

**University of Southern California**  
**Report on Audit of the Consolidated Financial**  
**Statements and on Federal Awards Programs in**  
**Accordance with the OMB Uniform Guidance**  
**For the Year Ended June 30, 2017**

Location

EIN

University Park, Los Angeles

95-1642394

**University of Southern California**  
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**Year Ended June 30, 2017**

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## Report of Independent Auditors

To the Board of Trustees of the  
University of Southern California

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the University of Southern California ("The University") and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditors' Responsibility*

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

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

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Southern California and its subsidiaries as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2017 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2017. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

### **Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, the University has changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity in 2017. Our opinion is not modified with respect to this matter.

*PricewaterhouseCoopers LLP*

October 12, 2017

# Consolidated Balance Sheets

*in thousands*

	June 30, 2017	June 30, 2016
<b>Assets</b>		
1 Cash and cash equivalents	\$783,505	\$356,881
2 Accounts receivable, net	406,630	383,714
3 Notes receivable, net	72,950	75,648
4 Pledges receivable, net	628,633	663,803
5 Investments	5,770,926	5,315,745
6 Inventories, prepaid expenses and other assets	288,969	256,489
7 Property, plant and equipment, net	4,009,596	3,582,465
8 <b>Total Assets</b>	<b>\$11,961,209</b>	<b>\$10,634,745</b>
<b>Liabilities</b>		
9 Accounts payable	\$308,480	\$299,975
10 Accrued liabilities	564,341	552,844
11 Refundable advances	18,190	19,853
12 Deposits and deferred revenue	246,641	200,625
13 Actuarial liability for annuities payable	124,277	146,598
14 Federal student loan funds	65,649	68,871
15 Asset retirement obligations	121,085	115,828
16 Capital lease obligations	72,606	126,995
17 Bonds and notes payable	1,656,279	1,216,588
18 Other liabilities	3,443	4,146
19 <b>Total Liabilities</b>	<b>3,180,991</b>	<b>2,752,323</b>
<b>Net Assets</b>		
20 Without donor restrictions	4,151,215	3,699,268
21 With donor restrictions	4,629,003	4,183,154
22 <b>Total Net Assets</b>	<b>8,780,218</b>	<b>7,882,422</b>
23 <b>Total Liabilities and Net Assets</b>	<b>\$11,961,209</b>	<b>\$10,634,745</b>

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

# Consolidated Statement of Activities

in thousands

	Year Ended June 30, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
<b>Operating</b>			
<b>Revenues:</b>			
1 Student tuition and fees	\$1,899,584		\$1,899,584
2 Less financial aid	(510,550)		(510,550)
3 Net student tuition and fees	1,389,034		1,389,034
4 Health care services	1,552,230		1,552,230
5 Contracts and grants	475,185		475,185
6 Auxiliary enterprises	346,401		346,401
7 Sales and services	158,140		158,140
8 Contributions	281,084		281,084
9 Other	113,652		113,652
10 Allocation of endowment spending	227,920		227,920
11 Total Revenues	4,543,646		4,543,646
12 Net assets released from restrictions	141,320	(\$141,320)	
13 <b>Total Revenues and reclassifications</b>	<b>4,684,966</b>	<b>(141,320)</b>	<b>4,543,646</b>
<b>Expenses:</b>			
14 Salaries and benefits	2,532,294		2,532,294
15 Operating expenses	1,486,579		1,486,579
16 Depreciation	245,411		245,411
17 Interest on indebtedness	68,009		68,009
18 <b>Total Expenses</b>	<b>4,332,293</b>		<b>4,332,293</b>
19 <b>Increase (decrease) in Net Assets from operating activities</b>	<b>352,673</b>	<b>(141,320)</b>	<b>211,353</b>
<b>Non-operating</b>			
20 Allocation of endowment spending to operations	(91,670)	(136,250)	(227,920)
21 Changes in funding status of defined benefit plan	(38,376)		(38,376)
22 Investment and endowment income	81,913	2,170	84,083
23 Net appreciation in fair value of investments	162,141	418,767	580,908
24 Contributions	22,547	306,378	328,925
25 Present value adjustment to annuities payable		(3,896)	(3,896)
26 Loss on bond refunding	(37,281)		(37,281)
27 <b>Increase in Net Assets from non-operating activities</b>	<b>99,274</b>	<b>587,169</b>	<b>686,443</b>
28 <b>Total increase in Net Assets</b>	<b>451,947</b>	<b>445,849</b>	<b>897,796</b>
29 Beginning Net Assets	3,699,268	4,183,154	7,882,422
30 <b>Ending Net Assets</b>	<b>\$4,151,215</b>	<b>\$4,629,003</b>	<b>\$8,780,218</b>

The accompanying notes are an integral part of this statement.

# Consolidated Statement of Activities

in thousands

	<b>Year Ended</b>		
	<b>June 30, 2016</b>		
	<b>Without Donor</b>	<b>With Donor</b>	<b>Total</b>
	<b>Restrictions</b>	<b>Restrictions</b>	<b>Net Assets</b>
<b>Operating</b>			
<b>Revenues:</b>			
1 Student tuition and fees	\$1,793,219		\$1,793,219
2 Less financial aid	(483,068)		(483,068)
3 Net student tuition and fees	1,310,151		1,310,151
4 Health care services	1,467,336		1,467,336
5 Contracts and grants	434,746		434,746
6 Auxiliary enterprises	318,525		318,525
7 Sales and services	133,901		133,901
8 Contributions	329,449		329,449
9 Other	118,368		118,368
10 Allocation of endowment spending	207,535		207,535
11 Total revenues	4,320,011		4,320,011
12 Net Assets released from restrictions	112,652	(\$112,652)	
13 <b>Total Revenues and reclassifications</b>	<b>4,432,663</b>	<b>(112,652)</b>	<b>4,320,011</b>
<b>Expenses:</b>			
14 Salaries and benefits	2,465,390		2,465,390
15 Operating expenses	1,404,393		1,404,393
16 Depreciation	208,069		208,069
17 Interest on indebtedness	73,975		73,975
18 <b>Total Expenses</b>	<b>4,151,827</b>		<b>4,151,827</b>
19 <b>Increase (decrease) in Net Assets from operating activities</b>	<b>280,836</b>	<b>(112,652)</b>	<b>168,184</b>
<b>Non-operating</b>			
20 Allocation of endowment spending to operations	(82,372)	(125,163)	(207,535)
21 Changes in funding status of defined benefit plan	(27,552)		(27,552)
22 Investment and endowment income	63,413	917	64,330
23 Net depreciation in fair value of investments	(38,206)	(86,534)	(124,740)
24 Contributions	20,263	255,234	275,497
25 Present value adjustment to annuities payable		9,291	9,291
26 <b>(Decrease) increase in Net Assets from non-operating activities</b>	<b>(64,454)</b>	<b>53,745</b>	<b>(10,709)</b>
27 <b>Total increase (decrease) in Net Assets</b>	<b>216,382</b>	<b>(58,907)</b>	<b>157,475</b>
28 Beginning Net Assets	3,482,886	4,242,061	7,724,947
29 <b>Ending Net Assets</b>	<b>\$3,699,268</b>	<b>\$4,183,154</b>	<b>\$7,882,422</b>

The accompanying notes are an integral part of this statement.

# Consolidated Statements of Cash Flows

in thousands

	Year Ended June 30, 2017	Year Ended June 30, 2016
<b>Cash Flows from Operating Activities</b>		
1 <b>Change in Net Assets</b>	<b>\$897,796</b>	<b>\$157,475</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
2 Depreciation and amortization	245,411	208,069
3 Loss on the disposal/sale of plant assets	6,560	1,128
4 In-kind receipt of property, plant and equipment	(3,205)	(2,825)
5 Maturities and present value adjustment to annuities payable	3,685	(7,486)
6 Increase in accounts receivable	(22,916)	(20,175)
7 Increase in pledges receivable	(82,942)	(222,392)
8 (Decrease) increase in inventories, prepaid expenses and other assets	(10,848)	18,744
9 Increase (decrease) in accounts payable	28,391	(6,775)
10 (Decrease) increase in accrued liabilities	(44,529)	40,370
11 (Decrease) increase in refundable advances	(1,663)	1,300
12 Increase in deposits and deferred revenue	46,016	30,361
13 (Decrease) increase in other liabilities	(703)	198
14 Contributions restricted for property, plant and equipment and permanent investment	(244,298)	(194,947)
15 Net realized gain on sale of investments	(128,978)	(166,740)
16 Net unrealized (appreciation) depreciation in investments	(452,088)	291,695
17 <b>Net cash provided by operating activities</b>	<b>235,689</b>	<b>128,000</b>
<b>Cash Flows from Investing Activities</b>		
18 Proceeds from note collections	14,584	14,941
19 Notes issued	(11,436)	(8,531)
20 Proceeds from sale and maturity of investments	5,476,450	4,860,425
21 Purchase of investments	(5,327,902)	(4,753,532)
22 Purchase of property, plant and equipment	(690,526)	(660,370)
23 <b>Net cash used in investing activities</b>	<b>(538,830)</b>	<b>(547,067)</b>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for permanent investment:		
24 Endowment	244,180	272,399
25 Plant	117,402	128,419
26 Trusts and other	830	1,338
27 Repayments of capital lease obligation	(54,389)	
28 Repayment of long-term debt	(673,930)	(34,932)
29 Proceeds from issuance of long-term debt	1,124,900	35,467
30 (Decrease) increase in federal student loan funds	(3,222)	676
31 Investment (loss) gain on annuities payable	(17,414)	10,163
32 Payment on annuities payable	(11,269)	(13,939)
33 Increase to annuities payable resulting from new contributions	2,677	5,397
34 <b>Net cash provided by financing activities</b>	<b>729,765</b>	<b>404,988</b>
35 <b>Net increase (decrease) in cash and cash equivalents</b>	<b>426,624</b>	<b>(14,079)</b>
36 <b>Cash and cash equivalents at beginning of year</b>	<b>356,881</b>	<b>370,960</b>
37 <b>Cash and cash equivalents at end of year</b>	<b>\$783,505</b>	<b>\$356,881</b>

The accompanying notes are an integral part of this statement.



## Notes to Consolidated Financial Statements

### Note 1.

**Significant accounting policies followed by the University of Southern California are set forth below:**

#### **General:**

The University of Southern California (the “university”) is a not-for-profit, major private research university. The university is generally exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c) (3). The university is also generally exempt from payment of California state income, gift, estate and inheritance taxes.

#### **Basis of Presentation:**

The consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, which requires the university to classify its net assets into two categories according to donor-imposed restrictions: net assets without donor imposed restrictions and net assets with donor imposed restrictions. All material transactions between the university and its subsidiaries have been eliminated.

#### **Net assets without and with donor restrictions:**

Net assets without donor restrictions are the part of net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity b) the environment in which it operates c) the purposes specified in its articles of incorporation or bylaws or comparable documents.

This classification includes all revenues, gains, and expenses not restricted by donors. The university reports all expenditures in this class of net assets, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions includes contributions for which donor imposed restrictions have not been met (primarily future capital projects), endowment appreciation, charitable remainder unitrusts, pooled income funds, gift annuities and pledges receivable which are included in with donor restrictions net assets.

#### **Measure of Operations:**

The university's measure of operations as presented in the consolidated statements of activities includes revenue from tuition (net of certain scholarships and fellowships) and fees, grants and contracts, health care services, contributions for operating programs, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the consolidated statement of activities by natural classification.

## Notes to Consolidated Financial Statements

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

### Other accounting policies:

Cash equivalents consist of highly liquid investments with original maturities of three months or less. The university has classified all cash and cash equivalents as Level I financial instruments.

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the consolidated statements of activities. Realized gains and losses upon the sale of investments are calculated using the specific identification method and trade date.

Alternative investment holdings and certain other limited partnership interests are invested in both publicly traded and privately owned securities. The fair values of private investments are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments and other pertinent information.

The university applies the provision of FASB ASC 820, *Fair Value Measurements*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the university for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level I - Quoted prices in active markets for identical assets or liabilities.
- Level II - Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; 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 same term of the assets or liabilities.
- Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III investments are valued by the university based upon valuation information received from the relevant entity which may include last trade information, third-party appraisals of real estate, or valuations prepared by custodians for assets held in trusts by other trustees where the university is named as a beneficiary. The university may also utilize industry standard valuation techniques, including discounted cash flow models. Significant increases or decreases in these inputs in isolation may result in a significantly lower or higher fair value measurement, respectively.

## Notes to Consolidated Financial Statements

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The university applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share in accordance with FASB ASC 946-10, Financial Services-Investment Companies (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies). According to this guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted, to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, the university uses the NAV as reported by the money managers as a practical expedient, to determine the fair value of investments in investment funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2017 and 2016, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient.

Inventories are valued at the lower of cost (first-in, first-out) or market.

Property, plant and equipment, including collections of works of art and historical treasures, are stated at cost or fair value at the date of contribution, plus the estimated value of any associated legal retirement obligations, less accumulated depreciation, computed on a straight-line basis over the estimated useful or component lives of the assets (equipment and library books useful lives ranging from 4 to 10 years and buildings component lives ranging from 5 to 50 years). Equipment is removed from the records at the time of disposal. The university follows the policy of recording contributions of long-lived assets directly in invested in plant assets when the purpose or time restriction is met instead of recognizing the contribution over the useful life of the asset.

The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements, assets contributed are included in the university's investments and stated at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially-determined present value of the estimated future payments to be made to the beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement and the applicable actuarial mortality tables. Discount rates on split-interest agreements range from 2.7% to 9.5%. The liabilities are adjusted during the terms of the trusts for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. The valuation follows generally accepted actuarial methods and is based on the requirements of FASB ASC 958. Included in the university's assets held by other trustees are split interest agreements.

The 2012 Individual Annuity Mortality Basic Table (without margin) for Males and Females with Projection Scale G2 for Males and Females were used in the valuations. For split interest agreements related to the State of Washington, the university holds a Certificate of Exemption issued by the State of Washington's Office of Insurance Commissioner to issue charitable gift annuities. The university has been in compliance with Revised Code of Washington 48.38.010(6) throughout the time period covered by the financial statements.

## Notes to Consolidated Financial Statements

The university has recorded conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in its facilities. When an asset retirement obligation is identified, the university records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated remaining useful life of the associated asset. The fair value of the conditional asset retirement obligations is estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows is calculated using the credit adjusted, interest rate applicable to the university in order to determine the fair value of the conditional asset retirement obligations. For the years ended June 30, 2017 and 2016, the university recognized accretion expense related to the conditional asset retirement obligations of approximately \$5,973,000 and \$5,745,000, respectively. For the years ended June 30, 2017 and 2016, the university settled asset retirement obligations of approximately \$800,000 and \$1,240,000, respectively. As of June 30, 2017 and 2016, included in the consolidated balance sheets are asset retirement obligations of \$121,085,000 and \$115,828,000, respectively.

Student tuition and fees are recorded as revenues during the year the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.

Sponsored research agreements recognize contracts and grants revenue as it is earned through expenditure in accordance with the agreement. Any funding received in advance of expenditure is recorded as a refundable advance. Departmental net assets include contributions to the university and its various schools and departments. The university has determined that any donor-imposed restrictions of contributions for current or developing programs and activities are generally met within the operating cycle of the university and, therefore, the university's policy is to record these net assets as without donor restrictions. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management.

The university receives federal reimbursement for a portion of the costs of its facilities and equipment used in organized sponsored research. The federal Office of Management and Budget establishes principles for determining such reimbursable costs and requires conformity of the lives and methods used for federal cost reimbursement accounting and financial reporting purposes. The university's policies and procedures are in conformity with these principles.

Contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Non-cash contributions are valued using quoted market prices, market prices for similar assets, independent appraisals or appraisals performed by university management. Contributions receivable are reported at their discounted value using credit-adjusted borrowing rates and an allowance for amounts estimated to be uncollectible is provided. Donor-restricted contributions, which are received and either spent, or deemed spent, within the same year, are reported as revenue without donor restrictions.

Contributions of long-lived assets with no donor-imposed time restrictions are reported as without donor restrictions revenue in the year received. Contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as with donor restrictions revenue. The donor restricted net assets resulting from these contributions are released to without donor restricted net assets when the donor-imposed restrictions are fulfilled or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as with donor restrictions revenue.

## Notes to Consolidated Financial Statements

Health care services revenues include the net patient service revenues associated with Keck Hospital of USC, USC Norris Cancer Hospital, USC Verdugo Hills Hospital and USC Care Medical Group, Inc. Net patient service revenue is reported as estimated net realizable amounts from patients, third party payors, government programs and others in the period in which services are provided. The majority of the health care services are rendered to patients with commercial or managed care insurance, or under the federal Medicare and California State Medi-Cal programs. Reimbursement from these various payors is based on a combination of prospectively determined rates, discounts from charges and historical costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. Provisions for contractual adjustments and retroactive settlements related to those payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes known or as final settlements are determined. Health care services revenues also include the revenues associated with the professional services agreement with the County of Los Angeles.

Allowance for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience. The results of this review are then used to make any modifications to the allowance for doubtful accounts.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Certain reclassifications have been made to prior years' financial statements for comparative purposes.

