

The Wistar Institute of Anatomy and Biology

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

The Wistar Institute of Anatomy and Biology

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Independent Auditors' Report

To the Board of Trustees of
The Wistar Institute of Anatomy and Biology

Opinion

We have audited the financial statements of The Wistar Institute of Anatomy and Biology (the Institute), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, and changes to net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
June 10, 2022

The Wistar Institute of Anatomy and Biology

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 33,895,000	\$ 16,925,000
Accounts receivable, net	11,815,000	10,118,000
Prepaid expenses and other assets	2,434,000	1,496,000
Contributions receivable, net	31,442,000	5,095,000
Investments	217,809,000	192,549,000
Beneficial interest in charitable remainder trusts	1,151,000	1,124,000
Beneficial interest in perpetual trusts	21,660,000	19,782,000
Land, buildings and equipment, net	<u>94,254,000</u>	<u>96,745,000</u>
Total assets	<u>\$ 414,460,000</u>	<u>\$ 343,834,000</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 13,148,000	\$ 11,665,000
Deferred revenue	12,019,000	5,772,000
Accrued pension expense	-	2,870,000
Interest rate swap	2,066,000	4,277,000
Long-term debt	<u>52,725,000</u>	<u>52,698,000</u>
Total liabilities	<u>79,958,000</u>	<u>77,282,000</u>
Net Assets		
Without donor restriction	235,004,000	211,645,000
With donor restriction	<u>99,498,000</u>	<u>54,907,000</u>
Total net assets	<u>334,502,000</u>	<u>266,552,000</u>
Total liabilities and net assets	<u>\$ 414,460,000</u>	<u>\$ 343,834,000</u>

See notes to financial statements

The Wistar Institute of Anatomy and Biology

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and Other Support			
Federal grants	\$ 44,394,000	\$ -	\$ 44,394,000
Nonfederal gifts, grants and contracts	13,134,000	37,720,000	50,854,000
Investment return	7,723,000	954,000	8,677,000
Licensing income, net	4,023,000	-	4,023,000
Other income	418,000	-	418,000
Net assets released from restrictions	2,609,000	(2,609,000)	-
	<u>72,301,000</u>	<u>36,065,000</u>	<u>108,366,000</u>
Expenses			
Research	54,231,000	-	54,231,000
Administrative and general	12,704,000	-	12,704,000
Fundraising	1,291,000	-	1,291,000
	<u>68,226,000</u>	<u>-</u>	<u>68,226,000</u>
Excess of revenues and other support over expenses before other changes in net assets	<u>4,075,000</u>	<u>36,065,000</u>	<u>40,140,000</u>
Other Changes in Net Assets			
Investment return other than designated for operations	15,301,000	1,868,000	17,169,000
(Loss) Gain on split-interest agreements	(2,000)	1,905,000	1,903,000
Change in cash surrender value of life insurance policies	-	9,000	9,000
Contributions for long-term purposes	-	4,744,000	4,744,000
Pension, net gain	1,775,000	-	1,775,000
Interest rate swap, net gain	2,210,000	-	2,210,000
	<u>19,284,000</u>	<u>8,526,000</u>	<u>27,810,000</u>
Changes in net assets	23,359,000	44,591,000	67,950,000
Net Assets, Beginning	<u>211,645,000</u>	<u>54,907,000</u>	<u>266,552,000</u>
Net Assets, Ending	<u>\$ 235,004,000</u>	<u>\$ 99,498,000</u>	<u>\$ 334,502,000</u>

See notes to financial statements

The Wistar Institute of Anatomy and Biology

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues and Other Support			
Federal grants	\$ 40,378,000	\$ -	\$ 40,378,000
Nonfederal gifts, grants and contracts	12,327,000	1,890,000	14,217,000
Investment return	7,098,000	847,000	7,945,000
Licensing income, net	4,076,000	-	4,076,000
Other income	246,000	-	246,000
Net assets released from restrictions	4,121,000	(4,121,000)	-
	<u>68,246,000</u>	<u>(1,384,000)</u>	<u>66,862,000</u>
Total revenues and other support			
Expenses			
Research	53,286,000	-	53,286,000
Administrative and general	13,390,000	-	13,390,000
Fundraising	1,387,000	-	1,387,000
	<u>68,063,000</u>	<u>-</u>	<u>68,063,000</u>
Total expenses			
Excess of revenues and other support over (under) expenses before other changes in net assets	<u>183,000</u>	<u>(1,384,000)</u>	<u>(1,201,000)</u>
Other Changes in Net Assets			
Investment return other than designated for operations	16,642,000	2,325,000	18,967,000
(Loss) Gain on split-interest agreements	(2,000)	1,245,000	1,243,000
Change in cash surrender value of life insurance policies	-	10,000	10,000
Contributions for long-term purposes	-	41,000	41,000
Pension, net gain	76,000	-	76,000
Interest rate swap, net (loss)	(2,748,000)	-	(2,748,000)
	<u>13,968,000</u>	<u>3,621,000</u>	<u>17,589,000</u>
Total other changes in net assets			
Changes in net assets	<u>14,151,000</u>	<u>2,237,000</u>	<u>16,388,000</u>
Net Assets, Beginning	<u>197,494,000</u>	<u>52,670,000</u>	<u>250,164,000</u>
Net Assets, Ending	<u>\$ 211,645,000</u>	<u>\$ 54,907,000</u>	<u>\$ 266,552,000</u>

See notes to financial statements

The Wistar Institute of Anatomy and Biology

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 67,950,000	\$ 16,388,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(19,259,000)	(22,036,000)
Receipt of contributed securities	(1,773,000)	(269,000)
Depreciation/amortization expense	6,678,000	6,757,000
Loss on disposal of land, buildings and equipment	31,000	28,000
Gain on split-interest agreements	(1,903,000)	(1,243,000)
Contributions restricted for long-term purposes	(4,744,000)	(41,000)
Pension, net (gain)	(1,775,000)	(76,000)
Interest rate swap, net (gain) loss	(2,210,000)	2,748,000
Changes in assets and liabilities:		
Accounts receivable	(1,647,000)	(1,121,000)
Prepaid expenses and other assets	(938,000)	(297,000)
Contributions receivable	(26,447,000)	10,000
Accounts payable and accrued expenses	263,000	1,288,000
Deferred revenue	6,247,000	2,843,000
	<u>20,473,000</u>	<u>4,979,000</u>
Cash Flows From Investing Activities		
Land, buildings and equipment purchases	(4,068,000)	(2,977,000)
Proceeds from sale of investments	37,512,000	64,027,000
Purchases of investments	(41,741,000)	(73,892,000)
	<u>(8,297,000)</u>	<u>(12,842,000)</u>
Cash Flows Provided By Financing Activities		
Contributions restricted for long-term purposes	4,794,000	266,000
	<u>16,970,000</u>	<u>(7,597,000)</u>
Cash and Cash Equivalents, Beginning	<u>16,925,000</u>	<u>24,522,000</u>
Cash and Cash Equivalents, Ending	<u>\$ 33,895,000</u>	<u>\$ 16,925,000</u>
Supplementary Cash Flows Information		
Purchases of land, buildings and equipment in accounts payable	<u>\$ 195,000</u>	<u>\$ 72,000</u>
Cash paid for interest	<u>\$ 1,326,000</u>	<u>\$ 1,325,000</u>

See notes to financial statements

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Operations

The Wistar Institute of Anatomy and Biology (the Institute) is a not-for-profit entity specializing in basic biomedical research located in Philadelphia, Pennsylvania. The majority of its funding is derived from competitively awarded research grants, primarily from federal government sources. Other funding is derived from contributions and grants from foundations and other private organizations and individuals; licensure of Institute technology; and income and appreciation from invested funds.

