidated Balance Sheets
June 30, 2020 and 2019
(In Thousands)

Assets	**2020**	**2019**
Current assets:		
Cash and cash equivalents	$801,018	$247,015
Short-term investments	2,094,997	2,130,332
Accounts receivable	493,372	699,742
Inventory	103,332	73,828
Pledges receivable, current	31,967	34,187
Insurance recoverable, current	43,412	32,412
Assets whose use is limited, current	791	1,308
Other current assets	64,288	49,068
Total current assets	3,633,177	3,267,892
Long-term investments	1,104,999	1,084,937
Assets whose use is limited, noncurrent	299,691	578,299
Assets held by affiliated foundations	40,183	43,098
Pledges receivable, noncurrent	97,494	97,846
Goodwill	-	162,932
Insurance recoverable, noncurrent	211,253	222,315
Loans receivable from students, net	22,057	23,959
Land, buildings and equipment, net	2,925,367	2,583,733
Other noncurrent assets	38,004	47,722
Total assets	$8,372,225	$8,112,733
Liabilities and Net Assets		
Current liabilities:		
Current portion of:		
Long-term obligations	$25,336	$34,856
Accrued professional liability claims	81,832	78,957
Accrued workers' compensation claims	14,122	14,359
Deferred revenues	20,111	20,906
Interest rate hedges	24,717	-
Advances	82,344	16,984
Accounts payable and accrued expenses	369,489	495,908
Accrued payroll and related costs	313,250	293,683
Total current liabilities	931,201	955,653
Long-term obligations	2,322,825	2,078,232
Accrued pension liability	787,422	479,398
Federal student loan advances	7,585	10,410
Deferred revenues and rent	40,980	15,822
Accrued professional liability claims	428,183	399,562
Accrued workers' compensation claims	15,546	15,250
Interest rate hedges	47,071	33,975
Advances	391,993	-
Other noncurrent liabilities	56,510	20,218
Total liabilities	5,029,316	4,008,520
Net assets:		
Net assets without donor restriction - Thomas Jefferson University	2,525,219	3,229,958
Noncontrolling interest in joint ventures	20,496	76,079
Total net assets without donor restriction	2,545,715	3,306,037
Net assets with donor restriction	797,194	798,176
Total net assets	3,342,909	4,104,213
Total liabilities and net assets	$8,372,225	$8,112,733

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

Thomas Jefferson University
Consolidated Statements of Operations and Changes in Net Assets without Donor Restriction
For the Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019
Operating revenues, gains and other support:		
Net patient service revenue	$4,155,428	$4,409,942
Grants and contracts	123,118	126,854
Tuition and fees, net	215,184	212,494
Investment income	54,495	40,536
Contributions	3,478	4,650
Sale of controlling interest	-	58,191
Other revenue	339,195	314,189
Government support for COVID-19	325,058	-
Net assets released from restrictions	56,552	49,372
Total operating revenues, gains and other support	5,272,508	5,216,228
Operating expenses:		
Salaries and wages	2,528,534	2,332,723
Employee benefits	574,893	543,466
Supplies	884,014	859,594
Purchased services	582,650	549,318
Depreciation and amortization	262,708	247,934
Interest	60,055	53,648
Insurance	115,772	80,024
Utilities	66,156	65,816
Rent	83,253	78,998
Other	412,642	378,406
Total operating expenses	5,570,677	5,189,927
(Loss) Income from operations before nonrecurring items	(298,169)	26,301
Goodwill impairment	(161,256)	-
(Loss) Income from operations after nonrecurring items	(459,425)	26,301
Nonoperating items and other changes in net assets without donor restriction, net:		
Return on investments, net of amounts classified as operating revenue	60,547	108,347
Interest rate hedges	(41,258)	(11,867)
Reclassification of net assets	(1,972)	40
Contributions and government grants for capital projects	628	1,531
Net assets released from restrictions used for purchase of property and equipment	6,704	26,989
Increase in pension liability	(315,788)	(128,320)
Distributions to noncontrolling interest	(9,756)	(10,923)
Other	(2)	(290)
Decrease in nonoperating items and other changes in net assets without donor restriction	(300,897)	(14,493)
(Decrease) Increase in net assets without donor restriction	($760,322)	$11,808

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

Thomas Jefferson University
Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019
Net assets without donor restriction:		
Revenues, gains and other support	$5,272,508	$5,216,228
Expenses, other than goodwill impairment	(5,570,677)	(5,189,927)
Goodwill impairment	(161,256)	-
Nonoperating items and other changes in net assets without donor restriction, net	(300,897)	(14,493)
(Decrease) Increase in net assets without donor restriction	(760,322)	11,808
Net assets with donor restriction:		
Contributions	57,404	74,367
Gain on investments, net	6,778	15,810
Net loss on externally held trusts	(4,630)	(184)
Investment income	5,127	5,625
Net assets released from restrictions	(63,256)	(76,361)
Changes in net assets held by affiliated foundations	(2,915)	515
Change in value of split interest agreements	(1,462)	242
Reclassification of net assets	1,972	(40)
(Decrease) Increase in net assets with donor restriction	(982)	19,974
(Decrease) Increase in net assets	(761,304)	31,782
Net assets, beginning of year	4,104,213	4,072,431
Net assets, end of year	$3,342,909	$4,104,213

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

Thomas Jefferson University
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019
Cash flows from operating activities:		
(Decrease) Increase in net assets	($761,304)	$31,782
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Increase in pension liability	334,655	153,035
Depreciation and amortization	263,621	248,736
Bond premium amortization	(8,999)	(5,375)
Assets held by affiliated foundation	2,915	(515)
Gain on investments, net	(107,114)	(160,955)
Recognition of vesting in Premier stock	(3,647)	(5,621)
Net loss on interest rate hedges	41,258	9,534
Goodwill impairment	161,256	-
Distribution to noncontrolling interest	7,701	10,923
Funds received under the Medicare Accelerated and Advance Payment Program	447,993	-
Sale of controlling interest	3,719	(58,191)
Contributions and government grants designated for acquisition of long-term assets	(12,612)	(16,243)
Net change due to:		
Accounts receivable	205,499	(56,198)
Pledges receivable	2,572	(23)
Inventory	(29,504)	(4,612)
Other current and noncurrent assets	(6,263)	9,533
Accounts payable and accrued expenses	(126,228)	78,506
Accrued payroll and related costs	19,578	5,732
Grant and contract advances	9,360	(8,747)
Deferred revenues	24,349	3,262
Accrued pension liability	(26,631)	(22,583)
Insurance recoverable	62	(15,995)
Accrued professional liability claims	31,496	3,981
Accrued workers' compensation claims	59	(2,371)
Dividends received from joint ventures	18,067	15,197
Other current and noncurrent liabilities	36,910	(8,327)
Net cash provided by operating activities	528,768	204,465
Cash flows from investing activities:		
Assets whose use is limited increase	(13,041)	(442,671)
Assets whose use is limited decrease	292,166	161,650
Sale of controlling interest	(145)	40,363
Purchase of land, buildings and equipment	(599,383)	(428,628)
Purchases of investments	(5,291,089)	(3,743,315)
Sales of investments	5,394,993	3,750,287
Student loans issued	(3,519)	(3,654)
Student loans repaid	5,421	4,808
Net cash used in investing activities	(214,597)	(661,160)
Cash flows from financing activities:		
Distribution to noncontrolling interest	(7,701)	(10,923)
Contributions and government grants designated for acquisition of long-term assets	12,612	16,243
Federal student loan advances	(2,825)	96
Deferred financing fees	-	(4,275)
Proceeds from long-term obligations	261,000	497,019
Repayment of long-term obligations	(23,254)	(71,944)
Net cash provided by financing activities	239,832	426,216
Net increase (decrease) in cash and cash equivalents	554,003	(30,479)
Cash and cash equivalents at beginning of period	247,015	277,494
Cash and cash equivalents at end of period	$801,018	$247,015
Supplemental disclosures:		
Interest paid (net of amount capitalized)	$74,582	$59,110
Accounts payable related to buildings and equipment	$34,520	$48,749

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements represent the consolidated financial position, changes in net assets and cash flows of Thomas Jefferson University ("TJU"), including TJUH System ("TJUHS"), Abington Health ("Abington"), Aria Health System ("Aria"), Philadelphia University, Kennedy Health System ("Kennedy") and Magee Rehabilitation Hospital ("Magee").

TJU is an independent, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania and recognized as a tax-exempt organization pursuant to Section 501(c) (3) of the Internal Revenue Code. TJU has a tripartite mission of education, research and patient care. TJU conducts research and offers undergraduate and graduate instruction through the Sidney Kimmel Medical College, the Jefferson College of Nursing, the Jefferson College of Pharmacy, the Jefferson College of Health Professions, the Jefferson College of Population Health, the Jefferson College of Biomedical Sciences, the Jefferson College of Rehabilitation Sciences, the Kanbar College of Design, Engineering and Commerce, the School of Continuing and Professional Studies, the College of Architecture and the Built Environment, and the College of Science, Health and the Liberal Arts. The combined institution has approximately 7,150 students and is located in Philadelphia, Pennsylvania, with additional campus locations in the Greater Philadelphia Region and Atlantic City, New Jersey.

TJUHS, Abington, Aria, Kennedy and Magee are integrated healthcare organizations that provide inpatient, outpatient and emergency care services through acute care, ambulatory care, rehabilitation care, physician and other primary care services for residents of the Greater Philadelphia Region. TJU is the sole corporate member of TJUHS, Abington, Aria, Kennedy and Magee.

TJU includes the accounts of subsidiaries of Thomas Jefferson University including 1100 Walnut Associates; 925 Walnut Corporation; and the accounts of subsidiaries of TJUHS, including Thomas Jefferson University Hospitals, Inc. ("TJUH"); Jefferson University Physicians ("JUP"); Jefferson Physician Services; the Atrium Corporation; Jeffex, Inc.; Methodist Associates in Healthcare, Inc.; JeffCare, Inc.; JeffCare Alliance, LLC; Jefferson University Radiology Associates ("JURA", an 80% owned joint venture); Jefferson Comprehensive Concussion Center ("JCCC", a 66% owned joint venture); the Riverview Surgery Center at the Navy Yard, LP ("Riverview", a 51% owned joint venture); Rothman Orthopaedic Specialty Hospital, LLC ("ROSH", a 54% owned joint venture); and the accounts of subsidiaries of Abington including Abington Memorial Hospital; Lansdale Hospital Corporation; and Abington Health Foundation; and the accounts of subsidiaries of Aria including Aria Health; Aria Physician Services; Aria Health Orthopaedics; System Service Corporation; Aria IPE, LLC; Medical Imaging Associates (an 83% owned joint venture); T.F. Development, Inc.; Health Care, Inc.; TMB Enterprises and Jefferson Health – Northeast Foundation; and the accounts of Philadelphia University; and the accounts of subsidiaries of

Kennedy including Kennedy University Hospital, Inc.; Kennedy Health Care Foundation; STAT Medical Transport, Inc.; Kennedy Property Corporation; Kennedy Health Facilities, Inc.; Kennedy Medical Group Practice PC, d/b/a Kennedy Health Alliance; Kennedy Management Group, Inc.; Professional Medical Management Group, Inc.; and Garden State Radiology Network, LLC ("Garden State Radiology", a 51% owned joint venture); and the accounts of Magee.

Subsequent Events
TJU has performed an evaluation of subsequent events through October 13, 2020, which is the date the financial statements were issued.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of TJU and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation
The accompanying consolidated financial statements have been prepared on an accrual basis.

TJU classifies net assets as follows:

Net Assets without Donor Restrictions are those assets that are not subject to donor-imposed restrictions and may be expended for any purpose in fulfilling the mission of TJU. These net assets may be used at the discretion of TJU's management and the Board of Trustees.

Net Assets with Donor Restrictions are those assets whose use by TJU has been limited by donors to a specific time period or purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TJU and/or the passage of time. Other donor restrictions are perpetual in nature, where the funds are to be maintained in perpetuity by TJU, per the stipulation of the donor.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restriction in the consolidated statements of operations and changes in net assets.

TJU's operating activities within the consolidated statements of operations included revenues and expenses from providing education, research and patient services, including grants and contracts, unrestricted contributions, net assets released from restriction, distributions of investment returns based on TJU's spending policy.

TJU's non-operating activities within the consolidated statements of operations include investment returns and other activities related to endowment, long-term benefit plan obligation funding changes, student loan net assets and contributions related to land, buildings and equipment that are not part of the TJU's operating activities.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the financial statements including, but not limited to, recognition of net patient service revenue, which includes implicit price concessions; recognition of estimates for healthcare professional and general liabilities; determination of fair values of certain financial instruments; and assumptions for measurement of pension obligations. Management relies on historical experience and other assumptions believed to be reasonable relative to the circumstances in making judgments and estimates. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash and investments in highly liquid debt instruments with a maturity of three months or less when purchased and are carried at cost, which approximates fair value. All short-term, highly liquid investments, including any such investments purchased with funds on deposit with bond trustees, otherwise qualifying as cash equivalents or restricted cash equivalents, within the TJU's investments and assets whose use is limited are treated as investments, at fair value and are therefore excluded from Cash and cash equivalents in the Statements of Cash Flows.

Short-term investments
Investments classified as short-term investments are available to fund current operations as needed and exclude quasi-endowment funds, donor restricted endowment funds (including beneficial interests in perpetual trusts administered by third parties), investments held under split-interest agreements and investments subject to the equity method.

Charitable Medical Care Provided
TJU provides medically necessary services to all patients regardless of their ability to pay. Some patients qualify for charity care based on policies established by TJU and are therefore not responsible for payment for all or a part of their healthcare services. These policies allow for the provision of free or discounted care in circumstances where requiring payment would impose financial hardship on the patient.

TJU maintains records to identify and monitor the level of charity care provided. These records include the amount of charges foregone for services and supplies furnished. Such amounts have been excluded from net patient service revenue. Management estimates that the cost of charity care provided by TJU was $58.4 million and $59.3 million for the years ended June 30, 2020 and 2019, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the TJU total expenses divided by gross charges.

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which TJU expects to be entitled in exchange for providing patient care.

TJU determines the transaction price based on gross charges for services provided, less contractual adjustments provided to third-party payers based upon agreements, discounts provided to uninsured patients pursuant to TJU's policies, and implicit price concessions provided to uninsured patients and patients with insurance that are responsible for co-pay and/or deductible amounts. TJU determines its estimate of implicit price concessions based upon historical collection experience using a portfolio approach as a practical expedient. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of change.

TJU determines performance obligations based upon the nature of the services provided. Net patient service revenue is recognized as performance obligations are satisfied. TJU recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services or patients receiving services in our outpatient centers. TJU measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to point when there are no further services required for the patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and TJU does not believe it is required to provide additional goods or services to the patient.

As substantially all of TJU's patient service performance obligations relate to contracts with a duration of less than one year, TJU has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks after the end of the reporting period.

Net patient service revenue includes estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 39.8% and 12.0%, respectively, and 30.0% and 9.0%, respectively of net patient service revenue in 2020 and 2019, respectively. Most payments to TJU from the Medicare and Medicaid programs for inpatient hospital services are made on a prospective basis. Under these programs, payments are made at a pre-determined specific rate for each discharge based on a patient's diagnosis. Additional payments are made to TJU teaching and disproportionate share hospitals, as well as for cases that have unusually high costs. Laws governing the Medicare and Medicaid programs are complex and subject to interpretation. Services billed to the Medicare program are subject to external review for both medical necessity and billing compliance. Medicare cost reports for all years, except 2017, 2018, 2019 and 2020 have been audited and final settled as of June 30, 2020. No significant adjustments are expected. In addition, TJU received funds from the Philadelphia Hospital Assessment program and the Medical Assistance Modernization Act-Quality Care Assessment program in the amount of $167.3 million and $135.5 million in 2020 and 2019, respectively, and are recorded in net patient service revenue. TJU paid taxes in respect to these programs amounting to $118.3 million and $89.4 million in 2020 and 2019, respectively, and are recorded in other operating expenses. Both programs were designed to provide supplemental funding for licensed acute care hospitals with the Philadelphia Hospital Assessment program specifically designated for hospital emergency services.

TJU has also entered into agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to TJU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated rates. Revenue from Blue Cross and Aetna USHC amounted to 26.2% and 11.2%, respectively, and 23.0% and 14.2%, respectively, of TJU's net patient service revenue in 2020 and 2019, respectively.