### Recent Accounting Pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. In addition, ASU 2014-09 will require new and enhanced disclosures. ASU 2014-09 will become effective for annual reporting periods beginning after December 15, 2017. The university is currently evaluating the effect of adoption to the financial statements.

In April 2015, the FASB issued ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies how customers in cloud computing arrangements should determine whether arrangements include a software license. The standard also eliminates the requirement that customers analogize to the leases standard when determining the asset acquired in a software licensing arrangement. This ASU is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The university early adopted ASU 2015-05 for fiscal 2016.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the balance sheet. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018. The university is currently evaluating the effect of adoption to the financial statements.

## Notes to Consolidated Financial Statements

In July 2016, the university adopted ASU 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*. There was no material impact to the financial statements as a result of adoption.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revises the not-for-profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the university to reclassify its net assets (i.e. unrestricted, temporarily restricted, and permanently restricted) into two categories; net assets without donor imposed restrictions and net assets with donor imposed restrictions, among other requirements. The university early adopted ASU 2016-14 in 2017 and applied the changes retrospectively. With the adoption of ASU 2016-14 the university has updated the presentation in its statements of activities to include the reporting of operating subtotals. As a result of adopting this standard, certain prior year amounts were reclassified to conform to the presentation requirements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The standard addresses the classification of certain transactions within the statement of cash flows, including cash payments for debt repayment or debt extinguishment costs, contingent considerations payments made after a business combination, and distribution received from equity method investments. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The university is currently evaluating the effect of adoption to the financial statements.

In January 2017, the FASB issued ASU 2017-02, *Clarifying When a Not-for-Profit Entity that is a General Partner or a Limited Partner Should Consolidate a For Profit Limited Partnership or Similar Entity*, which amends the consolidation guidance for not for profit “NFP” entities in ASC 958-810. The issued final guidance clarifies the model used by NFP entities to evaluate the consolidation of investments in limited partnerships (and limited liability companies that are similar to limited partnerships). Under the new guidance, NFP investors in a limited partnership or a similar entity will continue to apply a presumption that the general partner has control and should consolidate the investments unless substantive kick-out or participation rights held by any limited partners overcome that presumption. If the general partner does not have control, the limited partners have to evaluate whether they have control. If a limited partner has control, the consolidation is required unless the investment is part of a portfolio for which the NFP “portfolio-wide” fair value option has been elected. In that situation, the limited partner can instead report its interest at fair value, mirroring an exception that already exists for NFP general partners.

The new standard also affirms the FASB’s intent to retain that NFP “portfolio-wide” fair value option under its new investment recognition and measurement rules that will take effect in fiscal years beginning after December 15, 2018. The new guidance should be adopted at the same time an NFP adopts the FASB’s other new consolidation guidance, which is required for fiscal years beginning after December 15, 2016. Early adoption is permitted. NFPs that early-adopt the consolidation guidance should apply the new guidance retrospective to earlier periods affected by that adoption. The university is evaluating the impact that the standard will have on the consolidated financial statements and related disclosures.

## Notes to Consolidated Financial Statements

### Note 2.

#### Liquidity and Availability:

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

	<b>Year Ended June 30, 2017</b>	<b>Year Ended June 30, 2016</b>
<b>Total assets at year end</b>	\$11,961,209	\$10,634,745
<i>Less:</i>		
Notes receivable due in more than one year	(14,501)	(15,580)
Pledges receivable due in more than one year	(509,162)	(501,285)
Donor-restricted endowment funds	(3,725,821)	(3,301,292)
Board-designated endowment funds	(1,404,699)	(1,307,422)
Annuities and living trusts	(149,323)	(128,595)
Inventories, prepaid expenses and other assets	(218,417)	(199,661)
Property, plant, and equipment	(4,009,596)	(3,582,465)
<b>Financial assets available at year end for current use</b>	<b>\$1,929,690</b>	<b>\$1,598,445</b>

The university's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 7, for fiscal year 2017 and 2016 the Board of Trustees approved current distribution of 104% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provision of the spending rule, for fiscal year 2017 and 2016 the Board of Trustees approved an endowment pool payout of \$28.87 a share and \$27.76 a share, for a total spending rule allocation of \$225 million and \$206 million. As described in Note 6, the university also has unfunded commitments on alternative investments totaling \$522 million and \$471 million for fiscal year 2017 and 2016.

As part of the university's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the university invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the university has committed lines of credit in the amount of \$500 million, which it could draw upon. Additionally, the university has a board-designated endowment of \$1.4 billion as of June 30, 2017. Although the university does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment fund and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 6 for disclosures about investments).

## Notes to Consolidated Financial Statements

### Note 3.

#### Accounts receivable:

Accounts receivable are summarized as follows at June 30 (in thousands):

	<b>2017</b>	<b>2016</b>
U.S. Government	\$39,909	\$35,600
Student and other, net of allowance for doubtful accounts of \$12,000 (2017), \$10,500 (2016)	152,193	124,708
Patient care, net allowance for doubtful accounts of \$10,125 (2017), \$21,429 (2016)	214,528	223,406
<b>Total</b>	<b>\$406,630</b>	<b>\$383,714</b>

### Note 4.

#### Notes and Loans Receivable:

The university is required to disclose the nature of credit risk inherent in the portfolio of financing receivables, its analysis and assessment in arriving at the allowance for credit losses (doubtful accounts), and the changes and reasons for those changes in the allowance for credit losses.

Long-term financing receivables as of June 30, 2017 consist of the following (in thousands):

	<b>June 30, 2017</b>		
	<b>Financing Receivables, Gross</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net</b>
Perkins loans	\$47,350		\$47,350
University student loans	15,761	(\$4,432)	11,329
Other student loans	14,271		14,271
<b>Total student loans</b>	<b>77,382</b>	<b>(4,432)</b>	<b>72,950</b>
Faculty loans	33,182		33,182
<b>Total</b>	<b>\$110,564</b>	<b>(\$4,432)</b>	<b>\$106,132</b>

Long-term financing receivables as of June 30, 2016 consist of the following (in thousands):

	<b>June 30, 2016</b>		
	<b>Financing Receivables, Gross</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net</b>
Perkins loans	\$47,854		\$47,854
University student loans	18,063	(\$4,894)	13,169
Other student loans	14,625		14,625
<b>Total student loans</b>	<b>80,542</b>	<b>(4,894)</b>	<b>75,648</b>
Faculty loans	33,583		33,583
<b>Total</b>	<b>\$114,125</b>	<b>(\$4,894)</b>	<b>\$109,231</b>



## Notes to Consolidated Financial Statements

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The university's Perkins loans represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the federal government in certain non-repayment situations. In these situations the federal portion of the loan balance is guaranteed. Included in other student loans are loans related to the Federal Health Professional Student Loan Program (HPSL) and Loans for Disadvantaged Students (LDS).

Factors also considered by management when performing its assessment of the adequacy of the allowance, in addition to general economic conditions and the other factors described above, include, but are not limited to, a detailed review of the aging of the student loan receivable detail and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis. It is the university's policy to write off a loan only when it is deemed to be uncollectible.

The following table illustrates the aging analysis of receivables as of June 30, 2017 (in thousands):

	<b>1-60 Days Past Due</b>	<b>61-90 Days Past Due</b>	<b>&gt; 91 Days Past Due</b>	<b>Current</b>	<b>Total Financing Receivables</b>
Perkins loans	\$1,174	\$333	\$6,719	\$39,124	\$47,350
University student loans	297	39	8,633	6,792	15,761
Other student loans	878	5	338	13,050	14,271
<b>Total student loans</b>	<b>2,349</b>	<b>377</b>	<b>15,690</b>	<b>58,966</b>	<b>77,382</b>
Faculty loans				33,182	33,182
<b>Total</b>	<b>\$2,349</b>	<b>\$377</b>	<b>\$15,690</b>	<b>\$92,148</b>	<b>\$110,564</b>

The following table illustrates the aging analysis of receivables as of June 30, 2016 (in thousands):

	<b>1-60 Days Past Due</b>	<b>61-90 Days Past Due</b>	<b>&gt; 91 Days Past Due</b>	<b>Current</b>	<b>Total Financing Receivables</b>
Perkins loans	\$1,239	\$376	\$7,296	\$38,943	\$47,854
University student loans	298	40	9,400	8,325	18,063
Other student loans	422	4	673	13,526	14,625
<b>Total student loans</b>	<b>1,959</b>	<b>420</b>	<b>17,369</b>	<b>60,794</b>	<b>80,542</b>
Faculty loans				33,583	33,583
<b>Total</b>	<b>\$1,959</b>	<b>\$420</b>	<b>\$17,369</b>	<b>\$94,377</b>	<b>\$114,125</b>

Considering the other factors already discussed herein, management considers the allowance for credit losses to be prudent and reasonable. Furthermore, the university's allowance is general in nature and is available to absorb losses from any loan category. Management believes that the allowance for credit losses at June 30, 2017 and 2016 is adequate to absorb credit losses inherent in the portfolio as of these dates.

## Notes to Consolidated Financial Statements

As part of the program to attract and retain exemplary faculty and senior staff, the university provides home mortgage financing assistance. Notes receivable amounting to \$33,182,000 and \$33,583,000 were outstanding as of June 30, 2017 and 2016, respectively, and are collateralized by deeds of trust. No allowance for doubtful accounts has been recorded against these loans based on their collateralization and prior collection history. At June 30, 2017 there were no amounts past due under the faculty and staff loan program.

Determination of the fair value of notes receivable, which are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms, and subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs.

### Note 5.

#### Pledges Receivable:

Unconditional promises are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting using rates ranging from 1% to 6% in order to derive the present value of the future cash flows.

Unconditional promises are expected to be realized in the following periods (in thousands):

	<b>2017</b>	<b>2016</b>
Less than one year	\$119,471	\$162,518
One to five years	372,118	350,491
More than five years	279,057	293,970
Less: discount	(117,951)	(117,910)
Less: allowance	(24,062)	(25,266)
<b>Total</b>	<b>\$628,633</b>	<b>\$663,803</b>

Pledges receivable at June 30 have the following restrictions (in thousands):

	<b>2017</b>	<b>2016</b>
Endowment for departmental programs and activities	\$316,789	\$330,234
Endowment for scholarship	27,487	10,550
Building construction	125,398	166,813
Departmental programs and activities	158,959	156,206
<b>Total</b>	<b>\$628,633</b>	<b>\$663,803</b>

Conditional pledges for the university, which depend on the occurrence of specified future and uncertain events, at June 30, 2017 and 2016 was \$392,958,000 and \$406,925,000, respectively. The majority of these conditional pledges are related to construction of the Institute for Transformative Medicine, as well as the renovation of the Los Angeles Coliseum.

## Notes to Consolidated Financial Statements

### Note 6.

#### Investments:

Investments consist of the following at June 30 (in thousands):

	<b>2017</b>	<b>2016</b>
Equities	\$2,129,926	\$1,863,520
Fixed income securities	1,014,546	1,051,915
Alternative investments:		
Hedge funds	1,056,032	914,369
Private capital	1,226,246	1,126,585
Real estate and other	198,056	209,638
Assets held by other trustees	146,120	149,718
<b>Total</b>	<b>\$5,770,926</b>	<b>\$5,315,745</b>

The following table summarized the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2017 (in thousands):

	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>NAV</b>	<b>Total</b>
Investments:					
Equities	\$1,935,088	\$699	\$83,402	\$110,737	\$2,129,926
Fixed income securities	315,350	669,907	29,289		1,014,546
Hedge funds				1,056,032	1,056,032
Private capital				1,226,246	1,226,246
Real estate and other			43,600	154,456	198,056
Assets held by other trustees			146,120		146,120
<b>Total</b>	<b>\$2,250,438</b>	<b>\$670,606</b>	<b>\$302,411</b>	<b>\$2,547,471</b>	<b>\$5,770,926</b>

The following table summarized the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2016 (in thousands):

	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>NAV</b>	<b>Total</b>
Investments:					
Equities	\$1,695,867	\$1,155	\$73,602	\$92,896	\$1,863,520
Fixed income securities	260,271	782,173	9,471		1,051,915
Hedge funds				914,369	914,369
Private capital				1,126,585	1,126,585
Real estate and other			37,545	172,093	209,638
Assets held by other trustees			149,718		149,718
<b>Total</b>	<b>\$1,956,138</b>	<b>\$783,328</b>	<b>\$270,336</b>	<b>\$2,305,943</b>	<b>\$5,315,745</b>

## Notes to Consolidated Financial Statements

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2017 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$73,602		(\$7)		\$9,807			\$83,402
Fixed income securities	9,471	\$49,242	(30,306)	\$481	99	\$302		29,289
Real estate and other	37,545	8,883	(2,891)	(309)	(184)	660	(\$104)	43,600
Assets held by other trustees	149,718	272	(4,895)	(578)	2,263		(660)	146,120
<b>Total</b>	<b>\$270,336</b>	<b>\$58,397</b>	<b>(\$38,099)</b>	<b>(\$406)</b>	<b>\$11,985</b>	<b>\$962</b>	<b>(\$764)</b>	<b>\$302,411</b>

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2016 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$75,702				(\$2,100)			\$73,602
Fixed income securities	8,910	\$2,694	(\$3,197)	(\$728)	1,792			9,471
Real estate and other	36,936	1,543	(525)		(409)			37,545
Assets held by other trustees	151,285	4,426	(411)	2	(5,107)		(\$477)	149,718
<b>Total</b>	<b>\$272,833</b>	<b>\$8,663</b>	<b>(\$4,133)</b>	<b>(\$726)</b>	<b>(\$5,824)</b>	<b>\$-</b>	<b>(\$477)</b>	<b>\$270,336</b>

## Notes to Consolidated Financial Statements

The university uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists investments by major category for the years ending June 30, 2017:

At June 30, 2017

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
<b>Distressed Obligation Partnerships</b>	US and Non-US Distressed Debt Securities	\$25,405,000	\$21,601,000	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Hedge Funds</b>	US and Non-US Investments in Relative Value, Event Driven, Long/Short, and Directional Strategies	\$1,056,032,000	\$26,700,000	99.8% of NAV has an open ended life and 0.2% of NAV will be liquidated on an undetermined basis.	Ranges between bi-monthly redemption with 75 days notice, monthly redemption with 90 days notice, quarterly redemption with up to 120 days notice, semi-annual redemption with 60 to 90 days notice, annual redemption with up to 120 days notice, biannual redemption with 90 days notice, and 5-year lockup with 90 days notice.	17% of NAV is locked up for 3 months, 46% of NAV is locked-up for 1 year, 37% of NAV is locked-up for more than 1 year.	None
<b>Natural Resources Partnerships</b>	US and Non-US Investments in Upstream, Midstream, and Downstream Natural Resources Investments	\$447,091,000	\$228,951,000	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Private Capital Partnerships</b>	US and Non-US Private Equity and Venture Capital Investments	\$753,750,000	\$159,195,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Private Real Estate Partnerships</b>	US and Non-US Real Estate	\$154,342,000	\$85,781,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Equity Funds</b>	US and Non-US Equity Securities	\$110,737,000	Not Applicable	Open Ended	Minimum Monthly	None	None
<b>Other Funds</b>	US and Non-US Investments in Securities Other than Equity and Fixed Income	\$114,000	Not Applicable	Open Ended	Monthly	None	None
<b>Total</b>		<b>\$2,547,471,000</b>	<b>\$522,228,000</b>				

## Notes to Consolidated Financial Statements

The following table lists investments by major category for the years ending June 30, 2016:

At June 30, 2016

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
<b>Distressed Obligation Partnerships</b>	US and Non-US Distressed Debt Securities	\$36,631,000	\$22,773,000	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Hedge Funds</b>	US and Non-US Investments in Relative Value, Event Driven, Long/Short, and Directional Strategies	\$914,369,000	\$18,000,000	99.7% of NAV has an open ended life and 0.3% of NAV will be liquidated on an undetermined basis.	Ranges between bi-monthly redemption with 75 days notice, monthly redemption with 90 days notice, quarterly redemption with up to 90 days notice, semi-annual redemption with 60 to 90 days notice, and annual redemption with up to 180 days notice, and 5 year lockup with 90 days notice.	17% of NAV is locked up for 3 months, 53% of NAV is locked-up for 1 year, 30% of NAV is locked-up for more than 1 year.	None
<b>Natural Resources Partnerships</b>	US and Non-US Investments in Upstream, Midstream, and Downstream Natural Resources Investments	\$367,040,000	\$188,397,000	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Private Capital Partnerships</b>	US and Non-US Private Equity and Venture Capital Investments	\$722,914,000	\$164,933,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Private Real Estate Partnerships</b>	US and Non-US Real Estate	\$170,932,000	\$77,113,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
<b>Equity Funds</b>	US and Non-US Equity Securities	\$92,896,000	Not Applicable	Open Ended	Minimum Monthly	None	None
<b>Other Funds</b>	US and Non-US Investments in Securities Other than Equity and Fixed Income	\$1,161,000	Not Applicable	Open Ended	Monthly	None	None
<b>Total</b>		<b>\$2,305,943,000</b>	<b>\$471,216,000</b>				

## Notes to Consolidated Financial Statements

### Note 7.

#### Endowment:

Endowment net assets are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income and realized gains be utilized for current and future needs. Long-term investment net assets (board-designated endowment funds) have been established from restricted contributions whose restrictions have been met and unrestricted contributions which have been designated by the Board of Trustees or management for the same purpose as endowment. The university also has a beneficial interest in the net income earned from assets which are held and managed by other trustees.

