

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, 2020

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University of Southern California
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Year Ended June 30, 2020

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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 and its subsidiaries (collectively the “University”), which comprise the consolidated balance sheets as of June 2020 and 2019, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to 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 consolidated financial position of the University of Southern California and its subsidiaries as of June 30, 2020 and 2019, 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, 2020 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. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 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 the ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Priscilla A. Hunter-Carpenter LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
November 23, 2020

Consolidated Balance Sheets

in thousands

	June 30,	June 30,
Assets	2020	2019
1 Cash and cash equivalents	\$1,816,338	\$1,042,239
2 Accounts receivable, net	482,155	471,711
3 Notes receivable, net	55,642	61,066
4 Pledges receivable, net	439,888	462,329
5 Investments	6,816,264	6,351,236
6 Inventories, prepaid expenses and other assets	355,247	386,941
7 Property, plant and equipment, net	4,529,893	4,363,842
8 Total Assets	\$14,495,427	\$13,139,364
Liabilities		
9 Accounts payable	\$245,925	\$285,359
10 Accrued liabilities	1,567,833	1,373,097
11 Refundable advances	22,786	21,477
12 Deposits and deferred revenue	301,165	257,066
13 Revolving line of credit	500,000	-
14 Actuarial liability for annuities payable	92,834	104,442
15 Federal student loan funds	53,067	67,936
16 Asset retirement obligations	139,227	132,918
17 Capital lease obligations	77,545	75,869
18 Bonds and notes payable	2,042,413	1,626,346
19 Other liabilities	18,330	6,692
20 Total Liabilities	5,061,125	3,951,202
Net Assets		
21 Without donor restrictions	4,360,865	4,279,003
22 With donor restrictions	5,073,437	4,909,159
23 Total Net Assets	9,434,302	9,188,162
24 Total Liabilities and Net Assets	\$14,495,427	\$13,139,364

The accompanying notes are an integral part of these statements.

Consolidated Statements of Activities

in thousands

			Year Ended June 30, 2020	Year Ended June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Total Net Assets
Operating				
Revenues:				
1	Net student tuition and fees	\$1,620,730	\$1,620,730	\$1,575,446
2	Health care services	2,032,338	2,032,338	1,890,318
3	Contracts and grants	699,346	699,346	571,059
4	Auxiliary enterprises	249,787	249,787	372,584
5	Sales and services	170,922	170,922	157,850
6	Contributions	284,573	284,573	273,875
7	Other	120,766	120,766	139,619
8	Allocation of endowment spending	262,065	262,065	245,579
9	Total Revenues	5,440,527	5,440,527	5,226,330
10	Net assets released from restrictions	95,207	(\$95,207)	
11	Total Revenues and Reclassifications	5,535,734	(95,207)	5,440,527
Expenses:				
12	Salaries and benefits	3,312,828	3,312,828	3,078,232
13	Operating expenses	1,848,051	1,848,051	2,162,650
14	Depreciation	296,943	296,943	281,159
15	Interest on indebtedness	64,892	64,892	64,324
16	Total Expenses before Insurance recoveries	5,522,714	5,522,714	5,586,365
Increase (decrease) in Net Assets from Operating Activities before Insurance recoveries				
17	Insurance recoveries	13,020	(95,207)	(82,187)
18	Insurance recoveries (refer to Note 14)	108,500	108,500	
19	Increase (decrease) in Net Assets from Operating Activities	121,520	(95,207)	(360,035)
Non-operating				
20	Allocation of endowment spending to operations	(103,414)	(158,651)	(245,579)
21	Changes in funding status of defined benefit plan	(4,636)	(4,636)	13,165
22	Other components of net periodic benefit costs	(2,223)	(2,223)	(35,962)
23	Investment and endowment income	56,455	457	88,892
24	Net appreciation in fair value of investments	25,306	252,057	215,501
25	Contributions	5,211	157,132	172,887
26	Present value adjustment to annuities payable		8,490	9,181
27	Loss on bond refunding	(16,357)	(16,357)	
28	(Decrease) increase in Net Assets from Non-operating Activities	(39,658)	259,485	219,827
29	Total increase in Net Assets	81,862	164,278	(141,950)
30	Beginning Net Assets	4,279,003	4,909,159	9,269,531
31	Cumulative effect of accounting change			60,581
32	Beginning Net Assets as restated			9,330,112
33	Ending Net Assets	\$4,360,865	\$5,073,437	\$9,434,302

Consolidated Statements of Activities

in thousands

		Year Ended	
		June 30, 2019	
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating			
Revenues:			
1 Net student tuition and fees	\$1,575,446		\$1,575,446
2 Health care services	1,890,318		1,890,318
3 Contracts and grants	571,059		571,059
4 Auxiliary enterprises	372,584		372,584
5 Sales and services	157,850		157,850
6 Contributions	273,875		273,875
7 Other	139,619		139,619
8 Allocation of endowment spending	245,579		245,579
9 Total Revenues	5,226,330		5,226,330
10 Net assets released from restrictions	228,859	(\$228,859)	
11 Total Revenues and Reclassifications	5,455,189	(228,859)	5,226,330
Expenses:			
12 Salaries and benefits	3,078,232		3,078,232
13 Operating expenses	2,162,650		2,162,650
14 Depreciation	281,159		281,159
15 Interest on indebtedness	64,324		64,324
16 Total Expenses	5,586,365		5,586,365
17 Decrease in Net Assets from Operating Activities	(131,176)	(228,859)	(360,035)
Non-operating			
18 Allocation of endowment spending to operations	(112,895)	(132,684)	(245,579)
19 Changes in funding status of defined benefit plan	13,165		13,165
20 Other components of net periodic benefit cost	(35,962)		(35,962)
21 Investment and endowment income	88,343	549	88,892
22 Net appreciation in fair value of investments	59,833	155,668	215,501
23 Contributions	5,973	166,914	172,887
24 Present value adjustment to annuities payable		9,181	9,181
25 Increase in Net Assets from Non-operating Activities	18,457	199,628	218,085
26 Total decrease in Net Assets	(112,719)	(29,231)	(141,950)
27 Beginning Net Assets	4,331,141	4,938,390	9,269,531
28 Cumulative effect of accounting change	60,581		60,581
29 Beginning Net Assets, as restated	4,391,722	4,938,390	9,330,112
30 Ending Net Assets	\$4,279,003	\$4,909,159	\$9,188,162

Consolidated Statements of Cash Flows

in thousands

1	Change in Net Assets	\$246,140	(\$81,369)
	Adjustments to reconcile change in net assets to net cash provided by operating activities:		
2	Depreciation	296,943	281,159
3	(Gain) loss on the disposal/sale of plant assets	(230)	248
4	In-kind receipt of property, plant and equipment	(532)	(4,797)
5	Present value adjustment to annuities payable	(8,270)	(9,003)
6	Increase in accounts receivable	(10,444)	(10,660)
7	Increase in pledges receivable	22,441	9,528
8	Increase in inventories, prepaid expenses and other assets	(42,186)	(22,472)
9	Decrease in accounts payable	(67,149)	(410)
10	Increase in accrued liabilities	326,629	505,825
11	Increase in refundable advances	1,309	5,503
12	Increase (decrease) in deposits and deferred revenue	44,099	(4,827)
13	Increase in other liabilities	11,638	1,756
14	Loss on bond refunding	16,357	-
15	Contributions received for property, plant and equipment and permanent investment	(100,544)	(163,965)
16	Net realized gain on sale of investments	(506,536)	(185,014)
17	Net unrealized depreciation (appreciation) in investments	229,265	(28,396)
18	Net Cash provided by Operating Activities	458,930	293,106
	Cash Flows from Investing Activities		
19	Proceeds from note collections	12,378	12,972
20	Notes issued	(6,436)	(4,612)
21	Proceeds from sale and maturity of investments	6,576,709	4,775,556
22	Purchase of investments	(6,823,883)	(4,652,547)
23	Purchase of property, plant and equipment	(428,208)	(448,171)
24	Net Cash used in Investing Activities	(669,440)	(316,802)
	Cash Flows from Financing Activities		
	Contributions received for permanent investment:		
25	Endowment	76,234	190,368
26	Plant	22,846	70,632
27	Trusts and other	1,464	1,292
28	Repayment of long-term debt	(1,540)	(23,555)
29	Proceeds from revolving line of credit	500,000	-
30	Proceeds from issuance of long-term debt	403,812	-
31	(Decrease) increase in federal student loan funds	(14,869)	3,617
32	Investment gain on annuities payable	6,153	8,500
33	Payment on annuities payable	(11,380)	(11,007)
34	Increase to annuities payable resulting from new contributions	1,889	7,110
35	Net Cash provided by Financing Activities	984,609	246,957
36	Net increase in Cash and Cash equivalents	774,099	223,261
37	Cash and Cash equivalents at beginning of year	1,042,239	818,978
38	Cash and Cash equivalents at end of year	\$1,816,338	\$1,042,239

The accompanying notes are an integral part of these statements.

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 (“university”) is a not-for-profit (“NFP”), 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 and 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 expenses, with the exception of investment expenses, which are required to be netted against investment return, 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.

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 statements of activities by natural classification.

The university’s non-operating activity within the consolidated statements of activities includes investment returns and other activities related to endowment, long-term benefit plan obligation funding changes, present value adjustment to annuities payable, gain/losses on extinguishment of debt, 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 and cash equivalents consist of U.S. Treasury bills, certificates of deposit, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase. Cash equivalents that are part of the University’s investment portfolio are reported as investments and included in Note 6.

Note 1. (continued)

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 – Unadjusted 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.

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, 2020 and 2019, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient, adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio.

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

Note 1. (continued)

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 net assets without donor restrictions, when the asset is placed in service.

The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements where the university is the trustee, 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 2.2% to 7.5%. 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.

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.

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, 2020 and 2019, the university recognized accretion expense related to conditional asset retirement obligations of approximately \$6,889,000 and \$6,526,000, respectively. For the years ended June 30, 2020 and 2019, the university settled asset retirement obligations of approximately \$903,000 and \$944,000, respectively. As of June 30, 2020, and 2019, included in the consolidated balance sheets are asset retirement obligations of \$139,227,000 and \$132,918,000, respectively.

The university recognizes tuition and fees revenue on a straight-line basis over each academic session based on gross price, net of explicit price concessions such as scholarships, discounts and waivers ("Financial aid"), and is displayed in the consolidated statements of activities in "Net student tuition and fees". Given the timing of each year's academic sessions, nearly all performance obligations are satisfied by the university within the fiscal year. Tuition and fees revenue is derived from degree programs and executive and continuing education programs. 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, 2020, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$358,183	\$189,885	\$548,068
Endowed scholarships	35,442	18,789	54,231
External financial aid	23,316	12,360	35,676
Total	\$416,941	\$221,034	\$637,975

Note 1. (continued)

Financial aid for the year ended June 30, 2019, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$330,683	\$170,758	\$501,441
Endowed scholarships	36,488	18,842	55,330
External financial aid	30,182	15,585	45,767
Total	\$397,353	\$205,185	\$602,538

Room and board revenues are included as part of auxiliary enterprises, however the revenue recognition process mirrors that for tuition and fees. Each of these items is supported by separate contracts entered into between the university and the individual student. Tuition and fees and room and board revenues are recognized as operating revenue in the period in which the university satisfies its performance obligations to its students. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC 606. The university's performance obligations are to provide education to the student and, in certain instances, other performance obligations such as room and board. The value that is recognized for each performance obligation is set forth in publicly available university price lists, which the university believes approximates the stand alone selling price, and is codified in the individual contracts with each student. Individual contracts for tuition and fees and room and board display the transaction price on a standalone basis for each service to be provided to each specific student. Additionally, the contract will contain the price adjustment in the form of financial aid grants that are being awarded to the student.

The timing(s) of billings, cash collections and revenue recognition results in accounts receivable and deferred revenue and student deposits on the consolidated statements of financial position. Receivables are recognized only to the extent that the university has an unconditional right to consideration to which it is entitled in exchange for goods and services transferred to the student. Receipts received in advance of goods and services performed are recorded as deposits and deferred revenue.

Sponsored research agreements are primarily considered non-exchange transactions which are recognized in contracts and grants revenue on the consolidated statements of activities as the associated barriers are overcome, which generally is as allowable expenditures under such agreements are incurred. Non-exchange agreements are considered conditional if the terms of the agreement include both a right of return/release of assets received/promised and a barrier. Any funding received in advance of expenditure is recorded as a refundable advance. For sponsored research agreements considered to be exchange transactions, revenues are recognized as performance obligations are satisfied which in most cases mirrors the timing of when related costs are incurred. 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, and reflected in net assets without donor restrictions.

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.

Unconditional contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Noncash contributions are recorded at fair value 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.

Note 1. (continued)

Contributions of long-lived assets with no donor-imposed time restrictions are reported as revenue without donor restrictions 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 revenue with donor restrictions. The donor-restricted net assets resulting from these contributions are released to net assets without donor-restricted 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 revenue with donor restrictions. For the years ended June 30, 2020 and 2019, the university recognized approximately \$140,000,000 and \$145,000,000 of private contracts and grants revenue in contributions on the consolidated statements of activities.

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 (“Health System”). Healthcare services revenue is reported at the amount that reflects the consideration to which the organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, government programs and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the university bills patients and third-party payors several days after the services are performed or the patient is discharged. Revenue is recognized as performance obligations are satisfied. Health care services revenues also include the revenues associated with the professional services agreement with the County of Los Angeles.

The majority of the Health System 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 per discharge, per diem payments, discounted charges and reimbursed costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. The gross charges may be reduced by explicit price concessions, which include contractual adjustments based on agreements with third party payers or implicit price concessions provided to uninsured patients. Provisions for contractual adjustments and retroactive settlements related to these 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.

Net patient service revenue is recorded over time during the period these performance obligations are satisfied and at the determined transaction price, which represents the estimated net realizable amounts due from patients, third-party payers and others for health care services rendered. Estimated net realizable amounts represent amounts due, net of implicit and explicit price concessions. Implicit price concessions are based on management’s assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The university believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care or patients receiving care in our outpatient centers. The university measures the performance obligation from admission into the hospital or commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services.

Sales and services revenue includes revenues from university pharmacies and student clinics. The university recognizes revenue as it provides pharmaceutical products and consultative services to the community (students, faculty, staff, retired employees, alumni, broader Los Angeles market). The transaction price is the amount the university expects to be entitled to in exchange for the products provided (either published rates available on the university pharmacy websites or agreed upon rates from third party payers). Retail pharmacy sales revenue is recognized at a point in time when the pharmaceutical is provided to the patient, and consultative services revenue, although the patient benefits over time from the university, is also recognized at a point in time as the services are provided to the patient on the same day. This is due to consultative services being outpatient in nature, and thus, all services are provided on the same day.

Note 1. (continued)

Auxiliary enterprise revenue includes multiple revenue streams which are included in the consolidated statements of activities, and reported as net assets without donor restrictions. These multiple revenue streams include point of sale transactions from hospitality, food, beverage, bookstore transactions, transportation and revenue generated from athletics. Revenue generated from hospitality, food, beverage, and bookstore goods is recognized at a point in time, and the value that is recognized for each performance obligation is explicitly listed at each location, which the university believes approximates the stand alone transaction price. Transportation revenue is recognized at a point in time and satisfied within the fiscal year. The transaction price for revenue related to athletics is publicly available on the university ticket office website. The performance obligation related to football season tickets is completely satisfied within the fiscal year, and any season ticket sales that occur in advance of the next fiscal year are recognized as deferred revenue.

In January 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a Public Health Emergency of International Concern. The outbreak of COVID-19 has caused domestic and global disruption in operations for institutions of higher education. In addition, COVID-19 has negatively impacted the financial markets and may continue to materially affect the returns on and value of the university’s investments and/or endowment. Other adverse consequences of COVID-19 or any other similar outbreaks in the future may have a negative effect on the university’s various revenue streams. The full impact of COVID-19 and the scope of any adverse impact on the university’s finances and operations cannot be fully determined at this time.

The COVID-19 pandemic has caused a disruption to our nation’s healthcare system. Such disruption includes reduction in availability of staffing and reductions in the availability of personal protective equipment to prevent spread of the disease during patient treatment. During the initial stages of the COVID-19 outbreak in March 2020, and for several months thereafter, elective procedures were postponed in order to prepare for the increased volume of COVID-19 patients and reduce the risk of exposure to COVID-19. The Health System continues to monitor developments and the directives of federal, state and local officials to determine what ongoing precautions, procedures, and protocols need to be followed by the organization.