Basis of Accounting

The Institute's financial statements have been prepared on the accrual basis. Net assets, revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Such net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed time or purpose restrictions that may be satisfied by either the passage of time or by action of the Institute to satisfy such restrictions, including net assets subject to donor-imposed restriction that, unless otherwise directed by the donor, require the corpus to be invested in perpetuity with only the income available for operations in accordance with donor restrictions, subject to limitations as specified by Commonwealth of Pennsylvania law.

Cash and Cash Equivalents

The Institute considers short-term highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Institute provides for losses on accounts receivable using the allowance method to determine uncollectible accounts receivables. The allowance for doubtful accounts is based on management's estimates of the creditworthiness of its customers, historical collection data and the existing economic environment.

Contributions Receivable

Contributions receivable are unconditional promises to give that will be received in future periods. They are recorded at the present value of their expected cash flows, discounted using the rate in effect at the time of the original promise, net of an estimated uncollectible amount. The Institute maintains an allowance for doubtful contributions, which is based on a review of outstanding receivables, historical collection data and the existing economic environment. Delinquent receivables are written off based on individual credit valuation and specific circumstances of the donor.

Fair Value of Financial Instruments

The Institute uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Institute's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Institute groups its financial assets generally measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

An asset's or liability's level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Investments

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. These investments are valued at the latest available nonaudited net asset value of the investments. The Institute reviews the values as provided by the investment managers and believes that the carrying amount of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

The Institute has a total return policy for 2021 and 2020 of appropriating for distribution of a board approved percentage of its pooled investment's average fair value over the prior 12 calendar quarters unless otherwise specified by the donor.

Beneficial Interests in Perpetual and Charitable Remainder Trusts

Donors have established perpetual and charitable remainder trusts in which the Institute has a beneficial interest. Under the terms of such trusts, the Institute has an irrevocable right to receive certain distributions. For a perpetual trust, the Institute receives the income earned on the trust assets in perpetuity. For a charitable remainder trust, the Institute receives the assets remaining in the trust upon the death of its beneficiary.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost and are depreciated over the estimated useful lives of assets using the straight-line method. Expenditures for major improvements are capitalized and repairs and maintenance are expensed as incurred. When assets are disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss from such disposition is included in the determination of changes in net assets.

Land, buildings, equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Such impaired assets are written down to fair value. There were no impairments at either December 31, 2021 or 2020.

Deferred Revenue

Deferred revenue represents the amount of funds received from certain sponsored research projects in excess of the expenditures for those projects as of year-end. Deferred revenue also arises from the pre-payment of licensing revenue.

Revenue Recognition

As presented in the statement of activities and changes in net assets, the Institute has various sources of operating revenue.

Federal Grants

A significant portion of the Institute's revenue is derived from numerous federal grants. The revenue from these federal grants are earned as the expense is incurred. Certain federal awards are recognized as revenue when the Institute has incurred expenditures in compliance with specific award provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Nonfederal Grants and Contracts

A portion of the Institute's revenue is derived from numerous nonfederal grants and agreements, which include commercial agreements, foundations and many other nonfederal awards, and are conditioned upon certain performance obligations. The performance obligation for each grant or contract is deemed to be the research itself and revenue is recognized as the eligible grant activities are conducted. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

Gifts and Contributions Revenue

Contributions, including grants, are recognized as revenue when they are unconditionally communicated. They are recorded at their fair value as without donor restriction or with donor restriction, depending on the existence or absence of donor-imposed restrictions. When a restriction expires, that is, when a time restriction ends or a purpose restriction is met, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions. If donor's restrictions are satisfied in the same period that the contribution is received, the contribution is reported as without donor restricted revenue and support. In the absence of donor stipulations as to use, the Institute recognizes the release of restrictions on contributions made to acquire land, building and equipment when the asset is placed into service. Federal and state grants, which are funded on a cost reimbursement basis, are reported as revenue with no donor restriction. See Note 7 for disclosure of deferred revenue.

Investment Return

The Institute's investment return under its operating revenue includes endowment spending rule income, interest income from its custodial banks and income generated from perpetual trusts. The revenue in this category is recognized when it is earned, either by monthly or quarterly bank statements, when cash is received or on an annual basis when the investment activity is posted.

Other Income

Other income consists of various sources of income, which are generally transactional in nature and are recorded as they meet their performance obligation.

Licensing Revenue, Net

Licensing revenue is derived from the licensure of intellectual property developed through the Institute's research, generally to commercial entities planning to use technology to develop commercial products and is reported net of inventor shares. The Institute is compensated for such use of its technology through a combination of non-refundable signing fees, annual maintenance fees, payments that become due when licensees achieve certain milestones in the development of a commercial product, and with royalties on eventual product sales if a commercial product employing the Institute's technology is successfully developed and marketed. Non-refundable signing fees, milestone payments and royalties are recognized as revenue as the performance obligation is satisfied over time.

Other Changes in Net Assets

Other changes in net assets on the statement of activities and changes in net assets represents non-operating changes. These items include investment return other than designated for operations, gain or loss on split-interest agreements, change in cash surrender value of life insurance policies, contributions for long term purposes, pension net gain or loss and net gain or loss on interest rate swap.

Patent Expenses

Costs associated with filing patents on the Institute's intellectual property are expensed as incurred.

Donated Services

The Institute receives services from unpaid volunteers in relation to campaign solicitation and various committee assignments. The value of these contributed services is not reflected in the financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by the Institute if the volunteer services were not available.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

Use of Estimates

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

Income Taxes

The Institute is a not-for-profit institution which has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Institute accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management believes that there were no tax uncertainties that met the recognition threshold for the years ended December 31, 2021 and 2020.

Accounting Pronouncements Recently Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The adoption of ASU No. 2016-02 did not have a material impact on the Institute's financial statements. As such, no changes made to the financial statements or related disclosures.

Accounting Pronouncements Not Yet Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied effective December 31, 2022. The Institute is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the required disclosures for employers that sponsor defined benefit pension or other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU No. 2018-14 is effective for fiscal years beginning after December 15, 2021. The Institute is currently assessing the effect that ASU No. 2018-14 will have on its results of operation, financial position and cash flows.

COVID-19

Throughout 2021, the COVID-19 pandemic continued to have an impact on global markets, supply chains, businesses and communities. During the pandemic, the Institute continued to operate without disruption with administrative employees working in a hybrid environment as needs dictated starting mid-March 2020 through the end of 2021.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

Subsequent Events

The Institute has evaluated subsequent events for recognition or disclosure through June 10, 2022, which is the date the financial statements were available to be issued.

2. Accounts Receivable, Net

Accounts receivable, net as of December 31 consisted of:

	<u>2021</u>	<u>2020</u>
Federal grants and subawards	\$ 8,589,000	\$ 7,272,000
Licensing	905,000	646,000
Other	<u>2,436,000</u>	<u>2,300,000</u>
Total	11,930,000	10,218,000
Less allowance for doubtful accounts	<u>(115,000)</u>	<u>(100,000)</u>
Accounts receivable, net	<u>\$ 11,815,000</u>	<u>\$ 10,118,000</u>

3. Contributions Receivable, Net

Unconditional promises to give are expected to be realized in the following periods:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 9,821,000	\$ 134,000
One to five years	16,335,000	4,500,000
Over five years	<u>8,500,000</u>	<u>1,500,000</u>
Total	34,656,000	6,134,000
Less: Present value discount	(3,114,000)	(939,000)
Allowance for uncollectible contributions	<u>(100,000)</u>	<u>(100,000)</u>
Contributions receivable, net	<u>\$ 31,442,000</u>	<u>\$ 5,095,000</u>

Fair value is considered to approximate carrying value and is estimated based on future cash flows discounted at risk-adjusted rates ranging from 1.18 percent to 3.01 percent for 2021 and 2020. The net present value of contributions receivable from Board members were \$15,286,000 and \$4,237,000 in 2021 and 2020, respectively.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

4. Investments

Investments as of December 31 consisted of:

	<u>2021</u>	<u>2020</u>
Domestic equities	\$ 68,231,000	\$ 57,194,000
International equities	81,727,000	71,861,000
Fixed income securities	28,481,000	29,109,000
Alternatives	28,548,000	28,499,000
Short-term investments	<u>10,822,000</u>	<u>5,886,000</u>
 Total investments	 <u>\$ 217,809,000</u>	 <u>\$ 192,549,000</u>

Investment return during the years consisted of:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 6,213,000	\$ 4,438,000
Realized and unrealized gains	<u>19,485,000</u>	<u>22,038,000</u>
 Total investment return, net	 <u>\$ 25,698,000</u>	 <u>\$ 26,476,000</u>

Investment management and advisory fees paid directly by the Institute were \$600,000 and \$513,000 in 2021 and 2020, respectively. Fees are reported net of investment return on the statements of activities and changes in net assets. The estimated annual basis point fee was 92 bps in both 2021 and 2020.