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2017 (in thousands):

	<b>Board-Designated Endowment Funds</b>	<b>Donor-Restricted Endowment</b>	<b>Total</b>
Pooled	\$1,335,689	\$3,603,416	\$4,939,105
Non-pooled	69,010	122,405	191,415
<b>Total</b>	<b>\$1,404,699</b>	<b>\$3,725,821</b>	<b>\$5,130,520</b>

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2016 (in thousands):

	<b>Board-Designated Endowment Funds</b>	<b>Donor-Restricted Endowment</b>	<b>Total</b>
Pooled	\$1,230,571	\$3,195,903	\$4,426,474
Non-pooled	76,851	105,389	182,240
<b>Total</b>	<b>\$1,307,422</b>	<b>\$3,301,292</b>	<b>\$4,608,714</b>

Pooled investments represent donor-restricted and board-designated endowment funds which have been commingled in a unitized pool (unit market value basis) for purposes of investment. At June 30, 2017 and 2016, the pool is comprised of cash and cash equivalents (0.43%) and (2.30%), equities (53.89%) and (51.97%), fixed income securities (12.03%) and (9.87%), alternative investments (30.64%) and (32.11%) and real estate and other investments (3.01%) and (3.75%), respectively. Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit market value at June 30, 2017 and 2016 was \$647.73 and \$603.87, respectively.

The Board of Trustees has interpreted the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA) as requiring the preservation of the original contribution as of the contribution date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as donor-restricted funds (a) the original value of contributions donated to the endowment, (b) the original value of subsequent contributions to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the university considers various factors in making a determination to appropriate or accumulate endowment funds including: duration and preservation of the fund, economic conditions, effects of inflation or deflation, expected return on the funds and other economic resources of the university.

## Notes to Consolidated Financial Statements

Endowment net asset composition by type of funds as of June 30, 2017 (in thousands):

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
Donor-restricted endowment funds		\$3,725,821	\$3,725,821
Board-designated endowment funds	\$1,404,699		1,404,699
<b>Total</b>	<b>\$1,404,699</b>	<b>\$3,725,821</b>	<b>\$5,130,520</b>

Endowment net asset composition by type of funds as of June 30, 2016 (in thousands):

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
Donor-restricted endowment funds		\$3,301,292	\$3,301,292
Board-designated endowment funds	\$1,307,422		1,307,422
<b>Total</b>	<b>\$1,307,422</b>	<b>\$3,301,292</b>	<b>\$4,608,714</b>

Changes in endowment net assets for the year ended June 30, 2017 (in thousands):

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
<b>Endowment net assets at July 1, 2016</b>	\$1,307,422	\$3,301,292	\$4,608,714
Total investment return	185,961	388,500	574,461
Contributions and transfers	2,986	172,279	175,265
Appropriation of endowment assets for expenditure	(91,670)	(136,250)	(227,920)
<b>Endowment net assets at June 30, 2017</b>	<b>\$1,404,699</b>	<b>\$3,725,821</b>	<b>\$5,130,520</b>

Changes in endowment net assets for the year ended June 30, 2016 (in thousands):

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
<b>Endowment net assets at July 1, 2015,</b>	\$1,337,683	\$3,371,828	\$4,709,511
Total investment return	(4,870)	(102,038)	(106,908)
Contributions and transfers	56,981	156,665	213,646
Appropriation of endowment assets for expenditure	(82,372)	(125,163)	(207,535)
<b>Endowment net assets at June 30, 2016</b>	<b>\$1,307,422</b>	<b>\$3,301,292</b>	<b>\$4,608,714</b>



## Notes to Consolidated Financial Statements

Endowments classified with donor restrictions are to be utilized for the following purposes:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA (in thousands):

	2017	2016
Restricted for scholarship support	\$872,922	\$779,081
Restricted for faculty support	896,990	800,488
Restricted for program support	1,955,909	1,721,723
<b>Total endowment assets with donor restrictions</b>	<b>\$3,725,821</b>	<b>\$3,301,292</b>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor contribution amounts (deficit). When donor-restricted endowment fund deficits exist, they are classified as a reduction of donor-restricted net assets. Deficits of this nature exist in various donor-restricted endowment funds, which together have an original value of \$53,815,000 and a current value of \$52,066,000 with a deficiency of \$1,749,000 and an original value of \$347,348,000 and a current fair value of \$332,070,000 and a deficiency of \$15,278,000 as of June 30, 2017 and 2016, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

The university has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under these policies, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The university expects its endowment funds over time to provide an average rate of return of approximately 8.0% annually. Actual returns in any given year may vary from this amount.

To achieve its long-term rate of return objectives, the university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The university targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The university utilizes a spending rule for its pooled endowment. The spending rule determines the endowment income and realized gains to be distributed currently for spending with the provision that any amounts remaining after the distribution be transferred and reinvested in the endowment pool as board-designated as endowment.

For the 2017 fiscal year, the Board of Trustees approved current distribution of 104% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$28.87 was distributed to each time-weighted unit for a total spending rule allocation of \$224,725,000. Investment income amounting to \$3.91 per time-weighted unit was earned, totaling \$30,450,000, and \$194,275,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2017 represent 4.55% of the market value of the endowment pool at June 30, 2017.

## Notes to Consolidated Financial Statements

For the 2016 fiscal year, the Board of Trustees approved current distribution of 104% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$27.76 was distributed to each time-weighted unit for a total spending rule allocation of \$205,553,000. Investment income amounting to \$3.58 per time-weighted unit was earned, totaling \$26,539,000, and \$179,014,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2016 represent 4.64 % of the market value of the endowment pool at June 30, 2016.

### Note 8.

#### Property, plant and equipment:

Property, plant and equipment consisted of the following at June 30 (in thousands):

	<b>2017</b>	<b>2016</b>
Land and improvements	\$196,890	\$188,139
Buildings and improvements	4,659,505	3,658,581
Buildings under capital leases	65,822	126,518
Equipment	655,391	603,301
Library books and collections	378,402	357,332
Construction-in-progress	415,925	802,841
	<b>6,371,935</b>	<b>5,736,712</b>
Less: Accumulated depreciation	2,362,339	2,154,247
<b>Total</b>	<b>\$4,009,596</b>	<b>\$3,582,465</b>

### Note 9.

#### Student Financial Aid:

Financial aid is awarded to students based on need and merit. Financial aid does not include payments made to students for services rendered to the university.

Financial aid for the year ended June 30, 2017 consists of the following (in thousands):

	<b>Undergraduate</b>	<b>Graduate</b>	<b>Total</b>
Institutional scholarships	\$278,894	\$154,894	\$433,788
Endowed scholarships	24,177	13,428	37,605
External financial aid	25,176	13,981	39,157
<b>Total</b>	<b>\$328,247</b>	<b>\$182,303</b>	<b>\$510,550</b>

## Notes to Consolidated Financial Statements

Financial aid for the year ended June 30, 2016 consists of the following (in thousands):

	<b>Undergraduate</b>	<b>Graduate</b>	<b>Total</b>
Institutional scholarships	\$262,375	\$140,832	\$403,207
Endowed scholarships	22,421	12,035	34,456
External financial aid	29,546	15,859	45,405
<b>Total</b>	<b>\$314,342</b>	<b>\$168,726</b>	<b>\$483,068</b>

### Note 10.

#### Leases:

The university is the lessee of various equipment and space under non-cancelable operating and capital leases. Operating lease rental expense for the years ended June 30, 2017 and 2016 was approximately \$34,154,000 and \$31,858,000 respectively. Space leases contain customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments as of June 30, 2017 under operating and capital leases are as follows (in thousands):

<b>Future minimum rental payments:</b>	<b>Operating</b>	<b>Capital</b>
2018	\$37,726	\$1,559
2019	35,307	1,600
2020	33,859	1,642
2021	25,115	1,685
2022	23,196	1,730
Thereafter	55,916	668,069
	211,119	676,285
Less: Interest on capital leases		(603,679)
<b>Total</b>	<b>\$211,119</b>	<b>\$72,606</b>

The university entered into a lease agreement with the Los Angeles Memorial Coliseum Commission (LAMCC) to assume the operations of the Los Angeles Memorial Coliseum and Los Angeles Memorial Sports Arena.

The lease agreement with the LAMCC expires in 2033, or in 2054, if all options are exercised, at which time a second lease agreement with the California Science Center (CSC), an institution of the State of California, commences. The lease with the CSC expires in 2111, assuming all options are exercised. Under the terms of both lease agreements the university is required to make certain capital improvements. The present value of the future minimum lease payments as of June 30, 2017 and 2016 is \$72,606,000 and \$71,018,000, respectively.

## Notes to Consolidated Financial Statements

### Note 11.

#### Bonds and notes payable (in thousands):

	Interest %	Maturity	2017	2016
<i>California Educational Facilities Authority CEFA Revenue Bonds and Notes:</i>				
Series 2007A	4.50-4.75	2034-2038		\$257,085
Premium				1,850
Series 2009A	5.00-5.25	2039-2040		217,605
Discount				(739)
Series 2009B	5.00-5.25	2039-2040		197,900
Premium				2,569
Series 2009C	5.25	2025	\$82,305	82,305
Premium			4,271	4,881
Series 2012A	5.00	2024	41,595	41,595
Premium			6,415	6,968
Series 2015A	5.00	2026	42,960	42,960
Premium			8,216	9,200
<i>University of Southern California Bonds:</i>				
Series 1998 Taxable	6.26	2019	4,585	4,585
Discount			(7)	(10)
Series 2011 Taxable	5.25	2112	300,000	300,000
Discount			(2,532)	(2,559)
Series 2016 Taxable	3.028	2040	722,580	
Discount			(3,554)	
Series 2017 Taxable	3.841	2048	402,320	
Discount			(1,799)	
<i>California Infrastructure Revenue Bonds (USC- Soto Street Health Sciences):</i>				
Series 2010 (Soto)	3.25-5.00	2017-2032	29,620	30,960
Premium			1,804	1,933
Notes Payable	5.00	2017-2020	17,500	17,500
			1,656,279	1,216,588
Less: current portion of long-term debt			1,400	1,340
<b>Total</b>			<b>\$1,654,879</b>	<b>\$1,215,248</b>

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2018 \$1,400,000; 2019 \$6,055,000; 2020 \$19,040,000; 2021 \$1,620,000; 2022 \$1,700,000; thereafter \$1,613,650,000.

Interest payments for fiscal year 2017 and 2016 were \$56,759,000 and \$60,129,000, respectively.

## Notes to Consolidated Financial Statements

The university has a revolving line of credit with a bank with a maturity date of November 30, 2020. The credit agreement was amended on April 12, 2017 to increase the revolving line of credit to \$500,000,000, with all other terms and conditions, including interest rate and maturity, remaining substantially the same. The line of credit accrues interest based on LIBOR and contains a fee on the unused portion of the line of credit. During the years ended June 30, 2017 and 2016, the university did not draw down on the line of credit. The line of credit contains certain restrictive covenants which include a minimum credit ratings of “A” and “A2” from Standard and Poor’s and Moody’s, respectively, as well as a minimum total net assets of \$5,500,000,000. USC was in compliance with these covenants during the years ended June 30, 2017 and 2016.

### Note 12.

#### Retirement Benefits:

Retirement benefits for eligible university employees are provided through the Teachers Insurance and Annuity Association, The Vanguard Group, AIG Sun America, Fidelity Investments and Prudential Financial. Under these defined contribution plans, the university and plan participants make contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds or commingled funds. Under the USC Retirement Savings Program, the university makes a 5% non-elective contribution to all eligible employees and also matches dollar for dollar the first 5% of the employees’ contributions. Newly hired employees on or after January 1, 2012, will have the university non-elective contribution subject to a four year vesting schedule. Benefits commence upon termination or retirement and pre-retirement survivor death benefits are also provided. Charges to operating activities expenses for the university’s share of costs were approximately \$155,398,000 and \$147,287,000 during the years ended June 30, 2017 and 2016, respectively.

Retirement benefits for hospital employees covered under a collective bargaining agreement with the National Union of Healthcare Workers (NUHW) and employees of USC Verdugo Hills Hospital and university Physician Associates are provided by a defined contribution 401(k) plan through Fidelity investments. Until August 2011, the hospital employees covered under a collective bargaining agreement with California Nurses Association were also covered under this 401(k) plan. Until January 2017, the NUHW employees at Keck were also covered under this 401(k) plan. Under the 401(k) defined contribution plan, participants make contributions to purchase a variety of mutual funds. The university makes its contribution following the end of the calendar year and matches 100% of the participants’ contributions up to 4% of eligible earnings, providing the participant was employed on the last day of the calendar year. In addition, the university makes a 1% retiree medical benefit contribution to all NUHW participants who were both employed on the last day of the calendar year and worked 1,500 hours in that calendar year. Effective July 2013, all employees of the USC Verdugo Hills Hospital are eligible to participate in the 401(k) plan. Employees of university Physician Associates are eligible to participate upon employment by USC. They will receive a discretionary employer match of up to 4% of eligible earnings. The university contribution is subject to a five year vesting schedule although previously credited years prior to the Tenet and Verdugo acquisitions have been carried over. Benefits commence at age 59 1/2, termination of employment, or retirement and pre-retirement survivor death benefits are also provided. Charges to operating activities expenses for the university’s share of costs were approximately \$1,701,000 and \$5,268,000 during the years ended June 30, 2017 and 2016, respectively.

## Notes to Consolidated Financial Statements

Retirement benefits for non-exempt university employees are provided through a noncontributory defined benefit pension plan, the USC Support Staff Retirement Plan (“Plan”). The following table sets forth the plan’s funded status at June 30 (in thousands):

<b>Changes in Projected Benefit Obligation</b>	<b>2017</b>	<b>2016</b>
Benefit obligation at end of prior year	\$272,262	\$242,426
Interest cost	10,155	10,937
Actuarial (gain) loss	(13,584)	27,704
Benefits paid	(16,976)	(8,805)
	<b>\$251,857</b>	<b>\$272,262</b>

<b>Change in Plan Assets</b>		
Fair value of plan assets at the end of prior year	\$173,003	\$170,719
Actual return on plan assets	24,947	1,089
Employer contribution	10,000	10,000
Benefits paid	(16,976)	(8,805)
	<b>\$190,974</b>	<b>\$173,003</b>

<b>Reconciliation of Funded Status</b>		
Accumulated benefit obligation at end of year	\$251,857	\$272,262
Projected benefit obligation at end of year	(251,857)	(272,262)
Fair value of plan assets at end of year	190,974	173,003
<b>Funded status</b>	<b>(\$60,883)</b>	<b>(\$99,259)</b>

<b>Components of Net Periodic Benefit Cost</b>		
Interest cost	\$10,155	\$10,937
Expected return on plan assets	(11,762)	(11,625)
Amortization of net loss	8,965	5,987
<b>Total benefit cost</b>	<b>\$7,358</b>	<b>\$5,299</b>

<b>Amounts recognized in the Statement of Financial Position</b>		
Accrued liabilities	(\$60,883)	(\$99,259)

<b>Amounts not yet recognized as components of Net Periodic Benefit Cost</b>		
Net loss	\$84,818	\$120,552

<b>Changes in the net reduction to Unrestricted Net Assets</b>		
Net (gain) loss	(\$26,769)	\$38,240
Amortization of net loss	(8,965)	(5,987)
<b>Total benefit cost</b>	<b>(\$35,734)</b>	<b>\$32,253</b>

## Notes to Consolidated Financial Statements

The estimated net loss/(gain) and prior service cost for the Plan that will be recognized as components of net periodic benefit cost over the next fiscal year are \$5,898,000 and \$8,965,000, respectively.

The Plan was amended to freeze benefit accruals for all remaining active union participants effective December 23, 2009, and to provide full vesting for those participants. No special accounting for curtailments, settlements or termination benefits was required during the years ended June 30, 2017 and 2016.

Weighted-average assumptions used to determine net periodic benefit cost for year ended June 30:

	<b>2017</b>	<b>2016</b>
Discount rate	3.80%	4.60%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net year-end benefit obligations at June 30:

	<b>2017</b>	<b>2016</b>
Discount rate	4.00%	3.80%
Rate of compensation increase	N/A	N/A

### Plan Assets

In managing the Plan assets, the university's objective is to be a responsible fiduciary while minimizing financial risk. Plan assets include a diversified mix of fixed income securities and equity securities across a range of sectors and levels of capitalization to maximize the long-term return for a prudent level of risk. In addition to producing a reasonable return, the investment strategy seeks to minimize the volatility in the university's expense and cash flow. The target allocation for pension benefit plan assets is 75% equity securities and 25% fixed income securities.

As described in Note 1, the university uses a hierarchy to report invested assets, including the invested assets of the Plan. Following is a description of the valuation methodologies used for assets measured at fair value.

### Fair Value

The Plan's interest in collective trusts is valued based on the net asset value information reported by the investment advisor. The fund is valued at the normal close of trading on the New York Stock Exchange every day the exchange is open (a "Business Day"). Equity securities are valued at the official closing price of, or the last reported sales price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or at the last available bid price. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange or market determined to be the most representative market, which may be either a securities exchange or the over-the-counter market. Short term investments are carried at fair value.