Grants and Contracts

Grants and contracts revenue primarily represents research activity sponsored by governmental and private sources. TJU's primary source of federal sponsored support is the Department of Health and Human Services. In 2020 and 2019, revenue earned from federal sources totaled $86.7 million and $78.6 million, respectively. Facilities and administrative costs recovered on federally sponsored programs are generally based on predetermined rates negotiated with the Federal Government while recovery on all other sponsored projects is based on rates negotiated with the respective sponsor. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the financial position or operations of the TJU.

Tuition and Fees

Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Tuition and fees received in advance of services to be rendered are reported as deferred revenue on the consolidated balance sheets. TJU provides financial aid to eligible students in the form of institutional scholarships, loans and employment during the academic year. Tuition and fees have been reduced by certain institutional grants and scholarships in the amount of $69.4 million and $61.3 million in 2020 and 2019, respectively.

Contributions

Contributions, including unconditional promises to donate cash and other assets, are recognized at fair value on the date of receipt, recognized as revenue in the period received and are reported as increases in the appropriate net asset category based on with or without donor restrictions. Pledges received which are to be paid in future periods, and contributions restricted by the donor for specific purposes are reported as net assets with donor restriction support. When a donor restriction expires, that is, when a time restriction ends or stipulated purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction.

Collections

TJU capitalizes works of art, historical treasures, or similar assets (collectively, Collections). Collections are recorded at fair value at the date of the contribution. Collections of approximately $5.7 million are included in other noncurrent assets on the consolidated balance sheets at June 30, 2020 and 2019.

Investments

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. As a practical expedient, TJU is permitted under the *Fair Value Measurement* standard to estimate the fair value of an investment in an investment company at the measurement date using the reported net asset value (NAV). Adjustment is required if TJU expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US generally accepted accounting principles (US GAAP). TJU's investments are valued based on the most current NAV adjusted for cash flows when the reported NAV is not at the measurement date. This amount represents fair value of these investments at June 30, 2020 and 2019. TJU performs additional procedures including due diligence reviews on its alternative investments and other procedures with respect to the capital account or NAV provided to ensure conformity and compliance with valuation procedures in place, the ability to redeem at NAV at the TJU measurement date and existence of certain redemption restrictions at the measurement date. TJU reviews the values as provided by the investment managers and believes that the carrying amount of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Rather, the Pennsylvania Act governs the investment, use and management of TJU's endowment funds. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure an investment policy that seeks the long-term preservation of the real value of the investments. In accordance with the Pennsylvania Act, the objectives of TJU's investment policy is to provide a level of spendable income which is sufficient to meet the current and future budgetary requirements of TJU and which is consistent with the goal of protecting the purchasing power of the investments. The calculation of the spendable income for endowment funds of TJU is based on 75% of the prior year spendable income and 25% of the calculated two year average of the endowment market value multiplied by 4.75%; the sum of which is adjusted by an inflation factor.

TJU's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. These funds are held in various high-quality financial institutions managed by TJU personnel and outside advisors. TJU maintains its cash and cash equivalents in financial institutions, which at times exceed federally insured limits.

Assets Held by Affiliated Foundations

The Methodist Hospital Foundation ("MHF") and Magee Rehabilitation Hospital Foundation ("MRHF") are separate entities not under the control of TJU. MHF and MRHF accept gifts and bequests and engage in fundraising activities for the benefit of Methodist Hospital and Magee, respectively. The Board of Trustees of MHF and MRHF, at their sole discretion, are authorized to contribute funds to Methodist Hospital and Magee, respectively.

While the sole purpose of MHF and MRHF are to support Methodist Hospital and Magee, this accounting treatment does not imply that MHF and MRHF assets or investment income are those of TJU. The consolidated balance sheets do not reflect or establish the legal relationship, agency or otherwise, between MHF, MRHF and TJU, or any right to assets owned by MHF and MRHF. The by-laws of MHF and MRHF provide that all assets they hold shall not be subject to attachments, execution, or sequestration for any debt, obligation or liability of TJU or any other person or entity. In particular, MHF and MRHF are not party to or obligated by any debt instrument of TJU, and assets owned by MHF and MRHF, are not subject to the lien of any such debt instrument.

Underlying investments held by MHF and MRHF with restrictions benefiting only Methodist Hospital and Magee, respectively, are presented in the consolidated balance sheets as follows (in thousands):

	2020	2019
Methodist Hospital Foundation	$9,970	$10,002
Magee Rehabilitation Hospital Foundation	30,213	33,096
Total	$40,183	$43,098

Split Interest Agreements

TJU's split-interest agreements consist of charitable gift annuities, pooled income funds, charitable remainder trusts and charitable lead trusts. Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments. Contribution revenue for pooled income funds is recognized upon establishment of the agreement at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement.

Loans Receivable from Students

Many students receive financial aid that consists of scholarship grants, work-study opportunities and student loans. TJU participates in various federal revolving loan programs, in addition to administering institutional loan programs. Student loan programs are funded by donor contributions, other institutional sources, and governmental programs, primarily the Federal Perkins Loan Program.

The amounts received from the federal government's portion of federal loan programs are ultimately refundable to the federal government and are reported as a liability on TJU's consolidated balance sheets as federal student loan advances. Determination of the fair value of student loans receivable is not practicable.

Student loans receivable, net of allowance for doubtful accounts, consists of the following at June 30, 2020 and 2019 (in thousands):

	2020	2019
Direct student loans	$21,694	$22,238
Allowance for doubtful accounts	(4,640)	(4,327)
Net	17,054	17,911
Federally-sponsored student loans	5,003	6,048
Total	$22,057	$23,959

TJU assesses the adequacy of the allowance for doubtful accounts related to direct student loans receivable by performing evaluations of the student loan portfolio, including a review of the aging of the student loan receivable balances and of the default rate by loan program in comparison to prior years. The level of allowance is adjusted based on the results of this analysis. The federally-sponsored student loans receivable represents amounts due from current and former students under various Federal Government loan programs. For direct student loans it is TJU's policy to reserve 100% of a loan when the loan is delinquent 2 years or more; a reserve of 85% is recorded for loans delinquent more than 270 days and less than 2 years. TJU considers the allowance recorded at June 30, 2020 and 2019 to be reasonable and adequate to absorb potential credit losses inherent in the student loan portfolio.

Land, Buildings, and Equipment, net

Land, buildings, and equipment are carried at cost on the date of acquisition or fair value on the date of donation in the case of gifts. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets, excluding land. All gifts of land, buildings, and equipment are recorded as unrestricted non-operating activities unless explicit donor stipulations specify how the donated assets must be used. Interest expense on borrowed funds used for construction, net of interest income earned on unexpended amounts, is capitalized through the completion of construction.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Any excess of the purchase price over the estimated fair value of the identifiable net assets acquired is recorded as goodwill. The determination of the estimated fair value of net assets acquired requires management's judgment and often involves the use of significant estimates and assumptions.

During the fourth quarter of fiscal year 2020, TJU performed its required annual impairment test of goodwill. Beginning in March 2020, TJU's operations were significantly impacted by the COVID-19 pandemic. All elective healthcare procedures and office visits were canceled as a result of governmental stay-at-home orders that were in effect in the region into June 2020. Projections for fiscal year 2021 reflect a continued reduction in patient services volume from pre-COVID-19 levels. The impairment test showed that the fair value was lower than the carrying value resulting in a $161.3 million goodwill impairment charge in 2020. The fair value was determined using a discounted cash flow method.

The change in the carrying amount of goodwill for the year ended June 30, 2020 and 2019 is as follows (in thousands):

	2020	2019
Beginning balance:		
Goodwill	$163,704	$163,704
Accumulated impairment losses	(772)	(772)
	162,932	162,932
Goodwill acquired	47	-
Sale of Garden State Radiology Network	(1,723)	-
Impairment losses	(161,256)	-
Ending balance:		
Goodwill	162,028	163,704
Accumulated impairment losses	(162,028)	(772)
	$0	$162,932

Sale of Controlling Interest
In June 2019, Kennedy University Hospitals, Inc. (KUH) entered into a joint venture with an unrelated entity to provide outpatient renal dialysis services. KUH contributed to the joint venture certain assets used to operate its outpatient renal dialysis programs in exchange for $43.2 million and a 30% ownership interest. KUH recognized its non-controlling investment in the joint venture at fair value of $15.3 million and recorded a gain of $58.2 million.

Reclassifications
Certain amounts in the prior year have been reclassified to conform to the current year presentation.

New Accounting Standards

The FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) in February 2016. The update requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting guidance. The amendments in this update were initially effective for fiscal years beginning after December 15, 2018. In June 2020, FASB issued ASU 2020-05, Revenue from Contracts with Customers and Leases which deferred the effective date for public NFP entities for fiscal years beginning after December 15, 2019. TJU is adopting this guidance effective July 1, 2020 and has elected to implement the modified retrospective method.

In November 2016, the FASB issued ASU 2016-18, Restricted Cash, which adds and clarifies guidance in the presentation of the changes in restricted cash on the statement of cash flows and requires restricted cash to be included with cash and cash equivalents in the statement of cash flows. This ASU does not provide a definition of restricted cash. The ASU is effective for TJU beginning July 1, 2019. The effect of adoption did not have an impact on the financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. As amended by ASU 2019-10, the standard is effective for nonpublic entities for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2022 but can be early adopted for any goodwill impairment tests performed on or after January 1, 2017. TJU early adopted the guidance effective July 1, 2019 and applied the provisions prospectively to future goodwill impairment tests. The effect of adoption did not have an impact on the financial statements.

In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Cost and Net Periodic Postretirement Cost. The ASU requires that in instances where an operating measure is included in the consolidated statements of operations, the service cost component of the net periodic cost be included as a component of the operating measure and other components of net periodic costs be presented separately in the nonoperating section of the consolidated statement of operations. ASU 2017-07 allows a practical expedient that permits an employer to use the amounts disclosed in its pension benefits plan note for the prior period as the estimation basis for applying the retrospective presentation requirements. In fiscal year 2020, TJU adopted the provision of this standard retrospectively and applied the practical expedient. The non-service cost component of the net periodic costs for its pension plans, gains of $18.9 million and $24.7 million for the years ended June 30, 2020 and 2019, respectively, were recorded within increase in pension liability in the consolidated statement of operations. The service cost component of the net periodic costs for its pension plans of $39.0 million and $38.7 million for the years ended June 30, 2020 and 2019, respectively, were recorded within employee benefits in the consolidated statement of operations.

2. BUSINESS COMBINATIONS

On September 14, 2018, TJU and Albert Einstein Healthcare Network (“EHN”) entered into a system integration agreement pursuant to which TJU and EHN will combine assets and operations, TJU will become the sole member of EHN, and EHN will designate a number of members to the TJU Board of Trustees, subject to required regulatory consents and approvals and certain conditions precedent (collectively, the “Integration”). On February 27, 2020, the Federal Trade Commission (“FTC”) authorized an action to block the Integration. The FTC issued an administrative complaint alleging that the Integration would reduce competition in both Philadelphia and Montgomery counties. The FTC authorized staff to seek a temporary restraining order and a preliminary injunction to prevent the parties from consummating the Integration, and to maintain the status quo pending the administrative proceeding. The FTC, jointly with the Pennsylvania Attorney General, filed a complaint in federal district court. At this time, TJU and EHN are in litigation with the FTC and Pennsylvania Attorney General regarding the complaint. TJU can give no assurances as to if or when the regulatory, accreditation and other third-party approvals will be obtained or what the conditions of any such approvals will be.

Aria Health, a wholly controlled subsidiary of TJU, entered into an agreement dated December 16, 2019 with Temple to purchase Temple’s membership interests in Health Partners Plans, Inc. Health Partners Plans, Inc. is a health maintenance organization that offers Medicaid, Medicare and Children’s Health Insurance Program plans to members in Southeastern Pennsylvania. The finalization of the purchase of Temple’s membership interest is subject to a number of closing conditions, including the approval of Health Partners Plans, Inc. TJU can give no assurances as to if or when the transition of membership interests to Aria will close. TJU hopes to obtain the required regulatory approvals but cannot predict the timing to receive all such approvals.

3. NET ASSETS

Net assets consisted of the following at June 30, 2020 and 2019 (in thousands):

	2020			2019		
Detail of net assets	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$2,110,435	$181,912	$2,292,347	$2,865,652	$174,362	$3,040,014
Capital gifts	-	13,348	13,348	-	15,721	15,721
Student loan funds	21,650	25,213	46,863	21,034	22,026	43,060
Endowment funds	413,630	527,395	941,025	419,351	534,826	954,177
Assets held by affiliated foundations	-	40,183	40,183	-	43,098	43,098
Deferred giving	-	9,143	9,143	-	8,143	8,143
Total	$2,545,715	$797,194	$3,342,909	$3,306,037	$798,176	$4,104,213

4. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited presented in the consolidated balance sheets at June 30, 2020 and 2019 consist of the following (in thousands):

	2020	2019
Held by trustee under indenture agreement	$283,411	$561,065
Women's Board and Medical Staff funds	881	1,355
Restricted for capital purposes	12,942	12,691
Deferred compensation fund	1,562	2,812
Other	1,686	1,684
Total	$300,482	$579,607
Less current portion	(791)	(1,308)
Noncurrent portion	$299,691	$578,299

5. INVESTMENTS

Investments are presented in the consolidated balance sheets under the following classifications (in thousands):

	2020	2019
Short-term investments	$2,094,997	$2,130,332
Assets whose use is limited, current	791	1,308
Long-term investments	1,104,999	1,084,937
Assets whose use is limited, noncurrent	299,691	578,299
	$3,500,478	$3,794,876

A summary of investments at June 30, 2020 and 2019 is as follows (in thousands):

	2020	2019
Cash and cash equivalents	$231,816	$689,197
Equity securities	31,153	16,583
Fixed income securities	317,512	262,962
Funds:		
Global equity	1,271,799	1,230,692
Fixed income	884,518	883,312
Real estate	122,032	101,928
Other mutual funds	29,244	3,311
Private equity	233,457	166,456
Real estate	3,100	5,174
Hedge funds	100,554	153,619
External trusts	119,660	132,931
Investments subject to equity method and other	155,633	148,711
	$3,500,478	$3,794,876

Most private investment funds (private equity, real asset funds) are structured as closed-end, commitment-based investment funds where TJU commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, TJU generally holds interests in such funds for which there is no active market, although in some situations, a transaction may occur in the "secondary market" where an investor purchases a limited partner's existing interest and remaining commitment. The fund managers may value the underlying private investment based on an appraised value, discounted cash flow, industry comparable or some other method. TJU values these limited partnerships at NAV.

Unlike private investment funds, hedge funds are generally open-end funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by such fund's governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided to the investors). The fund managers invest in a variety of securities which may not be quoted in an active market. Illiquid investments may be valued based on appraised value, discounted cash flow, industry comparable or some other method.

The methods described above may produce a fair value calculation that may not be indicative of a net realized value or reflective of future fair values. Furthermore, while TJU believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

TJU's direct investments in equity and fixed income securities are considered liquid assets because they are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price of the asset. The underlying assets in TJU's investments in equity and fixed income funds are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price. The funds are priced daily and provide next day availability on all transaction requests. TJU's investment in real asset funds provide for monthly liquidity on transaction requests.

Private equity investments have limited liquidity or redemption options. Liquidity for private investments can be accomplished via a secondary sale transaction. When available, distributions typically take place on a quarterly basis. TJU has made commitments to various private equity and real asset limited partnerships. The total amount of unfunded commitments is $293.3 million and $245.6 million at June 30, 2020 and 2019, respectively. TJU expects these funds to be called over the next 3 to 5 years (in thousands):

	2020	2019
Private equity	$279,992	$232,321
Real estate	13,336	13,317
	$293,328	$245,638

Hedge funds provide quarterly liquidity with 60 to 90 days' notice prior to the quarter's end limiting TJU's ability to respond quickly to changes in market conditions. Liquidity of individual hedge funds vary based on various factors and may include "gates", "holdbacks" and "side pockets" imposed by the manager of the hedge fund, as well as redemption fees which may also apply. Depending on the redemption options available, it may be possible that the reported NAV represents fair value based on observable data such as ongoing redemption and/or subscription activity. In the cases of a holdback, TJU considers the significance of the holdback, its impact on the overall valuation and the associated risk that the holdback amount will not be fully realized based on a prior history of adjustments to the initially reported NAV.