Investment income from operating accounts, investment income from perpetual trusts, and losses from stock gift sales of \$747,000 and \$949,000 in 2021 and 2020, respectively, are reported in the investment return on the statements of activities and changes in net assets.

The Wistar Institute of Anatomy and Biology

Notes to Financial Statements

December 31, 2021 and 2020

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31 were as follows:

	2021			Total
	Level 1	Level 2	Level 3	
Domestic equities	\$ 68,231,000	\$ -	\$ -	\$ 68,231,000
International equities	-	81,727,000	-	81,727,000
Fixed income securities	22,061,000	6,420,000	-	28,481,000
Short-term investments	10,822,000	-	-	10,822,000
 Total investments by valuation hierarchy	 <u>\$ 101,114,000</u>	 <u>\$ 88,147,000</u>	 <u>\$ -</u>	 <u>\$ 189,261,000</u>
 Alternative investments reported as net asset value				 <u>28,548,000</u>
 Total investments				 <u>\$ 217,809,000</u>
 Interest rate swap	 <u>\$ -</u>	 <u>\$ (2,066,000)</u>	 <u>\$ -</u>	 <u>\$ (2,066,000)</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,660,000</u>	<u>\$ 21,660,000</u>
Beneficial interest in charitable remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151,000</u>	<u>\$ 1,151,000</u>

	2020			Total
	Level 1	Level 2	Level 3	
Domestic equities	\$ 57,194,000	\$ -	\$ -	\$ 57,194,000
International equities	-	71,861,000	-	71,861,000
Fixed income securities	22,754,000	6,355,000	-	29,109,000
Short-term investments	5,886,000	-	-	5,886,000
 Total investments by valuation hierarchy	 <u>\$ 85,834,000</u>	 <u>\$ 78,216,000</u>	 <u>\$ -</u>	 <u>164,050,000</u>
 Alternative investments reported as net asset value				 <u>28,499,000</u>
 Total investments				 <u>\$ 192,549,000</u>
 Interest rate swap	 <u>\$ -</u>	 <u>\$ (4,277,000)</u>	 <u>\$ -</u>	 <u>\$ (4,277,000)</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,782,000</u>	<u>\$ 19,782,000</u>
Beneficial interest in charitable remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,000</u>	<u>\$ 1,124,000</u>

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The following valuation techniques were used to measure fair value of assets in the tables above as of December 31, 2021 and 2020:

Domestic Equities, Fixed Income Securities and Short-Term Investments (Level 1) - The fair value of domestic equities, various fixed income securities, commodities and temporary investments is generally based on quoted market prices in active markets for the identical security.

International Equities and Fixed Income Securities (Level 2) - The fair value of international equities and certain fixed income securities are determined using models or other valuation methodologies that utilize inputs that are observable, directly or indirectly, including; (1) quoted prices for similar securities in active markets; (2) quoted prices for the same or similar securities in markets that are not active and; (3) pricing models using observable inputs or inputs from observable market data.

Alternative Investments - The Institute measures fair value for these investments based on net asset value (NAV) as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the Institute's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the Institute sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investment, changes in market conditions and the overall economic environment. In accordance with Subtopic 820-10, investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts represented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Interest Rate Swap - The Institute measures fair value of interest rate swaps using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable.

Beneficial interest in perpetual trusts - Fair values are based on the present value of future cash inflows and are categorized as Level 3 in the fair value hierarchy. The fair values of the assets and changes in fair value included within these trusts are reported within the Institute's net assets with donor restriction.

Beneficial interest in charitable remainder trusts - Fair value is based on the present value of future cash inflows. The trust assets are classified as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurement. The fair values of the assets and changes in fair value included within these trusts are reported within the Institute's net assets with donor restriction.

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The outstanding commitments and investment liquidity restrictions for alternative investments as of December 31, 2021 are as follows:

<u>Strategy</u>	<u>Fair Value at NAV</u>	<u>Outstanding Commitment</u>	<u>Redemption Frequency</u>	<u>Notification</u>
Alternatives				
Hard Assets	\$ 2,126,000	\$ 103,000	Illiquid	N/A
Hedge Fund	5,405,000	-	Quarterly	45-70 days
Hedge Fund	4,595,000	-	Quarterly	90 days
Hedge Fund	5,250,000	-	12/31/2022	75 days
Private Equity	7,791,000	4,552,000	Illiquid	N/A
Real Estate	<u>3,381,000</u>	<u>3,783,000</u>	Illiquid	N/A
Total	<u>\$ 28,548,000</u>	<u>\$ 8,438,000</u>		

Management believes that the investment strategy, permitted redemptions and notification requirements were similar for 2020.

5. Trusts

The Institute is the sole beneficiary of several perpetual trusts. The investment composition of these trusts was:

	<u>2021</u>	<u>2020</u>
ETF/Equity mutual funds	\$ 15,912,000	\$ 14,203,000
Fixed interest obligations	3,222,000	3,596,000
ETF/Fixed income mutual funds	2,149,000	1,519,000
Marketable alternative funds	9,000	-
Cash and cash equivalents	<u>368,000</u>	<u>464,000</u>
Total perpetual trusts	<u>\$ 21,660,000</u>	<u>\$ 19,782,000</u>

These trusts provided distributions of \$913,000 and \$869,000 with no donor restriction and \$43,000 and \$40,000 with donor restriction investment return in 2021 and 2020, respectively.

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6. Land, Buildings and Equipment

Land, buildings and equipment as of December 31 consisted of:

	<u>2021</u>	<u>2020</u>
Federal government financed:		
Buildings	\$ 3,953,000	\$ 3,953,000
Equipment	10,766,000	9,689,000
Less accumulated depreciation	<u>(12,954,000)</u>	<u>(12,651,000)</u>
Net	<u>1,765,000</u>	<u>991,000</u>
Institute financed:		
Buildings	94,159,000	93,132,000
Equipment	76,934,000	75,047,000
Software	1,210,000	1,138,000
Less accumulated depreciation	<u>(80,743,000)</u>	<u>(74,873,000)</u>
Net	<u>91,560,000</u>	<u>94,444,000</u>
Construction in progress	209,000	582,000
Land and land improvements, net	<u>720,000</u>	<u>728,000</u>
Land, buildings and equipment, net	<u>\$ 94,254,000</u>	<u>\$ 96,745,000</u>

7. Deferred Revenue

Deferred revenue represents the amount of funds received from certain sponsored research projects in excess of the expenditures for those projects as of year-end. Deferred revenue also arises from the pre-payment of licensing revenue. The deferred revenue balances as of December 31, 2021 and January 1, 2021 are presented below:

	<u>Federal Grants</u>	<u>Non-Federal Gifts, Grants and Other Agreements</u>	<u>Contracts</u>	<u>Total Deferred Liability</u>
Beginning balance, January 1, 2021	\$ 383,000	\$ 2,660,000	\$ 2,729,000	\$ 5,772,000
Revenue recognized	(383,000)	(2,660,000)	(2,729,000)	(5,772,000)
Advanced payments received	<u>90,000</u>	<u>7,293,000</u>	<u>4,635,000</u>	<u>12,018,000</u>
Ending balance, December 31, 2021	<u>\$ 90,000</u>	<u>\$ 7,293,000</u>	<u>\$ 4,635,000</u>	<u>\$ 12,018,000</u>

