



The Howard University

Consolidated Financial Statements and Reports and Schedules Required by
Government Auditing Standards and the Uniform Guidance

For the year ended June 30, 2021

EIN 53-0204707

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OFFICE OF THE SENIOR VICE PRESIDENT CHIEF FINANCIAL OFFICER

Management's Responsibility for the Consolidated Financial Statements

The administration of The Howard University is responsible for the preparation, accuracy, integrity and objectivity of the consolidated financial statements contained herein. Such consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include certain amounts that represent our best estimates and judgments. Actual amounts could differ from those estimates.

These consolidated financial statements have been prepared under my supervision. Based on my knowledge, these financial statements present fairly, in all material respects, the financial position, changes in net assets and cash flows of The Howard University for the periods presented herein.

Furthermore, I hereby certify that The Howard University, as Borrower under separate agreements with certain banks and lending institutions, is in compliance with the respective financial covenants as of June 30, 2021, as described in Note 14 of the accompanying consolidated financial statements.

Stephen Graham

Senior Vice President, Chief Financial Officer

John D. Gordon, Jr. MS, CPA, CGMA

Controller and Chief Accounting Officer



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Independent Auditor's Report

Board of Trustees
The Howard University
Washington, DC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Howard University (the "University"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Summarized Comparative Information

We have previously audited the University's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent in all material respects with the audited consolidated financial statements from which it has been derived.



Supplementary 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BDO USA, LLP

February 9, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in thousands)</i>	June 30, 2021	June 30, 2020
Current Assets:		
Cash and cash equivalents	\$ 195,076	\$ 123,018
Operating investments	42,218	7,748
Deposits with trustees	26,660	3,186
Receivables, net	104,215	101,408
Healthcare contract assets	2,015	3,239
Inventories, prepaids and other assets	32,378	16,575
Restricted investments	47,972	34,624
Total Current Assets	450,534	289,798
Long Term Assets:		
Deposits with trustees	13,462	12,974
Receivables, net	64,346	21,967
Inventories, prepaids and other assets	16,904	15,717
Unexpended bond proceeds	78,636	3,172
Restricted investments	14,113	12,984
Endowment investments	806,419	712,449
Operating right of use assets	5,072	6,209
Finance right of use assets	57,770	44,838
Long-lived assets, net	602,998	546,902
Total Long Term Assets	1,659,720	1,377,212
Total Assets	\$ 2,110,254	\$ 1,667,010
Current Liabilities:		
Accounts payable and accrued expenses	\$ 132,081	\$ 113,471
Deferred revenue	60,621	72,844
Other liabilities	24,796	25,300
Accrued post-retirement benefits	3,608	3,583
Reserve for self-insured liabilities	27,928	14,289
Notes payable	1,328	26,000
Operating lease obligations	620	1,106
Finance lease obligations	9,426	8,903
Bonds payable, net	12,242	4,684
Total Current Liabilities	272,650	270,180
Long Term Liabilities:		
Other liabilities	3,287	3,490
Accrued post-retirement benefits	46,156	46,858
Underfunded defined benefit pension plan	9,280	167,649
Reserve for self-insured liabilities	46,229	49,159
Operating lease obligations	4,792	5,381
Finance lease obligations	51,138	38,096
Bonds payable, net	534,857	380,130
Refundable advances under Federal Student Loan Program	4,497	5,640
Total Long Term Liabilities	700,236	696,403
Total Liabilities	972,886	966,583
Net Assets:		
Without donor restrictions	453,292	211,353
With donor restrictions	684,076	489,074
Total Net Assets	1,137,368	700,427
Total Liabilities and Net Assets	\$ 2,110,254	\$ 1,667,010

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

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended June 30, 2021 (with summarized comparative information for fiscal year ended June 30, 2020) (in thousands)	Without Donor Restrictions	With Donor Restrictions	June 30, 2021	Summarized June 30, 2020
Operating				
Revenues and reclassifications:				
Academic services:				
Tuition and fees, net	\$ 164,045	\$ -	\$ 164,045	\$ 146,708
Grants and contracts	86,644	-	86,644	61,473
Auxiliary services	7,932	-	7,932	29,123
Clinical services:				
Patient service - Hospital, net	280,440	-	280,440	267,064
Patient service - Faculty medical practice, net	23,166	-	23,166	24,864
Patient service - Dental clinic, net	920	-	920	1,017
Public support:				
Federal appropriation	239,613	3,405	243,018	239,143
Contributions	64,321	112,879	177,200	52,936
Endowment transfer	8,625	12,277	20,902	24,536
Operating investment income	3,455	-	3,455	582
Real property	5,377	-	5,377	30,209
Other income	48,192	352	48,544	21,774
Total revenues	932,730	128,913	1,061,643	899,428
Net assets released from restrictions	20,850	(20,850)	-	-
Total revenues and reclassifications	953,580	108,063	1,061,643	899,428
Expenses:				
Academic and research:				
Instruction	201,387	-	201,387	204,378
Research	41,404	-	41,404	39,333
Public service	13,738	-	13,738	12,242
Academic support	62,757	-	62,757	48,124
Student services	30,062	-	30,062	38,016
Total academic and research	349,348	-	349,348	342,093
Healthcare services	341,915	-	341,915	269,395
Administrative support:				
Institutional support	140,472	-	140,472	187,764
Fundraising	3,842	-	3,842	4,932
Auxiliary enterprises	21,825	-	21,825	36,484
Total administrative support	166,139	-	166,139	229,180
Total operating expenses	857,402	-	857,402	840,668
Operating revenues over operating expenses	96,178	108,063	204,241	58,760
Non-operating				
Investment income in excess of amount designated for operations	89,468	98,193	187,661	27,253
Endowment transfer	(8,059)	(12,843)	(20,902)	(24,536)
Net unrealized gain in beneficial interest trust	-	1,589	1,589	79
Loss on extinguishment of debt	(14,916)	-	(14,916)	-
Net periodic benefit cost other than service cost	1,021	-	1,021	(5,604)
Change in funded status of defined benefit pension plan	79,437	-	79,437	(23,348)
Change in obligation for post-retirement benefit plan	(1,417)	-	(1,417)	(2,854)
Change in funded status of supplemental retirement plan	227	-	227	295
Other items, net	-	-	-	(694)
Increase (decrease) in non-operating activities	145,761	86,939	232,700	(29,409)
Change in net assets	241,939	195,002	436,941	29,351
Net assets, beginning of year	211,353	489,074	700,427	671,076
Net assets, end of year	\$ 453,292	\$ 684,076	\$ 1,137,368	\$ 700,427

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended (in thousands)	June 30, 2021	June 30, 2020
Cash flows from operating activities		
Change in net assets	\$ 436,941	\$ 29,351
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	31,210	47,921
Bond discount amortization	403	248
Bonds issuance cost amortization	649	779
Loss on extinguishment of debt	14,916	-
Net realized gain on sale of investment	(56,454)	(26,283)
Unrealized gain on investments	(101,064)	(679)
Loss on sales type lease	-	1,155
Loss on sale/disposal of long-lived assets	-	618
Gain on contributed works of art	-	(2,520)
Change in deposits with trustees	(23,962)	(378)
Change in receivables (excluding notes)	(42,367)	24,478
Change in contract assets	1,224	2,290
Change in allowance for doubtful receivables	(4,066)	(7,880)
Change in inventory, prepaids and other assets	(16,989)	(1,872)
Change in operating right of use assets	1,137	(1,448)
Change in accounts payable and accrued expenses	18,608	(24,270)
Change in deferred revenue	(12,222)	56,982
Change in other liabilities	(708)	(134)
Change in pension/post retirement liability	(159,046)	10,432
Change in reserve for self-insured liabilities	10,708	(2,089)
Change in operating lease obligation	(1,075)	1,474
Change in refundable advances under Federal Student Loan Program	(1,143)	(877)
Net cash and cash equivalents provided by operating activities	96,700	107,298
Cash flows from investing activities		
Proceeds from sale of investments	1,038,815	980,390
Purchases of investments	(1,024,215)	(948,126)
Return on unexpended bond proceeds	(75,463)	(68)
Purchases and renovations of long-lived assets	(77,399)	(42,174)
Restricted contributions	-	(25,520)
Net cash and cash equivalents used in investing activities	(138,262)	(35,498)
Cash flows from financing activities		
Proceeds from notes payable	36,330	143,000
Payment on notes payable	(61,000)	(125,562)
Proceeds from bonds payable	150,209	143,284
Payments on bonds payable	(3,893)	(156,940)
Principal payments on finance lease obligations	(8,388)	(7,909)
Change in finance right of use assets and lease obligation	(885)	260
Change in student loans issued	(151)	(1,462)
Change in student loans collected	1,398	1,512
Proceeds from restricted contributions	-	25,520
Net cash and cash equivalents provided by financing activities	113,620	21,703
Increase in cash and cash equivalents	72,058	93,503
Cash and cash equivalents at beginning of year	123,018	29,515
Cash and cash equivalents at end of year	\$ 195,076	\$ 123,018
Supplemental cash flow information:		
Cash paid for interest	\$ 20,124	\$ 26,682
Supplemental non-cash investing and financing activities:		
Acquisition of equipment under financing leases	1,899	3,531
Stock distributions	6,631	1,325

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

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

1. University Organization

The Howard University (Howard) is a private, nonprofit institution of higher education (the University) which also operates Howard University Hospital (the Hospital) located in Washington, DC. The University provides academic services in the form of education and training, primarily for students at the undergraduate, graduate, and postdoctoral levels, and performs research, training and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the United States government. Howard also provides patient healthcare services at the Hospital and by certain members of the University's faculty as part of its academic clinical activities.

The consolidated financial statements also include the activities of wholly-owned subsidiaries Howard University International (HUI), Howard University Global Initiative – Nigeria, LTD/GTE (HUGIN), and Howard University Global Initiative South Africa NPC (HUGISA). The activities and balances of these entities are reflected in the statements of activities and statements of position, and any intercompany balances have been eliminated in consolidation.

The University conveyed its fee simple interest in the properties known as the East Tower, the West Tower, Drew Hall and Cook Hall to Howard Dormitory Holdings 1, LLC by Special Warranty Deed recorded in January 2017. The Howard special-purpose entity is wholly-owned by the University.

The Hospital has a 49% joint venture interest in the Howard University Dialysis Center LLC (LLC). Howard accounts for its interest in the LLC using the equity method which requires Howard to record a proportional share of the LLC's net income or loss as increases and decreases to the initial investment.

Howard is recognized as an organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

2. Summary of Significant Accounting Policies

(a) ***Basis of Presentation***

The accompanying consolidated financial statements of Howard have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements include certain prior year summarized comparative information in total, not by net asset classification. Such summarized information may not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2020, from which the summarized information is derived.

Operating results in the statements of activities reflect all transactions increasing and decreasing net assets except those that the University defines as non-operating. Non-operating includes all investment returns in excess of those classified as operating by the spending policy, unrealized gains and losses from operating accounts, unrealized gains and losses on beneficial interests in perpetual trusts, endowment transfers, changes in accounting principle, and net changes in pension liabilities and other post-retirement benefit plans.

(b) **Net Asset Classifications**

For purpose of financial reporting, the University classifies resources into two classes of net assets based on the existence or absence of donor-imposed restrictions:

Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

With Donor Restrictions – Net assets with donor restrictions are subject to legal or donor-imposed stipulations that will be satisfied by the passage of time, fulfilled by actions of the University pursuant to those stipulations, or both. These net assets include net assets subject to donor-imposed restrictions that are invested to provide perpetual source of income to the University (endowment funds). Donor-restricted endowment funds generally result from donor's stipulation or by extension of donor restriction imposed through the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that limits University's use of an endowment fund. The original gifted amount, any additional gifts to that fund, and any resulting investment returns shall initially be classified as net

THE HOWARD UNIVERSITY

Notes to the Consolidated Financial Statements

(amounts in thousands)

assets with donor restrictions. Therefore, unless stated otherwise in the gift, the assets in donor-restricted endowment fund are donor-restricted assets until they are appropriated for expenditure by the University's governing body or law.

Contributions are reported in the appropriate category of revenue, except those contributions with donor-imposed restrictions met in the same fiscal year are included in revenues without donor restrictions. Satisfaction of restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reported as releases from with donor restrictions net assets to without donor restrictions net assets. Donor restrictions on gifts to acquire long-lived assets are considered fulfilled in the period in which the assets are acquired or placed in service.

(c) ***Use of Estimates***

The preparation of consolidated 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 and disclosures. Actual results could differ from those estimates.

(d) ***Income Tax***

The University is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted by U.S. Congress. The Act impacts the University in several ways, including the addition of excise taxes on executive compensation and net investment income, as well as new rules for calculating unrelated business taxable income. The University records an estimate for related tax expense based on available guidance of the Act.

Any unrelated business income tax generated by Howard is recorded as income tax using the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the period that the deferred tax asset or liability is expected to be realized or to be settled. Howard analyzed its tax positions for the years ended June 30, 2021 and 2020 and determined that there were no uncertain tax positions that would have a material impact on Howard's consolidated financial statements. Howard's operations do not give rise to transfer pricing activities.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

Cash and Cash Equivalents

Short-term investments with maturities at date of purchase of nine months or less are classified as cash equivalents, except that any such investments purchased with funds on deposit with bond trustees, or with funds held in trusts or by external endowment investment managers are classified as Deposits with trustees or Investments, respectively. Cash equivalents include certificates of deposit, short-term U.S. Treasury securities and other short-term, highly liquid investments and are carried at approximate fair value. Howard classifies any cash or money market accounts held by external managers as investments, as these amounts are not readily available for operations and are part of the long-term investment portfolio.

(e) ***Investments***

Investments are segregated between operating, donor restricted and endowment investments and deposits with trustees on the consolidated statements of financial position, all of which are stated at fair value and defined as follows:

Operating Investments – represent investments free of any donor or lender-imposed restrictions. These investments include items that are short-term in nature and can be liquidated at the discretion of the Board of Trustees (the “Board”) to meet operational demands. Operating investments also includes a non-controlling interest in a dialysis joint venture (see Note 24).

Restricted Investments – represent non-endowed investments whose principal and or income are restricted by external sources, including liquidation restrictions. The use of the principal and interest of these investments is not subject to the discretion of the Board.

Endowment Investments – represent the pooled endowment and the Federal matching endowment investments. The endowment investments are spread across various asset categories with the use of the income from these investments restricted based on stated donor stipulations.

Deposits with Trustees – represent a debt service reserve fund consisting primarily of fixed income investments and other short-term securities (see Note 7).

The fair values of Howard’s investments are determined by the most relevant available and observable valuation inputs as defined in Note 8. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based upon average historical value (cost of securities purchased or

THE HOWARD UNIVERSITY

Notes to the Consolidated Financial Statements

(amounts in thousands)

the fair market value at date of gift, if received by donation). Dividend and interest income are recorded on an accrual basis. Accrued but unpaid dividends, interest and proceeds from investment sales at the report date are recorded as investment receivables.

Investment income (losses) are allocated in a manner consistent with interest and dividends, to either net assets with donor restrictions or net assets without donor restrictions (distinguished between operating and non-operating), based on donor intent or lack thereof. Such amounts may be expended for operations, based on donor time or purpose restrictions or held in perpetuity at the donor's request. Investment income (losses) on loan funds are accumulated in net assets without donor restrictions.

Operating investment income includes interest, dividends and operating investment returns.

(f) ***Receivables and Revenue Recognition***

(1) **Revenue**

The accompanying consolidated statement of activities for the years ended June 30, 2021 and 2020 are presented in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASC Subtopic 958-605 *Not for Profit Entities - Revenue* (where applicable).

The University measures revenue from contracts with customers based on the consideration specified in a contract with a customer, and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction price; (4) allocate transaction price; and (5) recognize revenue.

Disaggregation of Revenue from Contracts with Customers

ASC 606 requires that entities disclose disaggregated revenue information in categories (such as type of good or service, geography, market, type of contract, etc.) that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. ASC 606 explains that the extent to which an entity's revenue is disaggregated depends on the facts and circumstances that pertain to the entity's contracts with customers and that some entities may need to use more than one type of category to meet with the objective for disaggregating revenue.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

Judgements

The University earns revenue primarily through instruction in the form of tuition and fees on its Washington, DC campuses. The University serves both domestic and international students. Tuition and fees are recognized over the course of the semester based on the published start and end dates for classes. In addition to tuition and fees, the University also earns revenue through auxiliary services and other sources. These sources of revenue can be disaggregated by whether there is a contract with a student or non-student, or if there is no contract. The University recognizes non-student contracts based on the date of the event or when the service is provided.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The University does not capitalize contract costs.

The performance obligations related to contracts with students involves providing instruction, housing and dining (if applicable), and access to the University's facilities and services throughout the contract term. As a result, the performance obligations are satisfied over time ratably throughout each contract's applicable period.

Howard enters contracts that include various combinations of services, which are generally capable of being distinct and are accounted for as separate performance obligations.

The University's contracts with customers subject to ASC 606 guidance applies to the following revenue:

Tuition and fees from student services are recognized ratably over the academic time period to which they apply. A portion of tuition and fees charged in the current fiscal year for the summer term is deferred and recognized in the following fiscal year due to summer sessions between May and July crossing fiscal years. Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, are reported as a reduction of tuition revenues. A tuition discount represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. For any such arrangements, the transaction price only includes tuition and fees net of the awarded discounts or institutional aid. The University also

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

grants a tuition discount in the form of a tuition rebate program to incentivize students to earn their degree early or on-time. On-time or early graduates are eligible to receive a 50 percent discount on their tuition for their final semester. The rebate is applicable to direct payments made to the University by the student or family toward the final semester's tuition.

NET TUITION REVENUE	2021	2020
Gross tuition and fees	\$ 312,386	\$ 265,522
Less financial aid:		
Merit	67,086	61,838
Need	59,541	38,872
Talent	8,618	8,813
Other	13,096	9,291
Total financial aid	\$ 148,341	\$ 118,814
Total net tuition	\$ 164,045	\$ 146,708

Other income represents income from activities other than those that are ongoing and central to Howard's core business operations and is recognized as revenue in the period it is earned and collectible.

Net patient service revenue relates to contracts with patients in which our performance obligations are to provide health care services to the patients. Revenues are recorded during the period the obligations to provide health care services are satisfied. The contractual relationship with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for services provided are dependent upon the terms provided by (Medicare and Medicaid) or negotiated with (managed care health plans and commercial insurance companies) the third-party payors. Net patient service revenue is based upon the estimated amounts that management expects to be entitled to receive from patients and third-party payors. Estimates of price concessions under managed care and commercial insurance plans are based upon the payment terms specified in the related contractual agreements. Revenues related to uninsured patients and insured copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts). Management also records estimated implicit price concessions (based primarily on historical collection experience) related to uninsured accounts to record self-pay revenues at the estimated amounts that it expects to collect.

The Hospital and University faculty physicians have arrangements with third-party payors that provide for payments at established rates. Payment

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arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per-diem payments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient and third-party healthcare payor receivables are the amount due for patient care services rendered by the University's Faculty Practice Plan (FPP) and the Hospital.

NET PATIENT SERVICE REVENUE	2021	2020
Gross Revenues	\$ 774,765	\$ 808,389
Third-party settlement revenue	97,205	90,948
Price concessions	(567,444)	(606,392)
Total net patient service revenue	\$ 304,526	\$ 292,945

Auxiliary services are generally recognized when services are rendered or as activities have been completed. Auxiliary revenue is mostly comprised of meal plans, income generated from advertisers on Howard's commercial radio station (WHUR), and student housing. Advertising revenues are recognized when the advertising spots are aired. Other revenues include the Howard University bookstore, parking fees, vending sales, ticket sales and licensing.

The University considers collectability and other price concessions and variable consideration in determination of the transaction prices of the respective streams of auxiliary services revenue.

AUXILIARY SERVICES REVENUE	2021	2020
Student housing	\$ 10	\$ 3,415
Meal plans	376	15,261
Radio station	6,401	6,421
Bookstore	-	1,030
Parking fees	326	1,689
Vending sales and fees	342	519
Ticket sales	91	626
Licensing	220	121
Other	166	41
Total auxiliary services revenue	\$ 7,932	\$ 29,123

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Real property revenue is comprised of income and gains from real estate transactions (i.e. sales-type leases) including lease income and is recognized as revenue in the period it is earned and collectible. Revenue recognition for real property lease income transactions is disclosed in further detail in Note 13.

The following revenue streams are subject to the guidance in Topic 958, *Not for Profit Entities*, unless otherwise noted:

Grants and contracts revenue is recognized when reimbursable expenses are incurred (for cost plus contracts) or when deliverables or milestones are met (for fixed price contracts). Howard adopted ASU 2018-08, *Not for Profit Entities*, Topic 958 on July 1, 2018. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The University adopted this standard using the modified prospective approach and it did not have a material impact to Howard's consolidated financial statements. For the year ended June 30, 2021, Howard recognized \$85,453 of revenue subject to Topic 958 and \$1,191 revenue subject to ASC 606, *Revenue from Contracts with Customers*.

Revenues include recoveries of eligible direct expenses and indirect costs for facilities and administration, which are generally determined as a negotiated or agreed-upon percentage of direct costs. Receivables under research grants and development agreements represent the amounts due from Federal, state, local, private grants, contracts and others.

GRANTS AND CONTRACTS REVENUE	2021	2020
Reimbursement of direct expenses	\$ 77,844	\$ 46,845
Recovery of indirect costs	8,800	14,628
Total University grants and contracts revenue	\$ 86,644	\$ 61,473
Indirect costs recovery as a % of direct costs	11%	31%

Grants and contracts revenue by type is detailed in the table below:

GRANTS AND CONTRACTS REVENUE BY TYPE	2021	2020
Research	\$ 33,044	\$ 27,569
Training	21,228	15,084
Service/other	32,372	18,820
Total grants and contracts revenue by type	\$ 86,644	\$ 61,473

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Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor specified conditions are not recognized until the conditions have been met.

In fiscal year 2021, the University received approximately \$20,000 in federal contributions from the Department of Education as part of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) appropriations for educational institutions. The funds were used primarily for student grants and to offset losses caused by COVID 19 (see Note 23).

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contribution revenue for fiscal years ended June 30, 2021 and 2020 is shown below:

CONTRIBUTIONS REVENUE	2021	2020
Without donor restrictions	\$ 64,321	\$ 27,416
With donor restrictions	112,879	25,520
TOTAL	\$ 177,200	\$ 52,936

Contributions to give with payments to be received after one year from the date of the consolidated financial statements are discounted. Allowance is made for creditworthiness of the donors, past collection experience, and other relevant factors.

Works of art, historical treasures, literary works and artifacts, which are preserved and protected for educational, research and public exhibition purposes, are capitalized. Donations of such collections are recorded for financial statement purposes as contributions. The University received art

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contributions in the amount of \$0 and \$2,520 for fiscal years ended June 30, 2021 and 2020, respectively.

Federal appropriation revenue is recognized when received and expended. Howard receives a Federal appropriation that can be used for support of the University's educational mission, a portion of which is held as a temporarily restricted term endowment which is required to be held for 20 years. For fiscal years ended June 30, 2021, and 2020, Howard received 23% and 27%, respectively, of its revenue support from the Federal appropriation. The \$3,405 receivable for the fiscal years ended June 30, 2021, and 2020, respectively, represents the portion to be collected on the Federal term endowment as defined in Note 16.

Student receivables represent unpaid tuition and fees assessed in current and prior periods that are generated when a student registers for classes through the University's formal registration process. Howard maintains a policy of offering qualified applicants' admission to the University without regard to financial circumstance. Student financial aid is generally fulfilled through a combination of scholarships, fellowships, loans and employment during the academic year. Tuition and fees are recorded net of discounts for scholarships (merit, talent, and need based), fellowships, graduate remission and employee tuition remission. Funding for financial aid may come from donor designated sources or from operations and assets without donor restrictions. Financial aid for fiscal years ended June 30, 2021, and 2020 was \$148,341 and \$118,814, respectively.

Notes receivable represent loans the University extended to students from institutional resources and Federal Student Loan programs with outstanding balances, which includes Federal Perkins Loans. Management regularly assesses the adequacy of the allowance for credit losses on student loans by performing ongoing evaluations of the student loan portfolio, including the financial condition of specific borrowers, the economic environment in which the borrowers operate, and the level of delinquent loans.

Howard's Perkins receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under this Program can be assigned to the Federal Government in certain non-repayment situations. In these situations, the Federal portion of the loan balance is guaranteed.

(g) ***Inventories, Prepaids and Other Assets***

Inventories consist primarily of medical supplies, and are recorded at the lower of cost or realizable value on a first-in, first-out basis. Prepaids consist primarily of

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insurance, dues, subscriptions and other fees and are amortized over the useful period. Other assets consist primarily of deferred health charges, intellectual property, and beneficial interest trust.

(h) ***Long-Lived Assets***

Long-lived assets include property, capital improvements, equipment, software, library books, and art and historical treasures for the University. Long-lived assets are stated at cost or at fair value if received by gift, less accumulated depreciation and amortization, and are capitalizable when the unit cost is equal to or exceeds \$3 and has a useful life of more than one year. Work in process for campus approved projects are capitalizable and not depreciated until assets are placed in service.

The University capitalizes and recognizes purchased and donated works of art and historical treasures on the balance sheet. Howard does not depreciate works of art and historical treasures where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. However, impaired works of art are adjusted to fair market value, with change in value being recognized as a gain or loss on the statement of activities.

The University's policy for disposal of art and historical treasures from its collection limits the use of proceeds from such disposals for direct care of the remaining collection. In addition, any proceeds received by the University for loans from its collection are used to maintain the quality of the collection.

The University defines direct care of the collection as specific costs used to maintain the value, integrity, and quality of the collection. The direct care of the collection at the University includes appraisals, insurance coverage, security, storage inclusive of climate control, installation inclusive of shipping or relocation, and conservation.

Depreciation for all other long-lived assets is computed using the straight-line method over the estimated useful lives of the assets. The useful lives for fiscal years reported are as follow:

Land improvements	1-25 years
Building and building improvements	5-40 years
Furniture and equipment	3-20 years
Software	3-10 years
Library books	10 years

Title to certain equipment purchased using funds provided by government grants or contracting agencies is vested with Howard, and therefore is included in

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reported property balances. Such assets are subject to potential transfer or disposal by the relevant cognizant agency. Interest costs eligible for capitalization are the costs of restricted borrowings, less any interest earned on temporary investment of the proceeds of those borrowings, from the date of borrowing until qualifying assets are placed in service for their intended use.

The recorded values of certain properties include the fair value of any environmental remediation necessary to meet contractual or regulatory requirements for disposal or remediation of the property. This primarily pertains to the cost of removal and disposal of asbestos.

(i) ***Compensated Absences***

Howard records an amount due to employees for future absences, which is attributable to services performed in the current and prior periods and subject to a maximum carryover. This obligation is recognized on the consolidated statements of financial position as part of accounts payable and accrued expenses. At fiscal years ended June 30, 2021 and 2020 the obligation was \$6,160 and \$4,610, respectively.

(j) ***Other Liabilities***

Other liabilities are comprised primarily of student refunds for housing due to COVID-19 (see Note 23), unclaimed property, student deposits, deposits held in custody for others, environmental liability, reserves for legal and other contingencies and miscellaneous items.

(k) ***Deferred Revenue***

Deferred revenue represents cash received, but not earned as of June 30, 2021. This is primarily composed of unearned grant revenue and Medicare advance payment program.

(l) ***Pension and Post-Retirement Benefits***

The funded status of Howard's pension benefit (the Plan) is actuarially determined and recognized in the consolidated statements of financial position as either an asset to reflect an overfunded status, or as a liability to reflect an underfunded status. Howard's actuarially determined post-retirement benefit obligation is recognized on the consolidated statements of financial position as a liability. Howard follows the Internal Revenue Service (IRS) guidelines in the administration of the Plan (see Note 15).

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(m) ***Reserves for Self-Insured Liabilities***

The reserve for self-insured liabilities is comprised primarily of amounts accrued for asserted medical malpractice and worker's compensation claims and includes estimates of the ultimate cost to resolve such claims (see Note 7-*Deposits with Trustees and Reserves for Self-insured Liabilities*). The reserve also includes an estimate of the cost to resolve unasserted claims that actuarial analyses indicate are probable of assertion in the future. Medical malpractice claim reserves are stated at an undiscounted amount.

(n) ***Refundable Advances Under Federal Student Loan Program***

Funds provided by the United States Department of Education under the Federal Student Loan Programs are loaned to qualified students and may be re-loaned after collections. The portion of these funds provided by the Department of Education are ultimately refundable to the Department of Education and are reported as liabilities in the consolidated statements of financial position and as cash flows from financing activities in the consolidated statements of cash flows. Loans issued to students are reported as part of receivables in the consolidated statements of financial position.

(o) ***Measure of Operations***

Howard includes in its measure of operations all revenue and expenses that are integral to its continuing core program services with the key objective being predictability of indicated results. Such measures include the gains and losses from real estate related transactions which were previously recorded as non-operating items.

(p) ***New Accounting Pronouncements***

Periodically, the Financial Accounting Standards Board (FASB) issues updates to the Accounting Standards Codification (ASC) which impact Howard's financial reporting and related disclosures. The following paragraphs summarize relevant updates. Unless otherwise noted, Howard University is currently evaluating the impact that these updates will have on the Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-03, *Codification improvements to Financial Instruments*, effective for annual financial statements issued for fiscal years beginning after December 15, 2019. The ASU clarifies that all nonpublic companies and organizations are required to provide certain fair value option disclosures. ASU 2020-03 does not have a material impact on the disclosures of the University.