## Notes to Consolidated Financial Statements

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

At June 30, 2017 a summary of fair value measurements by level for Plan investments measured at fair value on a recurring basis is as follows (in thousands):

	Level I	Level II	Level III	NAV	Total
Collective Trust Funds:					
Short-term investment fund		\$2,062			\$2,062
Equity securities		145,125			145,125
Fixed income securities		43,787			43,787
<b>Total</b>		<b>\$190,974</b>			<b>\$190,974</b>

At June 30, 2016 a summary of fair value measurements by level for investments measured at fair value on a recurring basis is as follows (in thousands):

	Level I	Level II	Level III	NAV	Total
Collective Trust Funds:					
Short-term investment fund		\$9,310			\$9,310
Equity securities		121,342			121,342
Fixed income securities		42,351			42,351
<b>Total</b>		<b>\$173,003</b>			<b>\$173,003</b>

### Allocation of Assets

The year-end asset allocation, which approximates the weighted-average allocation for the Plan assets as of June 30 and in comparison to target percentages for each asset category, is as follows:

Asset Category	Actual at June 30, 2017	Target at June 30, 2017	Actual at June 30, 2016	Target at June 30, 2016
Short-term investment fund	1.1%	0.0%	5.4%	0.0%
Equity securities	76.0%	75.0%	70.1%	75.0%
Fixed income securities	22.9%	25.0%	24.5%	25.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The portfolio is evaluated annually, or when the actual allocation percentages are plus or minus 2% of the stated target allocation percentages. Changes in policy may be indicated as a result of changing market conditions or anticipated changes in the pension plan's needs. Prohibited transactions include investment transactions prohibited by the Employee Retirement Income Security Act of 1974 and speculative investments including commodities or unregistered stock without specific prior approval by the university's Investment Committee.



## Notes to Consolidated Financial Statements

### Contributions

No contribution to the Plan was required during the years ended June 30, 2017 and 2016. The university may make discretionary contributions to the Plan during the next fiscal year. This will be reassessed during fiscal year 2018.

### Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

<u>Fiscal Year Ending June 30</u>	
2018	\$10,720
2019	11,214
2020	11,769
2021	12,390
2022	12,947
2023-2027	69,660

### Note 13.

#### Net Assets:

The university's net assets as of June 30, 2017 includes the following (in thousands):

<u>Nature of Specific Net Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Year Ended June 30, 2017</u>
			<u>Total Net Assets</u>
Designated	\$1,223,092		\$1,223,092
Donor-restricted		\$125,226	125,226
Pledges		628,633	628,633
Unexpended endowment income	266,144		266,144
Annuity and living trusts		149,323	149,323
Donor-restricted endowment funds		3,725,821	3,725,821
Board-designated endowment funds	1,404,699		1,404,699
Debt service funds	106,380		106,380
Invested in plant	1,150,900		1,150,900
<b>Total</b>	<b>\$4,151,215</b>	<b>\$4,629,003</b>	<b>\$8,780,218</b>

## Notes to Consolidated Financial Statements

The university's net assets as of June 30, 2016 includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended
			June 30, 2016
			Total Net Assets
Designated	\$959,609		\$959,609
Donor-restricted		\$89,464	89,464
Pledges		663,803	663,803
Unexpended endowment income	239,178		239,178
Annuity and living trusts		128,595	128,595
Donor-restricted endowment funds		3,301,292	3,301,292
Board-designated endowment funds	1,307,422		1,307,422
Debt service funds	111,070		111,070
Invested in plant	1,081,989		1,081,989
<b>Total</b>	<b>\$3,699,268</b>	<b>\$4,183,154</b>	<b>\$7,882,422</b>

### Note 14.

#### Functional Expenses:

Expenses are presented below by functional classification in accordance with the overall service mission of the university. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation expense is allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt. Plant operations and maintenance represents space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy.

For the year ended June 30, 2017 functional expense consists of the following (in thousands):

	Academic	Support Services	Fund Raising Activities	Year Ended
	Health Care and Student Services			June 30, 2017
Compensation	\$1,698,766	\$309,213	\$32,920	\$2,040,899
Fringe benefits	388,758	92,508	10,129	491,395
Operating expenses	964,585	334,092	14,954	1,313,631
Cost of goods sold	63,389	49,436		112,825
Travel	47,999	11,314	810	60,123
Allocations:				
Depreciation	175,132	70,106	173	245,411
Interest	17,448	50,561		68,009
Plant operations and maintenance	162,641	(162,894)	253	
<b>Total</b>	<b>\$3,518,718</b>	<b>\$754,336</b>	<b>\$59,239</b>	<b>\$4,332,293</b>

## Notes to Consolidated Financial Statements

For the year ended June 30, 2016 functional expense consists of the following (in thousands):

	<b>Academic Health Care and Student Services</b>	<b>Support Services</b>	<b>Fund Raising Activities</b>	<b>Year Ended June 30, 2016</b>
Compensation	\$1,591,071	\$297,697	\$31,464	\$1,920,232
Fringe benefits	445,265	90,041	9,852	545,158
Operating expenses	920,278	305,875	12,622	1,238,775
Cost of goods sold	53,137	50,134		103,271
Travel	50,513	10,883	951	62,347
Allocations:				
Depreciation	152,988	54,897	184	208,069
Interest	15,121	58,854		73,975
Plant operations and maintenance	154,704	(154,977)	273	
<b>Total</b>	<b>\$3,383,077</b>	<b>\$713,404</b>	<b>\$55,346</b>	<b>\$4,151,827</b>

### Note 15.

#### Commitments and Contingencies

At June 30, 2017 and 2016, the university had remaining commitments of approximately \$522,228,000 and \$471,216,000 with alternative investment managers and/or limited partnerships, respectively.

Contractual commitments for educational plant amounted to approximately \$142,456,000 and \$428,646,000 at June 30, 2017 and 2016, respectively. It is expected that the resources to satisfy these commitments will be provided from certain unexpended plant net assets, anticipated contributions and/or debt proceeds.

During the year ended June 30, 2007, the university entered into an agreement with the County of Los Angeles to provide professional services at LAC+USC Medical Center. Under the terms of the agreement the contract automatically renews on an annual basis unless either party gives four years' notice of the termination. To date, no such notice has been provided by either party.

The university is contingently liable as guarantor on certain obligations relating to equipment loans, student and parent loans, and various campus organizations. The university receives funding or reimbursement from governmental agencies for various activities, which are subject to audit. In addition, certain litigation has been filed against the university and in the opinion of university management, after consultation with legal counsel, the liability, if any, for the aforementioned matters will not have a material effect on the university's financial position.

## Notes to Consolidated Financial Statements

### Note 16.

#### Grants and Contracts:

Executed contracts, grants, subcontracts and cooperative agreements for future sponsored research activity which are not reflected in the consolidated financial statements at June 30 are summarized as follows (in thousands):

	<b>2017</b>	<b>2016</b>
Current sponsored awards	\$756,757	\$784,034
Executed grants and contracts for future periods	800,997	626,952
<b>Total</b>	<b>\$1,557,754</b>	<b>\$1,410,986</b>

### Note 17.

#### Related parties

Members of the Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the university. For senior management, the university requires annual disclosure of significant financial interest in entities doing business with the university. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the university. The university has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she or an immediate family member has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the university does business with an entity in which a trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring the recusal of the conflicted trustee and that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the university, and in accordance with applicable conflict of interest laws.

### Note 18.

#### Subsequent events

The university has performed an evaluation of subsequent events through October 12, 2017, which is the date the financial statements were issued.



**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**DIRECT AWARDS**

**Department of Education**

	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
Institute of Education Sciences	84.305	415,710	252,470
Office of Elementary and Secondary Education	84.206	313,697	-
Office of Postsecondary Education	84.015	619,878	342,588
Office of Postsecondary Education	84.116	849,960	34,801

**Total Department of Education**

**2,199,245**      **629,859**

**Department of Energy**

Department of Energy	81.049	3,687,380	392,407
Department of Energy	81.089	582,181	279,113
Department of Energy	81.108	548,225	190,538
Department of Energy	81.113	3,962	-
Department of Energy	81.135	691,332	457,516

**Total Department of Energy**

**5,513,080**      **1,319,574**

**Department of Health and Human Services**

Administration for Children and Families	93.670	20,411	-
Administration for Children and Families	93.713	108	-
Administration for Community Living	93.048	921,324	85,291
Administration for Community Living	93.747	390,397	-
Agency for Healthcare Research and Quality	93.226	178,717	-
Centers for Disease Control and Prevention	93.118	189,498	-
Centers for Disease Control and Prevention	93.262	583,289	62,113
Centers for Disease Control and Prevention	93.283	320,025	-
Centers for Medicare and Medicaid Services	93.610	50,264	1,240
Department Of Health And Human Services	93.RD	3,859,323	15,668
Health Resources and Services Administration	93.124	17,600	-
Health Resources and Services Administration	93.884	32,173	-
Health Resources and Services Administration	93.924	749,607	-
Health Resources and Services Administration	93.928	243,467	-
Health Resources and Services Administration	93.964	(617)	-
Health Resources and Services Administration	93.969	882,754	84,010
National Institutes of Health- ARRA	93.701	16,996	-
National Institutes of Health	93.077	4,607,296	12,118
National Institutes of Health	93.113	11,211,264	612,765
National Institutes of Health	93.121	10,257,656	695,350

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**DIRECT AWARDS**

	<b>CFDA*</b>	<b>Current Year Expenditures</b>	<b>Pass-Through Funds to Sub recipients</b>
National Institutes of Health	93.172	2,002,926	615,567
National Institutes of Health	93.173	5,237,615	685,087
National Institutes of Health	93.213	773,562	82,431
National Institutes of Health	93.233	172,847	101,680
National Institutes of Health	93.242	7,341,012	285,402
National Institutes of Health	93.273	3,684,214	564,939
National Institutes of Health	93.279	7,653,029	1,458,781
National Institutes of Health	93.286	3,840,085	303,095
National Institutes of Health	93.307	1,757,124	195,530
National Institutes of Health	93.310	3,810,526	3,251,688
National Institutes of Health	93.350	9,574,686	983,478
National Institutes of Health	93.351	595,970	36,056
National Institutes of Health	93.361	932,632	-
National Institutes of Health	93.389	779,441	134,807
National Institutes of Health	93.393	12,792,783	1,027,942
National Institutes of Health	93.394	1,702,739	410,653
National Institutes of Health	93.395	1,833,982	70,347
National Institutes of Health	93.396	7,492,889	2,685,021
National Institutes of Health	93.397	6,570,191	397,471
National Institutes of Health	93.398	866,408	-
National Institutes of Health	93.399	319,203	-
National Institutes of Health	93.701	18,640	-
National Institutes of Health	93.837	5,850,543	2,851,976
National Institutes of Health	93.838	2,790,701	21,572
National Institutes of Health	93.839	649,184	273,029
National Institutes of Health	93.840	7,904	-
National Institutes of Health	93.846	2,423,818	50,135
National Institutes of Health	93.847	12,896,334	1,316,693
National Institutes of Health	93.853	9,361,297	866,210
National Institutes of Health	93.855	6,120,972	228,924
National Institutes of Health	93.859	9,527,414	492,976
National Institutes of Health	93.865	3,180,279	319,557
National Institutes of Health	93.866	27,614,150	12,435,231
National Institutes of Health	93.867	9,852,408	2,811,262
National Institutes of Health	93.989	557,182	109,544
Office of the Secretary	93.001	16,815	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**DIRECT AWARDS**

	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
Office of the Secretary	93.297	2,007,463	463,269
Substance Abuse and Mental Health Services Administration	93.243	2,084,507	739,554
<b>Total Department of Health and Human Services</b>		<b>209,225,027</b>	<b>37,838,462</b>
<b>Department of Homeland Security</b>			
Department of Homeland Security	97.RD	4,172,397	276,297
Federal Emergency Management Agency (FEMA)	97.082	263,363	-
Science and Technology (S&T)	97.061	2,729,807	809,967
Science and Technology (S&T)	97.104	117,758	-
<b>Total Department of Homeland Security</b>		<b>7,283,325</b>	<b>1,086,264</b>
<b>Department of Justice</b>			
National Institute of Justice	16.560	156,789	-
<b>Total Department of Justice</b>		<b>156,789</b>	<b>-</b>
<b>Department of State</b>			
Bureau of Educational and Cultural Affairs	19.415	1,637,736	58,793
Bureau of Near Eastern Affairs	19.021	95,505	-
Bureau of Near Eastern Affairs	19.221	244,456	-
Office of the Coordinator of U.S. Assistance to Europe and Eurasia	19.900	190,135	-
Under Secretary for Public Diplomacy and Public Affairs	19.040	29,454	-
<b>Total Department of State</b>		<b>2,197,286</b>	<b>58,793</b>
<b>Department of the Interior</b>			
Bureau of Land Management	15.224	3,209	-
Department Of The Interior	15.RD	68,116	59,590
U.S. Geological Survey	15.807	124,318	-
U.S. Geological Survey	15.808	1,353,662	931,036
U.S. Geological Survey	15.810	17,439	-
<b>Total Department of the Interior</b>		<b>1,566,744</b>	<b>990,626</b>
<b>Department of Transportation</b>			
Federal Transit Administration (FTA)	20.514	37,738	-
Office of the Secretary (OST) Administration Secretariate	20.701	922,072	517,346
<b>Total Department of Transportation</b>		<b>959,810</b>	<b>517,346</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.



**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**DIRECT AWARDS**

**Department of Veterans Affairs**

Department Of Veterans Affairs

64.RD

137,298

-

VA Health Administration Center

64.009

123,830

-

**Total Department of Veterans Affairs**

**261,128**

**-**

**Environmental Protection Agency**

Office of Research and Development (ORD)

66.509

744,482

44,267

Office of Water

66.436

94,045

89,887

**Total Environmental Protection Agency**

**838,527**

**134,154**

**Institute of Museum and Library Services**

Institute of Museum and Library Services

45.301

21,429

-

Institute of Museum and Library Services

45.312

795

-

Institute of Museum and Library Services

45.313

72,782

63,480

**Total Institute of Museum and Library Services**

**95,006**

**63,480**

**Military Medical Research and Development**

Military Medical Research and Development

12.240

382,712

64,307

**Total Military Medical Research and Development**

**382,712**

**64,307**

**National Aeronautics and Space Administration**

National Aeronautics and Space Administration

43.001

2,438,316

828,003

National Aeronautics and Space Administration

43.002

9,000

-

National Aeronautics and Space Administration

43.003

150,695

-

National Aeronautics and Space Administration

43.008

9,000

-

National Aeronautics and Space Administration

43.012

52,676

-

**Total National Aeronautics and Space Administration**

**2,659,687**

**828,003**

**National Archives and Records Administration**

National Archives and Records Administration

89.003

6,441

-

**Total National Archives and Records Administration**

**6,441**

**-**

**National Endowment for the Arts**

National Endowment for the Arts

45.024

2,372

-

**Total National Endowment for the Arts**

**2,372**

**-**

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**DIRECT AWARDS**

**National Endowment for the Humanities**

	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
National Endowment for the Humanities	45.149	98,696	-
National Endowment for the Humanities	45.161	69,649	-
National Endowment for the Humanities	45.164	219,299	-
National Endowment for the Humanities	45.169	84,904	20,000
<b>Total National Endowment for the Humanities</b>		<b><u>472,548</u></b>	<b><u>20,000</u></b>

**National Science Foundation**

National Science Foundation	47.041	8,129,173	921,932
National Science Foundation	47.049	4,277,345	2,096
National Science Foundation	47.050	13,924,989	4,286,424
National Science Foundation	47.070	11,350,138	572,822
National Science Foundation	47.074	1,836,618	413,757
National Science Foundation	47.075	1,553,143	65,284
National Science Foundation	47.076	2,193,819	6,522
National Science Foundation	47.079	46,739	-
National Science Foundation	47.080	311,157	157,700
National Science Foundation	47.RD	183,833	-
<b>Total National Science Foundation</b>		<b><u>43,806,954</u></b>	<b><u>6,426,537</u></b>

**Total Research & Development Cluster - Direct Awards**

**\$ 371,070,347**      **\$ 66,050,693**

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

**Agency for International Development**

	<b>Pass-Through Entity Identifying Number</b>	<b>CFDA*</b>	<b>Current Year Expenditures</b>	<b>Pass-Through Funds to Sub recipients</b>
California Institute of Technology	1001624-13S-19790	98.001	\$ (37)	\$ -
University of California Regents	AID-OAA-A-14-00008	98.001	179,592	-
<b>Total Agency for International Development</b>			<b>179,555</b>	<b>-</b>

**Department of Agriculture**

Duke University	59-5000-4-0062	10.253	22,123	-
Ecology Center	2015-70018-23338	10.331	59,627	-
International Business Machines Corporation	W911NF-12-C-0012	10.001	282,527	-
Johns Hopkins University	2017-67007-26154	10.310	6,641	-
Lawrence Berkeley Laboratory	DE-AC02-05CH11231	10.001	54,197	-
Northrop Grumman Corporation	FA8650-13-C-7312	10.RD	282,870	-
Quanterion Solutions Incorporated	FA8075-12-D-0001	10.001	51,360	-
Raytheon BBN Technologies	FA8750-13-C-0008	10.001	97,027	-
Raytheon BBN Technologies	HR0011-08-C-0004	10.001	133,029	-
Sanford-Burnham Medical Research Institute	HHSN261200800001E	10.001	3,813	-
Science Applications International Corporation	N62645-12-C-4100	10.001	24,310	-
Science Applications International Corporation	N66001-11-C-4159	10.001	5,089	-
Southwest Research Institute	NNG05EC85C	10.001	3,780	-
Space Telescope Science Institute	NAS5-26555	10.001	89,309	-
University of California Davis	HHSN261201100038C	10.001	122,528	-
US-National Renewable Energy Laboratory - DOEN	DE-AC36-08GO28308	10.RD	37,111	-
US-Pacific Northwest National Lab	DE-AC05-76RL01830	10.001	9,649	-
<b>Total Department of Agriculture</b>			<b>1,284,990</b>	<b>-</b>