On March 27, 2020, the Federal Government passed the CARES Act (Coronavirus Aid, Relief, and Economic Stimulus Act), which allotted \$175 billion dollars to healthcare providers and suppliers through Medicare reimbursements, grants and other direct federal payments. As of June 30, 2020, the Health System received and recognized \$90.8 million from the Department of Health & Human Services (“HHS”) Cares Act: Provider Relief Fund within “contracts and grants revenue” on the consolidated statements of activities. The Health System recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by HHS, governing the funding that was publicly available at June 30, 2020. In September and October 2020, HHS issued new reporting requirements for the CARES Act provider relief funding. Due to these new reporting requirements there is at least a reasonable possibility that amounts recorded under CARES Act provider relief funding by the Health System may change in future periods. In addition, the Health System received \$192.9 million of advanced payments from the Centers for Medicare and Medicaid Services (CMS) under the Accelerated and Advance Payments Program, which is recorded as accrued liabilities on the consolidated balance sheet as of June 30, 2020. In October 2020, Congress gave hospitals and other providers that received Medicare Accelerated and Advance Payments one year from when the first loan payment was made to begin making repayments, thus delaying the start of the repayment period from 120 days to one year from when the funding was provided.

Furthermore, the CARES Act allowed employers to defer the deposits and payments of the employer’s share of Social Security taxes. As of June 30, 2020, \$30.2 million was deferred and recorded within “accrued liabilities” on the consolidated balance sheet.

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.

Note 1. (continued)

Recent Accounting Pronouncements:

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 consolidated balance sheets. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. The university will adopt this ASU on July 1, 2020 and is implementing a new lease system in connection with this adoption. Management is progressing with implementation and continuing to evaluate the effect to the university's consolidated financial statements and disclosures.

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 distributions received from equity method investments. The university adopted ASU 2016-15 for the fiscal year ended June 30, 2020. Adoption did not have a material impact on the university's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, a standard on Restricted Cash. This ASU clarifies how entities should present restricted cash and restricted cash equivalents in the consolidated statements of cash flows and requires entities to present changes in total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement as well. The university adopted ASU 2016-18 for the fiscal year ended June 30, 2020 and applied it retroactively. Adoption did not have a material impact on the university's consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendment requires the bifurcation of net benefit cost where the service cost component continues to be presented with other employee costs in operating income (or capitalized in assets) and the other components (such as interest, expected return on plan assets, and amortization of actuarially determined amounts) are required to be presented as a nonoperating change in net assets without restrictions. The new standard requires retrospective application and allows a practical expedient that permits an employer to use the amounts disclosed in its employee benefits footnote for the prior comparative periods as the estimation basis for applying the retrospective presentation. The university utilized the practical expedient to estimate the impact on the fiscal 2019 information. The adoption of the standard resulted in the reclassification of \$36.0 million in net periodic benefit costs, other than service costs, from "salaries and benefits" operating expense to "other components of net periodic benefit cost" nonoperating expense presented in the *consolidated statements of activities*. Therefore, the fiscal 2019 "decrease in net assets from operating activity" was reduced by \$36.0 million, from \$396.0 million to \$360.0 million.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This standard removes certain disclosures, modifies certain disclosures and adds additional disclosures related to fair value measurement. The ASU is effective for the university beginning in fiscal year 2021. The university is currently evaluating the effect of adoption to the financial statements.

Note 2.

Liquidity and Availability:

USC's financial assets available within one year of the consolidated balance sheet date for general expenditure are as follows as of June 30 (in thousands):

	Year Ended June 30, 2020	Year Ended June 30, 2019
Total assets at year end	\$14,495,427	\$13,139,364
<i>Less:</i>		
Notes receivable due in more than one year	(7,954)	(9,337)
Pledges receivable due in more than one year	(357,804)	(381,413)
Donor-restricted endowment funds	(4,408,725)	(4,222,348)
Board-designated endowment funds	(1,505,633)	(1,517,217)
Annuities and living trusts	(165,533)	(169,328)
Inventories, prepaid expenses and other assets	(156,127)	(127,154)
Property, plant and equipment	(4,529,893)	(4,363,842)
Financial assets available at year end for current use	\$3,363,758	\$2,348,725

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 2020 and 2019, the Board of Trustees approved current distribution of 103% 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 2020 and 2019, the Board of Trustees approved an endowment pool payout of \$30.33 a share, for a total spending rule allocation of \$261,989,000 and \$246,551,000. As described in Note 6, the university also has unfunded commitments on alternative investments totaling \$796,831,000 and \$749,821,000 for fiscal year 2020 and 2019.

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 drew down \$500,000,000 from the revolving line of credit. Additionally, the university has a board-designated endowment of \$1,505,633,000 as of June 30, 2020. Although the university does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditures 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).

Note 3.

Accounts Receivable:

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

	2020	2019
U.S. Government	\$39,516	\$40,010
Student and other, net of allowance for doubtful accounts of \$20,457 (2020), \$12,505 (2019)	197,709	157,919
Patient care	244,930	273,782
Total	\$482,155	\$471,711

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, 2020, consist of the following (in thousands):

	June 30, 2020		
	Financing Receivables, Gross	Allowance for Doubtful Accounts	Net
Perkins loans	\$31,170		\$31,170
University student loans	6,724	(\$1,937)	4,787
Other student loans	19,685		19,685
Total student loans	57,579	(1,937)	55,642
Faculty and other loans	25,095		25,095
Total	\$82,674	(\$1,937)	\$80,737

Long-term financing receivables as of June 30, 2019, consist of the following (in thousands):

	June 30, 2019		
	Financing Receivables, Gross	Allowance for Doubtful Accounts	Net
Perkins loans	\$38,255		\$38,255
University student loans	8,552	(\$2,106)	6,446
Other student loans	16,365		16,365
Total student loans	63,172	(2,106)	61,066
Faculty and other loans	31,052		31,052
Total	\$94,224	(\$2,106)	\$92,118

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 represent 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 and Loans for Disadvantaged Students.

Note 4. (continued)

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, 2020 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,022	\$248	\$5,391	\$24,509	\$31,170
University student loans	153	24	3,285	3,262	6,724
Other student loans	35	-	216	19,434	19,685
Total student loans	1,210	272	8,892	47,205	57,579
Faculty and other loans				25,095	25,095
Total	\$1,210	\$272	\$8,892	\$72,300	\$82,674

The following table illustrates the aging analysis of receivables as of June 30, 2019 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,188	\$273	\$6,281	\$30,513	\$38,255
University student loans	135	14	4,221	4,182	8,552
Other student loans	172	-	224	15,969	16,365
Total student loans	1,495	287	10,726	50,664	63,172
Faculty and other loans				31,052	31,052
Total	\$1,495	\$287	\$10,726	\$81,716	\$94,224

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, 2020 and 2019, is adequate to absorb credit losses inherent in the portfolio as of these dates.

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 \$25,095,000 and \$31,052,000 were outstanding as of June 30, 2020 and 2019, 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, 2020, 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 in 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 as of June 30 (in thousands):

	2020	2019
Less than one year	\$103,525	\$80,916
One to five years	302,876	313,667
More than five years	143,381	194,727
Less: discount	(58,895)	(75,398)
Less: allowance	(50,999)	(51,583)
Total	\$439,888	\$462,329

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

	2020	2019
Endowment for departmental programs and activities	\$191,060	\$203,837
Endowment for scholarship	26,477	28,133
Building construction	98,917	97,515
Departmental programs and activities	123,434	132,844
Total	\$439,888	\$462,329

Conditional pledges for the university, which depend on the occurrence of specified future and uncertain events, at June 30, 2020 and 2019, was \$272,607,000 and \$316,536,000, respectively. The majority of these conditional pledges are related to construction of the Ellison Institute for Transformative Medicine.

Note 6.**Investments:**

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

	2020	2019
Equities	\$2,153,449	\$2,344,188
Fixed income securities	1,638,549	1,024,505
Alternative investments:		
Hedge funds	1,202,078	1,217,195
Private capital	1,392,974	1,340,500
Real estate and other	290,763	276,671
Assets held by other trustees	138,451	148,177
Total	\$6,816,264	\$6,351,236

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, 2020 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$2,051,233	\$494	\$15,403	\$86,319	\$2,153,449
Fixed income securities	424,597	1,196,799	17,153		1,638,549
Hedge funds				1,202,078	1,202,078
Private capital				1,392,974	1,392,974
Real estate and other			30,567	260,196	290,763
Assets held by other trustees			138,451		138,451
Total	\$2,475,830	\$1,197,293	\$201,574	\$2,941,567	\$6,816,264

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, 2019 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$2,133,797	\$984	\$94,425	\$114,982	\$2,344,188
Fixed income securities	263,994	736,046	24,464		1,024,504
Hedge funds				1,217,196	1,217,196
Private capital				1,340,500	1,340,500
Real estate and other			30,566	246,105	276,671
Assets held by other trustees			148,177		148,177
Total	\$2,397,791	\$737,030	\$297,632	\$2,918,783	\$6,351,236

Note 6. (continued)

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$94,425		(\$261,452)	\$182,439		-	(\$9)	\$15,403
Fixed income securities	24,464	\$8,188	(14,262)	(810)	(\$427)			17,153
Real estate and other	30,566		(245)	(40)	286			30,567
Assets held by other trustees	148,177		(1,638)	(170)	(7,918)			138,451
Total	\$297,632	\$8,188	(\$277,597)	\$181,419	(\$8,059)	\$0	(\$9)	\$201,574

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2019 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$94,416					\$9		\$94,425
Fixed income securities	31,737	\$34,523	(\$41,437)	\$160	(\$70)		(\$449)	24,464
Real estate and other	36,245		(4,480)	(1,350)	237		(86)	30,566
Assets held by other trustees	149,728	4,979	(8,298)	1,787	(19)			148,177
Total	\$312,126	\$39,502	(\$54,215)	\$597	\$148	\$9	(\$535)	\$297,632

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.

Investment income and gains presented on the consolidated statements of activities contains endowment appreciation utilized to fund the spending rule, and investment income net of expenses. Current year investment return reported in non-operating activities is net of external and direct internal investment costs, reduced by endowment appreciation utilized to fund the spending rule. The university's total investment return for the years ended June 30, 2020 and 2019, was \$334,275,000 and \$304,393,000, respectively.

Note 6. (continued)

The following table lists investments by major category, measured using the NAV practical expedient, for the year ending June 30, 2020 (in thousands):

At June 30, 2020

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$6,192	\$12,903	Approximately 1 Year	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	1,202,078	78,368	98.3% of NAV has an open-ended life and 1.7% of NAV will be liquidated on an undetermined basis.	Ranges between bimonthly redemption with 120 days notice, quarterly redemption with up to 185 days notice, semiannual redemption with up to 90 days notice, annual redemption with up to 90 days notice, biannual redemption with 90 days notice and 5-year lockup with 90 days notice.	0.1% of NAV is locked-up for 1 month, 15.1% of NAV is locked-up for 3 months, 14.0% of NAV is locked-up 6 months, 13.1% on NAV is locked-up for 9 months, 16.9% of NAV is locked-up for 1 year and 40.8% of NAV is locked-up for more than 1 year.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	342,149	155,189	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	1,044,633	301,203	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	260,079	249,168	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	86,319	Not Applicable	Open Ended	Minimum monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	117	Not Applicable	Open Ended	Monthly	None
Total		\$2,941,567	\$796,831			

Note 6. (continued)

The following table lists investments by major category, measured using the NAV practical expedient, for the year ending June 30, 2019 (in thousands):

At June 30, 2019

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$9,867	\$15,255	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	1,217,196	98,576	99.9% of NAV has an open-ended life and 0.1% of NAV will be liquidated on an undetermined basis.	Ranges between bimonthly redemption with 75 days notice, quarterly redemption with up to 185 days notice, semiannual redemption with up to 120 days notice, annual redemption with up to 120 days notice, biannual redemption with 90 days notice and 5-year lockup with 90 days notice.	2% of NAV is locked-up for 1 month, 11% of NAV is locked-up for 3 months, 45% of NAV is locked-up for 1 year and 42% of NAV is locked-up for more than 1 year.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	417,816	151,782	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	912,817	273,424	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	239,056	210,784	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	114,982	Not Applicable	Open Ended	Minimum monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	7,049	Not Applicable	Open Ended	Monthly	None
Total		\$2,918,783	\$749,821			

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 similar purposes as endowment as determined on an annual basis. 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, 2020 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,413,415	\$4,091,783	\$5,505,198
Non-pooled	92,218	316,942	409,160
Total	\$1,505,633	\$4,408,725	\$5,914,358

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2019 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,421,852	\$4,093,419	\$5,515,271
Non-pooled	95,365	128,929	224,294
Total	\$1,517,217	\$4,222,348	\$5,739,565

Pooled investments represent donor-restricted and board-designated endowment funds which have been commingled in a unitized pool (unit value basis) for purposes of investment. At June 30, 2020 and 2019, the pool is comprised of cash and cash equivalents (2.33% and (0.65%), equities (56.42% and (56.70%), fixed income securities (12.58% and (11.86%), alternative investments (24.16% and (26.61%) and real estate and other investments (4.51% and (4.18%), 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 value at June 30, 2020 and 2019, was \$662.69 and \$676.76, 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.

Note 7. (continued)

Endowment net asset composition by type of funds as of June 30, 2020 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$4,408,725	\$4,408,725
Board-designated endowment funds	\$1,505,633		1,505,633
Total	\$1,505,633	\$4,408,725	\$5,914,358

Endowment net asset composition by type of funds as of June 30, 2019 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$4,222,348	\$4,222,348
Board-designated endowment funds	\$1,517,217		1,517,217
Total	\$1,517,217	\$4,222,348	\$5,739,565

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2019	\$1,517,217	\$4,222,348	\$5,739,565
Total investment return, net	69,240	260,340	329,580
Contributions and transfers	22,590	84,688	107,278
Appropriation of endowment assets for expenditure	(103,414)	(158,651)	(262,065)
Endowment net assets at June 30, 2020	\$1,505,633	\$4,408,725	\$5,914,358

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2018	\$1,484,150	\$4,060,117	\$5,544,267
Total investment return, net	114,815	138,274	253,089
Contributions and transfers	31,147	156,641	187,788
Appropriation of endowment assets for expenditure	(112,895)	(132,684)	(245,579)
Endowment net assets at June 30, 2019	\$1,517,217	\$4,222,348	\$5,739,565

Note 7. (continued)

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 as of June 30 (in thousands):

	2020	2019
Restricted for scholarship support	\$988,152	\$982,166
Restricted for faculty support	965,655	975,872
Restricted for program support	2,454,918	2,264,310
Total endowment assets with donor restrictions	\$4,408,725	\$4,222,348

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 net assets with donor restrictions. Deficits of this nature exist in various donor-restricted endowment funds, which together have an original value of \$160,837,000 and a current value of \$158,254,000 with a deficiency of \$2,583,000 and an original value of \$36,070,000 and a current fair value of \$35,756,000 and a deficiency of \$314,000 as of June 30, 2020 and 2019, 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 interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

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 6.7% 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 2020 fiscal year, the Board of Trustees approved current distribution of 103% 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, \$30.33 was distributed to each time-weighted unit for a total spending rule allocation of \$261,989,000. Investment income amounting to \$4.41 per time-weighted unit was earned, totaling \$38,059,000, and \$223,930,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2020 represent 4.76% of the market value of the endowment pool at June 30, 2020.

Note 7. (continued)

For the 2019 fiscal year, the Board of Trustees approved current distribution of 102% 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, \$29.45 was distributed to each time-weighted unit for a total spending rule allocation of \$246,551,000. Investment income amounting to \$7.14 per time-weighted unit was earned, totaling \$59,756,000, and \$186,795,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2019 represent 4.47% of the market value of the endowment pool at June 30, 2019.

Note 8.**Property, Plant and Equipment:**

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

	2020	2019
Land and improvements	\$207,608	\$201,409
Buildings and improvements	5,822,617	5,538,709
Buildings under capital leases	65,822	65,822
Equipment	775,976	740,141
Library books and collections	444,005	421,392
Construction-in-progress	335,747	253,250
	7,651,775	7,220,723
Less: Accumulated depreciation	3,121,882	2,856,881
Total	\$4,529,893	\$4,363,842

Note 9.