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8. Retirement Plans

The following table sets forth the Institute's defined benefit pension plan's funded status, composition of net periodic pension cost and assumptions used for the years ended:

	<u>2021</u>	<u>2020</u>
Change in benefit obligation during year:		
Projected benefit obligation at beginning of year	\$ 17,125,000	\$ 16,014,000
Interest cost	455,000	522,000
Benefit payments	(839,000)	(750,000)
Actuarial (gain) loss	(632,000)	1,339,000
	<u>16,109,000</u>	<u>17,125,000</u>
Change in plan assets during year:		
Fair value of plan assets at beginning of year	14,255,000	12,156,000
Employer contributions	1,000,000	1,060,000
Plan expenses	(35,000)	(66,000)
Benefit payments	(838,000)	(750,000)
Actual return on plan assets	1,763,000	1,855,000
	<u>16,145,000</u>	<u>14,255,000</u>
Excess funded (unfunded) status at end of year	<u>\$ 36,000</u>	<u>\$ (2,870,000)</u>
Net periodic benefit cost recognized for year:		
Service cost	\$ 66,000	\$ 138,000
Interest cost	455,000	522,000
Expected return on plan assets	(831,000)	(724,000)
Amortization of net loss	145,000	145,000
Net periodic benefit (income) cost	<u>\$ (165,000)</u>	<u>\$ 81,000</u>

Service cost in the projected benefit obligation was \$0 for both 2021 and 2020.

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The following tables describe the assumptions used in measuring net periodic benefits cost and the projected benefit obligation:

	<u>2021</u>	<u>2020</u>
Weighted-average assumptions used in measurement of the:		
Net periodic benefit cost:		
Discount rate	2.8 %	3.4 %
Rate of compensation increases	N/A	N/A
Expected long-term rate of return of plan assets	6.0	6.0
Weighted-average assumptions used in measurement of the:		
Projected benefit obligation:		
Discount rate	3.1 %	2.8 %
Rate of compensation increases	N/A	N/A
Expected long-term rate of return of plan assets	6.0	6.0
Measurement date	12/31	12/31
Weighted-average asset allocation at end of year:		
Equity securities	63.0 %	61.0 %
Fixed income securities	16.0	19.0
Alternative investments and other	21.0	20.0
Total	<u>100.0 %</u>	<u>100.0 %</u>

Expected cash flow information for years after current fiscal year:

Expected employer contributions 2022	\$ 487,000
2022 expected benefit payments	1,087,000
2023 expected benefit payments	1,136,000
2024 expected benefit payments	955,000
2025 expected benefit payments	997,000
2026 expected benefit payments	1,102,000
2027-2031 expected benefit payments	4,478,000

The estimated net actuarial loss arising during 2021 was approximately \$145,000, which was offset by the recognition of the amortization of actuarial loss of \$145,000. The estimated amortization of the actuarial loss from accumulated other changes in net assets into the net periodic benefit cost will be approximately \$94,000 in 2022.

The following tables set forth by level, within the fair value hierarchy, the plan's assets (exclusive of liabilities) at fair value as of December 31, 2021 and 2020:

	<u>2021</u>	
	<u>Level 1</u>	<u>Total</u>
Equities	\$ 10,171,000	\$ 10,171,000
Fixed income	2,610,000	2,610,000
Short-term investments	1,046,000	1,046,000
Total	<u>\$ 13,827,000</u>	13,827,000
Alternative investments reported as net asset value		<u>2,318,000</u>
Total		<u>\$ 16,145,000</u>

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	2020	
	Level 1	Total
Equities	\$ 8,656,000	\$ 8,656,000
Fixed income	2,723,000	2,723,000
Short-term investments	731,000	731,000
Total	<u>\$ 12,110,000</u>	12,110,000
Alternative investments reported as net asset value		<u>2,145,000</u>
Total		<u>\$ 14,255,000</u>

The Institute also has a defined contribution retirement plan. The Institute's expense under this retirement plan approximated \$2,154,000 and \$2,178,000 in 2021 and 2020, respectively. Institute expense for 2022 is expected to be approximately \$2,149,000.

9. Interest Rate Swap Agreement

The Institute entered into an interest rate swap agreement when it issued the 2017A Bonds through the Philadelphia Authority for Industrial Development. The notional amount was \$52,857,000 as of issuance and \$52,857,000 as of December 31, 2017. Swap payments began in 2017. The swap agreement required the Institute to make fixed interest payments at 2.47 percent for 10 years and receive variable interest rate payments from its counterparty based on a variable monthly rate determined by the counterparty, taking into account prevailing market conditions. The variable monthly rate used in the swap agreement is the 30-day London Interbank Offered Rate (LIBOR). It is anticipated that the LIBOR will no longer be published after June 30, 2023 and that the United States will possibly replace LIBOR with an alternative variable rate replacement structure. Prior to the discontinuation of LIBOR, the Institute plans to amend its swap agreement once the financial markets formalize this new structure.

10. Long-Term Debt

Bond Payable

In December 2017, the Institute executed an agreement to obtain tax-exempt bond financing of \$52,857,000 Revenue Bonds, Series 2017A (2017A Bonds) and \$4,500,000 Revenue Bonds, Series 2017B (2017B Bonds) through the Philadelphia Authority for Industrial Development (PIDC). The 2017A Bond proceeds were used to refund the outstanding principal of the 2016 (Series 2016A and Series 2016B) tax-exempt bonds plus issuance costs. Funds from the 2017B Bonds will be advanced by bondholder to Institute as needed for various capital projects plus issuance costs. The sole bondholder for both series is PNC Bank, NA. The bonds are secured by a pledge of gross revenues excluding certain royalties and a negative pledge of the assets of the Institute, except for certain capital leases. The 2017 series Bonds are callable in 10 years. In connection with this issue, \$276,000 of financing costs were capitalized and amortized over 10 years. The effective interest rate, including the effect of the interest rate swap, was 2.47 percent for December 31, 2021 and 2020. The variable monthly rate used in this bond financing agreement is the 30-day London Interbank Offered Rate (LIBOR). It is anticipated that the LIBOR will no longer be published after June 30, 2023 and that the United States will possibly replace LIBOR with an alternative variable rate replacement structure. Prior to the discontinuation of LIBOR, the Institute plans to amend its bond agreement once the financial markets formalize this new structure.

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	<u>2021</u>	<u>2020</u>
Principal		
2017 Series A	\$ 52,857,000	\$ 52,857,000
2017 Series B	20,000	20,000
	<u>52,877,000</u>	<u>52,877,000</u>
Net	52,877,000	52,877,000
Unamortized issuance costs	<u>(152,000)</u>	<u>(179,000)</u>
Net	<u>\$ 52,725,000</u>	<u>\$ 52,698,000</u>

Principal payments for the next five years will be as follows:

2022	\$ -
2023	-
2024	-
2025	-
2026	-
2027 and thereafter	<u>52,877,000</u>
Total	<u>\$ 52,877,000</u>

11. Line of Credit

The Institute maintains a \$2,500,000 line of credit with a bank. Borrowings bear interest at the bank's prime-based rate. There were no outstanding balances as of December 31, 2021 and 2020.