**Department of Commerce**

Catalina Sea Ranch	WC-133R-16-CN-0114	11.RD	47,480	-
University of California San Diego	NA11NOS0120029	11.012	239,311	-
University of California San Diego	NA14OAR4170075	11.417	18,901	-
University of California San Diego	NA16NOS0120022	11.012	34,031	-
<b>Total Department of Commerce</b>			<b>339,723</b>	<b>-</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

**Department of Defense**

	<b>Pass-Through Entity Identifying Number</b>	<b>CFDA*</b>	<b>Current Year Expenditures</b>	<b>Pass-Through Funds to Sub recipients</b>
ADA Technologies, Incorporated	W911NF-15-P-0013	12.431	2	-
ADA Technologies, Incorporated	W911NF-16-C-0118	12.RD	63,293	-
Applied Mathematics, Incorporated	W911NF-14-C-0151	12.RD	31,664	-
Aptima, Incorporated	N00014-15-P-1186	12.RD	(146)	-
BBN Technologies	W911NF-09-2-0053	12.630	301,556	-
Boeing Company	NNG17PX06C	12.RD	100,224	-
CA-Department of Education	CACFP 19	12.RD	234,189	-
California Institute of Technology	FA9550-16-1-0510	12.800	73,181	-
Carnegie Mellon University	FA8750-12-2-0342	12.800	353,827	-
Carnegie Mellon University	W911NF-10-1-0533	12.431	73,945	-
Carnegie Mellon University	W911NF-14-1-0436	12.431	206,378	-
Case Western Reserve University	N00014-16-1-2535	12.300	163,866	-
CA-State of California	ST1441-15-01	12.617	870,447	-
Charles River	FA8750-16-C-0045	12.RD	369,125	-
Children's Hospital of Los Angeles	W81XWH-16-1-0253	12.420	148,933	-
Chula Vista Elementary School District	HE1254-13-1-0017	12.556	1,436,608	442,249
Concepts to Systems, Incorporated	FA9550-16-C-0012	12.RD	38,123	-
Concepts to Systems, Incorporated	N68335-16-C-0244	12.RD	24,500	-
Cornell University	W81XWH-10-1-1045	12.420	50,574	-
Corporation for Public Broadcasting	007555-00001	12.RD	107,392	-
Creative Associates International	AID-519-C-00002	12.RD	10,666	-
Creative Associates International	AID-538-TO-16-00001	12.RD	30,853	-
Design Interactive, Incorporated	W81XWH-13-1-0311	12.RD	15,339	-
ERC, Incorporated	FA9300-15-C-0004	12.RD	74,718	-
General Technical Services, LLC	GS07T-12-BGD-0012	12.RD	155,388	-
Geneva Foundation	W911QY-15-1-0010	12.RD	14,678	-
Georgia Institute of Technology	FA8075-14-D-0018-0018	12.RD	70,279	-
Georgia Institute of Technology	N00014-13-1-0563	12.300	134,290	-
Georgia Institute of Technology	W911NF-11-1-0046	12.800	25,179	-
Global Science & Technology, Incorporated	DG-133E-13-SE-1560	12.RD	13,988	-
Global Science & Technology, Incorporated	TO002 WA015	12.RD	27,658	-
Graf Research	HQ0147-16-C-7004	12.RD	32,814	-
H. F. Webster Engineering Services	W911NF-15-2-0034	12.431	84,022	-
Henry M. Jackson Foundation	HU0001-15-2-0019	12.750	14,805	-
HRL Laboratories, LLC	BAA-15-34	12.RD	9,165	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
HRL Laboratories, LLC	W911NF-16-C-0018	12.RD	326,533	-
Indiana University	W911NF-10-1-0444	12.431	825	-
Intelligent Automation Inc	NNX16CG06C	12.RD	12,847	-
International Business Machines Corporation	FA8750-09-C-0172	12.RD	(11,961)	-
Johns Hopkins University	N00014-15-1-2312	12.300	29,807	-
Kessler Foundation	W81XWH-14-2-0150	12.420	80,315	-
La Jolla Institute for Allergy and Immunology	007972-00001	12.RD	23,680	-
Lockheed Martin Corporation	N00014-16-C-1029	12.RD	167,076	-
Mahlet Consulting	MC001-2017	12.RD	52,182	-
Massachusetts Institute of Technology	FA9550-15-1-0514	12.800	263,596	-
Nalas Engineering Systems, Incorporated	N00014-16-P-1032	12.RD	54,873	-
NexGen Communications, LLC	FA8750-14-D-0123	12.RD	204,901	-
Next Century Corporation	2016-16041100002	12.RD	4,025,311	-
Next Century Corporation	FA8750-15-C-0138	12.RD	992,133	-
Next Century Corporation	HR0011-15-C-0112	12.RD	213,936	-
Noetic Corporation	HQ0034-10-A-0021	12.RD	862,523	-
North Carolina State University	W911NF-16-1-0406	12.431	43,326	-
Northern California Institute for Research and Education	W81XWH-12-2-0012	12.420	240,408	-
Northern California Institute for Research and Education	W81XWH-13-1-0259	12.420	850,046	-
Northern California Institute for Research and Education	W81XWH-14-1-0462	12.420	309,708	-
Northrop Grumman Corporation	FA8650-16-C-6697	12.RD	344,383	-
Northrop Grumman Corporation	FA8750-11-D-0001 T12	12.RD	5,465	-
Northrop Grumman Corporation	HR0011-15-C-0046	12.RD	20,691	-
Northwestern University	W911NF1610035	12.431	15,000	-
NTI	W81XWH-15-2-0089	12.420	87,428	-
Oregon Health Science University	006751-00002	12.RD	19,968	-
Oregon State University	W81XWH-16-1-0794	12.420	66,119	-
Pacific Architects and Engineers, Incorporated	DJJ13-C-2442	12.RD	256,518	-
Premitec, Incorporated	W81XWH-15-C-0182	12.420	71,176	-
Purdue University	FA8750-16-2-0193	12.300	63,019	-
R-DEX Systems	FA9550-16-C-0008	12.RD	154,183	-
Sandia National Laboratories	DE-AC04-94AL85000	12.910	128,586	-
Soar Technology, Incorporated	N00014-14-C-0307	12.RD	23,818	-
Soar Technology, Incorporated	W56HZV-15-C-0188	12.RD	(110)	-
SRI International	2013-13083000007	12.RD	427	-
SRI International	HR0011-15-C-0037	12.RD	19,031	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
Stanford University	FA9550-12-1-0215	12.800	85,084	-
Stanford University	FA9550-16-1-0051	12.800	116,394	-
Stevens Institute of Technology	HQ0034-13-D-0004	12.RD	350,733	-
TechWerks	HHSN316201200036W	12.RD	74,016	-
Tel-Aviv University	W81XWH-16-C-0198	12.RD	9,057	-
Temple University	W911NF-16-2-0189	12.431	394,592	-
Transient Plasma Systems, Incorporated	FA9550-15-C-0051	12.RD	176,195	-
University Corporation For Atmospheric Research	N00173-16-2-C903	12.300	65,032	-
University of Alabama at Birmingham	440362	12.RD	115,338	-
University of California Berkeley	W911NF-12-1-0541	12.431	34,317	-
University of California San Diego	W81XWH-08-2-0159	12.420	7,766	-
University of California San Francisco	14-10709	12.RD	75,000	-
University of California San Francisco	W81XWH-14-2-0176	12.420	61,695	-
University of California San Francisco	W911NF-14-2-0043	12.431	233,100	-
University of California Santa Barbara	W911NF-15-1-0577	12.431	177,362	-
University of California Santa Barbara	W911NF-16-1-0005	12.431	118,442	-
University of California, Los Angeles	N00014-1-0051	12.300	37,970	-
University of California, Los Angeles	N00014-15-1-0038	12.300	69,504	-
University of California, Los Angeles	W81XWH-14-1-0491	12.420	27,065	-
University of California, Los Angeles	W81XWH-14-1-0602	12.420	26,595	-
University of Cincinnati	FA8650-12-2-6B11	12.800	66,901	-
University of Colorado, Denver Anschutz Medical Campus	W81XWH-15-1-0504	12.420	1,661	-
University of Illinois	FA9550-16-1-0042	12.800	10,825	-
University of Maryland	FA9550-15-1-0350	12.800	1,932	-
University of Maryland	N000141310597	12.300	1,238	-
University of Memphis	N00014-16-C-3027	12.300	778,406	-
University of New Mexico	FA9453-15-1-0305	12.800	7,327	-
University of Pennsylvania	FA8750-13-2-0045	12.910	118,827	-
University of Pittsburgh	W81XWH-15-1-0663	12.420	226,779	-
University of Rochester	N00014-15-1-2635	12.300	49,652	-
University of Utah	W81XWH-15-1-0632	12.RD	468,077	-
US BioTest	W81XWH-15-1-0057	12.420	157,998	-
Walter R. Mc Donald & Associates, Incorporated	HHSP23337004T	12.RD	7,518	-
Westat, Incorporated	HHSN261201200075C	12.RD	27,065	-
Weston Geophysical Corporation	HDTRA1-11-1-0029	12.351	29,894	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

Zeta Associates

10-C-0064

12.RD

168,098

-

**Total Department of Defense**

**19,756,745**

**442,249**

**Department of Education**

East Los Angeles College

P031C110092 - 15

84.031

60,821

-

McRel International

U411C150011

84.411

63,299

-

University of California, Los Angeles

CN150380

84.RD

88,563

-

University of North Carolina, Chapel Hill

H325D130041-16

84.325

8,772

-

University of Pennsylvania

R305C150007

84.305

87,962

-

**Total Department of Education**

**309,417**

**-**

**Department Of Energy**

Advanced Computing Technology

DE-SC0011884

81.049

114,143

-

ARC Technology

DE-SC0013921

81.049

24,545

-

Fermi National Accelerator Laboratory

DE-AC02-07CH11359

81.RD

(25)

-

General Motors Corporation

DE-EE0006826

81.086

291,807

-

Lawrence Berkeley Laboratory

DE-AC02-05CH11231

81.RD

126,649

-

Los Angeles City-Department of Water and Power- ARRA

DE OE0000192

81.122

89,461

9,984

Marine BioEnergy, Incorporated

DE-AR0000689

81.135

19,263

-

Media and Process Technology, Incorporated

DE-FE0013064

81.089

86,656

-

Oregon State University

DE-EE0006789

81.087

33,628

-

Pennsylvania State University

DE-FE0026825

81.089

234,344

-

Regents of the University of Michigan

DE-EE0007077

81.086

175,052

-

Research Partnership to Secure Energy for America

DE-AC26-07NT2677

81.RD

(22,284)

-

San Diego State University Foundation

DE-SC0016484

81.049

22,995

-

Sandia National Laboratories

DE-AC04-94AL85000

81.RD

4,083

-

University of Houston

DE-NE0008438

81.121

120,981

-

University of Houston

DE-NE0008529

81.121

95,193

-

University of Illinois at Urbana Champaign

DE-SC0012504

81.049

203,459

-

University of Wisconsin, Madison

DE-SC0008713

81.049

(958)

-

URS Group, Incorporated

DE-FE0004000

81.RD

(1,410)

-

US-Lawrence Livermore National Laboratory

DE-AC52-07NA27344

81.RD

28,877

-

US-Oakridge National Laboratories

DE-AC05-00OR22725

81.RD

250,715

-

**Total Department Of Energy**

**1,897,174**

**9,984**

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

**Department of Health and Human Services**

	<b>Pass-Through Entity Identifying Number</b>	<b>CFDA*</b>	<b>Current Year Expenditures</b>	<b>Pass-Through Funds to Sub recipients</b>
Academy Health	1U18HS022789-01	93.226	85,247	-
AgeneBio	3U01AG041140-05S1	93.866	49,970	-
AgeneBio	U01AG041140	93.866	3,008	-
Aids United	U90HA29237	93.928	254,796	-
Aids United	U90HA29237-01-00	93.928	35,796	-
Albert Einstein College of Medicine of Yeshiva University	2U01AI035004-20	93.855	(3,228)	-
Albert Einstein College of Medicine of Yeshiva University	5U01AI035004-22	93.855	(2,331)	-
American College of Radiology Imaging Network	CA80098	93.395	16,752	-
Arizona State University	1R21AG049216-01	93.866	38,480	-
Arizona State University	1U18DP006255-01	93.535	85,316	-
Arizona State University	U01EB021980-01	93.286	13,090	-
Arlene Fink Associates	2R44AA022014-02	93.273	46,992	-
Banner Alzheimer's Institute	1UF1AG046150	93.866	1,688	-
Banner Alzheimer's Institute	RF1AG041705	93.866	33,436	-
Banner Alzheimer's Institute	UF1AG046150	93.866	15,256	-
Baylor College of Medicine	1R01CA175026-01A1	93.396	39,372	-
Baylor College of Medicine	5R01CA148748-04	93.395	1,139	-
Baylor College of Medicine	5R01CA164024-03	93.394	3,065	-
Beckman Research Institute of the City of Hope	1R01CA184585-01	93.393	17,120	-
Beckman Research Institute of the City of Hope	5UM1CA164917-04	93.393	13,348	-
Beckman Research Institute of the City of Hope	5UM1CA186717-03	93.395	103,796	-
Beckman Research Institute of the City of Hope	R01CA196854	93.395	15,963	-
Beckman Research Institute of the City of Hope	R03CA188549-01	93.393	1,359	-
Beckman Research Institute of the City of Hope	U01CA199277	93.393	247,771	-
BioAIM	2R42AI06375-03	93.855	207,076	-
BioVinc LLC	1R41DE025789-01	93.121	16,752	-
Boston Rehabilitation Outcomes Center	5R24HD065688-04	93.865	43	-
Brigham and Women's Hospital	1R01HL118455-01A1	93.838	89,478	-
Brigham and Women's Hospital	2P01GM095467-06	93.859	194,400	-
Brigham and Women's Hospital	2UM1AI068636-08	93.855	18,173	-
Brigham and Women's Hospital	5U01HL101422-03	93.837	29,561	-
Brigham and Women's Hospital	U19AG010483	93.866	5,421,258	-
Brigham and Women's Hospital	U19AG010483-25R	93.866	521,350	-
Brigham and Women's Hospital	UM1AI068636	93.855	280,757	-
CA-Department of Public Health	1U58DP000807-05	93.283	918,151	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.