Leases:

The university is the lessee of various equipment and space under non-cancelable operating and capital leases. Operating lease rental expense is recognized as operating expenses in the Statement of Activities for the years ended June 30, 2020 and 2019, was approximately \$48,688,000 and \$42,122,000, respectively. Space leases contain customary escalation clauses, which are included in annual aggregate minimum rentals.

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

Future minimum rental payments:	Operating	Capital
2021	\$52,358	\$1,685
2022	51,691	1,730
2023	43,780	1,775
2024	38,507	1,823
2025	35,400	1,872
Thereafter	186,606	662,599
	408,342	671,484
Less: Interest on capital leases		(593,939)
Total	\$408,342	\$77,545

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, 2020 and 2019, is \$77,545,000 and \$75,869,000, respectively.

Note 10.

Bonds Payable and Line of Credit

Bonds payable and Line of Credit outstanding as of June 30 (*in thousands*):

	Interest %	Maturity	2020	2019
<i>California Educational Facilities Authority Revenue Bonds and Notes:</i>				
Series 2009C	5.25	2025		\$82,305
Premium				3,051
Series 2012A	5.00	2024		41,595
Premium				4,389
Series 2015A	5.00	2026		42,960
Premium				6,248
<i>University of Southern California Bonds:</i>				
Series 2011 Taxable	5.25	2112	\$300,000	300,000
Discount			(2,451)	(2,478)
Series 2016 Taxable	3.03	2040	722,580	722,580
Discount			(3,078)	(3,236)
Series 2017 Taxable	3.84	2048	402,320	402,320
Discount			(1,623)	(1,682)
Series 2020A Taxable	3.23	2121	320,000	
Discount			(2,823)	
Series 2020B Taxable	2.81	2051	308,835	
Discount			(1,347)	
<i>California Infrastructure Revenue Bonds (USC- Soto Street Health Sciences):</i>				
Series 2010 (Soto)	3.25-5.00	2018-2032		26,750
Premium				1,544
<i>Line of Credit</i>				
Revolving line of credit	Variable	2021	500,000	
			2,542,413	1,626,346
<i>Less: current portion of long-term debt</i>			500,000	1,540
Total			\$2,042,413	\$1,624,806

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2021 \$500,000,000; 2022 \$0; 2023 \$0; 2024 \$0; 2025 \$0, thereafter \$2,053,735,000.

Interest payments for fiscal year 2020 and 2019 were \$67,520,000 and \$63,428,000, respectively.

On February 4, 2020, the university issued \$320,000,000 of Series 2020A taxable bonds. On February 12, 2020, the university issued \$308,835,000 of Series 2020B taxable bonds. \$223,659,000 of the proceeds of the Series 2020B Bonds were irrevocably deposited into separate refunding escrow accounts in amounts that are sufficient to pay interest and principal for the CEFA Series 2009C, Series 2012A, Series 2015A and California Infrastructure Revenue Bonds Series 2010 (Soto) outstanding bonds. The related proceeds and repayment of the defeased bonds are considered non-cash financing activities and are not reflected in the consolidated statements of cashflow. The remaining proceeds of these Bonds will be used by the university for its general corporate purposes, including, but not limited to, the acquisition, construction, renovation, improvement, rehabilitation and/or equipping by the university of higher educational and healthcare facilities, and to pay all or a portion of the costs of issuance.

Note 10. (continued)

The university has a revolving line of credit with a bank with a maturity date of November 30, 2025. The credit agreement was amended during fiscal year 2020 in order to extend the maturity date and improve certain terms and conditions, including the applicable rate. The committed size of the revolving line of credit remains at \$500,000,000. The line of credit accrues interest based on LIBOR and contains a fee on the unused portion. The line of credit contains certain restrictive covenants which include a minimum credit rating 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 fiscal years ending June 30, 2020 and 2019. On March 20, 2020 the University drew down \$500,000,000 on the bank line of credit for general corporate purposes, and the full balance remained outstanding as of June 30, 2020.

Note 11.**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. 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. Employees hired on or after January 1, 2019, are subject to a one year waiting period counted under the lapsed time method. Benefits commence upon termination or retirement and pre-retirement survivor death benefits are also provided. Charges to operating expenses for the university's share of costs were approximately \$186,888,000 and \$181,478,000 during the years ended June 30, 2020 and 2019, respectively.

Retirement benefits for employees of USC Verdugo Hills Hospital, Las Vegas Culinary Health Center and University Physician Associates are provided by a defined contribution 401(k) plan through Fidelity Investments. Until August 2011, the Keck and Norris hospital employees covered under a collective bargaining agreement with California Nurses Association were also covered under this 401(k) plan. Until January 2017, the National Union of Healthcare Workers ("NUHW") employees at Keck and Norris hospitals 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.

Effective January 2018, the university contribution to the 401(k) plan is made on a paycheck-by-paycheck basis. Prior to this, the university made its contribution in a lump sum following the end of the calendar year and matched 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 made 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. The university contribution is subject to a five year vesting schedule, although previously credited years prior to the Tenet, Las Vegas and Verdugo acquisitions have been carried over. Benefits commence at age 59 1/2, termination of employment or retirement. Pre-retirement survivor death benefits are also provided. Charges to operating activities expenses for the university's share of costs were approximately \$0 and \$0 during the years ended June 30, 2020 and 2019, respectively.

Note 11. (continued)

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):

Changes in Projected Benefit Obligation	2020	2019
Benefit obligation at end of prior year	\$148,165	\$229,537
Interest cost	5,372	8,779
Actuarial gain	20,659	30,498
Annuity purchase for plan participants	-	(108,958)
Benefits paid	(1,379)	(11,691)
	\$172,817	\$148,165
Change in Plan Assets		
Fair value of plan assets at the end of prior year	\$126,672	\$208,841
Actual return on plan assets	17,913	16,481
Employer contribution	-	22,000
Annuity purchase for plan participants	1,260	(108,958)
Benefits paid	(1,379)	(11,691)
	\$144,466	\$126,673
Reconciliation of Funded Status		
Accumulated benefit obligation at end of year	(\$172,817)	(\$148,165)
Projected benefit obligation at end of year	(172,817)	(148,165)
Fair value of plan assets at end of year	144,466	126,672
Funded status	(\$28,351)	(\$21,493)
Components of Net Periodic Benefit Cost		
Interest cost	\$5,372	\$8,779
Expected return on plan assets	(6,661)	(10,300)
Amortization of net loss	3,512	3,702
Settlement	-	33,781
Total benefit cost	\$2,223	\$35,962
Amounts recognized in the Statement of Financial Position		
Accrued liabilities	(\$28,351)	(\$21,493)
Amounts not yet recognized as components of Net Periodic Benefit Cost		
Net loss	\$52,855	\$48,219

Note 11. (continued)

Changes in the net reduction to Without Donor Restrictions	2020	2019
Net loss	\$8,148	\$24,318
Amortization of net (gain)	(3,512)	(3,702)
Recognition of net (gain) due to settlement	-	(33,781)
Total benefit cost	\$4,636	(\$13,165)

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 is \$3,854,000.

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. On April 5, 2019, a payment of \$108,957,844 was made to purchase annuities for 1,720 retirees and beneficiaries who were receiving monthly benefit payments from the Plan, and thereby transferring the responsibility for payment of the pension benefits to the insurance company. The effect of the settlement was determined based on a measurement date of March 31, 2019, in accordance with ASC 715-30-35-66A. As a result of the annuity purchase, 44.15% of the benefit obligation for the Plan was settled, and a prorata portion of the net actuarial loss was recognized in expense, resulting in additional pension expense during fiscal 2019 of \$33,781,181.

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

	2020	2019
Discount rate	3.65%	4.40%
Expected return on plan assets	5.30%	5.70%
Rate of compensation increase	N/A	N/A

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

	2020	2019
Discount rate	2.90%	3.65%
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 40% equity securities and 60% 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.

Note 11. (continued)

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.

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, 2020, 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		\$1,320			\$1,320
Equity securities		57,160			57,160
Fixed income securities		85,986			85,986
Total		\$144,466			\$144,466

At June 30, 2019, 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		\$3,637			\$3,637
Equity securities		46,715			46,715
Fixed income securities		76,321			76,321
Total		\$126,673			\$126,673

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, 2020	Target at June 30, 2020	Actual at June 30, 2019	Target at June 30, 2019
Short-term investment fund	1.0%	0.0%	2.9%	0.0%
Equity securities	40.0%	40.0%	36.9%	40.0%
Fixed income securities	59.0%	60.0%	60.2%	60.0%
Total	100.0%	100.0%	100.0%	100.0%

Note 11. (continued)

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.

Contributions

No contribution to the plan is required to be made during the fiscal year ending June 30, 2020. At this time, it is anticipated that the university will make discretionary contributions to the pension plan during the next fiscal year, although the total amount of such contributions has not yet been determined.

Estimated Future Benefit Payments

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

	Fiscal Year Ending June 30	
2021		\$3,157
2022		3,966
2023		4,700
2024		5,421
2025		6,070
2026-2030		38,307

Note 12.**Net Assets:**

The university's net assets as of June 30, 2020, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended
			June 30, 2020
			Total Net Assets
Internally reserved	\$1,120,119		\$1,120,119
Donor-restricted		\$59,291	59,291
Pledges		439,888	439,888
Unexpended endowment income	327,914		327,914
Annuity and living trusts		165,533	165,533
Donor-restricted endowment funds		4,408,725	4,408,725
Board-designated endowment funds	1,505,633		1,505,633
Debt service funds	128,646		128,646
Invested in plant	1,278,553		1,278,553
Total	\$4,360,865	\$5,073,437	\$9,434,302

The university's net assets as of June 30, 2019, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended
			June 30, 2019
			Total Net Assets
Internally reserved	\$1,030,039		\$1,030,039
Donor-restricted		\$55,154	55,154
Pledges		462,329	462,329
Unexpended endowment income	302,203		302,203
Annuity and living trusts		169,328	169,328
Donor-restricted endowment funds		4,222,348	4,222,348
Board-designated endowment funds	1,517,217		1,517,217
Debt service funds	120,696		120,696
Invested in plant	1,308,848		1,308,848
Total	\$4,279,003	\$4,909,159	\$9,188,162

Note 13.

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. See Note 1 for the impact to fiscal year 2019 financial information related to the adoption of ASU 2017-07.

For the year ended June 30, 2020, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2020
Compensation	\$2,225,842	\$359,546	\$34,136	\$2,619,524
Fringe benefits	569,656	114,667	11,204	695,527
Operating expenses	1,111,219	562,802	13,493	1,687,514
Cost of goods sold	80,009	32,355		112,364
Travel	38,354	9,146	673	48,173
Allocations:				
Depreciation	200,727	94,369	1,847	296,943
Interest	21,785	43,107		64,892
Plant operations and maintenance	165,169	(167,999)	2,830	
Total	\$4,412,761	\$1,047,993	\$64,183	\$5,524,937

For the year ended June 30, 2019, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2019
Compensation	\$2,040,161	\$340,824	\$32,563	\$2,413,548
Fringe benefits	578,002	111,633	11,011	700,646
Operating expenses	1,100,015	858,153	14,865	1,973,033
Cost of goods sold	85,483	43,982		129,465
Travel	48,734	10,640	778	60,152
Allocations:				
Depreciation	188,348	91,127	1,684	281,159
Interest	21,239	43,085		64,324
Plant operations and maintenance	162,475	(165,365)	2,890	
Total	\$4,224,457	\$1,334,079	\$63,791	\$5,622,327

Note 14.

Commitments and Contingencies

Contractual commitments for educational plant amounted to approximately \$75,743,000 and \$104,934,000 at June 30, 2020 and 2019, 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 Los Angeles County+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 has a broad portfolio of civil litigation, which reflects the complexity of the higher education environment and the diversity of issues facing universities today. Among other matters, these include lawsuits regarding the retirement plan, research and faculty recruitment, student disciplinary matters, athletic injuries, inappropriate touching, tuition refund, medical malpractice, and employment litigation. In preparing these financial statements, management reviewed the entire litigation portfolio with the assistance of legal counsel and in accordance with ASC 450, Contingencies, and recorded a contingent liability on the consolidated balance sheets to properly account for the entire litigation portfolio.

Of note, during fiscal years ended June 30, 2019 and 2020, the university was named in additional civil lawsuits in connection with alleged misconduct by a physician who was previously employed by the university and practiced at the university student health center; this individual was alleged to have engaged in inappropriate conduct and made inappropriate statements to patients. On February 25, 2020, the court in the federal class action litigation issued final approval of a \$215 million settlement, plus attorneys' fees not to exceed \$25 million. The balance of the claims are currently being processed in accordance with the terms of the federal settlement and are expected to be resolved in the first quarter of 2021. As of June 30, 2020, approximately 800 individuals have opted out of the federal class action settlement, and of these, approximately 760 are plaintiffs in active state court cases.

Management has assessed the risk of loss related to the alleged misconduct above together with other litigation and for those matters deemed estimable and probable has accrued expenses included in operating expenses in the consolidated statements of activities. As of June 30, 2020, \$108.5 million has been recovered in indemnity payments from the university's insurers in connection with this litigation. While the university continues to expect that an additional portion of the settlement accrual and the liability will be covered by insurance, there can be no guarantee of the ultimate amount of coverage. Amounts of future insurance reimbursements are unknown as of June 30, 2020, and as a result no insurance recovery accruals have been recorded in the 2019 and 2020 consolidated financial statements. The university recognizes that the ultimate outcome of these matters may be different than the estimates made in the consolidated financial statements as of and for the years ended June 30, 2019 and 2020, and those differences may be material to the university's financial position.

During the fiscal year ended June 30, 2020, the university was named in civil putative class action lawsuits that assert various legal claims seeking a partial refund of tuition and fees as a result of the university's campus closure and transition to remote instruction in response to COVID-19 starting midway through the Spring 2020 semester and continuing to the present. Although the outcome of this litigation is difficult to predict, the university believes it has strong defenses to these lawsuits and has not recorded any liabilities in relation to these lawsuits at this time.

Note 15.

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):

	2020	2019
Current sponsored awards	\$1,165,773	\$780,063
Executed grants and contracts for future periods	1,325,318	1,414,199
Total	\$2,491,091	\$2,194,262

Note 16.

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 17.

Subsequent Events

The university has performed an evaluation of subsequent events through November 23, 2020, which is the date the financial statements were issued.

Events Subsequent to Original Issuance of Financial Statements (Unaudited)

In connection with the reissuance of the financial statements, the university has evaluated subsequent events through June 16, 2021, the date the financial statements were reissued.

As described in Note 14. Commitments and Contingencies, as of June 30, 2020, approximately 800 individuals opted out of the federal class action settlement, and approximately 766 of these individuals filed lawsuits in state court. Subsequent to June 30, 2020 approximately 56 of these individuals had their cases resolved through settlement or dismissal. On March 25, 2021, the university and counsel for the remaining 710 state court plaintiffs announced that they had reached a global settlement agreement in the amount of \$851,600,000. The settlement will be paid in two equal payments, with the first to be made by August 15, 2021, and the second to be made by August 15, 2022. Pursuant to the settlement agreement, the university will obtain a letter of credit in the amount of \$421,200,000 established in plaintiffs' favor by August 15, 2021. This settlement agreement is expected to resolve all outstanding claims asserted against the university by patients related to this matter.

On April 14, 2021, the university closed the sale of \$400,000,000 of Series 2021A taxable bonds. These bonds bear interest at 2.945% and mature on October 1, 2151. The proceeds of the Series 2021A Bonds will be used by the university for its general corporate purposes and to pay all or a portion of the costs of issuance of the Series 2021A Bonds

On April 26, 2021, the university repaid \$500,000,000 on the line of credit.