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In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. For non-public entities, ASU 2020-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The new ASU clarifies that, when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or fair value option. Howard is evaluating the impact of ASU 2020-01.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. For non-public entities, ASU 2019-12 is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The ASU improves financial statement preparers' application of income tax-related guidance and simplifies GAAP for: franchise taxes that are partially based on income; transactions with a government that result in a step up in the tax basis of goodwill; separate financial statements of legal entities that are not subject to tax; and enacted changes in tax laws in interim periods. Howard is evaluating the impact of ASU 2019-12.

(q) **Reclassifications**

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. Such reclassifications did not have any impact on the University's previously reported net asset balances.

3. Liquidity and Availability of Resources

As of June 30, 2021 and 2020, financial assets and liquidity resources that are available within one year for general expenditures consists of the following:

FINANCIAL ASSETS AND LIQUIDITY RESOURCES	2021	2020
<i>Financial Assets:</i>		
Cash and cash equivalents	\$ 195,076	\$ 123,018
Operating investments	42,218	7,748
Receivables, net (excluding donor stipulated restrictions)	97,410	99,945
Other investments appropriated for current use	21,173	20,902
Total financial assets available within one year	\$ 355,877	\$ 254,852
<i>Liquidity Resources:</i>		
Bank line of credit available	150,000	150,000
Total financial assets and liquidity resources available within one year	\$ 505,877	\$ 404,852

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None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Receivables includes pledges that are subject to implied time restrictions but are expected to be collected within one year. The University's endowment investments consist of donor-restricted and quasi-endowment assets that is subject to a board spending policy of 4 percent. Within the next year, \$21,173 is expected to be made available for general expenditures from the endowment. Although the University requires Board approval to spend from its Board-designated quasi-endowment assets, other than investment income appropriated for general expenditures, amounts from the quasi-endowment could be made available if necessary. See Notes 9 and 16 for additional disclosures on Board-designated quasi-endowment assets. In addition, to help manage unanticipated liquidity needs, the University has a committed line of credit in the amount of \$150,000 which it could draw upon. As of June 30, 2021, there was no outstanding balance on the line of credit.

4. Receivables

The major components of receivables, net of reserves for doubtful accounts of \$24.1 million and \$15.8 million as of June 30, 2021 and 2020, respectively, were as follows:

RECEIVABLES	2021	2020
Student	\$ 10,131	\$ 11,985
Notes	4,555	6,840
Federal appropriation	3,405	3,405
Patients and third-party payors - Hospital	37,299	35,686
Patients and third-party payors - FPP	2,690	3,861
Patients and third-party payors - Dental	494	383
Grants and contracts	31,804	15,786
Contributions	54,554	11,565
Auxiliary services	2,575	1,702
Real property	16,136	26,025
Other	4,918	6,137
Total	\$ 168,561	\$ 123,375

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Contributions receivable at June 30, 2021 and 2020 are expected to be received as follows:

CONTRIBUTIONS RECEIVABLE	2021	2020
Within one year	\$ 8,065	\$ 3,945
Between one and five years	48,566	11,490
Thereafter	4,640	-
Contributions receivable gross	61,271	15,435
Unamortized discount on contributions receivable (2%-6.5%)	(4,138)	(1,432)
Contributions receivable, net of discounts	57,133	14,003
Allowance for uncollectible contributions	(2,579)	(2,438)
Contributions receivable, net of discounts and allowance	\$ 54,554	\$ 11,565

5. Healthcare Contract Assets

In compliance with ASC 606, estimated reimbursement from patients that were inhouse at the end of the reporting period are reported as Contract Assets on the consolidated statements of financial position. The following is a summary of the balances at June 30, 2021 and 2020:

INHOUSE RECEIVABLES – HEALTHCARE CONTRACT ASSETS	2021	2020
Inhouse charges	\$ 9,691	\$ 12,643
Price concessions	(7,676)	(9,404)
Net healthcare contract assets	\$ 2,015	\$ 3,239

6. Inventories, Prepaids and Other Assets

Components of inventories, prepaids and other assets accounts at fiscal years ended June 30, 2021 and 2020 are as follows:

INVENTORIES, PREPAIDS, AND OTHER ASSETS	2021	2020
Inventories - Hospital	\$ 5,314	\$ 4,939
Prepaid expenses	22,665	8,824
Beneficial interest trust	7,880	6,291
Self-insured assets	5,005	5,125
Intellectual property costs	1,035	1,121
Other (including interest in HUH Dialysis see Note 24)	7,383	5,992
Total	\$ 49,282	\$ 32,292

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7. Deposits with Trustees and Reserves for Self-insured Liabilities

DEDICATED ASSETS		
	2021	2020
Debt service reserve	\$ 24,761	\$ 13,074
Capitalized interest	10,677	-
Workers' compensation	2	2
Health insurance trust	4,682	3,084
Total	\$ 40,122	\$ 16,160
LIABILITIES		
	2021	2020
Professional liability	\$ 49,699	\$ 41,068
Workers' compensation	10,725	12,624
Health insurance trust	13,733	9,756
Total	\$ 74,157	\$ 63,448

(a) Debt Service Reserve Fund

As required by the 2011 Revenue Bonds and 2021A bonds, Howard maintains a debt service reserve fund in an amount greater than or equal to the Debt Service Fund Requirement of \$24,761 and \$13,074 as of June 30, 2021, and 2020, respectively. The assets in the debt service reserve fund consist primarily of cash, fixed income investments and other short-term securities.

(b) Professional Liability

Howard is involved in litigation arising in the ordinary course of business. Claims alleging malpractice that have been asserted against the Hospital and certain faculty physicians are currently in various stages of litigation. Additional claims may be asserted arising from services provided to patients through June 30, 2021. It is the opinion of management based on the advice of actuaries and legal counsel that estimated malpractice costs accrued for fiscal years ended June 30, 2021 and 2020 of approximately \$49,699 and \$41,068, respectively is adequate to provide for losses resulting from probable asserted and unasserted claims and pending or threatened litigation. Professional liability is reported in reserve for self-insured liabilities on the statement of financial position.

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Professional liability activity is summarized as follows for fiscal years ended June 30, 2021 and 2020 in the table below.

PROFESSIONAL LIABILITY	2021	2020
Beginning balance	\$ 41,068	\$ 45,371
Malpractice claims expense	9,561	(2,209)
Settlement payments	(930)	(2,094)
Ending balance	\$ 49,699	\$ 41,068

(c) Workers' Compensation

Prior to July 1, 2012, Howard had established a revocable trust fund to partially provide for the satisfaction of its liability under applicable workers' compensation liability. The assets in the workers' compensation trust fund consisted of U.S. Treasury Bills and obligations, as well as domestic and foreign corporate bonds. As of June 30, 2021 and 2020, workers' compensation liabilities are being satisfied as claims arise. For fiscal years ended June 30, 2021 and 2020, Howard maintained \$5,125 in letters of credit, respectively, which serve as collateral for specific insurance carriers. Howard is self-insured for workers' compensation claims up to per occurrence retention of \$500. The excess is covered through commercial insurance.

For fiscal years ended June 30, 2021 and 2020 expenses related to workers' compensation were \$(771) and \$1,826, respectively and are reflected in employee benefits.

The total liability for future workers' compensation liability claims was approximately \$10,725 and \$12,624 at June 30, 2021 and 2020, respectively, and includes liabilities for claims covered under existing insurance policies. Workers' compensation liability claims is reported in reserve for self-insured liabilities on the statement of financial position. Reserves reflect actuarially determined estimates for losses on asserted claims, as well as unasserted claims arising from reported and unreported incidents. This liability is recorded on the accompanying consolidated statements of financial position in reserves for self-insured liabilities. Estimated claims for which payments will be covered under existing insurance policies were \$0 at June 30, 2021 and 2020, net of allowances for uncollectible amounts and are reflected in other receivables.

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(d) Health Insurance

Prior to July 1, 2012, Howard established a revocable self-insured trust fund for the purpose of partially funding group health benefits for its employees. The assets consisted primarily of investments in money market funds. As of June 30, 2021 and 2020, health insurance claims are being funded as incurred. Deposits to the fund are amounts withheld from employees' salaries and wages and Howard's contributions based on estimates established by the claims administrator. Disbursements from the fund are made in accordance with the payment plan established with the claims administrator. The total estimated liability for asserted and unasserted probable claims at June 30, 2021 and 2020, is approximately \$13,733 and \$9,756, respectively, and is reported in reserve for self-insured liabilities on the statement of financial position.

8. Fair Value Measurements

Howard applies applicable accounting standards for fair value measurements, defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. These accounting standards establish a hierarchy which consists of three categories for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date as follows:

- Level 1 – quoted market prices for identical assets or liabilities in active markets.
- Level 2 – quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; or other than quoted prices in which all significant inputs and significant value drivers are observable in active markets either directly or indirectly.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are not observable.

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Howard's financial assets and liabilities as of June 30, 2021 and 2020 are subject to fair value accounting. Fair value as of June 30, 2021 is as follows:

FAIR VALUE AS OF JUNE 30, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Unexpended bond proceeds (5)	\$ -	\$ 78,636	\$ -	\$ 78,636
Deposits with trustees (6)	3,875	36,247	-	40,122
Other assets (7)	-	-	7,880	7,880
Total assets (non investment)	\$ 3,875	\$ 114,883	\$ 7,880	\$ 126,638
Operating investments				
Common Stock (3)	42,218	-	-	42,218
Equity Investment (7)	-	-	-	-
Total operating investments	\$ 42,218	\$ -	\$ -	\$ 42,218
Restricted investments				
Money Market Instrument (1)	-	409	-	409
Common Stock (3)	49,835	-	-	49,835
Mutual Fund	1,511	-	-	1,511
Private Equity (4)	-	-	1,478	1,478
Private Debt (4)	-	-	6,467	6,467
Real Estate (4)	-	-	2,385	2,385
Total restricted investments	\$ 51,346	\$ 409	\$ 10,330	\$ 62,085
Endowment investments				
Money Market Fund (1)	6,726	24,643	-	31,369
Common/collective trusts				
Emerging Market Equity (3)	-	30,314	-	30,314
Global Fixed Income Security (2)	-	-	-	-
International Equity Security (3)	-	59,134	-	59,134
Common Stock (3)	71,369	-	-	71,369
Fixed income				
Corporate Bond (2)	-	3	-	3
Hedge funds				
Equity Long/short (4)	-	37,522	-	37,522
Global opportunities (4)	-	20,522	-	20,522
Multi-strategy (4)	-	3,296	-	3,296
Credit Opportunities (4)	-	12,593	-	12,593
Mutual funds investment				
Domestic Common Stock (3)	55,903	-	-	55,903
Domestic Fixed Income (2)	81,295	-	-	81,295
International Equity Security (3)	10,538	-	-	10,538
Private Equity and Venture Capital (4)	-	-	208,712	208,712
Private Debt (4)	-	-	94,848	94,848
Real estate (4)	-	-	88,585	88,585
Total endowment investments	\$ 225,831	\$ 188,027	\$ 392,145	\$ 806,003
Total investments	\$ 319,395	\$ 188,436	\$ 402,475	\$ 910,306
Assets not subject to fair value reporting (8)	784	-	-	784
Liabilities not subject to fair value reporting (8)	(368)	-	-	(368)
Total assets and liabilities measured at fair value	\$ 323,686	\$ 303,319	\$ 410,355	\$1,037,360

Level 3 investments were 44% of total investments.

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Fair value as of June 30, 2020 is as follows:

FAIR VALUE AS OF JUNE 30, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Unexpended bond proceeds (5)	\$ -	\$ 3,172	\$ -	\$ 3,172
Deposits with trustees (6)	3,186	12,974	-	16,160
Other assets (7)	-	-	6,291	6,291
Total assets (non investment)	\$ 3,186	\$ 16,146	\$ 6,291	\$ 25,623
Operating investments				
Common Stock (3)	7,748	-	-	7,748
Equity Investment (7)	-	-	4,398	4,398
Total operating investments	\$ 7,748	\$ -	\$ 4,398	\$ 12,146
Restricted investments				
Money Market Instrument (1)	-	1,619	-	1,619
Common Stock (3)	34,049	-	-	34,049
Mutual Fund	1,204	-	-	1,204
Private Equity (4)	-	-	260	260
Private Debt (4)	-	-	7,861	7,861
Real Estate (4)	-	-	2,615	2,615
Total restricted investments	\$ 35,253	\$ 1,619	\$ 10,736	\$ 47,608
Endowment investments				
Money Market Fund (1)	496	13,874	-	14,370
Common/collective trusts				
Emerging Market Equity (3)	-	32,368	-	32,368
Global Fixed Income Security (2)	-	13,075	-	13,075
International Equity Security (3)	-	35,299	-	35,299
Common Stock (3)	94,389	-	-	94,389
Fixed income				
Corporate Bond (2)	-	4	-	4
Hedge funds				
Equity Long/short (4)	-	29,280	-	29,280
Global opportunities (4)	-	11,199	-	11,199
Multi-strategy (4)	-	15,923	-	15,923
Credit Opportunities (4)	-	17,328	-	17,328
Mutual funds investment				
Domestic Common Stock (3)	36,098	-	-	36,098
Domestic Fixed Income (2)	87,492	-	-	87,492
International Equity Security (3)	9,988	-	-	9,988
Private Equity and Venture Capital (4)	-	-	122,167	122,167
Private Debt (4)	-	-	86,459	86,459
Real estate (4)	-	-	88,035	88,035
Total endowment investments	\$ 228,463	\$ 168,350	\$ 296,661	\$ 693,474
Total investments	\$ 271,464	\$ 169,969	\$ 311,795	\$ 753,228
Assets not subject to fair value reporting (8)	21,081	-	-	21,081
Liabilities not subject to fair value reporting (8)	(2,106)	-	-	(2,106)
Total assets and liabilities measured at fair value	\$ 293,625	\$ 186,115	\$ 318,086	\$ 797,826

Level 3 investments were 41% of total investments.

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The following assumptions and estimates were used to determine fair value of each class of financial instruments listed above:

- (1) Money market instruments include investments in open ended mutual funds that invest in US treasury securities, US agency bonds, certificates of deposit and corporate bonds. Funds that are quoted daily in active markets are classified as Level 1. Funds that are not quoted daily with prices based on amortized cost are classified as Level 2.
- (2) For investments in government securities and corporate bonds, fair value is based first upon quoted market prices for those securities that can be classified as Level 1. For securities where an active market is not available, fair value is determined with reference to similar securities using market prices and broker quotes for similar instruments and are classified as Level 2.
- (3) Common stocks are largely valued based on the last sales price for identical securities traded on a primary exchange. These investments are classified as Level 1. Securities that trade infrequently, or that have comparable traded assets – that trade in either active or inactive markets - are priced using available quotes and other market data that are observable as of the reporting date and are classified as Level 2. Investments in comingled funds with underlying securities in common stock are classified as Level 2 because there is a readily determinable unit price and the units held can be redeemed in less than one month.
- (4) Alternative investments include Howard’s limited partnership interests, hedge funds, private equity and real estate and commodity funds. Trading in this class of funds is infrequent and, as a result, market values are not readily determinable. The investments in privately held funds are valued based on valuation techniques that consider each fund’s underlying assets and include valuation methods such as market, cost and income approaches. In accordance with ASC 820, *Fair Value Measurement*, which governs the classification of certain investments with the option of Net Asset Value redemption value as Level 2, Howard has classified qualifying investments in Hedge Funds and Commodity Funds as Level 2. These investments can be redeemed on a quarterly basis with a 30 to 90 days redemption notice period. Hedge Funds and Commodity Funds with liquidation terms in excess of 90 days are classified as Level 3. Limited partnerships including private equity and real estate funds and other non-redeemable funds are categorized as Level 3.

These investments cannot be redeemed or withdrawn prior to termination of the partnership. Instead, the distributions are received through liquidation of the underlying assets of the fund. No active market exists for these funds and their valuation is based on unobservable and/or significantly adjusted inputs

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using the best available information provided by the partnership, including management assumptions. Due diligence procedures performed by management indicate that the values reported are reasonable. These investments are classified as Level 3.

- (5) Unexpended bond proceeds include investments in government debt security funds. These funds are not quoted daily and are valued at amortized cost. These investments are classified as Level 2.
- (6) Deposits held with trustees, including workers' compensation, professional and general liability, health insurance and bond debt service deposits, are comprised primarily of money market instruments, US treasury securities, mortgage-backed securities and corporate bonds. Money market investments are classified as either Level 1 or Level 2 based on whether their prices are quoted daily. Investments in US treasury securities are classified as Level 1 and other fixed income securities are classified as Level 2.
- (7) Other assets represent the University's beneficial interest in certain trust assets held by third parties. The underlying trust assets are comprised of a variety of investments, primarily exchange-traded funds and corporate fixed income. The fair value of this interest has been measured using the income approach as there is no active principal market trading in this interest. This interest was valued using the quoted market value for the underlying marketable securities of the Trust discounted for expected future cash flows to the University. These interests are classified as Level 3 assets as the reported fair values are based on a combination of observable and unobservable inputs.
- (8) Assets and liabilities not subject to fair value reporting represent exchanges between the University and its investment managers that have been entered into but not settled by the reporting date of June 30, 2021. These transactions are shown net with endowment investments.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while Howard 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 as of the reporting date.

During fiscal years 2021 and 2020, there were no transfers in or out of level 3 investments. Total additions to level 3 investments during 2021 and 2020 were \$93,005 and \$98,748, respectively. During the same period, total withdrawals were \$70,275 and \$65,717, respectively.

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Net investment income (loss) is summarized as follows for fiscal years June 30, 2021 and 2020:

NET INVESTMENT INCOME (LOSS)	2021	2020
Interest and dividends	\$ 26,324	\$ 15,342
Net realized gains	79,499	18,419
Net unrealized gains (losses)	100,418	1,540
Other investment income, net of expense	656	270
Investment expenses	(15,781)	(7,736)
Net investment income	\$ 191,116	\$ 27,835
Current year unrestricted operating return	\$ 3,455	\$ 582
Current year non-operating investment return:		
Without donor restriction	89,468	12,431
With donor restriction	98,193	14,822
Total current year investment return	\$ 191,116	\$ 27,835
Prior year return designated for current operations:		
Without donor restriction	(8,625)	(10,319)
With donor restriction	(12,277)	(14,216)
Total designated for current operation	\$ (20,902)	\$ (24,536)
Net non-operating investment return:		
Without donor restriction	81,253	2,112
With donor restriction	85,917	378

Liquidity Terms and Unfunded Commitments – The following tables represent Howard’s investments by asset class and their respective liquidity terms and unfunded commitments as of June 30, 2021 and 2020. Real estate funds and limited partnerships do not have readily ascertainable market values and may be subject to withdrawal restrictions.

INVESTMENTS AS OF JUNE 30, 2021	Fair Value	Unfunded Commitments	Redemption/Withdrawal Frequency	Redemption/Withdrawal Notice Period
Hedge funds	\$ 73,933	\$ -	Monthly - Annually	45 - 90 days
Real estate funds	90,970	11,957	-	1 - 10 years
Common/collective trusts	89,448	-	Monthly	-
Limited partnerships	311,505	137,325	-	≤ 10 years

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INVESTMENTS AS OF JUNE 30, 2020	Fair Value	Unfunded Commitments	Redemption/ Withdrawal Frequency	Redemption/ Withdrawal Notice Period
Hedge funds	\$ 73,730	\$ -	Monthly - Annually	45 - 90 days
Real estate funds	90,650	24,188	-	1 - 10 years
Common/collective trusts	80,742	-	Monthly	-
Limited partnerships	216,748	127,595	-	≤ 10 years

9. Endowment Fund

Howard's endowment includes several individual accounts established to fund scholarships, professorships, student loans, general operations and other purposes. Howard is subject to the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2008 (DC UPMIFA).

Interpretation of Relevant Law

Net Asset Classification - The Board of Trustees of Howard has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift dates of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Howard classifies as donor-restricted net assets in perpetuity:

1. The original value of gifts with permanent donor-directed use restrictions.
2. The value of accumulations in accordance with the applicable donor gift instrument at the time the accumulation occurs.

Any portion of the donor-restricted gift is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending - In accordance with UPMIFA, Howard considers the following factors in making a determination to spend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Howard and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of Howard
7. The investment policies of Howard

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Management and Investment - In accordance with UPMIFA, Howard considers the following factors in making investment, as well as other management decisions, regarding donor-restricted endowment funds:

1. General economic conditions
2. The possible effect of inflation and deflation
3. The expected tax consequences, if any
4. The role of an investment/action in context of the entire portfolio
5. The expected total income and appreciation
6. Other University resources
7. The needs to preserve capital and make distributions
8. An asset's special relationship or value to the University's charitable purpose.

The change in value and the composition of amounts classified as endowment as of June 30, 2021 is as follows:

ENDOWMENT CHANGE IN VALUE FOR YEAR ENDING JUNE 30, 2021	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$ 380,377	\$ 339,523	\$ 719,900
Investment return:			
Investment income	9,984	13,881	23,865
Net appreciation (realized and unrealized)	77,556	72,053	149,609
Total investment return	\$ 87,540	\$ 85,934	\$ 173,474
Contributions	750	24,821	25,571
Appropriation of endowment assets for operations	(8,123)	(12,779)	(20,902)
Other changes:			
Transfer and other changes	(79,776)	126	(79,650)
Endowment net assets, end of year	\$ 380,768	\$ 437,625	\$ 818,393
Donor-restricted endowment funds	\$ -	\$ 438,199	\$ 438,199
Underwater endowment funds	-	(574)	(574)
Board designated quasi-endowment	380,768	-	380,768
Endowment net assets, end of year	\$ 380,768	\$ 437,625	\$ 818,393

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The change in value and the composition of amounts classified as endowment as of June 30, 2020 is as follows:

ENDOWMENT CHANGE IN VALUE FOR YEAR ENDING JUNE 30, 2020	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$ 372,191	\$ 329,311	\$ 701,502
Investment return:			
Investment income	6,296	7,476	13,772
Net appreciation (realized and unrealized)	11,312	2,277	13,589
Total investment return	\$ 17,608	\$ 9,753	\$ 27,361
Contributions	341	14,678	15,019
Appropriation of endowment assets for operations	(9,814)	(14,721)	(24,535)
Other changes:			
Endowment withdrawals	-	-	-
Transfer and other changes	51	502	553
Change in underwater classification	-	-	-
Endowment net assets, end of year	\$ 380,377	\$ 339,523	\$ 719,900
Donor-restricted endowment funds	\$ -	\$ 343,431	\$ 343,431
Underwater endowment funds	-	(3,908)	(3,908)
Board designated quasi-endowment	380,377	-	380,377
Endowment net assets, end of year	\$ 380,377	\$ 339,523	\$ 719,900

The original gift amount and net appreciation of net assets with donor restrictions as of June 30, 2021 and 2020 is as follows:

ENDOWMENT NET ASSETS WITH DONOR RESTRICTIONS	2021	2020
Original Gift	\$ 207,408	\$ 188,157
Net Appreciation	230,217	151,366
Total	\$ 437,625	\$ 339,523

Howard's endowment net assets include receivables related to the federal term endowment and contributions, which have not been invested and therefore not included as part of endowment investments. For fiscal years ended June 30, 2021 and 2020 receivables of \$11,974 and \$7,451, respectively were recorded, and represent the difference between endowment investments reflected on consolidated statements of financial position and endowment net assets reported above.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donors require Howard to retain as a fund of perpetual duration. Deficiencies of this nature, so called "underwater accounts", are reported in net assets with donor restriction and totaled \$574 and \$3,908 as of fiscal years ended June 30, 2021 and 2020, respectively. Howard has adopted a policy allowing spending in

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certain situations from underwater, donor-restricted endowment funds, absent overriding provisions in donor agreements. Howard's investment and spending policy is intended to conform with the UPMIFA which allows spending in underwater endowments, in support of an endowment's purpose.

Funds with Deficiencies	2021	2020
Fair value of underwater endowments	\$ 5,946	\$ 36,233
Original endowment gift amount	6,520	40,141
Deficiencies of underwater endowment funds	\$ (574)	\$ (3,908)

Return Objectives and Risk Parameters - Howard has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to minimize the risk associated with obtaining such income streams. Endowment assets include those that the organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated endowment funds. Under these policies the endowment assets are invested through a diversified investment program designed to exceed the risk-adjusted performance of the market benchmark representative of each asset class over rolling five-to-seven-year periods. Howard's objective, over time, is to obtain an average total real rate of return (inflation adjusted) that exceeds its targeted distribution amount over rolling five-to-seven-year periods. Howard's investment strategy aims for a low to moderate level of investment risk. Actual returns in any given year may significantly vary from this objective.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Howard relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and yield (interest and dividends). Howard targets a diversified asset allocation which places greater emphasis on global public equity-based investments complimented by private markets, real estate and fixed income strategies to achieve its long-term return objectives within prudent risk constraints. The endowment's long-term target asset allocation is approved by the Investment Committee of the Board of Trustees.

Spending Policy and How the Investment Objectives Relate to Spending Policy - Howard's spending policy allows for distribution each year of up to 4 percent of its endowment fund's market value, excluding Federal term and Islamic Funds, based upon a three-year moving average with the most recent year removed. In establishing this policy, Howard considered the long-term expected return on its endowment consistent with its general goal of facilitating the ability of endowments (specifically permanent and time specific endowments) to best fulfill the purposes for which they were designed.

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10. Long-Lived Assets

LONG-LIVED ASSETS	2021	2020
Land and land improvements	\$ 40,141	\$ 40,141
Buildings and building improvements	890,468	877,445
Property held for expansion	56,383	56,383
Property held under leases	33,428	33,373
Furniture and equipment	358,836	349,131
Library books	92,224	92,197
Works of art, historical treasures, literary works and artifacts	40,239	40,239
Software	106,451	122,007
Software in progress	12,135	303
Construction in progress	106,454	48,201
Long-lived assets, gross	1,736,759	1,659,420
Accumulated depreciation and amortization	(1,133,761)	(1,112,518)
Long-lived assets, net	\$ 602,998	\$ 546,902

For the fiscal year ended June 30, 2021 there were no sales, disposals and retirements. For the fiscal year ended June 30, 2020 there were \$1,962 in sales, disposals and retirements. There were no disposals of works of art, historical treasures, literary works and artifacts for either fiscal year presented.

Depreciation expense for the years ended June 30, 2021 and 2020 was \$31,210 and \$47,921, respectively. For fiscal years ended June 30, 2021 and 2020, net interest costs of \$1,876 and \$0 were incurred during construction and capitalized as part of the cost of capital projects.

Long-lived assets include property held for expansion, consisting of land and buildings acquired for future use in carrying out educational, research and other activities in line with the overall mission of Howard. Depreciation for buildings commences when property is converted to use. Long-lived assets include capitalization of donated artwork that is not subject to depreciation.

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11. Accounts Payable and Accrued Expenses

Components of this line item at June 30, 2021 and 2020 are as follows:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	2021	2020
Vendor invoices	\$ 89,932	\$ 65,796
Accrued salaries and wages	23,196	32,487
Accrued employee benefits	4,976	3,158
Accrued annual leave	6,160	4,744
Accrued interest	6,571	5,835
Other	1,246	1,451
Total	\$ 132,081	\$ 113,471

12. Other Liabilities and Deferred Revenue

These obligations include the following at June 30, 2021 and 2020:

OTHER LIABILITIES	2021	2020
Environmental liabilities	\$ 3,346	\$ 3,786
Residence halls	3,387	8,076
Unclaimed property	3,758	3,187
Student deposits and refunds	4,558	5,798
Reserve for legal contingencies	2,000	1,016
Deposits held in custody for others	2,436	2,639
Other	8,598	4,288
Total	\$ 28,083	\$ 28,790

DEFERRED REVENUE	2021	2020
Deferred tuition, room and board	\$ 4,960	\$ 3,825
Deferred grant revenue	30,415	16,178
Medicare advance payment	23,491	26,230
Deferred Federal funding	1,557	19,736
Deferred DC Surge Grant	157	2,940
Other	41	3,935
Total	\$ 60,621	\$ 72,844

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Amounts accrued for environmental liabilities at June 30, 2021 and 2020, were as follows:

ENVIRONMENTAL LIABILITIES	2021	2020
Accumulated depreciation	\$ -	\$ (4)
Environmental liabilities	3,346	3,786
Total	\$ 3,346	\$ 3,782

Environmental liabilities are reported in other liabilities on the statement of financial position. Howard incurred costs related to remediation during fiscal years ended June 30, 2021 and 2020 of \$440 and \$897, respectively.

13. Leases

Lease Obligations

In fiscal year 2016, Howard University elected to adopt ASC 842 – *Leases*. The new standard defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (the underlying asset) for a period of time in exchange for consideration.

The primary difference between accounting for leases under ASC 840 and the new guidance under ASC 842 is the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. Accordingly, Howard has recognized all lease assets and liabilities, with certain exceptions, on its statements of financial position. Both financing leases and operating leases create an asset (right-of-use or ROU asset) and a liability measured at the present value of the lease payments.

The classification criteria in ASC 842 for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under ASC 840. Under ASC 842, a lessee finance lease exists when any of the following criteria are met at lease commencement:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.
- The lease term is for the major part of the remaining economic life of the underlying asset. However, if the commencement date falls at or near the end of the economic life of the underlying asset, this criterion shall not be used for purposes of classifying the lease.
- The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments in

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accordance with paragraph 842-10-30-5(f) equals or exceeds substantially all of the fair value of the underlying asset.