**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
CA-Department of Public Health	5NU58DP003862-05-00	93.283	1,819	-
CA-Department of Public Health	PS12-1201	93.940	539,906	-
California Institute of Technology	1U01NS098975-01	93.853	61,950	-
California Institute of Technology	R01HD075605A	93.865	156,181	-
California Institute of Technology	U41HG002223	93.172	242,112	-
California State University Fullerton	1R25MD010397-01	93.310	11,999	-
Cancer Prevention Institute of California	7R01CA154644-03	93.393	1,542	-
Cancer Prevention Institute of California	R01ES026171	93.113	118,522	-
Case Western Reserve University	7U01CA188392-03	93.393	76,854	-
Case Western Reserve University	R01CA197780	93.395	30,714	-
Case Western Reserve University	R01DA036171	93.279	75,366	-
Cedars-Sinai Medical Center	1R01HS024284-01	93.226	154,845	-
Cedars-Sinai Medical Center	5R01HL117983-03	93.837	11,204	-
Cedars-Sinai Medical Center	5U01NS088312-02	93.853	10,844	-
Cedars-Sinai Medical Center	5U01NS088312-03	93.853	62,840	-
Cedars-Sinai Medical Center	7U01CA184826-02	93.393	16,093	-
Children's Hospital Corporation (DBA: Boston Children's Hospital)	4R01AI065617-16	93.855	58,403	-
Children's Hospital of Los Angeles	1R01HL130172-01A1	93.837	9,845	-
Children's Hospital of Los Angeles	5K12HD052954-05	93.865	(292)	-
Children's Hospital of Los Angeles	5P50MH096972-03	93.242	(2)	-
Children's Hospital of Los Angeles	5R01DK097115-03	93.847	23,755	-
Children's Hospital of Los Angeles	5R01GM068968-12	93.859	5,729	-
Children's Hospital of Los Angeles	5R21NS088965-02	93.853	35,434	-
Children's Hospital of Los Angeles	5U01HL117718-03	93.839	(439)	-
Children's Hospital of Los Angeles	5U01HL117718-04	93.839	65,249	-
Children's Hospital of Los Angeles	5U01HL117718-05	93.839	16,868	-
Children's Hospital of Los Angeles	H30MC24045	93.110	29,802	-
Children's Hospital of Los Angeles	P50MH096972	93.242	25,250	-
Children's Hospital of Los Angeles	R01HD070886	93.865	15,616	-
Children's Hospital of Los Angeles	T77MC25732-04	93.110	3,984	-
Children's Hospital of Los Angeles	U01DA036926	93.279	14,919	-
Children's Hospital of Los Angeles	U01HL117718	93.839	165	-
Children's Hospital of Los Angeles	U01HL117718-04	93.839	287,516	-
Children's Hospital of Los Angeles	U01HL122681	93.838	20,019	-
Children's Institute, Incorporated	1H79SM063397-01	93.104	35,949	-
Children's Institute, Incorporated	U79SM059940	93.243	41,792	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
City College of New York	1R01MH11896-01	93.242	95,493	-
City of Hope Research Institute	R01CA077398	93.393	18,150	-
Cleveland Clinic Foundation	R01NS089212	93.853	238,092	-
Cleveland Clinic Lerner College of Medicine	UH2CA189883	93.396	9,672	-
Columbia University	5R01EY021529-04	93.867	6,050	-
Dana Farber Cancer Institute	7R01CA172067-04	93.395	19,350	-
DARTNet Institute	200-2015-87699	93.RD	22,126	-
Dr. Susan Love Research Foundation	1UH2EB019889-01	93.286	16,226	-
Dr. Susan Love Research Foundation	4UH3CA189966-03	93.396	12,083	-
DRVision Technologies LLC	1R44NS097094-01A1	93.853	41,245	-
Duke University	2U01DK065176-11	93.847	5,058	-
Duke University	4UM1AI104681-04	93.855	16,484	-
Duke University	5R18FD005292-02	93.103	5,678	-
Duke University	R01DK098382	93.847	60,078	-
Duke University	UM1AI104681	93.855	23,077	-
Emerson College	5R01 DC012774-03	93.173	4,527	-
Emerson College	5R01 DC012774-04	93.173	77,707	-
Emory University	3U01NS038455-14	93.853	12,463	-
Emory University	4U01NS038455-15	93.853	118,640	-
Emory University	U01DA036233	93.279	12,194	-
Fred Hutchinson Cancer Research Center	1R01CA201407	93.393	218,001	-
Fred Hutchinson Cancer Research Center	4R01CA114563-10	93.394	31,261	-
Fred Hutchinson Cancer Research Center	4R01CA160872-05	93.394	9,905	-
Fred Hutchinson Cancer Research Center	5R01CA114563-09	93.394	5,391	-
Fred Hutchinson Cancer Research Center	5R01CA160872-02	93.394	7,647	-
Fred Hutchinson Cancer Research Center	5U01CA154967-06	93.395	20,008	-
Fred Hutchinson Cancer Research Center	R01CA190661	93.395	19,825	-
George Washington University	5R01MH100028-04	93.242	8,551	-
George Washington University	5R01MH100028-05	93.242	315,369	-
Georgetown University	1-R21CA209213-01	93.395	12,315	-
Georgia State University	5P01HD070837-02	93.865	11,863	-
Harvard School of Public Health	U01HD052102	93.865	695,521	-
Harvard University	1R56AG054066-01	93.866	2,122	-
Harvard University	3U19CA148065-04S1	93.393	(66)	-
Haskins Laboratories	P01HD001994	93.865	15,000	-
Henry M. Jackson Foundation	R01MH102151	93.242	30,942	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
Howard University	5R01AG045058-03	93.701	19,428	-
Huntington Medical Research Institute	1R01NS088379-01A1	93.853	107,925	-
Icahn School of Medicine at Mount Sinai	5U01HL088942-08	93.837	81,382	-
Icahn School of Medicine at Mount Sinai	5U54NS081764-06	93.853	96,837	-
Icahn School of Medicine at Mount Sinai	7 R01 CA175491-03	93.394	59,635	-
ID Genomics, Incorporated	R42AI116114	93.855	24,105	-
Indiana University	5R01AA021751-03	93.273	90,903	-
InnoSense LLC	2R44AG046059-02A1	93.866	15,705	-
Jackson Laboratory	5U41HG002273-14	93.172	(217)	-
Jackson Laboratory	5U41HG002273-15	93.172	352,299	-
JAEB Center for Health Research	1UC4DK108520-01	93.847	98,763	-
Jewish Family Services of Los Angeles	90HS0001-01-00	93.048	6,221	-
John Snow, Incorporated	13567.2015.0001	93.226	27,687	-
Johns Hopkins University	1R01AG052510-01	93.866	21,122	-
Johns Hopkins University	3R01ES023780-03S1	93.113	(4,518)	-
Johns Hopkins University	5 R01 AG031348-02	93.242	(3,322)	-
Johns Hopkins University	5 UM1 AI068632-10	93.855	4,569	-
Johns Hopkins University	5R01CA140311-05	93.393	17,844	-
Johns Hopkins University	5R01ES023780-04	93.113	108,943	-
Johns Hopkins University	5U01NS062851-04	93.853	(13,056)	-
Johns Hopkins University	5U54HD070725	93.865	9,891	-
Johns Hopkins University	U10EY014660	93.867	2,921	-
Johns Hopkins University	U10EY024527	93.867	8,573	-
Kaiser Foundation Research Institute	1R01CA181242-01A1	93.394	11,864	-
Kaiser Permanente Regional Office	1R01DK100302-02	93.847	50,990	-
Kaiser Permanente Regional Office	5R01DK100302-02	93.847	1,480	-
Kitware, Incorporated	2R44NS081792-03A1	93.853	1,715	-
Kitware, Incorporated	R44NS081792	93.853	124,234	-
LA County Community and Senior Services	A3-1314-19/A9-1314-19	93.052	317,557	-
Leidos Biomedical Research, Incorporated	HHSN261200800001E	93.RD	1,390,076	-
L-Nutra, Incorporated	HHSN271201400030C	93.RD	43,713	-
Massachusetts General Hospital	1U01NS090259-01A1	93.853	12,047	-
Massachusetts General Hospital	4R01EB009048-08	93.286	142,735	-
Massachusetts General Hospital	U01HL123336	93.837	63,364	-
Mayo Clinic	4U01CA089600-13	93.393	12,025	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
Mayo Clinic	5U01AG045390-02	93.866	(105)	-
Mayo Clinic	5U01AG045390-03	93.866	177,337	-
Mayo Clinic	5U01CA089600-12	93.393	5,859	-
Mayo Clinic	U01CA089600	93.393	51,413	-
Mayo Clinic Jacksonville	U01NS080168	93.853	570	-
Medical University of South Carolina	5U01NS057748-02	93.853	(1)	-
Medical University of South Carolina	5U01NS057748-03	93.853	4,000	-
Menssana Research, Incorporated	5R44CA203019-01A1	93.RD	23,607	-
Methodist Hospital Research Institute	4R01HL115003-07	93.837	2,666	-
Methodist Hospital Research Institute	R01HL115003	93.837	5,795	-
Metria Innovation, Incorporated	9R44AG052199-02A1	93.866	21,794	-
Mt. Sinai Medical Center	5U54NS081764-04	93.853	30,245	-
NEONC Technologies, Incorporated	1R41CA192419-01A1	93.395	179,843	-
Neumedicines, LLC	HHSO100201100037C	93.RD	62,679	-
New England Research Institutes	U01HL107407	93.837	3,169	-
North Carolina State University	5R01EB015508-04	93.286	13,024	-
North Carolina State University	5R21EY022174-02	93.867	32,487	-
Northern California Institute for Research and Education	2U19AG024904-11	93.866	2,959,155	-
Northern California Institute for Research and Education	5U01AG024904-10	93.866	1,511,428	-
Northwestern University	1P50CA180995-01A1	93.397	28,249	-
Northwestern University	1U01TR001806-01	93.350	25,945	-
Northwestern University	5R01DE015920-10	93.121	1,903	-
Northwestern University	P30DA027828	93.279	40,744	-
Northwestern University	U01MH097435	93.242	46,861	-
NRG Oncology Foundation, Incorporated	005685-00002	93.RD	1,709	-
NUVIEW Radiopharmaceuticals, Incorporated	R41HL102891	93.837	302	-
Oregon Health Science University	5U10CA180888-03	93.395	20,112	-
Oregon Social Learning Center	5P50DA035763-04	93.279	30,384	-
Oryn Therapeutics, LLC	1R44AR068833-01	93.846	127,379	-
Park Nicollet Institute	1R21CA149934-01A1	93.393	170	-
Peking University	2R01AG037031-06A1	93.866	46,507	-
Peking University	5R01AG037031-07	93.866	39,115	-
Physical Optics Corporation	HHSN268201600029C	93.RD	9,666	-
Population Council	U54HD029990	93.865	4	-
Premitec, Incorporated	5R42EY018794-03	93.867	16,282	-
President and Fellows of Harvard College	3R01AG051144-02S1	93.866	24,633	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
President and Fellows of Harvard College	5P01DK056246-15	93.847	(11,871)	-
President and Fellows of Harvard College	R01AG042778	93.866	440,665	-
Princeton University	5P30AG024928-10	93.866	1,990	-
Princeton University	P30AG024928	93.866	30,342	-
Proteogenomics Research Institute for Systems Medicine	1P01HL11965-01A1	93.838	(1,586)	-
Proteogenomics Research Institute for Systems Medicine	5P01HL11965-02	93.838	147,789	-
Proteogenomics Research Institute for Systems Medicine	5P01HL11965-03	93.838	85,679	-
Proteris Biotech	1R41EY025890-01A1	93.867	50,396	-
Rand Corporation	PO1AG008291	93.866	186,252	-
Rand Corporation	R01AG035010	93.866	14,520	-
Rand Corporation	R01HD067536	93.865	194,774	-
Regents of the University of Michigan	1R01AG049020-01A1	93.866	75,638	-
Regents of the University of Michigan	1R24AG054061-01A1	93.866	(8)	-
Regents of the University of Michigan	1RF1AG051710-01	93.866	64,364	-
Regents of the University of Michigan	4P01CA163233-05	93.393	83,266	-
Regents of the University of Michigan	4U01AG009740-27	93.866	239,166	-
Regents of the University of Michigan	5P01CA163233-03	93.393	273	-
Regents of the University of Michigan	5P01CA163233-04	93.393	31,090	-
Regents of the University of Michigan	5P01CA163233-05	93.393	13,815	-
Regents of the University of Michigan	5R01AG040787-04	93.866	(450)	-
Regents of the University of Michigan	5R24AG045061-02	93.866	88,091	-
Regents of the University of Michigan	5U01AG009740-28	93.866	8,719	-
Regents of the University of Michigan	R01CA201198	93.393	144,841	-
Regents of the University of Michigan	R01EY022931	93.867	65,851	-
Research, Evaluation, and Social Solutions, Incorporated	2R44MD008582-02	93.307	70,380	-
Roswell Park Cancer Institute	P01CA151135	93.393	13,932	-
RSNA Research and Education Foundation	HHSN268201500021C	93.RD	34,516	-
Rutgers, The State University of New Jersey	U01HG007419	93.172	225,502	-
Rutgers, The State University of New Jersey	U24MH068457	93.242	792,738	-
Sarcoma Alliance For Research Through Collaboration	U54CA168512-04	93.397	18,883	-
Scripps Research Institute	1U24OD023176-01	93.310	36,346	-
Scripps Research Institute	5R01DE025167-03	93.121	162,725	-
Scripps Research Institute	5R01DE025167-04	93.121	3,725	-
Scripps Research Institute	5U01AA13517-15	93.273	6,560	-
Scripps Research Institute	R01 GM103838	93.859	13,114	-
Southern California Institute for Research and Education	5U01AA021884-04	93.273	261,577	-

\*See footnote 2.

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**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
Southern California Institute for Research and Education	U01AA021884	93.273	56,366	-
Southwest Oncology Group	5U10CA058882-20	93.395	379,079	-
Stanford University	1UM1CA167551-01A1	93.393	(1,087)	-
Stanford University	5R01CA182514-02	93.395	16,778	-
Stanford University	5U54MD010724-02	93.307	19,862	-
Stanford University	5UM1CA167551	93.393	98,025	-
Stanford University	R01GM117097	93.859	201,928	-
Stanford University	U54HG006996	93.172	134,224	-
Stanford University	U54MD010724-01	93.307	101,036	-
State University of New York at Buffalo	5 R01 DE003223-38	93.121	(24)	-
Suny Downstate Medical Center	7R01MH104964-02	93.242	275,297	-
Therapeutic Systems Research Laboratories, Incorporated	2R44A1100401-03	93.855	83,022	-
Therapeutic Systems Research Laboratories, Incorporated	R43AI112185	93.855	(142)	-
Trustees of Columbia University in the City of New York	5R01HG003008-10	93.172	66,920	-
Tufts Medical Center	U01 DK098245-02	93.847	(213)	-
Tufts Medical Center	U01DK098245	93.847	147,478	-
Tufts University	R01EY012383-13	93.867	(1,960)	-
University of Utah	5U02GM104604-02	93.859	(22,500)	-
University of Alabama at Birmingham	1U01EY025858-01A1	93.857	12,843	-
University of Alabama at Birmingham	HHSN27220 13000 121	93.RD	113,009	-
University of Alabama at Birmingham	R01CA174683	93.395	5,178	-
University of Arizona	2P01AG026572-11	93.866	188,798	-
University of Arizona	5R01EB018921-02	93.286	32,934	-
University of Arizona	HHSN261201200031I	93.RD	14,118	-
University of California Berkeley	15-IA-00850	93.RD	1,240,363	-
University of California Davis	1R01CA211602-01A1	93.394	21,418	-
University of California Davis	200-2016-91951	93.RD	36,150	-
University of California Davis	R21CA204563	93.394	137,539	-
University of California Regents	HHSN26620040074C	93.RD	3,120	-
University of California Riverside	1R21MH110814-01A1	93.242	1,932	-
University of California San Diego	1OT2OD024611-01	93.310	72,299	-
University of California San Diego	1R01AI114671-01A1	93.855	150,062	-
University of California San Diego	1R01DA037217-01	93.279	28,661	-
University of California San Diego	5R01MH092950	93.242	53,502	-
University of California San Diego	5U01AA022614-02	93.273	46	-

\*See footnote 2.

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**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
University of California San Diego	5U01AA022614-03	93.273	74,241	-
University of California San Diego	5U01AG024904-09	93.866	(3,668)	-
University of California San Diego	5U19AG010483-25	93.866	32,553	-
University of California San Diego	5U24DA039832-02	93.279	60,120	-
University of California San Diego	5UM1AI069432-10	93.855	262,839	-
University of California San Diego	5UM1AI069432-11	93.855	173,258	-
University of California San Diego	R01AG048650-01A1	93.866	283,144	-
University of California San Diego	R21DA039782	93.361	15,705	-
University of California San Francisco	1R21 ES024844-01	93.113	77,839	-
University of California San Francisco	1TP2AH000045-01-00	93.297	186,441	-
University of California San Francisco	1UH3NS100544-01	93.853	3,315	-
University of California San Francisco	1UM1AI110498-01	93.855	279	-
University of California San Francisco	2R01AG038791-06A1	93.866	81,879	-
University of California San Francisco	4U01NS086090-04	93.853	318,191	-
University of California San Francisco	5R24AG048024-03	93.866	81,051	-
University of California San Francisco	5U01NS058634-05	93.853	(11)	-
University of California San Francisco	5U01NS086090-03	93.853	49,141	-
University of California San Francisco	R01CA197422-01A1	93.393	15,313	-
University of California San Francisco	R01MH098062	93.242	169,432	-
University of California San Francisco	U01NS058634	93.853	269	-
University of California San Francisco	UM1AI110498	93.855	4,972	-
University of California, Irvine	1R01HL127271-01	93.837	117,656	-
University of California, Irvine	5R01HL125084-06	93.837	26,837	-
University of California, Irvine	ES012243	93.113	6,340	-
University of California, Los Angeles	1K08DK107934-01A1	93.847	16,207	-
University of California, Los Angeles	1R01MH094360	93.242	(48)	-
University of California, Los Angeles	1R01NR016463-01	93.361	14,677	-
University of California, Los Angeles	1R21AI109059-01A1	93.855	80,319	-
University of California, Los Angeles	2R01NS074980-06A1	93.853	61,484	-
University of California, Los Angeles	2U01DK082370-06	93.847	15,275	-
University of California, Los Angeles	2U01NS044364	93.853	(7,637)	-
University of California, Los Angeles	5P30AG021684-14	93.866	9,670	-
University of California, Los Angeles	5P50DK064539-14	93.847	36,833	-
University of California, Los Angeles	5R01DE022045-04	93.121	223,593	-
University of California, Los Angeles	5R01HL118650-02	93.837	11,829	-
University of California, Los Angeles	5R01HL129727-02	93.837	44,675	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
University of California, Los Angeles	5R01MH101198-03	93.242	28,441	-
University of California, Los Angeles	5R01NR014669-03	93.361	23,494	-
University of California, Los Angeles	5R01NS074980-05	93.853	31,405	-
University of California, Los Angeles	5U01DK082370-06	93.847	110,952	-
University of California, Los Angeles	5U01DK082370-07	93.847	4,140	-
University of California, Los Angeles	5U01DK082370-08	93.847	160,881	-
University of California, Los Angeles	5U01MH106008-03	93.242	54,708	-
University of California, Los Angeles	5U01NS086497-04	93.853	193,526	-
University of California, Los Angeles	5UL1TR000124-05	93.350	10,000	-
University of California, Los Angeles	R01DA041226	93.279	14,299	-
University of California, Los Angeles	U01DK082370	93.847	7,982	-
University of California, Los Angeles	U01MH106008	93.242	(297)	-
University of California, Los Angeles	U01NS086497	93.853	9,995	-
University of California, Los Angeles	U1OHA29292	93.145	324,716	-
University of California, Los Angeles	U54EB022002	93.266	473,036	-
University of California, Los Angeles	U79TI025410	93.243	8,620	-
University of Chicago	5R01AI103342-02	93.855	71,775	-
University of Chicago	R01HL121330	93.837	304,389	-
University of Cincinnati	5U01NS069763-04	93.853	527	-
University of Cincinnati	5U01NS069763-05	93.853	212,878	-
University of Cincinnati	U01NS069763	93.853	122,750	-
University of Cincinnati Medical Center	U01NS092076	93.853	7,172	-
University of Colorado	5U01DE024440-03	93.121	41,750	-
University of Colorado	5U01DE024440-04	93.121	12,796	-
University of Connecticut	1U01GM111849-01	93.859	108,330	-
University of Florida	R01GM102227	93.859	43,157	-
University of Hawaii at Honolulu	5UM1CA164973-03	93.393	(3,009)	-
University of Hawaii at Honolulu	P01CA168530	93.393	219,938	-
University of Hawaii at Honolulu	U01CA164973	93.393	1,857,266	-
University of Illinois at Chicago	5R01EY022651-05	93.867	61,002	-
University of Kansas	1R21HD082484-01	93.865	28,332	-
University of Kansas Center for Research Incorporated	5R01MH104603-02	93.242	(469)	-
University of Maryland	5P30DK090868-06	93.847	(10)	-
University of Maryland	5P50MH103222-03	93.242	47,852	-
University of Maryland	90C01121	93.652	44,271	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.