For those private equity, real estate limited partnerships, or hedge-fund of fund transactions where valuations dated on the last business day of the calendar year are available, the valuations will be based on the most recent capital account statement (monthly/quarterly), adjusted for interim cash flow activity (contributions, distributions, fees).

Beneficial interests in perpetual trusts, which are administered by independent trustees, are mainly comprised of domestic and international equity securities and domestic fixed income securities.

TJU accounts for investments in the following entities under the equity method: Five Pointe Professional Liability Insurance Company ("Five Pointe") (50% owned joint venture insurance entity); Mountain Laurel Risk Retention Group, Inc. ("MLRRG") (50% owned joint venture insurance entity); Delaware Valley Accountable Care Organization ("DVACO") (50% owned joint venture); MLJH, LLC (50% owned joint venture); Health Partners Plans ("HPP") (25% membership interest joint venture) and Fresenius Medical Care Voorhees, LLC ("FMCV") (30% owned joint venture). A summary of investments subject to the equity method and other investments is as follows at June 30, 2020 and 2019 (in thousands):

	2020	2019
Equity method:		
Five Pointe	$44,810	$45,225
MLRRG	4,327	5,425
HPP	39,152	27,003
DVACO	6,543	2,327
MLJH, LLC	30,686	31,489
FMCV, LLC	15,782	15,300
Other equity method investments	3,739	4,101
Other	10,594	17,841
	$155,633	$148,711

A summary of investments held under split-interest agreements is as follows at June 30, 2020 and 2019 (in thousands):

	2020	2019
Charitable gift annuities	$12,979	$14,062
Pooled income funds	918	1,006
Charitable lead trusts	929	3,715
Charitable remainder trusts	5,598	7,026
	$20,424	$25,809

Investment income, realized gains and unrealized gains included in the consolidated statements of operations and changes in net assets are comprised of the following in 2020 and 2019 (in thousands):

	2020	2019
Investment income included in operating income:		
Interest and dividends	$19,670	$15,086
Endowment payout	21,402	20,871
Net realized gains on sales of investments	1,247	-
DVACO	(2,824)	(3,514)
HPP	12,149	6,029
MLJH, LLC	2,151	3,142
Other joint ventures	700	(1,078)
	54,495	40,536
Investment income included in nonoperating income:		
Net realized and unrealized gains (losses)	81,754	126,657
Interest and dividends	195	2,561
Endowment payout	(21,402)	(20,871)
	60,547	108,347
Total	115,042	$148,883

6. ENDOWMENT FUNDS

TJU's endowments consist of 1,017 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with each of these groups of funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The University reports all endowment investments at fair value. Cash equivalents in endowments are treated as investments.

At June 30, 2020, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	$0	$527,395	$527,395
Quasi-endowment funds	413,630	-	413,630
Total funds	$413,630	$527,395	$941,025

Changes in endowment net assets for the fiscal year ended June 30, 2020, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$419,352	$534,825	$954,177
Investment returns	9,574	8,713	18,287
Contributions	263	10,683	10,946
Appropriation of assets for expenditure	(21,113)	(23,280)	(44,393)
Transfers of University resources and other	5,554	(3,546)	2,008
Endowment net assets, end of year	$413,630	$527,395	$941,025

At June 30, 2019, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	$0	$534,826	$534,826
Quasi-endowment funds	419,351	-	419,351
Total funds	$419,351	$534,826	$954,177

Changes in endowment net assets for the fiscal year ended June 30, 2019, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$405,956	$526,941	$932,897
Investment returns	24,169	17,134	41,303
Contributions	974	13,902	14,876
Appropriation of assets for expenditure	(20,871)	(17,024)	(37,895)
Transfers of University resources and other	9,123	(6,127)	2,996
Endowment net assets, end of year	$419,351	$534,826	$954,177

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires TJU to retain as a fund of perpetual duration. Shortfalls of this nature are classified as a reduction of donor-restricted net assets and were $2.1 million and $1.3 million as of June 30, 2020 and 2019, respectively.

These shortfalls resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by TJU.

7. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

TJU's financial assets available within one year of the balance sheet date for general expenditure are as follows (in thousands):

	2020	2019
Financial assets:		
Cash and cash equivalents	$801,018	$247,015
Accounts receivable	493,372	699,742
Pledge payments available for operations	15,212	23,491
Short-term investments	1,887,885	1,930,639
Subsequent year's endowment payout	71,646	39,047
Total financial assets available within one year	3,269,133	2,939,934
Liquidity resources:		
Bank lines of credit	377,300	48,000
Total financial assets and liquidity resources available within one year	$3,646,433	2,987,934

TJU's endowment funds consist of donor-restricted and quasi-endowment funds. Income from donor-restricted endowment funds is restricted for specific purposes and therefore, is not available for general expenditures. Although TJU does not intend to spend from its quasi-endowment funds in excess of the endowment payout amount calculated pursuant to its spendable income policy described in Note 1, additional amounts from its quasi-endowment could be made available with Board approval.

As part of TJU's liquidity management, it has a practice to structure its financial assets in a manner to be available to satisfy general expenditures and other obligations as they come due. To manage unanticipated liquidity needs, TJU had available unsecured lines of credit from various banks of $638.3 million and $48.0 million at June 30, 2020 and 2019, respectively, under which there was borrowing of $261.0 million and $0 at June 30, 2020 and 2019, respectively.

8. FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that TJU has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are not currently observable.

Inputs are used in applying the various valuations techniques and broadly refer to the assumption that market participants use to make valuation decisions. An investments level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment. The categorization of an investment within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to TJU's perceived risk of that instrument.

Level 1 - Investments, whose values are based on quoted market prices in active markets, are therefore classified within Level 1. Typically, securities traded on the NYSE, AMEX, NASDAQ and other major exchanges will be classified as Level 1. These assets include active listed equities, certain U.S. government obligations, mutual funds and certain money market securities. For investments regularly traded on any recognized securities or commodities exchange, the closing price on such exchange (or, if applicable, as reported on the consolidated transactions reporting system) on the last trading date at the end of the fiscal year is used. In the case of securities regularly traded in the over-the-counter market, the closing bid quotations for long positions and the closing asked quotation for short positions on the trading date ending on or preceding the end of the fiscal year is used.

Level 1 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 2 - Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. They include investments in common trust equity and fixed income funds, corporate grade bonds, high yield bonds and certain mortgage products. These assets are valued based on quoted market prices in active markets or dealer quotations and are categorized as Level 2. There were no transfers between Levels 1 and 2 during 2020 and 2019.

Level 2 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 3 - Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include externally held trust funds.

Level 3 - Liquidity – No liquidity available as the assets are mainly comprised of donor restricted externally held trust funds of which TJU has a perpetual interest in the annual income stream.

The following table presents the short term and long term investments, and assets whose use is limited carried on the consolidated balance sheets by level within the valuation hierarchy or NAV as of June 30, 2020 and 2019 (in thousands):

	Level 1	Level 2	Level 3	NAV	2020
Cash and cash equivalents	$231,816	$0	$0	$0	$231,816
Equity securities	15,674	12,979	-	2,500	31,153
Fixed income securities	152,596	146,415	-	18,501	317,512
Funds:					
Global equity	34,645	-	-	1,237,154	1,271,799
Fixed income	-	-	-	884,518	884,518
Real asset	-	3,553	-	118,479	122,032
Other mutual funds	29,244	-	-	-	29,244
Private equity	-	-	-	233,457	233,457
Real estate	-	-	-	3,100	3,100
Hedge funds	-	-	-	100,554	100,554
External trusts	-	-	119,660	-	119,660
Total	$463,975	$162,947	$119,660	$2,598,263	$3,344,845

	Level 1	Level 2	Level 3	NAV	2019
Cash and cash equivalents	$689,197	$0	$0	$0	$689,197
Equity securities	42	14,041	-	2,500	16,583
Fixed income securities	84,618	161,652	-	16,692	262,962
Funds:					
Global equity	33,816	-	-	1,196,876	1,230,692
Fixed income	-	-	-	883,312	883,312
Real asset	-	4,579	-	97,349	101,928
Other mutual funds	3,311	-	-	-	3,311
Private equity	-	-	-	166,456	166,456
Real estate	-	-	-	5,174	5,174
Hedge funds	-	-	-	153,619	153,619
External trusts	-	-	132,931	-	132,931
Total	$810,984	$180,272	$132,931	$2,521,977	$3,646,165

Investments not subject to fair value leveling or fair value at NAV at June 30, 2020 and 2019 totaled $155.6 million and $148.7 million, respectively.

The fair value of TJU's interest rate swaps related to its debt obligations are based on third-party valuations independent of the counterparties. As the fair values of interest rate swaps are determined based on inputs that are readily available or can be derived from information available in public markets, TJU has categorized interest rate swaps as Level 2.

The following table presents the other liabilities carried on the consolidated balance sheets by level within the valuation hierarchy as of June 30, 2020 and 2019 (in thousands):

	Level 1	Level 2	Level 3	NAV	2020
Interest rate hedges	$0	$71,788	$0	$0	$71,788

	Level 1	Level 2	Level 3	NAV	2019
Interest rate hedges	$0	$33,975	$0	$0	$33,975

The following tables include a roll-forward of the amounts for the year ended June 30, 2020 and 2019 (in thousands) for external trust investments classified within Level 3.

	2020	2019
Beginning balance	$132,931	$135,118
Unrealized gain/(loss), net	(4,606)	(2,187)
Transfers	(8,665)	-
Ending balance	$119,660	$132,931

9. PLEDGES RECEIVABLE

A summary of pledges receivable is as follows at June 30, 2020 and 2019, respectively (in thousands):

	2020	2019
Unconditional promises expected to be collected in:		
Less than one year	$31,967	$34,187
One year to five years	46,617	80,039
Over five years	86,820	54,501
	165,404	168,727
Less: unamortized discount and allowance for doubtful accounts	(35,942)	(36,694)
	$129,461	$132,033

The discount rate ranges from 0.4% to 5.5%. TJU's largest pledge comprises 47% and 48% of the pledge receivable at June 30, 2020 and 2019, respectively.

At June 30, 2020, TJU was the recipient of a conditional pledge of $70.0 million for the construction of a building. This conditional pledge is not included as an asset in the consolidated balance sheets.

10. LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment is as follows at June 30, 2020 and 2019, respectively (in thousands):

	2020	2019
Land and land improvements	$204,634	$197,315
Buildings and building improvements	2,781,505	2,673,369
Equipment	2,164,907	1,963,593
Leasehold improvements	174,412	120,422
Construction in progress	528,812	299,990
Less: accumulated depreciation	(2,928,902)	(2,670,956)
Total land, buildings and equipment, net	$2,925,367	$2,583,733

TJU uses straight-line depreciation over the assets' estimated lives, which are as follows:

Land improvements	10-20 years
Buildings and building improvements	18-40 years
Equipment	3-15 years
Leasehold improvements	5-20 years

11. LONG-TERM OBLIGATIONS

A summary of long-term obligations is as follows at June 30, 2020 and 2019, respectively (in thousands):

	Final Maturity	Interest Rate at June 30, 2020	2020	2019
Revenue bonds:				
Fixed rate obligations:				
1993 Series A Revenue Bonds	2022	6.00%	$5,930	$5,930
Unamortized issue costs			(37)	(56)
2006 Series B Revenue Bonds	2020	4.00%-5.25%	-	5,785
Unamortized premium and issue costs			-	9
2012 Series Revenue Bonds	2042	3.00%-5.00%	37,155	38,355
Unamortized premium and issue costs			1,679	1,823
2012 Series A Revenue Bonds	2032	3.25%-5.00%	35,930	40,340
Unamortized premium and issue costs			1,635	2,001
2015 Series A Revenue Bonds	2051	3.00%-5.25%	301,805	301,805
Unamortized premium and issue costs			19,413	20,317
2017 Series A Revenue Bonds	2048	2.875%-5.50%	262,270	262,270
Unamortized premium and issue costs			11,987	12,656
2018 Series A Revenue Bonds	2050	4.00%-5.00%	353,370	356,285
Unamortized premium and issue costs			24,419	26,998
2018 Series B Revenue Bonds	2030	2.98%-3.88%	34,140	35,075
Unamortized issue costs			(217)	(254)
2019 Series A Revenue Bonds	2051	4%	449,745	449,745
Unamortized premium and issue costs			39,415	42,999
Total fixed rate obligations			1,578,639	1,602,083
Variable rate obligations:				
2015 Series B Revenue Bonds	2046	1.92%	60,000	60,000
Unamortized issue costs			(481)	(502)
2015 Series C Revenue Bonds	2042	2.36%	34,495	34,620
Unamortized issue costs			(108)	(117)
2015 Series D Revenue Bonds	2042	2.43%	34,250	34,375
Unamortized issue costs			(108)	(116)
2015 Series E Revenue Bonds	2042	2.37%	34,490	34,615
Unamortized issue costs			(108)	(117)
2015 Series F Revenue Bonds	2042	2.43%	34,250	34,375
Unamortized issue costs			(108)	(116)
2015 Series G Revenue Bonds	2042	2.33%	20,575	20,650
Unamortized issue costs			(65)	(70)
2015 Series H Revenue Bonds	2042	3.59%	28,525	28,630
Unamortized issue costs			(93)	(101)
2017 Series B Revenue Bonds	2050	1.92%	50,565	50,565
Unamortized issue costs			(502)	(519)
2017 Series C Revenue Bonds	2050	2.28%	50,000	50,000
Unamortized issue costs			(281)	(291)
2018 Series C Revenue Bonds	2052	2.23%	100,000	100,000
Unamortized issue costs			(826)	(854)
2018 Series D Revenue Bonds	2051	1.92%	49,950	49,950
Unamortized issue costs			(413)	(426)
Total variable rate obligations			494,007	494,551
Total Revenue bonds			2,072,646	2,096,634
Line of credit	2022	0.50-0.52%	261,000	-
Capital lease obligations	2025		14,355	15,459
Other	2037		159	995
Total long-term debt obligations			$2,348,161	$2,113,088

TJU is a party to the Amended and Restated Master Trust Indenture (the "MTI"), dated as of February 1, 2017 and effective on December 1, 2017, by and among TJU, each other Member of the Obligated Group (as described below) and Master Trustee. The MTI provides for the issuance from time to time of obligations as a joint and severable obligation of each Member of the Obligated Group, evidencing or securing particular indebtedness.

To secure its payment obligations under the MTI, each Member of the Obligated Group has granted to the Master Trustee for the equal and ratable benefit of the holders of all obligations issued and outstanding under the MTI (other than subordinated obligations) a first lien on and security interest in the gross revenues of each Member of the Obligated Group.

The Members of the Obligated Group consist of the following: TJU, TJUHS, TJUH, JUP, Abington Health, Abington Memorial Hospital, Abington Health Foundation, Lansdale Hospital, Aria Health System, Aria Health, Philadelphia University, Kennedy Health System, Kennedy Health Facilities, Inc., Kennedy University Hospital, Inc., Kennedy Medical Group Practice, PC and Magee.

TJU and each other Member of the Obligated Group have agreed to comply with certain financial and operational covenants contained in the MTI, certain continuing covenant agreements (the "CCAs") associated with several series of bonds as well as a standby letter of credit agreement (the SBLOC") and a revolving credit agreement (the "Revolver", and collectively with the CCAs and the SBLOC, the "Credit Agreements"). TJU was in compliance with the covenants in the Credit Agreements at June 30, 2020.

Driven primarily by the impact of COVID-19 on TJU's operations, TJU was not in compliance with the Debt Service Coverage Ratio (as defined in the MTI, "DSCR") as set forth in the MTI at June 30, 2020. The DSCR requires TJU to generate net revenue (as defined in the MTI) of at least equal to 110% of debt service requirements (as defined in the MTI) for such period. To support management's recovery actions already initiated, necessitated by the COVID-19 pandemic, and to satisfy MTI requirements, TJU has engaged an Independent Consultant (as defined in the MTI) to advise TJU on possible steps to enhance future revenues, net of expenses, in order to achieve the required DSCR in the future; and TJU will consider such recommendations, all in accordance with the MTI requirements, which further supplement management's actions as part of its overall recovery plans. In addition, the Liquid Unrestricted Net Assets (as defined in the MTI) was greater than 25% of outstanding Long-Term Indebtedness (as defined in the MTI) at June 30, 2020. As such, TJU remains in compliance with the requirements of the MTI at June 30, 2020.