12. Net Assets

Net assets without donor restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Unrestricted use	\$ 186,604,000	\$ 169,432,000
Board designated:		
Research and operating reserve	<u>48,400,000</u>	<u>42,213,000</u>
Total net assets without donor restrictions	<u>\$ 235,004,000</u>	<u>\$ 211,645,000</u>

Net assets with donor restrictions, including net assets which are invested in perpetuity and the income from which is expendable to support, are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Research and training programs	\$ 71,425,000	\$ 31,354,000
General purposes (time restrictions)	6,900,000	4,228,000
General operations	<u>21,173,000</u>	<u>19,325,000</u>
Total net assets with donor restrictions	<u>\$ 99,498,000</u>	<u>\$ 54,907,000</u>

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13. Endowments

The Institute's endowments include both donor-restricted endowments and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Institute's policy is to require the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as with donor restriction net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In addition, the remaining portion of the donor-restricted endowment fund remains in the with donor restriction net asset classification until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by the relevant Commonwealth of Pennsylvania law. Unless specifically defined in the donor gift instrument, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Institute 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 the Institute
- 7) The investment policies of the Institute

Return Objectives and Risk Parameters

Investments consist of donor-restricted and board-designated endowments and are stated at fair value. The Institute has adopted investment and spending policy for endowments that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity or for a donor-specified periods, as well as board-designated endowments. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to achieve a total rate of return, over rolling ten-year periods, which exceeds the rate of inflation by 4 to 5 percentage points. The Institute expects its endowment funds, over time, to provide an average rate of return of approximately 7 to 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

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Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Institute has a total return policy for appropriating for distribution each year a percentage of its endowment and similar funds' average fair value over the prior 12 calendar quarters unless otherwise specified by the donor. If the total return amount exceeds the actual earnings of the endowment and similar funds in any one year, then the amount needed to fund such excess will be taken from the accumulated earnings and net capital gains of endowment and similar funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the endowment net asset. In establishing this policy, the Institute considered the long-term expected return on its investments. Accordingly, over the long term, the Institute expects the current spending policy to allow its endowment and similar funds to grow at an average of 3 percent annually. This is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The policy spending rate for 2021 and 2020 was 4.75 percent.

The following table shows the changes in endowment net assets for the years ended December 31:

	2021		
	Without Donor Restriction - Board Designated	With Donor Restriction	Total
Balance, beginning of year	\$ 42,213,000	\$ 20,721,000	\$ 62,934,000
Investment income	1,413,000	678,000	2,091,000
Net appreciation	4,907,000	2,352,000	7,259,000
Contributions	-	286,000	286,000
Appropriation for expenditure	(133,000)	(937,000)	(1,070,000)
Balance, end of year	<u>\$ 48,400,000</u>	<u>\$ 23,100,000</u>	<u>\$ 71,500,000</u>
	2020		
	Without Donor Restriction - Board Designated	With Donor Restriction	Total
Balance, beginning of year	\$ 35,895,000	\$ 18,355,000	\$ 54,250,000
Investment income	973,000	477,000	1,450,000
Net appreciation	5,462,000	2,679,000	8,141,000
Contributions	-	41,000	41,000
Appropriation for expenditure	(117,000)	(831,000)	(948,000)
Balance, end of year	<u>\$ 42,213,000</u>	<u>\$ 20,721,000</u>	<u>\$ 62,934,000</u>

Net assets without donor restriction were established by the Board of Trustees of the Institute with the objective of providing annual support for research along with establishing an operating reserve. For 2021, the entire spending rule income was \$7,703,000, of which \$6,634,000 was without donor restriction. For 2020, the entire spending rule income was \$6,994,000, of which \$6,046,000 was without donor restriction.

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14. Expenses by Category and Program

The following table shows the expenses for the years ended December 31:

	2021			
	Research	Administrative and General	Fundraising	Total
Salaries	\$ 17,117,000	\$ 5,699,000	\$ 668,000	\$ 23,484,000
Benefits	5,120,000	1,713,000	201,000	7,034,000
Supplies	9,559,000	136,000	2,000	9,697,000
Research subawards	9,203,000	14,000	-	9,217,000
Depreciation and amortization	5,884,000	780,000	45,000	6,709,000
Professional services	1,702,000	1,694,000	209,000	3,605,000
Repairs and maintenance	1,268,000	465,000	8,000	1,741,000
Utilities	1,503,000	199,000	12,000	1,714,000
Purchased services	490,000	971,000	15,000	1,476,000
Interest	1,160,000	154,000	9,000	1,323,000
Software licenses	84,000	597,000	19,000	700,000
Stipends	515,000	-	-	515,000
Travel	62,000	-	-	62,000
Other	564,000	282,000	103,000	949,000
Total	\$ 54,231,000	\$ 12,704,000	\$ 1,291,000	\$ 68,226,000

	2020			
	Research	Administrative and General	Fundraising	Total
Salaries	\$ 16,863,000	\$ 6,204,000	\$ 767,000	\$ 23,834,000
Benefits	5,361,000	1,980,000	245,000	7,586,000
Research subawards	9,165,000	20,000	-	9,185,000
Supplies	8,581,000	165,000	5,000	8,751,000
Depreciation and amortization	5,950,000	789,000	46,000	6,785,000
Professional services	1,759,000	1,522,000	191,000	3,472,000
Purchased services	762,000	886,000	23,000	1,671,000
Utilities	1,416,000	188,000	11,000	1,615,000
Repairs and maintenance	1,017,000	444,000	20,000	1,481,000
Interest	1,172,000	155,000	9,000	1,336,000
Software licenses	68,000	781,000	20,000	869,000
Stipends	414,000	7,000	-	421,000
Travel	34,000	12,000	10,000	56,000
Other	724,000	237,000	40,000	1,001,000
Total	\$ 53,286,000	\$ 13,390,000	\$ 1,387,000	\$ 68,063,000

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in Note 14 above. Accordingly, certain costs such as operations and maintenance costs, depreciation expense and interest expense have been allocated among research, administrative and general and fundraising functions based on the total square footage of the Institute's building and the split of square footage among those functions.

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15. Concentrations

The Institute received approximately 61 percent and 59 percent of its unrestricted revenue from the federal government for the years ended December 31, 2021 and 2020, respectively.

Financial instruments that potentially subject the Institute to credit risk include cash and cash equivalents, temporary investments, marketable debt securities and contributions receivable. For cash and cash equivalents, temporary investments, marketable debt securities and contributions receivable, the carrying amounts represent a reasonable estimate of fair value.

The Institute maintains cash balances with financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The Institute maintains balances in excess of insured amounts.

The Institute has not experienced any losses and management believes there is no exposure to any significant credit risk.

16. Commitments and Contingencies

Substantial amounts are received and expended by the Institute under federally sponsored agreements and are subject to audit by governmental agencies. From time to time, the Institute may become involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Institute's financial position.

17. Operating Leases

The Institute leases vehicles and equipment used in operations. Leases with an initial lease term of 12 months or less are not recorded on the statement of financial position and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

The Institute makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. In situations where an implicit rate is not available, the Institute utilized the incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments.

Total expense for operating leases was \$53,000 and \$56,000 for the years ended December 31, 2021 and 2020, respectively. Future minimum payments by year and in the aggregate, under noncancelable operating leases, with initial or remaining terms of one year or more are as follows:

2022	\$	51,000
2023		51,000
2024		40,000
2025		2,000
2026		2,000
		<hr/>
Total minimum lease payments	\$	<u>146,000</u>

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18. Liquidity and Availability of Resources

The following reflects the Institute's financial assets as of the statement of position as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of position date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the Board of Trustees approve such an action.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 33,895,000	\$ 16,925,000
Accounts receivable, net	11,815,000	10,118,000
Investments	89,398,000	111,452,000
Appropriation from endowment spending rule	5,794,000	5,361,000
Less Board designations:		
Quasi-endowment fund, primarily for long-term investing	<u>(48,400,000)</u>	<u>(42,213,000)</u>
Total	92,502,000	101,643,000
Liquidity reserves:		
Line of credit	<u>2,500,000</u>	<u>2,500,000</u>
Financial assets and liquidity reserves available to meet cash needs for general expenditures within one year	<u>\$ 95,002,000</u>	<u>\$ 104,143,000</u>

In addition to the financial assets available to meet general expenditure listed above, the Institute has \$4.5 million of undrawn bond commitment available for capital expenditures for both 2021 and 2020.