**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
University of Medicine and Dentistry of New Jersey	5R01NS038384-08	93.853	66,636	-
University of Miami	1R01NS096212-01A1	93.853	52,327	-
University of Minnesota	2P01CA138338-06	93.393	55,216	-
University of Minnesota	P01CA138338	93.393	51,304	-
University of Nebraska Medical Center	5R01AG037120-03	93.866	80	-
University of Nebraska Medical Center	R01AG037120	93.866	1,351	-
University of Nevada, Las Vegas	1R01HD087994	93.865	45,332	-
University of New South Wales	R01CA172404	93.393	15,369	-
University of North Carolina, Chapel Hill	1R01DK101855-01	93.847	119,705	-
University of North Carolina, Chapel Hill	4U10HD077844-04	93.865	99,189	-
University of North Carolina, Chapel Hill	7R01EB014354-02	93.286	28,931	-
University of North Texas Fort Worth	1R56AG054073-01	93.866	107,919	-
University of Oklahoma Health Sciences Center	R56AI078993	93.855	2,656	-
University of Pennsylvania	1R01DK105155-01A1	93.847	53,928	-
University of Pennsylvania	5R01EY023557-03	93.867	67,992	-
University of Pennsylvania	5R01EY023557-04	93.867	33,582	-
University of Pennsylvania	5R01MH075916-06	93.242	110,841	-
University of Pittsburgh	1R56HL128134-01A1	93.837	4,788	-
University of Pittsburgh	2R01AG034852-06	93.866	29,212	-
University of Pittsburgh	5U01AG051406-02	93.866	128,937	-
University of Pittsburgh	R01NS037704	93.853	32,816	-
University of Pittsburgh	U01AG051406	93.866	256,416	-
University of Pittsburgh Medical Center	1R01CA196953	93.395	21,365	-
University of Rochester Medical Center	R01MH091452	93.242	26,929	-
University of South Florida	R01CA164147	93.113	4	-
University of Texas	1R01MH085667-02	93.242	102,633	-
University of Texas	3U01HL077863-06S2	93.837	(12,205)	-
University of Texas	5U01HL077863-11	93.837	283,039	-
University of Texas	K12HD055929	93.865	269,691	-
University of Texas Health Science Center at San Antonio	1R21AI129883-01	93.855	8,220	-
University of Texas Health Science Center at San Antonio	1R21AI130668-01	93.855	8,220	-
University of Texas Medical Branch	P2CHD065702	93.865	9,925	-
University of Utah	1U02GM104604-01	93.859	(2,496)	-
University of Utah	4U02GM104604-05	93.859	236,528	-
University of Utah	5R01MH104964-03	93.242	219,523	-
University of Utah	5R34DA034860-03	93.279	35,179	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

<u>PASS-THROUGH FUNDS</u>	Pass-Through Entity Identifying Number	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of Utah	5U02GM104604-04	93.859	162,189	-
University of Virginia	1R01CA207260-01A1	93.393	1,906	-
University of Virginia	7R01CA204279-02	93.393	177,100	-
University of Washington	2R01AA018673-06A1	93.273	128,088	-
University of Washington	5R01AA018673	93.273	45,682	-
University of Washington	5U01AG016976-18	93.866	7,452	-
University of Washington	7U01CA194393-02	93.393	43,901	-
University of Wisconsin, Madison	4R01MH081884-08	93.242	11,291	-
University of Wisconsin, Milwaukee	5R01CA136861-06	93.393	5,595	-
Van Andel Research Institute	1R35CA209859-01	93.393	54,592	-
Van Andel Research Institute	5R01CA082422-17	93.393	135,886	-
Vanderbilt University	R01CA202981	93.393	70,799	-
Vanderbilt University Medical Center	5R01AG047992-03	93.866	862,896	-
Vanderbilt University Medical Center	R01HS022640-01	93.226	109,651	-
Virtually Better, Incorporated	1R43MH104102-01	93.242	5,591	-
Virtually Better, Incorporated	2R42MH094019-03	93.242	43,533	-
Wake Forest University	R01HD084606	93.865	34,632	-
Wake Forest University	R21 AG051113	93.866	25,667	-
Wake Forest University Health Sciences	RF1AG041845-02	93.866	7,259,146	-
Walter R. Mc Donald & Associates, Incorporated	HHSP23337004T	93.RD	15,450	-
Washington University In St. Louis	1R01NS089932-01A	93.853	281,883	-
Washington University School of Medicine	1R56AG053267-01	93.866	59,414	-
Washington University School of Medicine	R01CA211711	93.394	31,239	-
Westat, Incorporated	HHSN261201200075C	93.RD	66,100	-
Westat, Incorporated	HHSN275201300003C	93.RD	1,600,015	-
Yale University	2 U01 NS044876-07	93.853	4,441	-
Yale University	UH3TR000967	93.310	3,232,243	-
Yale University	5R01MH100028-03	93.242	(3,484)	-
Yale University	5U10HD055925-09	93.865	3,237	-
<b>Total Department of Health and Human Services</b>			<b>53,632,461</b>	<b>-</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

<u>PASS-THROUGH FUNDS</u>	Pass-Through Entity Identifying Number	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
<b>Department of Homeland Security</b>				
Carnegie Mellon University	2009-ST-CCI002-07	97.061	(176)	-
Rutgers, The State University of New Jersey	2009-ST-0061-CCI002	97.061	557	-
University of Illinois at Urbana Champaign	2015-ST-061-CIRC01	97.061	275,889	-
Wake Forest University	N66001-14--C-4016	97.034	73,226	-
<b>Total Department of Homeland Security</b>			<b>349,496</b>	<b>-</b>
<b>Department of State</b>				
Creative Associates International	S-NEAAC-16-GR-1029	19.222	56,537	-
<b>Total Department of State</b>			<b>56,537</b>	<b>-</b>
<b>Department Of The Interior</b>				
SRI International	D11PC20066	15.RD	19,317	-
<b>Total Department Of The Interior</b>			<b>19,317</b>	<b>-</b>
<b>Department of Transportation</b>				
California State University Long Beach Foundation	DTFH61-14-H-00026	20.200	36,532	-
Michigan State University	DTFH61-13-H-00009	20.200	113,352	-
University of California Regents	DTRT13-G-UTC29	20.701	348,485	-
<b>Total Department of Transportation</b>			<b>498,369</b>	<b>-</b>
<b>Institute of Museum and Library Services</b>				
Crystal Bridges Museum of American Art	MG-30-15-0064-15	45.312	35,121	-
<b>Total Institute of Museum and Library Services</b>			<b>35,121</b>	<b>-</b>
<b>National Aeronautics and Space Administration</b>				
Black Swift Technologies	NNX13CG33P	43.001	1	-
Massachusetts Institute of Technology	NNX15AM91A	43.002	35,972	-
Massachusetts Institute of Technology	NNX16AK25A	43.002	87,896	-
Princeton University	NNX17AB04G	43.001	10,395	-
University of California San Diego	NNX15AP87H	43.008	3,011	-
University of Colorado	NAS5-02140	43.002	216,890	-
University of Colorado	NNX17AC59A	43.001	9,256	-
US-Jet Propulsion Laboratory, California Institute of Technology	NMO711048	43.RD	125,301	-
US-Jet Propulsion Laboratory, California Institute of Technology	NNN12AA01C	43.001	714,159	-
<b>Total National Aeronautics and Space Administration</b>			<b>1,202,881</b>	<b>-</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

**National Science Foundation**

	<b>Pass-Through Entity Identifying Number</b>	<b>CFDA*</b>	<b>Current Year Expenditures</b>	<b>Pass-Through Funds to Sub recipients</b>
Alelo TLT, LLC	1549752	47.041	45,958	-
American Educational Research Association	DRL-0941014	47.076	23,667	-
American Physical Society	OMA-1649297	47.049	39,651	-
Asia-Pacific Network	ICER-1348085	47.050	36,226	-
Association of American Universities	DUE-1432766	47.076	114,251	-
California Institute of Technology	1240626	47.074	13,402	-
Clemson University	ACI-1341935	47.070	347,319	-
Cornell University	CCF-1522054	47.070	37,019	-
Corporation for Education Network Initiatives in California	ACI-1451050	47.070	28,205	-
Dartmouth College	GEO-1010280	47.050	1,796	-
Florida International University	1638990	47.070	10,329	-
Florida International University	ACI-1451018	47.070	70,400	-
Florida International University	ACI-1451024	47.070	32,803	-
Florida International University	AST-1202910	47.049	79,384	-
Florida International University	CNS-1724805	47.070	12,183	-
Gallaudet University	1547178	47.070	127,628	-
Galois, Incorporated	H98230-15-C-0265	47.RD	2,904	-
Greater Washington Educational Telecommunications Assoc.	1516347	47.076	23,409	-
Hauptman-Woodward Institute	1231306	47.074	49,897	-
Iowa State University	CNS-1528731	47.070	32,002	-
Pennsylvania State University	IIS-1344272	47.070	30,051	-
Prosapia Genetics, LLC	IIP-1622840	47.041	84,950	-
Raytheon BBN Technologies	W911NF-09-2-0053	47.070	64,509	-
R-DEX Systems	IIP-1622777	47.041	108,584	-
Reach Bionics, Incorporated	IIP-1330971	47.041	6	-
Regents of the University of Michigan	CCF-1111061	47.070	2,419	-
Silicon Ribbon, LLC	1622922	47.050	133,398	-
Syracuse University	ACI-1443047	47.070	53,162	-
Texas A&M University	BCS-1461766	47.075	11,213	-
The American Association for the Advancement of Science	DUE-1548986	47.076	14,952	-
The Spirituality Network, Incorporated	IIP-1431024	47.041	69,465	-
Trustees of Columbia University in the City of New York	OCE 14-50528	47.050	31,524	-
University of Arizona	EEC-0812072	47.041	36,202	-
University of California Berkeley	CMMI-1612843	47.041	60,707	-
University of California Riverside	1135455	47.050	1,246	-

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**SPONSOR**

**RESEARCH & DEVELOPMENT CLUSTER**

**PASS-THROUGH FUNDS**

	<b>Pass-Through Entity</b>		<b>Current Year</b>	<b>Pass-Through Funds</b>
	<b>Identifying Number</b>	<b>CFDA*</b>	<b>Expenditures</b>	<b>to Sub recipients</b>
University of California Santa Barbara	DRL-1417601	47.076	28,753	-
University of California, Los Angeles	SES-1427469	47.075	43,793	-
University of Illinois at Urbana Champaign	ACI-1548562	47.070	58,510	-
University of Illinois at Urbana Champaign	H98230-14-C-0141	47.RD	76,799	-
University of Illinois at Urbana Champaign	OCI-1053575	47.070	14,631	-
University of New Hampshire	CMMI-1135026	47.041	(71)	-
University of Texas at Austin	CMMI-1520817	47.041	67,087	-
University of Wisconsin, Madison	PHY-1148698	47.049	189,518	-
Utah State University	AGS-1329544	47.050	18,419	-
Virginia Polytechnic Institute State University	ACI-1547580	47.070	78,688	-
Virginia Polytechnic Institute State University	CNS-1617203	47.070	6,711	-
Virginia Polytechnic Institute State University	IOS-1645740	47.074	8,712	-
Yale University	1712674	47.070	13,087	-
Yale University	EFMA-1542815	47.041	27,139	-
<b>Total National Science Foundation</b>			<b>2,462,597</b>	<b>-</b>

**Social Security Administration**

Regents of the University of Michigan	RRC08098401	96.007	92,178	-
<b>Total Social Security Administration</b>			<b>92,178</b>	<b>-</b>

**Total Research & Development Cluster - Pass-Through Funds**

**82,116,561**      **452,233**

**Total Research & Development Cluster - Direct Awards and Pass-Through Funds**

**\$ 453,186,908**      **\$ 66,502,926**

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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<b>SPONSOR</b>		<b>Current Year</b>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>	<b>CFDA*</b>	<b>Expenditures</b>
<b>Department of Education</b>		
Office of Federal Student Aid		
Federal Direct Student Loans	84.268	\$ 577,576,141
Federal Pell Grant Program	84.063	18,547,016
Federal Work-Study Program	84.033	4,755,355
Federal Perkins Loans		
Federal Perkins Loans as of July 1, 2016	84.038	47,853,919
New loans issued during 2017	84.038	7,307,179
Administrative cost allowance	84.038	275,000
Federal Supplemental Educational Opportunity Grants	84.007	2,694,050
<b>Total Department of Education</b>		<b><u>659,008,660</u></b>
 <b>Department of Health and Human Services</b>		
Health Resources and Services Administration		
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	650,000
Health Professional Student Loans		
Health Professional Student Loans as of July 1, 2016	93.342	13,124,515
New loans issued during 2017	93.342	2,936,143
Loans for Disadvantaged Students		
Loans for Disadvantaged Students as of July 1, 2016	93.342	1,500,217
New loans issued during 2017	93.342	225,000
<b>Total Department of Health and Human Services</b>		<b><u>18,435,875</u></b>
 <b>Total Student Financial Assistance Cluster</b>		 <b><u>\$ 677,444,535</u></b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

SPONSOR				
OTHER PROGRAMS				
<u>DIRECT AWARDS</u>				
TRIO Cluster				
Department of Education				
	Pass-Through Entity Identifying Number	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
TRIO- Talent Search		84.044	\$ 824,518	\$ -
TRIO- Upward Bound		84.047	1,862,686	-
<b>Total TRIO Cluster</b>			<b>2,687,204</b>	<b>-</b>
<b>Other Programs</b>				
Department of Health and Human Services				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		93.153	797,976	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		93.918	146,522	-
Head Start		93.600	5,615,350	266,320
<b>Total Department of Health and Human Services</b>			<b>6,559,848</b>	<b>266,320</b>
<b>Total Other Programs - Direct Awards</b>			<b>9,247,052</b>	<b>266,320</b>
<u>PASS-THROUGH FUNDS</u>				
<b>Foreign Food Aid Donation Cluster</b>				
Agency for International Development				
USAID for International Development	AID-OAA-I-15-00011	98.U01	91,564	-
<b>Total Foreign Food Aid Donation Cluster</b>			<b>91,564</b>	<b>-</b>
<b>Health Center Program Cluster</b>				
Health Center Program				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	H8oCS00139	93.224	461,740	-
<b>Total Health Center Program Cluster</b>			<b>461,740</b>	<b>-</b>
<b>Other Programs</b>				
Corporation for National and Community Service				
AmeriCorps	CFDA-94.006-JS-SITE #91	94.006	52,730	-
<b>Total Corporation for National and Community Service</b>			<b>52,730</b>	<b>-</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.

**University of Southern California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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SPONSOR

OTHER PROGRAMS

PASS-THROUGH FUNDS

	Pass-Through Entity Identifying Number	CFDA*	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department of Education				
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	S374A120066	84.374	93,986	-
<b>Total Department of Education</b>			<b>93,986</b>	<b>-</b>
Department of Health and Human Services				
Foster Care_ Title IV-E	14-2025	93.658	(13,833)	-
HIV Care Formula Grants	H89HA00016-21	93.917	525,356	-
Block Grants for Prevention and Treatment of Substance Abuse	T1023865	93.959	(8,948)	-
<b>Total Department of Health and Human Services</b>			<b>502,575</b>	<b>-</b>
<b>Total Other Programs - Pass-Through Funds</b>			<b>1,202,595</b>	<b>-</b>
<b>Total Other Programs - Direct Awards and Pass-Through Funds</b>			<b>10,449,647</b>	<b>266,320</b>
<b>TOTAL FEDERAL PROGRAMS</b>			<b>\$ 1,141,081,090</b>	<b>\$ 66,769,246</b>

\*See footnote 2.