- e. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

A lessor would classify a lease having any of the above characteristics as a sales-type lease.

If the lease has none of the above characteristics, then a lessee would classify the lease as an operating lease. A lessor would classify the lease as either an operating lease or a direct financing lease.

Howard measures its lease assets and lease liabilities using the discount rate implicit in the lease. If that rate is not available or readily determinable, Howard uses its incremental borrowing rate.

Howard elected to use the practical expedient election under ASC 842-10-15-37. The practical expedient election allows the lessee to elect by class to choose not to separate non-lease components from lease components and instead account for each lease component as a single lease.

Finance Leases

In the 2017, Howard University entered into a seven-year network management service agreement with IBM for equipment that included an embedded lease. Howard determined that the lease is a finance type lease based on the transfer of ownership of the underlying assets, and the length of the lease term.

On May 26th, 2021 a lease amendment was executed with Rock Creek Property Group, LLC to allow for additional purchase options of the underlying asset, which Howard University is reasonably expected to exercise. As such, the Rock Creek lease agreement was adjusted and reclassified as a finance lease.

Howard is obligated under other finance leases for office, technology and medical equipment that extend through fiscal year 2025, the IBM lease that extends through fiscal year 2025 and the chiller plant that extends through fiscal year 2032, in the amounts of \$60,564 and \$46,999 respectively at fiscal years ended June 30, 2021 and 2020. Lease payments for the chiller plant include both fixed and variable payments. The variable payments are based upon consumption exceeding the threshold specified in the lease.

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Howard considered the likelihood of exercising renewal or termination terms in measuring its right-of-use lease assets and lease liabilities. Except for leases for certain medical equipment that will extend its useful life by the end of the lease, management reviews each lease option to modify terms on a case-by-case basis. The right-of-use assets are amortized over their estimated useful lives. The finance lease right-of-use assets and accumulated amortization for the fiscal years ended June 30 are as follows:

FINANCE RIGHT OF USE ASSETS	2021	2020
Right of use assets - financing	\$ 91,484	\$ 68,294
Accumulated amortization	(33,714)	(23,456)
Finance right of use assets, net	\$ 57,770	\$ 44,838

The discount rates used in measuring the finance right-of-use assets and liabilities are the rates implicit in the lease if readily determinable (if applicable) or Howard's incremental borrowing rate near the date of lease commencement.

At June 30, 2021, the future minimum lease payments under finance leases (with initial or remaining lease terms in excess of one year) are as follows:

LEASE OBLIGATIONS	FINANCE LEASES
Future principal and interest years ending June 30	
2022	\$ 12,327
2023	31,143
2024	9,581
2025	3,216
2026	2,286
2027 and thereafter	13,814
Obligation, gross	72,367
Amounts representing interest rates from 2% to 10%	(11,803)
Total lease obligations, net	\$ 60,564

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At June 30, 2021, the minimum interest payments under finance leases (with initial or remaining lease terms in excess of one year) for future years ending June 30, are as follows:

LEASE OBLIGATIONS – INTEREST	FINANCING LEASES
Future interest years ending June 30	
2022	\$ 2,964
2023	2,493
2024	1,410
2025	1,068
2026	954
2027 and thereafter	2,914
Total lease obligations interest	\$ 11,803

Operating Leases

Howard has several non-cancelable operating leases for broadcast antennas, equipment and a vehicle fleet that extend through 2029.

Rent expense is recognized on a straight-line basis and is allocated in the statements of activities by function. Rent expense related to building space and equipment for fiscal years ended June 30, 2021 and 2020 was \$911 and \$1,432, respectively. Howard considered the likelihood of exercising renewal or termination terms in measuring its right-of-use lease assets and lease liabilities and has included renewal periods in its assessment of lease terms. The right-of-use assets are amortized over their estimated useful lives. The operating lease right-of-use assets and accumulated amortization for the fiscal years ended June 30 are as follows:

OPERATING RIGHT OF USE ASSETS	2021	2020
Right of use assets - financing	\$ 6,736	\$ 7,792
Accumulated amortization	(1,664)	(1,583)
Operating right of use assets, net	\$ 5,072	\$ 6,209

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As of June 30, 2021 the minimum future payments under operating leases (with initial or remaining lease terms in excess of one year) for future years ending June 30, are as follows:

LEASE OBLIGATIONS	OPERATING LEASES
Future principal and interest years ending June 30	
2022	\$ 879
2023	874
2024	867
2025	887
2026	915
2027 and thereafter	2,104
Obligation, gross	\$ 6,526
Amounts representing interest rates from 2% to 10%	(1,114)
Total lease obligations, net	\$ 5,412

LEASE OBLIGATIONS - INTEREST	OPERATING LEASES
Future interest years ending June 30	
2022	\$ 259
2023	228
2024	196
2025	163
2026	126
2027 and thereafter	142
Total lease obligations Interest	\$ 1,114

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Certain additional supplemental quantitative information as required under ASC 842 is as follows for the fiscal years ended June 30:

LEASE EXPENSE	2021	2020
Finance lease expense:		
Amortization of right of use assets	\$ 11,419	\$ 8,729
Interest on lease liabilities	3,504	3,342
Operating lease expense	911	1,432
Total	\$ 15,834	\$ 13,503
Other information		
Cash paid for amounts included in the measurements of lease liabilities for finance leases:		
Operating cash flows	\$ 847	\$ 1,094
Financing cash flows	8,388	7,909
Change in operating right of use (ROU) leases:		
Operating cash flows	(1,075)	(1,474)
Right of use (ROU) assets obtained in exchange for lease liabilities:		
Finance leases	61,341	68,294
Operating leases	5,072	6,209
Weighted-average remaining lease term (in years):		
Finance leases	10.33	6.25
Operating leases	7.08	6.98
Weighted-average discount rate:		
Finance leases	10.23%	6.67%
Operating leases	5.01%	4.71%

Operating Lease Agreement - Benning Road

In fiscal year 2019, the University entered a nine and a half (9.5) year sub-sublease for approximately 5,800 square feet in a healthcare building leased by Unity Health Care, Inc (Unity), to service additional patients. The University will pay Unity annual rent in the amount of \$180 in equal monthly installments payable on the first day of each calendar month during the term of the lease. There are rent escalators after year two of this lease. This lease is defined as an operating lease under ASC 842-10-25 because none of the five criteria were met that would trigger the recognition of a finance lease. Howard occupied the space in November 2020.

Lessor Leases

A lease conveys the right to use an identified asset for a period. The University assesses all its rental contracts using the provisions within ASC 842 to determine if they meet the criteria of a sales type lease. For leases that meet the sales type criteria, the University removes the underlying assets from the statement of financial position and recognizes revenue in accordance with the terms specified in the agreement. Leases that do not

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meet the criteria are defined and treated as operating leases. The University recognizes earned rental income on a straight-line basis, while the underlying leased assets remain on the University's statement of financial position and are continuously depreciated.

Lessor Sales-Type Leases

Effingham Apartments

Howard University as lessor has executed a 99-year ground lease with Rock Creek – Bison LLC, a District of Columbia limited liability company on May 27, 2021 to lease 2711-2719 Georgia Ave., NW, Washington, D.C. The lease proceeds, after accounting for fees and taxes, were a one-time payment of \$4,486. Howard evaluated this lease as a sales type lease under ASC 842-10-25-3 after considering the present value of the minimum lease payments relative to the fair value of the underlying value of the asset.

Howard Manor

In fiscal year 2020, Howard University as lessor has executed a 99-year lease with the Manor Lessee LLC (Manor) on June 30, 2020 to lease the approximately 75,000 square foot building at 654 Girard Street, NW, Washington, DC. The lease proceeds were a one-time payment of \$3,000 and annual rent of \$120 per year with an annual 2.25% rent increase. The underlying building and land has a fair market value of \$4,660. Howard evaluated this lease as a sales type lease under ASC 842-10-25-3 after considering the present value of the minimum lease payments relative to the fair value of the underlying value of the asset.

Shining Stars

In fiscal year 2020, Howard University as lessor has executed a 45-year lease with the Shining Stars Montessori Academy Public Charter School (Shining Stars) on June 30, 2020 to lease the 28,767 square foot building at 1240 Randolph Street, NE, Washington, DC. The lease proceeds are a one-time payment of \$7,500 and \$3,500 due over a 25-year amortization period with an interest charge of 5% per annum. A balloon payment is due to Howard at the end of the 16th year of the lease term for all amounts due. Howard evaluated this lease as a sales type lease under ASC 842-10-25-3 as the present value of the minimum lease payments is substantially higher than the fair value of the underlying value of the asset.

PY Leases

In prior years, Howard has entered into similar sales type leases as above related to: certain property at 9th and V Street and the related meaningful connection to the 930 Club; and certain floors of the Howard Center, known as Lot 36, Square 3065 at 2225 Georgia Avenue, NW, Washington, DC.

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Lessor Operating Leases

Howard has several operating leases for retail and commercial space for which rent payments are fixed at the time of lease commencement. Howard considers the likelihood of its tenants exercising renewal or termination terms in its leases, based upon prior renewals or extensions, sales and revenue forecasts, etc. in determining the ultimate term of the lease. Some tenants have the option of re-negotiating a new agreement upon the termination of the lease or extending the terms in the current lease. Termination terms are explicitly stated in each lease agreement. Lease payments are governed by the lease agreement and are generally fixed, although some lease agreements provide for payment escalations based on CPI. Howard only includes consideration for lease components in its determination of lease payments.

Howard's leased properties are comprised of (1) the Wonder Plaza Building, (2) space available on the top of certain buildings, and (3) the ground lease of Barry Place. Other standalone buildings owned by Howard are leased to private companies such as (4) a public charter school, (5) a car rental company, (6) a pharmacy, and (7) the Harriett Tubman Quadrangle. Howard also leases space in the Hospital to a large private pharmacy.

Howard's leases do not have any provisions for tenants to purchase the underlying asset being leased at the end of the lease term, or that provide for residual value guarantees.

Howard University receives rental income under these lease agreements, which have termination dates through 2024 and thereafter. The total lease income received for fiscal years ended June 30, 2021 and 2020 was \$5,517 and \$25,502, respectively and are reported in real property revenue on the statements of activities.

LEASE INCOME	2021	2020
<i>Sales Type Lease Income</i>		
Lease income	\$ 2,069	\$ 22,727
Less: leased assets book values	-	618
Total sales type lease income	\$ 2,069	\$ 22,109
<i>Operating Lease Income</i>	3,448	3,393
Total lease income	\$ 5,517	\$ 25,502

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As of June 30, 2021, the future minimum lease income for years ending at June 30 is as follows:

FUTURE MINIMUM LEASE INCOME	JUNE 30
2022	\$ 1,139
2023	1,119
2024	955
2025	870
2026	665
2027 and thereafter	19,079
Total minimum lease income receipts	\$ 23,827

14. Bonds Payable and Notes Payable

(a) ***Bonds Payable***

Howard is obligated with respect to the following bond issues at June 30:

BONDS PAYABLE	2021	2020
<i>District of Columbia issues:</i>		
2010 Revenue bonds, 5.05% Serial due 2010 through 2025	\$ 3,968	\$ 4,736
2011A Revenue bonds 5.00% to 6.50% Serial due 2020 through 2041	-	192,145
2011B Revenue bonds 4.31% to 7.63% Serial due 2015 through 2035	49,325	52,450
2020A Taxable bonds 2.42% to 3.00% Serial due 2021 through 2031	146,900	146,900
2020B Taxable bonds 1.99% to 3.48% Serial due 2021 through 2042	209,085	-
2021A Revenue bonds, 3.89% to 4.76% Serial due 2021 through 2051	151,285	-
Total bonds payable, gross	\$ 560,563	\$ 396,231
Unamortized bond discount	(3,667)	(5,207)
Unamortized bond issuance costs	(9,797)	(6,210)
Total bonds payable, net	\$ 547,099	\$ 384,814

(1) **2010 Revenue Bonds**

In August 2010, Howard issued \$10,400 of Series 2010 bonds. The bonds bear interest at 5.05% repayable from 2010 to 2025. The proceeds were used to retire an expiring equipment note and to fund energy related projects.

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(2) Defeasance of 2011A Series Revenue Bonds and Issuance of Series 2020B Taxable Bonds

In July 2020 the University issued taxable bonds, Series 2020B in the aggregate principal of \$209,085 (the "Series 2020B Bonds"), to (i) effect the refunding of the District of Columbia Revenue Bonds (Howard issued Series 2011A) and (ii) pay for the cost of issuance related to the Series 2020B Bonds. The net proceeds of the 2020B bonds (after payment of underwriting fees and issuance costs) were used to purchase securities which, along with cash, were deposited with an escrow agent to provide all future debt service payments owed to holders of the Series 2011A bonds through 2041. As a result, the 2011A series bonds are defeased and the liability for those bonds and related unamortized deferred financing costs have been removed from the consolidated financial statements.

The Series 2020B bonds bear interest between 1.99% to 3.48% and are repayable between 2025 and 2041.

(3) 2011B Taxable Bonds

In April 2011, Howard issued \$65,065 of Series 2011B bonds to refund the Series 1998 and Series 2006 bonds and to finance new capital improvements. The Series 2011B bonds bear interest between 4.31% and 7.63% and are repayable from 2015 to 2035. The average coupon rate is 6.57%. The 2011 bonds require Howard to maintain a debt service fund of \$12,634. At the fiscal year ended June 30, 2021 the fund balance was \$24,761.

The Series 2011B Bonds are subject to optional redemption prior to maturity in whole or in part on any Business Day at the Make-Whole Redemption Price at the direction of Howard.

(4) Series 2020A Taxable Bonds

In February 2020, Howard issued the Series 2020 Taxable Bonds in the amount of \$146,900. The bonds bear interest between 2.42% to 3.00% and are repayable between 2021 and 2031. The proceeds of the Series 2020 Bonds were used to repay and settle the total outstanding principal amount of the Series 2016 Revenue Bonds. Howard received a more favorable interest rate with the 2020 bonds compared to the 2016 bonds.

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(5) **Series 2021A Revenue Bonds**

In March 2021, the University issued The Howard University Taxable Bonds, Series 2021A in the amount of \$151,285. The proceeds of the Series 2021A bonds will be used to finance a new steam generation plant on the University's Main Campus, a distribution system, and related expenses (the "Project"), including repayment of an outstanding \$26,000 bridge loan and accrued interest that funded portions of the Project. The bonds bear interest between 3.89% to 4.76% and are repayable between 2032 and 2051. As security for its payment obligations, the University will grant to the Trustee for the benefit of the Bondholders a first priority party lien upon its Pledge Revenues.

(6) **Fair Value of Bonds**

Currently the estimated fair value of Howard's bonds is determined based on quoted market prices. At fiscal years ended June 30, 2021 and 2020, the estimated fair value was approximately \$608,726 and \$401,711, respectively. Fair value estimates are made at a specific point in time, are subjective in nature, and involve uncertainties and matters of judgment. Howard is not required to settle its debt obligations at fair value and settlement is not possible in most cases because of the terms under which the debt was issued and legal limitations on refunding tax-exempt debt.

(b) ***Line of Credit***

In June 2016, Howard entered a \$75,000 JP Morgan Revolving Credit Agreement which was subsequently amended to increase the commitment to \$150,000 during the year ended June 30, 2020. The Revolving Credit Agreement was further amended on November 5, 2021 to extend the termination date from December 31, 2021 to December 31, 2024.

There was no outstanding balance at June 30, 2021 and 2020. Howard is paying a quarterly non-refundable unutilized commitment fee at a rate of 2.30%.

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(c) ***Compliance with Contractual Covenants***

The Series 2011B, Series 2020A, Series 2020B, Series 2021A Bonds and Revolving Credit Agreement contain restrictive financial covenants as summarized in the table below as of June 30, 2021.

COVENANT	INSTRUMENT	MEASUREMENT DATE	CRITERIA
Debt Service Coverage Ratio	2011B Revenue Bond	June 30 each year	1.10:1.00
Debt Service Coverage Ratio	2020A & 2020B Taxable Bonds	June 30 each year	1.10:1.00
Debt Service Coverage Ratio	2021A Revenue Bonds	June 30 each year	1.10:1.00
Liquidity Ratio	Revolving Credit Agreement	Quarterly	\$160 million

As of June 30, 2021 and 2020, Howard was compliant with the Debt Service Coverage Ratio measurements for the 2011B, 2020A, 2020B and 2021A Revenue Bonds and the Liquidity Ratio for Revolving Credit Agreement.

The University has pledged revenue for payment obligations to the Series 2020 bondholders. "Pledged Revenues" consist of all gross revenues of the University (including all undergraduate and graduate schools and colleges) derived from (i) tuition (net of student financial aid provided by the University) and (ii) certain fees (other than tuition) collected from or on behalf of students for the purpose of supporting student instruction and administrative costs related thereto. Pledged Revenues will not include any revenues of the University associated with room and/or board, special purpose fees such as health and wellness fees, or net patient service revenue generated from operation of HUH. Pledged Revenues excludes any revenues generated from clinical services related to HUH and the University's federal appropriation.

The Series 2020A, Series 2020B, and Series 2021A Bonds are also secured by the Restricted Academic Property. Restricted Academic Property consists of the properties on the Main Campus of the University for so long as any such property is actively in-use for the principal purpose of instruction, research, student activity or academic administration. The properties on the Main Campus that constitute Restricted Academic Property consist of the following:

1. Classroom Building #4, used primarily by the School of Business and located at 2600 6th Street, NW
2. Mackey Building, used primarily by the Department of Architecture and located at 2366 6th Street, NW
3. Downing Building, used primarily by the Department of Engineering and located at 2300 6th Street, NW

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The University has pledged certain rent and lease income as collateral for the JP Morgan line of credit.

(d) ***Scheduled Bond Repayments***

The scheduled principal repayments of bonds payable are as follows:

AGGREGATE ANNUAL MATURITIES	2021
2022	\$ 12,242
2023	12,593
2024	12,966
2025	24,727
2026	24,835
2027 and thereafter	473,200
Total	\$ 560,563

15. Retirement Plans

Employee Retirement Plan - Howard has a noncontributory defined benefit pension plan (the Plan) that was available to substantially all full-time employees. In accordance with government funding regulations, Howard's policy is to make annual contributions to the Plan at least equal to the minimum contribution. Based upon years of service and other factors, the Plan's benefit formula provides that eligible retirees receive a percentage of their final annual pay, based upon years of service and other factors. Plan assets consist primarily of common equity securities, U.S. Treasury securities, corporate bonds, and private investment funds. Effective July 1, 2010, the Plan no longer accrues benefits and is closed to new participants.

Post-retirement Plan - Howard provides post-retirement medical benefits and life insurance to employees who, at the time they retire, meet specified eligibility and service requirements. Howard pays a portion of the cost of such benefits depending on various factors, including employment start date, age, years of service and either the date of actual retirement or the retirement eligibility date of the participant. The post-retirement benefit plan is unfunded and has no plan assets.

Supplemental Retirement Plan – Howard also has a supplemental retirement plan available to certain retired executives. The plan is noncontributory, unfunded and has a June 30 measurement date. The projected benefit obligation is \$694 and \$1,025 at fiscal years ended June 30, 2021 and 2020, respectively. The amounts not yet reflected in operating expenses, but included in net assets without donor restrictions pertain to accumulated losses of \$352 and \$670 at June 30, 2021 and 2020, respectively. The actuarial cost method and the assumption on discount rate used to determine the benefit obligation and net periodic cost in the actuarial valuation for the year ended

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June 30, 2021 are consistent with the method and assumptions used for the defined benefit pension plan.

Savings Plan – Howard offers employees a defined contribution plan under Section 403(b) of the Internal Revenue Code. Eligible employees received a contribution of 6% of base salary and are also permitted to contribute up to 15% of their base pay to the plan. The administration of the plan is provided by three active financial administrators: Teachers Insurance and Annuity Association/College Retirement Equities Fund, American International Group – Variable Annuity Life Insurance Company, and Voya Financial. Effective July 1, 2011 Lincoln Financial was replaced as a financial administrator by Voya Financial. While Lincoln Financial is no longer an active financial administrator of Howard, employees with investments with Lincoln are still allowed to hold their investments with Lincoln Financial. These administered plans provide additional retirement benefits including the purchase of annuity contracts for eligible employees. Total costs recognized in the consolidated statements of activities were \$21,836 and \$21,396 for fiscal years ended June 30, 2021 and 2020, respectively.

Effective July 1, 2010, the Savings Plan was modified such that Howard will automatically, upon hire, contribute 6% of any eligible employee's base pay, regardless of tenure or election into the Savings Plan. Howard will contribute a matching contribution of up to 2% of employee elected self-contributions.

Howard recognizes a plan's overfunded or underfunded status as an asset or liability, with an offsetting adjustment to unrestricted net assets. The reconciliation of the Plan's funded status to amounts recognized in the consolidated financial statements at fiscal years ended June 30, 2021 and 2020 are as follows:

Retirement Benefits	Pension		Medical and Life Insurance		Supplemental	
	2021	2020	2021	2020	2021	2020
Change in benefit obligation						
Projected benefit obligation at beginning of year	\$ 712,241	\$ 696,180	\$ 50,441	\$ 49,121	\$ 1,025	\$ 1,358
Service cost	-	-	297	241	-	-
Interest cost	19,763	24,339	1,418	1,722	27	45
Actuarial loss/(gain)	8,271	33,022	1,331	1,747	(227)	(173)
Benefits paid	(41,530)	(41,300)	(4,037)	(2,834)	(131)	(205)
Medicare Part D subsidy	-	-	54	-	-	-
Employee contributions	-	-	260	444	-	-
Projected benefit obligation at end of period	\$ 698,745	\$ 712,241	\$ 49,764	\$ 50,441	\$ 694	\$ 1,025
Change in plan assets:						
Fair value of plan assets at beginning of year	\$ 544,592	\$ 539,158	\$ -	\$ -	\$ -	\$ -
Actual return on plan assets	106,403	29,191	-	-	-	-
Employer contributions	80,000	17,543	3,723	2,390	-	-
Employee contributions	-	-	260	444	131	205
Medicare Part D subsidy	-	-	54	-	-	-
Benefits paid	(41,530)	(41,300)	(4,037)	(2,834)	(131)	(205)
Fair value of plan assets at end of period	\$ 689,465	\$ 544,592	\$ -	\$ -	\$ -	\$ -
Total	\$ (9,280)	\$ (167,649)	\$ (49,764)	\$ (50,441)	\$ (694)	\$ (1,025)

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Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions at fiscal years ended June 30, 2021 and 2020:

Retirement Benefits	Pension		Medical and Life Insurance		Supplemental	
	2021	2020	2021	2020	2021	2020
Recognized in Statement of Activities:						
Service cost	\$ -	\$ -	\$ 297	\$ 241	\$ -	\$ -
Interest cost	19,763	24,339	1,418	1,722	27	45
Amortization of prior service cost	100	100	(1,489)	(1,489)	92	122
Amortization of net actuarial loss	12,383	11,020	441	382	-	-
Expected return on plan assets	(31,179)	(30,637)	-	-	-	-
Net periodic benefit cost	\$ 1,067	\$ 4,822	\$ 667	\$ 856	\$ 119	\$ 167
Net actuarial loss (gain) during the year	(66,954)	34,468	1,331	1,747	(227)	(173)
Amortization of prior service cost	(100)	(100)	1,489	1,489	-	-
Amortization of net actuarial loss	(12,383)	(11,020)	(441)	(382)	(92)	(122)
Total change in funded status or obligation	\$ (79,437)	\$ 23,348	\$ 2,379	\$ 2,854	\$ (319)	\$ (295)
Total recognized in Statements of Activities	\$ (78,370)	\$ 28,170	\$ 3,046	\$ 3,710	\$ (200)	\$ (128)

Amounts included in net assets without donor restriction at fiscal years ended June 30, 2021 and 2020:

Retirement Benefits	Pension		Medical and Life Insurance	
	2021	2020	2021	2020
Net actuarial loss	\$ (258,689)	\$ (325,598)	\$ (3,358)	\$ (2,468)
Prior service cost	(2,001)	(2,201)	2,679	4,168
Total	\$ (260,690)	\$ (327,699)	\$ (679)	\$ 1,700

The estimated net actuarial loss, prior service cost/(credit), and transition obligation for the pension and post-retirement plans that are projected to be accounted for as a part of net periodic benefit cost over the next fiscal year are \$11,653, (\$1,589), and \$0, respectively.

Contributions to the pension plan of \$80,000 and \$17,543 were made in fiscal years ended June 30, 2021 and 2020, respectively. No contributions are projected for fiscal year 2022.

The weighted average assumptions used to determine the benefit obligation in the actuarial valuations for fiscal years ended June 30, 2021 and 2020 were as follows:

Actuarial Assumptions	Pension Benefits		Post-retirement Benefits	
	2021	2020	2021	2020
Discount rate	2.89%	2.87%	2.95%	2.92%
Expected return on plan assets	7.00%	7.00%	-	-
Rate of compensation increase	-	-	3.50%	3.50%

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The weighted average assumptions used to determine net periodic cost in the actuarial valuations for fiscal years ended June 30, 2021 and 2020 were as follows:

Actuarial Assumptions	Pension Benefits		Post-retirement Benefits	
	2021	2020	2021	2020
Discount rate	2.87%	3.62%	2.92%	3.64%
Expected return on plan assets	7.00%	7.00%	-	-
Rate of compensation increase	-	-	3.50%	3.50%

The overall long-term rate of return for the pension plan assets was developed by estimating the expected long-term real return for each asset class within the portfolio. An average weighted real rate of return was computed for the portfolio which reflects the Plan's targeted asset allocation. Consideration was given to the correlation between asset classes and the anticipated real rate of return and was added to the anticipated long-term rate of inflation.

Pension plan investments as of June 30, 2021 were as follows:

PENSION PLAN INVESTMENTS AS OF JUNE 30, 2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pension Plan Investments				
Assets:				
Money Market Instrument (1)	\$ -	\$ 21,734	\$ -	\$ 21,734
Commingled Funds				
Emerging Market Equity (3)	-	10,179	-	10,179
International Equity-Developed (3)	-	29,578	-	29,578
Common Stock (3)	101,939	-	-	101,939
Fixed Income				
Mortgage Backed Securities (2)	-	1,410	-	1,410
Corporate Bond (2)	-	92,207	-	92,207
Government Bond (2)	49,607	-	-	49,607
Hedge Fund				
Credit Opportunities (4)	-	8,882	-	8,882
Equity Long/short (4)	-	24,402	-	24,402
Global opportunities (4)	-	8,308	-	8,308
Mutual Fund				
Domestic Common Stock (3)	45,328	-	-	45,328
Domestic Fixed Income (2)	91,099	-	-	91,099
Private Equity and Venture Capital (4)	-	-	89,734	89,734
Private Debt (4)	-	-	47,791	47,791
Real Estate (4)	-	-	58,577	58,577
Total assets	\$ 287,973	\$ 196,700	\$ 196,102	\$ 680,775
Liabilities:				
Financial Derivatives – Option Contracts	\$ -	\$ (507)	\$ -	\$ (507)
Total liabilities	\$ -	\$ (507)	\$ -	\$ (507)
Total pension plan investments	\$ 287,973	\$ 196,193	\$ 196,102	\$ 680,268
Operating asset not subjected to fair value reporting	33,316	-	-	33,316
Operating liabilities not subjected to fair value reporting	(24,118)	-	-	(24,118)
Total plan assets	\$ 297,171	\$ 196,193	\$ 196,102	\$ 689,466

Level 3 investments were 28% of total plan investments.

Refer to Note 7 – Fair Value Measurements for further explanation of financial instrument classifications.

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Pension plan investments as of June 30, 2020 were as follows:

PENSION PLAN INVESTMENTS AS OF JUNE 30, 2020	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pension Plan Investments				
Assets:				
Money Market Instrument (1)	\$ -	\$9,110	\$ -	\$ 9,110
Commingled Funds				
Emerging Market Equity (3)	-	9,770	-	9,770
International Equity-Developed (3)	-	21,616	-	
Common Stock (3)	46,177	-	-	46,177
Fixed Income				
Mortgage Backed Securities (2)	-	6,809	-	6,809
Corporate Bond (2)	-	70,294	-	70,294
Government Bond (2)	18,844	-	-	18,844
Hedge Fund				
Credit Opportunities (4)	-	11,470	-	11,470
Equity Long/short (4)	-	19,190	-	19,190
Global opportunities (4)	-	8,143	-	8,143
Mutual Fund				
Domestic Common Stock (3)	50,384	-	-	50,384
Domestic Fixed Income (2)	102,683	-	-	102,683
Private Equity and Venture Capital (4)	-	-	70,548	70,548
Private Debt (4)	-	-	42,737	42,737
Real Estate (4)	-	-	60,279	60,279
Total assets	\$ 218,088	\$ 156,402	\$ 173,564	\$ 548,054
Liabilities:				
Financial Derivatives – Option Contracts	\$ -	\$ (5,114)	\$ -	\$ (5,114)
Total liabilities	\$ -	\$ (5,114)	\$ -	\$ (5,114)
Total pension plan investments	\$ 218,088	\$ 151,288	\$ 173,564	\$ 542,940
Operating asset not subjected to fair value reporting	36,384	-	-	36,384
Operating liabilities not subjected to fair value reporting	(27,748)	-	-	(27,748)
Total plan assets	\$ 226,724	\$ 151,288	\$ 173,564	\$ 551,576

Level 3 investments were 31% of total plan investments.