The Institute's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As part of the Institute's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

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

To the Board of Trustees of
The Wistar Institute of Anatomy and Biology

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 financial statements of The Wistar Institute of Anatomy and Biology (the Institute), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
June 10, 2022

Independent Auditors' Report on Compliance for the Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees of
The Wistar Institute of Anatomy and Biology

Report on Compliance for its Major Federal Program

We have audited The Wistar Institute of Anatomy and Biology's (the Institute) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended December 31, 2021. The Institute's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Report on Internal Control Over Compliance

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

Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

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

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

Purpose of This Report

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.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
June 10, 2022

The Wistar Institute of Anatomy and Biology

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through ID Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Grants:				
Department of Health and Human Services				
National Cancer Institute				
21st Century Cures Act-Beau Biden Cancer Moonshot Award Program:				
Rational Approaches to Melanoma Therapy	93.353	224070	\$ 1,788,467	\$ 639,086
Cancer Cause and Prevention Research Award Program:				
Epigenetic Regulation of Human Telomeres	93.393	140652	320,592	-
The Role of Gut Microbe-Derived Choline Metabolites in Driving the Pro-Inflammatory Macrophage Phenotype and Restricting Pancreatic Cancer	93.393	175058		
			103,832	-
Mechanistic Basis and Therapeutic Strategies for ARID1A Mutation in Ovarian Cancer	93.393	202919	276,615	-
Role of BRCA1 Pathway in Regulating Oncogene-Induced Senescence	93.393	160331	678,780	-
Regulation of EBV Latency by EBNA1	93.393	093606	374,216	-
MYC - Transcription and Apoptosis	93.393	051497	290,339	-
Epigenomic Control of KSHV Latency	93.393	117830	371,708	-
A Cancer Derived Truncating Mutation in Disease Penetrance and Progression of MSI CRC	93.393	238457	526,754	63,507
Novel Mechanism for UVRAG in Genome Stability and Tumor Suppression	93.393	140964	201,005	-
Cancer Detection and Diagnosis Research Award Program:				
p53 Variants in Cancer Risk and Therapy	93.394	201430	79,307	-
Integration of Biomarker Signatures from Peripheral Blood for Diagnosis, Prognosis, Remission and Resource of Lung Cancer	93.394	200495		
			298,845	-
Applying Molecular and Functional Genomics to Identify Biomarkers for Diagnosing and Treating Cancer	93.394	243690	107,798	-
Cancer Treatment Research Award Program:				
HSP70 and Melanoma	93.395	139319	1,653	1,653
A First-in-Human Phase I Clinical Trial of Mitochondrial-Targeted Hsp90 Inhibitor, Gamitrinib	93.395	225913	46,191	-
Targeting TERT in Melanoma	93.395	215733	324,925	5,419
Targeted Therapies in Melanoma	93.395	114046	2,278,005	1,091,067
Novel Molecular Therapies of Prostate Cancer	93.395	140043	728,398	308,104
Synthetic Lethality Based Combination Approaches to ARID1A Mutation in Ovarian Cancer	93.395	239128	391,818	-
Drugging EBNA1 to Treat EBV-Associated Cancers	93.395	259171	263,736	-
Cancer Biology Research Award Program:				
Functional Analysis of P53 Polymorphic Variants	93.396	102184	445,745	-
Therapeutic Targeting MDSC-Mediated Immune Suppression in Cancer	93.396	266342	32,996	-
Targeting Antigen-Induced ER Stress Response in B-cell Chronic Lymphocytic Leukemia	93.396	163910	24,369	16,354
Targeting Telomerase for Melanoma Therapeutics	93.396	201312	412,489	57,835
Extracellular DNA in Regulation of Multiple Myeloma	93.396	196788	257,285	21,545
Integrative Approach to Comprehensive Analysis of High Throughput Data on a Cancer Center Level	93.396	211199	133,559	-
Defining Metabolic Adaptations within the PDAC "Arid" Tumor Microenvironment	93.396	252225	272,312	91,348
c-MYC Targets in the Pathogenesis of Human Cancers	93.396	057341	284,662	-
Tumor Plasticity	93.396	220446	1,002,693	-
Lipids and Myeloid Cell Function in Cancer	93.396	165065	577,193	146,139
Negative Regulation of Myeloid-Derived Suppressive Cells in Cancer	93.396	216936	444,422	191,878
Advancing Cancer Research through Comprehensive Proteomics and Metabolomics Analyses	93.396	221838	177,416	-
The Impact of Coding Region Variants on Mutant p53 Biology	93.396	238611	497,933	102,006
Understanding PPARgamma Signaling in Melanoma Brain Metastasis	93.396	241490	451,476	11,780
Regulation of Tumor Recurrence by Stress Activated Neutrophils	93.396	243142	601,540	117,356
Cancer Centers Support Grants Award Program:				
Consolidated Basic Cancer Research Program	93.397	010815	2,892,044	14,265
SPORE in Skin Cancer	93.397	174523	108,973	61,343
SPORE in Skin Cancer	93.397	261608	411,386	160,160
Cancer Research Manpower Award Program:				
Modeling Cancer Evolution for Prediction with Neural Networks: Methods and Applications	93.398	252025	54,077	-
Training Program in Basic Cancer Research	93.398	009171	596,601	-
Targeting HSP70 in CARM1 Expressing Epithelial Ovarian Cancer	93.398	241395	143,379	-
Genetics of Tumor Suppression by p53	93.398	241367	133,181	-
Trans-NIH Research Support Award:				
The Multifaceted Role of Acetate in Cancer	93.310	249950	557,797	-
<i>Pass-through to Wistar:</i>				
Cancer Cause and Prevention Research Award Program:				
The Pennsylvania State University:				
Targeting Aldehyde Dehydrogenase for Cancer Prevention	93.393	241148	15,812	-
Cancer Treatment Research Award Program:				
University of Pennsylvania:				
Understanding and Overcoming Resistance to BRAF/MEK Kinase Inhibitors in Melanoma	93.395	238237	222,375	-
Wayne State University:				
Targeting Neuroblastoma with Armed T Cells	93.395	182526	8,712	-
Case Western Reserve University:				
Targeting Pancreatic Cancer's Metabolic Addiction to HuR	93.395	227865	48,195	-
Stanford University:				
Phase One Clinical Trial of a Novel Small Molecule EBNA1 Inhibitor, VK-2019, in Patients with Epstein- Barr Positive Nasopharyngeal Cancer, With Pharmacokinetic and Pharmacodynamic Correlative Studies	93.395	R01 CA235633	27,337	-
Washington University:				
Epigenetic Drug Regimens for Homologous Recombination Proficient Ovarian Cancer	93.395	243511	19,259	-
Icahn School of Medicine at Mount Sinai:				
Regulation and Adaptive Mechanisms of Oncogenic RAS/ERK Signaling	93.395	240362	43,185	-
Cancer Biology Research Award Program:				
University of Pennsylvania:				
Deciphering the Function of DeltaNp63 and MDSCs in Tumor Promotion and Metastasis of TNBCs	93.396	237243	8,191	-
Thomas Jefferson University:				
Targeting CDK6 Expression/Activity in Ph+ and Ph1-Like Acute Lymphoblastic Leukemia (ALL)	93.396	257251	20,804	-
Georgetown University:				
Mechanisms of Epigenetic Plasticity in PDAC	93.396	252223	79,610	-
Cancer Centers Support Grants Award Program:				
Johns Hopkins University:				
SPORE in Ovarian Cancer	93.397	228991	279,289	-
Small Business Innovation Research Grant Award Program:				
Department of Health and Human Services Award Program:				
University of Pennsylvania:				
Development of BRAF Dimer Inhibitors to Treat Drug Resistant Melanoma	93.399	226888	103,176	-
Total National Cancer Institute			20,842,457	3,100,845