The 2019 Series A Revenue Bonds were issued in June 2019. The proceeds provided funds for certain capital projects and to refinance the 2012 Series B Revenue Bonds.

Maturities for long-term debt for each of the next five years are as follows (in thousands):

2021	17,206
2022	288,362
2023	24,956
2024	26,485
2025	29,274
Thereafter	1,866,767

12. DERIVATIVE FINANCIAL INSTRUMENTS

TJU entered into derivative transactions for the purpose of reducing the impact of fluctuations in interest rates and hedging interest rate risk. The fair value of these derivative instruments at June 30, 2020 and 2019 in the consolidated balance sheets is as follows (in thousands):

Expiration Date	TJU Receives	TJU Pays	Notional Amount at June 30, 2020	Notional Amount at June 30, 2019	Balance Sheet Location	Fair Value at June 30, 2020	Fair Value at June 30, 2019
Expiration 2/1/34	67% of United States Dollar LIBOR (one Month)	2.980%	$67,260	$67,260	Noncurrent Liability	$7,815	$5,946
Expiration 9/1/45	67% of United States Dollar LIBOR (one Month)	3.925%	$22,083	$18,348	Noncurrent Liability	$33,913	$22,727
Expiration 5/1/27	68% of United States Dollar LIBOR (one Month)	3.980%	$33,950	$66,175	Noncurrent Liability	$5,176	$4,685
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.293%)	68% of United States Dollar LIBOR (one Month)	$59,050	$66,175	Noncurrent Liability	$58	$358
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.325%)	68% of United States Dollar LIBOR (one Month)	$33,950	$38,025	Noncurrent Liability	$78	$259
(1) Expiration 5/1/50	SIFMA	1.447%	$441,980	n/a	Current Liability	$46,515	n/a
(2) Expiration 12/1/20	n/a	n/a	$395,000	n/a	Current Liability	($19,272)	n/a
(3) Expiration 12/1/20	n/a	n/a	$100,000	n/a	Current Liability	($2,495)	n/a

(1) The agreement is subject to a mandatory cash settlement at the termination date, December 1, 2020. TJU may exercise an optional early termination prior to December 1, 2020. The cash settlement will be based upon prevailing market conditions and the market value of the agreement.

(2) TJU entered into a treasury rate lock agreement on September 19, 2019 having an effective date of December 1, 2020. The base treasury security is US CUSIP #912828YE4 with a coupon of 1.25% maturing on August 31, 2024. The locked in treasury price of the base treasury security is 99-4.123. On or before December 1, 2020, the agreement is subject to a cash settlement based upon the market value of the base treasury security.

(3) TJU entered into a treasury rate lock agreement on September 19, 2019 having an effective date of December 1, 2020. The base treasury security is US CUSIP # 912828YF1 with a coupon of 1.5% maturing on September 15, 2022. The locked in treasury price of the base treasury security is 100-6.512. On or before December 1, 2020, the agreement is subject to a cash settlement based upon the market value of the base treasury security.

The London InterBank Offered Rate ("LIBOR") with a one month maturity ranged from 0.16% to 2.39% (average rate of 1.45%) in 2020. The LIBOR rate with the five year maturity ranged from 0.31% to 1.88% (average rate of 1.20%) in 2020. Non-operating losses of $41.3 million and non-operating losses of $11.9 million at June 30, 2020 and 2019, respectively, are included in the consolidated statements of operations and changes in net assets for interest rate swap contracts (in thousands).

	2020	2019
Change in valuation of interest rate hedges	($37,813)	($9,534)
Net settlement payments with counterparties	(3,445)	(2,333)
Nonoperating (loss) gain on interest rate hedges	($41,258)	($11,867)

Accumulated losses on interest rate hedges of $71.8 million and $34.0 million at June 30, 2020 and 2019, respectively, are reflected in the consolidated balance sheets.

13. OPERATING LEASES

TJU has lease obligations for buildings, equipment and ambulatory facilities under various operating leases. Lease expenses charged to operations were $83.3 million and $79.0 million in 2020 and 2019, respectively. At June 30, 2020 the minimum future non-cancelable rental lease commitments are as follows (in thousands):

2021	$44,124
2022	42,305
2023	41,960
2024	38,974
2025	35,173
Thereafter	241,653
	$444,189

14. EMPLOYEE BENEFIT PLANS

TJU has non-contributory defined benefit pension plans for certain full-time employees. The plans are frozen to new entrants. Certain existing employees that met certain age and years of service thresholds were eligible to remain in the plans and continue to earn benefits. The Magee plan is frozen for all participants. Benefits under the non-contributory defined benefit plans are based on the employee's years of service and compensation during the years preceding retirement. Contributions to the plan are designed to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The accounting guidance for defined benefit pension plans requires employers to recognize the overfunded or underfunded projected benefit obligation ("PBO") of a defined benefit pension plan as an asset or liability in the balance sheet. The PBO represents the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future salary increases. The accounting guidance also requires employers to recognize annual changes in gains or losses, prior service costs, or other credits that have not been recognized as a component of net periodic pension cost through net assets without donor restriction. Effective beginning with the fiscal year ending June 30, 2018, TJU changed the method used to calculate service cost and interest cost. The calculation of service cost and PBO will utilize a split discount rate approach, where separate discount rates are calculated for determining each based on their respective expected cash flows. Additionally, the calculation of the interest cost will begin to utilize an approach that applies the individual spot rates from the full yield curve against the expected benefit payments for each year rather than using the single equivalent discount rate applied to all future years. This change will be accounted for as a change in accounting estimate that is reflected prospectively. These changes do not impact the calculation of the PBO or the discount rate.

The components of the net pension plan financial position on the consolidated balance sheets are as follows (in thousands):

	2020	2019
Change in projected benefit obligation:		
Benefit obligation, beginning of year	$2,100,659	$1,888,366
Service cost	39,006	38,657
Interest cost	68,309	76,614
Net experience gain	271,416	159,776
Benefits paid	(68,302)	(62,767)
Projected benefit obligation, end of year	2,411,088	2,100,646
Change in plan assets:		
Fair value of plan assets, beginning of year	1,621,248	1,539,420
Actual return of plan assets	23,937	108,070
Employer contributions	46,783	36,512
Benefit payments	(68,302)	(62,754)
Fair value of plan assets, end of year	1,623,666	1,621,248
Plan funded status	($787,422)	($479,398)

Amounts recognized as net assets without donor restriction consist of (in thousands):

	2020	2019
Net actuarial loss	$760,499	$425,844

The accumulated benefit obligation at June 30, 2020 and 2019 was as follows (in thousands):

	2020	2019
Accumulated benefit obligation	$2,263,039	$1,940,935

The components of net periodic benefit cost for the plans for the years ended June 30, 2020 and 2019 were as follows (in thousands):

	2020	2019
Service cost	$39,006	$38,657
Interest cost	68,309	76,614
Expected return on plan assets	(111,409)	(110,031)
Amortization of actuarial loss	24,233	8,702
Net periodic benefit cost	20,139	13,942
Other changes in plan assets and benefit obligations recognized in net assets without donor restriction:		
Net actuarial loss	358,888	161,737
Amortization of net actuarial loss	(24,233)	(8,702)
Total recognized in net assets without donor restriction	334,655	153,035
Total recognized in net periodic benefit cost and net assets without donor restriction	$354,794	$166,977

The estimated actuarial loss that will be amortized from net assets without donor restriction during the upcoming fiscal year is $62.2 million.

The weighted average assumptions used to estimate the June 30 pension obligation were as follows:

	2020	2019
Discount rate	3.04%	3.75%
Rate of compensation increase	3.25% to 4.00%	3.25% to 4.00%
Expected return on plan assets	6.14%	6.98%

The weighted average assumptions used to determine net periodic benefit costs were as follows:

	2020	2019
Discount rate - service cost	3.90%	4.22%
Discount rate - interest cost	3.32%	4.21%
Rate of compensation increase	3.25% to 4.00%	3.25% to 4.00%
Expected return on plan assets	6.98%	7.22%

A summary of the plans' targeted and actual asset allocations are as follows:

	Targeted Range	Percentage of Plan Assets June 30, 2020	Percentage of Plan Assets June 30, 2019
Cash	0-5%	3%	2%
Bonds	25-45%	25%	27%
Global equity	45-65%	62%	62%
Real estate and other	5-10%	9%	9%
		100%	100%

The portfolios utilize a long-term asset allocation strategy that allows management to rebalance the asset allocation back to target levels on a monthly basis. Short-term compliance with the target ranges can be impacted by the severity of market conditions. The expected long-term rate of return for the plan's assets are based on the historical return of each of the above categories, weighted based on the target allocations for each class. The assets of the defined benefit pension plan are invested in a manner that is intended to preserve the purchasing power of the plan's assets and provide payments to beneficiaries. Thus, a rate of return objective of inflation plus 5% is targeted.

TJU expects to contribute $24.5 million during fiscal year 2021.

Projected benefit payments for the next five years are as follows (in thousands):

2021	$87,704
2022	88,614
2023	95,005
2024	101,110
2025	107,103
2025-2029	608,860
	$1,088,396

The following table presents the fair value of plan assets by level within the valuation hierarchy, as discussed in Note 6, as of June 30, 2020 and 2019 (in thousands):

	Level 1	Level 2	Level 3	NAV	2020
Cash and cash equivalents	$46,037	$0	$0	$0	$46,037
Equity securities	41,023	-	-	-	41,023
Fixed income securities	-	2	-	-	2
Funds:					
Global equity	-	-	-	969,540	969,540
Fixed income	17,204	-	-	395,808	413,012
Real assets	-	-	-	84,688	84,688
Private equity	-	-	-	39,817	39,817
Real estate	-	-	-	398	398
Hedge funds	-	-	-	29,149	29,149
Total	$104,264	$2	$0	$1,519,400	$1,623,666

	Level 1	Level 2	Level 3	NAV	2019
Cash and cash equivalents	$33,184	$0	$0	$0	$33,184
Equity securities	38,736	-	-	-	38,736
Fixed income securities	-	2	-	-	2
Funds:					
Global equity	-	-	-	971,710	971,710
Fixed income	15,267	-	-	423,298	438,565
Real assets	-	-	-	84,055	84,055
Private equity	-	-	-	2,790	2,790
Real estate	-	-	-	468	468
Hedge funds	-	-	-	51,737	51,737
Total	$87,188	$2	$0	$1,534,058	$1,621,247

Retirement benefits are also provided to certain employees through direct payments to various funds. Employees not subject to TJU's defined benefit plans may be eligible to participate in one of the following defined contribution arrangements. TJU's share of the cost of these benefits for the year ended June 30, 2020 and 2019 was as follows (in thousands):

Plan	Description	2020	2019
TJU: Faculty and senior administrators	9% to 13% of eligible compensation based upon age	$24,241	$23,628
TJU: Non-faculty and non-union	4.5% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	26,553	22,716
JUP	10% of eligible compensation for physicians and 3.5% to 5.5% of eligible compensation for non-physicians based upon years of service	18,172	19,036
Abington	2% to 5% of eligible compensation based upon years of service, plus matching contribution of 50% of the first $2,000 of employee contributions	6,649	6,945
Aria	Matching contribution of 50% of the first 4% of employee contributions plus 1% to 7% based on age and years of service	9,695	10,333
Philadelphia University	9% of eligible compensation	2,419	2,378
Kennedy	Matching contribution of 50% to 100% of the first 4% of employee contributions starting in year 3. For those that started after 7/1/15, another 2.75% to 4.75% of their annual salary in lieu of a defined benefit plan	6,656	6,103
Magee	2% to 4% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	1,838	1,696
		$96,223	$92,835

Participation in Multiemployer Defined Benefit Pension Plan

TJU is a participating employer in The Pension Fund for Hospital and Health Care Employees – Philadelphia and Vicinity (the Pension Fund), a jointly-trusted multiemployer defined benefit pension plan. The Pension Fund is operated for the benefit of Chapter 1199C of the American Federation of State, County and Municipal Employees (the Union). Information about the Pension Fund and the TJU's participation is summarized as follows.

The employer identification number for the Pension Fund is 23-2627428. At the date the financial statements were issued Form 5500 was not available for the plan year ending in 2020. TJU's contribution to the Pension Fund was $7.9 million and $7.9 million for the years ended June 30, 2020 and 2019. The contributions represent approximately 27.9% and 25.9% of the contributions to the Pension Fund, respectively. A three year collective bargaining agreement was approved by the Union effective July 1, 2018. TJU contributions as a percentage of covered payroll to the Pension Fund for the year ending June 30, 2021 will be 21.55%.

The Pension Fund was determined to be in critical status (also referred to as red zone status) under the Pension Protection Act of 2006 for the plan years beginning January 1, 2017 and 2016. Accordingly, the Pension Fund is subject to a funding improvement plan. The zone status is based on information that TJU received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone status are generally less than 65% funded.

At January 1, 2019, the most recent date for which such information is available, the projected benefit obligation of the Pension Fund exceeded the plan assets by $299.7 million.

15. PROFESSIONAL LIABILITY CLAIMS

TJU maintains professional liability insurance under both self-insured and alternative risk financing insurance programs to fund for their potential professional and general liability claims. For all self-insured programs TJU accrues for estimated retained risk liability arising from both asserted and unasserted claims. The estimate of liability is based upon an analysis of historical claims data as prepared by independent actuaries.

For the Pennsylvania based healthcare providers including Magee, TJUHS (including JUP), Abington and Aria the primary layer of professional liability coverage is claims made coverage with limits of $500,000 per medical incident and $2.5 million annual aggregate per hospital and $500,000 per medical incident and $1.5 million annual aggregate per scheduled physician/resident. This primary layer of coverage is statutorily prescribed in Pennsylvania.

For the New Jersey based healthcare providers including Kennedy Health System the primary layer of professional liability coverage is claims made coverage with limits of $1.0 million per medical incident and $3.0 million annual aggregate for the hospitals and per scheduled physician/resident/midwife.

In addition, for Kennedy, Magee, TJUHS, Abington and Aria non-healthcare provider entities are provided with shared limits of $1.0 million per medical incident and $3.0 million annual aggregate. Also provided on the TJUHS policy are individual limits of $1.0 million per medical incident and $3.0 million annual aggregate for dentists, as well as physicians/residents practicing in other states including Delaware, New Jersey and Maryland. For TJU a primary professional liability layer of coverage of $1.0 million per claim and $3.0 million in the aggregate is provided.

This primary layer of professional liability coverage is provided by MLRRG for Kennedy, Magee, TJU and TJUHS. MLRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. TJU is a 50% owner of MLRRG. The remaining ownership interest is held by other regional non-profit hospitals and/or health systems.

MLRRG is reinsured by a non-profit 501(c) (3) protected cell insurance company, Five Pointe, domiciled in Delaware. Five Pointe reinsures 100% of the professional liability risks of Kennedy, Magee, TJU and TJUHS insured by MLRRG pursuant to a reinsurance agreement between Five Pointe and MLRRG that limits MLRRG's recourse for payment of any reinsured claims against Kennedy, Magee, TJU and/or TJUHS to the assets in the TJUH protected cell.

For Abington and Aria this primary layer of professional liability coverage is provided by Cassatt RRG ("CRRG"). CRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. CRRG is owned and governed by various regional non-profit hospitals including a 25% voting interest by Abington and a 25% voting interest by Aria. CRRG is reinsured by Cassatt Insurance Company Ltd. ("CICL"). CICL is owned by the same various regional non-profit hospitals and is incorporated as an insurance company under the laws of Bermuda.

Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund") provides limits of $500,000 per claim and $1.5 million annual aggregate for Magee, TJUHS, Abington and Aria hospitals and per scheduled Magee, TJUHS, Abington and Aria physicians/residents excess of the primary layer of coverage described above. The annual assessments for MCARE Fund coverage are based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association multiplied by an annual assessment percentage. This assessment is recognized as an expense in the period incurred. No provision has been made for future MCARE Fund assessments as the unfunded portion of the MCARE Fund liability cannot be reasonably estimated.