Refer to Note 7 – Fair Value Measurements for further explanation of financial instrument classifications.

During fiscal years 2021 and 2020, there no transfers in or out of level 3 investments. Total additions to level 3 investments during the year 2021 and 2020 were \$24,902 and \$50,072, respectively. During the same period, total withdraws were \$39,580 and \$39,644.

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Pension Plan Liquidity Terms and Unfunded Commitments – The following tables represent Howard’s investments by asset class and their respective liquidity terms and unfunded commitments as of June 30, 2021 and 2020. Real estate funds and limited partnerships do not have readily ascertainable market values and may be subject to withdrawal restrictions.

INVESTMENTS AS OF JUNE 30, 2021	Fair Value	Unfunded Commitments	Redemption/ Withdrawal Frequency	Redemption/ Withdrawal Notice Period
Hedge funds	\$ 41,592	\$ -	Monthly - Annually	45 - 90 days
Real estate funds	58,577	6,939	-	1 – 5 years
Common/collective trusts	39,757	-	Monthly	-
Limited partnerships	137,525	45,297	-	≤ 10 years

INVESTMENTS AS OF JUNE 30, 2020	Fair Value	Unfunded Commitments	Redemption/ Withdrawal Frequency	Redemption/ Withdrawal Notice Period
Hedge funds	\$ 38,803	\$ -	Monthly - Annually	45 - 90 days
Real estate funds	60,278	13,986	-	1 – 5 years
Common/collective trusts	81,785	-	Monthly	-
Limited partnerships	113,286	57,068	-	≤ 10 years

The asset allocation of the Plan is analyzed annually to determine the need for rebalancing to maintain an allocation that is within the allowable ranges. The investment strategy is to invest in asset classes that are negatively correlated to minimize overall risk in the portfolio. Interim targets outside of the allowable ranges were set to allow for flexibility in reaching the long-term targets in the private equity and real estate categories.

The actual allocation of the Plan for June 30, and the allowable range is as follows:

PENSION PLAN ASSET ALLOCATION	2021	2020	Allowable Range
Mid-Large Cap U.S. Equity	15.4%	14.8%	7-23%
Small Cap U.S. Equity	6.3%	2.9%	1-5%
International Equity - Developed	4.3%	4.0%	7-17%
Private Equity/Venture Capital	10.0%	9.9%	2-20%
Private Debt	6.9%	6.6%	2-8%
Hedge Funds	6.0%	7.1%	1-5%
Inflation Hedging	3.0%	3.5%	1-5%
Emerging Markets Equity	3.4%	2.6%	2-8%
Real Estate	8.5%	10.1%	3-11%
Liability Hedging Assets	29.7%	38.0%	25-45%
Cash and Cash Equivalents	6.5%	0.5%	0-5%
Total	100%	100%	

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The trend rate for growth in health care costs, excluding dental, used in the calculation for fiscal year 2021 is 5.79% This growth rate was assumed to decrease gradually to 4.00% in 2046 and to remain at this level thereafter. The health care cost trend rate assumption has a significant effect on the obligations reported for the health care plans.

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid over the next ten years as follows:

EXPECTED FUTURE BENEFIT PAYMENTS	PENSION BENEFITS	POST-RETIREMENT BENEFITS		
		EXCLUDING SUBSIDY	SUBSIDY PAYMENTS	NET OF SUBSIDY
Year ending June 30:				
2022	\$ 48,592	\$ 3,706	\$ 98	\$ 3,608
2023	47,970	3,625	92	3,533
2024	47,162	3,522	86	3,436
2025	46,239	3,452	80	3,372
2026	45,290	3,381	74	3,307
Years 2027-2031	206,232	15,688	290	15,398
Total	\$ 441,485	\$ 33,374	\$ 720	\$ 32,654

The mortality retirement rates base table used Pri-2012 Mortality Table without collar adjustment projected using the MP-2020 Mortality Improvement Scale.

If eligible, participants are assumed to retire according to the following schedule:

RETIREMENT AGE	ASSUMED RATE OF RETIREMENT
55 - 60	5%
61 - 63	12%
64	16%
65	25%
66 - 69	16%
70+	100%

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16. Net Assets

Net assets with donor restrictions are restricted for the following purposes as follows at June 30:

NET ASSETS WITH DONOR RESTRICTIONS	2021	2020
Subject to expenditure or use for specified purpose:		
Scholarships	\$ 59,686	\$ 22,991
Professorships	20,588	18,990
Student loans	2,951	2,714
Federal term endowment	203,842	165,559
General operations and other	61,013	39,605
Total subject to expenditure for specified purpose	\$ 348,080	\$ 249,859
Funds subject to time restrictions and to be held in perpetuity:		
Subject to time restrictions	\$ 7,257	\$ 5,882
To be held in perpetuity	224,049	165,795
Total funds to be held in perpetuity and subject to time restriction	\$ 231,306	\$ 171,677
Endowments subject to spending policy and appropriation:		
Scholarships	\$ 65,308	\$ 41,617
Professorships	30,459	20,844
Student loans	(13)	(234)
General operations and other	8,936	5,311
Total endowments subject to spending policy and appropriation	\$ 104,690	\$ 67,538
Total net assets with donor restrictions	\$ 684,076	\$ 489,074

The Federal term endowment restriction is for 20 years for each contribution beginning in 1985. Howard transfers the amount of the original contribution plus accumulated investment returns to net assets without donor restriction at the end of each 20-year period. For fiscal years ended June 30, 2021 and 2020, there were no transfers.

For the fiscal years ended June 30, 2021 and 2020, net assets without donor restriction were \$453,292 and \$211,353, respectively. Net assets without donor restrictions include board-designated and non-board-designated amounts. Any revenue or expense transactions funded by contributions or sources that have no external donor restrictions are classified as non-board designated amounts.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

Net assets without donor restrictions include the following at June 30:

NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
Non-board designated	\$ 72,523	\$ 176,815
Board designated	380,769	34,538
Total	\$ 453,292	\$ 211,353

Release of net assets with donor restrictions due to the passage of time or by incurring expenses satisfying the restricted purpose specified by the donors as noted for fiscal years ended June 30, 2021 and 2020 are as follows:

NET ASSETS RELEASED FROM RESTRICTIONS	2021	2020
Restrictions released based on purpose:		
Scholarships and fellowships	\$ 17,405	\$ 4,500
Professorships	809	1,254
Student loans	80	96
General operations and other	2,556	2,329
Total	\$ 20,850	\$ 8,179

17. Functional Expenses

Howard presents its statements of activities by function. Howard allocates its expenses on a functional basis among its various programs and institutional support. Expenses that can be identified with a specific program are charged directly. Costs related to the operation and maintenance of physical plant including utilities, depreciation of fixed assets and interest expense, are allocated among programs and institutional support based upon square footage. Allocation rates are evaluated and updated annually to provide the most accurate allocation of operation and maintenance costs.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

Consolidated Statements of Functional Expenses For year ended June 30, 2021 (in thousands)	Academic and Research	Healthcare Services	Administrative Support	Total
Operating expenses:				
Compensation	\$ 226,454	\$ 205,318	\$ 47,265	\$ 479,037
Medical and office supplies	9,016	38,986	1,170	49,172
Repairs and maintenance	1,179	4,966	2,475	8,620
Food service costs	94	-	2,856	2,950
Grant subcontracts	19,704	1	178	19,883
Insurance and risk management	9,196	13,311	7,753	30,260
Professional and administrative services	12,375	58,936	34,192	105,503
Operations and maintenance costs	27,473	3,019	11,632	42,124
Other costs	30,157	2,378	36,872	69,407
Total operating expenses before interest, depreciation, and amortization	335,648	326,915	144,393	806,956
Interest expense	4,416	3,674	11,146	19,236
Depreciation	9,284	11,326	10,600	31,210
Interest, depreciation, and amortization	13,700	15,000	21,746	50,446
Total operating expenses	\$ 349,348	\$ 341,915	\$ 166,139	\$ 857,402

Consolidated Statements of Functional Expenses For year ended June 30, 2020 (in thousands)	Academic and Research	Healthcare Services	Administrative Support	Total
Operating expenses:				
Compensation	\$ 214,411	\$ 171,567	\$ 72,793	\$ 458,771
Medical and office supplies	6,461	30,477	4,010	40,948
Repairs and maintenance	1,282	982	17,141	19,405
Food service costs	709	3,570	15,490	19,769
Grant subcontracts	14,824	2	43	14,869
Insurance and risk management	13,397	727	6,504	20,628
Professional and administrative services	11,742	37,099	40,569	89,410
Operations and maintenance costs	31,969	3,513	13,535	49,017
Other costs	18,952	7,542	28,174	54,668
Total operating expenses before interest, depreciation, and amortization	313,747	255,479	198,259	767,485
Interest expense	9,707	4,762	10,793	25,263
Depreciation	18,639	9,154	20,128	47,921
Interest, depreciation, and amortization	28,346	13,916	30,921	73,183
Total operating expenses	\$ 342,093	\$ 269,395	\$ 229,180	\$ 840,668

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

18. Estimated Third-Party Settlements

Certain services rendered by the Hospital are reimbursed by third-party payors at cost, based upon cost reports filed after year-end. Contractual allowances are recorded based upon preliminary estimates of reimbursable costs.

Net patient service revenue recorded under cost reimbursement agreements for the current and prior years is subject to audit and retroactive adjustments by significant third-party payors for the following years:

Medicare 2018-2019
Medicare 2019-2020
Medicare 2020-2021

Final settlements and changes in estimates related to Medicare and Medicaid third-party cost reports for prior years resulted in an increase in net patient service revenues of approximately \$18,189 and \$1,753 for fiscal year ended June 30, 2021 and 2020.

THIRD-PARTY SETTLEMENT REVENUE	2021	2020
Medicare pass-through	\$ 9,951	\$ 10,075
Disproportionate Share Hospital	80,365	67,930
Graduate and Indirect Medical Education	10,954	11,075
Other	(4,065)	1,868
Total third-party settlement revenue	\$ 97,205	\$ 90,948

19. Charity Care

The Hospital provides services to patients who meet the criteria of its charity care policy without charge, or at amounts less than established rates. The criteria for charity services are comprised of family income, net worth and eligibility at time of application. In addition the Hospital provides services to patients under the District of Columbia charity care program, DC Alliance. The total costs foregone for services furnished under the Hospital's charity care policy and the DC Alliance program were \$3,117 and \$4,243 for fiscal years ended June 30, 2021 and 2020, respectively.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

20. Insurance and Risk Management

Howard, along with 17 other institutions of higher education, is a subscriber in Pinnacle Consortium of Higher Education, a Vermont Reciprocal Risk Retention Group. Pinnacle provides commercial general and certain specific liability coverage. Howard's annual payments to Pinnacle for insurance coverage are based on actuarial studies and are charged to expense. Through December 31, 2015, Pinnacle reinsured 95% of its risk to Genesis, Ltd. (Genesis), an affiliated reinsurer. Genesis, a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda, was jointly formed by Howard and 16 other higher education institutions. Genesis reinsured general liability and automobile liability risks of its shareholders. On January 1, 2016, Genesis merged into Pinnacle. At June 30, 2019, Howard had an approximate 6% interest in Pinnacle. Howard's interest in Pinnacle is included in restricted investments. Liability insurance coverage in excess of the primary coverage has been purchased by Howard, with limits of \$125,000 from commercial insurance companies.

Howard is self-insured for initial layers of medical malpractice, worker's compensation, and employee health benefits. The reserves for self-insured risks are actuarially determined and Howard has set aside assets in revocable trusts to partially fund these self-insured risks.

The self-insured program covers professional liability costs up to \$7,500 per occurrence depending on the cause. In addition, there are two layers of excess insurance coverage. The first layer of the excess insurance coverage is up to \$35,000 on a claims-made basis. This layer is purchased through a captive insurance company, Howard University Capitol Insurance Company Ltd. (HUCIC), organized under the laws of the Cayman Islands. HUCIC covers prior acts retroactive to two separate policy periods dating July 1, 1996 and January 1, 1986 and is completely reinsured. The second layer of excess liability insurance which also covers patient care related general liability and professional liability, is up to \$50,000 on a claims-made basis. The second layer of excess coverage is provided by an independent excess insurance company.

The types of insurance and risk management coverages are detailed in the table below:

INSURANCE AND RISK MANAGEMENT	2021	2020
Malpractice claims expense	\$ 10,392	\$ (2,209)
Malpractice excess insurance	1,525	1,897
Student health	8,970	7,397
General and other	9,373	13,544
Totals	\$ 30,260	\$ 20,629

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

21. Concentration of Risks

Financial instruments that potentially subject Howard to significant concentrations of credit risk consist principally of deposits of cash, cash equivalents, and investments in financial institutions in excess of the applicable government insurance limits. The limit was \$250 per cash account as of June 30, 2021 and 2020.

Aggregate cash and cash equivalent balances maintained at financial institutions exceed the amount guaranteed by federal agencies, but Howard has not experienced any loss due to this risk. Concentrations of credit risk with respect to receivables pertain mainly to self-pay patients of Howard's clinical services, and to students. Financial instruments that potentially subject Howard to market risk consist primarily of investments. Howard attempts to mitigate this risk through its investment strategy.

22. Commitments and Contingencies

(a) ***Federal Awards***

Howard receives substantial revenues from government grants, contracts, and Federal student financial assistance programs authorized by Title IV and Title VII of the Higher Education Act of 1965. Previous compliance audits have reported certain deficiencies in the administration of both the University's Title IV and Title VII programs and its federal grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government or its designees.

(b) ***Litigation and Other Claims***

During the ordinary course of business, Howard is a party to various litigation and other claims in the ordinary course of business including claims of malpractice by the Hospital and faculty physicians. It is also subject to potential future claims based on findings or accusations arising from past practices under governmental programs and regulations and tort law. In fiscal years ended June 30, 2021 and 2020 Howard reserved \$2,000 and \$1,000 respectively for legal contingencies. In the opinion of management and Howard's general counsel, an appropriate monetary provision has been made to account for probable losses upon ultimate resolution of these matters.

(c) ***Collective Bargaining Agreements***

Howard has several collective bargaining agreements currently in effect with unions representing approximately 1,722 employees. Certain of these agreements are in negotiations and have been extended beyond the stated expiration date.

THE HOWARD UNIVERSITY
Notes to the Consolidated Financial Statements
(amounts in thousands)

23. COVID-19 and COVID-19 Relief Funds

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The COVID-19 pandemic substantially impacted the global economy including significant volatility in financial markets.

(a) *Howard University*

As a result of the COVID-19 outbreak, the University closed its campus to students in March 2020 and prorated adjustments were issued to students for a portion of room and board charges that were not utilized by students. The cash payments were issued for credit balances resulting from the prorated adjustments. Students with institutional scholarships covering room and/or board charges were not entitled to a cash payment, and accordingly adjustments were made to reduce the institutional scholarship award. The University resumed virtual classes for the Fall semester in August 2020, and allowed certain students involved in specific programs to return to campus in September 2020.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, among other things, includes funds for the Higher Education Emergency Relief Fund (HEERF).

During the year ended June 30, 2020, the University received federal funding from the CARES Act for the HEERF grant in the total amount of approximately \$8,700 related to relief efforts in light of the COVID-19 outbreak. No less than 50% of the HEERF grant is to be utilized for direct emergency aid to eligible students. The University has expended \$2,700 of the funds received for the student portion of the HEERF grant, included in grant revenue and recognized as academic support expense on the consolidated statements of activities. The University recognized the remaining 50% of the grant, \$4,300, that was allocated to the institution as allowed by Sections 18004(a)(1) and 18004(c) of the CARES Act as a reimbursement for COVID-19 response related expenses and forgone revenue resulting from student refunds for services that could not be provided as a result of campus closure on March 16, 2020.

During the year ended June 30, 2020, the University also received federal funding from the CARES Act for HBCU Education Stabilization Fund (CARES HBCU grant) in the amount of approximately \$13,000 related to relief efforts in light of the COVID-19 outbreak. Sections 18004(a)(1) and 18004(c) of the CARES Act allows for the funds to be used to provide economic relief to HBCU's due to the impact of COVID-19. During the year ended June 30, 2020, the University recognized contribution revenue of approximately \$13,000 for the institutional portion of the CARES HBCU grant.

THE HOWARD UNIVERSITY

Notes to the Consolidated Financial Statements

(amounts in thousands)

During the year ended June 30, 2021, the University received federal funding from the American Rescue Plan Act (ARP Act) for Higher Education Emergency Relief Fund (HEERF Grant) in the total amount of approximately \$35,200 related to relief efforts in light of COVID-19. The University has expended \$18,100 of the funds received for the HEERF grant, including grant revenue and recognized as academic expense on the consolidated statements of activities.

During the year ended June 30, 2021, the University also received federal funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Act for HBCU Education Stabilization Fund in the amount of approximately \$20,000 related to relief efforts in light of COVID-19. As of June 30, 2021, the University recognized contribution revenue of approximately \$20,000 for the institutional portion of this grant.

(b) *Howard University Hospital (HUH)*

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The COVID-19 pandemic substantially impacted the global economy including volatility in financial markets. As a result of the COVID-19 pandemic, patient volumes and associated patient net revenues at the Hospital were significantly reduced in the months of March through June 2020. The Hospital began experiencing gradual and continued improvement in patient volumes in the summer of 2020 as stay-at-home restrictions were eased and hospitals were permitted to resume elective surgeries and procedures. Although patient volumes have continued to improve, especially for outpatient and emergency patient services, overall patient volumes at the Hospital continued to be much less than volumes seen at the Hospital prior to March 2020. The spread of new variants of COVID-19 continue to have a further impact on patient volumes as of the date of this report.

The District asked all city hospitals, including Howard University Hospital, to increase bed capacity by 125%. The Hospital reopened approximately 170 inpatient beds and added an Emergency Department triage tent to one of its main parking lots. As of June 30, 2020, the District had provided the Hospital approximately \$14,239 of initial funding to cover the cost of this increased capacity and related expenses. \$11,299 of this funding was expended and recognized as either income (as related to expense) or non-operating change in net asset (as related to capitalized expenditures) for the fiscal year ended June 30, 2020. The remaining \$2,940 of this funding was expended and recognized as either income (as related to expense) or non-operating change in net asset (as related to capitalized expenditures) for the fiscal year ended June 30, 2021.

On March 27, 2020, President Trump signed into law the Coronavirus Aid Relief, and Economic Security (CARES) Act. The CARES Act, among other things,

THE HOWARD UNIVERSITY
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authorized \$100 billion in funding to hospitals and other healthcare providers to be distributed through the Provider Relief Fund (PRF). These funds are not required to be repaid provided the recipients attest to, and comply with, certain terms and conditions, including among other things, that the funds are being used for lost operating revenues and COVID-19 related expenses. The U.S. Department of Health and Human Services (HHS) initially distributed \$20 billion in CARES Act funding based on an allocation proportional to the providers' share of 2018 net patient revenue. Distributions of the additional \$50 billion were targeted primarily to hospitals in COVID-19 high impact areas, to rural providers, safety net hospitals, skilled nursing facilities and to reimburse providers for COVID-19-related treatment of uninsured patients. During the year ended June 30, 2020, the Hospital received payments of \$30,210 from the general stimulus and safety net disbursements of the PRF. The Hospital recognized the entire amount of the general disbursement grants and a partial amount of the safety net disbursement totaling \$10,358 during the year ended June 30, 2020, as permitted by the terms and conditions, as other operating revenue. The Hospital recognized an additional amount of \$34,103 of the safety net disbursement of the PRF during the year ended June 30, 2021, as permitted by the terms and conditions, as other operating revenue. The Hospital also received \$869 of Phase Four disbursement of the PRF after June 30, 2021. The remainder of the funding not recognized as of June 30, 2021 is recorded in deferred revenue. The funds received from HHS are subject to specific terms, conditions, and audit by HHS. Noncompliance with any of the terms or conditions is grounds for HHS to recoup some or all of the payments received by the Hospital. Management believes it has complied with the terms and conditions.

The CARES Act also made other forms of financial assistance available to healthcare providers, including through Medicare and Medicaid payment adjustments and an expansion of the Medicare Accelerated and Advanced Payment Program, which makes available accelerated payments of Medicare funds to increase cash flow to providers. The Hospital received \$26,230 of advance payments, which were recorded as deferred revenue as of June 30, 2020. Recoupment of the funds began in April 2021 through a reduction of 10% of payment made on Medicare claims. The Hospital maintained an Accelerated and Advanced Payment Program balance in the amount of \$23,491 in deferred revenue as of June 30, 2021.

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24. Related Party Transactions

(a) ***Howard University Charter Middle School***

The Howard University Board of Trustees founded Howard University Charter Middle School of Mathematics and Science, which operates from premises owned by Howard. The Middle School is a separate legal entity. For fiscal years ended June 30, 2021 and 2020, Howard has contributed to the Middle School as follows:

RELATED PARTY TRANSACTIONS	2021	2020
Cash operating support	\$ 500	\$ 250
Facility leased (market value)	1,451	1,451
Total	\$ 1,951	\$ 1,701

(b) ***The Howard Dialysis Center***

Howard and American Renal Associates, LLC (ARA) have a joint venture agreement for the operation of the Howard University Dialysis Center LLC (LLC). The entity was formed on March 1, 2012. Howard and the LLC are parties to a non-compete agreement, and Howard jointly guarantees the LLC's debt agreements

On March 1, 2012, the LLC commenced a lease with Howard for the current space, employees, and Medical Director associated with its Hospital outpatient dialysis services which will result in monthly rental income for Howard in addition to its proportionate share of earnings (losses) of the LLC.

Howard accounts for its interest in the LLC using the equity method which requires Howard to record a proportional share of the LLC's net income or loss as increases and decreases to the initial investment are received.

As of fiscal years ending June 30, 2021 and 2020, the consolidated statements of financial position for the LLC are as follows:

HOWARD DIALYSIS CENTER, LLC STATEMENTS OF FINANCIAL POSITION	2021	2020
Total Assets	\$ 12,020	\$ 10,875
Total Liabilities	\$ 3,417	\$ 2,289
Equity		
Partner	5,830	5,651
Retained earning	2,772	2,934
Total Equity	\$ 8,603	\$ 8,585
ARA interest	\$ 4,387	\$ 4,378
Howard interest	\$ 4,215	\$ 4,207

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(amounts in thousands)

(c) ***Provident Group – Howard Properties, LLC***

In July 2019, the University entered a 40-year ground lease with Provident Group – Howard Properties, LLC and Provident Resources Group, Inc. ("Owner") in which the Owner will design, construct and furnish the College Hall North and South dormitory facilities ("dorms") for the benefit of the University. The Owner issued \$113,900 in revenue bonds through the District of Columbia to finance the construction of the dorms. The University and Owner entered into a management agreement such that the University will be responsible for managing, operating and maintaining the dorms in conjunction with general business. In general, revenues and expenses associated with the dorm are the responsibility of the Owner. The bonds will be repaid solely from revenues from the dorms. A management fee and ground lease payment will be paid to the University only upon the settlement of various expenses and if minimum cash requirements are made. Reimbursement of utilities expense will be subordinate to debt service. Ownership of the dorms will revert to Howard upon termination of the Ground Lease and full repayment of the debt.

(d) ***Adventist Healthcare, Inc.***

Howard University signed a three-year Management Service Agreement (MSA) with Adventist Healthcare, Inc. effective January 31, 2020. The term of the agreement shall extend for three years unless terminated sooner as provided under the MSA, with an automatic renewal and extension after the initial term for additional one (1) year terms. Adventist Healthcare, Inc. commenced full performance effective February 17, 2020, under the MSA for day-to-day operations of the Hospital under the oversight of a joint Howard and Adventist Healthcare, Inc. Management Committee, while Howard continues to be the licensed operator of the Hospital.

(e) ***Corvias Campus Living – HU, LLC***

In January, 2017, the University, Howard Dormitory Holdings 1, LLC, a wholly-owned subsidiary of Howard University and Corvias Campus Living – HU, LLC entered into a 40 year term service concession agreement. Under this agreement, Corvias Campus Living – HU, LLC handled the financing, design, engineering, renovation, management, operation, maintenance, and repair of the East Tower, the West Tower, Drew Hall and Cook Hall. The University and Howard SPE pledged all revenues from these properties to Corvias Campus Living. As part of this agreement, Corvias Campus Living – HU, LLC, entered into a construction contract with Gilbane Building Company for the renovation of the East Tower and the West Tower, which were completed in fall of 2018.

(1) ***Residence Life Service Provider*** – In January 2017, as part of the aforementioned service concession agreement, Corvias Campus Living – HU, LLC entered into a 40 year term Residence Life Management Agreement with Corvias Campus Management, Inc., an independent contractor, to manage

THE HOWARD UNIVERSITY

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(amounts in thousands)

on its behalf, any and all of the residence life duties and responsibilities relating to the East Tower, the West Tower, Drew Hall and Cook Hall. In compensation for the performance of its duties under this Agreement, the Residence Life Service Provider will be paid the Residence Life Management Fee as set forth in Section 6.3 of the Service Concession Agreement escalating by three percent (3%) per annum on the first day of each Fiscal Year of the Term. In August 2018, this relationship was expanded such that Corvias will manage any and all residence life duties and responsibilities for the University's central office of residence life (inclusive of the Annex). Management of the central office of residence life was transferred back to Howard in October of 2019.

(f) ***Provident Group – Tubman Quad Properties LLC and Provident Resources Group Inc.***

In May 2019, the University, and Provident Group – Tubman Quad Properties LLC and Provident Resources Group Inc. entered into a 40 year term agreement. Under this agreement, Provident Group – Tubman Quad Properties LLC and Provident Resources Group Inc. will handle the financing, design, engineering, renovation, management, operation, maintenance, and repair of the Tubman Quad. The University pledged all revenues from these properties to Provident Group – Tubman Quad Properties LLC and Provident Resources Group Inc.

(g) ***Howard Center Project***

In November 2018, Howard entered into a 50 year lease with Provident Group-Howard Center, Inc. ("Lessee") for seven (7) tracts of the Howard Center Project. (see Note 11-Leases for additional information). In November 2018, Howard and Provident Group-Howard Center, Inc. entered into a management agreement such that the University will manage the day-to-day operation, management, maintenance and repair of the Howard Center Project. Under a sub-management agreement, Howard assigned and delegated its management rights and responsibilities for the Howard Center Project to Corvias Management, LLC.

(h) ***It's My Corner, LLC***

The University entered into a Participation Agreement with It's My Corner, LLC (IMC) for the transfer and development of the certain property located on Florida Avenue. HU was the owner of real property located on Florida Avenue, NW, Washington, DC. IMC also owned real property located on Florida Avenue, NW, Washington, DC. The properties were combined and will be developed by IMC as a mixed use project with a new building.

The University has received a 24% equity share in the combined properties that is subject to adjustments if the timing of the commencement of construction for the project is has not occurred within 36 calendar months after the date that the deed was recorded and if the construction is not substantially completed within 36

THE HOWARD UNIVERSITY
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(amounts in thousands)

calendar months after commencement. With all potential adjustments, the University's equity share shall not exceed 45%.

IMC has also granted the University a right of first offer to purchase the combined properties prior to any efforts by IMC to sell or market the project.

25. Subsequent Events

The University evaluated subsequent events through February 9, 2022, the date the consolidated financial statements were issued. Except as disclosed below, the University concluded that no material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.

- (a) In December 2021, the University received \$20,000 restricted gift from Walmart. This gift will support the Graduation & Retention Access to Continued Excellence (GRACE) program.
- (b) On September 3, 2021, the Howard University information technology team detected unusual activity on the University's network. Based on the subsequent investigation and the information we have to date, the University experienced a ransomware cyberattack, causing some functions critical to the University to shut down. The information technology team and its partners subsequently worked to increase end user access to the University's network and its applications while generating new mechanisms to access data and use tools in a secure manner. The information technology team also distributed new and reimaged laptops and hardware devices to faculty and staff. While all cloud-based academic applications were not impacted by the ransomware attack, the University strengthened cloud-based security to further mitigate the risk of a breach. Through those efforts, the University campus was reopened on September 13, 2021, and efforts to further stabilize the network are ongoing. As of the date through which the University evaluated subsequent events, the University is not aware of any of the University's data being extracted as a result of the ransomware cyberattack.