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University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of Agriculture

	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
Agricultural Research Service	10.001	\$ 180,358	\$ -
Economic Research Service	10.253	71,447	-
Forest Service	10.699	3,279	-
National Institute of Food and Agriculture	10.310	17,302	17,302
Total Department of Agriculture		272,386	17,302

Department of Commerce

Economic Development Administration	11.313	971,781	-
Minority Business Development Agency	11.805	(317,900)	-
National Institute of Standards and Technology (NIST)	11.609	388,784	-
National Oceanic and Atmospheric Administration (NOAA)	11.417	1,300,502	129,257
National Oceanic and Atmospheric Administration (NOAA)	11.431	127,128	-
National Oceanic and Atmospheric Administration (NOAA)	11.478	93,354	-
National Oceanic and Atmospheric Administration (NOAA)	11.482	7,130	-
Total Department of Commerce		2,570,779	129,257

Department of Defense

Advanced Research Projects Agency	12.910	21,367,647	4,158,332
Defense Intelligence Agency	12.598	297,906	-
Department Of Defense	12.RD	53,327,356	5,811,189
Department of the Air Force, Materiel Command	12.800	3,531,376	27,923
Department of the Navy, Office of the Chief of Naval Research	12.300	14,519,301	3,284,998
Department of the Navy, Office of the Chief of Naval Research	12.330	102,868	-
Department of the Navy, Office of the Chief of Naval Research	12.350	45,576	-
National Security Agency	12.900	41,755	-
National Security Agency	12.901	351,910	-
Office of the Secretary of Defense	12.630	1,235,939	271,114
U.S. Army Materiel Command	12.431	20,152,600	3,908,637
U.S. Army Medical Command	12.420	4,122,139	406,183
Total Department of Defense		119,096,373	17,868,375

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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	1,250,838	664,155
Office of Elementary and Secondary Education	84.206	599,512	-
Office of Postsecondary Education	84.015	145	145
Office of Postsecondary Education	84.116	20,468	-
Total Department of Education		1,870,963	664,300

Department of Energy

Department of Energy	81.049	3,432,715	570,446
Department of Energy	81.064	120,148	-
Department of Energy	81.086	65,576	20,081
Department of Energy	81.087	316,059	-
Department of Energy	81.089	317,169	125,500
Department of Energy	81.108	363,477	187,800
Department of Energy	81.135	562,831	(81,935)
Total Department of Energy		5,177,975	821,892

Department of Health and Human Services

Administration for Children and Families	93.713	124,326	-
Administration for Community Living	93.048	1,309,891	124,698
Administration for Community Living	93.747	450,801	16,076
Agency for Healthcare Research and Quality	93.226	1,019,600	479,244
Centers for Disease Control and Prevention	93.118	90,352	-
Centers for Disease Control and Prevention	93.262	206,657	8,120
Centers for Medicare and Medicaid Services	93.986	115,802	-
Department Of Health And Human Services	93.RD	118,992	-
Health Resources and Services Administration	93.124	18,243	-
Health Resources and Services Administration	93.732	394,044	-
Health Resources and Services Administration	93.884	219,346	-
Health Resources and Services Administration	93.924	676,323	-
Health Resources and Services Administration	93.969	631,140	54,439
National Institutes of Health	93.077	4,576,521	308,503
National Institutes of Health	93.113	8,920,333	805,784
National Institutes of Health	93.121	12,229,246	228,022
National Institutes of Health	93.172	3,713,048	471,153
National Institutes of Health	93.173	5,767,219	129,240
National Institutes of Health	93.213	52,372	-
National Institutes of Health	93.242	11,418,256	3,582,515
National Institutes of Health	93.273	5,384,314	969,565
National Institutes of Health	93.279	4,643,501	963,959
National Institutes of Health	93.286	6,997,190	619,583
National Institutes of Health	93.307	2,346,881	377,490

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
National Institutes of Health	93.310	6,692,412	573,236
National Institutes of Health	93.350	5,696,582	1,279,863
National Institutes of Health	93.351	992,405	116,604
National Institutes of Health	93.361	1,066,248	248,441
National Institutes of Health	93.393	13,641,218	3,465,687
National Institutes of Health	93.394	2,083,079	4,358
National Institutes of Health	93.395	1,763,035	460,245
National Institutes of Health	93.396	4,116,759	399,153
National Institutes of Health	93.397	7,649,594	633,036
National Institutes of Health	93.398	676,973	-
National Institutes of Health	93.837	4,381,736	537,995
National Institutes of Health	93.838	2,794,018	121,538
National Institutes of Health	93.839	2,068,232	1,637,157
National Institutes of Health	93.840	5,778	-
National Institutes of Health	93.846	4,478,293	414,612
National Institutes of Health	93.847	17,101,537	2,102,130
National Institutes of Health	93.853	15,934,864	4,233,905
National Institutes of Health	93.855	7,835,594	564,647
National Institutes of Health	93.859	10,767,604	146,062
National Institutes of Health	93.865	6,438,097	1,089,155
National Institutes of Health	93.866	73,325,346	10,741,754
National Institutes of Health	93.867	7,466,862	969,406
National Institutes of Health	93.879	451,078	-
National Institutes of Health	93.989	343,968	130,830
Office of the Secretary	93.297	1,866,786	788,534
Substance Abuse and Mental Health Services Administration	93.243	1,633,356	340,078
Total Department of Health and Human Services		272,695,852	40,136,818

Department of Homeland Security

Department of Homeland Security	97.RD	193,235	-
Federal Emergency Management Agency (FEMA)	97.082	217,096	-
Science and Technology (S&T)	97.061	340,699	-
Total Department of Homeland Security		751,030	-

Department of Justice

National Institute of Justice	16.560	618,156	66,072
Total Department of Justice		618,156	66,072

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of State

	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
Bureau of Educational and Cultural Affairs	19.401	509,798	-
Bureau of Educational and Cultural Affairs	19.415	1,514,835	61,160
Bureau of Near Eastern Affairs	19.021	177,216	-
Bureau of Near Eastern Affairs	19.221	362,454	-
Total Department of State		2,564,303	61,160

Department of the Interior

U.S. Geological Survey	15.807	1,604,258	1,240,554
U.S. Geological Survey	15.808	3,521	-
U.S. Geological Survey	15.810	16,932	-
Total Department of the Interior		1,624,711	1,240,554

Department of Transportation

Federal Highway Administration (FHWA)	20.215	5,000	-
Office of the Secretary (OST) Administration Secretariate	20.701	1,954,465	1,415,876
Total Department of Transportation		1,959,465	1,415,876

Department of Veterans Affairs

Department Of Veterans Affairs	64.RD	6,173	-
VA Health Administration Center	64.009	290,352	-
VA Health Administration Center	64.035	121,300	-
Total Department of Veterans Affairs		417,825	-

Environmental Protection Agency

Office of Research and Development (ORD)	66.509	616,361	-
Total Environmental Protection Agency		616,361	-

Institute of Museum and Library Services

Institute of Museum and Library Services	45.313	325,882	177,745
Total Institute of Museum and Library Services		325,882	177,745

National Aeronautics and Space Administration

National Aeronautics and Space Administration	43.001	1,598,171	405,584
National Aeronautics and Space Administration	43.007	42,792	-
National Aeronautics and Space Administration	43.012	460,129	-
Total National Aeronautics and Space Administration		2,101,092	405,584

National Archives and Records Administration

National Archives and Records Administration	89.003	4,187	-
Total National Archives and Records Administration		4,187	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

National Endowment for the Arts

National Endowment for the Arts

Total National Endowment for the Arts

National Endowment for the Humanities

National Endowment for the Humanities

National Endowment for the Humanities

National Endowment for the Humanities

Total National Endowment for the Humanities

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

National Science Foundation

Total National Science Foundation

Total Research & Development Cluster - Direct Awards

CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
45.024	58,380	-
	<u>58,380</u>	<u>-</u>
45.149	156,459	-
45.161	9,502	-
45.164	135,011	-
	<u>300,972</u>	<u>-</u>
47.041	20,208,081	4,004,573
47.049	5,217,223	19,125
47.050	10,243,796	3,185,331
47.070	14,208,469	1,313,218
47.074	1,469,597	145,265
47.075	1,677,095	-
47.076	4,759,323	372,346
47.079	171,920	-
47.083	599,927	155,892
	<u>58,555,431</u>	<u>9,195,750</u>
	<u>\$ 471,582,123</u>	<u>\$ 72,200,684</u>

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR				
RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
PASS-THROUGH FUNDS	Identifying Number	CFDA	Expenditures	to Sub recipients
Agency for International Development				
University of California Regents	AID-OAA-A-14-00008	98.001	\$ 26,596	\$ -
Total Agency for International Development			26,596	-
Department of Agriculture				
Johns Hopkins University	2017-67007-26154	10.310	78,527	-
Knexus Research Corporation	W31P4Q-18-C-0069	10.RD	22,090	-
Leidos Incorporated	GS00Q14OAU420/N62645-17-F0520	10.RD	1,667	-
Remote Sensing Solutions	2018-33610-28273	10.212	15,573	-
Santa Barbara Mariculture	2019-00606	10.212	19,939	-
Science Applications International Corporation	N62645-12-C-4100	10.001	28,328	-
Space Telescope Science Institute	NAS5- 26555	10.001	16,573	-
Space Telescope Science Institute	NAS5-26555	10.001	(125)	-
Total Department of Agriculture			182,572	-
Department of Commerce				
CA-State Coastal Conservancy	NA16NOS4780205	11.478	31,162	-
Catalina Sea Ranch	WC-133R-16-CN-0114	11.RD	(59,886)	-
University of California San Diego	NA16NOS0120022	11.012	182,782	-
University of California San Diego	NA18OAR4170073	11.417	19,087	-
University of Miami	NA15OAR4320064	11.417	38,570	-
Total Department of Commerce			211,715	-
Department of Defense				
Abt Associates	GS-00f-252CA	12.RD	35,000	-
ADA Technologies, Incorporated	W911NF-16-C-0118	12.RD	3,777	-
ADA Technologies, Incorporated	w911NF-18-C-0061	12.RD	105,401	-
Advanced Robotics for Manufacturing Institute	W911NF-17-3-0004	12.630	259,014	195,038
Advanced Technology International	HR0011-18-C-0037	12.RD	65,333	-
American Hospital Association	05-EE-0002394	12.RD	50,794	-
Applied Physics Laboratory, Johns Hopkins Universi	2016-16081700004	12.RD	23,020	-
Applied Physics Laboratory, Johns Hopkins Universi	2019-19031800002 (K026)	12.RD	80,099	-
Aptima, Incorporated	N68335-18-C-0334	12.RD	19,628	-
Aptima, Incorporated	N68335-19-C-0583	12.RD	93,690	-
Aptima, Incorporated	W56KGU-19-C-0004	12.RD	110,342	-
Boeing Company	Classified	12.RD	284,169	-
Boeing Company	NNG17PX06C	12.RD	1,058,386	256,038
CAL Humanities	HFAP18-32	12.RD	6,544	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
California Institute of Technology	FA9550-16-1-0510	12.800	27,904	-
California Institute of Technology	FA9550-18-1-0161	12.800	138,263	-
California State University Long Beach	EPA 18-EPA-RQ-17	12.RD	63,824	-
Carbonics, Incorporated	A18B-004-0042	12.630	34,096	-
Carnegie Mellon University	FA8750-18-2-0018	12.800	340,019	-
Carnegie Mellon University	W911NF-18-2-0218	12.431	99,203	-
Case Western Reserve University	N00014-16-1-2535	12.300	127,461	-
CA-State of California	ST1441-15-01	12.617	544,656	-
CA-State of California	ST1441-17-02	12.617	868,973	-
Charles River	FA8750-16-C-0045	12.RD	167,809	-
Children's Hospital of Los Angeles	W81XWH-16-1-0253	12.420	101,408	-
Concepts to Systems, Incorporated	FA9550-18-C-0004	12.800	62,574	-
Concepts to Systems, Incorporated	W9113M-18-C-0014	12.RD	123,235	-
Creative Associates International	AID-OAA-I-15-00011	12.RD	50,141	-
Eduworks	FA3002-19-P-A156	12.RD	108,404	-
Emory University	FA9550-18-1-0420	12.800	267,121	-
Engility Corporation	xxx-2017241G003	12.RD	54,636	-
Epirus, Incorporated	M67854-16-P-6622	12.RD	39,655	-
ERC, Incorporated	FA9300-15-C-0004	12.RD	52,978	-
Galois, Incorporated	HR0011-19-C-0070	12.RD	156,959	-
George Mason University	FA9550-18-1-0455	12.800	123,289	-
Georgia Institute of Technology	18-C-0340	12.RD	750,039	-
Georgia Institute of Technology	FA8075-14-D-0018-0026	12.RD	512,792	118,184
Georgia Institute of Technology	FA8750-17-C-0086	12.RD	(6,085)	-
Georgia Institute of Technology	FA8750-18-2-0108	12.910	147,461	-
Georgia Institute of Technology	H98230-20-C-0061	12.RD	136,552	-
Georgia Institute of Technology	N00014-13-1-0563	12.300	(636)	-
Global Science & Technology, Incorporated	ST-1330-17-CQ-0050	12.RD	39,403	-
Graf Research	HQ0147-17-C-7326	12.RD	35,017	-
Greensight	140D0420C0054	12.RD	52,655	-
H. F. Webster Engineering Services	W911NF-15-2-0034	12.RD	10,891	-
Honeywell	DE-NA0002839	12.RD	117,180	-
Intelligent Automation Inc	NNX16CG06C	12.RD	(947)	-
Intelligent Optical Systems, Incorporated	68HE0D18C0013	12.RD	2,710	-
Intelligent Optical Systems, Incorporated	80NSSC18P1983	12.RD	5,290	-
Intelligent Optical Systems, Incorporated	80NSSC19C0532	12.RD	11,369	-
Johns Hopkins University	N00014-15-1-2312	12.300	12,494	-
Johns Hopkins University	W911NF-17-1-0304	12.431	57,334	-
LeafLabs, LLC	HR0011199036	12.RD	107,928	-
Lockheed Martin Corporation	N00014-16-C-1029	12.RD	(51)	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR	Pass-Through Entity		Current Year	Pass-Through Funds
RESEARCH & DEVELOPMENT CLUSTER	Identifying Number	CFDA	Expenditures	to Sub recipients
<u>PASS-THROUGH FUNDS</u>				
Lockheed Martin Corporation	W911NF-17-3-0004	12.RD	142,118	-
Luminit, LLC	FA9451-19-P-0514	12.RD	28,795	-
Mahlet Consulting	Classified	12.RD	88,957	-
Massachusetts Eye and Ear	W81XWH1910188	12.420	55,543	-
Massachusetts Institute of Technology	FA9550-15-1-0514	12.800	269,552	-
Mathematica	HHSP-233-2015000351/HHSP-233-37022T	12.RD	274,892	-
NATIONAL SECURITY TECHNOLOGY ACCELERATOR	N00164-19-9-0001	12.RD	175,749	-
Next Century Corporation	HR0011-15-C-0112	12.RD	339,377	-
North Carolina State University	W911NF-16-1-0406	12.431	68,262	-
Northern California Institute for Research and Education	W81XWH-12-2-0012	12.420	(31,585)	(27,000)
Northern California Institute for Research and Education	W81XWH-13-1-0259	12.420	165,664	-
Northern California Institute for Research and Education	W81XWH-14-1-0462	12.420	127,200	-
Northrop Grumman Corporation	FA8014-18-C-5023	12.RD	229,983	-
Northrop Grumman Corporation	FA8650-16-C-6697	12.RD	921,038	168,805
Oregon Health Science University	006751-00002	12.RD	8,318	-
Oregon State University	W81XWH-16-1-0794	12.420	94,923	-
Pacific Architects and Engineers, Incorporated	DJJ13-C-2442	12.RD	260,729	-
Pacific Northwest National Laboratory	DE-AC05-76RL01830	12.RD	97,363	-
Peraton, Incorporated	N00173-16-D-2009	12.RD	732,646	-
Purdue University	FA8750-16-2-0193	12.300	44,245	-
Purdue University	HR0011-18-3-0004	12.RD	187,213	-
Rand Corporation	HHSM-500-2013-13014I	12.RD	19,101	-
Raytheon BBN Technologies	2017-17072100002	12.RD	358,018	-
Raytheon BBN Technologies	FA8650-17-C-7716	12.800	13,008	-
Raytheon BBN Technologies	HR0011-15-C-0113	12.RD	37,603	-
Raytheon Technologies Corporation	ARM-TEC-19-01-F12	12.RD	87,210	-
R-DEX Systems	2-AF181-064	12.RD	141,644	-
Regents of the University of Michigan	1 RDR18000002-01-00	12.RD	37,225	-
Regents of the University of Michigan	NNL13AQ00C	12.RD	138,852	-
Regents of the University of Michigan	W911NF1810208	12.431	129,734	-
Sandia National Laboratories	DE-AC04-94AL85000	12.910	59,941	-
Sandia National Laboratories	DE-NA-0003525	12.RD	125,341	-
Soar Technology, Incorporated	W56HZV-17-C-0012	12.RD	25	-
Soar Technology, Incorporated	W911NF-18-C-0011	12.RD	124,781	-
Software Engineering Institute	FA8702-15-D-0002	12.800	32,394	-
Sri International	140D6319C0007	12.RD	1,076,636	-
Sri International	N41756-19-C-3064	12.RD	154,381	-
Stanford University	FA9550-16-1-0051	12.800	44,217	-
Stevens Institute of Technology	HQ0034-13-D-0004	12.RD	103,963	-
Stevens Institute of Technology	HQ003419D0003	12.RD	1,192,811	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
Stevens Institute of Technology	HQ003419D0003 / TO HQ003419F0620	12.RD	136,522	-
Storagenenergy Technologies, Incorporated	80NSSC19C0402	12.RD	17,970	-
Storagenenergy Technologies, Incorporated	N6833518C0384	12.RD	5,058	-
Storagenenergy Technologies, Incorporated	N6833519C0507	12.RD	43,056	-
Tel-Aviv University	W81XWH-16-C-0198	12.RD	55,241	-
Texas A&M University	W911NF-17-3-0004	12.630	149,331	-
The Design Knowledge Company	47QFLA-19-D-0008	12.RD	457,002	-
The Design Knowledge Company	FA8650-13-D-1547	12.RD	159	-
The Design Knowledge Company	FA8650-18-D-1614	12.RD	289,336	-
UCLA Luskin School of Public Affairs	20184594	12.RD	3,038,808	-
University of California Berkeley	FA8750-17-2-0091	12.910	194,056	-
University of California Berkeley	FA8750-19-1-0504	12.910	31,590	-
University of California Berkeley	W911NF-12-1-0541	12.431	36,320	-
University of California Regents	HR00111910001	12.910	55,433	-
University of California San Francisco	W81XWH-14-2-0176	12.420	42,141	-
University of California San Francisco	W911NF-14-2-0043	12.431	2,689	-
University of California Santa Barbara	W911NF-15-1-0577	12.431	157,807	-
University of California, Los Angeles	N00014-17-1-2652	12.300	129,539	-
University of California, Los Angeles	N00014-19-1-2052	12.300	495	-
University of California, Los Angeles	OPM2615D0001 (TO F0414)	12.RD	202,547	-
University of Central Florida	D18AP00058	12.910	28,162	-
University of Cincinnati	FA8650-12-2-6B11	12.800	22,457	-
University of Connecticut	N00014-17-1-2656	12.300	254,361	-
University of Illinois	W911NF-17-2-0196	12.630	525,868	-
University of Maryland	FA9550-15-1-0350	12.800	1,110	-
University of Massachusetts, Worcester	1-17-IBS-176	12.RD	16,775	-
University of Minnesota	FA9550-16-1-0009	12.800	14,800	-
University of Minnesota	N00014-17-1-2308	12.300	98,475	-
University of Pennsylvania	FA8750-18-2-0117	12.910	234,815	-
University of Pennsylvania	W911NF-17-2-0181	12.630	432,580	-
University of Pittsburgh	W81XWH-15-1-0663	12.420	282,841	-
University of Rochester	W911NF-18-0369	12.431	146,368	-
University of Texas at Dallas	FA9550-19-1-0134	12.800	78,520	-
University of Utah	N00014-18-1-2407	12.630	81,551	-
University of Utah	W81XWH-15-1-0632	12.420	25,145	-
University of Virginia	FA8650-19-C-7923	12.RD	38,284	-
Walter R. Mc Donald & Associates, Incorporated	HHSP233201500042I / 75P00119F37010	12.RD	22,045	-
Walter R. Mc Donald & Associates, Incorporated	HHSP23337004T	12.RD	3,901	-
Wesleyan University	HR0011182042	12.910	18,275	-
Total Department of Defense			23,268,501	711,066