For losses in excess of the primary and MCARE layers of coverage TJUHS retains and accrues for potential liabilities up to a $15.0 million limit for each and every claim, Kennedy retains and accrues for potential liabilities up to a $3.0 million limit for each and every claim and Magee retains and accrues for potential liabilities up to a $1.0 million limit for each and every claim (inclusive of defense costs, and primary and MCARE payments). Accruals for the retained amounts are based on actuarially-determined estimates, which reflect a 65% confidence level and a 3% discount rate for 2020 and 2019. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions for such considerations as medical costs and actual experience could cause these estimates to change.

TJUHS maintains claims-made excess catastrophic professional liability insurance coverage through Five Pointe in the amount of $95.0 million per medical incident and $95.0 million annual aggregate which attaches excess of the primary, MCARE and retained limits of coverage described above. For TJU's miscellaneous professional liability exposure the excess professional liability insurance coverage attaches excess of $1.0 million per claim and $3.0 million annual aggregate. Five Pointe reinsures 100% of this risk to reinsurers currently rated at least A- by A.M. Best. A separate limit of $95.0 million per occurrence and $95.0 million aggregate is also maintained to provide liability insurance coverage excess of the general, auto, employers and aviation liability coverages.

For Abington and Aria, liabilities for potential professional liability losses in excess of the primary hospital and MCARE layers, CICL provides coverage up to a $4.0 million limit for each and every claim, followed by a layered excess professional liability structure of $15.0 million per claim with a $48.0 million annual aggregate – the layered excess structure is reinsured by eight reinsurers rated at least "A" by A.M. Best. In addition, CICL provides an umbrella liability policy with limits of $49.0 million per occurrence and $49.0 million annual aggregate for the general, auto, employers and aviation liability exposures. The excess professional and umbrella policies coverage limits are shared with the various regional non-profit hospital owners of CRRG and CICL.

MLRRG provides a $2.0 million per occurrence and $4.0 million annual aggregate general liability coverage limit for Magee, Kennedy, TJU and TJUHS. The MLRRG retains 100% of the general liability coverage exposure.

CRRG provides a $1.0 million per occurrence and $2.0 million annual aggregate general liability coverage limit for Abington and Aria.

For MLRRG the premiums charged for the primary professional and general liability layers of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at a 65% confidence level and a 3% discount rate for 2020 and 2019 and include a charge for premium tax and operating expenses.

For CRRG and CICL the premiums charged for the primary professional and general liability layers of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at an expected confidence interval and a 3.5% discount rate for 2020 and 2019.

TJU has accrued professional liability claims of $510.0 million and $478.5 million at June 30, 2020 and 2019, respectively, of which $81.8 million and $79.0 million were current.

Anticipated medical malpractice insurance recoveries associated with these liabilities for June 30, 2020 and 2019 is $251.2 and $243.6 million, respectively.

16. WORKERS' COMPENSATION CLAIMS

TJU is self-insured for its workers' compensation exposures. TJU accrues for its workers' compensation liability based upon actuarial estimates using a discount rate of 3%. Accrued workers' compensation liabilities were $29.7 million and $29.6 million at June 30, 2020 and 2019, respectively. These amounts are presented in the accompanying consolidated balance sheets.

17. COMMITMENTS AND CONTINGENCIES

Letters of Credit
TJU had open letters of credit aggregating $43.7 million and $20.5 million at June 30, 2020 and 2019, respectively, primarily related to self-insurance arrangements for workers' compensation. The letters of credit expire between August 24, 2020 and August 30, 2021.

Litigation
TJU is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by commercial insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position or results of operations of TJU.

18. FUNCTIONAL CLASSIFICATION

Expenses for the years ended June 30, 2020 and 2019 are categorized on a functional basis as follows (in thousands):

	2020			2019		
	Education and Research	Clinical Operations	Total	Education and Research	Clinical Operations	Total
Salaries and wages	$257,495	$2,271,039	$2,528,534	$245,168	$2,087,555	$2,332,723
Employee benefits	59,105	515,788	574,893	62,480	480,986	543,466
Supplies	33,029	850,985	884,014	32,675	826,919	859,594
Purchased services	40,553	542,097	582,650	35,398	513,920	549,318
Depreciation and amortization	36,800	225,908	262,708	33,184	214,750	247,934
Interest	14,108	45,947	60,055	11,737	41,911	53,648
Insurance	1,457	114,315	115,772	559	79,465	80,024
Utilities	11,871	54,285	66,156	12,647	53,169	65,816
Rent	8,667	74,586	83,253	7,218	71,780	78,998
Other expenses	84,163	328,479	412,642	82,807	295,599	378,406
Total	$547,247	$5,023,430	$5,570,677	$523,873	$4,666,054	$5,189,927

Natural expenses attributable to more than one functional expense category are apportioned using enterprise services allocation methodology.

19. NONCONTROLLING INTEREST

TJU has a controlling interest in certain joint ventures in healthcare related organizations; the Riverview Surgery Center at the Navy Yard, LP ("Riverview", a 51% owned joint venture); Jefferson University Radiology Associates ("JURA", an 80% owned joint venture); Jefferson Comprehensive Concussion Center ("JCCC", a 66% owned joint venture that was liquidated in 2019); Rothman Orthopaedic Specialty Hospital, LLC ("ROSH", a 54% owned joint venture); Garden State Radiology Network ("GSRN", a 51% owned joint venture that was liquidated in 2020). The amount not owned by TJU is shown as a non-controlling interest. The following table presents the changes in consolidated net assets without donor restriction attributable to the controlling financial interest of TJU and the non-controlling interest (in thousands):

	Controlling Interest	Non-controlling Interest	Consolidated Total
Balance, June 30, 2018	$3,216,997	$77,232	$3,294,229
Income from Operations	16,388	9,913	26,301
Distributions to NCI	-	(10,923)	(10,923)
Other changes, net	(3,427)	(143)	(3,570)
Balance, June 30, 2019	$3,229,958	$76,079	$3,306,037
Income from Operations	(306,210)	8,041	(298,169)
Nonrecurring items	(104,135)	(57,121)	(161,256)
Distributions to NCI	-	(9,756)	(9,756)
Other changes, net	(294,394)	3,253	(291,141)
Balance, June 30, 2020	$2,525,219	$20,496	$2,545,715

20. RISKS AND UNCERTAINTIES

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. The outbreak of COVID-19 has caused domestic and global disruption in operations for healthcare and higher education institutions. The Commonwealth of Pennsylvania, the State of New Jersey, and certain municipalities have adopted various measures to address the spread of this pandemic.

Beginning in March 2020, TJU's operations were significantly impacted by the COVID-19 pandemic. All elective healthcare procedures and office visits were canceled as a result of governmental stay-at-home orders that were in effect in the region into June 2020. As a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, 2020, TJU received over $300 million in government support primarily to reimburse for COVID-19 related expenses and lost operating income. Due to COVID-19, TJU has generated losses from operations since March 2020 in excess of CARES Act support received.

While management expects COVID-19 to continue to impact operations in fiscal year 2021, it believes TJU will have sufficient liquidity to meet its operating and financing requirements.

21. GOVERNMENT SUPPORT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 to provide economic relief to individuals and organizations from the effects of COVID-19. The CARES Act included the following key provisions impacting TJU:

> Provider Relief Fund - provided general funding to providers that participated in the Medicare and Medicaid programs and targeted funding to providers in areas particularly impacted by the COVID-19 outbreak and hospitals that treated a high volume of COVID-19 admissions.
>
> Higher Education Emergency Relief Fund – provided funding to higher education institutions for certain costs incurred or amounts refunded to students related to cessation of housing and dining services due to COVID-19. Additionally, one-half of the funding distributed to institutions was required to be paid directly to currently enrolled students in the form of emergency grants.
>
> Employee Retention Credit - provided funding to eligible employers in the form of a refundable tax credit on qualifying wages paid to employees during a period of government shut-down due to the COVID-19 pandemic.

The following table summarizes the amounts recognized as revenue from government support for COVID-19 in the accompanying consolidated statement of operations and changes in net assets without donor restriction for 2020 (in thousands):

Provider Relief Fund	$288,063
Higher Education Emergency Relief	4,240
Employee Retention Credit	32,755
Total	$325,058

Revenue recognition of government support for COVID-19 was based upon substantially satisfying all terms and conditions related to the applicable awards. Significant terms and conditions included that payments will only be reimbursement for health care or educational related expenses or lost operating income attributable to COVID-19 and limitations on billing patients for deductibles and coinsurance.

TJU recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at June 30, 2020. In September 2020, HHS issued new reporting requirements for the CARES Act provider relief funding. The new requirements first require TJU to identify healthcare related expenses attributable to coronavirus that another source has not reimbursed. If those expenses do not exceed the funding received, TJU will need to demonstrate that the remaining provider relief funds were used for a negative change in calendar year 2020 patient care operating income compared to calendar year 2019. HHS is entitled to recoup amounts in excess of the negative change in patient care operating income reported net of healthcare related expenses. Due to these new reporting requirements there is at least a possibility that amounts recorded under CARES Act provider relief funds by TJU may change in future periods.

Accrued receivables of $32.8 million are included in the accompanying consolidated balance sheets as of June 30, 2020 related to the Employee Retention Credit.

Additionally, the CARES act included a provision for deferring payment of the employer portion of social security taxes that would be otherwise due between March 27, 2020 and December 31, 2020. The law permits payment of these taxes to be extended to December 31, 2021 for 50% of the amount due and December 31, 2022 for the remaining 50%. TJU recorded a liability of $29.7 million in the line item other noncurrent liabilities in the accompanying consolidated balance sheets at June 30, 2020 related to the deferral of payroll taxes.

22. ADVANCES

The Centers for Medicare & Medicaid Services (CMS) established the CMS Accelerated and Advance Payment (CMSAAP) program to increase the cash flow to Medicare providers impacted by COVID-19. TJU received $448.0 million from CMSAAP in 2020 and included the amount in the advances line item in the accompanying consolidated balance sheets at June 30, 2020, of which the current portion was $56.0 million. The advances received from the CMSAAP will be repaid over the term April 2021 to August 2023.

Schedule of Expenditures of Federal Awards

Thomas Jefferson University
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Student Financial Aid Cluster							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Nursing Student Loans							
Outstanding loans as of July 1, 2019	93.364	1,377,226				1,377,226	
New loans issued during 2020	93.364	390,500				390,500	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students							
Outstanding loans as of July 1, 2019	93.342	862,337				862,337	
New loans issued during 2020	93.342	89,500				89,500	
Total Department of Health and Human Services		2,719,563	-			2,719,563	-
DEPARTMENT OF EDUCATION							
Federal Supplemental Educational Opportunity Grants	84.007	775,439				775,439	
Administrative Cost Allowance		126,328				126,328	
Federal Work-Study Program	84.033	1,545,745				1,545,745	
Federal Pell Grant Program	84.063	5,333,841				5,333,841	
Federal Perkins Loans							
Outstanding loans as of July 1, 2019	84.038	4,245,349				4,245,349	
New loans issued during 2020	84.038						
Federal Direct Student Loans	84.268	119,938,403				119,938,403	-
Total Department of Education		131,965,105	-			131,965,105	-
TOTAL STUDENT FINANCIAL AID CLUSTER		134,684,668	-			134,684,668	-
Research and Development Cluster							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
National Institutes of Health							
Environmental Health	93.113	900,500				900,500	
Environmental Health	93.113		108,040	Colorado State University	R01ES030937	108,040	
Oral Diseases and Disorders Research	93.121	118,756				118,756	
Oral Diseases and Disorders Research	93.121		18,638	Temple University	N/A	18,638	
Nurse Anesthetist Traineeship	93.124	31,720				31,720	
Human Genome Research	93.172	133,514				133,514	63,437
Human Genome Research	93.172		14,381	Arizona State University	R01HG009180	14,381	
Research Related to Deafness and Communication Disorders	93.173	146,036				146,036	
Mental Health Research Grants	93.242	138,052				138,052	
Mental Health Research Grants	93.242		(115)	Pathways to Housing, Inc.	R01MH104574	(115)	
Mental Health Research Grants	93.242		(2,415)	Temple University	R01MH091113	(2,415)	
Mental Health Research Grants	93.242		44,723	University Of North Carolina	U01MH110925	44,723	
Mental Health Research Grants	93.242		59,973	Icahn School Of Medicine At Mount Sinai	R01MH110921	59,973	
Mental Health Research Grants	93.242		(27,195)	University Of North Carolina	U01MH110925	(27,195)	
Mental Health Research Grants	93.242		7,541	University Of North Carolina	U01MH110925	7,541	
Mental Health Research Grants	93.242		(12,641)	University Of North Carolina	U01MH110925	(12,641)	
Alcohol Research Programs	93.273	841,166				841,166	
Alcohol Research Programs	93.273		7,415	University Of Colorado, Denver	R24AA019661	7,415	
Alcohol Research Programs	93.273		159,427	Univ of Louisville Res Found, Inc.	P50AA024337	159,427	
Drug Abuse and Addiction Research Programs	93.279	509,621				509,621	43,648
Drug Abuse and Addiction Research Programs	93.279		(945)	University of Pennsylvania	R21FS043983	(945)	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	1,215,431				1,215,431	307,684
Minority Health and Health Disparities Research	93.307		87,020	University of Maryland	R01MD012778	87,020	
Minority Health and Health Disparities Research	93.307		37,709	University of California, Irvine	R01MD12778	37,709	
Trans-NIH Research Support	93.310	141,966				141,966	
Trans-NIH Research Support	93.310		133,327	University of California, Los Angeles	OT2OD023848	133,327	
Trans-NIH Research Support	93.310		181,334	University of California, Los Angeles	OT2OD023848	181,334	