Supplementary Information



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Independent Auditor's Report on Supplementary Information

Our audit of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

February 9, 2022

THE HOWARD UNIVERSITY

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2021

Reference	Ratio/Variable Description	Data	Strength Factor	Strength Factor Calculation	Strength Factor Weight	Weighted Strength Factor
Primary Reserve Ratio						
Statement of Financial Position	Net assets without donor restrictions	+ \$ 453,292				
Statement of Financial Position	Net assets with donor restrictions	+ 684,076				
Note 16	Net assets with donor restrictions: restricted in perpetuity	- 224,049				
Note 9	Annuities, term endowment, and life income funds with donor restrictions	- 437,625				
N/A	Intangible assets	- -				
Statement of Financial Position	Net property, plant and equipment (See Note A to this schedule)	- 660,768				
Statement of Financial Position	Post-employment and defined benefit pension liabilities	+ 59,044				
Statement of Financial Position	All debt obtained for long-term purposes, not to exceed net property, plant and equipment (See Note B to this schedule)	+ 607,663				
(Note C to this Schedule)	Unsecured related-party receivables (See Note C to this schedule)	- -				
	Numerator total	\$ 481,633				
Statement of Activities	All expenses and losses without donor restrictions less any losses without donor restriction on investments, post-employment and defined benefit pensions, and annuities	+ \$ 881,794				
	Denominator total	\$ 881,794				
	Primary Reserve Ratio:	0.55	10.00	3.00	0.40	1.20
Equity Ratio						
Statement of Financial Position	Net assets without donor restrictions	+ \$ 453,292				
Statement of Financial Position	Net assets with donor restrictions	+ 684,076				
N/A	Intangible assets	- -				
(Note C to this Schedule)	Unsecured related-party receivables (see Note C to this schedule)	- -				
	Numerator total	\$ 1,137,368				
	Total assets	+ \$ 2,110,254				
N/A	Intangible assets	- -				
N/A	Unsecured related-party receivables (see Note C to this schedule)	- -				
	Denominator total	\$ 2,110,254				
	Equity Ratio:	0.54	6.00	3.00	0.40	1.20
Net Income Ratio						
Statement of Activities	Change in net assets without donor restrictions	+ \$ 241,939				
	Numerator total	\$ 241,939				
Statement of Activities	Total revenues without donor restriction, including net assets released from restrictions and gains	+ \$ 1,123,733				
	Denominator total	\$ 1,123,733				
	Net Income Ratio:	0.22	1 + (50x)	3.00	0.20	0.60
Strength Factor Score						3.0

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Financial Responsibility Supplemental Schedule Year Ended June 30, 2021

Note A. Property, Plant and Equipment, Net and Finance Right of Use Asset

<i>June 30,</i>	<i>2021</i>
Pre-Implementation	
Net property, plant and equipment	
Post-Implementation	\$ 376,971
Net property plant and equipment - With outstanding debt for original purchase	-
Net property plant and equipment - Without outstanding debt for original purchase	119,573
Finance right of use asset	57,770
Construction in progress	106,454
Total property and equipment, net and finance right of use asset	\$ 660,768

The above total includes property plant and equipment assets purchased through finance leases.

Note B. Long-Term Debt for Long-Term Purposes

<i>June 30,</i>	<i>2021</i>
Long term debt for long term purposes - pre-implementation	\$ 253,606
Long term debt for long term purposes - post-implementation	293,493
Finance lease obligations	60,564
Total long-term debt for long-term purposes	\$ 607,663

Long term debt exceeds twelve months and was used to fund capitalized assets (i.e., property, plant and equipment or capitalized expenditures in accordance with accounting standards generally accepted in the United States of America).

Note C. Related Party Receivables

There were no related party receivables as of and for the year ended June 30, 2021.

Reports and Schedules Required by *Government Auditing Standards* and the Uniform Guidance



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

Board of Trustees
The Howard University
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Howard University (the "University"), which comprise the University's consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 9, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 that we consider to be significant deficiencies.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

February 9, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
The Howard University
Washington, DC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Howard University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2021-004 through 2021-014. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004, 2021-005, 2021-008, 2021-009, 2021-010, 2021-011, 2021-012 and 2021-013 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



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.

BDO USA, LLP

September 30, 2022

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>ANNUAL APPROPRIATION</u>				
DEPARTMENT OF EDUCATION				
Annual Appropriation	84.915A		\$ -	243,017,990
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) for HBCU Education Stabilization Fund	84.915A		-	20,000,000
TOTAL ANNUAL APPROPRIATION			-	263,017,990
<u>FEDERAL ENDOWMENTS</u>				
DEPARTMENT OF JUSTICE				
Constitutional Law Chair Endowment	16.000		-	7,085,447
SUBTOTAL FOR THE DEPARTMENT OF JUSTICE			-	7,085,447
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Excellence in Health Professional Education Endowment	93.375		-	6,124,087
SUBTOTAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	6,124,087
DEPARTMENT OF EDUCATION				
Matching Endowment	84.000		-	216,182,742
Law School Clinical Endowment	84.998D		-	12,168,838
SUBTOTAL FOR THE DEPARTMENT OF EDUCATION			-	228,351,580
TOTAL FEDERAL ENDOWMENTS			-	241,561,114
<u>STUDENT FINANCIAL ASSISTANCE CLUSTER</u>				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grant	84.007		-	1,554,962
Federal Work Study	84.033		-	638,702
Federal Pell Grant Program	84.063		-	16,776,291
Federal Direct Loans	84.268		-	169,734,828
Teacher Education Assistance for College and Higher Education Grants (TEACH)	84.379		-	23,274
SUBTOTAL FOR THE DEPARTMENT OF EDUCATION			-	188,728,057
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Scholarship for Disadvantaged Students	93.925		-	649,992
SUBTOTAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	649,992
TOTAL FOR THE STUDENT FINANCIAL ASSISTANCE CLUSTER			-	189,378,049

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
TRIO CLUSTER				
DEPARTMENT OF EDUCATION				
Office of Postsecondary Education				
Upward Bound Program	84.047A		-	577,800
Upward Bound Program	84.047M		-	264,556
Subtotal for the Office of Postsecondary Education			-	842,356
TOTAL FOR THE TRIO CLUSTER			-	842,356
RESEARCH AND DEVELOPMENT CLUSTER				
<i>Direct Research and Development Awards</i>				
National Oceanic and Atmospheric Administration				
NOAA Cooperative Scinse Center in Atmospheric Sciences and meteorology at Howard University	11.481		244,513	653,086
NOAA Cooperative Scinse Center in Atmospheric Sciences and meteorology at Howard University	11.481		588,928	1,703,752
NOAA Cooperative Scinse Center in Atmospheric Sciences and meteorology at Howard University	11.481		-	1,604
NOAA Cooperative Scinse Center in Atmospheric Sciences and meteorology at Howard University	11.481		-	47,881
NOAA Cooperative Scinse Center in Atmospheric Sciences and meteorology at Howard University	11.481		-	20,951
COVID-19 - NCAS-M's Response to Impact of COVID-19 on Student Program	11.481		60,524	223,521
COVID-19 - NCAS-M's Response to Impact of COVID-19 on Student Program	11.481		108,745	604,760
Subtotal for the National Oceanic and Atmospheric Administration			1,002,709	3,255,555
SUBTOTAL FOR THE DEPARTMENT OF COMMERCE			1,002,709	3,255,555
DEPARTMENT OF DEFENSE				
Understanding DNA Cleavage with Organometallic Molecules	12.300		-	44,438
Simulation Studies of Zwitterionic and Amphiphilic Polymer Surfaces for Antibiofouling and Fouling Release	12.300		-	88,476
Optical Control of Polarization Conversion, Orbital Angular Momenta and High Harmonic Generation in Terahertz Metamaterials	12.300		-	97,974
				230,888
Water-Mediated Correlations in Biomolecular Behavior	12.910		-	11,169
National Centers of Academic Excellence in Cybersecurity (NCAE-C) - 'Maximizing Cyber Security Training Impact Underserved Communities	12.905		-	61,415
National Centers of Academic Excellence in Cybersecurity (NCAE-C) - Cybersecurity Education Diversity Initiative	12.905		-	45,464
National Centers of Academic Excellence in Cybersecurity (NCAE-C) - Cybersecurity Education Diversity Initiative	12.905		-	40,602
			-	147,481

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
US Army Materiel Command				
Fast Chemical Transformations in Energetic Materials Under Conditions of High Pressure, Temperature and Strain Rate	12.431		-	114,292
Enhancing research in the STEM disciplines at Howard University by Investigating Novel Regulation of the 26S Proteasome	12.630		-	198,013
Center of Excellence in Artificial Intelligence and Machine Learning (CoE-AIML)	12.630		58,018	386,716
			58,018	584,729
A Materials Characterization and Testing System for Enhancing Transdisciplinary Research and Education at Howard University	12.800		-	376,804
Multit-mode Induced Transition in Hypersonic Boundary Layers	12.800		-	104,860
Novel Methods for Fatigue Life Prediction for Turbine Engine Components	12.800		-	104,679
			-	586,343
Subtotal for the US Army Materiel Command			58,018	1,285,364
SUBTOTAL FOR THE DEPARTMENT OF DEFENSE			58,018	1,674,902
DEPARTMENT OF THE INTERIOR				
CESU Network National Office Minority Fellowship - Geodatabase, Policy Analysis, Multi-Scale Assessment	15.904		-	25,870
Contemporary Recreational Use Study at Median Hill park and the Parklands	15.945		-	759
SUBTOTAL FOR THE DEPARTMENT OF THE INTERIOR			-	26,629
DEPARTMENT OF JUSTICE				
Domestic Violence Homicide Prevention TA Initiative	16.526		-	171,824
NIJ Research Assistantship Program	16.560		-	3,473
SUBTOTAL FOR THE DEPARTMENT OF JUSTICE			-	175,297
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
ROSES -2016 / Solar System Observations (SSD) Program	43.001		-	7,832
Single Source - Analyses of LADEE measurements of H2 in the Lunar Exosphere	43.001		-	5,192
SUBTOTAL FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			-	13,024
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Reviving the Bethel Literary and Historical Association in the 21st Century ("Bethel 21")	45.162		-	14,615
COVID-19 - Howard University Gallery of Art COVID-19 Response: African American Collection Online Discovery and Accessibility Learning Initiative	45.312		-	88,035
SUBTOTAL FOR THE NATIONAL ENDOWMENT FOR THE HUMANITIES			-	102,650

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
NATIONAL SCIENCE FOUNDATION				
Engineering Grants				
GOALI : Collaborative Research: Advancing wastewater treatment resiliency and sustainability goals in the face of climate change	47.041		-	31,342
Workshop: Sustainable Energy	47.041		-	29,678
Excellence in Research : Harnessing Microbial Signals for Biofilm Control	47.041		-	43,878
CAREER: Multiscale Simulations of Iron Oxide Nanoparticle-Protein Electron Transfer	47.041		-	34,230
Excellence in Research: Biofilm Adhesive and Kinetic Properties Under Hydrodynamic Influences	47.041		6,266	66,552
Collaborative Proposal: EiR : Understanding Interactions of Gold and silver Nanoparticles with Proteins to Achieve Optimum Surface Plasmon Effect	47.041		-	124,644
Subtotal for the Engineering Grants			6,266	330,324
Mathematical and Physical Sciences				
Excellence in Research: HBCU Collision Collaboration - J/psi Peripheral Collision analysis and Detection	47.049		8,930	46,318
Excellence in Research - Collaborative: Hierarchical multilayered block copolymer dielectrics with z-gradient nanofiller for capacitive energy storage and gate dielectric	47.049		74,375	220,299
Collaborative Research - RUI: Toward Structure-Based Models of Chiral Recognition by Amino Acid Based Macromolecular Assemblies	47.049		-	35,212
CAREER: Understanding the Effects of the immediate environment on Intrinsic Properties of 2D Crystals: From Fundamental Science to Real World Applications	47.049		-	66,916
Collaborative Research: Physics and Quantum Technology Applications of Defects in Silicon Carbide	47.049		-	56,199
MRI: Acquisition of a Physical Property Measurement System to Study Quantum, Magnetic and Functional Materials and Quantum Devices	47.049		-	240,275
Excellence in Research: Morse Theory and Algebraic Topological Methods for Q-Curvature Type Equations	47.049		-	19,806
REU Site in Physics at Howard University	47.049		-	61,287
Excellence in Research: Mathematical Analysis of the Prevention of HIV with PrEP and HAART Treatment	47.049		-	24,602
Excellence in Research : Numerical Analysis of Quasiperiodic Topology	47.049		-	119,454
Personnel Act (IPA) Assignment	47.049		-	22,662
Collaborative Research: Linking Pharmacokinetics to Epidemiological Models of Vector- Born Diseases and Drug Resistance Prevention	47.049		-	72,373
Subtotal for the Mathematical and Physical Sciences			83,305	985,403
Geosciences				
Workshop in Measurements, Modeling and Data Analysis of Planetary Boundary Layer; Beltsville, Maryland, Summer 2020	47.050		-	41,602
HBCU - Excellence in Research: Vertical Profiles of Aerosols and Their Radiative Impacts	47.050		-	18,462
HBCU-Excellence in Research: Howard University	47.050		-	223,555
HBCU-Excellence in Research: Howard University	47.050		-	14,916

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Collaborative Research: HBCU-Excellence in Research--Planetary Boundary Layer Processes from an Incipient Surface/Upper Air Mesonet Network in the Baltimore-Washington Region	47.050		-	88,891
Subtotal for the Geosciences			-	387,426
Computer and Information Science and Engineering				
Compsustnet: Expanding the Horizons of Computational Sustainability	47.070		-	8,305
CAREER: leveraging Wireless Virtualization for Enhancing Network Capacity, Coverage, Energy Efficiency and Security.	47.070		-	76,136
MRI: Development of Interactive Immersive Environment that Senses and Responds to Humans	47.070		-	74,786
HDR DSC: Collaborative Research: Transforming Data Science Education through a portable and Sustainable Anthropocentric Data Analytics for Community Enrichment Program	47.070		-	97,639
Subtotal for the Computer and Information Science and Engineering			-	256,866
Biological Sciences				
Cannabinoid Signaling in olfactory Glomeruli	47.074		-	141,407
Collaborative Research: ABI Innovation: FuTRES, an Ontology-Based Functional Trait Resource for Paleo- and Neo-biologists	47.074		-	16,100
Collaborative Research: Excellence in Research: Impact of Gbx2 on neural crest cells during neuronal, craniofacial and cardiovascular development	47.074		-	75,896
Epitranscriptomic regulation of codon biased stress response genes in Escherichia coli	47.074		-	185,291
Excellence in Research: Biophysical mechanism by which mannose and N glycans modifies and protects biological surfaces	47.074		-	76,989
Excellence in Research: Involvement of MEF -2 transcription factor in mitochondrial stress response through SOD2	47.074		-	157,020
Excellence in Research: Influence of Neuropeptide Regulation and the Gut Microbiota on Foraging and Food Choice	47.074		-	107,565
Excellence in Research: Analysis of Rare Mutations and Post-translational Modification in Peroxidases	47.074		-	36,588
Excellence in Research: Investigation of RECQ1 helicase in DNA transactions upon oxidative stress	47.074		-	109,028
Excellence in Research: Contribution of Terrestrial Bacteria to Iodine Biogeochemical Cycling	47.074		18,222	109,496
Subtotal for the Biological Sciences			18,222	1,015,380

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Social, Behavioral, and Economic Sciences				
Collaborative Proposal: Developmental mechanisms of African American Ethnic and Racial Identity during the transition to adulthood	47.075		-	54,390
Excellence in Research: The Visible Ape Project	47.075		-	81,825
EAGER: Toward a General Framework for Optimal Experimentation in Computational Cognition	47.075		-	49,954
Excellence in Research: A Comparison of Educational Outcomes at Institutions of Higher Education	47.075		-	197,384
Subtotal for the Social, Behavioral, and Economic Sciences			-	383,553
Education and Human Resources				
EAGER: SaTC-EDU: Discovery, Analysis, research and Exploration Based Experiential learning Platform Integrating artificial Intelligence and Cybersecurity	47.076		-	35,577
Chemistry, Mathematics, and Physics Scholarships (CMaPS) at Howard University	47.076		-	25,273
Catalyst Project : Creating and Evaluating a Culturally Representative STEM Curriculum Supported by Next Generation Science Standards	47.076			20,305
Increasing the Participation and Advancement of Women in Academic Science and Engineering Careers	47.076		-	98,939
Collaborative Research ; AGEP Transformation Alliance: CIRTLL AGEP - Improved Academic Climate for STEM Dissertators and Postdocs to Increase Interest in Faculty Careers	47.076		-	4,200
Multiple Consciousnesses: Investigating the Identities (Academic, Gender, Race and Disability) of Black Women Undergraduate Students in STEM and Their Impact on Persistence	47.076		-	167,772
E-Communities: Investigating how a collaboration between STEM educators and engineers impact underserved youth's participation in engineering design.	47.076		15,229	49,454
2015 - 2020 Washington Baltimore Hampton Roads (WBHR) Louis Stokes Alliances for Minority Participation Program	47.076		102,304	604,104
HBCU-RISE: Security Engineering for Resilient Mobile Cyber - Physical Systems	47.076		-	169,103
Research Initiation Award : Investigation on Tribo-charging behavior of Agricultural Particles in the Development of Water-free Bio-separation Approach for Biomass Residues	47.076		-	68,899
Engaging Howard University Computer Science Students in Interactive Human-Centered Computing Infused Curricula	47.076		-	66,092
Broadening Participation Research Testing the Efficacy of Culturally Responsive Intervention to Broaden Participation and Improve STEM Retention At HBCUs	47.076		-	125,109
Collaborative Research: Center for Research on Identity and Motivation of African American Students in STEM	47.076		-	460,495
CAREER: Overcoming Obstacles, Building Community, and Broadening Participation: A Qualitative Analysis of the Experiences and Career Decisions of Black Men in Computing	47.076		-	69,451
An AGEP Historically Black Universities Model with Community College Teaching as a Platform for Advancing Underrepresented Minority STEM Doctoral Candidates in Faculty Careers	47.076		-	48,580
Research Initiation Award: A Model plant Group to Study the Evolution of Diverse Reproductive Systems	47.076		-	12,397
Research Initiation Award: Spatial Organization and Temporal Coordination involved in secretory vesicle trafficking and exocytosis in live cells	47.076		-	25,657

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
LSAMP BD: Howard University Washington Baltimore Hampton Roads	47.076		-	393,199
Targeted Infusion Project: Promoting Environmental Education in Urban Social - Ecological Resilience	47.076		-	27,958
Research Initiative Award: Mathematical Modeling On The Geometric Optics Problem of Refraction	47.076		-	1,667
ACE Implementation Grant: STEM Global Undergraduate Research Initiative	47.076		10,000	427,754
			127,533	2,901,985
NSF Convergence Accelerator-Track D: Intelligent Surveillance Platform for Damage Detection and Localization of Civil Infrastructure	47.083		169,449	494,616
Subtotal for the Education and Human Resources			296,982	3,396,601
SUBTOTAL FOR THE NATIONAL SCIENCE FOUNDATION			404,775	6,755,553
DEPARTMENT OF EDUCATION				
National Resource Center and Foreign Language and Area Studies Fellowships	84.015A		-	233,235
National Resource Center and Foreign Language and Area Studies Fellowships	84.015B		-	373,124
SUBTOTAL FOR THE DEPARTMENT OF EDUCATION			-	606,359
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Howard University Summer Research Experience Program in Oral Health Disparity for Underrepresented Racial and Ethnic Students	93.121		-	52,086
Howard University NWDP Project	93.137		-	119,409
Historically Black Colleges and Universities Grant	93.173		-	76,482
Functional Mechanisms Underlying the Inteabulbar Associational Circuit in the Olfactory System.	93.173		-	175,679
			-	252,161
<i>Mental Health Research Grants</i>				
Elucidating Olfactory Mechanisms of PTS Vulnerability and Trauma Resilience	93.242		-	112,573
Improving Child mental Service Utilization in Ibadan Nigeria Using a Community Based Participatory Research Approach	93.242		14,419	33,219
REU Site in Physics at Howard University	93.242		-	175,796
<i>Subtotal for the Mental Health Research Grants</i>			14,419	321,588
Howard University Minority AIDS Network Effort (HUMANE) Project	93.243		-	148,719
Howard University Hospital Screening, Brief Intervention and Referral to Treatment (SBIRT) Community Expansion Initiative	93.243		48,504	353,000
Mental Health Awareness at Howard University	93.243		-	51,118
Howard University Hospital Screening, Brief Intervention and Referral to Treatment (SBIRT) Community Expansion Initiative	93.243		42,250	329,438
Howard University Hospital-Unit Health Care Screening Brief Intervention and Referral to Treatment (SBIRT) Program	93.243		-	28,142
			90,754	910,417

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>Alcohol Research Programs</i>				
Pediatric Seizures: role of PI3R Ca2+ release channels	93.273		-	99,269
Excessive Alcohol Drinking Associated with GABA Alpha 2-Regulated TLR4 Expression	93.273		-	7,288
Na+/Ca2+ Exchanger Remodeling in Alcohol Withdrawal Seizures	93.273		-	266,055
Subtotal for the Alcohol Research Programs			-	372,612
<i>Center for Substance abuse Prevention</i>				
Drug Free Communities Program	93.276		-	86,776
Ward 2 Drug Free Community Coalition	93.276		-	24,624
Subtotal for Center for Substance abuse Prevention			-	111,400
<i>National Institute on Minority Health and Health Disparities</i>				
Howard University Research Center for Minority Health and Health Disparities	93.307		26,287	838,885
Howard University Research Center for Minority Health and Health Disparities	93.307		-	635,818
Howard University Research Center for Minority Health and Health Disparities	93.307		-	149,851
Howard University Research Center for Minority Health and Health Disparities	93.307		-	176,418
Howard University Research Center for Minority Health and Health Disparities	93.307		-	43,039
Howard University Research Center for Minority Health and Health Disparities	93.307		-	99,484
Howard University Research Center for Minority Health and Health Disparities	93.307		-	24,658
Howard University Research Center for Minority Health and Health Disparities	93.307		-	182,004
Howard University Research Center for Minority Health and Health Disparities	93.307		-	21,320
Howard University Research Center for Minority Health and Health Disparities	93.307		-	71,781
Howard University Research Center for Minority Health and Health Disparities	93.307		-	56,376
Howard University Research Center for Minority Health and Health Disparities	93.307		-	2,339
Howard University Research Center for Minority Health and Health Disparities	93.307		-	6,510
Howard University Research Center for Minority Health and Health Disparities	93.307		-	177,085
Howard University Research Center for Minority Health and Health Disparities	93.307		-	143,471
Howard University Research Center for Minority Health and Health Disparities	93.307		-	59,240
Howard University Research Center for Minority Health and Health Disparities	93.307		-	4,635
Howard University Research Center for Minority Health and Health Disparities	93.307		-	31,493
Howard University Research Center for Minority Health and Health Disparities	93.307		-	34,045
Howard University Research Center for Minority Health and Health Disparities	93.307		-	154,500
Subtotal for the National Institute on Minority Health and Health Disparities			26,287	2,912,952
<i>Leadership om Public Health Social Work Education Grant Program</i>				
Howard University Research Center for Minority Health and Health Disparities	93.310		-	8,361
Acquisition of Orbitrap mass spectrometer	93.351		-	869,134
Subtotal for the Leadership om Public Health Social Work Education Grant Program			-	877,495

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<i>National Cancer Institute</i>				
1/2 Howard - Georgetown Collaborative Partnership In Cancer Research	93.397		-	189,475
<i>Subtotal for the National Cancer Institute</i>			-	189,475
<i>Cardiovascular Diseases Research</i>				
Stress, Sleep and Cardiovascular Risk	93.837		-	361,695
Sickle Cell Disease and Sickle Cell Trait Protection Against HIV-1infection in Africans and African Americans	93.837		115,094	470,723
Sickle Cell Disease and Sickle Cell Trait Protection Against HIV-1infection in Africans and African Americans	93.837		-	114,657
<i>Subtotal for the Cardiovascular Diseases Research</i>			115,094	947,075
<i>National Heart, Lung, and Blood Institute</i>				
The role of HGFL in the sickle cell disease nephropathy	93.839		-	17,481
Center for Hemoglobin Research in Minorities (CHaRM)	93.839		-	56,139
The role of HGFL in the sickle cell disease nephropathy	93.839		-	256,607
<i>Subtotal for the National Heart, Lung, and Blood Institute</i>			-	330,227
<i>National Institute of Neurological Diseases and Stroke</i>				
Investigating the Neural Correlates of Fatigue in Myalgic Encephalomyelitis / Chronic Fatigue Syndrome (ME/CFS)	93.853		-	50,520
<i>Sub total for National Institute of Neurological Diseases and Stroke</i>			-	50,520
<i>Allergy and Infectious Diseases Research</i>				
In Vitro and in Vivo Studies of Cytomegalovirus MIE Gene Regulation	93.855		-	225,619
<i>Subtotal for the Allergy and Infectious Diseases Research</i>			-	225,619
<i>Biomedical Research and Research Training</i>				
Stealth Brusatol and Docetaxel-loaded Nanopartiles for Targeted Prostate Cancer Therapy	93.859		-	94,218
Stealth Brusatol and Docetaxel-loaded Nanopartiles for Targeted Prostate Cancer Therapy	93.859		-	59,758
Molecular Analysis of RECQ1 Functions in Genome Maintenance	93.859		-	28,034
<i>Subtotal for the Biomedical Research and Research Training</i>			-	182,010
<i>National Institute of Aging</i>				
Mechanisms of APOE-Induced Preclinical Alzheimer's Pathophysiology in Human Olfactory System	93.866		-	24,708
Advancing Aging Research Through Development of Minority Gerontologists	93.866		-	140,917
Genes, Exercise, Neurocognitive and Neurodegeneration: Community-Based Approach	93.866		-	266,415
Advancing Aging Research Through Development of Minority Gerontologists	93.866		-	49,641
Cellular and Circuit Mechanisms Underlying Apoe-4 Effects On Olfaction	93.866		-	76,453
APOE genotype and sex dependent effects of 17-alpha-estradiol on AD pathology	93.866		-	36,317
Urinary Incontinence, Mobility, Muscle Function in Older Women	93.866		-	63,802
Mechanisms of APOE-Induced Preclinical Alzheimer's Pathophysiology in Human Olfactory System	93.866		-	396,055
<i>Subtotal for the National Institute of Aging</i>			-	1,054,308

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<i>Eunice Kennedy Shriver national Institute of Child Health & Human Development</i>				
Defining the Novel Role for the RNA Binding Protein ETR-1 in C Elegans Gametogenesis	93.865		-	45,183
Placental Mitochondria and Pregnancy related Disorders	93.865		-	32,051
<i>Subtotal for the Eunice Kennedy Shriver national Institute of Child Health & Human Development</i>			-	77,234
Subtotal for National Institutes of Health			155,800	7,652,515
SUBTOTAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES			246,554	8,986,588
DEPARTMENT OF HOMELAND SECURITY				
2016 DHS Scientific Leadership Awards for Minority Serving Institutions (MSI)	97.062		-	320,136
SUBTOTAL FOR THE DEPARTMENT OF HOMELAND SECURITY			-	320,136
<i>Subtotal for the Direct Research and Development Awards</i>			1,712,056	21,916,693
<i>Pass-Through Research and Development Awards</i>				
DEPARTMENT OF DEFENSE				
Advancing Representation of Students Attending Minority Serving Institutions in the Homeland Security (MSI STEM Research and Development Consortium)	12.114	W911SR-14-2001	-	54,202
Effects of traumatic brain injury and post traumatic stress disorder on Alzheimer's disease (AD) in Veterans using ADIN (DoD-ADNI) (University of California)	12.420	CTA 109-HU DOD-ADNI M-00	-	9,000
Pilot Projects for the Intelligence & Security University Research Enterprise (INSURE) Academic Consortia (University of Maryland)	12.431	95110-Z9634202	-	28,715
Pilot Projects for the Intelligence & Security University Research Enterprise (INSURE) Academic Consortia (University of Maryland)	12.431	95110-Z9634202	-	12,338
			-	41,053
Polymer Based Replicated Multi-Modal Fiber Bragg Grating (Fbg) For Fentanyl Detection (Office of Naval Research)	12.910	D184P00051	-	47,936
SUBTOTAL FOR THE DEPARTMENT OF DEFENSE			-	152,191
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	59,461
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	27,327

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Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	14,833
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	72,068
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	65,899
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	68,487
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	113,448
Center for Research and Exploration in Space Science and Technology (CRESST) II (University of Maryland at College Park)	43.003	46384 -Z6121001	-	99,882
			-	521,405
National space Grant College and Fellowship Program (SPACE Grant) Training Grant 2015-2018 (American University)	43.008	31377-HU-16	-	23,188
The Habitats Optimized for Missions of Exploration (HOME) Space Technology Research Institute for Deep Space Habitat Design (University of California)	43.012	A19-2477-S004	-	39,794
The Habitats Optimized for Missions of Exploration (HOME) Space Technology Research Institute for Deep Space Habitat Design (University of California)	43.012	A19-2477-S004	-	37,248
			-	77,042
Science				
RAVEN: Rover-Aerial Vehicle Exploration Network (University of Arizona)	43.001	591407	-	2,821
Developing an electrochemistry-Based Geochemical Framework for Organic Systems (California Institute of Technology)	43.001	RSA No. 1640393	-	15,132
Student Collaboration of the Interstellar Mapping and Acceleration Probe: Phases B to F (University of New Hampshire)	43.001	L0083	-	131,235
Laboratory Electrical Conductivity measurements for Exploring Ocean Worlds (Jet Propulsion Laboratory)	43.001	RSA No. 1657492	-	5,853
Geology of the Southern Rim of Hellas Basin, mars, Investigations of Amphitrites Patera and Barnard Carter (Planetary Science Institute)	43.001	1738-HU	-	9,429
Details in the devils: Using physical characteristics of dust-laden vortices to remotely determine ambient metrological conditions on Earth and Mars (SETI Institute)	43.001	SC3598	-	27,754
ICF-Howard University Internship (ICF Incorporated LLC)	43.001	20KCSK0050	-	14,871
A Novel Approach to Coronagraph Design for ExoEarth Observations - (California Institute of Technology)	43.001	RSA No. 1645847	-	18,612
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	97067-Z6342201	-	42,173
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	32,827
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	94,670
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	66,143
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	60,784
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	105,254
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	51,104