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
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SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

Department of Education

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
East Los Angeles College	P031C160250	84.031	125,063	-
McRel International	U411C150011	84.411	294,310	-
Tulane University	R305C180025-19	84.305	177,593	-
University of North Carolina, Chapel Hill	H325D130041-17	84.325	1,057	-
University of Pennsylvania	R305C150007	84.305	53,588	-
Total Department of Education			651,611	-

Department Of Energy

US-National Renewable Energy Laboratory - DOE	DE-AC36-08GO28308	81.RD	24,406	-
California Institute of Technology	DE-SC0019227	81.049	64,889	-
General Motors Corporation	DE-EE0006826	81.086	45,684	-
Honeywell	DE-EE0007613	81.087	10,680	-
Honeywell Federal Manufacturing & Technologies	DE-NA0002839	81.RD	156,807	-
Krell Institute	DE-SC0020347	81.049	5,000	-
Lawrence Berkeley Laboratory	DE-AC02-05CH11231	81.RD	9,828	-
Marine BioEnergy, Incorporated	DE-AR0000689	81.135	215,125	-
Mirage Systems, Incorporated	DE-SC0017165	81.049	115,690	-
Nimbus Services, Incorporated	FA8650-20-F-1894	81.RD	199,704	76,900
Pennsylvania State University	DE-FE0026825	81.089	217,537	-
Sandia National Laboratories	DE-NA0003525	81.RD	65,621	-
Stanford University	DE-SC0019165	81.049	437,842	-
University of California, Los Angeles	DE-SC0019245	81.049	91,854	-
University of California, Los Angeles	DE-SC0019381	81.049	410,510	-
University of Houston	DE-NE0008438	81.121	12	-
University of Houston	DE-NE0008529	81.121	181,197	-
University of Illinois at Urbana Champaign	DE-SC0012504	81.049	9,230	-
University of Wisconsin, Milwaukee	DE-AR0000914	81.135	335,744	-
US-Oakridge National Laboratories	DE-AC05-00OR22725	81.RD	219,064	-
West Virginia University Research Corporation	DE-SC0019491	81.049	57,620	-
Total Department Of Energy			2,874,044	76,900

Department of Health and Human Services

Acurastem, Incorporated	1R43AG058325-01 REVISED	93.866	4,449	-
Acurastem, Incorporated	R44NS105156	93.853	7,984	-
Advanced Brain Monitoring, Incorporated	1R43AG061994-01	93.866	49,032	-
AgeneBio	4UH2NS101856-02	93.853	11,134	-
AgeneBio	R44AG063607	93.866	242,289	-
Aids United	6 U90HA29237-04-01	93.928	14,720	-
Ann & Robert H. Lurie Children's Hospital of Chicago	5R21DC016069-02	93.173	(2,446)	-
Arizona State University	1U54CA217376-01A1	93.397	221,663	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR	Pass-Through Entity		Current Year	Pass-Through Funds
RESEARCH & DEVELOPMENT CLUSTER	Identifying Number	CFDA	Expenditures	to Sub recipients
<u>PASS-THROUGH FUNDS</u>				
Arizona State University	5U54CA217376-03	93.397	21,662	-
Arizona State University	U01EB021980	93.286	109,763	-
Artery Therapeutics, Incorporated	4R44AG060826-02	93.866	44,760	(324)
Association of American Medical Colleges	5 NU36OE000007-03-00	93.967	1,157	-
Baylor College of Medicine	5R01CA175026-05	93.396	8,235	-
Beckman Research Institute of the City of Hope	5R01CA184585-05	93.393	(450)	-
Beckman Research Institute of the City of Hope	5R01CA196854-05	93.395	8,048	-
Beckman Research Institute of the City of Hope	5R01CA202712-04	93.393	12,119	-
Beckman Research Institute of the City of Hope	5U01CA189283-04	93.394	3,563	-
Beckman Research Institute of the City of Hope	5U01CA189283-05	93.394	42,611	-
Beckman Research Institute of the City of Hope	5U01CA199277-04	93.393	38,164	-
Beckman Research Institute of the City of Hope	5UM1CA186717-04	93.395	105,337	-
Beckman Research Institute of the City of Hope	5UMCA186717-05 Revised	93.395	120,680	-
BioAIM	2R42AI06375-03	93.855	172,742	-
BioRealm, LLC	9R44AA027675-02	93.273	26,241	-
BioVinc LLC	2R42DE025789-02	93.121	171,350	-
BioVinc LLC	R41CA235996	93.394	113,792	-
Boston Medical Center Corporation	5R01AA026268-02	93.273	62,977	-
Boston University	5R01EY001157-46	93.867	57,459	-
Brigham and Women's Hospital	1P30AG064199-01	93.866	56,632	-
Brigham and Women's Hospital	5P01GM095467-10	93.859	143,445	-
Brigham and Women's Hospital	5R01HL118455-04	93.838	81,241	-
Brigham and Women's Hospital	R01AG063689	93.866	1,706,668	-
Brigham and Women's Hospital	U19AG010483	93.866	468,656	-
CA-Department of Public Health	5NU58DP003862-05-00	93.283	855,893	8,844
California Institute of Technology	1U24HG010859-01	93.172	288,428	-
California Institute of Technology	U01NS098975	93.853	26,620	-
California Institute of Technology	U24HG002223	93.172	26,397	-
California State University Long Beach Foundation	5R25GM121266-04	93.859	8,553	-
Case Western Reserve University	5R01AI100560-07	93.855	9,745	-
Case Western Reserve University	7U01CA188392-03	93.393	38,682	-
Cedars-Sinai Medical Center	5R01AG055865-03	93.866	41,402	-
Cedars-Sinai Medical Center	5R01FD006106-02	93.103	32,703	-
Cedars-Sinai Medical Center	5R01HL117983-05	93.837	(166)	-
Cedars-Sinai Medical Center	5U01CA206110-02	93.393	17,415	-
Cedars-Sinai Medical Center	R01EY013431	93.867	16,662	-
Cedars-Sinai Medical Center	U24NS113452	93.853	174,265	-
Chapman University	RF1AG054442	93.866	420,139	-
Children's Hospital Corporation (Doing Business As Boston Children's Hospital)	5R01AI065617-18	93.855	14,917	-
Children's Hospital Corporation (Doing Business As Boston Children's Hospital)	5R01AI065617-19	93.855	83,414	-

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RESEARCH & DEVELOPMENT CLUSTER

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Pass-Through Entity	Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
Children's Hospital of Los Angeles	1P50FD00642501	93.103	4,048	-
Children's Hospital of Los Angeles	1U01FD006549-01	93.103	51,619	-
Children's Hospital of Los Angeles	2R01CA137124-07A1	93.393	33,084	-
Children's Hospital of Los Angeles	5 R01 CA137124-08	93.393	1,419	-
Children's Hospital of Los Angeles	5P01CA217959-02	93.395	13,604	-
Children's Hospital of Los Angeles	5P50FD006425-02	93.103	18,755	-
Children's Hospital of Los Angeles	5R01DK110793-05	93.847	12,908	-
Children's Hospital of Los Angeles	5R01HD095456-02	93.865	16,123	-
Children's Hospital of Los Angeles	5R01HL130172-03	93.837	6,664	-
Children's Hospital of Los Angeles	5R01HL130172-04	93.837	12,123	-
Children's Hospital of Los Angeles	5R01HL134666-03	93.838	27,087	-
Children's Hospital of Los Angeles	5R01HL141856-02	93.838	18,359	-
Children's Hospital of Los Angeles	5U01FD006549-02	93.103	53,715	-
Children's Hospital of Los Angeles	7R01DK109161-03	93.847	12,634	-
Children's Hospital of Los Angeles	7R01MD010358-05	93.307	136,736	-
Children's Hospital of Los Angeles	R01AA025653	93.273	161,297	-
Children's Hospital of Los Angeles	R35CA225513	93.398	11,418	-
Children's Hospital of Philadelphia	2UG1CA189955-06	93.399	156,108	-
Children's Hospital of Philadelphia	UG1CA233249	93.395	11,913	-
Children's Institute, Incorporated	1H79SM063397-01	93.104	7,137	-
Children's Institute, Incorporated	5H79SM063397-02	93.104	150,000	-
City College of New York	5R01MH11896-04	93.242	110,275	-
City of Hope National Medical Center	5U01CA199277-04	93.273	157,876	-
Cleveland Clinic Lerner College of Medicine	5R01CA218195-02	93.394	20,639	-
Cleveland Clinic Lerner College of Medicine	5R01NS089212-05	93.853	234,630	-
Cleveland Clinic Lerner College of Medicine	5UH3CA189883-06	93.396	2,646	-
Cold Spring Harbor Laboratory	5U19MH114821-02	93.242	(4)	-
Cold Spring Harbor Laboratory	5U19MH114821-03	93.242	493,436	-
Columbia University	5R01HG003008-15	93.172	85,069	-
Columbia University	5U01AG051412-05	93.866	66,318	-
Cornell University	5R01HS025983-03	93.226	124,612	-
DARTNet Institute	200-2015-87699	93.RD	10,451	-
Doheny Eye Institute	1R01EY030141-01	93.867	4,401	-
Doheny Eye Institute	5R01EY026935-02	93.867	(949)	-
DRVision Technologies LLC	1R44NS097094-01A1	93.853	139,726	-

The accompanying notes are an integral part of this Schedule.

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RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	CFDA	Expenditures	to Sub recipients
Duke University	1R01NS111039-01A1	93.853	95,852	-
Duke University	3U24DK065716-16S1	93.847	727	-
Duke University	5R01DK118019-02	93.847	41,318	-
Duke University	5R01ES029945-02	93.113	70,099	-
Duke University	5R01MH111671-02	93.242	26,734	-
Duke University	5R01MH111671-03	93.242	61,032	-
Duke University	5R01NR016001-04	93.361	51,247	-
Duke University	UM1AI104681	93.855	413	-
ECOG-ACRIN	U10CA180820-06-CA011	93.RD	50,507	-
ECOG-ACRIN	UG1CA189828	93.395	29,856	-
Eden Medical, Incorporated	R44DK102244	93.847	64,590	-
Emory University	1R56MH111459-01A1	93.242	-	-
Emory University	5R21ES028903-02	93.113	23,381	-
EXBAQ, LLC	1R41AI14559-01A1	93.855	1,408	-
Florida State University	1R01DK118910-01A1	93.847	137,191	-
Fred Hutchinson Cancer Research Center	5R01CA201407-03	93.393	88,370	-
Fred Hutchinson Cancer Research Center	5R01CA201407-04	93.393	395,412	-
Georgetown University	1R21CA209213-01	93.395	10,003	-
Georgia State University	501MH121246-02	93.242	39,455	-
Georgia State University	5R01MH121246-02	93.242	62,300	-
Harvard Medical School	1R01HS026753-01A1	93.226	33,010	-
Harvard School of Public Health	5U01HD052102-13	93.865	(1,303)	-
Harvard School of Public Health	5U01HD052102-14	93.865	164,615	-
Harvard School of Public Health	5U01HD052102-15	93.865	747,546	-
Harvard University	3R01AG042778-05S1	93.866	15,677	-
Harvard University	5P01AG041710-05	93.866	43,153	-
Harvard University	5R01DK121409-03	93.847	879,376	-
Health Research, Incorporated	R01CA228156	93.393	125,571	-
Hebrew University of Jerusalem	1R01AG065364-01	93.866	19,074	-
Henry Ford Health System	5R01CA222146-02	93.393	53,086	-
Henry M. Jackson Foundation	R01MH102151	93.242	36,842	-
Huntington Medical Research Institutes	5R01NS088379-05	93.853	37,303	-
Hura Imaging, LLC	R41EB024438	93.286	5	-
Icahn School of Medicine at Mount Sinai	5U01HL088942-08	93.853	266	-
IMPAQ International, LLC	200-2014-59356 Task	93.RD	6,293	1,604