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Thomas Jefferson University
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Research Infrastructure Programs	93.351		116,052	University of Pittsburgh	P40OD010996	116,052	
Research Infrastructure Programs	93.351	93,933				93,933	
Nursing Research	93.361		61,009	Drexel University	R01NR016681	61,009	
Nursing Research	93.361		1,739	Drexel University	R01NR016681	1,739	
Nursing Research	93.361		23,728	Columbia University	R01NR016865	23,728	
Cancer Cause and Prevention Research	93.393	3,380,214				3,380,214	451,491
Cancer Cause and Prevention Research	93.393		32,511	Northwestern University	R01CA218436	32,511	
Cancer Cause and Prevention Research	93.393		37,271	University of Delaware	R01CA194178	37,271	
Cancer Cause and Prevention Research	93.393		106,673	Drexel University	R01CA229324	106,673	
Cancer Detection and Diagnosis Research	93.394	2,102,753				2,102,753	686,409
Cancer Detection and Diagnosis Research	93.394		38,794	Baruch S. Blumberg Institute	R01CA202769	38,794	
Cancer Detection and Diagnosis Research	93.394		41,336	JBS Science, Inc.	R44CA165312-TJU	41,336	
Cancer Treatment Research	93.395	2,161,310				2,161,310	95,605
Cancer Treatment Research	93.395		(5,399)	John Wayne Cancer Institute	P01CA029605	(5,399)	
Cancer Treatment Research	93.395		14,610	NRG Oncology Foundation	U10CA180868	14,610	
Cancer Treatment Research	93.395		17,857	NRG Oncology Foundation	U10CA180868	17,857	
Cancer Treatment Research	93.395		(53,255)	NRG Oncology Foundation	U10CA180868	(53,255)	
Cancer Treatment Research	93.395		5,202	Mayo Clinic	MCR-0126-CPN	5,202	
Cancer Treatment Research	93.395		21,947	ECOG-ACRIN Medical Research Foundation	U10CA180820	21,947	
Cancer Treatment Research	93.395		47,690	ECOG-ACRIN Medical Research Foundation	U10CA180820	47,690	
Cancer Treatment Research	93.395		(11,080)	ECOG-ACRIN Medical Research Foundation	U10CA180820	(11,080)	
Cancer Treatment Research	93.395		(120)	ECOG-ACRIN Medical Research Foundation	1UGCA189828-01-TJU1	(120)	
Cancer Treatment Research	93.395		1,449	ECOG-ACRIN Medical Research Foundation	1UG1CA189828-01-TJU2	1,449	
Cancer Treatment Research	93.395		83,098	Johns Hopkins University	UM1CA186691	83,098	
Cancer Treatment Research	93.395		1,738	NRG Oncology Foundation	U10CA180868	1,738	
Cancer Treatment Research	93.395		16,822	ECOG-ACRIN Medical Research Foundation	5UG1CA189828	16,822	
Cancer Treatment Research	93.395		5,996	NRG Oncology Foundation	U10CA180868	5,996	
Cancer Treatment Research	93.395		9,473	NRG Oncology Foundation	U10CA180868	9,473	
Cancer Treatment Research	93.395		44,999	Wistar Institute	P01CA114046	44,999	
Cancer Treatment Research	93.395		85,174	Bound Therapeutics, LLC.	R41CA235707	85,174	
Cancer Treatment Research	93.395		24,111	Case Western Reserve University	R37CA227865	24,111	
Cancer Treatment Research	93.395		4,329	ECOG-ACRIN Cancer Research Group	F30CA189433	4,329	
Cancer Treatment Research	93.395		819	NRG Oncology Foundation	U10CA180868	819	
Cancer Biology Research	93.396	2,247,962				2,247,962	
Cancer Biology Research	93.396		275,003	Wistar Institute	P01CA140043	275,003	
Cancer Biology Research	93.396		(591)	ECOG-ACRIN Medical Research Foundation	U10CA180820	(591)	
Cancer Biology Research	93.396		133,255	Lankenau Institute for Medical Research	R01CA191191	133,255	
Cancer Biology Research	93.396		9,190	Medical College of Wisconsin	R01CA188575	9,190	
Cancer Centers Support Grants	93.397	3,003,893				3,003,893	104,362
Cancer Centers Support Grants	93.397		118,761	Dana-Farber Cancer Institute	P20CA233255	118,761	
Cancer Centers Support Grants	93.397		56,967	Dana-Farber Cancer Institute	P20CA233255	56,967	
Cancer Research Manpower	93.398	660,450				660,450	
Cancer Control	93.399		64,286	Frontier Science and Technology Research	NA	64,286	
Cancer Control	93.399		20,140	ECOG-ACRIN Medical Research Foundation	UG1CA189828	20,140	
Cardiovascular Diseases Research	93.837	6,258,582				6,258,582	1,414,229
Cardiovascular Diseases Research	93.837		15,000	Fox Chase Chemical Diversity Center, Inc	R42HL123126-TJUY2	15,000	
Cardiovascular Diseases Research	93.837		125,914	Temple University	R01HL137426	125,914	
Cardiovascular Diseases Research	93.837		-	Duke Clinical Research Institute	U01HL125511	-	
Cardiovascular Diseases Research	93.837		-	Duke Clinical Research Institute	U01HL125511	-	
Cardiovascular Diseases Research	93.837		4,009	Yale University	U01HL125511	4,009	
Cardiovascular Diseases Research	93.837		(800)	Duke Clinical Research Institute	U01HL125511	(800)	
Cardiovascular Diseases Research	93.837		2,695	Yale University	U01HL125511	2,695	
Cardiovascular Diseases Research	93.837		24,738	Rhode Island Hospital	R01HL138493	24,738	
Cardiovascular Diseases Research	93.837		-	Partners Healthcare	U01HL101422	-	
Cardiovascular Diseases Research	93.837		4,418	Duke University	U01HL134679	4,418	
Cardiovascular Diseases Research	93.837		30,202	Ohio State University	R01HL142588	30,202	
Cardiovascular Diseases Research	93.837		139,034	Fox Chase Chemical Diversity Center, Inc	R44HL123126	139,034	
Lung Diseases Research	93.838	2,749,001				2,749,001	769,572
Lung Diseases Research	93.838		2,940	Rutgers University	P01HL114471	2,940	
Lung Diseases Research	93.838		(1,058)	Rutgers University	P01HL114471	(1,058)	
Lung Diseases Research	93.838		(386)	Rutgers University	P01HL114471	(386)	
Lung Diseases Research	93.838		(470)	Trustees of Boston University	R01HL128172	(470)	
Lung Diseases Research	93.838		18,193	Fox Chase Chemical Diversity Center, Inc	R43HL140712	18,193	

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Thomas Jefferson University
Schedule of Expenditures of Federal Awards
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Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Lung Diseases Research	93.838		199,300	Rutgers University	P01HL114471	199,300	
Lung Diseases Research	93.838		198,416	Rutgers University	P01HL114471	198,416	15,667
Lung Diseases Research	93.838		248,535	Rutgers University	P01HL114471	248,535	
Lung Diseases Research	93.838		-	University of Michigan	N/A	-	
Blood Diseases and Resources Research	93.839	1,490,207				1,490,207	84,430
Blood Diseases and Resources Research	93.839		(2,390)	University of Utah	R01HL102482	(2,390)	
Blood Diseases and Resources Research	93.839		13,700	Rutgers University	U01HL133817	13,700	
Blood Diseases and Resources Research	93.839		1,243	National Marrow Donor Program	NA	1,243	
Blood Diseases and Resources Research	93.839		178,499	University Of Utah	R01HL141424	178,499	
Blood Diseases and Resources Research	93.839		316,948	Temple University	R01HL137207	316,948	
Blood Diseases and Resources Research	93.839		44,988	University of North Carolina	R01HL144970	44,988	
Blood Diseases and Resources Research	93.839		30,840	Temple University	R01HL137376	30,840	
Blood Diseases and Resources Research	93.839		17,192	Temple University	R01HL109568	17,192	
Blood Diseases and Resources Research	93.839		(5,673)	New York Blood Center, Inc.	R44HL145783	(5,673)	
Blood Diseases and Resources Research	93.839		16,206	University Of Texas MD Anderson Cancer Center		16,206	
Blood Diseases and Resources Research	93.839		7,159	University Of Texas MD Anderson Cancer Center		7,159	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5,158,288				5,158,288	522,105
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	3,483,431				3,483,431	194,516
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		(2,864)	Case Western Reserve University	U01NS090407	(2,864)	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		33,581	University of Wisconsin	R01DK099021	33,581	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		4,204	Columbia University	U01DK116066	4,204	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		55,666	Capillary Biomedical, Inc.	R44DK110969	55,666	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	7,584,518				7,584,518	144,638
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		-	Johns Hopkins University	U01 NS080824	-	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		(8,716)	Case Western Reserve University	RES513487	(8,716)	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		540	Mayo Clinic	U01NS080168	540	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		35,901	Cleveland Clinic Lerner College Of Medic	U01NS100610	35,901	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		54,396	University of Texas, Southwestern Medica	P01NS097197	54,396	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		20,202	UT Health Science Center at Houston	U01NS090407	20,202	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,150	Johns Hopkins University	U01NS080824	4,150	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		28,265	University of Pittsburgh	U01INS099046	28,265	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		89,682	University of Pennsylvania	R01NS106611	89,682	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		98,234	University of Pennsylvania	U01NS113198	98,234	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		47,055	University of Texas System	R56NS105681	47,055	
Allergy and Infectious Diseases Research	93.855	6,174,946				6,174,946	285,642
Allergy and Infectious Diseases Research	93.855		183,409	New York Blood Center, Inc.	R01AI078314	183,409	
Allergy and Infectious Diseases Research	93.855		46,070	Duke University	R01AI110007	46,070	
Allergy and Infectious Diseases Research	93.855		56,250	University of Alabama	R01AI121354	56,250	
Allergy and Infectious Diseases Research	93.855		(101)	University of Maryland	R21AI126492	(101)	
Allergy and Infectious Diseases Research	93.855		217,773	University of Pennsylvania	R01AI118694	217,773	
Allergy and Infectious Diseases Research	93.855		18,602	University of North Carolina	R01AI137525	18,602	
Allergy and Infectious Diseases Research	93.855		125,025	University of Alabama	R01AI137338	125,025	
Allergy and Infectious Diseases Research	93.855		132,574	University of Pennsylvania	R01AI146101	132,574	
Allergy and Infectious Diseases Research	93.855		12,233	Eastern Virginia Medical School-Conrad	R61Al142685	12,233	
Allergy and Infectious Diseases Research	93.855		35,462	The Rockefeller University	R01AI143810	35,462	
Biomedical Research and Research Training	93.859	6,159,092				6,159,092	342,268
Biomedical Research and Research Training	93.859		51,295	Columbia University	R01GM119386	51,295	
Child Health and Human Development Extramural Research	93.865	446,139				446,139	105,065
Child Health and Human Development Extramural Research	93.865		-	Stanford University	R01HD070795	-	
Child Health and Human Development Extramural Research	93.865		227,686	Stanford University	R01HD070795	227,686	39,615
Child Health and Human Development Extramural Research	93.865		9,404	Albert Einstein Healthcare Network	R03HD093992	9,404	
Child Health and Human Development Extramural Research	93.865		83,450	Albert Einstein College of Medicine	R01HD082814	83,450	
Child Health and Human Development Extramural Research	93.865		74,340	Elm Tree Medical, Inc.	R41HD094398	74,340	
Aging Research	93.866	1,432,606				1,432,606	468,557
Aging Research	93.866		29,810	Wake Forest University	R01AG045551	29,810	400
Aging Research	93.866		44,090	University of Pennsylvania	R01AG054435	44,090	
Aging Research	93.866		17,209	University of Pennsylvania	R01AG061945	17,209	
Aging Research	93.866		3,810	University of Connecticut	R01AG044504	3,810	
Aging Research	93.866		4,596	Temple University	R21AG060422	4,596	

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Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Vision Research	93.867	1,377,244				1,377,244	244,923
Vision Research	93.867		72,658	University of Pennsylvania	R01EY026525	72,658	
Vision Research	93.867		16,355	University of Pennsylvania	R01EY026525	16,355	
International Research and Research Training	93.989	96,301				96,301	50,611
Advanced Development of Multivalent Vaccine Candidate for Filovirus and Lassa Fever	93.RD	1,891,442				1,891,442	1,392,191
Phase I Double-Blind, Placebo-Controlled Trial 27 MG Dolcanatide (SP-333)	93.RD		11,654	Mayo Clinic	MCR-0147-CPN	11,654	
Claims Analysis HHHSH250201500020G	93.RD		26,687	Keystone Peer Review Organization , INC	GS10F0325L	26,687	
Clinical Proteomic Tumor Analysis Consortium	93.RD		12,288	Leidos, Corp.	HHSN261200800001E	12,288	
Total National Institutes of Health		62,129,074	5,870,118			67,999,192	7,827,062
Food and Drug Administration							
Food and Drug Administration Research	93.103		19,018	University of North Carolina	U19FD004994	19,018	
Total Food and Drug Administration		-	19,018			19,018	-
Centers for Disease Control							
Disabilities Prevention	93.184	-	4,892	Children's Hospital of Philadelphia	NU27DD00115	4,892	
Disabilities Prevention	93.184		11,391	Children's Hospital of Philadelphia	NU27DD00115	11,391	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	-	20,578	Wills Eye Hospital	U01DP005127	20,578	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	-	24,131	Nationalities Service Center	U50CK000459	24,131	
Total Centers for Disease Control		-	60,992			60,992	-
Administration for Community Living							
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		5,205	Health Promotion Council Of Southeastern PA	01NNU000601	5,205	
Paralysis Resource Center	93.325		12,787	PAI Life Sciences, Inc	90PRRC0004	12,787	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	477,669				477,669	11,093
Total Administration for Community Living		477,669	17,992			495,661	11,093
Agency for Healthcare Research and Quality Healthcare Research							
Research on Healthcare Costs, Quality and Outcomes	93.226	514,508				514,508	210,792
Research on Healthcare Costs, Quality and Outcomes	93.226		26,542	Children's Hospital of Philadelphia	R01HS023806	26,542	
Total Agency for Healthcare Research and Quality Healthcare Research		514,508	26,542			541,050	210,792
Health Resources and Services Administration		-					
Maternal and Child Health Federal Consolidated Programs	93.110		(92)	Children's Hospital of Philadelphia	H30MC24050	(92)	
Maternal and Child Health Federal Consolidated Programs	93.110		13,685	Children's Hospital of Philadelphia	H30MC24050	13,685	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		148,750	Mazzoni Center	H12HA24852	148,750	
Centers of Excellence	93.157		64,184	Geisinger Commonwealth School of Medicine	D34HP310250	64,184	
Geriatric Academic Career Awards	93.250	63,014				63,014	
Nurse Education, Practice Quality and Retention Grants	93.359		(1,486)	Lewis and Clark Community College	UD7HP28529	(1,486)	
Grants for Primary Care Training and Enhancement	93.884	1,080,593				1,080,593	31,194
Special Projects of National Significance	93.928		20,552	Pennsylvania State University	H97HA28893	20,552	
Primary Care Medicine and Dentistry Clinician Educator Career Development Awards Program	93.976	227,056				227,056	
Total Health Resources and Services Administration		1,370,663	245,593			1,616,256	31,194
Assistant Secretary for Preparedness and Response							
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		60,010	Commonwealth of Pennsylvania	SAP 4100070353	60,010	
Total Assistant Secretary for Preparedness and Response		-	60,010			60,010	-

The accompanying notes are an integral part of this schedule

Thomas Jefferson University
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Centers for Medicare and Medicaid Services							
Electronic Clinical Quality Measures Development and Maintenance for Eligible Professionals	93.RD	-	(517)	Quality Insights of PA	HHSA-500-2013-13011I	(517)	
Total Centers for Medicare and Medicaid Services		-	(517)			(517)	
Total Department of Health and Human Services		64,491,914	6,299,748			70,791,662	8,080,141
DEPARTMENT OF DEFENSE							
Basic and Applied Scientific Research	12.300	14,698				14,698	
Naval Medical Research and Development	12.340	44,271				44,271	-
Military Medical Research and Development	12.420	3,101,829				3,101,829	179,440
Military Medical Research and Development	12.420		14,689	University of Miami	W81XWH1610756	14,689	
Military Medical Research and Development	12.420		4,942	Feinstein Institute for Medical Research	W81XWH1510614	4,942	
Military Medical Research and Development	12.420		14,204	Icahn School of Medicine at Mount Sinai	W81XWH1710272	14,204	
Military Medical Research and Development	12.420		26,543	Christopher Reeve Paralysis Foundation	W81XWH	26,543	
Military Medical Research and Development	12.420		17,814	Christopher Reeve Paralysis Foundation	W81XWH	17,814	
Military Medical Research and Development	12.420		6,954	Oregon Health And Science University	W81XWH1610748	6,954	
Research and Technology Development	12.910		429	University of Pennsylvania	N660011424032	429	
Total Department of Defense		3,160,798	85,575			3,246,373	179,440
DEPARTMENT OF ENERGY							
Conservation Research and Development	81.086		158,941	Virginia Polytechnic Institute	DEEE0008207	158,941	
Total Department of Energy		-	158,941			158,941	-
DEPARTMENT OF AGRICULTURE							
Agriculture and Food Research Initiative (AFRI)	10.310	47,129				47,129	
Total Department of Agriculture		47,129	-			47,129	-
DEPARTMENT OF TRANSPORTATION							
Highway Research and Development Program	20.200		81,068	Virginia Polytechnic Institute		81,068	
Total Department of Transportation			81,068			81,068	-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Lighting Protocols for Exploration - HERA Campaign	43.RD		(283)	Brigham and Women's Hospital	NX15AM28G	(283)	
Total National Aeronautics and Space Administration		-	(283)			(283)	-
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		67,699,841	6,625,049			74,324,890	8,259,581
WIOA Cluster							
DEPARTMENT OF LABOR							
WIOA Adult Program	17.258		27,395	Philadelphia Works Inc.	TF18-115	27,395	
Total of CFDA 17.258		-	27,395			27,395	-
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280		245,277	Philadelphia Works Inc.	PW19-066	245,277	
Total of CFDA 17.280		-	245,277			245,277	-
Total Department of Labor		-	272,672			272,672	-
TOTAL WIOA CLUSTER		-	272,672			272,672	-