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Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	109,117
Center for Research and Exploration in space Science & Technology II (CRESST II) (University of Maryland)	43.001	46384-Z6121001	-	66,439
Subtotal for the Science			-	854,218
SUBTOTAL FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			-	1,475,853
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Remote, In Situ, and Synchrotron Studies for Science and Exploration 2 (RISE2) (University of New York)	43.030	86437/11576645/3	-	12,801
SUBTOTAL FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			-	12,801
NATIONAL SCIENCE FOUNDATION				
Engineering Grants				
EIR : Doping Cubic Boron Nitride, and Extreme Material for Power Electronics and Radiation (Morgan State University)	47.041	HU-183-01	-	91,889
Power Optimization of Electro-Thermal systems (POETS) Howard University Research Experience for teachers (ERC) program (University of Illinois)	47.041	073708-17032	-	14,239
Engineering Research Center for Power Optimization for Electro-Thermal Systems (POETS) (University of Illinois)	47.041	073708-16490 (REU)	-	6,000
FMRG: AI Driven Cybermanufacturing of Quantum Materials Architectures (Harvard University)	47.041	124281-5116752	-	54,340
Reliability-Based Co-Design of a Battery Power-Thermal Coupled Management System (University of Illinois)	47.041	073708-17916	-	21,264
Dissemination and Implementation of Stroke Presentation Looking at the Care Environment (University of Alabama Birmingham)	47.041	R01HL133896	-	32,602
RAPID: Monitoring for Sars-CoV2 in Municipal Wastewater and Sewage to Elucidate Infection Dynamics Across Major Metropolitan Areas of the United States (North Carolina State University)	47.041	2020-2671-01	-	30,159
SRN: Urban Water Innovation Network (U-WIN): Transitioning Toward Sustainable Water Systems (Colorado State University)	47.041	G-00973-17	-	9,672
Subtotal for the Engineering Grants			-	260,165
Mathematical and Physical Sciences				
Center for Integrated Quantum Materials (Harvard University)	47.049	123826- 5056261	-	123,140
Center for Integrated Quantum Materials (Harvard University)	47.049	123826- 5056261	-	26,170
Center for Integrated Quantum Materials (Harvard University)	47.049	123826- 5056261	-	19,883
Center for Integrated Quantum Materials (Harvard University)	47.049	123826- 5056261	-	6,000
Columbia University MRSEC on Precision-assembled Quantum Materials (Columbia University)	47.049	3(GG015783-06)	-	43,459
Collaborative Research: National Institute for Foundations of Data Science (Massachusetts Institute of Technology)	47.049	S5211.P0#532331	-	12,779
Center for Undergraduate Research in Mathematics- CURM Mini Grants (Occidental College)	47.049	OXY-CURM0048	-	5,000
Subtotal for the Mathematical and Physical Sciences			-	236,431
Computer and Information Science and Engineering				
Emerging Frontiers of the Science of Information (Purdue University)	47.070	0939370-CCF	-	57,599
Subtotal for the Computer and Information Science and Engineering			-	57,599

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Biological Sciences				
Center for the Environmental Implications of Nanotechnology (Duke University)	47.074	14-NSF-1050	-	2,082
Subtotal for the Biological Sciences			-	2,082
Education and Human Resources				
Program to Integrate Mobile, Hands-on Experiments into the ME, AE, and ECE Curricula (Georgia Institute of Technology)	47.076	RH386-G1	-	4,526
Subtotal for the Education and Human Resources			-	4,526
Office of International Science and Engineering				
PIRE: Building Extreme Weather Resiliency and Global Community Resiliency through Improved Weather and Climate Prediction and Emergency Response Strategies (Harvard University)	47.079	15-65	-	116,426
Subtotal for the Office of International Science and Engineering			-	116,426
SUBTOTAL FOR THE NATIONAL SCIENCE FOUNDATION			-	677,229
DEPARTMENT OF ENERGY				
Consortium Risk Evaluation with Stakeholder Participation III (Vanderbilt University)	81.000	19067-S1	-	16,434
Partnership for Proactive Cybersecurity Training (PACT) (University of Arizona)	81.123	537447	-	189,940
SUBTOTAL FOR THE DEPARTMENT OF ENERGY			-	206,374
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
TLC-Plus: A Study to Evaluate the Feasibility of an Enhanced Test; Link to Care Plus Treatment for Step Down from Medically Monitored Withdrawal Management (DC dept of Behavioral Health)	93.104	SDWM-2-20	-	70,519
Genome-Packaging Machinery, Capsid-Associated Tegument and Prefusion Glycoprotein Complexes (University of California)	93.121	2301 G WF737	-	35,517
Institute for Research on Poverty Partnership (University of Wisconsin)	93.239	860K543	-	67,044
Poverty Research Center (University of Wisconsin)	93.239	860K543	-	54,833
			-	121,877
Sickle Cell Treatment Demonstration Program (John Hopkins University)	93.365	056282296	-	30,141
Sickle Cell Treatment Demonstration Program (John Hopkins University)	93.365	2004057508	-	5,414
			-	35,555
DISPLACE: Dissemination and Implementation of Stroke Prevention Looking at the Care Environment (University of Alabama)	93.839	000524452*SC018	-	6,145
DISPLACE: Dissemination and Implementation of Stroke Prevention Looking at the Care Environment (University of Alabama)	93.839	000524452*SC018	-	33,223
			-	39,368
National Institutes of Health				
Junctophilin-3, Calcium Homeostasis, and Neuronal Dysfunction in HDL2 (Johns Hopkins University)	93.853	2004861051	-	27,907
Axonoprotection in Pediatric Cardiac Arrest (Children's Research Institute)	93.853	30005478-01	-	28,636
			-	56,543

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<i>National Center for Advancing Translational Sciences</i>				
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	124,167
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	44,428
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	251,822
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	20,733	97,478
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	125,461
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	292,431
Georgetown-Howard Universities Center for Clinical and Translational Science (GHUCCTS) (Georgetown University)	93.350	UL1TR001409-06	-	72,423
Institutional Career Development Core (Georgetown University)	93.350	KL2TR001432-06	-	23,177
Translational Biomedical Science Training Grant (Georgetown University)	93.350	2 TL1 TR001431-06	-	58,084
<i>Subtotal for the National Center for Advancing Translational Sciences</i>			20,733	1,089,471
<i>Allergy and Infectious Diseases Research</i>				
District of Columbia Center for AIDS Research (DC CFAR) (George Washington University)	93.855	20-M60R	-	9,736
The Roll of the Foxo Pathway in the Control of Culex pipiens Disase (Baylor University)	93.855	32030239-01	-	16,931
District of Columbia Center for AIDS Research (DC CFAR) - (George Washington University)	93.855	20-M59R	-	36,012
COVID-19 Prevention Network (CoVPN) site Preparedness Funding- Washington, DC Protocol-Specific Site(Fred Hutchinson Cancer Research Center)	93.855	0001041587	-	254,912
Terry Beirn CPCRA Clinical Trials Unit (George Washington University)	93.855	19-N94R	-	22,047
Terry Beirn CPCRA Clinical Trials Unit (George Washington University)	93.855	19-N93R	-	1,597
A Strategy to Treat M. Abscesses Infections (John Hopkins University)	93.855	2004607080	-	16,916
The DC Cohort: A Longitudinal Population-Based Cohort Study of People Living with HIV in Washington, DC (George Washington University)	93.855	20-M70R	-	161,418
The DC Cohort: A Longitudinal Population-Based Cohort Study of People Living with HIV in Washington, DC (George Washington University)	93.855	20-M70R	-	50,105
CoVPN 3004 Protocol Funding (PF)- Washington, DC Howard University Protocol-Specific Site (Fred Hutchinson Cancer Research Center)	93.855	0001041993	-	146,738
<i>Subtotal for the Allergy and Infectious Diseases Research</i>			-	716,412
<i>Drug Abuse and Addiction Research Programs</i>				
Clinical Trials Network: Mid-Atlantic Integrated Care Research Collaborative (Johns Hopkins University)	93.279	PO-2004167725	133,551	544,278
Implementation of Seek, Test, Treat & Retain Strategies among People who Inject Drugs in Malaysia (Yale University)	93.279	GR104676 (CON-80001487)	-	18,620
Development and Evaluation of Computerized Chemosensory- Based Orbitofrontal Cortes Training (CBOT) for Opioid Use Disorder (Evon Medics, LLC)	93.279	HUCM02003	-	44,413
<i>Subtotal for the Drug Abuse and Addiction Research Programs</i>			133,551	607,311

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<i>Minority Health and Health Disparities Research</i>				
African American Pharmacogenomic Consortium Network Transdisciplinary Collaborative Center Grant (University of Chicago)	93.307	0000034	-	24,657
Evaluation of a Cultural Dexterity Training Program for Surgeons: The PACTS Trial (Brigham and Women's Hospital, Inc.)	93.307	119569	-	12,764
<i>Subtotal for the Minority Health and Health Disparities Research</i>			-	37,421
<i>National Cancer Institute</i>				
Analysis of Racial Disparities in HCC by Systems Metabolomics (Georgetown University)	93.396	411181_GR411051-HU	-	36,860
Metabolomic Characterization of Conditionally Reprogramed Cells Derived from Racially Diverse Hepatocellular Carcinoma Patients (Georgetown University)	93.396	412581_GR412538-HU	-	10,715
<i>Subtotal for the National Cancer Institute</i>			-	47,575
<i>Substance Abuse and Mental Health Services Administration</i>				
FY18 Opioid Treatment Expansion Initiative - (DC Department of Health)	93.788	20D801	-	118,340
FY18 Opioid Treatment Expansion Initiative - (DC Department of Health)	93.788	20D801	-	36,699
FY18 Opioid Treatment Expansion Initiative - (DC Department of Health)	93.788	20D801	-	68,968
FY18 Opioid Treatment Expansion Initiative - (DC Department of Health)	93.788	RMO DCOR 080219	-	5,970
<i>Subtotal for the Substance Abuse and Mental Health Services Administration</i>			-	229,977
<i>Aging Research</i>				
District of Columbia Intellectual an Development Disabilities Research Center (Children's Research Institute)	93.865	30003624-01	-	69,775
Longitudinal Evaluation of Amyloid Risk and Neurodegeneration- the LEARN Study (University of Southern California)	93.866	HUCM3001	-	1,354
Alzheimer's Clinical Trials Consortium (ACTC) (University of Southern California)	93.866	105765308	-	124,782
<i>Subtotal for the Aging Research</i>			-	126,136
			-	195,911
Cell Therapy for Neuroprotection in Congenital Heart Disease (Children's Research Institute)	93.837	30004431	-	51,529
Spironolactone Imitation Registry Randomized Interventional Trial in Heart Failure with Preserved Ejection Fraction, SPIRRIT -HFpEf "Study" (Duke University)	93.837	2037894	-	286
			-	51,815
Subtotal for the National Institutes of Health			154,284	3,032,436
SUBTOTAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES			154,284	3,335,272
<i>SOCIAL SECUTIRYTY ADMINSTRATION</i>				
Center for Financial Security Retirement and Disability Research Consortium - Year 3 (University of Wisconsin)	96.007	5 RDR18000001-03-00	-	15,691
SUB TOTAL FOR SOCIAL SECUTIRYTY ADMINSTRATION			-	15,691

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<i>Subtotal for the Pass-Through Research and Development Awards</i>			154,284	5,875,411
TOTAL FOR THE RESEARCH AND DEVELOPMENT CLUSTER			1,866,340	27,792,104
<u>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</u>				
DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction				
Transportation Research Administration Support FY2020 (DC - Department of Transportation)	20.205	PO621761	-	62,350
Research Internships for FY2020 (DC - Department of Transportation)	20.205	PO621760	-	42,320
Transportation research Internship Program T071 (DC - Department of Transportation)	20.205	PO638745	-	61,065
Advisory Bicycle Lanes Evaluation - Phase 1 (DC- Department of Transportation)	20.205	DCKA-2015-C-0011	-	10,000
Howard University Traffic Data Center Traffic Studies and Analyses (DC - Department of Transportation)	20.205	PO630666	-	610,761
Subtotal for the Highway Planning and Construction			-	786,496
Motor Carrier Safety Assistance				
MCSAP- Grant Development and Management Services Contractor (DC - Police Department)	20.218	RK141657	-	65,584
Subtotal for the Motor Carrier Safety Assistance			-	65,584
State and Community Highway Safety				
FY2021 Seatbelt Usage Survey (DC - Department of Transportation)	20.600	PO634033	-	99,919
Subtotal for the State and Community Highway Safety			-	99,919
TOTAL FOR THE HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			-	951,999
<u>AIDS EDUCATION AWARDS</u>				
<i>Direct AIDS Education Awards</i>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Howard University Minority AIDS Network Effort (HUMMANE) Project	93.243		40,001	139,447
Pragmatic Efficacy Trial of mHealth to Improve HIV Outcomes in the DC Cohort (George Washington University)	93.242	20-M88R	-	3,790
Pragmatic Efficacy Trial of mHealth to Improve HIV Outcomes in the DC Cohort (George Washington University)	93.243	20-M87R	-	7,442
AIDS Education Training Centers Program	93.145		-	1,890
AIDS Education Training Centers Program	93.145		-	223,025
AIDS Education Training Centers Program	93.145		-	353,721
<i>Subtotal for the Direct AIDS Education Awards</i>			40,001	729,315
<i>Pass-Through AIDS Education Awards</i>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
AIDS Education and Training Centers (University of Pittsburgh)	93.145	CNVA00050178 (134540-1)	-	44,174
COVID-19 - Ryan White HIV/AIDS Program AIDS Education and Training Centers Program COVID-19 Response (University of Pittsburgh)	93.145	AWD00002368 (134508-1)	-	35,345
AIDS Education and Training Centers (University of Pittsburgh)	93.145	CNVA00050178 (134540-1)	-	44,517

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
AIDS Education and Training Centers (University of Pittsburgh)	93.145	CNVA00050178 (134540-1)	-	11,609
AIDS Education and Training Centers (University of Pittsburgh)	93.145	CNVA00050178 (134540-1)	-	129,190
<i>Subtotal for the Pass-Through AIDS Education Awards</i>			-	264,835
TOTAL FOR THE AIDS EDUCATION AWARDS			40,001	994,150
<u>HIV AND RYAN WHITE AWARDS</u>				
<i>Direct HIV and Ryan White Awards</i>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Health Resources and Services Administration				
Ryan White Part C Out Patient EIS Program	93.918		-	289,297
COVID-19 - Ryan White HIV/AIDS Program Part C EIS COVID- 19 Response	93.918		-	60,544
Subtotal for the Health Resources and Services Administration			-	349,841
<i>Subtotal for the Direct HIV and Ryan White Awards</i>			-	349,841
<i>Pass-Through HIV and Ryan White Awards</i>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
HARC Center: HIV Accessory and Regulatory Complexes (University of California)	93.859	11591sc	-	12,000
HARC Center: HIV Accessory and Regulatory Complexes (University of California)	93.859	11591sc	-	41,954
Improving STI Screening and Treatment Among People Living with or at Risk for HIV (Rutgers University)	93.928	1236	-	34,605
Improving STI Screening and Treatment Among People Living with or at Risk for HIV (Rutgers University)	93.928	1237	-	61,785
Improving STI Screening and Treatment Among People Living with or at Risk for HIV (Rutgers University)	93.928	1687	-	151,659
Improving STI Screening and Treatment Among People Living with or at Risk for HIV (Rutgers University)	93.928	1688	-	211,279
			-	513,282
FY 2017 Ryan White HIV/AIDS Program Parts A and B (DC - Department of Health)	93.914	20D016	-	174,649
FY 2017 Ryan White HIV/AIDS Program Parts A and B (DC - Department of Health)	93.914	21E016	-	33,315
FY 2017 Ryan White HIV/AIDS Program Parts A and B (DC - Department of Health)	93.914	16Z016A	-	240,844
<i>Subtotal for the HIV Care Formula Grants</i>			-	448,808
<i>HIV Care Formula Grants</i>				
Ryan White Non-Medical Case Management Program Support Service (DC - Department of Health)	93.917	CW56350-DOC323866	-	244,236
FY2017 Ryan White VIV/AIDS Program Parts A and B (DC - Department of Health)	93.917	21E404	-	80,165
Ryan White Part C Outpatient EIS Program	93.918		-	81,482
<i>Subtotal for the HIV Care Formula Grants</i>			-	405,883
Subtotal for the Health Resources and Services Administration			-	854,691
<i>Subtotal for the Pass-Through HIV & Ryan White Awards</i>			-	1,367,973
TOTAL FOR THE HIV AND RYAN WHITE AWARDS			-	1,717,814

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
OTHER FEDERAL AWARDS				
DEPARTMENT OF AGRICULTURE				
APHIS Foreign Service Fellowship Program	10.025		-	17,650
Additive Manufacturing of Protein Snack Foods from Electrostatically Enriched Protein Fractions Prepared from Legumes and Cereals	10.307		-	3,300
SUBTOTAL FOR THE DEPARTMENT OF AGRICULTURE			-	20,950
DEPARTMENT OF JUSTICE				
Do DOJ Intervention and Citizen Oversight Improve Police Accountability	16.566		-	136,197
SUBTOTAL FOR THE DEPARTMENT OF JUSTICE			-	136,197
U.S. DEPARTMENT OF STATE				
<i>Academic Exchange Programs</i>				
2019 Thomas R. Pickering Foreign Affairs Fellowship Graduate Program	19.013		-	1,476,589
2020 Thomas R. Pickering Foreign Affairs Fellowship Graduate Program	19.013		-	1,477,143
<i>Subtotal for the Academic Exchange Programs</i>			-	2,953,732
<i>Charles B. Rangel International Affairs Program</i>				
2018 Charles B. Rangel International Affairs Program	19.020		-	208,320
Charles B. Rangel International Affairs Graduate Fellowship Program	19.020		-	1,736,306
2019 Charles B. Rangel International Affairs Graduate Fellowship	19.020		-	1,375,047
2021 Charles B. Rangel International Affairs Graduate Fellowship	19.020		-	264,868
2021 Charles B. Rangel International Affairs Graduate Fellowship	19.020		-	569,480
The 2017 Charles B. Rangel International Affairs Program	19.020		-	3,388
<i>Subtotal for the Charles B. Rangel International Affairs Program</i>			-	4,157,409
SUBTOTAL FOR THE U.S. DEPARTMENT OF STATE			-	7,111,141
DEPARTMENT OF TRANSPORTATION				
Mineta Consortium for Transportation Mobility (MCTM) (San Jose State University Research Foundation)	20.701	21-1100-5726-HU	-	85,343
SUBTOTAL FOR THE DEPARTMENT OF TRANSPORTATION			-	85,343
FEDERAL COMMUNICATIONS COMMISSION				
COVID-19 - Howard University Hospital FCC COVID-19 Telehealth Program	32.006		-	881,664
SUBTOTAL FOR THE FEDERAL COMMUNICATIONS COMMISSION			-	881,664
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NASA Early Opportunities Program for Underrepresented Minorities in Earth and Space Sciences	43.001		-	7,039
Developing and Electrochemistry - Based Geochemical Framework for Organic Systems - (California Institute of Technology)	43.001	RSN No. 1615603	-	4,671
SUBTOTAL FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			-	11,710

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
SMALL BUSINESS ADMINISTRATION				
Small Business Development Centers	59.037		78,302	339,797
COVID-19 - Small Business Development Centers CARES Act	59.037		79,212	399,183
COVID-19 - Small Business Development Centers CARES Act	59.037		-	28,335
COVID-19 - Small Business Development Centers CARES Act	59.037		-	25,000
Small Business Development Centers (District of Columbia)	59.037	SBAHQ-19-B-0035	-	48,228
SUBTOTAL FOR THE SMALL BUSINESS ADMINISTRATION			157,514	840,543
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)				
Wetland and Preoxide Treated Harmful Algal Blooms	66.513P3		-	2,641
SUBTOTAL FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)			-	2,641
DEPARTMENT OF ENERGY				
Consortium for Pipeline Development of Skilled Workforce through Advanced Manufacturing				
Additive Manufacturing Post Processing Partnership (AMP3) (University of the District of Columbia)	81.123	UDC249876	-	143,597
Additive Manufacturing Post Processing Partnership (AMP3) (University of the District of Columbia)	81.123	UDC249876	-	7,201
SUBTOTAL FOR THE DEPARTMENT OF ENERGY			-	150,798
DEPARTMENT OF EDUCATION				
National Resource Centers Program and Foreign Language and Area Studies Fellowships program (University of California)	84.015	00010149	-	13,250
Title VI Comprehensive National Resource Center (Ohio State University)	84.015A	60075744	-	2,348
			-	15,598
Howard University Science and Emergency Cultural Efficacy (HUSECE) Program	84.120		-	162,883
Institutional Research Engagement Program at Howard University (IREPHU)	84.120A		-	15,330
Precpllege Program and Access to Careers in Engineering	84.120A		66,941	202,177
Industry-Research Inclusion in STEM Education (I-RISE)	84.120A		-	215,108
			66,941	595,498
Content, Community, and Collaboration: Advancing Children's Learning through Personalized Media Experiences - Corporation for Public Broadcasting	84.295A		-	46,853
Howard University Teacher Residency Program	84.336S		-	267,035
COVID-19 - Higher Education Emergency Relief Fund Student Portion	84.425E		-	11,618,803
COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F		-	6,465,089
			-	18,083,892
Office of Special Education and Rehabilitative Services				
21st Century Community Learning Center (DC State Education Office)	84.287C	92287C	-	288,390
Subtotal for the Office of Special Education and Rehabilitative Services			-	288,390
SUBTOTAL FOR THE DEPARTMENT OF EDUCATION			66,941	19,297,266

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Health/Disease Prevention (DC Office of Aging)	93.043	3F1717-20	176,945	282,281
Hayes Senior Wellness Center (DC - Office of Aging)	93.043	HUSWC-21	160,578	319,779
HU Pharmacy Initiative Outreach (DC - Office of Aging)	93.043	HUSWC-20	-	28,833
			337,523	630,893
Postdoctoral Training in General, Pediatric and Public health Dentistry and Dental hygiene	93.059		-	365,949
Training in General, Pediatric, and Public Health Dentistry	93.059		-	70,429
			-	436,378
Promoting Resiliency and Recovery (DC Department of Behavioral Health)	93.655	RK151801	-	63,022
Promoting Resiliency and Recovery (DC Department of Behavioral Health)	93.655	RK151812	-	49,703
			-	112,725
Howard University SES Diversity Fellowship Program (HU-SDI)	93.925		-	479,136
Centers for Disease Control and Prevention				
COVID-19 - Centers of Excellence COVID	93.157		-	139,255
Centers of Excellence	93.157		-	49,736
Centers of Excellence	93.157		-	776,587
Strategic HIV/AIDS Response Program (SHARP) (Family Health International)	93.157	PO20003060	-	231,710
			-	1,197,288
Health Workforce for the 21st century (HW21) (Jhpiego)	93.266	19-SBA-180	-	2,555,108
2021 Thomas R. Pickering Foreign Affairs Fellowship Program	93.623		-	267,003
Behavioral Health Workforce Education and Training (BHWET) Program	93.732		-	4,962
Behavioral Health Workforce Education and Training (BHWET) Program	93.732		-	374,113
Addiction Medication Fellowship	93.732		-	57,224
			-	436,299
Targeting ACE2 Ubiquitination for hypertension (Lousiana State University)	93.837	20-21-329	-	110,248
NHLBI Data STAGE Coordination Center (University of North Carolina)	93.837	5116779	-	36,916
			-	147,164
SUBTOTAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES			337,523	6,261,994
AGENCY FOR INTERNATIONAL DEVELOPMENT				
USAID Foreign Assistance for Programs Overseas				
Strengthening Integrated Delivery of HIV AIDS Services (SIDHAS) - Nigeria (Family Health International)	98.001	AID-620-A-11-00002	-	1,680,843
Donald Payne Fellowship Program	98.001		-	1,294,089
SUBTOTAL FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT			-	2,974,932

The Howard University
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Jumpstart DC at Howard University Program (Jumpstart Children First)	94.006	410200	-	21,748
FY2021 Jumpstart (Jumpstart Children First)	94.006	2840200	-	122,245
SUBTOTAL FOR THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			-	143,993
 TOTAL FOR THE ALL OTHER FEDERAL AWARDS			561,978	37,919,172
 TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,468,319	764,174,748

The Howard University

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the expenditures of The Howard University (the “University”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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”). Because the Schedule presents only a portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards made to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. Federal Assistance Listing Numbers (“ALN”) and pass-through entity award numbers are provided when available.

The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment would be immaterial to the University’s consolidated financial position or changes in net assets. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

All of the University’s federal awards were in the form of cash assistance for the year ended June 30, 2021.

Due to the certain restrictions resulting from the COVID-19 pandemic, the University elected to delay the submission of its data collection form and complete submission no later than September 30, 2022 as required.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Basis of Presentation

The accompanying Schedule has been prepared using the accrual basis of accounting.

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (“OMB”) Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures for federal student financial aid programs are recognized as incurred and include Federal Pell Grant Program awards to students, Federal Supplemental Educational Opportunity Grant awards to students and Federal Work-Study Program wages paid, certain other federal financial assistance grants for students, administrative cost allowances, and loan disbursements.

The Howard University

Notes to Schedule of Expenditures of Federal Awards

3. Facilities and Administrative Costs ("F&A Costs")

Expenditures for non-financial aid awards include indirect costs, relating primarily to facilities operation and maintenance, general, divisional, and departmental administrative services, which are allocated to direct cost objectives (including federal award programs) based on negotiated formulas commonly referred to as indirect cost rates, which were negotiated with the Department of Health and Human Services. A portion of indirect costs allocated to some awards for the year ended June 30, 2021 were based on individual grantor rates.

The University operates under predetermined F&A cost rates. Base rates for the other F&A cost recoveries ranged from 8% to 55% for the year ended June 30, 2021.

4. Federal Student Loan Programs

The University receives awards to make loans to eligible students under the Federal Perkins Loan Program and Federal Direct Student Loans Program of the Department of Education, and Health Professions and Nursing Student Loan Programs of the Department of Health and Human Services. Campus-based loan programs which include the Federal Perkins Loan Program are administered directly by the University. Balances and transactions relating to these programs are included in the University's basic financial statements. These administrative allowances related to these loan programs for the year ended June 30, 2021 were zero. Additional information regarding these programs as of June 30, 2021 is summarized below:

Campus-Based Loan Programs	ALN #	Outstanding June 30, 2021
Federal Perkins Loans	84.038	\$2,029,810
Health Professional and Disadvantaged Students	93.342	2,645,670
Nursing Student Loans	93.364	121,999
Total Campus-Based Loan Programs		\$4,797,479

The University is responsible for the performance of certain administrative duties with respect to Federal Direct Student Loans disbursed by the Department of Education on behalf of the University's students under the Federal Direct Student Loans programs (Subsidized Stafford Loans, Unsubsidized Stafford Loans, and Parent PLUS Loans). These loan programs collectively are ALN# 84.268 and are disclosed on the Schedule in the amount of \$169,734,828. It is not practical to determine the balance of loans outstanding to students and former students of the University under these federally guaranteed loan programs at June 30, 2021.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
32.006	COVID-19 - Howard University Hospital FCC COVID-19 Telehealth Program
84.425E and 84.425F	COVID-19 - Higher Education Emergency Relief Fund
84.915A	Annual Appropriation
84.915A	COVID-19 - Coronavirus Aid, Relief, and Economic Security for Historically Black Colleges and Universities Federal Appropriations
93.375	Excellence in Health Professional Education Endowment

Dollar threshold used to distinguish between
Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

_____ yes X no

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Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section II - Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with violations of provisions of laws, regulations, contracts and grant agreements related to the financial statements for which *Government Auditing Standards* requires reporting.

FINDING 2021-001

Criteria:

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. During our audit procedures, we noted certain deficiencies related to the University's business disruption and continuity procedures.

Condition:

In September 2021, the University suffered from an attempted ransomware attack that compromised several IT systems of audit importance, including PeopleSoft. Management responded swiftly to the breach and to date it appears that no data was extracted outside of the Howard IT environment. In addition, management took all appropriate steps to engage third party vendors to perform a full investigation, and timely considered all required legal communications. We also note that the servers containing the data of audit significance were backed up, however the compounding issues impacted the timely performance of the 2021 audit:

- a) The 2008 PeopleSoft server in use at the time of the attack was an outdated version that was no longer vendor supported - as a result, continued vendor updates and security patches were no longer occurring that could have prevented or limited the ability of threat actors to gain access to data on the server.
- b) While data back-ups were routinely scheduled and performed during the time period leading up to the cyber attack, the data on the outdated PeopleSoft server was saved in a raw/unmapped state. For example, say that a journal entry was recorded on May 17, 2021 to capture the approved purchase of lab equipment. The entry record in PeopleSoft would normally include the approved purchase order, invoice, and proof of payment as support. Following the cyberattack and the restoration of data, the debits and credits of the journal entry itself was recovered - but the supporting data which the BDO team would need for audit support was no longer linked to the journal entry. As a result, it took much longer for management to manually research and pull audit support for testing purchases and expenses across financial statement areas.
- c) While daily back-ups to the server housing the shared drives occurred through the date of the attack, management determined that back-ups closer to the date of intrusion detection were not reliable. As a result, restored share drive data did not include much of the financial reporting support and reconciliations performed by management for the 2021 audit. This information had to be recreated for the audit, which further contributed to delays.
- d) Management was unable to provide several pieces of key data ordinarily used for audit support, such as ePARs to support some aspects of payroll, pension, and OPEB testing. In addition, at the time of our reporting, time and effort certifications were also missing.
- e) The system storing the data for in-house student loans had a known control weakness prior to the cyber intrusion - the system storing the data had not operated effectively for some

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

years and was not backed up. Management had also not employed any mitigating controls to maintain this data manually. Federal student loan data was not impacted.