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	CFDA	Expenditures	to Sub recipients
Indiana University	1R56AG057195-01	93.866	(7,525)	-
Indiana University	3U01AG057195-02S2	93.866	11,009	-
Indiana University	5U01AG057195-02	93.866	53,764	-
Indiana University	7R21AA025997-03	93.273	7,409	-
Indiana University	U01AG057195	93.866	1,503,112	-
Integrated Interfaces LLC	1R43DE027306-01	93.121	42,151	-
Jackson Laboratory	5U24HG007497-06	93.172	23,701	-
Johns Hopkins Medicine	UM1AI068632	93.855	64,267	-
Johns Hopkins University	5R01AG021092-16	93.866	159,593	-
Johns Hopkins University	R01AG052510	93.866	21,237	-
Johns Hopkins University	UM1AI068632	93.855	1,032	-
Kaiser Foundation Research Institute	1R01ES029963-01A1	93.113	35,246	-
Kaiser Foundation Research Institute	1R01HD098161-01A1	93.865	39,567	-
Keck Graduate Institute	1R24AA026944-01A1	93.273	16,575	-
LA Biomedical Research Institute at Harbor-UCLA	UL1TR0001881	93.350	10,023	-
Leidos Biomedical Research, Incorporated	HHSN261200800001E	93.RD	8,842	-
Limbox	R43DA049617	93.279	2,451	-
Los Angeles Biomedical Research Institute at Harbor	HHSN275201300024II	93.RD	41,120	-
Los Angeles County	18AACAT3FC/19AACAT3F	93.052	9,283	-
Los Angeles County	1901CAOAF01	93.052	730,483	-
Los Angeles County-Department of Public Health	2 H89HA00016-29-00	93.RD	1,168,123	-
Los Angeles County-Department of Public Health	DP18-1817	93.435	652,488	-
Los Angeles County-Department of Public Health	NU58DP006619	93.435	7,315	-
Louisiana State University	5R01NS104117-03	93.853	83,016	-
Louisiana State University	R01NS109221	93.853	68,317	-
Lovelace Biomedical and Environmental Research Institute	1U01CA232505-01	93.393	10,635	-
Lovelace Biomedical and Environmental Research Institute	5U01CA232505-02	93.393	2,460	-
Lupus Foundation of America	CDC6 NU58DP006139-05-02	93.068	9,457	-
Massachusetts General Hospital	2P01DK011794-51A1	93.847	42,112	-
Massachusetts General Hospital	5R01MH116173-03	93.242	156,678	-
Massachusetts General Hospital	5U01HL123336-06	93.837	19,894	-
Massachusetts General Hospital	R01AG054029	93.866	115,211	-
Massachusetts General Hospital	U01HL123336	93.837	(40,425)	-
Mayo Clinic	1U19AG063911-01	93.866	92,565	-
Mayo Clinic	5R01CA195527-03	93.394	(1,882)	-
Mayo Clinic	5R01CA195527-04	93.394	45,149	-

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RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	CFDA	Expenditures	to Sub recipients
Mayo Clinic	5R01CA195527-05	93.393	53,220	-
Mayo Clinic	5U01AG045390-05	93.866	71,787	-
Mayo Clinic	5U01CA089600-11	93.393	29	-
Mayo Clinic Jacksonville	R01NS097876	93.853	5,195	-
Mayo Clinic Jacksonville	U01NS080168	93.853	6,650	-
Medical University of South Carolina	3U01DK104833-04S1	93.847	(6,045)	-
Medical University of South Carolina	5U01DK104833-05	93.847	40,833	-
Memorial Sloan Kettering	R01CA207442	93.393	328	-
Menssana Research, Incorporated	5R44CA203019-01A1	93.RD	(1,226)	-
Methodist Hospital Research Institute	4R01HL115003-07	93.837	(2,735)	-
Methodist Hospital Research Institute	R01HL115003	93.837	(2,910)	-
Microsensor Labs, LLC	1R43CA228917-01	93.394	129	-
Moffitt Cancer Center	5R01CA238087-02	93.393	28,702	-
National Bureau of Economic Research	1R01AG063944-01	93.866	33,157	-
NCT Holdings, Incorporated dba NeuroCog Trials	4R44AG058345-02	93.866	21,621	-
NEONC Technologies, Incorporated	1 R41 CA246902-01A1	93.396	32,112	-
Neuromuscular Dynamics, LLC	R43AR074859-01A1	93.846	3,771	-
New England Research Institutes	U01HL107407	93.837	25,344	-
New York University	5R01DE026798-04	93.121	25,960	-
New York University	5R01NS104923-03	93.853	166,822	-
New York University	P50MH113662	93.242	32,338	-
New York University School of Medicine	3P50MH113662-01A1S1	93.242	15,706	-
Northern California Institute for Research and Education	5U01AG024904-10	93.866	(35,542)	(35,542)
Northern California Institute for Research and Education	U01AG024904	93.866	69,936	-
Northern California Institute for Research and Education	U19AG024904	93.866	9,577,596	231,363
Northwestern University	2R01MH091131-06A1	93.242	15,400	-
Northwestern University	4R33AG057383-03	93.866	1,660	-
Northwestern University	5P30DA027828-08	93.279	-	-
Northwestern University	5P30DA027828-09	93.279	62,495	-
Northwestern University	5P50CA180995-04	93.397	54,471	-
Northwestern University	5P50CA180995-05	93.397	2,642	-
Northwestern University	5R01AG055121-03	93.866	13,709	-
Northwestern University	5R01AR072721-02	93.846	66,958	-
Northwestern University	5R01DC010191-10	93.173	30,800	-
Northwestern University	5R21AG057383-02	93.866	8,969	-
Northwestern University	5U01TR001806-03	93.350	71,687	-

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PASS-THROUGH FUNDS

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Northwestern University	5U01TR001806-04	93.350	150,101	-
NRG Oncology Foundation, Incorporated	005685-00002	93.RD	2,127	-
Oregon Health Science University	2U10CA180888-06	93.394	20,545	-
Oregon Health Science University	W81XWH-16-1-0748	93.RD	264	-
Oryn Therapeutics, LLC	4R44AI142959-02	93.855	99,586	-
Pennsylvania State University	1U2CAG060408-01	93.866	(5)	-
Pennsylvania State University	5R01HD059783-08	93.865	195,717	-
Pennsylvania State University	5U2CAG060408-02	93.866	88,975	-
President and Fellows of Harvard College	5R01AG042778-05	93.866	50,936	-
President and Fellows of Harvard College	P01AG041710	93.866	24,630	-
Princeton University	5P30AG024928-14	93.866	-	-
Proteogenomics Research Institute for Systems Medicine	5P01HL11965-04	93.838	(282)	-
Proteogenomics Research Institute for Systems Medicine	5P01HL11965-05	93.838	217,771	-
Public Health Institute	2U10CA180899-06	93.393	829,085	-
Public Health Institute	5U10CA180899-07	93.393	314,276	-
Public Health Institute	5UG1CA189955-05	93.393	19,303	-
Rand Corporation	1P50DA046351-01	93.279	90,196	-
Rand Corporation	1R01CE002999-01	93.136	39,761	-
Rand Corporation	75FCMC18D0014	93.RD	28,619	-
Rand Corporation	HHSA290201500010I	93.RD	149,818	-
Rand Corporation	P01AG008291	93.866	13,695	-
Rand Corporation	R01AA026575	93.273	47,802	-
Rand Corporation	R01DA046226	93.279	38,127	-
Rand Corporation	R01HD087257	93.865	20,001	-
Rand Corporation	R18HS026168	93.226	35,356	-
Rand Corporation	R21AG053716	93.866	18,550	-
Rand Corporation	R21AG057396	93.866	3,270	-
Rand Corporation	R21DA047501	93.279	45,894	-
Rand Corporation	R34AA025968	93.273	44,887	-
Regents of the University of Michigan	1RF1AG051710-01	93.866	161,990	-
Regents of the University of Michigan	3R01DA001411-45S1	93.077	109,939	-
Regents of the University of Michigan	5P01CA163233-02	93.393	(114)	-
Regents of the University of Michigan	5R01CA201198-04	93.393	145,782	-
Regents of the University of Michigan	5R21MD012683-02	93.307	166,132	-
Regents of the University of Michigan	5R24AG045061-05	93.866	5,421	-
Regents of the University of Michigan	REVISED	93.866	8,641	-

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Regents of the University of Michigan	5U01AG009740-29	93.866	129,748	-
Regents of the University of Michigan	5U01AG009740-31	93.866	20,834	-
Research Foundation for Mental Hygiene, Incorporated	R01AG051346	93.866	314,790	-
Research Foundation of State University of New York	5R01DC017720-02	93.173	26,505	-
Research Triangle Institute	R61DA0447011	93.279	25,079	-
Results Group, LLC	90BISB0011-01-00	93.433	28,339	-
Rhode Island Hospital	5R01AG058648-02	93.866	103,678	-
Rush University Medical Center	5R01HL112756-05	93.233	184	-
Rutgers, The State University of New Jersey	REVISED	93.172	(13,529)	-
Rutgers, The State University of New Jersey	5R01HG010297-02	93.172	178,512	-
Rutgers, The State University of New Jersey	R01HG010297	93.172	6,953	-
Rutgers, The State University of New Jersey	U24MH068457	93.242	646,646	-
Salk Institute For Biological Studies	5U19MH114831-03	93.242	529,946	-
Scripps Research Institute	5R01NS094721-05	93.853	246,598	-
Scripps Research Institute	5U24OD023176-02	93.310	6,787	-
Simmetrix, Incorporated	W911NF-19-C-0094	93.RD	43,204	-
Southern California Institute for Research and Education	U01AA021886	93.273	105,848	-
Stanford School of Medicine	REVISED	93.853	123,026	-
Stanford School of Medicine	5U01NS038455-18	93.853	48,989	-
Stanford University	5R01CA182514-05	93.395	3,456	-
Stanford University	5R01CA225697-03	93.393	143,298	-
Stanford University	5U54MD010724-04	93.307	18,449	-
Stanford University	R01CA211602	93.394	109,106	-
Stanford University	R01GM117097	93.859	17	-
State University of New York at Buffalo	1UH2CA227608-01A1	93.393	69,675	-
Syracuse University	1R01AG055481-01	93.866	18,064	-
Syracuse University	2R24AG045061-06	93.866	36,416	-
Tamade	R44DA049630	93.279	23,773	-
Temple University	5R01GM130889-02	93.865	85,240	-
The Board of Regents of the University System of Georgia	5U24DK115255-03	93.847	50,128	-
Tufts Medical Center	5U01DK098245-07	93.847	9,329	-
Tufts Medical Center	U01DK098245	93.847	(1,615)	-
University of Alabama	5R01AG057684-03	93.866	67,519	-
University of Albany, Suny	1R01HD093907-01A1	93.865	29,521	-
University of Arizona	5P01AG026572-14	93.866	519,984	-

The accompanying notes are an integral part of this Schedule.

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PASS-THROUGH FUNDS

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of Arizona	5R01EB018921-04	93.286	15,199	-
University of Arizona	HHSN261201200031I	93.RD	36,912	-
University of California	5UM1AI068636-14	93.855	93,931	-
University of California Berkeley	5P50ES018172-09	93.113	(1)	-
University of California Berkeley	5R01AG062689-02	93.866	27,163	-
University of California Regents	5R01AG049020-05	93.866	67,140	-
University of California Regents	5R01CA185058-05	93.393	19,391	-
University of California Regents	5R01CA207360-02	93.393	24,963	-
University of California Regents	5R01CA213129-03 REVISED	93.395	75,838	-
University of California Riverside	5R01NS104041-03	93.853	93,153	-
University of California Riverside	R01MH116220	93.242	67,018	-
University of California San Diego	1OT2OD026552-01	93.310	(18,312)	-
University of California San Diego	1R01CA23866201-01A1	93.396	26,780	-
University of California San Diego	1U01AA027681-01	93.353	34,341	-
University of California San Diego	5OT2OD026552-02	93.310	216,559	-
University of California San Diego	5R01AI114671-05	93.855	94,211	-
University of California San Diego	5R01DA040648-04	93.279	14,906	-
University of California San Diego	5U01AA027681-02	93.353	149,290	-
University of California San Diego	5U19AG010483-26 REVISED	93.866	17,905	-
University of California San Diego	5U19AG010483-26REVISED	93.866	32,704	-
University of California San Diego	5UM1AI069432-13 REVISED	93.855	419,414	-
University of California San Diego	5UM1AI069432-14	93.855	398,153	-
University of California San Diego	OT2OD026552	93.310	1,245,747	-
University of California San Diego	R01AG048650	93.866	68,582	-
University of California San Diego	R01GM126016	93.859	52,101	-
University of California San Diego	R21NS107739	93.853	11,145	-
University of California San Francisco	1R24AG063718-01	93.866	3,581	-
University of California San Francisco	1U01NS086090-01	93.853	-	-
University of California San Francisco	1UH3NS109956-01	93.853	101,427	-
University of California San Francisco	3U01HL146242-01S1	93.837	115,471	-
University of California San Francisco	5R01AG038791-10	93.866	25,697	-
University of California San Francisco	5R01CA197422-04	93.393	19,825	-
University of California San Francisco	5R01ES026171-04	93.113	239,794	-
University of California San Francisco	5R01HD093012-03	93.865	68,080	-
University of California San Francisco	5TP2AH000045-05-00	93.297	41,883	-
University of California San Francisco	5U01DK082944-11	93.847	2,073	-

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	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of California San Francisco	5U01DK116043-03	93.847	13,068	-
University of California San Francisco	5U01HL146242-02	93.837	52,816	-
University of California San Francisco	5U01NS086090-05	93.853	91,412	-
University of California San Francisco	5U24DE026914-02	93.121	(525)	-
University of California San Francisco	5U24DE02691403	93.121	94,315	-
University of California San Francisco	5U24DE026914-03	93.121	1,061,567	-
University of California San Francisco	5UH3NS100544-02	93.853	1,306	-
University of California San Francisco	5UH3NS100544-03	93.853	63,988	-
University of California San Francisco	H4AHA00058-08-01	93.145	32	-
University of California San Francisco	R01MH098062	93.242	29,542	-
University of California San Francisco	R24AG048024	93.866	(2,746)	-
University of California San Francisco	U01DK082944	93.847	50,369	-
University of California San Francisco	U54NS092089	93.853	1,642	-
University of California, Irvine	1R01EY027363-01A1	93.867	41,250	-
University of California, Irvine	5R01AG060049-03	93.866	64,206	-
University of California, Irvine	5R01AG064228-02	93.866	29,762	-
University of California, Irvine	5R01HL127271-04	93.837	76,263	-
University of California, Irvine	5R01MH113026-03	93.242	5,682	-
University of California, Irvine	7R01AG060049-02	93.866	25,038	-
University of California, Irvine	AG060049	93.866	10,059	-
University of California, Irvine	R01AG064228	93.866	25,163	-
University of California, Irvine	R01NR105591	93.361	12,038	-
University of California, Los Angeles	1980801-04	93.RD	28,724	-
University of California, Los Angeles	1R01CA228157-01A1	93.396	5,618	-
University of California, Los Angeles	1R01ES029395-01	93.113	79,175	-
University of California, Los Angeles	1R21EY031126-01	93.867	1,256	-
University of California, Los Angeles	1RF1AG050967-01A1	93.866	25,091	-
University of California, Los Angeles	1U01NS113871-01 REVISED	93.853	17,985	-
University of California, Los Angeles	1U54EB022002-01 REVISED	93.266	321,927	-
University of California, Los Angeles	2 U1OHA29292-05-00	93.145	267,660	-
University of California, Los Angeles	201DK082370-11	93.847	67,202	-
University of California, Los Angeles	2U01DK082370-11	93.847	62,319	-
University of California, Los Angeles	3P30MH058107-23S1	93.242	5,991	-
University of California, Los Angeles	3U01DK082370-10S1	93.847	(646)	-
University of California, Los Angeles	5K08DK107934-04	93.847	24,178	-

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	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of California, Los Angeles	5R01AI140718-02	93.855	235,322	-
University of California, Los Angeles	5R01DE022045-05	93.121	25,473	-
University of California, Los Angeles	5R01ES027027-04	93.113	19,777	-
University of California, Los Angeles	5R01GM120507-04	93.859	48,669	-
University of California, Los Angeles	5R01HL140472-03	93.837	80,723	-
University of California, Los Angeles	5R01HS025394-02 Revised	93.226	55,228	-
University of California, Los Angeles	5R01NR016463-04	93.361	16,356	-
University of California, Los Angeles	5R01NS106957-02	93.853	38,767	-
University of California, Los Angeles	5R21MH115404-02	93.242	96,841	-
University of California, Los Angeles	5R61MH110526-02	93.242	169,521	-
University of California, Los Angeles	5U01MH117079-02	93.242	183,674	-
University of California, Los Angeles	5U1OHA29292-03-00	93.145	(587)	-
University of California, Los Angeles	5U24MH100929-07	93.242	10,890	-
University of California, Los Angeles	OPM2615D0001	93.RD	232,530	-
University of California, Los Angeles	R01NS074980	93.853	228,829	-
University of California, Los Angeles	TI080222	93.788	811,161	28,136
University of California, Los Angeles	U01DK082370	93.847	1,742	-
University of Chicago	1U2CDA050098-01	93.279	37,146	-
University of Chicago	5R01CA228198-02	93.393	200,054	-
University of Chicago	R01CA240713	93.393	218,640	-
University of Chicago	U01DK094431	93.847	9,520	-
University of Cincinnati	U01NS095869	93.853	768	-
University of Cincinnati	U01NS102353	93.853	2,278	-
University of Colorado	5R03HD097360-02	93.865	47,261	-
University of Colorado, Denver Anschutz Medical	5R01AG059613-02	93.866	33,345	-
University of Delaware	1R01GM120351-01A1	93.865	22,669	-
University of Florida, Gainesville	5R01GM128193-02	93.859	113,120	-
University of Hawaii at Honolulu	1R01CA228905-01	93.077	4,842	-
University of Hawaii at Honolulu	1T32CA229110-01A1	93.398	82,601	-
University of Hawaii at Honolulu	3U01CA164973-08S1	93.393	41,758	-
University of Hawaii at Honolulu	4P01CA168530-05 REVISED	93.393	3	-
University of Hawaii at Honolulu	5R01CA228905-02	93.077	39,551	-
University of Hawaii at Honolulu	5R01CA229815-02	93.393	83,962	-
University of Hawaii at Honolulu	5T32CA229110-02	93.398	22,918	-
University of Hawaii at Honolulu	5U01CA164973-08	93.393	1,161,054	-