The accompanying notes are an integral part of this schedule

Thomas Jefferson University
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Other Sponsored Programs							
DEPARTMENT OF COMMERCE							
Arrangements for Interdisciplinary Research Infrastructure	11.619		95,743	University of Delaware		95,743	
Total of CFDA 11.619		-	95,743			95,743	-
Total Department of Commerce			95,743			95,743	-
DEPARTMENT OF THE INTERIOR							
National Wildlife Refuge System Enhancements	15.654		23,162	National Audubon Society		23,162	
Total of CFDA 15.654		-	23,162			23,162	-
Total Department of the Interior			23,162			23,162	-
AGENCY FOR INTERNATIONAL DEVELOPMENT							
USAID Foreign Assistance for Programs Overseas	98.001		26,726	Eastern Virginia Medical School-Conrad		26,726	
Total of CFDA 98.001		-	26,726			26,726	-
Total Agency of International Development			26,726			26,726	-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Exploration	43.003	132,268				132,268	110,183
Total of CFDA 43.003		132,268	-			132,268	110,183
Total National Aeronautics and Space Administration		132,268	-			132,268	110,183
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Administration for Children and Families							
Temporary Assistance for Needy Families	93.558		232,389	Philadelphia Works, Inc.	NA	232,389	
Total of CFDA 93.558		-	232,389			232,389	-
Social Services Block Grant	93.667		832	AccessMatters	19-0401	832	
Social Services Block Grant	93.667		5,016	AccessMatters	20-0401	5,016	
Total of CFDA 93.667		-	5,848			5,848	-
Total Administration for Children and Families		-	238,237			238,237	-
Assistant Secretary for Preparedness and Response							
National Bioterrorism Hospital Preparedness Program	93.889	39,847				39,847	
National Bioterrorism Hospital Preparedness Program	93.889		4,194	Atox Bio, Inc	HHSO100201400013C	4,194	
National Bioterrorism Hospital Preparedness Program	93.889		107,114	Hospital and Healthsystem Association of Pennsylvania	ASPR COVID-19	107,114	
National Bioterrorism Hospital Preparedness Program	93.889		75,000	New Jersey Hospital Association	ASPR COVID-19	75,000	
Total of CFDA 93.889		39,847	186,308			226,155	-
Total Assistant Secretary for Preparedness and Response		39,847	186,308			226,155	-
Substance Abuse and Mental Health Services Administration							
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	725,654				725,654	69,912
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1,698	Commonwealth of Pennsylvania	SM58386	1,698	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		69,034	Commonwealth of Pennsylvania	U79SM061750	69,034	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		253,140	Commonwealth of Pennsylvania	H79SM082107	253,140	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		90,104	Pathways to Housing, Inc.	H79SM062310	90,104	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		12,197	Project H.O.M.E., Ltd.	H79TI081611	12,197	
Total of CFDA 93.243		725,654	426,173			1,151,827	69,912
Drug-Free Communities Support Program Grants	93.276		922	United Communities Southeast Philadelphia	H79SP020451	922	
Total of CFDA 93.276		-	922			922	-
Total Substance Abuse and Mental Health Services Administration		725,654	427,095			1,152,749	69,912
Centers for Disease Control							
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-Financed in part by 2018 Prevention and Public Health Funds	93.435	-	69,521	Commonwealth of Pennsylvania		69,521	
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-Financed in part by 2018 Prevention and Public Health Funds	93.435	-	140,911	City of Philadelphia	19-20560	140,911	
Total of CFDA 93.435		-	210,432			210,432	-

The accompanying notes are an integral part of this schedule

Thomas Jefferson University
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Program	CFDA	Direct	Pass-Through	Pass-through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Subrecipients
Surveillance for Diseases Among Immigrants and Refugees financed in part by Prevention and Public Health Funds (PPHF)	93.755		111	Colorado Department Of Public Health		111	
Total of CFDA 93.755		-	111			111	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		13,484	AccessMatters		13,484	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		37,060	AccessMatters		37,060	
Total of CFDA 93.752		-	50,544			50,544	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		123,186	Healthcare Improvement Foundation		123,186	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		(1,425)	Healthcare Improvement Foundation	N/A	(1,425)	
Total of CFDA 93.758		-	121,761			121,761	-
COVID-19 Emerging Infections Sentinel Networks	93.860		13,339	University Of California, Los Angeles	U01CK000480	13,339	
Total of CFDA 93.860		-	13,339			13,339	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		5,818	AccessMatters	19-1001	5,818	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		10,917	AccessMatters	20-1001	10,917	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		22,745	AccessMatters	19-0403	22,745	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		12,913	AccessMatters	20-0403	12,913	
Total of CFDA 93.898		-	52,393			52,393	-
Total Centers for Disease Control		-	448,580			448,580	-
Health Resources and Services Administration							
HIV-Related Training and Technical Assistance	93.145		162,177	Columbia University	U10HA29291	162,177	
Total of CFDA 93.145		-	162,177			162,177	-
HIV Emergency Relief Project Grants	93.914		132,390	City of Philadelphia	RW9336	132,390	
HIV Emergency Relief Project Grants	93.914		55,998	City of Philadelphia	RW9399	55,998	
HIV Emergency Relief Project Grants	93.914		54,887	City of Philadelphia	RW0336	54,887	
HIV Emergency Relief Project Grants	93.914		23,088	City of Philadelphia	RW0399	23,088	
HIV Emergency Relief Project Grants	93.914		286,236	City of Philadelphia	RW9582	286,236	
HIV Emergency Relief Project Grants	93.914		123,960	City of Philadelphia	RW9584	123,960	
HIV Emergency Relief Project Grants	93.914		32,658	City of Philadelphia	RS9583	32,658	
HIV Emergency Relief Project Grants	93.914		130,091	City of Philadelphia	RW0582	130,091	
HIV Emergency Relief Project Grants	93.914		58,208	City of Philadelphia	RW0584	58,208	
HIV Emergency Relief Project Grants	93.914		17,181	City of Philadelphia	RS0583	17,181	
Total of CFDA 93.914		-	914,697			914,697	-
Maternal and Child Health Services Block Grant to the States	93.994		8,275	AccessMatters	20-0401	8,275	
Total of CFDA 93.994		-	8,275			8,275	-
Total Health Resources and Services Administration		-	1,085,149			1,085,149	-
Substance Abuse and Mental Health Services Administration							
Block Grants for Prevention and Treatment of Substance Abuse	93.959		323,946	City of Philadelphia	17-20378	323,946	
Block Grants for Prevention and Treatment of Substance Abuse	93.959		482,929	City of Philadelphia	17-20377	482,929	
Total of CFDA 93.959		-	806,875			806,875	-
Total Substance Abuse and Mental Health Services Administration		-	806,875			806,875	-
Office of Population Affairs							
Family Planning Services	93.217		7,500	AccessMatters	20-0401	7,500	
Family Planning Services	93.217		84,057	AccessMatters	20-0401	84,057	
Family Planning Services	93.217		7,500	AccessMatters	21-0401	7,500	
Total of CFDA 93.217		-	99,057			99,057	-
Total Office of Population Services		-	99,057			99,057	-
Total Department of Health and Human Services		765,501	3,291,301			4,056,802	69,912
DEPARTMENT OF EDUCATION							
COVID-19 HEERF Education Stabilization Fund	84.425E	2,120,092	-			2,120,092	
COVID-19 HEERF Education Stabilization Fund	84.425F	2,120,091	-			2,120,091	
Total of CFDA 84.425		4,240,183	-			4,240,183	
Total Department of Education		4,240,183	-			4,240,183	-
TOTAL OTHER SPONSORED PROGRAMS		5,137,952	3,436,932			8,574,884	180,095
TOTAL FEDERAL AWARD EXPENDITURES		207,522,461	10,334,653			217,857,114	8,439,676

The accompanying notes are an integral part of this schedule

1. Reporting Entity

Thomas Jefferson University (“Jefferson” or the “University’) is an independent, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania and recognized as a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code. Thomas Jefferson University has a tripartite mission of education, research, and patient care.

Thomas Jefferson University conducts research and offers undergraduate and graduate instruction through the Sidney Kimmel Medical College, the Jefferson Colleges of Nursing, the Jefferson College of Pharmacy, the Jefferson College of Health Professions, the Jefferson College of Population Health, the Jefferson College of Biomedical Sciences, the Jefferson College of Rehabilitation Sciences, and the Kanbar College of Design, Engineering and Commerce, the School of Continuing and Professional Studies, the College of Architecture and the Built Environment, and the College of Science, Health, and Liberal Arts. The combined institution has approximately 7,150 students and is located in Philadelphia, Pennsylvania, with additional campus locations in the Greater Philadelphia Region and Atlantic City, New Jersey.

For the year ended June 30, 2020, the integrated healthcare organization included TJUH System (“TJUHS”), Abington Health (“Abington”), Aria Health System (“Aria”), Kennedy Health System (“Kennedy”), and Magee Rehabilitation Hospital (“Magee”). The integrated healthcare organization provides inpatient, outpatient, and emergency care services through acute care, ambulatory care, rehabilitation care, physician and other primary care services for residents of the Greater Philadelphia Region. Federal Identification Numbers for reporting entities included in this report are 23-1352651 for TJU, 23- 2829095 for Thomas Jefferson University Hospital, 23-1352152 for Abington Memorial Hospital, 23-0596940 for Aria Health System, 23-1352294 for Philadelphia University, 22-1773439 for Kennedy University Hospital, Inc., 23-1476328 for Magee Rehab Hospital, 46-1420853 for Kennedy Medical Group, and 80-0550282 for Kennedy Healthcare Foundation.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents a summary of certain activities of Thomas Jefferson University for the year ended June 30, 2020. Negative amounts represent current year adjustments of amounts reported in prior years. CFDA and pass-through entity numbers are included when available. The information in the schedule is presented in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Therefore, some amounts presented in thea schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements of Thomas Jefferson University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly by Thomas Jefferson University with agencies and departments of the federal government and all sub awards to Thomas Jefferson University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

3. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Expenditures include a portion of costs associated with general university activities which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates.

Expenditures for certain non-student financial aid awards include indirect costs. Thomas Jefferson University generally applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

Expenditures for federal student financial aid programs are recognized as incurred and include Federal Pell program grants to students, the federal share of students' FSEOG program grants, Federal Work-Study program earnings, loans to students under federally guaranteed programs and certain other federal financial assistance grants for students and administrative cost allowances, where applicable.

Expenditures for other federal awards of Thomas Jefferson University are determined using the cost accounting principles and procedures set forth in the Uniform Guidance. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

4. Student Loan Programs

The Federal student loan programs listed below are administered directly by Thomas Jefferson University and balances and transactions relating to these programs are included in Thomas Jefferson University's consolidated financial statements. Loans outstanding at the beginning of the year, the administrative cost allowance and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2020 consists of:

	CFDA #	**Loan Balance**
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	$ 951,837
Nursing Student Loans	93.364	1,767,726
Perkins Loan Programs	84.038	4,245,349

5. Federal Direct Loan Program (FDLP)

During the fiscal year ended June 30, 2020 Thomas Jefferson University processed new loans to students under the Direct Student Loan Program CFDA # 84.268, which includes subsidized and unsubsidized Stafford Loans and Supplemental Loans for Students. Thomas Jefferson University is responsible only for the performance of certain administrative duties with respect to the FDLP and, accordingly, these loans are not included in Thomas Jefferson University's basic consolidated financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. It is not practical to determine the balance of loans outstanding under these programs at June 30, 2020.

6. Department of Health and Human Services Provider Relief Funds

Thomas Jefferson University was the recipient of funding under CFDA # 93.498, Provider Relief Funds (PRF), and as required by the Addendum to the 2020 Compliance Supplement, such expenditures have been excluded from the Schedule of Expenditures of Federal Awards for the year ending June 30, 2020. Under the guidance provided in the U.S. Health and Human Services (HHS) update on July 15, 2021 PRF Frequently Asked Questions, Thomas Jefferson University will include PRF expenditures and/or lost revenues on the schedule for the year ending June 30, 2021.

II. Reports on Internal Controls and Compliance

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

To the Board of Trustees
Thomas Jefferson University:

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 consolidated financial statements of Thomas Jefferson University and its subsidiaries (the "University"), which comprise the consolidated balance sheet as of June 30, 2020, and the related consolidated statements of operations and changes in net assets without donor restrictions, of changes in net assets, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020, except with respect to the opinion on the schedule of financial responsibility ratios, as to which the date is September 30, 2021, which included an emphasis of matter paragraph as Thomas Jefferson University changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
October 13, 2020, except with respect to the opinion on the schedule of financial responsibility ratios, as to which the date is September 30, 2021

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees
Thomas Jefferson University:

Report on Compliance for Each Major Federal Program

We have audited Thomas Jefferson University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Thomas Jefferson University's major federal programs for the year ended June 30, 2020. Thomas Jefferson University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Thomas Jefferson University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Thomas Jefferson University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Thomas Jefferson University's compliance.

Opinion on Each Major Federal Program

In our opinion, Thomas Jefferson University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items *2020-001 and 2020-002*. Our opinion on each major federal program is not modified with respect to these matters.

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Thomas Jefferson University's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs and Management's View and Corrective Action Plan*. Thomas Jefferson University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Thomas Jefferson University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Thomas Jefferson University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Thomas Jefferson University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, 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.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
September 30, 2021

III. Findings and Questioned Costs

Thomas Jefferson University
Federal Awards
Schedule of Findings and Questioned Costs
June 30, 2020

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 weaknesses?	______ yes	__X__ none reported
• Non-compliance 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 weaknesses?	____ 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)?	_X_ yes	__ no

Identification of major programs CFDA Number(s):	Name of Federal and City Program or Cluster	
Various	R&D Cluster	
84.425E and 84.425F	COVID-19 Education Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	__X__ yes	______ no

Section II – Financial Statement Findings

There are no matters to report.

Section III – Federal Award Findings and Questioned Costs

Finding 2020-001 Indirect Costs

Grantor(s):	Department of Health and Human Services; Administration for Community Living
Program:	Research and Development Cluster
CFDA#(s):	93.242; 93.433
Title:	Mental Health Research Grants; ACL National Institute on Disability, Independent Living, and Rehabilitation Research
Award Year:	7/2019 – 6/2020

Criteria
2 CFR 200.414(b): Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect (F&A) cost in all situations. Identification with a Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. However, typical examples of indirect (F&A) cost for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

Condition
Of 25 grants tested for indirect cost procedures, two instances were noted in which the indirect cost rate per the supporting documentation did not match the indirect cost rate as prescribed within the applicable Notice of Award.

Cause
Indirect costs were charged to the grant prior to all eligible expenses being posted to the general ledger.

Effect
There was a lower rate of indirect costs charged to the selected grants than prescribed per the applicable grant agreements.

Questioned Costs
None.

Recommendation
Management should enhance the monitoring control in place for review of indirect costs being charged against the grant each month to ensure all applicable expenses have been posted to the general ledger before charging the grant.

Management's View and Corrective Action Plan
Following these findings are management's view and corrective action plan.

Finding 2020-002 Enrollment Reporting

Grantor:	Department of Education
Program:	Student Financial Assistance Cluster
CFDA#:	84.268
Title:	Federal Direct Student Loans
Award Year:	7/2018 – 6/2019

Criteria
OMB No. 1845-0035; Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309

Schools are required to confirm and report to the National Student Loan Data System (NSLDS) the enrollment status of students who receive Federal student loans. Enrollment information is used to determine the borrower's eligibility for in-school status, deferment, interest subsidy, and grace period. Enrollment changes, such as a change from full-time to half-time status, graduation, withdrawal, or an approved leave of absence, are changes that need to be reported. The enrollment information is merged into the NSLDS database and reported to guarantors, lenders, and servicers of student loans. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition
From the population of students receiving federal funds that had a change in their status during fiscal year 2019 for the East Falls and Center City campuses, 25 were selected for testing from each (50 total samples). During compliance testing to ensure students' change in status were properly and timely reported to the National Student Loan Data System (NSLDS), 17 exceptions (68%) and 23 exceptions (92%) were noted at the East Falls and Center City campuses, respectively. In such instances, the number of days between the student's status change and the date the change was reported to NSLDS exceeded the allowable days. The average days late for the East Falls and Center City campuses were 189 and 124, respectively.

Cause
Management migrated financial aid systems for the East Falls campus from Colleague to Banner during the fiscal year. As part of the systems conversion, certain student status changes were missed as part of the normal process for enrollment reporting.

For both Center City and East Falls campuses, current business processes did not have a process in place to identify and timely correct upload issues between NSC and NLSDS. As such, management's current process does not ensure information transmitted to NSC is actually uploaded to NSLDS.

Effect
Lack of timely reporting of changes in student enrollment status result in late starting of grace periods for federal student loans, and late starting of repayment if the student has previously used up their loan grace period. Lack of timely reporting of changes in student enrollment could also impact the amount of aid a student is entitled to receive.

Questioned Costs
None.

Recommendation
Management should enhance the processes in place related to student status change reporting to the NSLDS through the National Student Clearinghouse (NSC) to ensure timely reporting. Management should work with the registrars and financial aid offices to outline a policy clarifying the accountability of the various units within Thomas Jefferson University and specify reporting deadlines. Management should implement a process to reconcile the enrollment status reports sent to NSC with the student data ultimately being transmitted to NSLDS.