- f) The server that housed patient records for the School of Dentistry was not configured correctly, and as a result all patient records were lost. The University voluntarily sent HIPAA notices to all current and former dental patients.

Cause:

The University did not have adequately designed internal controls over the business disruption and continuity process that were operating effectively.

Effect or Potential Effect:

In certain instances, the University's internal controls were not operating effectively during the year resulting in lost financial information.

Recommendation:

We note that the issues experienced with PeopleSoft specifically will not carry forward as the University has transitioned to WorkDay effective July 1, 2021. However, we recommend that the management revisit its formal disaster recovery plan and address the gaps noted in backup and recovery protocols and processes such that they wouldn't recur in the future.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

In 2018, after completing an annual IT risk assessment, the University made the decision to complete an ERP transformation with the goals of consolidating to one ERP and retiring the outdated, unsupported 2008 PeopleSoft servers. The RFP process resulted in Workday being selected as the ERP provider. Workday went live two months prior to the cyber-attack. Peoplesoft remained in a fallow state during this period solely to facilitate the fiscal year end audit after which it would have been permanently retired. It was not reasonably possible or economically feasible to undertake any efforts to implement any upgrades given that Peoplesoft was all but retired at the time of the cyber-attack.

With the decision to migrate to a new system and the vulnerability of Peoplesoft, the eventual cyber-attack had a cascading effect on other bolt-on applications linked to the Peoplesoft server. For example, to maintain the link that the audit management comment highlights as broken in comment (b) and (d), the University would have had to incur significant expense to upgrade the application which facilitated attaching the supporting documents for the journal entry. A work around was identified and supporting documentation was manually pulled.

Regarding comment (c), the decision to restore to the earlier backup date selected was because that was the most recent backup date that the University confirmed did not have any incidents of compromise (IOCs) nor was encrypted.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Regarding comment (e), Management is in the process of evaluating the in-house student loan system to:

- Identify the server that hosts the loan data,
- Devise a methodology to 'break' into the server given the reported age and no credentials available,
- Assess the data accessed to determine its integrity.

Once the integrity of the data is determined, management will ascertain if the details of prior in-house loans could be migrated to a new server or if it is no longer available.

Management concurs with management letter comment (f). Prior to the cyber-attack, the database was maintained by a third-party vendor. The university IT department has since assumed all responsibility for this server including adopting a back-up policy and implementing a strategy that mandates the backup of all servers and retention and executing steps for monthly audit of the backup data.

The IT department has also taken the measures below to strengthen our security posture:

- The Peoplesoft infrastructure was upgraded to Server 2012 R2 with support until October 10th, 2023. Due to the nature of the data, we have migrated the Peoplesoft infrastructure into a micro-segmented part of the infrastructure for protection and isolation. All external ports and protocols to the infrastructure have been disabled to prevent any potential intrusion. The plan is to decommission PeopleSoft Application once Finance team notifies IT that all audits have been completed. PeopleSoft data will then be migrated to a Datawarehouse.
- A full suite of EDR protection with Crowdstrike has been deployed, protecting the servers. The servers are scanned weekly with Tenable Nessus to discover any outstanding vulnerabilities. We have disk encryption enabled with FIPS 140-2 compliance.

New procedures and policies have been established to ensure continuity of business in the event of a disaster. Howard now has a full Incidence Response (IR) Plan and will be conducting both a yearly tabletop exercise and technical test recoveries to ensure that the new processes and procedures that we have can be executed successfully

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Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-002

Criteria:

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. During our audit procedures, we noted certain deficiencies related to the University's contractual review and procurement process.

Condition:

Similar to instances noted in the prior year, management is still identifying contracts and agreements that were executed in prior years but not fully communicated nor appropriately accounted for in the year of execution. Such current year instances include:

- a) A real estate lease that was not appropriately accounted for at commencement in 2017 under ASC 842 by recording a right of use asset and lease liability. The lease was subsequently amended in 2021, and the amendment was also not communicated nor accounted for prior to BDO's inquiries. The impact of the amendment triggered a remeasurement of the lease based upon the addition of a purchase option that management was likely to exercise.
- b) A hospital lease for medical equipment commencing in March 2021 was not set up correctly in PeopleSoft based on the approved purchase order. As a result, lease payments were expensed based on monthly invoices instead of being amortized against a lease liability as required under ASC 842.
- c) A vendor agreement executed in 2017 and amended in 2021 that contained an element of deferred financing for the renovation of on campus dining facilities that was not previously recorded.

Cause:

The University did not have adequately designed internal controls over contractual review and procurement process that were operating effectively.

Effect or Potential Effect:

In certain instances, accounting matters resulting from key or significant agreements were not recorded timely and/or properly in accordance with the final, executed agreements.

Recommendation:

The University should consider performing contract completeness procedures to identify any other existing but unrecorded contracts that pre-date the changes in the procurement process. These procedures could include requesting copies of all current contracts and amendments from attorneys and/or counterparties, or analyzing expenses for material recurring payments that suggests the existence of a lease or other contractual payment.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The Office of Procurement & Contracting (“OPC”) acknowledges the significant deficiencies in the contractual review and procurement processes. In response, OPC, in collaboration with the Office of General Counsel (“OGC”), has since taken the following actions:

- Implemented an “After the Fact” Purchase Order protocol in March 2021 to highlight and point out departments that have not followed the policy for management intervention.
- Rolled out an updated Contracting Policy in June 2021.
- Implemented Workday’s SCOUT Sourcing and Contract Management Module in December 2021 as part of the Workday ERP deployment.
- Began conducting formal training for Workday SCOUT in June 2022.
- Requested from the 67 Accountable Units copies of all contracts executed outside of the OPC Procurement & Contracting process in the past in June 2022.
- OPC receives a weekly listing of Real Estate transactions with the Executive Committee/Board Approval from OGC provides OPC a list of all Real Estate transactions with the Executive Committee/Board Approval. Revised OPC General Procurement Policy (200-003), effective as of September 14, 2022.
- OPC will continue to work with OGC and Accountable Units to ensure that all non-employment University contracts are part of the SCOUT contracts repository. OPC will continue providing SCOUT training to Research Administration Services, OGC, the Cabinet, and the Accountable Units.

Finally, OPC intends to deploy Workday’s Supplier portal, which will require all vendors to have a valid purchase order in Workday to submit their invoices. Implementing the Supplier portal will facilitate the compliance of the Procurement and contracting processes.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-003

Criteria:

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. During our audit procedures, we noted certain deficiencies related to the University's hospital financial reporting close process.

Condition:

In the current year, there was turnover in hospital accounting and related staffing resource constraints that were further exacerbated by cyber related issues that resulted in significant manual workarounds. This led to certain matters in the current year that caused difficulties in the hospital financial statement reporting process. Such matters included reconciling the unfunded benefits calculation for the pension plan, obtaining support for the hospital worker's compensation liability, and inconsistencies in the reporting process for accounts that are coordinated between the University and hospital.

Cause:

The University did not have adequately designed internal controls over the University's hospital financial reporting close process that were operating effectively.

Effect or Potential Effect:

Delays, difficulties and inconsistencies in the financial reporting process that are coordinated between the University and hospital.

Recommendation:

Beyond the complexities introduced by the cyber related event, we are aware that management is working to address staffing resource constraints. To the extent possible, management should prioritize addressing these constraints in order to prevent any continued issues in the hospital financial reporting process.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

Hospital management continues to prioritize recruitment of staff to support an efficient financial reporting process in alignment with BDO's recommendation. Hospital management has also established staff cross-training to create the ability to provide minimum support in instances of staffing gaps within the team.

Hospital management will continue to evaluate the coordination of the Hospital and University financial reporting at least quarterly, and will work with the University appointed representative(s) to confirm that the financial presentation of shared assets and liabilities are in agreement and accurately stated.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section III - Federal Awards Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (for example, significant deficiencies, material weaknesses and material instances of noncompliance, including questioned costs, and significant instances of abuse).

FINDING 2021-004

Federal Program Information:

Federal Pell Grant (ALN# 84.063); Federal Direct Loans (ALN #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions - Enrollment Reporting - The University is required to update students' statuses on the National Student Loans Data System ("NSLDS") website if they graduate, withdraw or drop to less than half-time status during the fiscal year within 30 days of the date the University becomes aware of the change in enrollment status. Additionally, institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. As with any school/servicer arrangement for the administration of the Title IV programs, if the school uses a third party to meet the NSLDS enrollment reporting requirements it is the school that must ensure that enrollment information is submitted timely, accurately, and completely.

According to the Federal Student Aid Handbook, schools are required to certify enrollment for all students who are included on their roster file scheduled at least every two months, and within 15 days of the date that NSLDS sends a roster file to the school or its third-party servicer. Any errors identified and returned by NSLDS in an Error/Acknowledgement file should be corrected and resubmitted within 10 days.

Condition:

The University did not submit an accurate status change notification or failed to submit timely notification to the NSLDS website for certain students who graduated, withdrew or had a change in their enrollment status (full time, half time or less than half time) during the year. Additionally, the University's fiscal year SCHER1 report, included multiple instances in which error records were not corrected within the required timeframe.

Cause:

Insufficient internal controls and administrative oversight with respect to enrollment reporting requirements.

Effect or Potential Effect:

The University is not in compliance with enrollment reporting requirements. Failure to promptly report accurate and timely changes in enrollment status may adversely impact the repayment status for student loan borrowers.

Questioned Costs:

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

None.

Context:

- For 4 of 40 students sampled whose status changed during the fiscal year, the University failed to submit a timely notification to the NSLDS website.
- For 7 out of 40 students sampled whose status changed during the fiscal year, the University was unable to provide documentation that an accurate notification was submitted to the NSLDS website.
- For 8 of 40 students sampled whose status changed during the fiscal year, The University failed to report an accurate enrollment status.
- For 6 of 15 error reports received during the year, error records identified in Error/Acknowledgment files were not corrected within the required timeframe.

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-007 in the prior year schedule of findings and questioned costs.

Recommendation:

We recommend that the University properly follow its policies and procedures and enhance its internal controls over the applicable compliance requirements of the enrollment reporting requirement to ensure that all status changes are submitted to the NSLDS website within the required timeframe and error records are corrected and submitted timely.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The Enrollment Reporting process is supervised by the Executive Director of Admission and University Registrar. Howard University's third-party servicer, National Student Clearinghouse (NSC), submits the report to NSLDS. The Office of the Registrar has hired a staff member (Spring 2022) whose role is to review error reports generated by NSC and ensure the corrections are submitted according to the required timelines. Policies and procedures for Enrollment Reporting are updated annually and were last updated in July 2022.

The Office of Financial Aid Compliance Division will perform a bi-semester review of enrollment reporting samples to identify errors and corrections are submitted in a timely manner. We will strengthen internal controls by performing a monthly review of error reports. This will assist/ensure that the same student is prevented from repeatedly having the same error.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-005

Federal Program Information:

Federal Direct Loans (ALN# 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Test and Provisions - Disbursements To or On Behalf of Students - Award Notification - Federal regulations (34 CFR section 668.165 (a)(6)(i)) require that the institution notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to the U.S. Department of Education; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. Institutions that implement an affirmative confirmation process (as described in 34 CFR section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan, FPL funds, or TEACH Grants.

Condition:

For certain students who received disbursements of Federal Direct Loan funds, the University did not notify the student or parent of their award disbursement within the required time frame after crediting the student's account.

Cause:

Insufficient internal controls and administrative oversight with respect to student aid award notifications.

Effect or Potential Effect:

The University is not in compliance with award notification requirements.

Questioned Costs:

None.

Context:

- For 3 of 40 students selected for testing who received Federal Direct PLUS Loan funds, the University did not properly notify the parent borrower as required.
- For 14 of 40 students selected for testing, the University did not include the disbursement date and/or amount in the award notification as required.
- For 13 of 40 students selected for testing, the University was unable to provide documentation confirming that an award notification was sent and thus, we were unable to determine whether notifications were made within the required timeframe.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-008 in the prior year schedule of findings and questioned costs.

Recommendation:

We recommend the University enhance its internal controls over award notifications to ensure that such notifications are sent to students and/ or parents within the required timeframe.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

Loan disbursement notifications are now the responsibility of the Office Financial Aid and notifications are now being sent out through Ellucian Banner when a student has been awarded, so the documentation of the notification is now electronic and does not require human intervention in order to be completed. The notification in Ellucian Banner extracts the student/parent's name and email address, student ID, name and the loan disbursement amount. The following areas identified in the audit have been addressed:

- Notifications are immediately sent out electronically when the student is awarded, allowing the University to meet the required notification timeline for notification.
- Each notification is addressed to the specific person (parent/student) who is responsible for paying back the loan.
- The name of the student, exact amount of the disbursement and the date of disbursement is generated on the notification as well.

Bi-semester reviews are completed by the Office of Financial Aid Compliance to ensure the loan disbursement notifications are being generated in the required timeline and includes all federally required information in each notification. The policies and procedures for loan disbursement notifications were updated in April 2022.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-006

Federal Program Information:

Federal Supplemental Educational Opportunity Grant (ALN# 84.007); Federal Pell Grant (ALN# 84.063); Federal Work Study (ALN# 84.033); Federal Direct Loans (ALN #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

C. *Cash Management* - Institutions are permitted to draw down Title IV funds prior to disbursing funds to eligible students and parents. The institution's request must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial aid funds or institutional funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education (the "ED") (34 CFR section 668.166(a)(1)). Excess cash includes any funds received from the ED that are deposited or transferred to the institution's Federal account as a result of an award adjustment, cancellation, or recovery. However, an excess cash balance tolerance is allowed if that balance: (1) is less than one percent of its prior-year drawdowns; and (2) is eliminated within the next 7 calendar days (34 CFR sections 668.166(a) and (b)).

Condition:

Certain instances during the year were identified in which Title IV funds drawn were held in excess of the allowable time frame and/or allowable thresholds.

Cause:

Administrative oversight regarding Cash Management compliance requirements.

Effect or Potential Effect:

The University should continue to enhance its policies and procedures in place to ensure that compliance is maintained with respect to the Cash Management. As a result, while amounts were immaterial, certain funds were overdrawn or held in excess of the allowable time frame and/or allowable thresholds.

Questioned Costs:

None.

Context:

Several instances of Federal funds drawn and held in excess of the allowable time frame and/or thresholds were identified throughout the University's fiscal year.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-012 in the prior year schedule of findings and questioned costs.

Recommendation:

While improvements have been made, we recommend that the University continue to enhance its procedures to ensure that an account review occurs no later than the third business date after a federal draw to determine whether amounts were appropriately disbursed in accordance with federal regulations or require a return to the U.S. Department of Education.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The University will improve the internal controls that are in place to ensure there is a three-day turnaround for draws and refunds. Currently, we have a process in place where the Bursar, Financial Aid and Treasury work together to complete each step of the draw. It is below:

- Bursar staff member:
 - prepares a Direct Loan Payment Request Form (Fed Wire); and
 - sends to Treasury within 1-2 business days following receipt of request. If a delay is encountered in processing the Fed Wire request, Bursar staff member will notify all pertinent team members via email.
- Treasury staff member:
 - reviews the Federal G5 system to verify the amount on the Fed Wire Form is available; and
 - draws authorized amount and notifies pertinent team members with confirmation data via email. (Should take place within 1-2 business days)
- Bursar staff member:
 - verifies amount of funds transferred to the University's federal account via review of Bank of America (BOA) CashPro System; and
 - prepares Direct Loan "Transfer" Request Form and submits to Treasury to transfer funds from "federal" account to BOA "operating" account. (Should take place within 1-2 business days)
- Treasury staff member executes the transfer via BOA CashPro System and notifies pertinent team members with confirmation data via email.

Howard University will strengthen our internal controls by giving read-only access to the Compliance Coordinator and the Assistant Director for Compliance in the G5 system. This will allow an extra layer of monitoring to ensure the three-day turnaround for draws and refunds is met. The policies and procedures for cash management were updated in July 2022 and will be updated by November to reflect the additional layer of monitoring to supplement the current process.

The Howard University Internal Audit and Compliance Office is performing a follow-up audit of the University's cash management procedures, which will include the effectiveness of internal controls that manage the drawing down and refunding of federal aid. The Internal Compliance Office will commence the audit during the last quarter of the 2022 calendar year. This follow-up audit will take a holistic approach in reviewing the strengths, weaknesses and areas of improvement in the current cash management procedures.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-007

Federal Program Information:

Federal Direct Loans (ALN #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions - Borrower Data Transmission and Reconciliation - Direct Loans - Federal regulations (34 CFR 690.83 and 685.301) require that the University submit Common Origination and Disbursement ("COD") information for students in an accurate and timely manner (no earlier than 7 days before and no later than 15 days after disbursement of funds).

Condition:

For certain students identified through our testing, the University did not submit Federal Direct Student Loans payment data through the COD website within the required timeframes.

Cause:

Administrative oversight resulted in the untimely reporting of certain Federal Direct Loans payment data.

Effect or Potential Effect:

The University is not in compliance with COD reporting requirements. Failure to submit and update COD records in a timely manner could result in improper awards of Title IV funds.

Questioned Costs:

None.

Context:

For 1 of 40 students selected for disbursement testing, the University did not report the Federal Direct Loan disbursements to COD within the required time frame.

Identification as a Repeat Finding:

No similar findings noted in the prior year.

Recommendation:

We recommend the University ensure that disbursement records are submitted to COD no earlier than 7 days before and no later than 15 days after disbursement as required by federal regulations.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The policies and procedures for cash management was updated in July 2022 to reflect the updated process. We will strengthen our internal controls through bi-semester sampling by the Compliance Officer of Title IV disbursements (Pell and Direct Loans) and ensure these disbursements are reported to COD within the 7-day requirement prior to the first day of classes and/or no later than 15 days after disbursement. Sampling has been completed twice and any exceptions have been noted and corrected to prevent future exceptions. Disbursements are run 3-4 times per week and Howard performs weekly reconciliations in an effort to better identify reporting issues according to federal guidelines.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-008

Federal Program Information:

Federal Work Study Program (ALN# 84.033)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions - Disbursements to or on Behalf of Students - General Disbursement Criteria - Federal Work-Study Program - For students receiving Federal Work-Study ("FWS") Program funds, federal regulations (34 CFR 675.16) require that the University pay FWS compensation at least once a month. Before an institution makes an initial disbursement of FWS compensation to a student for an award period, the institution must notify the student of the amount of funds the student is authorized to earn, and how and when the FWS compensation will be paid. Regardless of who employs the student, the institution is responsible for ensuring that the student is paid for work performed.

Condition:

For certain students identified through our testing, the University did not pay the student FWS compensation based on their hours worked. Additionally, certain students' timesheets were not properly reviewed/approved.

Cause:

Insufficient internal controls and lack of administrative oversight with respect to disbursement of federal awards.

Effect or Potential Effect:

The University was not in compliance with FWS disbursement compliance requirements.

Questioned Costs:

Indeterminable.

Context:

- For 10 of 40 students selected for FWS testing, the amount of compensation disbursed to the student did not agree to the hours worked per the approved timesheet.
- For 2 of 40 students selected for FWS testing, the students' timesheet was not properly reviewed/approved by a supervisor as required.

Identification as a Repeat Finding:

No similar findings noted in the prior year.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Recommendation:

We recommend the University enhance its policies, procedures and internal controls to ensure that students receiving FWS compensation are paid timely, and for the correct amounts. Additionally, we recommend that student timesheet be approved prior to the disbursement of funds.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The internal controls and lack of administrative oversight was caused in part by turnover within the Student Employment Office, which is the department who oversees the Federal Work-Study (FWS) program. There are also challenges because no Federal Work Study paid data is being pulled by Payroll in the PeopleSoft (now Workday) system and the records of the student earnings are being keyed in manually into Ellucian Banner by the Office of Financial Aid. It becomes more difficult to ensure students are paid accurately and timely due to these manual processes.

To mitigate this technology difficulty, the Financial Aid Office, Student Employment Coordinator and Payroll will meet weekly to review FWS earnings. This should allow a more efficient turnaround time between identifying, communicating, and correcting FWS compensation issues, as well as reduce the number of students receiving compensation outside of the two-week Payroll timeline. Weekly meetings will create more accountability for FWS supervisors and students who have not followed the FWS procedures outlined for each. Howard University policies and procedures for the Federal Work Study program were updated in July 2022 for the purpose of better delineating the responsibilities of Financial Aid, Payroll, and the Student Employment Coordinator.

The Howard University Audit and Compliance Office is performing a follow-up audit of the Federal Work Study program, which will include the effectiveness of internal controls and administrative oversight that ensures FWS students are paid accurately and timely. The Internal Compliance Office will commence the audit during the first quarter of the 2023 calendar year. This follow-up audit will take a holistic approach in reviewing the strengths, weaknesses and areas of improvement for the University's Federal Work Study program.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-009

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

I. Procurement and Suspension and Debarment - The Uniform Guidance requires recipients of federal awards to have adequate procedures and controls in place to ensure that the procurement transactions are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation corroborates compliance with these requirements. All procurement transactions are required to be conducted in a manner to provide, to the maximum extent practical, open and free competition. Additionally, procurement records and files for purchases in excess of the small purchase threshold (\$25,000) shall include a) a basis for contractor selection, b) justification for the lack of competition when competitive bids or offers are not obtained, and c) a basis for award cost or price. Organizations are also required to be alert to any organizational conflicts of interest (2 CFR 215.40 - 215.48).

Condition:

The University's purchasing policy and procedures are not being appropriately followed in certain cases with respect to the procurement of goods and services funded by federal awards. As a result, certain competitive bidding documentation was not retained, and certain sole source documentation could not be provided or did not appear to give adequate reasoning for the lack of a competitive bidding process. Additionally, the University's procurement policy was not appropriately updated to reflect the new Procurements requirements in the Uniform Guidance.

Cause:

Insufficient internal controls and administrative oversight over Procurement requirements.

Effect or Potential Effect:

The University was not in compliance with Procurement compliance requirements.

Questioned Costs:

None.

Context:

For 8 of 14 procurement transactions selected for testing, the University was unable to provide adequate sole source or competitive bidding documentation.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-013 in the prior year schedule of findings and questioned costs.

Recommendation:

We recommend that the University enhance its internal controls and implement formal policies and procedures to ensure that its personnel, especially those responsible for making procurement decisions, are aware of and comply with all federal purchasing rules and regulations.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The procurement policy was revised and formally approved on May 1, 2021. The policy requires evidence of open-source or competitive bidding on all procurements greater than \$10,000. In addition, the justification criteria for sole-source bids were strengthened and clarified. Further, Workday provides complete vendor history and information. This will allow Howard to appropriately document procurements related to continuing contracts and agreements which were previously approved by Procurement in compliance with Uniform Guidance criteria.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-010

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

F. Equipment and Real Property Management - Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. Equipment property records should contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value. Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, further states that equipment owned by the Federal Government shall be identified (tagged) to indicate Federal ownership.

Condition:

Certain federal funded equipment was not appropriately tagged to indicate Federal ownership. The University was also unable to provide documentation to support that all federally funded equipment property records included the required information.

Cause:

Insufficient internal controls and administrative oversight in regard to Equipment and Real Property Management requirements.

Effect or Potential Effect:

The University did not comply with the requirements of Equipment and Real Property Management.

Questioned Costs:

None.

Context:

For 3 of 9 equipment items selected for testing, University was unable to provide documentation to support that the equipment was appropriately tagged to indicate Federal ownership. Additionally, the University was unable to provide documentation to support that all federally funded equipment property records included the required information (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-014 in the prior year schedule of findings and questioned costs.

Recommendation:

We recommend that the University enhance its policies, procedures and internal controls over the applicable compliance requirements of the Equipment and Real Property Management to ensure that equipment and real property purchased with federal funds are appropriately maintained as required.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

Beginning in FY2022, all equipment purchased with federal funds will be maintained in the WorkDay property management system by Grants and Contracts. WorkDay will also provide additional functionality to review and monitor all assets and reconcile to the physical inventory report. Workday property records include fields for the equipment description, relevant identification numbers, source, title information, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and ultimate disposition data. Further, automated processes in WorkDay will replace manual PeopleSoft procedures.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-011

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions (Publications) - Per grant agreements between the University and multiple federal agencies, all publications (including conference presentations, promotional material, agendas and internet sites) that result from federal grant support by the grantors must include an acknowledgement of support and a disclaimer that the contents are the responsibility of the authors and not of the grantors.

Condition:

The University did not properly include the appropriate acknowledgement of support and a disclaimer of responsibility in certain publications selected for testing.

Cause:

Insufficient internal controls and administrative oversight with respect to Special Tests and Provisions requirements.

Effect or Potential Effect:

The University is not properly following its policies and procedures in place to ensure that compliance is maintained with respect to the compliance requirements associated with published information resulting from federal grant support.

Questioned Costs:

None.

Context:

We noted the following exceptions:

- For 7 of 9 Research and Development Cluster publications selected for testing, the publication did not include the appropriate acknowledgement of support and/or disclaimer of responsibility.

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-015 in the prior year schedule of findings and questioned costs.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Recommendation:

We recommend that the University properly enhance its policies, procedures and internal controls over the applicable Special Tests and Provisions requirements within its grant agreements.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

The Vice President for Research will establish procedures to adhere to federal regulations requiring appropriate acknowledgements and disclaimers for federally funded publications including presentations, papers, posters, flyers, press releases, etc.

The Vice President for Research will communicate the appropriate federal regulations to the Principal Investigators and staff regarding publications. Also, the Vice President for Research will maintain and monitor publications by updating the publication portal to be used by all Principal investigators.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-012

Federal Program Information:

Higher Education Emergency Relief Fund ("HEERF") Student Aid Portion (ALN# 84.425E) and Institutional Portion (ALN# 84.425F)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

L. Reporting - There are three components to reporting for HEERF: 1) public reporting on the (a)(1) Student Aid Portion; 2) public reporting on the (a)(1) Institutional Portion (a)(2) and (a)(3) subprograms (Quarterly Reporting Form), as applicable; and 3) the annual report. Institutions must report publicly on their primary websites on a quarterly basis for both student portion and institutional portion funds.

Condition:

The University did not appropriately prepare their quarterly reports during the year ended June 30, 2021. Additionally, quarterly reports were not posted to the University's website timely.

Cause:

Insufficient internal controls and administrative oversight with respect to HEERF reporting requirements.

Effect or Potential Effect:

The University did not comply with the requirements of HEERF reporting.

Questioned Costs:

None.

Context:

The University did not prepare certain quarterly reports using the appropriate reporting form. Additionally, quarterly reports were not submitted within 10 days of each quarter end as required.

Identification as a Repeat Finding:

This is a repeat finding from prior year. This was reported as finding 2020-016 in the prior year schedule of findings and questioned costs.

Recommendation:

We recommend that the University enhance its policies, procedures and internal controls over the applicable HEERF reporting requirements.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

As of FY2022, all HEERF Financial Reporting responsibilities were reassigned to the Office of Grants and Contracts. Grants and Contracts maintains all federal award financial information to ensure reporting is timely and complies with federal regulations.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

FINDING 2021-013

Federal Program Information:

Higher Education Emergency Relief Fund (“HEERF”) Student Aid Portion (ALN# 84.425E) and Institutional Portion (ALN# 84.425F)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

A. Activities Allowed or Unallowed - For the (a)(1) Student Aid Portion (Assistance Listing 84.425E), disbursements made under the Student Aid Portion are required to be made directly to students. ED’s final rule (Eligibility to Receive Emergency Financial Aid Grants to Students under the Higher Education Emergency Relief Programs, May 14, 2021) on student eligibility for HEERF states that all students who are or were enrolled in an institution of higher education on or after the date of the declaration of the national emergency due to the coronavirus (March 13, 2020) are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV. Institutions may not (1) condition the receipt of emergency financial aid grants to students on continued or future enrollment in the institution, (2) use the emergency financial aid grants to satisfy a student’s outstanding account balance, unless it has obtained the student’s written (or electronic), affirmative consent, or (3) require such consent as a condition of receipt of or eligibility for the emergency financial aid grant.

Condition:

The University did not disburse HEERF Student Aid Portion funding directly to students as required. Additionally, the University did not obtain students’ written (or electronic) affirmation consent prior to disbursing HEERF Student and Institutional funding to satisfy students’ outstanding account balance.

Cause:

Insufficient internal controls and administrative oversight with respect to HEERF disbursement requirements.

Effect or Potential Effect:

The University did not comply with the requirements of HEERF Activities Allowed or Unallowed requirements.

Questioned Costs:

None.

Context:

The University applied HEERF emergency aid grants to student’s account and did not disburse HEERF Student Aid Portion funding directly to students as required. Additionally, the University did not obtain students’ written (or electronic) affirmation consent prior to disbursing HEERF Student and Institutional funding to satisfy students’ outstanding account balance.

The Howard University

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification as a Repeat Finding:

No similar findings noted in the prior year.

Recommendation:

We recommend that the University enhance its policies, procedures and internal controls over the applicable HEERF disbursement requirements.