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PASS-THROUGH FUNDS

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of Hawaii at Honolulu	5UM1CA164973-02	93.393	498	-
University of Hawaii at Honolulu	U01CA164973	93.393	179,570	-
University of Illinois at Chicago	5R21AG056782-02	93.866	69,794	-
University of Kansas	5R01GM126778-02	93.859	32,243	-
University of Kansas	5R21HD082484-02	93.865	180	-
University of Kentucky Research Foundation	1R01HS025148-01A1	93.226	195	-
University of Kentucky Research Foundation	5R01HS025148-02	93.226	27,521	-
University of Louisville	5R21MH09844-02	93.242	132,827	-
University of Maryland	1OT3OD025459-01	93.310	557,598	-
University of Maryland	1R01HD092489-01A1	93.865	15,464	-
University of Maryland	5R01HD097093-02	93.865	56,526	-
University of Maryland	OT3 OD025459	93.310	657,458	-
University of Massachusetts	5R01DK113300-02	93.847	18,485	-
University of Miami	5R01NS096212-04	93.853	86,760	-
University of Miami	5R21HD095636-02	93.865	26,214	-
University of Minnesota	5P01CA138338-09	93.393	367,995	57,621
University of New South Wales	5R01CA172404-05	93.393	9,711	-
University of North Carolina, Chapel Hill	5R01CA218392-03	93.395	145,416	-
University of North Carolina, Chapel Hill	5R01HL142302-03	93.837	100,916	-
University of North Carolina, Chapel Hill	5R21HD091547-02	93.865	6,808	-
University of North Carolina, Chapel Hill	5U01DK092239-04	93.847	(150)	-
University of North Texas Fort Worth	1R56AG058533-01	93.866	133,641	-
University of North Texas Fort Worth	5R01AG054073-04	93.866	127,637	-
University of North Texas Fort Worth	5R01AG058537-03	93.866	184,424	-
University of Oklahoma	5R01CA218739-03	93.394	27,283	-
University of Oklahoma	5R21DA044430-02	93.279	16,171	-
University of Pennsylvania	1R56MH118550-01	93.242	164,246	-
University of Pennsylvania	5R01DK105155-03	93.847	(2)	-
University of Pennsylvania	5R01MH075916-09	93.242	84,123	-
University of Pittsburgh	1R21TR003094-01	93.350	6,541	-
University of Pittsburgh	3U01AG051406-04S4	93.866	(4,700)	-
University of Pittsburgh	5R01AG034852-10	93.866	33,084	-
University of Pittsburgh	5R01DK115476-03	93.847	339,648	-
University of Pittsburgh	5U01AG051406-05	93.866	144,701	-
University of Pittsburgh	5U01AG0514060-5S10	93.866	7,868	-
University of Pittsburgh	5UL1TR001857-04	93.350	44,634	-
University of Pittsburgh	U01AG051406	93.866	313,220	-

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RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	CFDA	Expenditures	to Sub recipients
University of Tennessee Health Science Center	5R21CA208161-02	93.393	157	-
University of Texas	5K12HD055929-12	93.865	57,191	-
University of Texas	5K12HD055929-13 REVISED	93.865	205,878	-
University of Texas	K12HD055929	93.865	-	-
University of Texas at Austin	1R56AG057778-01	93.866	69,586	-
University of Texas at Austin	1RF1MH122852-01	93.242	7,187	-
University of Texas Health Science Center at San Antonio	1R01AI127692-01A1	93.855	20,488	-
University of Utah	1U02GM104604-01	93.859	758	-
University of Virginia	5R01CA207260-03	93.393	69,379	-
University of Virginia	7R01CA143237-07 REVISED	93.393	(1,900)	-
University of Virginia	7R01MH100028-08	93.242	137,805	-
University of Washington	1R01AG060942-01A1	93.866	15,848	-
University of Washington	3U01 AG016976-20S9	93.866	7,088	-
University of Washington	5 U91HA06801-14-00	93.266	1,884	-
University of Washington	5R01AA018673-09	93.273	212,400	-
University of Washington	5R01AA025973-03	93.273	12,060	-
University of Washington	5R01AG055653-03	93.866	103,650	-
University of Washington	5R01AI127463-03	93.855	56,764	-
University of Washington	5R01AI127463-04	93.855	33,028	-
University of Washington	5R01DC013771-07	93.173	116,773	-
University of Washington	5R01GM123993-03	93.859	999	-
University of Washington	5U01AG016976-20	93.866	2,247	-
University of Washington	5U01CA194393-03	93.393	10,544	-
University of Washington	5U01CA194393-04	93.393	97,056	-
University of Washington	HHSP-233-2015000351/TO HHSP-233-37022T	93.RD	37,541	-
University of Wisconsin, Madison	RM1GM130450	93.859	302,805	-
Van Andel Research Institute	5R35CA209859-03	93.393	47,039	-
Van Andel Research Institute	5R35CA209859-04	93.393	47,364	-
Vanderbilt University	5R01CA202981-03	93.393	6,194	-
Vanderbilt University	5R01CA202981-04	93.393	402,627	-
Vanderbilt University Medical Center	1R01CA230352-01A1	93.393	19,087	-
Vanderbilt University Medical Center	5R01EY0296390-02	93.867	80,376	-
Vanderbilt University Medical Center	R01AG047992	93.866	3,140,803	24,395
Vanderbilt University Medical Center	R01CA227133	93.394	59,903	-
Virginia Commonwealth University	2U54DA036105-06	93.077	46,350	-
Virginia Commonwealth University	U54DA036105	93.077	26,736	-

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RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	CFDA	Expenditures	to Sub recipients
Wake Forest University	5R01HD084606-03	93.865	16,058	-
Wake Forest University	R01AG058571	93.866	74,507	-
Wake Forest University	R01DK118062	93.847	100,575	-
Washington University	5P50HD096719-02	93.865	62,529	-
Washington University	5R01AG053267-02 REVISED	93.866	31,286	-
Washington University In St. Louis	5R01NS089932-05	93.853	166,426	-
Washington University School of Medicine	5R01CA211711-04	93.394	32,556	-
Washington University School of Medicine	5R01EY027387-04	93.867	127,477	-
Weill Cornell Medical College	5R01MH114925-03	93.242	30,319	-
Westat, Incorporated	HHSN275201800001I	93.865	275,579	-
Total Department of Health and Human Services			56,011,099	316,097
Department of Homeland Security				
Arizona State University	17STQAC00001-03-00	97.061	29,445	-
CA-Governor's Office - OES	EMF-2018-CA-00013	97.082	85,673	-
CA-Governor's Office - OES	EMF-2019-CA-00014	97.082	143,985	-
University of California, Irvine	2017-ST-061-QA0001-01	97.061	45,426	-
University of Houston	17STBTI00001-02-09	97.061	84,485	-
University of Illinois at Urbana Champaign	2015-ST-061-CIRC01	97.061	140,308	53,377
Wake Forest University Health Sciences	N66001-14-C-4016	97.034	340,455	-
Total Department of Homeland Security			869,777	53,377
Department of Justice				
Los Angeles County	2018-AR-BX-K066	16.838	10,224	-
Rand Corporation	2017-R2-CX-0025	16.560	31,294	-
Weill Cornell Medical College	2019-MU-GX-K037	16.582	70,233	-
Total Department of Justice			111,751	-
Department of State				
Global Ties U.S.	SINLEC-16CA-2006	19.703	11,642	-
Total Department of State			11,642	-

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<u>PASS-THROUGH FUNDS</u>	Identifying Number	CFDA	Expenditures	to Sub recipients
Department of the Interior				
CA-Department of Parks and Recreation	P17AP00240	15.925	12,322	-
Inferlink Corporation	FA8649-20-P-0357	15.RD	57,496	-
Inferlink Corporation	FA8750-20-C-0204	15.RD	21,931	-
Total Department of the Interior			91,749	-
Department of Transportation				
CA-Department of Transportation	69A3551747109	20.701	1,470,366	650,126
California State University Long Beach Foundation	DTFH61-14-H-00026	20.200	10,254	-
National Academy of Sciences	DTFH61-13-H-00024	20.200	66,058	-
University of California Regents	69A3551747114	20.701	330,736	163,957
Total Department of Transportation			1,877,414	814,083
Environmental Protection Agency				
Health Effects Institute	CR-83234701	66.511	12,857	-
Health Effects Institute	CR-83590201	66.511	222,504	24,212
Total Environment Protection Agency			235,361	24,212
Institute of Museum and Library Services				
CA-State Library	LS-00-18-0005-18	45.312	18,699	-
CA-State Library	LS-00-19-0005-19	45.310	111,108	-
Total Institute of Museum and Library Services			129,807	-
National Aeronautics and Space Administration				
Massachusetts Institute of Technology	80NSSC17K0283	43.001	215,454	-
Parabilis Space Technologies, Incorporated	80NSSC18P2113	43.RD	14,027	-
Princeton University	80NSSC18K0237	43.001	16,552	-
Regents of the University of Michigan	NNL13AQ00C	43.001	5,936	-
SETI Institute	80NSSC18K1651	43.001	1,058	-

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Universities Space Research Association	NNA168D14C	43.RD	1,158	-
University of California Davis	80NSSC19K1052	43.012	22,872	-
University of California San Diego	NNX15AP87H	43.008	4,000	-
University of Colorado	NAS5-02140	43.002	256,518	-
University of Colorado	NNX17AC59A	43.001	50,785	-
University of Maryland	80NSSC18M0148	43.002	112,220	-
University of Montana	80NSSC19M0114	43.001	14,801	-
US-Jet Propulsion Laboratory, California Institute of Technology	80NM0018D0004	43.001	223,657	-
US-Jet Propulsion Laboratory, California Institute of Technology	NNH16ZDA001N	43.RD	50,347	-
US-Jet Propulsion Laboratory, California Institute of Technology	NNN12AA01C	43.001	188,682	-
Utah State University	80NSSC19K0619	43.001	2,858	-
Total National Aeronautics and Space Administration			927,898	-

National Science Foundation

Associated Universities, Incorporated	DMR-1928852	47.049	24,493	-
California State University Los Angeles	IIP-1827782	47.041	(190)	-
Cornell University	CCF-1522054	47.070	28,467	-
Corporation for Education Network Initiatives in California	ACI-1451050	47.070	27,506	-
Florida International University	1638990	47.070	18,233	-
Florida International University	ACI-1451018	47.070	101,009	-
Florida International University	ACI-1451024	47.070	61,375	-
Florida International University	AST-1202910	47.049	51,670	-
Hauptman-Woodward Institute	DBI-1231306	47.074	58,061	-
Michigan State University	1935451	47.041	21,801	-
North Carolina State University	CBET-2029025	47.041	8,968	-
Northeastern University	5R01DA045020-03 REVISED	47.070	200,467	-
Phoenix Bioinformatics	1661543	47.074	266,355	-
Portland State University	PHY-1828793	47.049	39,889	-
Princeton University	CNS-1827977	47.070	15,699	-
Rand Corporation	NSF1831770	47.070	49,057	-
Raytheon BBN Technologies	W911NF-09-2-0053	47.070	181,511	-
Rutgers, The State University of New Jersey	1756248	47.074	97,781	-
Sandia National Laboratories	DE-NA0003525	47.041	38,506	-
Stanford University	N00014-18-1-2659	47.049	295,352	-
Syracuse University	ACI-1443047	47.070	10,963	-
Texas Womans University	SES-1655281	47.050	1,392	-

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Trustees of Columbia University in the City of New York	OCE-1450528	47.050	25,621	-
University of California Berkeley	CMMI-1612843	47.041	107,784	-
University of California Riverside	DRL-1908630	47.076	6,001	-
University of California Santa Barbara	DUE-1826632	47.076	28,741	-
University of Central Florida	CBET-1805200	47.041	36,300	-
University of Illinois	1937115	47.083	65,264	-
University of Illinois at Urbana Champaign	ACI-1548562	47.070	103,666	-
University of Maryland	OIA-2032040	47.083	923	-
University of Minnesota	DE-SC0008688	47.049	51,228	-
University of North Carolina, Chapel Hill	1826997	47.070	216,816	-
University of North Carolina, Chapel Hill	1839900	47.070	67,305	-
University of Oregon	1661157	47.075	36,328	-
University of Wisconsin, Madison	ECCS-1727523	47.041	100,949	-
University of Wisconsin, Madison	PHY-1148698	47.049	108,069	-
Virginia Polytechnic Institute State University	ACI-1547580	47.070	108,425	-
Virginia Polytechnic Institute State University	CNS-1617203	47.070	69,135	-
Virginia Polytechnic Institute State University	IOS-1645740	47.074	7,351	-
Yale University	1712674	47.070	22	-
Yale University	EFMA-1542815	47.041	59,215	-
Total National Science Foundation			2,797,508	-
Social Security Administration				
Rand Corporation	1 RDR 18000002-01-00	96.007	13,109	-
Regents of the University of Michigan	1 RDR18000002-01-00	96.007	48,812	-
Regents of the University of Michigan	1 RDR18000002-02-00	96.007	121,711	-
Total Social Security Administration			183,632	-
Total Research & Development Cluster - Pass-Through			\$ 90,715,704	\$ 1,995,735
Total Research & Development Cluster - Direct Awards and Pass-Through Funds			\$ 562,297,827	\$ 74,196,420

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR		Current Year
STUDENT FINANCIAL ASSISTANCE CLUSTER	CFDA	Expenditures
Department of Education		
Office of Federal Student Aid		
Federal Direct Student Loans	84.268	\$ 597,012,858
Federal Pell Grant Program	84.063	20,161,753
Federal Supplemental Educational Opportunity Grants	84.007	4,612,863
Federal Work-Study Program	84.033	6,973,563
Postsecondary Education Scholarships for Veteran's Dependents	84.408	11,527
Federal Perkins Loans		
Federal Perkins Loans as of July 1, 2019	84.038	38,255,145
New loans issued during 2020	84.038	-
Administrative cost allowance	84.038	-
Total Department of Education		667,027,709
Department of Health and Human Services		
Health Resources and Services Administration		
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	647,956
Health Professional Student Loans		
Health Professional Student Loans as of July 1, 2019	93.342	15,047,685
New loans issued during 2020	93.342	5,543,760
Loans for Disadvantaged Students		
Loans for Disadvantaged Students as of July 1, 2019	93.342	1,317,770
New loans issued during 2020	93.342	420,000
Total Department of Health and Human Services		22,977,171
Total Student Financial Assistance Cluster		\$ 690,004,880

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR				
OTHER PROGRAMS	Pass-Through Entity		Current Year	Pass-Through Funds
<u>DIRECT AWARDS</u>	Identifying Number	CFDA	Expenditures	to Sub recipients
Economic Development Cluster				
Department of Commerce				
Economic Adjustment Assistance		11.307	\$ 186,874	\$ -
Total Economic Development Cluster			186,874	-
Head Start Cluster				
Department of Health and Human Services				
Head Start		93.600	5,367,138	47,602
Total Head Start Cluster			5,367,138	47,602
TRIO Cluster				
Department of Education				
TRIO- Talent Search		84.044	830,343	-
TRIO- Upward Bound		84.047	2,054,132	-
Total TRIO Cluster			2,884,475	-
Other Programs				
Department of Health and Human Services				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		93.153	726,302	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		93.918	422,427	-
Total Department of Health and Human Services			1,148,729	-
Department of Education				
COVID-19 - Education Stabilization Fund - Student Portion		84.425E	9,639,280	-
COVID-19 - Education Stabilization Fund - Institutional Portion		84.425F	399,864	-
Total Department of Education			10,039,144	-
Total Other Programs - Direct Awards			19,626,360	47,602
<u>PASS-THROUGH FUNDS</u>				
Foreign Food Aid Donation Cluster				
Agency for International Development				
USAID for International Development	482-C-1-15-0001	98.U01	37,853	-
Total Foreign Food Aid Donation Cluster			37,853	-
WIOA Cluster				
Department of Labor				
WIA/WIOA Adult Program	AA-32213-18-55-A-6	17.258	104,889	-
Total WIOA Cluster			104,889	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

SPONSOR

OTHER PROGRAMS

PASS-THROUGH FUNDS

Health Center Program Cluster

Health Center Program

Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

Total Health Center Program Cluster

Disability Insurance/SSI Cluster

Social Security Administration

Social Security Disability Insurance

Total Disability Insurance/SSI Cluster

Other Programs

Corporation for National and Community Service

AmeriCorps

AmeriCorps

Total Corporation for National and Community Service

Department of Agriculture

CA-Department of Educ-Nutrition Services Division

Total Department of Agriculture

Department of Education

CDE Contract for Vended Meals

Total Department of Education

Department of Health and Human Services

Foster Care Title IV-E

HIV Emergency Relief Project Grants

National Bioterrorism Hospital Preparedness Program

Total Department of Health and Human Services

Department of Justice

California Office of Emergency Services

California Office of Emergency Services

Total Department of Justice

Total Other Programs - Pass-Through Funds

Total Other Programs - Direct Awards and Pass-Through Funds

TOTAL FEDERAL PROGRAMS

	Pass-Through Entity Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
			378,194	-
			<u>378,194</u>	<u>-</u>
			22,002	-
			<u>22,002</u>	<u>-</u>
			10,651	-
			60,396	-
			<u>71,047</u>	<u>-</u>
			176,833	-
			<u>176,833</u>	<u>-</u>
			18,004	-
			<u>18,004</u>	<u>-</u>
			40,639	-
			60,607	-
			15,246	-
			<u>116,492</u>	<u>-</u>
			221,519	-
			30,928	-
			<u>252,447</u>	<u>-</u>
			<u>1,177,761</u>	<u>-</u>
			<u>\$ 20,804,121</u>	<u>\$ 47,602</u>
			<u>\$ 1,273,106,828</u>	<u>\$ 74,244,022</u>

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, 2020

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.