Management's View and Corrective Action Plan
Following these findings are management's view and corrective action plan.

Section III – Status of Prior Year Findings

Finding 2019-001 Verification

Grantor:	Department of Education
Program:	Student Financial Assistance Cluster
CFDA#:	84.268
Title:	Federal Direct Student Loans
Award Year:	7/2018 – 6/2019

Criteria
24 CFR 668.56(b): For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information that the applicant must verify.

24CFR 668.57: If an applicant is selected to verify any of the following information, an institution must obtain the specified documentation:

(a) Adjusted Gross Income (AGI), income earned from work, or U.S. income tax paid. (1) Except as provided in paragraphs (a)(2), (a)(3), and (a)(4) of this section, an institution must require an applicant selected for verification of AGI, income earned from work or U.S. income tax paid to submit to it a copy of the income tax return or an Internal Revenue Service (IRS) form that lists tax account information of the applicant, his or her spouse, or his or her parents, as applicable for the specified year.

Condition
Of 25 selections tested for verification procedures at the East Falls location, two instances were noted in which both students' U.S. Income Taxes Paid and/or AGI per the ISIRs did not agree to the amounts included on the subsequently obtained tax returns. In both instances, management did not update the information prior to awarding and disbursing Federal Aid to the students.

Status
The original plan was successfully implemented. However, based on the onset of the pandemic, the plan was amended as follows. Due to the pandemic, federal regulations relaxed Verification rules for the 2020-21 year, and paused the requirement of school verification of any FAFSA identified needing a V1 (verification of basic income components and family size) review. The V1 verification group has historically represented the vast majority (up to 95%) of applicants requiring review. An important item in the review of any student selected for Verification is the accuracy of the financial data. The enhanced encouragement for students and parents to utilize the automation of tax return information to the FAFSA in the 2020-21 year using the IRS Data Retrieval Transfer (DRT) did result in increased utilization. Use of the DRT Tool increased from 4188 applicants in 2019-20 to 5343 applicants in 2020-2021, a year-to-year increase of 28%. This greatly assists in the verification process to produce accurate results. While the "2 touch" system is in place, and the results have been positive, based on the change in federal regulations, the number of verifications requiring review was notably reduced. This procedure will remain in place for the current 2021-22 year and the effectiveness will continue to be reviewed.

Management considers this finding closed.

Finding 2019-002 Enrollment Reporting

Grantor:	Department of Education
Program:	Student Financial Assistance Cluster
CFDA#:	84.268
Title:	Federal Direct Student Loans
Award Year:	7/2018 – 6/2019

Criteria
OMB No. 1845-0035; Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309

Schools are required to confirm and report to the National Student Loan Data System (NSLDS) the enrollment status of students who receive Federal student loans. Enrollment information is used to determine the borrower's eligibility for in-school status, deferment, interest subsidy, and grace period. Enrollment changes, such as a change from full-time to half-time status, graduation, withdrawal, or an approved leave of absence, are changes that need to be reported. The enrollment information is merged into the NSLDS database and reported to guarantors, lenders, and servicers of student loans. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition
From the population of students receiving federal funds that had a change in their status during the current fiscal year for the East Falls and Center City campuses, 25 were selected for testing from each (50 total samples). During compliance testing to ensure students' change in status were properly and timely reported to the National Student Loan Data System (NSLDS), 17 exceptions (68%) and 23 exceptions (92%) were noted at the East Falls and Center City campuses, respectively. In such instances, the number of days between the student's status change and the date the change was reported to NSLDS exceeded the allowable days. The average days late for the East Falls and Center City campuses were 189 and 124, respectively.

Status
As noted in Finding 2020-002 in the Summary of Current Year Findings, the status of enrollment reporting to the National Student Clearinghouse and NSLDS is still open. We will continue to follow the corrective action plan outlined in the prior year through the academic year 2021-2022. We have seen significant increases in our reporting accuracy which has caused our reporting percentages to raise significantly. This action plan has also improved our communication and response times with the National Student Clearinghouse. As of March 2021, six of the seven School Codes are compliant.

Finding 2019-003 Return of Title IV Funds

Grantor:	Department of Education
Program:	Student Financial Assistance Cluster
CFDA#:	84.268
Title:	Federal Direct Student Loans
Award Year:	7/2018 – 6/2019

Criteria
34 CFR 668.21(b): The institution must return those funds for which it is responsible under paragraph (a) of this section to the respective title IV, HEA program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.

Condition
Of 10 selections tested for return of Title IV funds at the East Falls location, one instance was noted where Thomas Jefferson University did not return the proper amount of funding within 30 days of becoming aware that the student did not attend classes for the semester. Thomas Jefferson University initially calculated and returned funds based on 1 day of attendance and later corrected the calculation to 0 days.

Status
Implementation was scheduled to occur shortly after the onset of the pandemic. Federal regulations relaxed Return of Title IV Fund requirements for the 2020-21 year. The emergency regulation states, "For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds." When required, the "2 touch" system has been in place and this system has demonstrated positive results. This procedure will remain for the current 2021-22 year and the effectiveness will continue to be reviewed.

Management considers this finding closed.

Thomas Jefferson University
Management View and Corrective Action Plan
Year Ended June 30, 2020

2020-1: Indirect Costs

Management's view and corrective action plan

Management concurs that indirect costs were charged at an incorrect rate for two of the sampled grants. Management will implement a comprehensive review process to identify errors in the computation of indirect costs charged to all grants on a monthly basis and enhance controls of the monthly closing process to ascertain indirect cost charges are applied after all direct cost activity has been posted.

Implementation date: January 2022

Ronald Keller
Vice President for Finance & Controller

Jefferson
Philadelphia University +
Thomas Jefferson University

Office of the Provost

Center City Campus
1020 Walnut Street, Suite 643
Philadelphia, PA 19107

East Falls Campus
4201 Henry Avenue
Philadelphia, PA 19144

Thomas Jefferson University
Management View and Corrective Action Plan
Year Ended June 30, 2020

2020-002: Enrollment Reporting

Management's view and corrective action plan:

Management acknowledges the accuracy and timeliness issues related to enrollment reporting were the result of changes in personnel, business processes and systems during FY2019. The University received NSLDS non-compliance letters in November 2019. During this time it was noted that changes in business process from our third-party service provider, NSC to NSLDS caused a number of errors from NSLDS. It was at this time that the University leadership, the Office of Academic Services (including the East Falls Registrar's Office) put in place direct reporting to NSLDS. This corrective process followed a two-step process:
December 2019 – September 2020

- The University can now see exactly what information is being sent to NSLDS from the integrated Banner student information system
- NSLDS immediately sends the University an error report upon receipt of enrollment from University.
- Those errors were immediately corrected and the enrollment was immediately resubmitted back to NSLDS. (NSC currently reports only twice a month to NSLDS).
- Registrars will be granted access to NSLDS from Financial Aid personnel. Registrars was able to update a student's enrollment information immediately following a change of student enrollment status in Banner. This created enhanced consistency in Banner and NSLDS records.
- Enrollment reporting from the University to NSLDS occurred on a monthly basis to stay in compliance with NSLDS 60 day reporting requirements.

The direct reporting to NSLDS began in December of 2019 with the end of the Fall 2019 semester. Spring 2020 enrollment has been reported following the above process.

Fall 2020 – Going Forward
The National Student Clearinghouse provides a number of resources for the Office of the Registrar to increase the efficiency of supporting student enrollment. Two services directly impacted the direct reporting to NSLDS. They are as follows:

- Enrollment verifications to third party requestors
- Degree verifications to third party requestors

These services are not available unless TJU reports enrollments to NSLDS through the NSC.

During the late Spring and Summer of 2020 TJU met several times with NSC to discuss the previous mentioned challenges. The conversations led to the following:

- A two hour retraining of the NSC enrollment reporting platform
- A technical designee from the NSC to work one-on-one with TJU submissions
- A rescheduling of enrollment reporting for the 2020-2021 Academic Year allowing for reporting overlaps to ensure consistent communication to NSLDS.

Reporting to the NSC resumed on October 1, 2020 for the Fall 2020 semester with enrollments being sent every month and NSLDS audits continuing as outlined above. We have seen significant increases in our reporting accuracy which has caused our reporting percentages to raise significantly. This action plan has also improved our communication and response times with the National Student Clearinghouse. However, the NSC still has not been able to identify the root cause of the problems with one of the seven School Codes, the other six have been compliant since March 8, 2021. We will continue to work with the NSC to address the concerns with the remaining School Code and this should be resolved by the end of Fiscal Year 2022.

Raelynn Cooter, PhD

Raelynn Cooter, PhD
Vice Provost for Academic Infrastructure and Effectiveness

IV. Supplementary Information

Schedule of Expenditures of Federal Awards Supplementary Schedules

Schedule of Expenditures of Commonwealth of Pennsylvania Awards

Award	CFDA	Federal Funding Received in FY	Accrued Federal Revenue at Beginning of FY	Federal Revenue Recognized in FY	Accrued Federal Revenue at End of FY
Department of Health:					
SAP #4100070353	93.817	710,000	740,657	60,010	800,667
		710,000	740,657	60,010	800,667
					-
Department of Human Services:					-
SM58386	93.243	-	92,950	1,698	94,648
5 U79 SM061750-05	93.243	-	1,161,122	69,034	1,230,156
H79SM082107	93.243	-	-	253,140	253,140
		-	1,254,072	323,872	1,577,944
Commonwealth of Pennsylvania		**710,000**	**1,994,729**	**383,882**	**2,378,611**

Schedule of Expenditures of State of New Jersey Awards

State Grantor/Program	Contract Number	Grant Period	Total Expenditures
State of New Jersey Department of Health and Senior Services			
Hyacinth AIDS Foundation	DHST20DT009	07/19 - 06/20	600,500
HIV/Aids Care and Treatment 2020			
HIV/Aids Care and Treatment - Medical Case Management	DHST20DTR022	07/19 - 06/20	299,364
HIV/Aids Care and Treatment -Mental Health	DHST20DTR022	07/19 - 06/20	97,856
HIV/Aids Care and Treatment - Non-Medical Case Management	DHST20DTR022	07/19 - 06/20	104,644
HIV/Aids Care and Treatment -Nutrition	DHST20DTR022	07/19 - 06/20	17,467
HIV/Aids Care and Treatment -CoPays & Deductibles	DHST20DTR022	07/19 - 06/20	13,224
HIV/Aids Care and Treatment - Outreach	DHST20DTR022	07/19 - 06/20	63,166
Total State of New Jersey Department of Health and Senior Services			**$ 1,196,221**

Thomas Jefferson University
Federal Awards
Schedule of Financial Responsibility Ratios
Year Ended June 30, 2020

(in thousands)

Lines		**Primary Reserve Ratio:**	
		Expendable Net Assets	
39	Statement of Financial Position – net assets without donor restrictions	Net assets without donor restrictions	2,545,715
40	Statement of Financial Position – net assets with donor restrictions	Net assets with donor restrictions	797,194
	Statement of Financial Position – Related party receivable and related party note disclosure	Secured and unsecured related party receivable	-
	Statement of Financial Position – Related party receivable and related party note disclosure	Unsecured related party receivable	-
16	Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment, net (includes construction in progress)	2,925,367
13	Statement of Financial Position – Goodwill	Intangible Assets	-
28	Statement of Financial Position - Post-employment and Pension Liabilities	Post-Employment and Pension Liabilities	787,422
19, 27	Statement of Financial Position - Total Debt for Long-Term Purposes	Long-Term Obligations	2,348,161

Lines		**Equity Ratio:**	
		Modified Net Assets	
39	Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions	2,545,715
40	Statement of Financial Position – Total net assets with donor restriction	Net assets with donor restrictions	797,194
13	Statement of Financial Position – Goodwill	Intangible assets	-
	Statement of Financial Position – Related party receivable and related party note disclosure	Secured and unsecured related party receivable	-
	Statement of Financial Position – Related party receivable and related party note disclosure	Unsecured related party receivables	-
		Modified Assets	
18	Statement of Financial Position – Total assets	Total assets	8,372,225
13	Statement of Financial Position – Goodwill	Intangible assets	-
	Statement of Financial Position – Related party receivable and related party note disclosure	Secured and unsecured related party receivable	-
	Statement of Financial Position – Related party receivable and related party note disclosure	Unsecured related party receivables	-

Lines		**Net Income Ratio:**	
77	Statement of Activities – Change in net assets without donor restrictions	Change in net assets without donor restrictions	(760,322)
51	Statement of Activities – (Net assets released from restriction), Total operating revenue and other additions and sale of fixed assets, gains (losses)	Total revenues and gains	5,272,508

Thomas Jefferson University
Federal Awards
Schedule of Financial Responsibility Ratios
Year Ended June 30, 2020

CONSOLIDATED BALANCE SHEET

Line		
	Assets	
	Current assets:	*(in thousands)*
1	Cash and cash equivalents	$801,018
2	Short-term investments	2,094,997
3	Accounts receivable	493,372
4	Inventory	103,332
5	Pledges receivable, current	31,967
6	Insurance recoverable, current	43,412
7	Assets whose use is limited, current	791
8	Other current assets	64,288
	Total current assets	3,633,177
9	Long-term investments	1,104,999
10	Assets whose use is limited, noncurrent	299,691
11	Assets held by affiliated foundations	40,183
12	Pledges receivable, noncurrent	97,494
13	Goodwill	-
14	Insurance recoverable, noncurrent	211,253
15	Loans receivable from students, net	22,057
16	Land, buildings and equipment, net	2,925,367
17	Other noncurrent assets	38,004
18	Total assets	8,372,225
	Liabilities and Net Assets	
	Current liabilities:	
	Current portion of:	
19	Long-term obligations	25,336
20	Accrued professional liability claims	81,832
21	Accrued workers' compensation claims	14,122
22	Deferred revenues	20,111
23	Interest rate hedges	24,717
24	Advances	82,344
25	Accounts payable and accrued expenses	369,489
26	Accrued payroll and related costs	313,250
	Total current liabilities	931,201
27	Long-term obligations	2,322,825
28	Accrued pension liability	787,422
29	Federal student loan advances	7,585
30	Deferred revenues and rent	40,980
31	Accrued professional liability claims	428,183
32	Accrued workers' compensation claims	15,546
33	Interest rate hedges	47,071
34	Advances	391,993
35	Other noncurrent liabilities	56,510
36	Total liabilities	5,029,316
	Net assets:	
37	Net assets without donor restriction - Thomas Jefferson University	2,525,219
38	Noncontrolling interest in joint ventures	20,496
39	Total net assets without donor restriction	2,545,715
40	Net assets with donor restriction	797,194
	Total net assets	3,342,909
41	Total liabilities and net assets	$8,372,225

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION

Line		
	Operating revenues, gains and other support:	*(in thousands)*
42	Net patient service revenue	$4,155,428
43	Grants and contracts	123,118
44	Tuition and fees, net	215,184
45	Investment income	54,495
46	Contributions	3,478
47	Sale of controlling interest	-
48	Other revenue	339,195
49	Government support for COVID-19	325,058
50	Net assets released from restrictions	56,552
51	Total operating revenues, gains and other support	5,272,508
	Operating expenses:	
52	Salaries and wages	2,528,534
53	Employee benefits	574,893
54	Supplies	884,014
55	Purchased services	582,650
56	Depreciation and amortization	262,708
57	Interest	60,055
58	Insurance	115,772
59	Utilities	66,156
60	Rent	83,253
61	Other	412,642
62	Total operating expenses	5,570,677
63	(Loss) Income from operations before nonrecurring items	(298,169)
64	Goodwill Impairment	(161,256)
65	(Loss) Income from operations after nonrecurring items	(459,425)
66	Nonoperating items and other changes in net assets without donor restriction, net:	
67	Return on investments, net of amounts classified as operating revenue	60,547
68	Interest rate swap contracts	(41,258)
69	Reclassification of net assets	(1,972)
70	Contributions and government grants for capital projects	628
71	Net assets released from restrictions used for purchase of property and equipment	6,704
72	(Increase) Decrease in pension liability	(315,788)
73	Distributions to noncontrolling interest	(9,756)
74	Other	(2)
75	Contribution received in business combination	0
76	(Decrease) Increase in nonoperating items and other changes in net assets without donor restriction	(300,897)
77	(Decrease) Increase in net assets without donor restriction	(760,322)