The accompanying notes are an integral part of this Schedule.



# University of Southern California

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2017

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#### 1. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant transactions of the University of Southern California ("The University") recorded on the accrual basis of accounting. 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 University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

##### **Subrecipients and Pass-through Funding**

Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule. The University is also the subrecipient of federal funds which are reported as expenditures and listed as federal pass-through funds.

##### **Negative Balances**

Amounts reflected as negative balances represent adjustments to prior periods.

#### 2. CFDA Numbers

Research and Development ("R&D") programs included in the Schedule are presented by federal agency. Pass-through and partial pass-through awards have been presented by pass-through entity and federal identification number or sponsor's award number, when available. When federal program identification numbers are not available, federal awards are presented by federal agency number and "RD" is utilized for the federal identification number. For programs not included within the Research and Development Cluster, if the federal program identification number is unknown, then "U" followed by an assigned number is used.

**University of Southern California**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**2. CFDA Numbers (Continued)**

The following table below provides additional identification numbers for those R&D direct award programs where CFDA information was unknown:

<b>Sponsor</b>	<b>Entity Identifying</b>	<b>CFDA</b>	<b>Current Year</b>
<b>Research &amp; Development Cluster</b>	<b>Number</b>		<b>Expenditures</b>
<b><u>Direct Awards</u></b>			
<b>Department of Defense</b>	005492-00001	12.RD	266,000
Department of Defense	007101-00001	12.RD	20,000
Department of Defense	2014-14071600011	12.RD	2,736,973
Department of Defense	2014-14080800011	12.RD	663,759
Department of Defense	2015-15082600001	12.RD	73,080
Department of Defense	2016-16070100002	12.RD	265,260
Department of Defense	2017-17020200005	12.RD	441,049
Department of Defense	CRS# 16-02	12.RD	6,310
Department of Defense	D14PC00011	12.RD	3,878
Department of Defense	FA8650-15-C-9102	12.RD	52,824
Department of Defense	FA8650-17-C-9112	12.RD	1,669,637
Department of Defense	FA8750-14-C-0240	12.RD	2,607,455
Department of Defense	FA8750-15-C-0203	12.RD	379,804
Department of Defense	FA8750-16-C-0112	12.RD	3,215,490
Department of Defense	FA8750-17-C-0011	12.RD	224,799
Department of Defense	FA8750-17-C-0106	12.RD	75,891
Department of Defense	FA9453-15-C-0065	12.RD	186,028
Department of Defense	G15PX01338	12.RD	5,311
Department of Defense	H98230-16-C-0255	12.RD	113,846
Department of Defense	H98230-16-C-0782	12.RD	99,536
Department of Defense	HDTRA1-14-C-0126	12.RD	663,882
Department of Defense	HHSF223201400115C	12.RD	2,066,809
Department of Defense	HHSN26800001	12.RD	1,000
Department of Defense	HHSN268201500017C	12.RD	33,859
Department of Defense	HHSO100201600044P	12.RD	116,547
Department of Defense	HHSP233201600010C	12.RD	386,657
Department of Defense	HR0011-12-C-0094	12.RD	815,693
Department of Defense	HR0011-15-C-0096	12.RD	2,068,547
Department of Defense	HR0011-15-C-0115	12.RD	2,549,551
Department of Defense	HR0011-16-C-0017	12.RD	11,335,183
Department of Defense	HR0011-16-C-0039	12.RD	546,664
Department of Defense	HR0011-16-C-0043	12.RD	907,137
Department of Defense	HSBP1016J00813	12.RD	300,332
Department of Defense	HSQDC-16-J-00467	12.RD	274,105
Department of Defense	HSTS03-16-J-FLT014	12.RD	439,361
Department of Defense	N00014-12-C-0130	12.RD	(57)
Department of Defense	N00104-12-D-Q337	12.RD	102,251
Department of Defense	N00244-16-D-0056	12.RD	50,144
Department of Defense	N62271-16-M-1018	12.RD	65,053

**University of Southern California**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**2. CFDA Numbers (Continued)**

<b>Sponsor</b>	<b>Entity Identifying</b>	<b>CFDA</b>	<b>Current Year</b>
<b>Research &amp; Development Cluster</b>	<b>Number</b>		<b>Expenditures</b>
<b>Direct Awards</b>			
<b>Department of Defense</b>	N62271-16-M-1150	12.RD	115,993
Department of Defense	N66001-10-C-2018	12.RD	(62)
Department of Defense	N66001-12-C-4044	12.RD	(457)
Department of Defense	NRO000-14-C-0336	12.RD	-
Department of Defense	NRO000-16-C-0255	12.RD	392,874
Department of Defense	W81XWH-16-C-0086	12.RD	473,621
Department of Defense	W911NF-04-D-0005	12.RD	26,657
Department of Defense	W911NF-04-D-0005-0003	12.RD	(79)
Department of Defense	W911NF-04-D-0005-0026	12.RD	(481)
Department of Defense	W911NF-04-D-0005-0028	12.RD	41
Department of Defense	W911NF-04-D-0005-0036	12.RD	83,001
Department of Defense	W911NF-04-D-0005-0041	12.RD	98
Department of Defense	W911NF-04-D-0005-0046	12.RD	405,963
Department of Defense	W911NF-14-D-0005-0001	12.RD	10,788,699
Department of Defense	W911NF-14-D-0005-0002	12.RD	2,783,348
Department of Defense	W911NF-14-D-0005-0003	12.RD	48,294
Department of Defense	W911NF-14-D-0005-0005	12.RD	2,166,690
Department of Defense	W911NF-14-D-0005-0006	12.RD	3,126,021
Department of Defense	W911NF-14-D-0005-0007	12.RD	1,776,102
Department of Defense	W911NF-14-D-0005-0008	12.RD	2,201,195
Department of Defense	W911NF-16-C-0033	12.RD	371,056
Department of Defense	W911NF-16-C-0034	12.RD	356,167
Department of Defense	W912HQ-14-C-0051	12.RD	295,653
<b>Total Department of Defense</b>		<b>12.RD</b>	<b>61,240,045</b>
<b>Department of Health and Human Services</b>			
Department of Health and Human Services	HHSN26100006	93.RD	28,173
Department of Health and Human Services	HHSN26100007	93.RD	137,928
Department of Health and Human Services	HHSN261201300004I	93.RD	3,693,222
<b>Total Department of Health and Human Services</b>		<b>93.RD</b>	<b>3,859,323</b>
<b>Department of Homeland Security</b>			
Department of Homeland Security	D15PC00184	97.RD	744,319
Department of Homeland Security	EMW-2015-CA-00228-S01	97.RD	131,144
Department of Homeland Security	HSFE20-15-C-0232	97.RD	233,058
Department of Homeland Security	HSFE20-15-C-0234	97.RD	56,653
Department of Homeland Security	HSHQDC-16-C-00024	97.RD	3,007,223
<b>Total Department of Homeland Security</b>		<b>97.RD</b>	<b>4,172,397</b>

**University of Southern California**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**2. CFDA Numbers (Continued)**

<b>Sponsor</b>	<b>Entity Identifying</b>	<b>CFDA</b>	<b>Current Year</b>
<b>Research &amp; Development Cluster</b>	<b>Number</b>		<b>Expenditures</b>
<b><u>Direct Awards</u></b>			
<b>Department of the Interior</b>			
Department of the Interior	D14PC00011	15.RD	68,116
<b>Total Department of the Interior</b>		<b>15.RD</b>	<b>68,116</b>
<b>Department of Veterans Affairs</b>			
Department of Veterans Affairs	VA260-16-P-0314	64.RD	137,298
<b>Total Department of Veterans Affairs</b>		<b>64.RD</b>	<b>137,298</b>
<b>National Science Foundation</b>			
National Science Foundation	CHE-1555387	47.RD	183,333
<b>Total National Science Foundation</b>		<b>47.RD</b>	<b>183,333</b>

**3. Facilities and Administration Rates**

The University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The predetermined Facilities & Administration fixed rates for the year ended June 30, 2017 were based on fiscal year 2009 financial information and were reviewed by the Department of Health and Human Services for compliance with applicable cost principles.

For the year ended June 30, 2017, the base Facilities and Administration (Indirect Cost) Rate for on campus research was 65% of Modified Total Direct Cost ("MTDC"). Off-campus Facilities and Administration Rates were 26% for the Information Sciences Institute ("ISI"), Institute for Creative Technologies ("ICT") and all other off-campus projects.

**4. Loans Outstanding**

The following schedule represents loans outstanding as of June 30, 2017:

	<b>Loans</b>
	<b>Outstanding</b>
Federal Perkins Loans	\$ 47,219,059
Health Professional Student Loans	12,879,595
Loans for Disadvantaged Students	1,291,647

**University of Southern California**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**5. Commingled Assistance**

The California Student Aid Commission (CSAC) administers the State Cal Grant A and B Programs, selects the student recipients of these grant awards, and provides funds to participating institutions for disbursement. Federal Temporary Assistance for Needy Families (TANF) funds, CFDA Number 93.558, from the United States Department of Health and Human Services may comprise up to approximately 46% of the total funding for these Cal Grant awards. In fiscal year 2017, the University received Cal Grant A and B funds in the amount of \$20,966,885; however, CSAC is unable to determine the exact amount of TANF funds, if any, represented in those awards. Therefore, the Schedule does not include State Cal Grant A and B awards.



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

To the Board of Trustees of the  
University of Southern California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the University of Southern California and its subsidiaries (“The “University”), which comprise the consolidated balance sheets as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s 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 University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

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

*PricewaterhouseCoopers LLP*

October 12, 2017



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

To the Board of Trustees of the  
University of Southern California

**Report on Compliance for Each Major Federal Program**

We have audited the University of Southern California and its subsidiaries (“The University”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University’s major federal programs for the year ended June 30, 2017. The University’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditors’ Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the University of Southern California and its subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.





### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Management's Views and Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

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

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

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

*PricewaterhouseCoopers LLP*

March 23, 2018

**University of Southern California  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2017**

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**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster
Various	Student Financial Assistance Cluster
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs: \$ 3,423,243

Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

None noted

# University of Southern California

## Schedule of Findings and Questioned Costs

### For the Year Ended June 30, 2017

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#### Section III – Federal Award Findings and Questioned Costs

##### **Finding 2017-001: Direct Loan Limits Exceeded**

**Federal Awarding Agency:** Department of Education

**Cluster:** Student Financial Assistance

**Program names and specific award name:** Federal Direct Student Loans

**CFDA #:** 84.268

**Award #:** P268K161192

**Award Years:** Academic Year 2016 – 2017

##### Criteria

34 CFR 685.203 establishes Direct Loan limits that should not be exceeded.

##### Condition

We selected a sample of 60 students for testing from a total population of 19,351 students who were awarded Title IV assistance and tested the students for various eligibility requirements across their respective aid awards. Of the students tested, we identified one student as having been overawarded Federal Direct Unsubsidized Loans for the student's program of study. From the population of all students within this program, it was determined 69 additional students, for a total of 70 students, were also affected.

##### Cause

The error was determined to have occurred primarily due to an incorrect "packaging type" designation assigned to the student within the Student Information System (SIS). The Financial Aid Office assigns a packaging type to each student who is awarded financial aid, which assists in automating financial aid calculations depending upon factors that include the student's academic program and year of study. Fourth year Pharmacy students were incorrectly assigned a packaging type that corresponded to Medical programs instead, which have higher unsubsidized loan limits.

##### Effect

The students identified within the program of study were overawarded unsubsidized Direct Loans.

##### Questioned Cost

\$606,306 in unsubsidized loans. It was noted that these 70 students would have qualified for Graduate Plus loans had they not been overawarded unsubsidized loans.

##### Recommendation

We recommend that management enhance controls to ensure that there is timely review and formal approval of modifications to packaging tables.

##### Management's Views and Corrective Action Plan

Management's response is reported in "Management's Views and Corrective Action Plan" at the end of this report.

# University of Southern California

## Schedule of Findings and Questioned Costs

### For the Year Ended June 30, 2017

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#### **Finding 2017-002: Incorrect Disbursement of Funds**

**Federal Awarding Agency:** Department of Education

**Cluster:** Student Financial Assistance

**Program names and specific award name:** Federal Direct Student Loans, Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, Federal Perkins Loans

**CFDA #:** 84.268, 84.063, 84.007, 84.038

**Award #:** P268K161192, P063P151192, P007A150654

**Award Years:** Academic Year 2016 – 2017

#### Criteria

34 CFR Section 668.164(b)(3) requires that the institution confirm student eligibility at the time a disbursement is made. 34 CFR 668.32(a)(1) states that students must be enrolled in an eligible program to receive Title IV aid.

#### Condition

We selected a sample of 60 students for testing from a total population of students who received Title IV assistance and withdrew from the University during fiscal year 2017. Of the students tested, the University disbursed Title IV funds subsequent to one student's withdrawal and subsequent to the Financial Aid Office's determination that the student had not received any Title IV aid and was therefore not subject to Return of Title IV (R2T4). As a result, the University disbursed aid to the student after the student had ceased to be enrolled. From the population of all students that withdrew and subsequently received aid, it was determined 4 additional students, for a total of 5 students, were also affected.

#### Cause

When a student withdraws from all classes after the add/drop period, the Student Information System (SIS) will post a tracking code to notify the Financial Aid Office that the student needs to be reviewed for R2T4. If a student does not have any Title IV aid and is not eligible for a post-withdrawal disbursement, an R2T4 evaluation is not required to be performed. If a student applies for aid after they have withdrawn, no disbursements should be made because the student is no longer enrolled in an eligible program. The error was determined to have occurred primarily due to a failure within SIS to flag students who had completely withdrawn from classes and prevent processing and disbursement of Title IV aid on their accounts.

#### Effect

Students who received Title IV aid after they ceased to be enrolled were not eligible to receive those funds.

#### Questioned Cost

\$32,531

#### Recommendation

We recommend that management enhance controls to ensure that there is appropriate monitoring of students' Title IV disbursements for students who have already completely withdrawn from classes. Additionally, management should make appropriate modifications to SIS in order to flag students who have withdrawn, but still have a pending upcoming disbursement.

#### Management's Views and Corrective Action Plan

Management's response is reported in "Management's Views and Corrective Action Plan" at the end of this report.

# University of Southern California

## Summary Schedule of Prior Audit Findings

### For the Year Ended June 30, 2017

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#### **Finding 2016-001: Calculation of the Amount of Title IV Assistance Earned by the Student**

##### Condition

In fiscal year 2016, PwC selected a sample of 60 students for testing from a total population of 143 students who received Title IV assistance and subsequently withdrew enrollment from the University during fiscal year 2016. Of the students tested, the University did not return the correct amount of unearned Title IV assistance on behalf of 1 student in the amount of \$4. The miscalculations were inadvertent and largely the result of inadequate communication among the relevant USC departments as a session end date that was incorrectly represented within the Registrar's system and then subsequently corrected.

##### Current Status

In response to the fiscal year 2016 finding, in fiscal year 2017, the R2T4 process transitioned from the Loan Unit to the Compliance Unit under the supervision of the Senior Assistant Director, Eligibility and the Assistant Dean, Compliance & Training. The training module entitled "Financial Aid Eligibility Considerations in Course Scheduling," continues to be updated and assigned to session schedulers as part of a concerted effort to inform departments of the importance of reporting accurate session dates. In addition, the Senior Assistant Director, Eligibility and the Assistant Dean, Compliance & Training worked with the Registrar to create an online Non-Standard Session Request Form, which includes a workflow to obtain FAO approval before session information is entered into SIS. The form went live in May 2017. The Senior Assistant Director, Eligibility continues to review changes made after sessions have already begun to confirm that none of the students for whom an R2T4 was performed are impacted.



**Management's Views and Corrective Action Plan**

**Management response to finding 2017-001 Direct Loan Limits Exceeded**

As described in finding 2017-001, the Financial Aid Office ("FAO") thoroughly investigated the issue and corrected the Pharmacy fourth year loan limits going forward. The FAO also determined the error was limited to four academic years. It is management's view that there is no exposure to students because they would have borrowed more in Graduate Plus loans had they not been overawarded unsubsidized loans and they are obligated to repay the loans per the terms of their promissory notes. In response to this finding, the FAO updated the annual packaging setup procedures to require the Senior Assistant Director of Aid Coordination to seek the Associate Dean of Loans' review and approval of the annual loan limits for each class level and program before packaging begins.

**Management response to finding 2017-002 Incorrect Disbursement of Funds**

As described in finding 2017-002, the FAO reviewed the five students in 2016-17 who received aid after a Return to Title IV (R2T4) "no Title IV aid" determination had been made. For all five students, the University returned the amounts owed to the respective Department of Education programs and used institutional funds to hold students harmless. The FAO has implemented a short-term solution to manually override auto-packaging and leave a comment in the packaging module that the student is no longer eligible for the term. The R2T4 manual has been updated accordingly. A longer term project is underway to re-program the Student Information System (SIS) to automatically prevent awarding or disbursement of aid after a student has ceased to be enrolled in the term unless a post-withdrawal disbursement is authorized.

Contact Person: Thomas McWhorter, Dean of Financial Aid, (213) 740-5445