See notes to schedule of expenditures of federal awards

The Wistar Institute of Anatomy and Biology

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through ID Number	Federal Expenditures	Expenditures to Subrecipients
National Institute on Aging				
Aging Research Award Program:				
Sialic Acid Modulation of HIV-Associated Chronic Inflammaging	93.866	062383	\$ 575,540	\$ 51,627
<i>Pass-through to Wistar:</i>				
Aging Research Award Program:				
University of Pennsylvania:				
Epigenetics of Aging and Age-Associated Diseases	93.866	031862	184,901	-
Fox Chase Cancer Center:				
Therapeutics Targeting TDP-43 to Treat Alzheimer's Disease and Related Disorders	93.866	068823	57,572	-
Total National Institute of Aging			818,013	51,627
National Institute of Allergy & Infectious Diseases				
Allergy, Immunology, and Transplantation Research Award Program:				
Synthetic DNA & Novel Env Vaccine for HIV	93.855	109646	551,370	386,391
BEAT-HIV: Delaney Collaboratory to Cure HIV-1 Infection by Combination Immunotherapy	93.855	126620	3,259,849	1,756,944
Regulation of EBV Latency by Purine Metabolism and Signaling	93.855	153508	199,210	-
Multivalent DNA Vaccine-Mediated Protection Against Tuberculosis	93.855	135723	379,941	60,913
Clinical Development of Two Replication-Defective Chimpanzee Adenovirus Vectors, Termed AdC6 and AdC7	93.855	HIV-BAA	(13)	(13)
Host Glycomic Determinants of HIV Persistence in vivo	93.855	143385	45,452	-
Novel DNA Encoded Monoclonal Antibodies (DMABs) for Control of Antimicrobial Resistant (AMR) Pseudomonas Aeruginosa Infection	93.855	141236	852,101	-
Regulation of Viral Chromatin Architecture During EBV Latency	93.855	130209	594,334	6,558
Development of Broad Coronavirus Immunity Targeting the Fusion Peptide	93.855	158777	150,939	-
Targeting Siglec-9/Sialoglycan Interactions to Enhance NK Functions During HIV Infection	93.855	165079	298,578	47,668
BEAT-HIV: Delaney Collaboratory to Cure HIV-1 Infection by Combination Immunotherapy	93.855	164570	826,547	240,941
Overcoming the Hurdles to Successful CAR T Cell Therapy for a Functional HIV Cure	93.855	150373	58,442	-
Design of Vaccination Strategies to Elicit Broadly Neutralizing Antibodies Against HIV-1	93.855	140770	48,778	-
<i>Pass-through to Wistar:</i>				
Allergy, Immunology, and Transplantation Research Award Program:				
University of Pennsylvania:				
Epigenetic HIV Silencing in Macrophages	93.855	133696	362,467	-
Cell-surface Glycomic Signature Associated with Blood and Tissue HIV Reservoirs (UPenn CFAR Developmental Pilot Program)	93.855	045008	85,085	-
DNA-Launched Nanoparticle Vaccine Design	93.855	CFAR Development Funds Pilot	46	-
University of California, San Francisco:				
Therapeutic Vaccination an DPD-1 Blockade in Treated HV Disease	93.855	131296	155,636	-
Yale University:				
Role of Clonal Expansion in HIV-1 Persistence	93.855	141009	119,933	-
Case Western Reserve University:				
Resetting Immune Homeostasis: a Non Invasive Approach Towards HIV Eradication	93.855	131295	104,884	-
Mapp Biopharmaceutical, Inc:				
Prometheus: A Platform for Rapid Development of Human Antibody Based Therapeutics and Prophylactics Against Emerging Viral	93.855	142777	74,387	-
Mount Sinai Icahn School of Medicine:				
Collaborative Influenza Vaccine Innovation Centers (CIVICs) Component A: Vaccine Center	93.855	NIAID CIVIC	509,184	-
Thomas Jefferson University:				
Target Validation for I-BET151-Induced Differentiation in the African Trypanosome	93.855	154191	53,826	-
Total National Institute of Allergy & Infectious Diseases			8,730,976	2,499,402
National Institute of General Medical Sciences				
Biomedical Research and Research Training Award Program:				
Interaction Between RNA Interference and RNA Editing Pathways	93.859	040536	287,184	-
Stress Response Functions of ADAR1 Regulated by MAP Kinases	93.859	130716	233,970	-
Regulation of PRC2 Functions by PARP1	93.859	124449	397,235	-
Regulation of Alternative Cleavage and Polyadenylation	93.859	084089	502,924	85,387
Regulation and Functions of 3'UTRs in Cellular Stress	93.859	129069	474,161	-
<i>Pass-through to Wistar:</i>				
Biomedical Research and Research Training Award Program:				
Drexel University:				
Novel Anti-HIV Compounds Targeting the HIV-1 Matrix Protein	93.859	125396	144,171	-
Total National Institute of General Medical Sciences			2,039,645	85,387
National Heart, Lung & Blood Institute				
Blood Diseases and Resources Research Award:				
Role of an Integrator-EGR Axis in the Regulation of Myeloid Enhancers (Admin Supp)	93.839	141326	499,691	-
Lung Diseases Research Award:				
Regulation of Neonatal Inflammation by Myeloid Derived Suppressor Cells	93.838	147472	578,761	226,203
<i>Pass-through to Wistar:</i>				
Cardiovascular Disease Research Award Program:				
Medical University of South Carolina:				
Targeting IRE-1a/XBP-1 Axis fir Control of Chronic GVHD and Leukemia Relapse	93.837	140953	(2,525)	-
Total National Heart Lung & Blood Institute			1,075,927	226,203

See notes to schedule of expenditures of federal awards

The Wistar Institute of Anatomy and Biology

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through ID Number	Federal Expenditures	Expenditures to Subrecipients
National Institute on Drug Abuse				
Drug Abuse and Addiction Research Programs Award Program:				
Effects of Mu-Opiate Receptor Engagement on Microbial Translocation and Residual Immune Activation in HIV-infected, ART Suppressed Opioid Use Disorder Patients Initiating Medication-Assisted Treatment	93.279	048728	1,229,317	627,104
Effects of Mu-Opiate Receptor Engagement on the Persistence of HIV-Associated Activation and Viral Reservoirs in Individuals Receiving Medication Assisted Treatment for Opioid Use Disorder	93.279	049666	583,835	240,688
<i>Pass-through to Wistar:</i>				
Drug Abuse and Addiction Research Programs Award Program:				
Temple University:				
Non-Beta-Lactam GLT-1 Activators: Characterization in Preclinical Models of Opioid and Cocaine Addiction	93.279	051205	32,299	-
Total National Institute on Drug Abuse			1,845,451	867,792
National Institute of Mental Health				
Mental Health Research Grants Award Program:				
Molecular and Neurodevelopmental Consequences of ADNP Mutation	93.242	123753	\$ 3,590	\$ -
<i>Pass-through to Wistar:</i>				
Mental Health Research Award Program:				
Drexel University:				
Allosteric Modulation of Dopamine Transport-Functional and Biochemical Studies	93.242	121453	2,046	-
Total National Heart Lung & Blood Institute			5,636	-
National Human Genome Research Institute				
<i>Pass-through to Wistar:</i>				
Human Genome Research Award Program:				
Johns Hopkins University:				
Big Data Methods for Decoding Gene Regulation	93.172	009518	57,133	-
Total National Institute of Mental Health			57,133	-
National Institute of Dental & Craniofacial Research				
Oral Diseases and Disorders Research Award Program:				
Epigenetic Regulation of Epstein-Barr Virus	93.121	017336	19,956	-
Targeting the Host NDP Kinase to Abrogate Viral Dissemination	93.121	028256	59,211	-
Total National Institute of Dental & Craniofacial Research			79,167	-
National Institute of Neurological Disorders and Stroke				
Extramural Research Programs in the Neurosciences and Neurological Disorders Award Program:				
Epigenetic Regulation Through the Formation and Resolution of R Loops	93.853	105576	672,974	-
Host Glycomic Modulation of HIV-Associated Neuro inflammation During Viral Suppression	93.853	117458	823,862	593,404
Total National Institute of Neurological Disorders and Stroke			1,496,836	593,404
National Institute of Diabetes and Digestive and Kidney Diseases				
Diabetes, Digestive, and Kidney Diseases Extramural Research Award:				
Glycomic Modulation of Gut Microbiome During HIV Infection	93.847	123733	1,117,089	666,428
Role of African-centric TP53 Variant in Higher H. Pylori Prevalence in African Americans	93.847	124385	372,354	-
Total National Institute of Neurological Disorders and Stroke			1,489,443	666,428
National Institute of Environmental Health Sciences				
Environmental Health Research Award:				
Molecular Mechanism of UV Protection in Cutaneous Melanoma	93.113	029092	534,432	-
Total National Institute of Neurological Disorders and Stroke			534,432	-
Office of the Director, National Institutes of Health				
Research Infrastructure Programs:				
Purchase of an Echo 650 Acoustic Liquid Handler with Access Workstation	93.351	030245	566,728	-
Total National Institute of Neurological Disorders and Stroke			566,728	-
Total Department of Health and Human Services			39,581,844	8,091,088
National Science Foundation				
Standard Grant Award Program:				
Expansion, Curriculum Evolution, and Enhancement of Biotechnician Training	47.076	2100072	7,773	-
Total National Science Foundation			7,773	-