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

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. 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, 2020 were reviewed by the Department of Health and Human Services for compliance with applicable cost principles.

For the year ended June 30, 2020, 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.

3. CFDA Numbers

Research and Development ("RD") programs included in the Schedule are presented by federal agency and major subdivision within the federal agency. Pass-through awards have been presented by pass-through entity and federal identification number or sponsor's award number, when available. When federal identification numbers are not available, federal awards are presented by federal agency number and "RD" is utilized for the federal identification number for the Research and Development Cluster and "U01" is utilized for the federal identification number for federal awards outside of the Research and Development Cluster. Pass-through entity numbers or sponsor's award numbers that are not available are identified as unknown.

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

3. CFDA Numbers (Continued)

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

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of Defense

<u>DIRECT AWARDS</u>	<u>Identifying Number</u>	<u>CFDA</u>	<u>Current Year Expenditures</u>	<u>Pass-Through Funds to Sub recipients</u>
Department Of Defense	010081-00001	12.RD	281,042	-
Department Of Defense	011190-00001	12.RD	321,751	-
Department Of Defense	012190-00001	12.RD	34,099	-
Department Of Defense	012193-00001	12.RD	95,453	-
Department Of Defense	16-C-0255	12.RD	148,753	-
Department Of Defense	19-EPA-RQ-07 Project USC02Bio19	12.RD	65,257	-
Department Of Defense	2017-17020200005	12.RD	2,572,365	607,055
Department Of Defense	2019-19051600007	12.RD	1,110,988	119,294
Department Of Defense	204000220	12.RD	68,541	-
Department Of Defense	CRS# 18-08	12.RD	1	-
Department Of Defense	DUE-1741798	12.RD	107,618	-
Department Of Defense	FA8650-17-C-7715	12.RD	1,490,087	189,352
Department Of Defense	FA8750-17-C-0011	12.RD	930,019	471,489
Department Of Defense	FA8750-17-C-0106	12.RD	1,277,029	153,844
Department Of Defense	FA8750-19-1-1000	12.RD	969,894	289,131
Department Of Defense	FA8819-18-C-0012	12.RD	3,194	-
Department Of Defense	H98230-18-C-0284	12.RD	361,852	-
Department Of Defense	HHSF223201400115C	12.RD	503,928	211,253
Department Of Defense	HHSF223201710199C	12.RD	533,711	245,644
Department Of Defense	HHSN2612018000151 (HHSN26100001)	12.RD	4,061,322	-
Department Of Defense	HM047619C0012	12.RD	206,718	-
Department Of Defense	HR0011-15-C-0096	12.RD	174,615	98,196
Department Of Defense	HR0011-15-C-0115	12.RD	1,067,375	335,137
Department Of Defense	HR0011-16-C-0017	12.RD	5,747,994	-
Department Of Defense	HR0011-16-C-0043	12.RD	456,907	170,803
Department Of Defense	HR00111890019	12.RD	510,090	246,688
Department Of Defense	HR00111990060	12.RD	672,957	-
Department Of Defense	HR00111990114	12.RD	466,780	100,098
Department Of Defense	HR001119C0053	12.RD	712,622	-
Department Of Defense	HR001119C0084	12.RD	1,827,815	395,112
Department Of Defense	HR00112090019	12.RD	352,565	-
Department Of Defense	HR001120C0088	12.RD	47,007	-
Department Of Defense	HSBP1016J00813	12.RD	555,049	74,028
Department Of Defense	HSFE20-14-C-0266	12.RD	(2,415)	-
Department Of Defense	HSFE20-15-C-0234	12.RD	6,474	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

3. CFDA Numbers (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

	Identifying Number	CFDA	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department Of Defense	IIP-1929833	12.RD	315,466	-
Department Of Defense	N00244-16-D-0056	12.RD	137,827	-
Department Of Defense	N4175619C3033	12.RD	180,553	115,000
Department Of Defense	N66001-10-C-2018	12.RD	(1,226)	(1,141)
Department Of Defense	W81XWH-16-C-0086	12.RD	473,450	-
Department Of Defense	W81XWH20C0039	12.RD	118,896	-
Department Of Defense	W911NF-04-D-0005	12.RD	(509)	-
Department Of Defense	W911NF-04-D-0005-0041	12.RD	595	-
Department Of Defense	W911NF-14-D-0005-0001	12.RD	7,304,250	38,147
Department Of Defense	W911NF-14-D-0005-0002	12.RD	5,333,257	384,880
Department Of Defense	W911NF-14-D-0005-0003	12.RD	12,391	-
Department Of Defense	W911NF-14-D-0005-0005	12.RD	1,027,507	171,246
Department Of Defense	W911NF-14-D-0005-0006	12.RD	491,117	298,511
Department Of Defense	W911NF-14-D-0005-0007	12.RD	1,832,265	-
Department Of Defense	W911NF-14-D-0005-0008	12.RD	1,846,285	145,000
Department Of Defense	W911NF-14-D-0005-0009	12.RD	3,000,385	225,843
Department Of Defense	W911NF-14-D-0005-0010	12.RD	905,578	322,260
Department Of Defense	W911NF-16-C-0033	12.RD	3,200	-
Department Of Defense	W911NF-16-C-0034	12.RD	14,243	-
Department Of Defense	W911NF-18-C-0020	12.RD	1,763,232	359,629
Department Of Defense	W911NF19C0058	12.RD	829,138	44,692
Total Department of Defense			53,327,356	5,811,189

Department of Health and Human Services

Department of Health and Human Services	75N91019F00129	93.RD	1,617	-
Department of Health and Human Services	75Q80120F32001	93.RD	24,115	-
Department of Health and Human Services	HHSN2612018000151 (75N91019F00129)	93.RD	93,260	-
Total Department of Health and Human Services			118,992	-

Department of Homeland Security

Department of Homeland Security	D15PC00184	97.RD	104,425	-
Department of Homeland Security	HSHQDC-17-J-00316	97.RD	88,810	-
Total Department of Homeland Security			193,235	-

Department of Veterans Affairs

Department of Veterans Affairs	36C26220N0611	64.RD	6,173	-
Total Department of Veterans Affairs			6,173	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

4. Loans Outstanding

The following schedule represents loans outstanding by the University for the year ended June 30, 2020:

	Loans Outstanding
Federal Perkins Loans	\$ 31,170,268
Health Professional Student Loans	18,155,846
Loans for Disadvantaged Students	1,529,122

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. In fiscal year 2020, the University received Cal Grant A and B funds in the amount of \$23,003,739; however, CSAC is unable to determine the exact amount of Federal Temporary Assistance for Needy Families (TANF) funds, if any, represented in those awards. Therefore, the Schedule does not include State Cal Grant A and B awards.

6. Provider Relief Funds

The Health System (Keck Hospital of USC, USC Norris Cancer Hospital, USC Verdugo Hills Hospital and USC Care Medical Group, Inc) was the recipient of funding under CFDA #93.498, Provider Relief Funds, and as required by the Addendum to the 2020 Compliance Supplement such expenditures have been excluded from the Schedule of Expenditures of Federal Awards for the year ending June 30, 2020.

7. COVID-19 Strategic National Stockpile Distributions (Unaudited)

During fiscal year 2020, the Health System received donated personal protective equipment (PPE) from the Department of Health and Human Services Office of the Assistant Secretary for Preparedness and Response strategic national stockpile related to the COVID-19 pandemic response efforts. The Health System received face shields, masks and gowns with an estimated fair market value at the time of receipt of \$110,564. This amount has been excluded from the Schedule of Expenditures of Federal Awards but has been disclosed as required by the Addendum to the 2020 Compliance Supplement.



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 (collectively the “University”), which comprise the consolidated balance sheet as of June 30, 2020, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2020.

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”) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

A handwritten signature in black ink, reading "Priscilla A. Hunter-Craig, CPA, LL.M." in a cursive script.

Los Angeles, California
November 23, 2020



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

To the Board of Trustees 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' (collectively 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, 2020. 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, 2020.

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.

A handwritten signature in black ink that reads "Priscilla Hunter-Carpenter LLP".

Los Angeles, California
June 16, 2021

**University of Southern California
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020**

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 & Development Cluster
93.600	Head Start Cluster
84.425E	COVID-19 - Education Stabilization Fund - Student Portion
84.425F	COVID-19 - Education Stabilization Fund - Institutional Portion

Dollar threshold used to distinguish between type A and type B programs: \$3,819,320

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

University of Southern California

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

Finding 2019-001: Federal Direct Subsidized 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 2018 – 2019

Condition

In fiscal year 2019, PwC selected a sample of 60 students for testing from a total population of 22,696 students who were awarded Title IV assistance and tested those selected for various eligibility requirements across their respective aid awards. Of the students tested, PwC identified one student as having been over-awarded Federal Direct Subsidized Loans. Upon learning of this exception, the University reviewed the remaining population and identified 55 additional students, for a total of 56 students, that were over-awarded a total of \$123,989 for Federal Direct Subsidized Loans. The error was determined to have occurred due to reporting within SIS not being updated for additional SAR comment codes that were added for the 2018-2019 academic year.

Current Status

In response to the fiscal year 2019 finding, the University worked closely with the Department of Education (“ED”) to review and identify students who executed reaffirmation agreements, consolidated their loans, or repaid the over-award. ED calculated the amount owed by the University and the University repaid the amount. ED has closed this audit. Additionally, the Financial Aid Office (“FAO”) revised the Aggregate Max report in the Student Information System (SIS) to capture all Aggregate Max comment codes on the Student Aid Report for review. Staff in the Loan Unit continue to use the revised report to check for over-awards and adjust files as needed.

Finding 2019-002: Federal Direct Graduate PLUS Loan Entrance Counseling

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 2018 – 2019

Condition

In fiscal year 2019, PwC selected a sample of 60 students for testing from a total population of 22,696 students who were awarded Title IV assistance and tested the students for various eligibility requirements across their respective aid awards. Of the students tested, PwC identified one student that did not complete PLUS entrance counseling prior to being disbursed a Federal Direct Graduate PLUS loan. Upon learning of this exception, the University reviewed the remaining population and identified three additional students, for a total of four students, that were also affected. All four students received entrance counseling for Federal Direct Subsidized and Unsubsidized loans prior to being disbursed loan funds in the Fall semester of 2018. However, when these students became graduate students in the Spring semester of 2019, reporting within SIS did not identify that PLUS entrance loan counseling had not been completed for Federal Direct Graduate PLUS loans.

Current Status

In response to the fiscal year 2019 finding, the FAO reviewed the issue and corrected the process going forward. The FAO updated the process tracking codes in SIS so that students who advance to graduate status in the middle of the academic year will not be able to receive Graduate PLUS loans until they have completed PLUS entrance counseling.

University of Southern California

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

Finding 2019-003: Timing of Payment and Reimbursement of Funds

Federal Awarding Agency: Department of Education

Cluster: TRIO

Program names and specific award name: TRIO -Upward Bound; TRIO - Talent Search

CFDA #: 84.044; 84.047

Award #: P044A160605 – 18, P047M170185, P047A170499 - 18C, P047A170648 - 18

Award Years: Academic Year 2018 – 2019

Condition

In fiscal year 2019, PwC selected a sample of 16 individual drawdown requests on an invoice basis from a total population of drawdowns that were requested during fiscal year 2019. Of the samples tested, the University requested reimbursement before program costs were paid for six invoices for the awards listed above. The error occurred because program costs were recorded as an accrual on the date they were incurred, rather than the date of payment. As a result, certain costs were not paid before the request for reimbursement of federal funds was made.

Current Status

In response to the fiscal year 2019 finding, the University, after isolating the root cause, worked with the affected departments and our Information Technology team. This resulted in the implementation of appropriate controls and programming changes that will ensure that when a cash draw is performed, all general ledger activity reflected in the draw consists of transactions where the payment has been processed. These departmental and system changes were finalized and fully implemented in June 2019.

Finding 2018-002: Facilities & Administration (F&A) rates applied to off-campus research (Significant Deficiency)

Federal Awarding Agency: National Institute of Health

Cluster: Research and Development

Program names and specific award name: Various

CFDA #: 93.389, 93.701, 93.837, 93.838, 93.855, 93.865, 93.866, 93.RD

Award #: Various

Award Years: 2011-2016

Condition

In fiscal year 2018, the University identified that it had charged the incorrect rate to NIH grants for research performed in the five off-campus locations during the award years of 2011 to 2016. In fiscal year 2019, the University self-reported to NIH the incorrect application of the F&A reimbursement amounts for six researchers performing research at off-campus locations. The University applied an on-campus rate to research performed by these individuals at five third party-owned buildings, rather than applying an off-campus rate in the calculation. The discrepancy occurred due to the lack of appropriate design of the controls in place to assess and monitor the application of F&A rates at the five identified locations. The status of this finding was pending at the end of fiscal year 2019 and has been addressed in the fiscal year 2020 report.

Current Status

In response to the fiscal year 2018 finding, personnel within the School of Medicine and the Department of Contracts and Grants (DCG) were re-trained on the definition of on-campus versus off-campus rates, how to determine and apply the correct rate to sponsored projects, and how to verify that the departments selected the appropriate rate to be applied to sponsored projects, including NIH-sponsored projects, and make adjustments, if necessary. DCG has also implemented changes to the University's pre-award proposal system through the development and roll-out of a pre-populated list that identifies a research location as on or off-campus, thereby enhancing the ability to appropriately assign the correct indirect cost rate. We have also implemented a formal University policy on indirect costs. The Office of Compliance, in partnership with several central administrative units including the Office of Financial

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Analysis, Sponsored Projects Accounting, DCG and Space Management, has performed extensive monitoring since the time of the finding to monitor and confirm that indirect cost rates are being charged consistent with University policy and sponsor requirements. Ongoing monitoring is scheduled with Space Management to enable tracking of research locations to verify accuracy of information provided at the time of proposal submission and to identify potential changes in research locations. On January 11, 2019, USC self-reported to the NIH in an attempt to resolve the matter. On March 12, 2021, the NIH responded to USC's self-report and verified the amount that was due based on the incorrect application of the F&A reimbursement amounts using the higher on-campus rate for off-campus activities related to six researchers. The NIH requested repayment of \$3,555,977.50 from USC within 30 calendar days from March 12, 2021. On April 8, 2021, USC issued and sent a check in the amount of \$3,555,977.50 to NIH in support of the final decision of the NIH.