Views of Responsible Officials and Planned Corrective Actions and Conclusion:

Howard University will follow federal regulations, policies, and procedures applicable for HEERF disbursements. A reconciliation process is currently in place to mediate this finding.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-001

Type of Finding:

Financial statement finding.

Condition:

During the fiscal year 2019 audit, we noted that the Howard University Hospital management had not implemented key ratio analysis over patient receivable valuation and revenue metrics on a monthly basis, as well as a process to assess impact of operational changes on the patient receivable valuation process (e.g. contract changes; billing, collection and/or write-off policy changes; etc.). These same weaknesses in internal controls and processes from fiscal year 2019 continued to remain in place for fiscal year 2020.

In February 2020, Adventist Healthcare, Inc. commenced their role in accounting and operations management under the Management Service Agreement executed with Howard University. Shortly thereafter, they began to assess the patient revenue cycle, including the process and controls around the estimate of allowance for doubtful accounts and contractual adjustments. While the management team is still enhancing processes in the patient revenue cycle and the design of their controls to be more precise, a major element of which involves an effort to obtain relevant, timely, and reliable data to use for these processes and controls, the new management team took tangible steps to address the deficiencies we identified in fiscal year 2019 in the latter half of fiscal year 2020 and subsequent to year end. These included re-assessing significant assumptions in their patient accounts receivable valuation model and implementing high level controls to review key ratios and revenue metrics. The management team also used their expertise to ensure changes in policies or operations were effectively considered when determining the final allowances for doubtful account and contractual adjustments as of fiscal year end.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-002

Type of Finding:

Financial statement finding.

Condition:

As a part of our testing of grant revenue, we noted that revenue was not initially recorded in the current fiscal year for certain Howard University Hospital grants. This resulted in an approximate \$11 million post-closing adjustment to appropriately recognize the revenue in the current year fiscal year ended June 30, 2020. Based on inquiries of management, there was uncertainty with respect to communications from the cognizant agency and the stated instructions surrounding timing of grant expenditures. Additionally, the grant was administered outside of the existing process at the University which likely contributed to the issues around appropriately recording such amounts.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

FINDING 2020-003

Type of Finding:

Financial statement finding.

Condition:

As noted in prior years, BDO identified multiple instances of contracts and agreements that executed without the knowledge and input of all relevant internal University stakeholders, which includes the Office of Procurement and Contracting (for budgetary, vendor, and Uniform Guidance considerations), the Office of the General Counsel (for legal considerations), and the Office of the Controller (for accounting and reporting considerations), amongst others.

In the current year, these communication and process gaps led to management's discovery of a lease for the WHUR Antenna that was executed in 2017 but that was recorded for the first time in the 2020 financial statements. Another occurrence noted in the current year was a lease at Benning Road that was initially accounted for in 2019, but upon receiving further amendments management discovered that the lease commencement should have been delayed to 2020. These examples underscore the primary issue discussed in the prior year comment, which is the need for a well-integrated procurement process flow for all contracts and agreements that begins with the Office of Procurement and Contracting, and includes the Office of the General Counsel, as well as the Office of the Controller (when necessary prior to contract execution but in all cases subsequent to contract execution).

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

With respect to the prior year comment, we noted that the Office of the General Counsel instituted a new contract review process prior to execution in order to determine that contract terms and conditions are appropriate. In addition, in our inquiries with the Office of the Controller we noted that personnel were able to obtain copies of material contracts executed during the year ended June 30, 2020. However, it is unclear whether any amendments or changes to contracts are shared internally as necessary and on a timely basis. It is also unclear how the new contracts review process is appropriately integrated with the Office of Procurement's existing process such that contracts are not approved and executed outside of that process, and that budget dollar impacts in the current year (and subsequent years if a long-term contract) are appropriately considered and approved prior to contract execution.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-002.

FINDING 2020-004

Type of Finding:

Financial statement finding.

Condition:

Organizations, including institutions of higher education, continue to operate under an elevated risk of cybersecurity incidents and breaches as data is increasingly stored in the "cloud" and users can remotely access systems. Underscoring that heightened risk, in the current year Blackbaud, one of the University's vendor systems, suffered a ransomware breach where hackers were able to access data held in Blackbaud's systems over a three month period before the hackers were detected by Blackbaud's security measures. Upon detection, the hackers demanded a ransom from Blackbaud in order to destroy the data they were able to obtain - which Blackbaud paid. The University currently uses four Blackbaud software systems:

1. NetCommunity - Alumni portal and engagement
2. Raiser's Edge - Donor management and contributions tracking
3. ResearchPoint - Donor research tool
4. Blackbaud Merchant Services - Payment processing

Based on the timing of when the breach occurred, the University was not yet utilizing NetCommunity. Of the remaining software systems, Blackbaud has asserted that the University's data maintained in Raiser's Edge and Blackbaud Merchant Services were not accessed nor otherwise impacted. However, the University's data in ResearchPoint was a part of the data breach.

Blackbaud notified Development staff at the University of the breach as well as the estimated impact to University data in July 2020. Blackbaud sent a second communication to Development staff in September 2020 advising Howard that information related to the breach was being shared

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

with the Attorney Generals of several states. The Blackbaud notifications were sent to Development as the application owners of the Blackbaud systems in use.

Upon receipt of the second September 2020 Blackbaud communication, Development staff forwarded the email to Enterprise Technology Staff the same day.

In November 2020, BDO began performing inquiries with relevant personnel regarding the breach. Upon inquiring with the Office of General Counsel and with the Chief Operating Officer, it became clear that a communication gap had occurred with respect to timely notifying the appropriate parties within the University. In this instance, the result was a delay in the necessary legal evaluation under the various state statutes of the University's burden in notifying impacted donors of the breach.

Once aware of the breach and the University data impacted, the Office of the General Counsel worked with outside counsel to determine the extent of required notifications to donors. In addition, Enterprise Technology Services under the direction of the Chief Operating Officer, took steps to investigate the integrity of the data, performed interviews with Blackbaud technical personnel, requested the most recent Service Organization Controls Type II report on the internal controls environment at Blackbaud (which should be issued in the near future), and requested further data encryption with respect to certain data fields.

While BDO agrees that the above steps are appropriate, the University's existing communications process for these types of cybersecurity breaches was not immediately followed after Development staff notified Enterprise Technology Systems staff in September 2020. Because the nature of this type of data breach intersects with state laws, the University risked being fined for failure to provide timely notification to impacted stakeholders.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-001.

FINDING 2020-005

Type of Finding:

Financial statement finding.

Condition:

Consistent with prior year, we still noted the existence of deficiencies related to the complexity and manual nature of the fixed asset reconciliation that resulted in an audit adjustment. Additionally, the monthly reconciliation and depreciation true up process was not performed consistently throughout the year in a manner that separately accounted for assets tracked manually outside the Asset Management ("AM") system. Rather, for some months, depreciation for these separately tracked assets appears to have been calculated based on the data elements in the AM system, even though the assets had not been adjusted in the system to properly depreciate.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

FINDING 2020-006

Type of Finding:

Financial statement finding.

Condition:

As a part of our assessment of internal controls and walkthrough procedures, the engagement team noted multiple instances where the existing procurement process of the Office of Procurement and Contracting (“OPC”) was circumvented in the development and execution of material contracts at the Hospital. While negotiation of material agreements can be delegated to parties outside of the Office of Procurement and Contracting, there are important controls that are built into the overall procurement process that should always be scoped in and included both pre and post contract execution:

1. Accumulation of documentation to substantiate that all key controls operated as designed (audit evidence)
2. Monitoring for conflicts with collective bargaining agreements
3. Accumulation of underlying documentation for payment (and audit evidence)
4. Monitoring of payments against approved purchase orders to ensure that vendors are paid timely and accurately

As a result, in the current year there were union grievances filed with the National Labor Relations Board that could lead to unnecessary fines, sanctions, or other consequences. In addition, we noted some instances where payments were late or were made without approved purchase orders or other documentation, as the final version of contracts were not provided timely to the OPC.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

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Year Ended June 30, 2021**

FINDING 2020-007

Type of Finding:

Federal award finding.

Federal Program Information:

Student Financial Assistance Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions - Enrollment Reporting - The University is required to update students' statuses on the National Student Loans Data System ("NSLDS") website if they graduate, withdraw or drop to less than half-time status during the fiscal year within 30 days of the date the University becomes aware of the change in enrollment status. Additionally, institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. As with any school/servicer arrangement for the administration of the Title IV programs, if the school uses a third party to meet the NSLDS enrollment reporting requirements it is the school that must ensure that enrollment information is submitted timely, accurately, and completely.

According to the Federal Student Aid Handbook, schools are required to certify enrollment for all students who are included on their roster file scheduled at least every two months, and within 15 days of the date that NSLDS sends a roster file to the school or its third-party servicer. Any errors identified and returned by NSLDS in an Error/Acknowledgement file should be corrected and resubmitted within 10 days.

Condition:

The University did not submit an accurate status change notification or failed to submit timely notification to the NSLDS website for certain students who graduated, withdrew or had a change in their enrollment status (full time, half time or less than half time) during the year. Additionally, the University's fiscal year SCHER1 report, included multiple instances in which error records were not corrected within the required timeframe.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-004.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-008

Type of Finding:

Federal award finding.

Federal Program Information:

Federal Direct Loans (ALN# 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Test and Provisions - Disbursements To or On Behalf of Students - Award Notification - Federal regulations (34 CFR section 668.165 (a)(6)(i)) require that the institution notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to the U.S. Department of Education; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. Institutions that implement an affirmative confirmation process (as described in 34 CFR section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan, FPL funds, or TEACH Grants.

Condition:

For certain students who received disbursements of Federal Direct Loan funds, the University did not notify the student or parent of their award disbursement within the required time frame after crediting the student's account.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-005.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-009

Type of Finding:

Federal award finding.

Federal Program Information:

Student Financial Assistance Cluster (ALN#: Various)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions - Return of Title IV Funds: The institution must provide within 30 days of the date of the institution's determination that the student withdrew, a written notification to the student, or parent in the case of parent PLUS loan, that requests confirmation of any post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account and/or that the student/parent can receive as a direct disbursement, identifying the type and amount of those loan funds and explaining that a student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds (34 CFR 668.22(a)(5)(iii)(A)).

The deadline to submit an origination or disbursement record under the Direct Loan Program is the earlier of (a) 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported disbursement data, except that records of disbursements made between October 1, 2017 and March 25, 2018, may be submitted no later than April 9, 2018; or (b) July 31, 2020 (83 FR 62563).

Condition:

The University did not send written notifications regarding certain students' post-withdrawal disbursements and/or adjust previously reported disbursement data within the required timeframe.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-010

Type of Finding:

Federal award finding.

Federal Program Information:

Federal Direct Loans (ALN# 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

E. Eligibility - Aggregate Loan Limits for Subsidized and Unsubsidized Loans: Aggregate loan limits for subsidized and unsubsidized loans are: \$31,000 for a dependent undergraduate student (except for dependent students whose parents cannot borrow a PLUS loan) (subsidized loan portion may not exceed \$23,000 of the aggregate limit amount); \$57,500 for an independent student and for a dependent student whose parents cannot borrow a PLUS loan (subsidized loan portion may not exceed \$23,000 of the aggregate limit amount); and \$138,500 for a graduate or professional student (subsidized portion limited to \$65,500). This \$138,500 limit includes loans for undergraduate study.

Condition:

A student was disbursed Federal Direct Loan funds in excess of the aggregate Subsidized and Unsubsidized direct loan limit.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

FINDING 2020-011

Type of Finding:

Federal award finding.

Federal Program Information:

Student Financial Assistance Cluster (ALN#: various)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

L. Special Reporting - Fiscal Operations Report and Application to Participate ("FISAP") - An institution is required to submit the FISAP annually by September 30, following the end of the award year, and to accurately complete all required key line items containing critical information. The deadline for submitting data corrections is December 15 of the year in which a school submits its FISAP.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

Condition:

The University submitted the 2019-2020 FISAP with errors in the report and data corrections were not submitted by the required deadline. Additionally, the University was unable to provide documentation to support certain data within the submitted FISAP for purposes of our testing procedures.

Status of Findings as of June 30, 2021:

No similar findings noted in the current year.

FINDING 2020-012

Type of Finding:

Federal award finding.

Federal Program Information:

Federal Direct Loans (ALN# 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

C. Cash Management - Institutions are permitted to draw down Title IV funds prior to disbursing funds to eligible students and parents. The institution's request must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial aid funds or institutional funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education (the "ED") (34 CFR section 668.166(a)(1)). Excess cash includes any funds received from the ED that are deposited or transferred to the institution's Federal account as a result of an award adjustment, cancellation, or recovery. However, an excess cash balance tolerance is allowed if that balance: (1) is less than one percent of its prior-year drawdowns; and (2) is eliminated within the next 7 calendar days (34 CFR sections 668.166(a) and (b)).

Condition:

Certain instances during the year were identified in which Title IV funds drawn were held in excess of the allowable time frame and/or allowable thresholds.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-006.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-013

Type of Finding:

Federal award finding.

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

I. Procurement and Suspension and Debarment - The Uniform Guidance requires recipients of federal awards to have adequate procedures and controls in place to ensure that the procurement transactions are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation corroborates compliance with these requirements. All procurement transactions are required to be conducted in a manner to provide, to the maximum extent practical, open and free competition. Additionally, procurement records and files for purchases in excess of the small purchase threshold (\$25,000) shall include a) a basis for contractor selection, b) justification for the lack of competition when competitive bids or offers are not obtained, and c) a basis for award cost or price. Organizations are also required to be alert to any organizational conflicts of interest (2 CFR 215.40 - 215.48).

Condition:

The University's purchasing policy and procedures are not being appropriately followed in certain cases with respect to the procurement of goods and services funded by federal awards. As a result, certain competitive bidding documentation was not retained, and certain sole source documentation could not be provided or did not appear to give adequate reasoning for the lack of a competitive bidding process. Additionally, the University's procurement policy was not appropriately updated to reflect the new Procurements requirements in the Uniform Guidance.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-009.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-014

Type of Finding:

Federal award finding.

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

F. Equipment and Real Property Management - Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. Equipment property records should contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value. Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, further states that equipment owned by the Federal Government shall be identified (tagged) to indicate Federal ownership.

Condition:

While a physical inventory of equipment was performed for the year ended June 30, 2020, the University was unable to provide documentation to support that all federally funded equipment included in their inventory procedures.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-010.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

FINDING 2020-015

Type of Finding:

Federal award finding.

Federal Program Information:

Research and Development Cluster (various ALN #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

N. Special Tests and Provisions (Publications) - Per grant agreements between the University and multiple federal agencies, all publications (including conference presentations, promotional material, agendas and internet sites) that result from federal grant support by the grantors must include an acknowledgement of support and a disclaimer that the contents are the responsibility of the authors and not of the grantors.

Condition:

The University did not properly include the appropriate acknowledgement of support and a disclaimer of responsibility in certain publications selected for testing.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-011.

FINDING 2020-016

Type of Finding:

Federal award finding.

Federal Program Information:

Higher Education Emergency Relief Fund ("HEERF") Student Aid Portion (ALN# 84.425E) and Institutional Portion (ALN# 84.425F)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

L. Reporting - Auditors should determine if an institution was both timely and accurate in posting in publicly posting its Quarterly Reporting Form from October 30, 2020, onward and sample these quarterly public reports and reconcile the publicly reported amounts with underlying documentation to ensure accuracy. Auditors should examine the annual report and reconcile that reported amounts with underlying documentation and the public quarterly reporting amounts to ensure accuracy.

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2021**

Condition:

The University did not prepare or disclose a quarterly report for the 1st quarter due October 30, 2020. Data included within the annual report provided by the University did not reconcile with underlying documentation.

Status of Findings as of June 30, 2021:

This finding was not fully remediated as of June 30, 2021 and is part of Finding 2021-012.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

FINDING 2021-001

Name of Responsible Individual: Olga Osaghae, AVP & Chief Information Officer

Corrective Action: In 2018, after completing an annual IT risk assessment, the University made the decision to complete an ERP transformation with the goals of consolidating to one ERP and retiring the outdated, unsupported 2008 PeopleSoft servers. The RFP process resulted in Workday being selected as the ERP provider. Workday went live two months prior to the cyber-attack. Peoplesoft remained in a fallow state during this period solely to facilitate the fiscal year end audit after which it would have been permanently retired. It was not reasonably possible or economically feasible to undertake any efforts to implement any upgrades given that Peoplesoft was all but retired at the time of the cyber-attack.

With the decision to migrate to a new system and the vulnerability of Peoplesoft, the eventual cyber-attack had a cascading effect on other bolt-on applications linked to the Peoplesoft server. For example, to maintain the link that the audit management comment highlights as broken in comment (b) and (d), the University would have had to incur significant expense to upgrade the application which facilitated attaching the supporting documents for the journal entry. A work around was identified and supporting documentation was manually pulled.

Regarding comment (c), the decision to restore to the earlier backup date selected was because that was the most recent backup date that the University confirmed did not have any incidents of compromise (IOCs) nor was encrypted.

Regarding comment (e), Management is in the process of evaluating the in-house student loan system to:

- Identify the server that hosts the loan data,
- Devise a methodology to 'break' into the server given the reported age and no credentials available,
- Assess the data accessed to determine its integrity.

Once the integrity of the data is determined, management will ascertain if the details of prior in-house loans could be migrated to a new server or if it is no longer available.

Management concurs with management letter comment (f). Prior to the cyber-attack, the database was maintained by a third-party vendor. The university IT department has since assumed all responsibility for this server including adopting a back-up policy and implementing a strategy that mandates the backup of all servers and retention and executing steps for monthly audit of the backup data.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

The IT department has also taken the measures below to strengthen our security posture:

- The Peoplesoft infrastructure was upgraded to Server 2012 R2 with support until October 10th, 2023. Due to the nature of the data, we have migrated the Peoplesoft infrastructure into a micro-segmented part of the infrastructure for protection and isolation. All external ports and protocols to the infrastructure have been disabled to prevent any potential intrusion. The plan is to decommission PeopleSoft Application once Finance team notifies IT that all audits have been completed. PeopleSoft data will then be migrated to a Datawarehouse.
- A full suite of EDR protection with Crowdstrike has been deployed, protecting the servers. The servers are scanned weekly with Tenable Nessus to discover any outstanding vulnerabilities. We have disk encryption enabled with FIPS 140-2 compliance.

New procedures and policies have been established to ensure continuity of business in the event of a disaster. Howard now has a full Incidence Response (IR) Plan and will be conducting both a yearly tabletop exercise and technical test recoveries to ensure that the new processes and procedures that we have can be executed successfully

Anticipated Completion Date: September 30, 2022

FINDING 2021-002

Name of Responsible Individual: Rawle Howard, AVP & Chief Procurement Officer

Corrective Action: The Office of Procurement & Contracting (“OPC”) acknowledges the significant deficiencies in the contractual review and procurement processes. In response, OPC, in collaboration with the Office of General Counsel (“OGC”), has since taken the following actions:

- Implemented an “After the Fact” Purchase Order protocol in March 2021 to highlight and point out departments that have not followed the policy for management intervention.
- Rolled out an updated Contracting Policy in June 2021.
- Implemented Workday’s SCOUT Sourcing and Contract Management Module in December 2021 as part of the Workday ERP deployment.
- Began conducting formal training for Workday SCOUT in June 2022.
- Requested from the 67 Accountable Units copies of all contracts executed outside of the OPC Procurement & Contracting process in the past in June 2022.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

- OPC receives a weekly listing of Real Estate transactions with the Executive Committee/Board Approval from OGC provides OPC a list of all Real Estate transactions with the Executive Committee/Board Approval. Revised OPC General Procurement Policy (200-003), effective as of September 14, 2022.
- OPC will continue to work with OGC and Accountable Units to ensure that all non-employment University contracts are part of the SCOUT contracts repository. OPC will continue providing SCOUT training to Research Administration Services, OGC, the Cabinet, and the Accountable Units.

Finally, OPC intends to deploy Workday's Supplier portal, which will require all vendors to have a valid purchase order in Workday to submit their invoices. Implementing the Supplier portal will facilitate the compliance of the Procurement and contracting processes.

Anticipated Completion Date: September 30, 2022

FINDING 2021-003

Name of Responsible Individual: John Gordon, AVP, Controller & Chief Accounting Officer

Corrective Action: Hospital management continues to prioritize recruitment of staff to support an efficient financial reporting process in alignment with BDO's recommendation. Hospital management has also established staff cross-training to create the ability to provide minimum support in instances of staffing gaps within the team.

Hospital management will continue to evaluate the coordination of the Hospital and University financial reporting at least quarterly and will work with the University appointed representative(s) to confirm that the financial presentation of shared assets and liabilities are in agreement and accurately stated.

Anticipated Completion Date: June 30, 2022

FINDING 2021-004

Name of Responsible Individual: Benjamin Carmichael, Compliance Officer; Roderick Johnson, Assistant Director for Compliance; Latrice Byam, Executive Director of Admission; Miacia Porter, Registrar

Corrective Action: The Enrollment Reporting process is supervised by the Executive Director of Admission and University Registrar. Howard University's third-party servicer, National Student Clearinghouse (NSC), submits the report to NSLDS. The Office of the Registrar has hired a staff member (Spring 2022) whose role is to review error reports generated by NSC and ensure the corrections are submitted according to the required timelines. Policies and procedures for Enrollment Reporting are updated annually and were last updated in July 2022.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

The Office of Financial Aid Compliance Division will perform a bi-semester review of enrollment reporting samples to identify errors and corrections are submitted in a timely manner. We will strengthen internal controls by performing a monthly review of error reports. This will assist/ensure that the same student is prevented from repeatedly having the same error.

Anticipated Completion Date: Many of the corrective actions have already taken place but we will strengthen internal controls by October 2022.

FINDING 2021-005

Name of Responsible Individual: Benjamin Carmichael, Compliance Officer

Corrective Action: Loan disbursement notifications are now the responsibility of the Office Financial Aid and notifications are now being sent out through Ellucian Banner when a student has been awarded, so the documentation of the notification is now electronic and does not require human intervention in order to be completed. The notification in Ellucian Banner extracts the student/parent's name and email address, student ID, name and the loan disbursement amount. The following areas identified in the audit have been addressed:

- Notifications are immediately sent out electronically when the student is awarded, allowing the University to meet the required notification timeline for notification.
- Each notification is addressed to the specific person (parent/student) who is responsible for paying back the loan.
- The name of the student, exact amount of the disbursement and the date of disbursement is generated on the notification as well.

Bi-semester reviews are completed by the Office of Financial Aid Compliance to ensure the loan disbursement notifications are being generated in the required timeline and includes all federally required information in each notification. The policies and procedures for loan disbursement notifications were updated in April 2022.

Anticipated Completion Date: This corrective action plan was completed in April 2022.

FINDING 2021-006

Name of Responsible Individual: Roderick Johnson, Assistant Director for Compliance

Corrective Action: The University will improve the internal controls that are in place to ensure there is a three-day turnaround for draws and refunds. Currently, we have a process in place where the Bursar, Financial Aid and Treasury work together to complete each step of the draw. It is below:

- Bursar staff member:
 - prepares a Direct Loan Payment Request Form (Fed Wire); and
 - sends to Treasury within 1-2 business days following receipt of request. If a delay is encountered in processing the Fed Wire request, Bursar staff member will notify all pertinent team members via email.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

- Treasury staff member:
 - reviews the Federal G5 system to verify the amount on the Fed Wire Form is available; and
 - draws authorized amount and notifies pertinent team members with confirmation data via email. (Should take place within 1-2 business days)
- Bursar staff member:
 - verifies amount of funds transferred to the University's federal account via review of Bank of America (BOA) CashPro System; and
 - prepares Direct Loan "Transfer" Request Form and submits to Treasury to transfer funds from "federal" account to BOA "operating" account. (Should take place within 1-2 business days)
- Treasury staff member executes the transfer via BOA CashPro System and notifies pertinent team members with confirmation data via email.

Howard University will strengthen our internal controls by giving read-only access to the Compliance Coordinator and the Assistant Director for Compliance in the G5 system. This will allow an extra layer of monitoring to ensure the three-day turnaround for draws and refunds is met. The policies and procedures for cash management were updated in July 2022 and will be updated by November to reflect the additional layer of monitoring to supplement the current process.

The Howard University Internal Audit and Compliance Office is performing a follow-up audit of the University's cash management procedures, which will include the effectiveness of internal controls that manage the drawing down and refunding of federal aid. The Internal Compliance Office will commence the audit during the last quarter of the 2022 calendar year. This follow-up audit will take a holistic approach in reviewing the strengths, weaknesses and areas of improvement in the current cash management procedures.

Anticipated Completion Date: The corrective action plan will be completed by November 2022.

FINDING 2021-007

Name of Responsible Individual: Benjamin Carmichael, Compliance Officer

Corrective Action: The policies and procedures for cash management was updated in July 2022 to reflect the updated process. We will strengthen our internal controls through bi-semester sampling by the Compliance Officer of Title IV disbursements (Pell and Direct Loans) and ensure these disbursements are reported to COD within the 7-day requirement prior to the first day of classes and/or no later than 15 days after disbursement. Sampling has been completed twice and any exceptions have been noted and corrected to prevent future exceptions. Disbursements are run 3-4 times per week and Howard performs weekly reconciliations in an effort to better identify reporting issues according to federal guidelines.

Anticipated Completion Date: The corrective action plan was completed in July 2022.

**Management's Corrective Action Plan
Year Ended June 30, 2021**

FINDING 2021-008

Name of Responsible Individual: Shadesia Brown, Student Employment Program Coordinator

Corrective Action: The internal controls and lack of administrative oversight was caused in part by turnover within the Student Employment Office, which is the department who oversees the Federal Work-Study (FWS) program. There are also challenges because no Federal Work Study paid data is being pulled by Payroll in the PeopleSoft (now Workday) system and the records of the student earnings are being keyed in manually into Ellucian Banner by the Office of Financial Aid. It becomes more difficult to ensure students are paid accurately and timely due to these manual processes.

To mitigate this technology difficulty, the Financial Aid Office, Student Employment Coordinator and Payroll will meet weekly to review FWS earnings. This should allow a more efficient turnaround time between identifying, communicating, and correcting FWS compensation issues, as well as reduce the number of students receiving compensation outside of the two-week Payroll timeline. Weekly meetings will create more accountability for FWS supervisors and students who have not followed the FWS procedures outlined for each. Howard University policies and procedures for the Federal Work Study program were updated in July 2022 for the purpose of better delineating the responsibilities of Financial Aid, Payroll, and the Student Employment Coordinator.

The Howard University Audit and Compliance Office is performing a follow-up audit of the Federal Work Study program, which will include the effectiveness of internal controls and administrative oversight that ensures FWS students are paid accurately and timely. The Internal Compliance Office will commence the audit during the first quarter of the 2023 calendar year. This follow-up audit will take a holistic approach in reviewing the strengths, weaknesses and areas of improvement for the University's Federal Work Study program.

Anticipated Completion Date: January 2023

FINDING 2021-009

Name of Responsible Individual: Rawle Howard, AVP Procurement and Accounts Payables

Corrective Action: The procurement policy was revised and formally approved on May 1, 2021. The policy requires evidence of open-source or competitive bidding on all procurements greater than \$10,000. In addition, the justification criteria for sole-source bids were strengthened and clarified. Further, Workday provides complete vendor history and information. This will allow Howard to appropriately document procurements related to continuing contracts and agreements which were previously approved by Procurement in compliance with Uniform Guidance criteria.

Anticipated Completion Date: May 1, 2022

**Management's Corrective Action Plan
Year Ended June 30, 2021**

FINDING 2021-010

Name of Responsible Individual: Brenda Willis, Senior Director of Financial Grants and Contracts.

Corrective Action: Beginning in FY2022, all equipment purchased with federal funds will be maintained in the WorkDay property management system by Grants and Contracts. WorkDay will also provide additional functionality to review and monitor all assets and reconcile to the physical inventory report. Workday property records include fields for the equipment description, relevant identification numbers, source, title information, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and ultimate disposition data. Further, automated processes in WorkDay will replace manual PeopleSoft procedures.

Anticipated Completion Date: September 30, 2022

FINDING 2021-011

Name of Responsible Individual: Dr. Bruce Jones, Vice President for Research

Corrective Action: The Vice President for Research will establish procedures to adhere to federal regulations requiring appropriate acknowledgements and disclaimers for federally funded publications including presentations, papers, posters, flyers, press releases, etc.

The Vice President for Research will communicate the appropriate federal regulations to the Principal Investigators and staff regarding publications. Also, the Vice President for Research will maintain and monitor publications by updating the publication portal to be used by all Principal investigators.

Anticipated Completion Date: September 30, 2022

FINDING 2021-012

Name of Responsible Individual: Brenda Willis, Senior Director of Financial Grants and Contracts

Corrective Action: As of FY2022, all HEERF Financial Reporting responsibilities were reassigned to the Office of Grants and Contracts. Grants and Contracts maintains all federal award financial information to ensure reporting is timely and complies with federal regulations.

Anticipated Completion Date: November 30, 2022

Management's Corrective Action Plan
Year Ended June 30, 2021

FINDING 2021-013

Name of Responsible Individual: Kathy Jewett, Bursar Office, Roderick Johnson, Assistant Director of Compliance & Brenda Willis, Senior Director of Financial Grants and Contracts

Corrective Action: Howard University will follow federal regulations, policies, and procedures applicable for HEERF disbursements. A reconciliation process is currently in place to mediate this finding.

Anticipated Completion Date: November 30, 2022