See notes to schedule of expenditures of federal awards

The Wistar Institute of Anatomy and Biology

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through ID Number	Federal Expenditures	Expenditures to Subrecipients
Department of Defense				
US Army Medical Research Acquisition Act				
Military Medical Research and Development Award Program:				
A R1st-in-Human, Phase I Clinical Trial of Mitochondrial-Targeted Hsp90 Inhibitor, Gamitrinib in Advanced and Metastatic Prostate Cancer	12.420	W81WXH-18-1-0334	319,682	-
Metabolic Approaches for ARID1A	12.420	W81XWH-18-PRCRP-IASF	237,429	27,788
Development of Novel Small-Molecule Rb Protein Modulator for Ovarian Cancer Immunotherapy	12.420	W81XWH-19-1-0092	114,983	-
Characterization of Novel Vaccine Targeting Follicle Stimulating Hormone Receptor in Ovarian Cancer (LOI)	12.420	W81XWH-19-1-0189	319,324	-
Optimizing Active Immunotherapy of Melanoma Through Metabolic Reprogramming of Melanoma Antigen-Specific CD8+ T Cells Combined with Checkpoint Blockade	12.420	W81XWH-19-1-0485	524,473	-
Immunological Approaches for ARID1A-Mutated Ovarian Cancer	12.420	W81XWH1190154	205,346	-
Metabolic Approaches for ARID1A Mutated Ovarian Cancer	12.420	W81XWH-20-1-0140	156,293	-
Targeting Acral Melanoma by Inducing TERT Degradation	12.420	W81XWH-20-1-0356	150,153	-
<i>Pass-through to Wistar:</i>				
Military Medical Research and Development Award Program:				
Thomas Jefferson University: New Approach to Targeting Serous Ovarian Cancer	12.420	W81XWH-21-1-0303	4,130	-
<i>Pass-through to Wistar:</i>				
Research and Technology Development Award Program:				
Thomas Jefferson University: Targeting Mdm2 in Lymphoma	12.420	WX1XWH1910202 (Eischen DOD)	26,458	-
Total US Army Medical Research Acquisition Act			<u>2,058,271</u>	<u>27,788</u>
Defense Advanced Research Projects Agency				
Research and Technology Development Award Program:				
A Machine Learning Algorithm to Accelerate Development of in vivo DNA-vectored Antibody Countermeasures for the Warfighter	12.910	N660012014049	\$ 2,764,412	\$ 717,526
Total Defense Advanced Research Projects Agency			<u>2,764,412</u>	<u>717,526</u>
Total Department of Defense			<u>4,822,683</u>	<u>745,314</u>
Department of Treasury				
<i>Pass-through to Wistar:</i>				
COVID-19 Vaccines, Treatments and Therapies Grant Contract Award Program:				
Commonwealth of Pennsylvania: Development and Pre-Clinical Testing of a Prophylactic SARS-CoV-2 Vaccine	21.019	PA COVID-19 Cares Act	132,618	-
Total Department of Treasury			<u>132,618</u>	<u>-</u>
U.S. Department of Labor				
<i>Pass-through to Wistar:</i>				
Commonwealth of Pennsylvania: Biomedical Research Technician (BRT) Apprenticeship is the First-Ever Registered, Nontraditional Apprenticeship Program for Biomedical Research Ratified by the Pennsylvania Department of Labor & Industry				
	17.258	Philadelphia Works, Inc.	12,255	-
Total U.S. Department of Labor			<u>12,255</u>	<u>-</u>
Total Research and Development Cluster			<u>44,557,173</u>	<u>8,836,402</u>
Total Federal Awards			<u>\$ 44,557,173</u>	<u>\$ 8,836,402</u>

See notes to schedule of expenditures of federal awards

The Wistar Institute of Anatomy and Biology

Notes to Schedule of Expenditures of Federal Awards

December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of The Wistar Institute of Anatomy and Biology (the Institute) under programs of the federal government for the year ended December 31, 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 selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Institute has negotiated facility and administrative rates for federal contracts and grants. The rate was 83.03 percent for 2021 and 82.51 percent for 2020. The Institute has not elected to use the 10 percent de-minimis indirect cost rate as allowed by the Uniform Guidance.

4. Subrecipients

During the year ended December 31, 2021, the Institute provided the following to subrecipients under its research and development cluster:

	Assistance Listing Number	Amount
Subrecipient:		
Beckman Research Institute of City of Hope	93.393	\$ 63,507
Children's Hospital of Philadelphia	93.838	226,203
Christiana Care Health Services, Inc.	93.395, 93.396, 93.397	23,575
Coriell Institute of Medical Research	93.855	6,558
Duke University	93.855	79,471
Fox Chase Cancer Center	93.396	70,409
Fox Chase Chemical Diversity	93.396	53,356
Fred Hutchinson Cancer Research Center	93.855	5,696
H. Lee Moffitt Cancer Center	93.396	2,202
Icahn School of Medicine at Mount Sinai	93.279, 93.853	240,113
IMEA	93.279	426,305
Inovio Pharmaceuticals, Inc.	93.855, 12.910	1,034,711
Johns Hopkins University	93.395, 93.396, 93.855,	
	93.866	276,284
New Jersey Institute of Technology	93.395	16,854
Philadelphia Fight	93.279, 93.855	186,067
Rice University	93.855	47,668
Rush University Medical Center	93.847, 93.866	253,514
Rutgers University	93.859	85,387

The Wistar Institute of Anatomy and Biology

Notes to Schedule of Expenditures of Federal Awards

December 31, 2021

	<u>Assistance Listing Number</u>	<u>Amount</u>
SRI	93.855	\$ (13)
The Rockefeller University	93.855	295,691
Thomas Jefferson University	93.395, 93.396	327,690
Trudeau Institute	93.855	60,913
University of Nebraska Lincoln	93.855	13,094
University of North Carolina	93.855	2,294
University of Notre Dame	93.396	14,151
University of Pennsylvania	12.420, 93.279, 93.393, 93.395, 93.396, 93.397, 93.855	3,280,344
University of Pittsburgh	93.396, 93.847	681,991
University of Texas	93.393	529,084
University of Utah	93.855	(3,611)
University of Washington	93.855	86
Veterans Medical Research Foundation	93.855	66,962
Vitalant	93.838	214,035
Weill Cornell Medical College of Cornell University	93.838	255,811
Grand total		<u>\$ 8,836,402</u>

The Wistar Institute of Anatomy and Biology

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements issued were in accordance with Generally Accepted Accounting Principles (GAAP): Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X 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)? _____ yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,336,715

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

The Wistar Institute of Anatomy and Biology

Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings are reported.

Section IV - Summary of Prior Year Findings

No findings are reported.